



PROCEED  
WITH  
CERTAINTY

# First Quarter Fiscal Year 2025 Earnings Presentation

---

September 4, 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.

# First Quarter Fiscal Year 2025 Key Messages



---

First-quarter revenue of **\$189 million**, a **24% increase over Q1 FY24**



---

**Robust pipeline converting to backlog** evidenced by AV's recent Army IDIQ award with a nearly \$1B ceiling



---

**Loitering Munition Systems** segment continues to lead company growth with a first-quarter revenue record of \$52 million



---

Given strong execution and growing pipeline we are **reiterating our previously disclosed fiscal year 2025 guidance**

# First Quarter Results Fiscal Year 2025

Metric	Q1 FY25	Year-Over-Year Change	Notes
Revenue	\$189.5 m	+24%	Overall increase driven by higher product sales in UxS and LMS segments partially offset by a decrease in MW revenue.
GAAP Gross Margin	\$81.5 m	+24%	Increase driven by favorable sales volume.
Adjusted EBITDA <sup>2</sup>	\$37.2 m	--%	In-line with same quarter last year as higher gross margins were offset by higher SG&A expenses and increased investments in R&D.
Non-GAAP EPS (diluted) <sup>1</sup>	\$0.89	-11%	Lower than last year as higher gross margins were more than offset by higher SG&A expenses, and increased investments in R&D.
Funded Backlog	\$372.9 m	-31%	Q1 backlog lower due to contract award timing <sup>3</sup> .

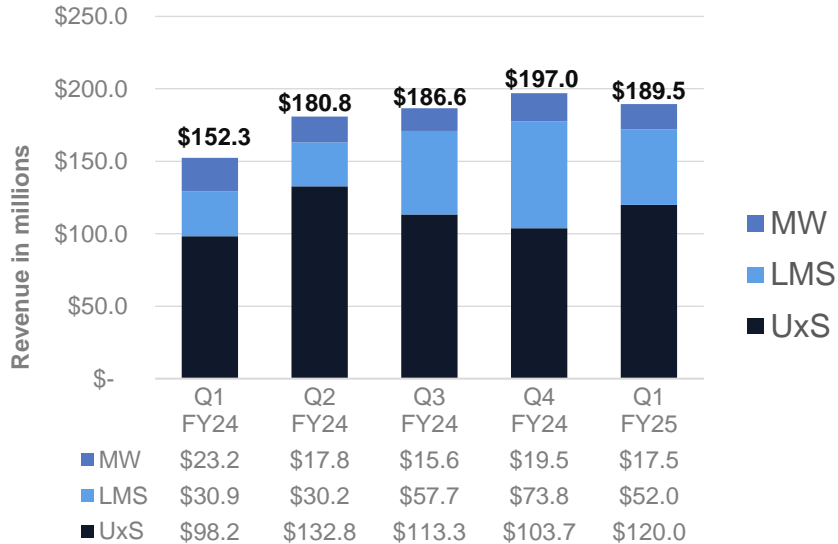
<sup>1</sup> Q1 GAAP EPS was \$0.75 per diluted share. Refer to Reconciliation of Non-GAAP Earnings Per Diluted Share on Appendix A

<sup>2</sup> Q1 GAAP Net income was \$21.2M. Refer to Adjusted EBITDA reconciliation on Appendix D.

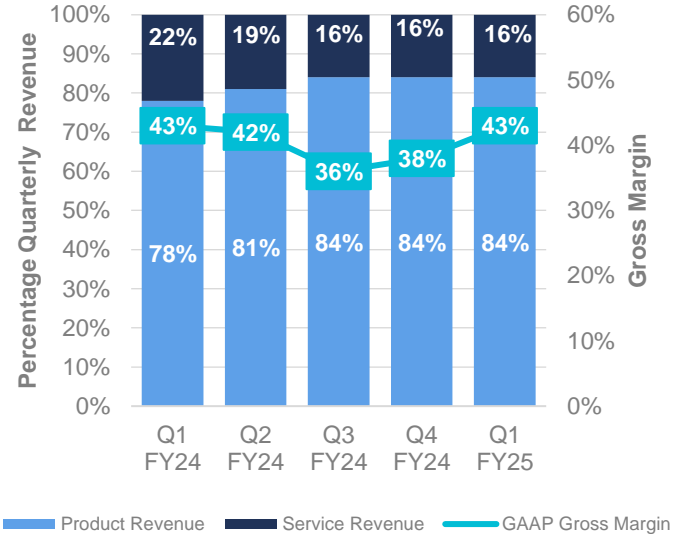
<sup>3</sup> Backlog expected to increase in future quarters in FY25

# Revenue Mix by Segment and Type

## QUARTERLY REVENUE BY SEGMENT



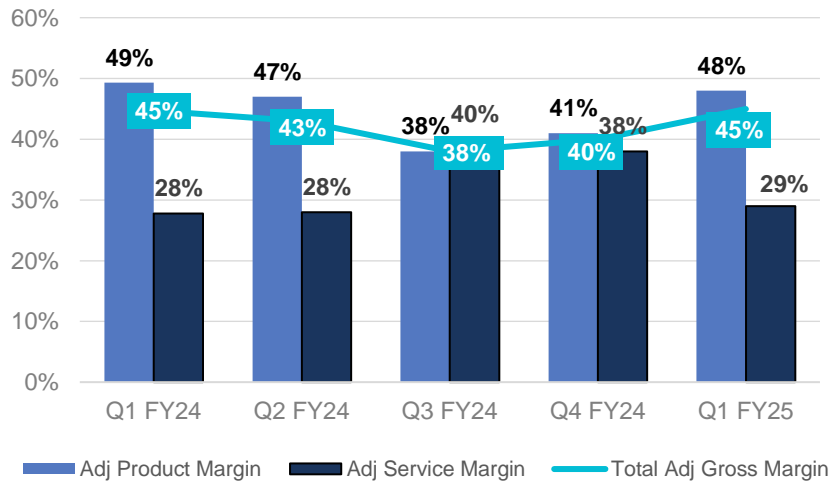
## QUARTERLY REVENUE BY TYPE



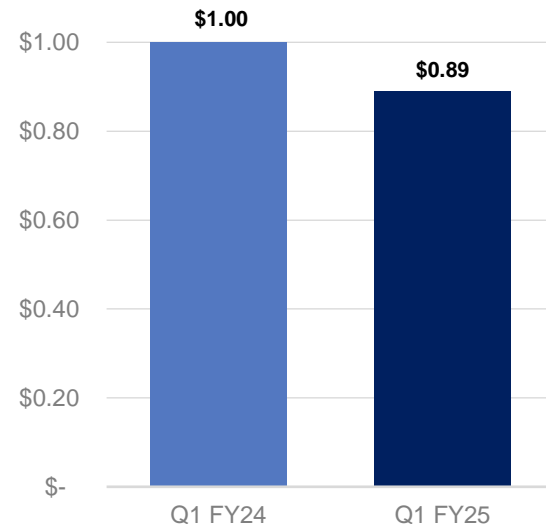
UxS: Uncrewed Systems | LMS: Loitering Munitions Systems | MW: MacCready Works

# 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> Q1 GAAP Product Margin of 46% and Service Margin of 25%. 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.

# Maintaining Guidance: Fiscal 2025 Outlook

AS OF 09/4/2024	FY24 RESULTS	FY25 GUIDANCE	EXPECTED % CHANGE (TO MIDPOINT)
Revenue	\$717 million	\$790 million - \$820 million	12%
Net Income	\$60 million	\$74 million – \$83 million <sup>4</sup>	31%
Adjusted EBITDA	\$128 million <sup>2</sup>	\$143 million–\$153 million <sup>4</sup>	16%
Earnings Per Share (diluted)	\$2.18	\$2.61 – \$2.92	27%
Non-GAAP Earnings Per Share (diluted)	\$2.99 <sup>3</sup>	\$3.18 – \$3.49 <sup>1</sup>	11%

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.

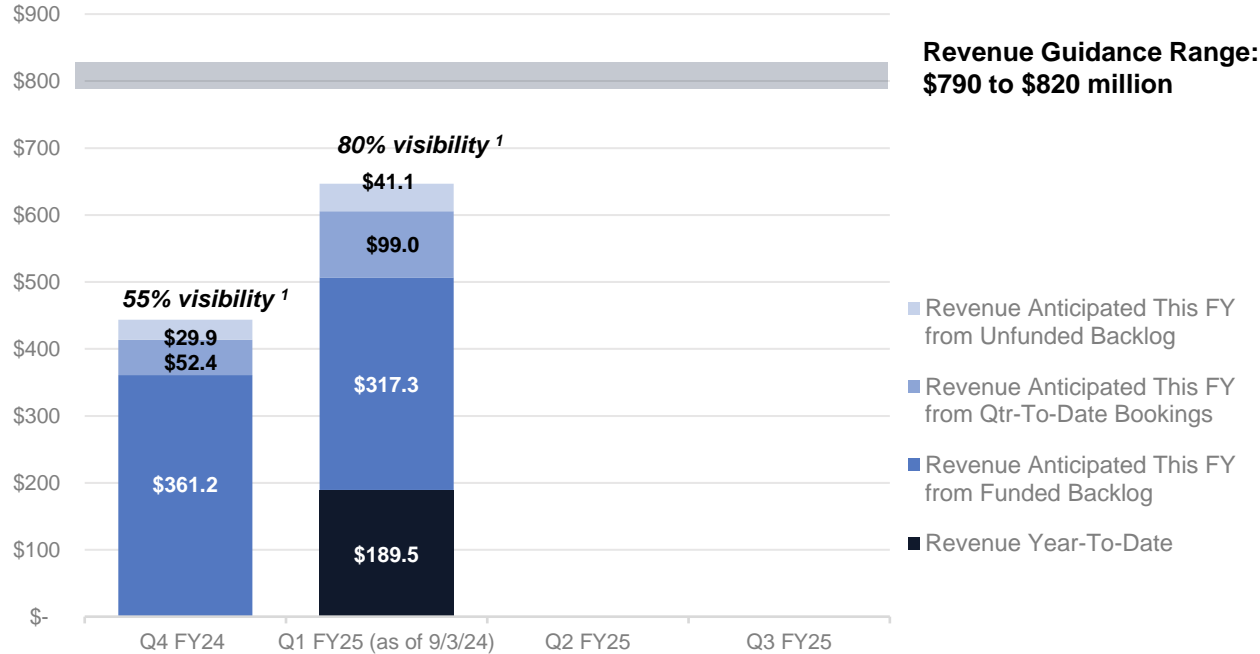
<sup>2</sup> Refer to Adjusted EBITDA Reconciliation on Appendix D.

<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 (as of September 3, 2024) supports revenue guidance range

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



# AEROENVIRONMENT PORTFOLIO OF INTELLIGENT, MULTI-DOMAIN UNMANNED SYSTEMS

SOLAR HAPS

JUMP 20

T-20

PUMA 1E

PUMA 3 AE

PUMA VTOL

SWITCHBLADE 600

SWITCHBLADE 300

BLACKWING

RAVEN

WASP AE

VAPOR 55 MX

QUANTIX RECON

VAPOR 55

INGENUITY MARS HELICOPTER



## Financial Tables

DDL NETWORK ANTENNAS

CRYSLIS

MPL

telexmax UGV

tEODor EVO

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

	<u>Three Months Ended July 27, 2024</u>	<u>Three Months Ended July 29, 2023</u>
Earnings per diluted share	\$ 0.75	\$ 0.84
Acquisition-related expenses	—	0.02
Amortization of acquired intangible assets and other purchase accounting adjustments	0.13	0.10
Equity method and equity securities investments activity, net	0.01	0.04
Earnings per diluted share as adjusted (non-GAAP)	<u>\$ 0.89</u>	<u>\$ 1.00</u>

# 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 1st Quarter FY2024	Fiscal 2nd Quarter FY2024	Fiscal 3rd Quarter FY2024	Fiscal 4th Quarter FY2024	Fiscal 1st Quarter FY2025
<b><u>Products</u></b>					
Gross Margin	\$ 57,863	\$ 66,747	\$ 56,437	\$ 64,550	73,985
Intangible Amortization	\$ 1,041	\$ 1,856	\$ 2,681	\$ 2,637	2,617
Adjusted Gross Margin	\$ 58,904	\$ 68,603	\$ 59,118	\$ 67,187	76,602
<i>Adj. Prod GM%</i>	49.3%	47.1%	37.9%	40.8%	48.0%
<b><u>Services</u></b>					
Gross Margin	\$ 7,797	\$ 8,603	\$ 10,850	\$ 11,084	7,482
Intangible Amortization	\$ 1,356	\$ 1,356	\$ 1,356	\$ 12,696	1,097
Adjusted Gross Margin	\$ 9,153	\$ 9,959	\$ 12,206	\$ 12,350	8,579
<i>Adj. Service GM%</i>	27.8%	28.4%	39.8%	38.1%	28.6%

# APPENDIX D – HISTORICAL ADJUSTED EBITDA RECONCILIATION

<i>(in thousands)</i>	Fiscal 1st Quarter FY2024	Fiscal 2nd Quarter FY2024	Fiscal 3rd Quarter FY2024	Fiscal 4th Quarter FY2024	Full Fiscal Year FY2025	Fiscal 1st Quarter FY2025
Net Income from continued operations	\$ 21,895	\$ 17,840	\$ 13,885	\$ 6,047	\$ 59,607	\$ 21,166
Interest Expense / (Income), net	2,008	1,951	114	148	4,220	239
Tax provision / (benefit)	1,314	1,137	1,259	1,818	1,892	1,485
Depreciation and amortization (1)	6,951	8,436	9,582	10,780	35,749	8,852
EBITDA (Non-GAAP)	\$ 32,168	\$ 29,362	\$ 24,840	\$ 15,157	\$ 101,528	\$ 31,742
Cloud amortization	203	203	488	551	1,445	644
Stock-based compensation	3,204	5,040	4,181	4,644	17,069	4,536
Acquisition-related expenses	673	1,093	(54)	383	2,095	0
Equity method and equity security investment activity	1,034	3,842	(671)	1,412	5,618	256
Adjusted EBITDA (Non-GAAP)	\$ 37,282	\$ 39,541	\$ 28,784	\$ 22,147	\$ 127,754	\$ 37,178

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

<i>(in millions)</i>	Fiscal year ending April 30, 2025
Net income	\$ 74 - 83
Interest expense, net	—
Provision for income taxes	7 - 8
Depreciation and amortization	39
EBITDA ( <u>Non-GAAP</u> )	120 - 130
Stock-based compensation	20
Equity method and equity securities investments activity, net	1
Amortization of cloud computing arrangement implementation	2
Acquisition-related expenses	—
Adjusted EBITDA (Non-GAAP)	\$ 143 - 153

# 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>