# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 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): **December 3, 2020**

# AEROVIRONMENT, INC.
(Exact name of registrant as specified in its charter)

| **Delaware** | **001-33261** | **95-2705790** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| **900 Innovators Way Simi Valley, California** | **93065** |
|---|---|
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant’s telephone number, including area code: **(805) 520-8350**

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.0001 per share | AVAV | The NASDAQ Stock Market LLC |

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))

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 December 8, 2020, AeroVironment, Inc. (the "Company") issued a press release announcing second quarter financial results for the period ended October 31, 2020, a copy of which is attached hereto as Exhibit 99.1.

**Item 7.01 Regulation FD Disclosure**

The information under Item 2.02 above is incorporated herein by reference.

Attached as Exhibit 99.2 hereto is a presentation containing additional information regarding the Company's second quarter fiscal 2021 financial results for the period ended October 31, 2020. A copy of the presentation is also available on the investor relations section of the Company's website at https://investor.avinc.com/events-and-presentations. The information contained on the Company's website is not incorporated by reference into, and does not form a part of, this Current Report on Form 8-K.

In addition to historic information, this report, including the exhibits, contains forward-looking statements regarding events, performance and financial trends. Various factors could affect future results and could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Some of those factors are identified in the exhibits, and in our periodic reports filed with the Securities and Exchange Commission.

The information in this Current Report on Form 8-K, including the exhibits, is furnished pursuant to Items 2.02 and 7.01 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 of AeroVironment, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

| Exhibit Number | Description |
| --- | --- |
| 99.1 | Press release issued by AeroVironment, Inc., dated December 8, 2020. |
| 99.2 | Presentation regarding AeroVironment, Inc.'s second quarter fiscal 2021 financial results dated December 8, 2020. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AEROVIRONMENT, INC.

Date: December 8, 2020

By: /s/ Wahid Nawabi
Wahid Nawabi
President and Chief Executive Officer

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AeroVironment™ PROCEED WITH CERTAINTY

PRESS RELEASE

## AeroVironment, Inc. Announces Fiscal 2021 Second Quarter Results

## Acquires Telerob GmbH, a leading German robotics company, to expand product offering and customer base

**SIMI VALLEY, Calif., December 8, 2020** — AeroVironment, Inc. (NASDAQ: AVAV), a global leader in unmanned aircraft systems (UAS), today reported financial results for its second quarter ended October 31, 2020.

"Our team produced second quarter revenue of $92.7 million, an increase of 11 percent over last year, despite the unprecedented challenges from the COVID-19 pandemic" said Wahid Nawabi, AeroVironment president and chief executive officer. "Second quarter earnings per diluted share of $0.09 declined compared to last year, primarily from our HAPSMobile Inc. joint venture's impairment of its investment in Loon LLC. Non-GAAP earnings per diluted share of $0.48 increased by $0.14 over last year, reflecting the continued strength of our team and our business. In addition, we achieved major milestones this quarter, including the successful stratospheric flight of the solar HAPS Sunglider and its demonstration of broadband connectivity, the introduction of our Switchblade family of loitering missile systems and our larger Switchblade 600, and continued leadership in the global small UAS market. With strong momentum underway, we are confident in our ability to build on our strong foundation and extend our record of financial and operational growth and success."

**Telerob Acquisition**

AeroVironment today also announced the acquisition of Telerob, a leading German robotics company, for approximately $45.4 million in cash plus a three-year, milestone-based earn-out of up to $7.3 million and the payoff of $9.4 million in debt at closing. The Company expects the acquisition to be accretive to non-GAAP EPS in fiscal 2022 (excluding intangible amortization and integration costs). Upon closing, Telerob will operate as a wholly-owned subsidiary of AeroVironment. The acquisition remains subject to German government clearance and is expected to close by Spring 2021.

"Acquiring Telerob, a leader in ground robotic solutions, gives us the opportunity to offer a broader portfolio of highly complementary robotic solutions to a larger set of global customers. We have already submitted a joint proposal for a multi-year United States Air Force robotics program and have also identified multiple U.S. and international opportunities that we plan to pursue in the future. This acquisition supports our goal of transforming AeroVironment into a global leader in intelligent, multi-domain robotic solutions for defense and commercial customers. Telerob's ground robotics solutions and global footprint will enhance our offering and customer base, levering our strong financial foundation and positioning us to continue creating long-term shareholder value," Mr. Nawabi added.

**FISCAL 2021 SECOND QUARTER RESULTS**

Revenue for the second quarter of fiscal 2021 was $92.7 million, an increase of 11% from the second quarter of fiscal 2020 revenue of $83.3 million. The increase in revenue was due to an increase in product sales of $8.1 million and an increase in service revenue of $1.3 million.

Gross margin for the second quarter of fiscal 2021 was $40.9 million, an increase of 16% from the second quarter of fiscal 2020 gross margin of $35.2 million. The increase in gross margin was primarily due to an increase in product margin of $4.7 million and an increase in service margin of $1.0 million. As a percentage of revenue, gross margin increased to 44% from 42%. The increase in gross margin percentage was primarily due to an increase in the proportion of product sales to total revenue and a favorable mix.

Income from operations for the second quarter of fiscal 2021 was $13.9 million, an increase of $5.8 million from the second quarter of fiscal 2020 of $8.1 million. The increase in income from operations was primarily a result of an increase in gross margin of $5.7 million and a decrease in selling, general and administrative (“SG&A”) expense of $1.3 million, partially offset by an increase in research and development (“R&D”) expense of $1.1 million.

Other income, net, for the second quarter of fiscal 2021 was $0.2 million, as compared to $1.4 million for the second quarter of fiscal 2020. The decrease in other income, net was primarily due to a decrease in interest income resulting from a decrease in the average interest rate earned on our investment portfolio.

Provision for income taxes for the second quarter of fiscal 2021 was $2.5 million, as compared to $1.1 million for the second quarter of fiscal 2020. The increase in provision for income taxes was primarily due to the increase in income before income taxes combined with an increase in the projected fiscal year 2021 effective tax rate.

Equity method investment loss, net of tax, for the second quarter of fiscal 2021 was $9.5 million, as compared to $0.9 million for the second quarter of fiscal 2020. Equity method investment loss, net of tax, for the second quarter of fiscal 2021 included a loss of $8.4 million for our proportionate share of the HAPSMobile Inc. joint venture’s impairment of its investment in Loon LLC.

Net income attributable to AeroVironment for the second quarter of fiscal 2021 was $2.1 million, as compared to $7.5 million for the second quarter of fiscal 2020. The second quarter of fiscal 2021 included the impairment loss of $8.4 million related to HAPSMobile Inc.’s investment in Loon LLC.

Earnings per diluted share attributable to AeroVironment for the second quarter of fiscal 2021 was $0.09, as compared to $0.31 for the second quarter of fiscal 2020. The second quarter of fiscal 2021 included the impairment loss of $8.4 million related to HAPSMobile Inc.’s investment in Loon LLC.

Non-GAAP earnings per diluted share was $0.48 for the second quarter of fiscal 2021, as compared to $0.34 for the second quarter of fiscal 2020.

**FISCAL 2021 YEAR-TO-DATE RESULTS**

Revenue for the first six months of fiscal 2021 was $180.1 million, an increase of 6% from the first six months of fiscal 2020 revenue of $170.2 million. The increase in revenue was due to an increase in service revenue of $9.2 million and an increase in product sales of $0.7 million.

Gross margin for the first six months of fiscal 2021 of $76.3 million was consistent with the first six months of fiscal 2020. Gross margin for the first six months of fiscal 2021 reflected a decrease in product margin of $4.4 million, partially offset by an increase in service margin of $4.2 million. As a percentage of revenue, gross margin decreased to 42% from 45%. The decrease in gross margin percentage was primarily due to a decrease in the proportion of product revenue to total revenue and an unfavorable product mix.

Income from continuing operations for the first six months of fiscal 2021 was $26.2 million, a decrease from the first six months of fiscal 2020 of $26.9 million. The decrease in income from continuing operations was primarily a result of an increase in R&D expense of $3.5 million, partially offset by a decrease in SG&A expense of $2.9 million.

Other income, net, for the first six months of fiscal 2021 was $0.4 million, as compared to other income, net of $3.1 million for the first six months of fiscal 2020. The decrease in other income, net was primarily due to a decrease in interest income resulting from a decrease in the average interest rate earned on our investment portfolio.

Provision for income taxes for the first six months of fiscal 2021 was $3.7 million, as compared to provision for income taxes of $3.2 million for the first six months of fiscal 2020. The increase in provision for income taxes was primarily due to an increase in the projected fiscal year 2021 effective tax rate.

Equity method investment loss, net of tax, for the first six months of fiscal 2021 was $10.8 million, as compared to $2.2 million for the first six months of fiscal 2020. Equity method investment loss, net of tax, for the first six months of fiscal 2021 included a loss of $8.4 million for our proportionate share of the HAPSMobile Inc. joint venture's impairment of its investment in Loon LLC.

Net income attributable to AeroVironment for the first six months of fiscal 2021 was $12.2 million, a decrease from the first six months of fiscal 2020 net income attributable to AeroVironment of $24.6 million. The first six months of fiscal 2021 included the impairment loss of $8.4 million related to HAPSMobile Inc.'s investment in Loon LLC.

Earnings per diluted share attributable to AeroVironment for the first six months of fiscal 2021 was $0.50, as compared to the first six months of fiscal 2020 of $1.02. The first six months of fiscal 2021 included the impairment loss of $8.4 million related to HAPSMobile Inc.'s investment in Loon LLC.

Non-GAAP earnings per diluted share was $0.91 for the first six months of fiscal 2021, as compared to $1.08 for the first six months of fiscal 2020.

**BACKLOG**

As of October 31, 2020, funded backlog (remaining performance obligations under firm orders for which funding is currently appropriated to us under a customer contract) was $130.6 million, as compared to $208.1 million as of April 30, 2020.

**FISCAL 2021 — OUTLOOK FOR THE FULL YEAR**

For fiscal 2021, the Company continues to expect to generate revenue between $390 million and $410 million, operating margin of between 12% and 12.5%, and now expects revised earnings per diluted share of $1.28 to $1.48. This financial guidance assumes approximately 7% ownership of the HAPSMobile joint venture. The Company expects non-GAAP earnings per diluted share, which excludes the HAPSMobile Inc. impairment of its investment in Loon LLC, amortization of acquired intangible assets and acquisition-related expenses, to be between $1.74 and $1.94. This forecast earnings per diluted share does not include estimated results of operations, future acquisition-related expenses or amortization of intangible assets for the acquisition of Telerob as the timing of government clearance and close date is uncertain.

The foregoing estimates are forward-looking and reflect management's view of current and future market conditions, including certain assumptions with respect to our ability to obtain and retain government contracts, changes in the timing and/or amount of government spending, changes in the demand for our products and services, activities of competitors, changes in the regulatory environment, and general economic and business conditions in the United States and elsewhere in the world. Investors are reminded that actual results may differ materially from these estimates.

**CONFERENCE CALL AND PRESENTATION**

In conjunction with this release, AeroVironment, Inc. will host a conference call today, Tuesday, December 8, 2020, at 1:30 pm Pacific Time that will be webcast live. Wahid Nawabi, president and chief executive officer, Kevin P. McDonnell, chief financial officer and Steven A. Gitlin, chief marketing officer and vice president of investor relations, will host the call.

4:30 PM ET
3:30 PM CT
2:30 PM MT

1:30 PM PT

Investors may dial into the call by using the following telephone numbers, (877) 561-2749 (U.S.) or (678) 809-1029 (international) and providing the conference ID 4045199 five to ten minutes prior to the start time to allow for registration.

Investors with Internet access may listen to the live audio webcast via the Investor Relations page of the AeroVironment, Inc. website, http://investor.avinc.com. Please allow 15 minutes prior to the call to download and install any necessary audio software.

A supplementary investor presentation for the second fiscal quarter 2021 can be accessed at https://investor.avinc.com/events-and-presentations.

Audio Replay Options

An audio replay of the event will be archived on the Investor Relations page of the company's website, at http://investor.avinc.com. The audio replay will also be available via telephone from Tuesday, December 8, 2020, at approximately 4:30 p.m. Pacific Time through December 15, 2020, at 4:30 p.m. Pacific Time. Dial (855) 859-2056 (U.S.) or (404) 537-3406 (international) and provide the conference ID 4045199.

**ABOUT AEROVIRONMENT, INC.**

AeroVironment (NASDAQ: AVAV) provides technology solutions at the intersection of robotics, sensors, software analytics and connectivity that deliver more actionable intelligence so you can proceed with certainty. Celebrating 50 years of innovation, AeroVironment is a global leader in unmanned aircraft systems and tactical missile systems, and serves defense, government and commercial customers. For more information, visit www.avinc.com.

**FORWARD-LOOKING STATEMENTS**

This press release contains "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, our ability to successfully consummate the transactions contemplated by the agreement to purchase Telerob on a timely basis, if at all, including the satisfaction of the closing conditions of such transactions; 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; the ability to timely and sufficiently integrate international operations into our ongoing business and compliance programs; reliance on sales to the U.S. government; 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 and create new market opportunities; changes in significant operating expenses, including components and raw materials; failure to develop new products; the extensive regulatory requirements governing our contracts with the U.S. government; 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 operations; 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.

**NON-GAAP MEASURES**

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings release also contains a non-GAAP financial measure. See in the financial tables below the calculation of this measure, the reasons why we believe this measure provides useful information to investors, and a reconciliation of this measure to the most directly comparable GAAP measures.

- Financial Tables Follow –

# AeroVironment, Inc.
## Consolidated Statements of Operations (Unaudited)
## (In thousands except share and per share data)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | October 31, 2020 | October 26, 2019 | October 31, 2020 | October 26, 2019 |
| Revenue: | | | | |
| Product sales | $ 65,528 | $ 57,386 | $ 123,885 | $ 123,225 |
| Contract services | 27,137 | 25,885 | 56,230 | 46,957 |
| | 92,665 | 83,271 | 180,115 | 170,182 |
| Cost of sales: | | | | |
| Product sales | 34,209 | 30,802 | 66,293 | 61,210 |
| Contract services | 17,605 | 17,303 | 37,560 | 32,534 |
| | 51,814 | 48,105 | 103,853 | 93,744 |
| Gross margin: | | | | |
| Product sales | 31,319 | 26,584 | 57,592 | 62,015 |
| Contract services | 9,532 | 8,582 | 18,670 | 14,423 |
| | 40,851 | 35,166 | 76,262 | 76,438 |
| Selling, general and administrative | 14,977 | 16,255 | 26,988 | 29,923 |
| Research and development | 11,976 | 10,858 | 23,079 | 19,567 |
| Income from operations | 13,898 | 8,053 | 26,195 | 26,948 |
| Other income: | | | | |
| Interest income, net | 115 | 1,266 | 323 | 2,595 |
| Other income, net | 72 | 157 | 105 | 512 |
| Income before income taxes | 14,085 | 9,476 | 26,623 | 30,055 |
| Provision for income taxes | 2,491 | 1,108 | 3,698 | 3,241 |
| Equity method investment loss, net of tax | (9,522) | (863) | (10,810) | (2,210) |
| Net income | 2,072 | 7,505 | 12,115 | 24,604 |
| Net loss (income) attributable to noncontrolling interest | 22 | (4) | 59 | 7 |
| Net income attributable to AeroVironment, Inc. | $ 2,094 | $ 7,501 | $ 12,174 | $ 24,611 |
| Net income per share attributable to AeroVironment, Inc. | | | | |
| Basic | $ 0.09 | $ 0.32 | $ 0.51 | $ 1.04 |
| Diluted | $ 0.09 | $ 0.31 | $ 0.50 | $ 1.02 |
| Weighted-average shares outstanding: | | | | |
| Basic | 23,936,950 | 23,804,364 | 23,914,737 | 23,775,355 |
| Diluted | 24,196,912 | 24,061,810 | 24,190,316 | 24,063,775 |

**AeroVironment, Inc.**
**Consolidated Balance Sheets**
**(In thousands except share data)**

| | October 31, 2020 | April 30, 2020 |
|---|---|---|
| | (Unaudited) | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 280,099 | $ 255,142 |
| Short-term investments | 67,137 | 47,507 |
| Accounts receivable, net of allowance for doubtful accounts of $561 at October 31, 2020 and $1,190 at April 30, 2020 | 30,701 | 73,660 |
| Unbilled receivables and retentions | 70,573 | 75,837 |
| Inventories | 51,779 | 45,535 |
| Prepaid expenses and other current assets | 7,310 | 6,246 |
| Total current assets | 507,599 | 503,927 |
| Long-term investments | 20,976 | 15,030 |
| Property and equipment, net | 22,868 | 21,694 |
| Operating lease right-of-use assets | 12,363 | 8,793 |
| Deferred income taxes | 5,546 | 4,928 |
| Intangibles, net | 12,213 | 13,637 |
| Goodwill | 6,340 | 6,340 |
| Other assets | 102 | 10,605 |
| Total assets | $ 588,007 | $ 584,954 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 14,225 | $ 19,859 |
| Wages and related accruals | 18,737 | 23,972 |
| Customer advances | 2,957 | 7,899 |
| Current operating lease liabilities | 4,030 | 3,380 |
| Income taxes payable | 3,018 | 1,065 |
| Other current liabilities | 10,511 | 10,778 |
| Total current liabilities | 53,478 | 66,953 |
| Non-current operating lease liabilities | 9,422 | 6,833 |
| Other non-current liabilities | 243 | 250 |
| Liability for uncertain tax positions | 1,017 | 1,017 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value: | | |
| Authorized shares—10,000,000; none issued or outstanding at October 31, 2020 and April 30, 2020 | — | — |
| Common stock, $0.0001 par value: | | |
| Authorized shares—100,000,000 | | |
| Issued and outstanding shares—24,103,980 shares at October 31, 2020 and 24,063,639 shares at April 30, 2020 | 2 | 2 |
| Additional paid-in capital | 183,298 | 181,481 |
| Accumulated other comprehensive income | 342 | 328 |
| Retained earnings | 340,264 | 328,090 |
| Total AeroVironment, Inc. stockholders' equity | 523,906 | 509,901 |
| Noncontrolling interest | (59) | — |
| Total equity | 523,847 | 509,901 |
| Total liabilities and stockholders' equity | $ 588,007 | $ 584,954 |

## AeroVironment, Inc.
## Consolidated Statements of Cash Flows (Unaudited)
## (In thousands)

| | Six Months Ended October 31, 2020 | Six Months Ended October 26, 2019 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 12,115 | $ 24,604 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 5,693 | 4,486 |
| Losses from equity method investments | 10,810 | 2,210 |
| Realized gain from sale of available-for-sale investments | (11) | — |
| Provision for doubtful accounts | (156) | 14 |
| Other non-cash (income) expense | (473) | 81 |
| Non-cash lease expense | 2,393 | 2,255 |
| Loss on foreign currency transactions | 2 | 1 |
| Deferred income taxes | (621) | (669) |
| Stock-based compensation | 3,509 | 2,984 |
| Loss (gain) on sale of property and equipment | 2 | (75) |
| Amortization of debt securities | (12) | (984) |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | 43,115 | (9,400) |
| Unbilled receivables and retentions | 5,264 | (9,350) |
| Inventories | (6,244) | 1,621 |
| Income tax receivable | — | 821 |
| Prepaid expenses and other assets | (1,029) | (1,051) |
| Accounts payable | (5,028) | (5,046) |
| Other liabilities | (10,736) | (4,583) |
| Net cash provided by operating activities | 58,593 | 7,919 |
| **Investing activities** | | |
| Acquisition of property and equipment | (6,052) | (6,850) |
| Equity method investments | (1,173) | (4,569) |
| Business acquisition, net of cash acquired | — | (18,641) |
| Proceeds from sale of property and equipment | — | 81 |
| Redemptions of held-to-maturity investments | — | 159,839 |
| Purchases of held-to-maturity investments | — | (169,148) |
| Redemptions of available-for-sale investments | 92,226 | — |
| Purchases of available-for-sale investments | (116,945) | (4,947) |
| Net cash used in investing activities | (31,944) | (44,235) |
| **Financing activities** | | |
| Tax withholding payment related to net settlement of equity awards | (1,778) | (743) |
| Exercise of stock options | 86 | 93 |
| Net cash used in financing activities | (1,692) | (650) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 24,957 | (36,966) |
| Cash, cash equivalents and restricted cash at beginning of period | 255,142 | 172,708 |
| Cash, cash equivalents and restricted cash at end of period | $ 280,099 | $ 135,742 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid, net during the period for: | | |
| Income taxes | $ 2,364 | $ 518 |
| **Non-cash activities** | | |
| Unrealized loss on available-for-sale investments, net of deferred tax (expense) benefit of ($3) and $1 for the three and six months ended October 31, 2020, respectively | $ 61 | $ — |
| Change in foreign currency translation adjustments | $ 75 | $ 179 |
| Acquisitions of property and equipment included in accounts payable | $ 818 | $ 761 |

**AeroVironment, Inc.**
**Reconciliation of non-GAAP Earnings per Diluted Share (Unaudited)**

| | Three Months Ended October 31, 2020 | Three Months Ended October 26, 2019 | Six Months Ended October 31, 2020 | Six Months Ended October 26, 2019 |
|---|---|---|---|---|
| Earnings per diluted share | $ 0.09 | $ 0.31 | $ 0.50 | $ 1.02 |
| Acquisition-related expenses | 0.02 | 0.01 | 0.02 | 0.02 |
| Amortization of acquired intangible assets | 0.02 | 0.02 | 0.04 | 0.04 |
| HAPSMobile Inc. JV impairment of investment in Loon LLC | 0.35 | — | 0.35 | — |
| Earnings per diluted share as adjusted (Non-GAAP) | $ 0.48 | 0.34 | $ 0.91 | $ 1.08 |

**Reconciliation of Forecast Earnings per Diluted Share (Unaudited)**

| | Fiscal year ending April 30, 2021 |
|---|---|
| Forecast earnings per diluted share | $ 1.28 - 1.48 |
| Acquisition-related expenses | 0.02 |
| Amortization of acquired intangible assets | 0.09 |
| HAPSMobile Inc. JV impairment of investment in Loon LLC | 0.35 |
| Forecast earnings per diluted share as adjusted (Non-GAAP) | $ 1.74 - 1.94 |

**Statement Regarding Non-GAAP Measures**

The non-GAAP measure set forth above should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies. Management believes that this measure provides useful information to investors by offering additional ways of viewing our results that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers. In addition, management uses this non-GAAP measure to measure our operating and financial performance.

We exclude the acquisition-related expenses, amortization of acquisition-related intangible assets and one-time non-operating items because we believe this facilitates more consistent comparisons of operating results over time between our newly acquired and existing businesses, and with our peer companies. We believe, however, that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible asset amortization will recur in future periods until such intangible assets have been fully amortized.

##

For additional media and information, please follow us at:

Facebook: http://www.facebook.com/aerovironmentinc
Twitter: http://www.twitter.com/aerovironment
LinkedIn: https://www.linkedin.com/company/aerovironment
YouTube: http://www.youtube.com/user/AeroVironmentInc
Instagram: https://www.instagram.com/aerovironmentinc/

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**Exhibit 99.2**


AeroVironment
PROCEED WITH CERTAINTY
SECOND QUARTER FISCAL YEAR 2021
EARNINGS PRESENTATION
December 8, 2020

# 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, our ability to successfully consummate the transactions contemplated by the agreement to purchase Telerob on a timely basis, if at all, including the satisfaction of the closing conditions of such transactions; 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; the ability to timely and sufficiently integrate international operations into our ongoing business and compliance programs; reliance on sales to the U.S. government; 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 and create new market opportunities; changes in significant operating expenses, including components and raw materials; failure to develop new products; the extensive regulatory requirements governing our contracts with the U.S. government; 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 operations; 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.

# Telerob Transaction Summary

| | |
|---|---|
| Transaction Structure | • AeroVironment to acquire Telerob Gesellschaft für Fernhantierungstechnik mbH for $45.4 million[1] cash; Telerob to become wholly owned subsidiary of AeroVironment<br>• Additional $7.3 million[1] in three-year, milestone-based earnout<br>• AeroVironment to pay off $9.4 million[1] in Telerob debt at closing |
| Management/ HQ | • Retaining entire Telerob team<br>• Maintaining existing operations near Stuttgart, Germany and Erie, PA |
| Benefits | • Broadens product offering with proven portfolio of UGVs to complement AeroVironment UAS and TMS<br>• Expands global footprint; extensive customer base spanning 45 nations<br>• Enables multi-domain, intelligent robotic solutions combining UAS, TMS and UGVs<br>• Expected to be GAAP EPS accretive within two years, non-GAAP EPS accretive in fiscal year 2022<br>• Submitted joint proposal for multi-year U.S. Air Force EOD robot program; pursuing multiple additional U.S. and international opportunities<br>• German market presence supports pending UAS opportunities<br>• UGV market growing at 15% CAGR<br>• Telerob provides more than 25 years of experience in ground robotics |
| Approvals/ Closing | • Transaction expected to close by Spring 2021, pending German government clearance and other customary conditions |

**BEST IN CLASS PRODUCT PORTFOLIO, EXTENSIVE CUSTOMER BASE AND STRONG MANAGEMENT TEAM ARE HIGHLY COMPLEMENTARY AND POSITION AEROVIRONMENT FOR SUCCESS**

[1] Dollar values calculated based on exchange rate with Euro as of December 8, 2020

# Second Quarter Fiscal Year 2021 Key Messages

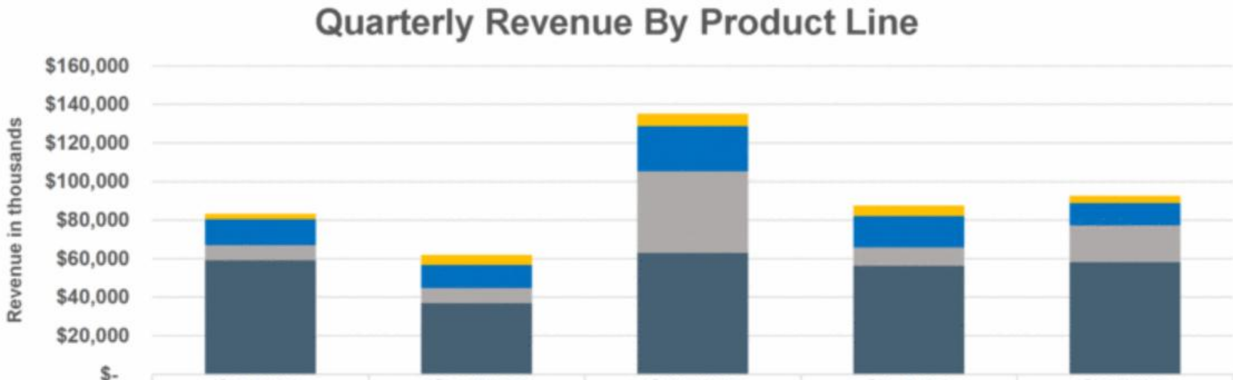
1. Continue to deliver strong results during unprecedented and challenging COVID-19 pandemic, keeping us on track to achieve fiscal year 2021 objectives
2. Achieved significant milestones during quarter in key growth initiatives within tactical UAS, tactical missile systems and HAPS
3. Successfully executing long-term growth strategy, including deploying strong balance sheet with Telerob acquisition, while delivering significant value to shareholders

**EXECUTING OUR PLAN FOR FOURTH CONSECUTIVE YEAR OF PROFITABLE TOPLINE GROWTH**

# Summary of Second Quarter Fiscal Year 2021 Results

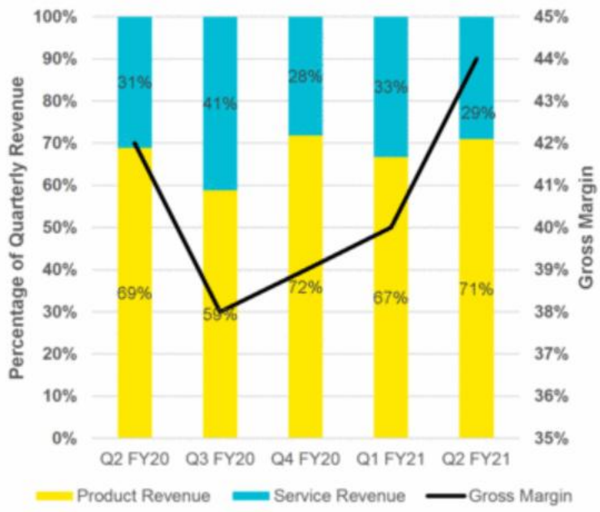
| Metric | Second Quarter Fiscal Year 2021 | Year-Over-Year Change | Notes |
|---|---|---|---|
| Revenue | $92.7 million | 11% | Healthy demand across our portfolio |
| Gross profit | $40.9 million | 16% | Shift in revenue mix resulted in higher gross profit margin |
| EPS (diluted) | $0.09 | ($0.22) | Adversely affected by HAPSMobile Inc. joint venture impairment of its investment in Loon LLC |
| Non-GAAP EPS (diluted) | $0.48 | $0.14 | Higher gross margin |
| Funded Backlog | $130.6 million | (11%) | Managing pandemic, which is causing some delays in customer contracting |

# Year-Over-Year Increases in Second Quarter TMS and Other Revenue Offset Lower HAPS and Small UAS Revenue




| | Q2 FY20 | Q3 FY20 | Q4 FY20 | Q1 FY21 | Q2 FY21 |
|---|---|---|---|---|---|
| Other | $2,797 | $5,256 | $6,466 | $5,328 | $3,987 |
| HAPS | $13,393 | $11,762 | $23,374 | $16,386 | $11,452 |
| TMS | $7,924 | $7,908 | $42,362 | $9,534 | $18,961 |
| Small UAS | $59,157 | $36,965 | $63,021 | $56,202 | $58,265 |

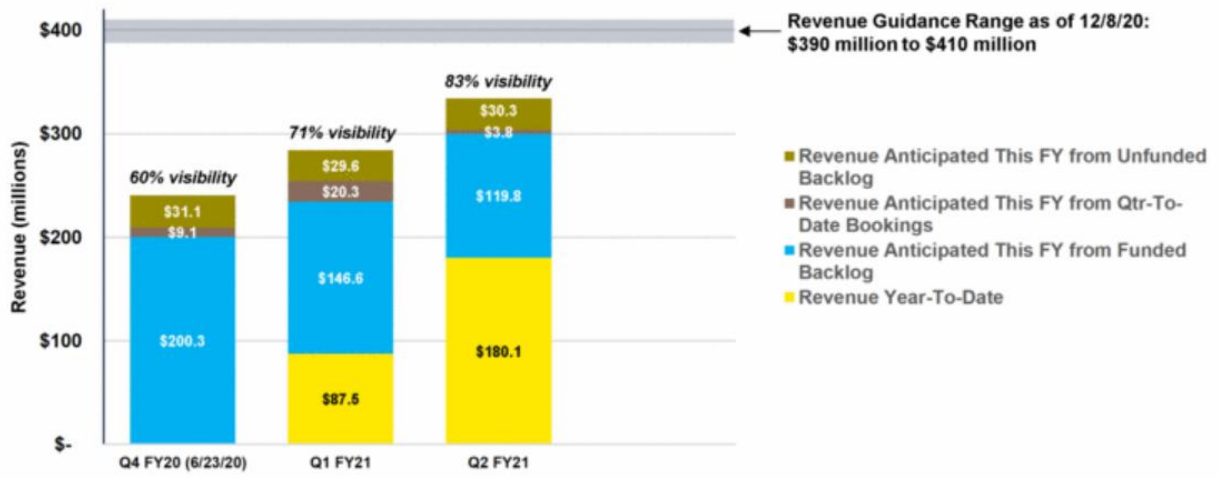
# Shift in Second Quarter Revenue Mix Contributed to Higher Gross Margin and Higher Non-GAAP Earnings Year-Over-Year





* Excludes Q2 Fiscal Year 2020 acquisition-related expenses of $0.01 and amortization of intangible assets of $0.02, and Q2 Fiscal Year 2021 acquisition-related expenses of $0.02, amortization of intangible assets of $0.02, and HAPSMobile Inc. joint venture impairment of investment in Loon LLC of $0.35

# Growing Visibility Supports Full Fiscal Year Revenue Expectations




***SECOND QUARTER VISIBILITY EQUALS AVERAGE FOR PAST FOUR FISCAL YEARS***

# HAPS Contract Supports Program Expansion

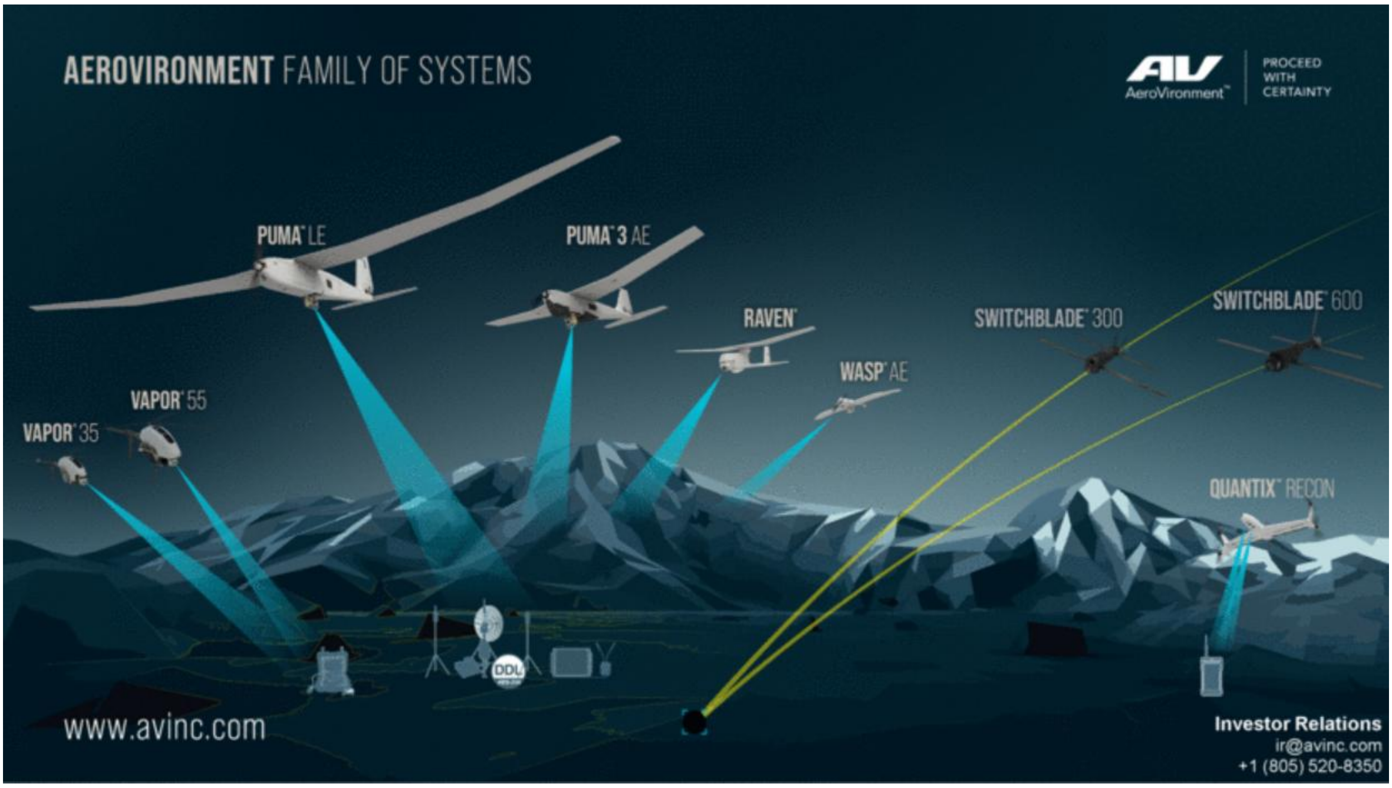
| | |
|---|---|
| **Total HAPS Contract Value** | **$173.8 million** |
| Initial Contract Value (Jan 2018) | $65.0 million |
| Total HAPS Revenue Recognized | $166.2 million |
| HAPS Revenue in Second Quarter Fiscal Year 2021 | $11.5 million |
| # of Contract Modifications | 13 |
| # Successful Test Flights | 5 |
| Current AeroVironment Equity Ownership of HAPSMobile Inc. | 7.1% |

# Fiscal Year 2020 Results and Fiscal Year 2021 Expectations

| | Fiscal Year 2020 Actuals | Current Fiscal Year 2021 Expectations (12/8/20) |
|---|---|---|
| Revenue | $367 million | $390 million to $410 million |
| Operating Income Margin | 13% | 12% – 12.5% |
| Earnings Per Share (diluted) | $1.72 | $1.28 to $1.48[1,4] |
| Non-GAAP Earnings Per Share (diluted) | $1.84[2] | $1.74 to $1.94[3,4] |
| First half revenue as percentage of full year revenue | 46% | 44% (actual) |
| Internal Research & Development Investment | 13% of revenue | 11-12% of revenue |
| Tax Rate | 11.1% | Approximately 12% |
| Capital Expenditures | 3% | 4% to 5% |

[1] Reducing fiscal year 2021 earnings per share expectations due to HAPSMobile Inc. JV impairment of its investment in Loon LLC of $0.35
[2] Excludes acquisition-related expenses and amortization of intangible assets of $0.12
[3] Excludes acquisition-related expenses and amortization of intangible assets of $0.11 and HAPSMobile Inc. JV impairment of its investment in Loon LLC of $0.35
[4] Excludes estimated operating results, acquisition-related expenses and amortization of intangible assets associated with the acquisition of Telerob

**ON-TRACK TO DELIVER FOURTH CONSECUTIVE YEAR OF PROFITABLE TOPLINE GROWTH**


AEROVIRONMENT FAMILY OF SYSTEMS
AeroVironment
PROCEED WITH CERTAINTY
PUMA LE
PUMA 3 AE
RAVEN
WASP AE
SWITCHBLADE 300
SWITCHBLADE 600
VAPOR 55
VAPOR 35
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# Appendix – Reconciliation of Non-GAAP Diluted Earnings Per Share (Unaudited)

| | | Three Months Ended October 31, 2020 | | Three Months Ended October 26, 2019 | | Six Months Ended October 31, 2020 | | Six Months Ended October 26, 2019 |
|---|---|---|---|---|---|---|---|---|
| Earnings per diluted share | $ | 0.09 | $ | 0.31 | $ | 0.50 | $ | 1.02 |
| Acquisition related expenses | | 0.02 | | 0.01 | | 0.02 | | 0.02 |
| Amortization of acquired intangible assets | | 0.02 | | 0.02 | | 0.04 | | 0.04 |
| HAPSMobile Inc. JV impairment of investment in Loon LLC | | 0.35 | | - | | 0.35 | | - |
| Earnings per diluted share as adjusted (Non-GAAP) | $ | 0.48 | | 0.34 | $ | 0.91 | | 1.08 |

# Appendix – Reconciliation of Fiscal Year 2021 Non-GAAP Diluted Earnings Per Share Expectations (Unaudited)

| | | Fiscal year ending April 30, 2021 |
|---|---|---|
| **Forecast earnings per diluted share** | $ | 1.28 - 1.48 |
| Acquisition related expenses | | 0.02 |
| Amortization of acquired intangible assets | | 0.09 |
| HAPSMobile Inc. joint venture impairment of investment in Loon LLC | | 0.35 |
| **Forecasted earnings per diluted share as adjusted (Non-GAAP)** | $ | 1.74 - 1.94 |