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AEROVIRONMENT, INC.

Imperial Capital Advanced Manufacturing & Supply Chain Conference

Wahid Nawabi, CEO

February 2023

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.

AeroVironment at-a-glance

Pureplay unmanned systems company providing air and ground vehicle solutions for defense and commercial markets



AEROENVIRONMENT PORTFOLIO OF INTELLIGENT, MULTI-DOMAIN UNMANNED SYSTEMS



Our Vision: To be the leading global supplier of integrated multi-domain robotic solutions

Our Investment Outlook

Near-term

- Global leader in our markets
- Most product lines are expected to grow organically this fiscal year
- Forecasting strong sales growth from US, NATO and Ukraine demand
- Effectively managing supply chain and tight labor market headwinds
- Record November backlog of \$388 million

Long-term

- Targeting multi-billion \$ market opportunities with high growth potential
- Unmatched & broadest portfolio of unmanned robotic systems
- Growing defense budgets due to increased global tensions
- Strong balance sheet to fund near and long-term opportunities

Macro Defense Environment, positions AVAV to drive near-term and long-term growth

Segment Overview



SUAS

Small Unmanned Aircraft Systems

The dominant global supplier of Group 1 unmanned aircraft used for ISR with sales to over 50 allied nations



MUAS

Medium Unmanned Aircraft Systems

A market leading domestic supplier of Group 2 and Group 3 unmanned aircraft and associated ISR COCO services



TMS

Tactical Missile Systems

Category innovator and current domestic leader of loitering munitions with recent approvals to sell to over 20 allied nations



HAPS

High altitude Pseudo Satellites

Telecommunications and ISR unmanned platform with defense and commercial applications. Key partnership with Softbank to develop market



UGV

Unmanned Ground Vehicles

Leading international supplier of small and medium sized unmanned ground vehicles used for explosive ordnance disposal and handling of hazardous materials
















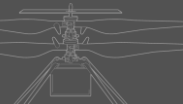




MW

MacCready Works Advanced Solutions

Develops cutting edge technologies to deploy within current portfolio. Explores adjacent market opportunities and incubates potential new business segments

Business Segments Support Mission-critical Applications

SEGMENT	GLOBAL TAM	OUTLOOK	HIGHLIGHTS
 SUAS	\$1B+ 	 Growing	<ul style="list-style-type: none"> Global Leader Position in Group 1– Over \$2B of revenue over last 15 years Adding Group 2 to Target Market Multiple New Product Introductions and Add-ons Well Positioned for Future U.S. DOD Programs of Record
 MUAS	\$2B+ 	 Disrupter	<ul style="list-style-type: none"> Targeting Group 2/3 market Leading the way to next generation products Sole Selected for Increment 1 of Future Tactical UAS Program - \$1B+ Program Leveraging AV Global Franchise for U.S. and International Sales
 TMS	\$2B+ 	 Growing	<ul style="list-style-type: none"> Global Leader in Loitering Munitions; Patented “Wave Off” Technology Expanding U.S. DOD Footprint; Authorized to Sell in 20+ Countries Targeting Multiple \$1+ Billion Programs Preferred Partner to integrate on aircraft, ground vehicles and ships
 HAPS	\$50B+ 	 Innovating	<ul style="list-style-type: none"> Goal to deliver stratospheric cell service via solar powered platform Softbank primary customer for telecom application Targeting Large U.S. DOD Opportunities
 UGV	\$0.5B+ 	 Adapting	<ul style="list-style-type: none"> Part of Multi-Domain Solutions Benefits from Growing Defense Budgets Globally Positioning for future U.S. DOD programs
 MW	\$2B+ 	 Innovating	<ul style="list-style-type: none"> Significant Increased Spending for Classified U.S. DOD Programs Center of Excellence for Autonomy and Machine Learning Source of Potential New Products

AeroVironment is Poised for Organic Double-digit Growth in FY23

As of 4/30/2022	Fiscal Year 2022 Results	FY23 Guidance	Expected % Change (to midpoint)
Revenue	\$446 million	\$505 million - \$525 million	15%
Net Income/(Loss)	(\$4 million)	\$8 million - \$17 million	---
Adjusted EBITDA ¹	\$63 million	\$84 million - \$92 million	42%
Earnings/(Loss) Per Share (diluted)	(\$0.17)	\$0.35 - \$0.65	---
Non-GAAP Earnings Per Share (diluted)	\$1.25 ²	\$1.26 - \$1.58 ³	14%
R&D as % of Revenues	12%	10%-11%	---
SG&A as % of Revenues ⁴	16%	15%-16%	---

¹ Refer to Adjusted EBITDA reconciliation on Appendix B.

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

³ Refer to Reconciliation of Fiscal Year 2022 Non-GAAP Diluted Earnings Per Share Expectations on Appendix D.

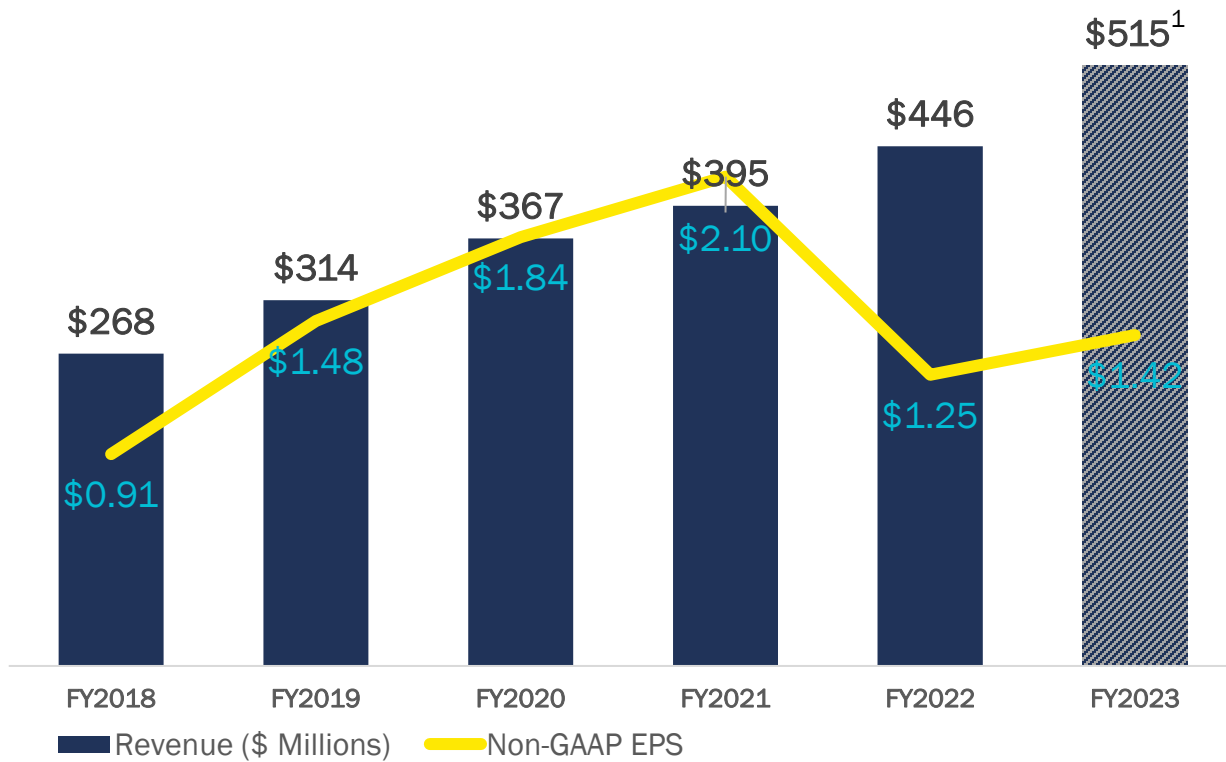
⁴ Excludes Intangible Amortization



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FINANCIAL SUMMARY

Revenue and Non-GAAP EPS (Continuing Ops)



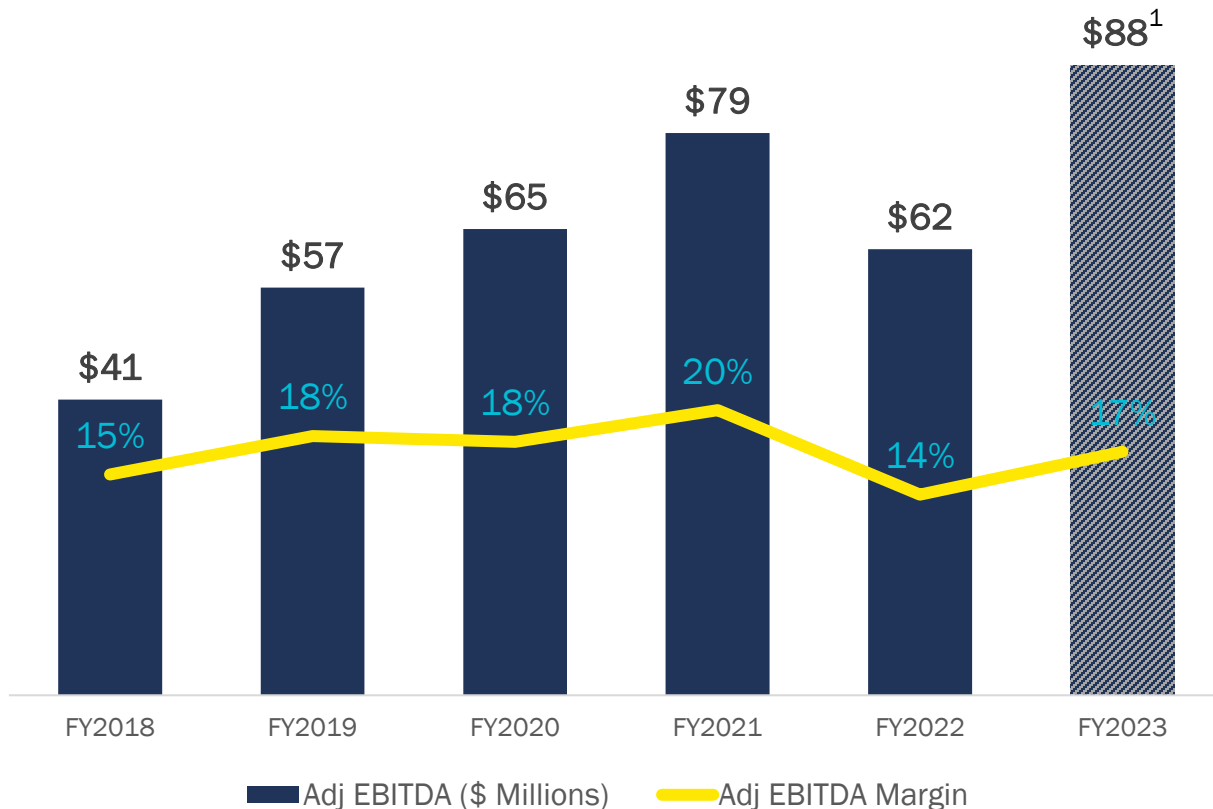
- Continued double digit revenue growth
- FY22 organic growth was negative as a result of supply chain issues and reduced U.S. SUAS demand
- FY22 Revenue growth came as a result of acquisitions.

ACQUISITIONS

FY20	FY21	FY22

¹ FY23 estimated Revenue is based on mid-point revenue and non-GAAP EPS guidance.

Adjusted EBITDA and EBITDA Margin



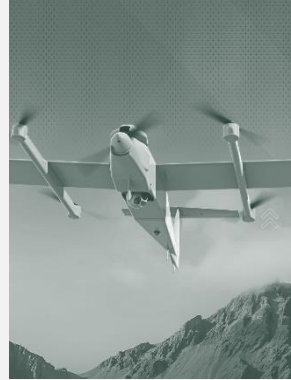
- Historically strong Adjusted EBITDA Margins
- FY22 Adjusted EBITDA Margins impacted by lower gross margins as a result of mix shift to lower margin service revenues.
- Also negatively impacted by higher operating expenses as result of acquisitions.

¹ FY23 estimates are based on mid-point Adjusted EBITDA guidance range

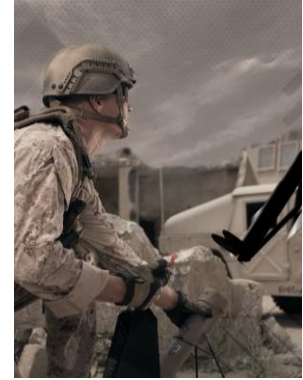
Product Scenarios



SUAS



MUAS



TMS



FINANCIAL TABLES

APPENDIX B – GAAP to NON-GAAP Reconciliation of Adjusted EBITDA

	FY18	FY19	FY20	FY21	FY22
Net income (loss) from continued operations (1)	\$ 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	5,982	7,669	9,888	19,262	60,825
EBITDA (Non-GAAP)	\$ 35,292	\$ 49,550	\$ 52,247	\$ 43,750	\$ 51,708
FV Step-up amortization incl. in loss of disposal of PP&E	-	-	-	-	1,280
Cloud amortization	-	-	-	-	339
Stock-based compensation	4,956	6,985	6,227	6,932	5,390
Acquisition-related expenses	1,238	-	1,049	7,982	4,853
Equity method investment activity	(216)	3,944	5,487	10,481	(4,589)
Non-controlling interest	-	(19)	(4)	14	3
One-time (gains)/losses, net	-	(3,602)	-	-	-
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	\$ 65,006	\$ 78,459	\$ 62,601

(1) as reported

APPENDIX C – GAAP To NON-GAAP Reconciliation of Adjusted Gross Margin

<i>(in thousands)</i>	FY18	FY19	FY20	FY21	FY22
Adjusted Gross Margin					
Gross Margin	\$107,685	\$128,403	\$153,102	\$164,558	\$141,236
Intangible Amortization	-	-	\$2,284	\$4,452	\$18,542
Adjusted Gross Margin	\$107,685	\$128,403	\$155,386	\$169,010	\$159,778
Adjusted Gross Margin % of Revenue	40.1%	40.9%	42.3%	42.8%	35.8%

APPENDIX D – 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