



NEWS RELEASE

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PARK AEROSPACE CORP. REPORTS SECOND QUARTER RESULTS

Newton, Kansas, Thursday, October 8, 2020.....Park Aerospace Corp. (NYSE-PKE) reported results for the 2021 fiscal year second quarter ended August 30, 2020. As previously reported, Park completed the sale of its Electronics Business to AGC Inc. on December 4, 2018. Therefore, current costs relating to the sale of the Electronics Business are reported as discontinued operations. Continuing operations discussed below refer to Park's Aerospace Business unless otherwise indicated.

The Company will conduct a conference call to discuss its financial results and other matters at 11:00 a.m. EDT today. A live audio webcast of the event, along with presentation materials, will be available at <https://edge.media-server.com/mmc/p/2ozuh39n> at 11:00 a.m. EDT today. The presentation materials will also be available at approximately 9:00 a.m. EDT today at <https://parkaerospace.com/shareholders/investor-conference-calls/> and on the Company's website at www.parkaerospace.com under "Investor Conference Calls" on the "Shareholders" page.

Continuing Operations:

Park reported net sales of \$9,250,000 for the 2021 fiscal year second quarter ended August 30, 2020 compared to \$13,723,000 for the 2019 fiscal year second quarter ended September 1, 2019 and \$12,213,000 for the 2021 fiscal year first quarter ended May 31, 2020. Park's net sales from continuing operations for the six months ended August 30, 2020 were \$21,463,000 compared to \$28,673,000 for the six months ended September 1, 2019. Net earnings from continuing operations for the 2021 fiscal year second quarter were \$1,151,000 compared to \$2,052,000 for the 2020 fiscal year second quarter and \$1,972,000 for the 2021 fiscal year first quarter. Net earnings from continuing operations were \$3,123,000 for the current year's first six months compared to \$4,766,000 for last year's first six months.

EBITDA from continuing operations for the 2021 fiscal year second quarter was \$1,418,000 compared to \$2,406,000 for the 2020 fiscal year second quarter and \$2,364,000 for the 2021 fiscal year first quarter.

For the six months ended August 30, 2020, Park reported net earnings from continuing operations before special items of \$3,123,000 compared to \$4,910,000 for last fiscal year's first six months. In the 2020 fiscal year's first six months, the Company recorded a one-time tax charge of \$144,000 for the write down of deferred tax assets for stock option expirations pertaining to employees who transferred to AGC Inc. in connection with the sale of the Electronics Business. EBITDA from continuing operations for the current year's first six months was \$3,782,000 compared to \$5,779,000 for last year's first six months.

Park reported basic and diluted earnings per share from continuing operations of \$0.06 for the 2021 fiscal year second quarter compared to \$0.10 for the 2020 fiscal year second quarter and \$0.10 for the 2021 fiscal year first quarter.

Park reported basic and diluted earnings per share from continuing operations of \$0.15 for the 2021 fiscal year's first six months compared to \$0.23 for the 2020 fiscal year's first six months. Basic and diluted earnings per share from continuing operations before special items were \$0.15 for the 2021 fiscal year's first six months compared to \$0.24 for the 2020 fiscal year's first six months.

The Company will conduct a conference call to discuss its financial results at 11:00 a.m. EDT today. Forward-looking and other material information may be discussed in this conference call. The conference call dial-in number is (844) 466-4114 in the United States and Canada, and (765) 507-2654 in other countries. The required passcode for attendance by phone is 8867788.

For those unable to listen to the call live, a conference call replay will be available from approximately 2:00 p.m. EDT today through 11:59 p.m. EDT on Wednesday, October 14, 2020. The conference call replay will be available at <https://edge.media-server.com/mmc/p/2ozuh39n> and on the Company's website at www.parkaerospace.com under "Investor Conference Calls" on the "Shareholders" page. It can also be accessed by dialing (855) 859-2056 in the United States and Canada, and (404) 537-3406 in other countries. The required passcode for accessing the replay by phone is 8867788.

Any additional material financial or statistical data disclosed in the conference call, including the investor presentation, will also be available at the time of the conference call on the Company's web site at <https://parkaerospace.com/shareholders/investor-conference-calls/>.

Park believes that an evaluation of its ongoing operations would be difficult if the disclosure of its operating results were limited to accounting principles generally accepted in the United States of America ("GAAP") financial measures, which include special items, such as one-time tax charge and EBITDA. Accordingly, in addition to disclosing its operating results determined in accordance with GAAP, Park discloses non-GAAP measures, including EBITDA, and operating results that exclude special items in order to assist its shareholders and other readers in assessing the Company's operating performance, since the Company's on-going, normal business operations do not include such special items. The detailed operating information presented below includes a reconciliation of the non-GAAP operating results before special items to earnings determined in accordance with GAAP and a reconciliation of GAAP pre-tax earnings to EBITDA. Such non-GAAP financial measures are provided to supplement the results provided in accordance with GAAP.

Park Aerospace Corp. develops and manufactures solution and hot-melt advanced composite materials used to produce composite structures for the global aerospace markets. These materials include lightning strike protection materials. Park offers an array of composite materials specifically designed for hand lay-up or automated fiber placement (AFP) manufacturing applications. Park's advanced composite materials are used to produce primary and secondary structures for jet engines, large and regional transport aircraft, military aircraft, Unmanned Aerial Vehicles (UAVs commonly referred to as "drones"), business jets, general aviation aircraft and rotary wing aircraft. Park also offers specialty ablative materials for rocket motors and nozzles and specially designed materials for radome applications. As a complement to Park's advanced composite materials offering, Park designs and fabricates composite parts, structures and assemblies and low volume tooling for the aerospace industry. Target markets for Park's composite parts and structures (which include Park's proprietary composite SigmaStrut™ and AlphaStrut™ product lines) are, among others, prototype and development aircraft, special mission aircraft, spares for legacy military and civilian aircraft and exotic spacecraft. Park's objective is to do what others are either unwilling or unable to do. When nobody else wants to do it because it is too difficult, too small or too annoying, sign us up.

Additional corporate information is available on the Company's web site at www.parkaerospace.com

Performance table, including non-GAAP information (in thousands, except per share amounts – unaudited):

| | 13 Weeks Ended | | | 26 Weeks Ended | |
|--|--------------------|----------------------|--------------|--------------------|----------------------|
| | August 30, 2020 | September 1, 2019 | May 31, 2020 | August 30, 2020 | September 1, 2019 |
| Sales | \$ 9,250 | \$ 13,723 | \$ 12,213 | \$ 21,463 | \$ 28,673 |
| Net Earnings before Special Items ¹ | \$ 1,151 | \$ 2,052 | \$ 1,972 | \$ 3,123 | \$ 4,910 |
| Special Items, Net of Tax: | | | | | |
| Tax Impact of Cancelled Stock Options | - | - | - | - | (144) |
| Net Earnings from Continuing Operations | \$ 1,151 | \$ 2,052 | \$ 1,972 | \$ 3,123 | \$ 4,766 |
| (Loss) Earnings from Discontinued Operations, Net of Tax | \$ (197) | \$ 83 | \$ (15) | \$ (212) | \$ (44) |
| Net Earnings | \$ 954 | \$ 2,135 | \$ 1,957 | \$ 2,911 | \$ 4,722 |
| Basic Earnings per Share: | | | | | |
| Basic Earnings before Special Items ¹ | \$ 0.06 | \$ 0.10 | \$ 0.10 | \$ 0.15 | \$ 0.24 |
| Special Items: | | | | | |
| Tax Impact of Cancelled Stock Options | - | - | - | - | (0.01) |
| Basic Earnings per Share from Continuing Operations | \$ 0.06 | \$ 0.10 | \$ 0.10 | \$ 0.15 | \$ 0.23 |
| Basic Loss per Share from Discontinued Operations | (0.01) | - | - | (0.01) | - |
| Basic Earnings per Share | \$ 0.05 | \$ 0.10 | \$ 0.10 | \$ 0.14 | \$ 0.23 |
| Diluted Earnings before Special Items ¹ | \$ 0.06 | \$ 0.10 | \$ 0.10 | \$ 0.15 | \$ 0.24 |
| Special Items: | | | | | |
| Tax Impact of Cancelled Stock Options | - | - | - | - | (0.01) |
| Diluted Earnings per Share from Continuing Operations | \$ 0.06 | \$ 0.10 | \$ 0.10 | \$ 0.15 | \$ 0.23 |
| Diluted Loss per Share from Discontinued Operations | (0.01) | - | - | (0.01) | - |
| Diluted Earnings per Share | \$ 0.05 | \$ 0.10 | \$ 0.10 | \$ 0.14 | \$ 0.23 |
| Weighted Average Shares Outstanding: | | | | | |
| Basic | 20,381 | 20,499 | 20,402 | 20,392 | 20,495 |
| Diluted | 20,433 | 20,601 | 20,460 | 20,447 | 20,593 |

¹ Refer to "Reconciliation of non-GAAP financial measures" below for information regarding Special Items.

Comparative balance sheets (in thousands):

| | August 30, 2020 | March 1, 2020 |
|---|--------------------|-------------------|
| <u>Assets</u> | (unaudited) | |
| Current Assets | | |
| Cash and Marketable Securities | \$ 118,690 | \$ 122,355 |
| Accounts Receivable, Net | 7,270 | 10,925 |
| Inventories | 5,103 | 6,379 |
| Prepaid Expenses and Other Current Assets | 3,783 | 5,535 |
| Total Current Assets | <u>134,846</u> | <u>145,194</u> |
| Fixed Assets, Net | 19,479 | 16,100 |
| Operating Right-of-use Assets | 341 | 420 |
| Other Assets | 10,057 | 10,072 |
| Total Assets | <u>\$ 164,723</u> | <u>\$ 171,786</u> |
| <u>Liabilities and Shareholders' Equity</u> | | |
| Current Liabilities | | |
| Accounts Payable | \$ 1,899 | \$ 4,735 |
| Accrued Liabilities | 1,408 | 1,709 |
| Operating Lease Liability | 132 | 152 |
| Income Taxes Payable | 2,641 | 2,111 |
| Total Current Liabilities | <u>6,080</u> | <u>8,707</u> |
| Long-term Operating Lease Liability | 221 | 268 |
| Non-current Income Taxes Payable | 14,303 | 15,986 |
| Deferred Income Taxes | 738 | 834 |
| Other Liabilities | 4,421 | 4,316 |
| Total Liabilities | <u>25,763</u> | <u>30,111</u> |
| Shareholders' Equity | <u>138,960</u> | <u>141,675</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 164,723</u> | <u>\$ 171,786</u> |
| <u>Additional information</u> | | |
| Equity per Share | \$ 6.82 | \$ 6.90 |

Comparative statements of operations (in thousands – unaudited):

| | 13 Weeks Ended | | | 26 Weeks Ended | |
|---|--------------------|----------------------|--------------|--------------------|----------------------|
| | August 30, 2020 | September 1, 2019 | May 31, 2020 | August 30, 2020 | September 1, 2019 |
| Net Sales | \$ 9,250 | \$ 13,723 | \$ 12,213 | \$ 21,463 | \$ 28,673 |
| Cost of Sales | 6,612 | 9,910 | 8,539 | 15,151 | 20,056 |
| Gross Profit | 2,638 | 3,813 | 3,674 | 6,312 | 8,617 |
| % of net sales | 28.5% | 27.8% | 30.1% | 29.4% | 30.1% |
| Selling, General & Administrative | | | | | |
| Expenses | 1,552 | 1,914 | 1,630 | 3,182 | 3,836 |
| % of net sales | 16.8% | 13.9% | 13.3% | 14.8% | 13.4% |
| Earnings from Continuing Operations | 1,086 | 1,899 | 2,044 | 3,130 | 4,781 |
| Interest and Other Income: | | | | | |
| Interest Income | 525 | 863 | 656 | 1,181 | 1,811 |
| % of net sales | 5.7% | 6.3% | 5.4% | 5.5% | 6.3% |
| Earnings from Continuing Operations before Income Taxes | 1,611 | 2,762 | 2,700 | 4,311 | 6,592 |
| Income Tax Provision | 460 | 710 | 728 | 1,188 | 1,826 |
| Net Earnings from Continuing Operations | 1,151 | 2,052 | 1,972 | 3,123 | 4,766 |
| % of net sales | 12.4% | 15.0% | 16.1% | 14.6% | 16.6% |
| (Loss) Earnings from Discontinued Operations, Net of Tax | (197) | 83 | (15) | (212) | (44) |
| Net Earnings | \$ 954 | \$ 2,135 | \$ 1,957 | \$ 2,911 | \$ 4,722 |
| % of net sales | 10.3% | 15.6% | 16.0% | 13.6% | 16.5% |

Reconciliation of non-GAAP financial measures (in thousands – unaudited):

| | 13 Weeks Ended August 30, 2020 | | | 13 Weeks Ended September 1, 2019 | | | 13 Weeks Ended May 31, 2020 | | |
|--|-------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|--------------------------------|-------------------|----------------------------|
| | GAAP | Specials Items | Before Special Items | GAAP | Specials Items | Before Special Items | GAAP | Specials Items | Before Special Items |
| | Earnings from Continuing Operations | 1,086 | - | 1,086 | 1,899 | - | 1,899 | 2,044 | - |
| % of net sales | 11.7% | | 11.7% | 13.8% | | 13.8% | 16.7% | | 16.7% |
| Interest Income | 525 | - | 525 | 863 | - | 863 | 656 | - | 656 |
| % of net sales | 5.7% | | 5.7% | 6.3% | | 6.3% | 5.4% | | 5.4% |
| Earnings from Continuing Operations before Income Taxes | 1,611 | - | 1,611 | 2,762 | - | 2,762 | 2,700 | - | 2,700 |
| % of net sales | 17.4% | | 17.4% | 20.1% | | 20.1% | 22.1% | | 22.1% |
| Income Tax Provision | 460 | - | 460 | 710 | - | 710 | 728 | - | 728 |
| Effective Tax Rate | 28.6% | | 28.6% | 25.7% | | 25.7% | 27.0% | | 27.0% |
| Net Earnings from Continuing Operations | 1,151 | - | 1,151 | 2,052 | - | 2,052 | 1,972 | - | 1,972 |
| % of net sales | 12.4% | | 12.4% | 15.0% | | 15.0% | 16.1% | | 16.1% |
| (Loss) Earnings from Discontinued Operations | (197) | | (197) | 83 | | 83 | (15) | | (15) |
| % of net sales | -2.1% | | -2.1% | 0.6% | | 0.6% | -0.1% | | -0.1% |
| Net Earnings | 954 | - | 954 | 2,135 | - | 2,135 | 1,957 | - | 1,957 |
| % of net sales | 10.3% | | 10.3% | 15.6% | | 15.6% | 16.0% | | 16.0% |
| Earnings from Continuing Operations | | | 1,086 | | | 1,899 | | | 2,044 |
| Addback non-cash expenses: | | | | | | | | | |
| Depreciation | | | 282 | | | 366 | | | 277 |
| Stock Option Expense | | | 50 | | | 141 | | | 43 |
| EBITDA | | | <u>1,418</u> | | | <u>2,406</u> | | | <u>2,364</u> |

Reconciliation of non-GAAP financial measures - continued (in thousands – unaudited):

| | 26 Weeks Ended August 30, 2020 | | | 26 Weeks Ended September 1, 2019 | | |
|--|-----------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|
| | GAAP | Specials Items | Before Special Items | GAAP | Specials Items | Before Special Items |
| Earnings from Continuing Operations | 3,130 | - | 3,130 | 4,781 | - | 4,781 |
| % of net sales | 14.6% | | 14.6% | 16.7% | | 16.7% |
| Interest Income | 1,181 | | 1,181 | 1,811 | - | 1,811 |
| % of net sales | 5.5% | | 5.5% | 6.3% | | 6.3% |
| Earnings from Continuing Operations before Income Taxes | 4,311 | - | 4,311 | 6,592 | - | 6,592 |
| % of net sales | 20.1% | | 20.1% | 23.0% | | 23.0% |
| Income Tax Provision | 1,188 | - | 1,188 | 1,826 | (144) | 1,682 |
| Effective Tax Rate | 27.6% | | 27.6% | 27.7% | | 25.5% |
| Net Earnings from Continuing Operations | 3,123 | - | 3,123 | 4,766 | 144 | 4,910 |
| % of net sales | 14.6% | | 14.6% | 16.6% | | 17.1% |
| Loss from Discontinued Operations | (212) | - | (212) | (44) | - | (44) |
| % of net sales | -1.0% | | -1.0% | -0.2% | | -0.2% |
| Net Earnings | 2,911 | - | 2,911 | 4,722 | 144 | 4,866 |
| % of net sales | 13.6% | | 13.6% | 16.5% | | 17.0% |
| Earnings from Operations | | | 3,130 | | | 4,781 |
| Addback non-cash expenses: | | | | | | |
| Depreciation | | | 559 | | | 733 |
| Stock Option Expense | | | 93 | | | 265 |
| EBITDA | | | <u>3,782</u> | | | <u>5,779</u> |