



P A R K
A E R O S P A C E
C O R P .

FY2022 Q4 Investor Conference Call
May 12, 2022

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Quarterly Results for FY2020, FY2021 and FY2022 (In Thousands)*

	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4
Sales	\$14,950	\$13,723	\$15,847	\$15,494	\$12,213	\$9,250	\$10,372	\$14,441	\$13,594	\$13,618	\$13,864	\$12,502
Gross Profit	\$4,804	\$3,813	\$5,022	\$5,034	\$3,674	\$2,638	\$2,553	\$4,326	\$5,472	\$4,411	\$3,836	\$4,198
Gross Margin	32.1%	27.8%	31.7%	32.5%	30.1%	28.5%	24.6%	30.0%	40.3%	32.4%	27.7%	33.6%
Adjusted EBITDA	\$3,372**	\$2,406	\$3,622	\$3,612**	\$2,364	\$1,418	\$1,380	\$3,257**	\$4,104**	\$3,232**	\$2,670**	\$3,083**
Adjusted EBITDA Margin	22.6%**	17.5%	22.9%	23.3%**	19.4%	15.3%	13.3%	22.6%**	30.2%**	23.7%**	19.3%**	24.7%**

- What we said about FY2022 Q4 during our January 6, 2022 FY2022 Q3 Investor Call:
 - ✓ Sales estimate: \$12.75 Million to \$13.25 Million
 - ✓ Adjusted EBITDA estimate: \$3.0 Million to \$3.5 Million
- Outstanding job by Park's People to make the FY2022 Q4 Adjusted EBITDA Number!!!

*From Continuing Operations

**Before Special Items



Quarterly Results for FY2020, FY2021 and FY2022 (In Thousands)* (Continued)

- Living the Park life in FY2022 Q4 (and FY2023 Q1...and beyond!)
 - ✓ **Supply Chain...Supply Chain...Supply Chain!!!**
 - But things were supposed to get better towards the end of last year...Ha!
 - ✓ **Freight...Freight...Freight!!!**
 - A Daily Battle
 - ✓ **Severe Staffing Shortages!!!**
 - More on this later
 - ✓ Total Missed Shipments in FY2022 Q4...**Close to \$1 Million!!!**



Quarterly Results for FY2020, FY2021 and FY2022 (In Thousands)* (Continued)

✓ Inflation...Inflation...Inflation!!!

- Raw material costs
- Freight costs
 - Crude Oil Prices!
- Utilities
 - Crude Oil Prices!
- Supplies
- Pretty much **EVERYTHING**

✓ But Inflation was supposed to be only transitory! Ha, ha!

➤ Not our list of excuses...“excuses” is a dirty word at Park...but we thought you would want to know what we are living with at Park everyday



Quarterly Results for FY2020, FY2021 and FY2022 (In Thousands)* (Continued)

- The Supply Chain has become a free-for-all...order in the Supply Chain has broken down...chaos and panic pervade
 - ✓ In some cases, even confirmed POs are not being honored
- But, at Park, we do not panic and we live with chaos if chaos comes our way
- At Park, honor and integrity are what matter most...and, at Park, Principles do not come cheap...
 - ✓ More on this later



Historical Fiscal Year Results

(In Thousands)*

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Sales	\$31,837	\$40,230	\$51,116	\$60,014	\$46,276	\$53,578
Gross Profit	\$8,299	\$11,288	\$16,184	\$18,673	\$13,191	\$17,917
Gross Margin	26.7%	28.1%	31.7%	31.1%	28.5%	33.4%
Adjusted EBITDA	\$1,055	\$4,704**	\$10,248**	\$13,012**	\$8,419**	\$13,089**
Adjusted EBITDA Margin	3.3%	11.7%**	20.0%**	21.7%**	18.2%**	24.4%**

*From Continuing Operations

**Before Special Items



Park's Balance Sheet, Cash and Cash Dividend History

- Park has zero long-term debt
- Park had \$110.0 Million of Cash and Marketable Securities as of end of FY2022 Q4
 - ✓ Spending to go to complete Major Expansion: ~\$1 Million
 - Spending to date: ~\$18.75 Million
 - Spending in FY2022 Q4: ~\$600 Thousand
 - ✓ Total Transition Tax Installment Payments payable through CY2025: \$14.3 Million
 - \$6.7 Million paid to date...
- With interest rates rising fast and era of cheap and easy money coming to an end (we hope!), maybe Park's hard-earned money will finally be worth something!



Park's Balance Sheet, Cash and Cash Dividend History (Continued)



Park's Cash Dividend

- ✓ While others cut or cancelled their dividends, Park maintained its regular \$0.10 per share quarterly cash dividend throughout the pandemic and economic crisis
- ✓ Park has paid 37 consecutive years of uninterrupted regular quarterly cash dividends without ever skipping a dividend or reducing the dividend amount
- ✓ Park has paid **\$554 Million**, or \$27.05 per share, in cash dividends since the beginning of FY2005



FY2022 Q4 Top Five Customers (in Alphabetical Order)

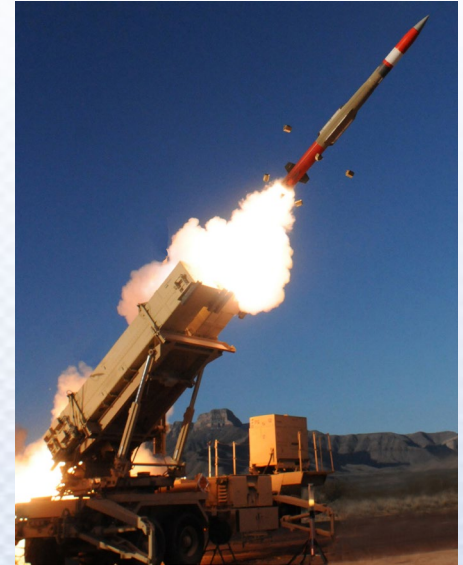
AAE Aerospace

GKN Aerospace

Kratos Defense and Security Solutions

Middle River Aerostructure Systems (MRAS)*
and its subcontractors

Nordam Group



*Patriot Advanced Capability
(PAC-3) Missile System*



*Boeing P-8A Poseidon
Sub Chaser*



Boeing 787



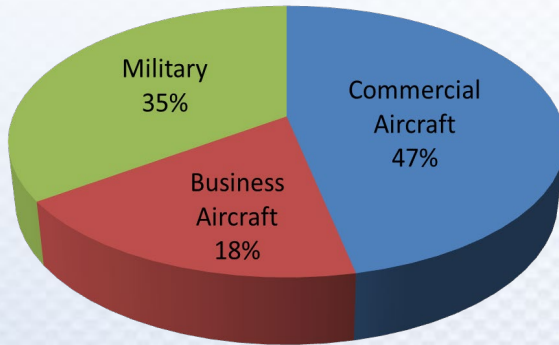
Gremlin X-61A

*MRAS is a subsidiary of
ST Engineering Aerospace



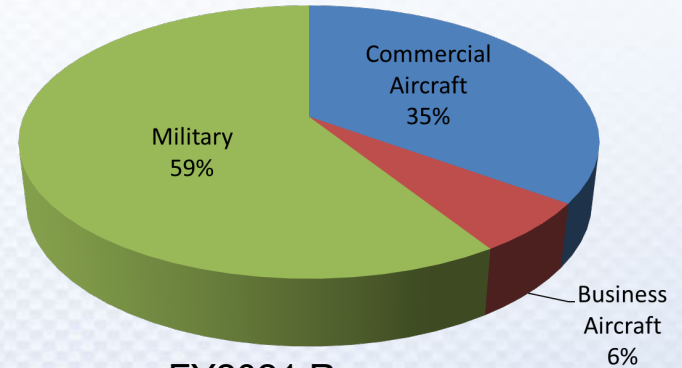
Park's Estimated Revenues by Aerospace Market Segment

FY2020



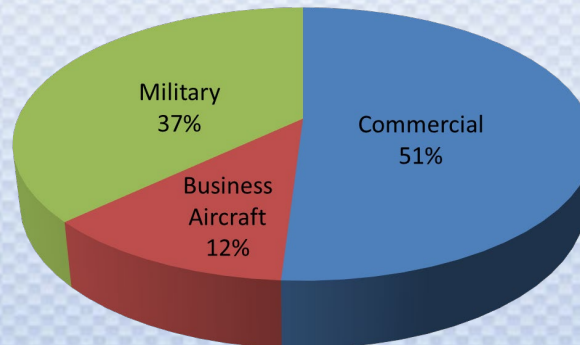
FY2020 Revenues:
\$60.0 Million

FY2021



FY2021 Revenues:
\$46.3 Million

FY2022



FY2022 Revenues:
\$53.6 Million



Park Loves “Niche” Military Aerospace Programs



Boeing RC-135



*MK125 Warhead for
Standard Missile-6*

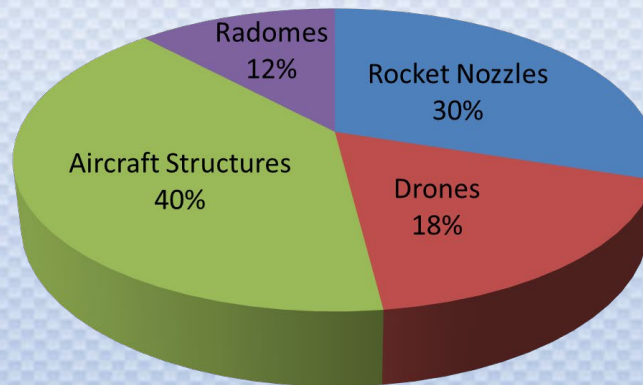


Boeing Harrier AV-8

Park's Estimated FY2022 Military Revenues by Market Segment



Collins Class Submarines



Estimated FY2022
Military Revenues: \$20.0 Million



Military Markets – Trends and Considerations

The New World Order

- The New World Order...a Sea Change in attitudes about the Defense Industry and Defense Spending based upon the War in Europe
 - ✓ Almost overnight
 - ✓ What a difference a war makes

- U.S. 2022 Defense Appropriations Bill signed into law
 - ✓ Authorized spending in excess of spending proposed by Administration
 - ✓ Removed the uncertainty and cloud hanging over the U.S. Defense Industry...Defense industry is no longer in limbo

- U.S. 2023 Defense Budget proposal includes additional spending increases
 - ✓ Lots of emphasis on Missile Defense Systems, such as the PAC-3 Patriot Missile System, and Hypersonic Missile Systems, such as the SM-3 Missile System



Military Markets – Trends and Considerations

The New World Order (Continued)

- But Europe may be the real big Defense Spending story...
 - ✓ Certain countries, like Germany, have already significantly increased their Defense budgets, and many others are considering, or in the process of, increasing their budgets
 - ✓ And, not surprisingly under the circumstances, the emphasis seems to be Missile Defense Systems

- And don't forget about Asia...not a happy place these days either...
 - ✓ Taiwan recently contracted for upgrades and enhancements to its PAC-3 Missile Defense System infrastructure
 - ✓ Japan utilizes the PAC-3 Missile Defense System as an essential part of its missile defense strategy
 - ✓ South Korea utilizes the PAC-3 Missile Defense System to counter North Korea's ballistic missile capabilities



Military Markets – Trends and Considerations

The New World Order (Continued)

- On April 19, 2022, Lockheed commented that Russia's attack on Ukraine has boosted demand for their missile defense systems. Lockheed's CEO stated, "We've got demand signals for THAAD and PAC-3 from around the world." He continued, "Especially when you see missiles hitting hospitals...and train stations in Ukraine, [governments are now thinking] that it's worthwhile to have an effective missile defense system in your country."
- On May 3, 2022, Aerojet Rocketdyne announced significant increases in PAC-3 Missile Defense System activity
- Park supports the PAC-3 Missile Defense System with specialty ablative composite materials
- The strong trend towards increased Defense spending in North America, Europe and Asia is undeniable, but Supply Chain issues could at least temporarily limit the speed of the ramp-up of Defense spending



Commercial Aerospace Markets-Trends and Considerations

- Commercial Aviation continues to recover, largely driven by continuing improvement in U.S. domestic and trans-Atlantic demand
 - ✓ Single-aisle aircraft continue to lead the recovery over wide-body aircraft...single-aisle aircraft are designed to service domestic aviation routes, as well as shorter range international aviation routes (such as trans-Atlantic routes)
 - ✓ U.S. domestic commercial air travel is now running about 90% of pre-Covid levels
 - ✓ Even business air travel, which lagged the personal air travel recovery, appears to be beginning to recover nicely
 - ✓ Analysts believe 2019 global air traffic levels will be matched in 2023 and surpassed in 2024
 - ✓ Several U.S. carriers recently reported strong passenger demand and increased their revenue “guidance”
 - ✓ Carriers have recently commented that they plan to pass along increased jet fuel costs to their customers, and that they expect their customers to pay the increased ticket prices and to keep flying



Commercial Aerospace Markets-Trends and Considerations (Continued)

- ✓ So, all of the signals seem to be quite positive for Commercial Aviation
- And, generally, higher jet fuel prices provide airlines with extra motivation to more quickly replace less fuel-efficient legacy aircraft with more fuel-efficient modern aircraft, such as the Airbus A320neo...as a general rule, the higher the jet fuel prices, the greater the motivation
- **BUT**, is there a limit to how much additional cost the market will be willing to absorb?
 - ✓ Jet fuel is considered to be the largest piece of the operating cost pie for an airline **(and that was the case even before the sharp escalation in jet fuel prices)**
 - ✓ Jet fuel costs approximately **twice** what it cost a year ago, resulting in **very** significant increases in airline operating costs
 - ✓ In order to maintain their margins, airlines have significantly increased ticket prices, and will likely need to increase them even more to keep up with escalating fuel prices



Commercial Aerospace Markets-Trends and Considerations (Continued)

- ✓ It is true that there is pent up demand for air travel as the world recovers from the pandemic and also true that there is lots of loose money in the pockets of individual and business travelers alike
- ✓ But, are individual and business travelers going to continue to be willing to pay the greatly escalated ticket prices for ever and ever with no end in sight?
 - Does that defy logic?
 - Does that defy history?
 - Does that defy gravity?
- And what about the dirty **R** word...what if there is a recession?
 - ✓ Will people keep flying and keep paying the greatly escalating ticket prices if the economy stalls out and goes into reverse?



Commercial Aerospace Markets-Trends and Considerations (Continued)

- Something to think about while we are celebrating with exuberance (is it “irrational exuberance”?)
 - ✓ If people start flying less, will airlines be less willing to order new airplanes or will they seek to push out or cancel existing orders?
 - Maybe not, but something to consider
 - ✓ And, if that happens, will Commercial Aircraft manufacturers scale back their production rates?
 - Some may and some may not, but something to consider



Airbus A320neo



GE Aviation Jet Engine Programs

- Firm Pricing LTA (Requirements Contract) from 2019 through 2029 with Middle River Aerostructure Systems (MRAS), a subsidiary of ST Engineering Aerospace
- Redundant Factory...Construction is complete
- Sole Source for Composite Materials for Engine Nacelles and Thrust Reversers for Multiple MRAS Programs, including:
 - ✓ A319neo with LEAP-1A Engines*
 - ✓ A320neo with LEAP-1A Engines*
 - ✓ A321neo with LEAP-1A Engines*
 - ✓ A321LR with LEAP-1A Engines*
 - ✓ A321XLR with LEAP-1A Engines*
 - ✓ B747-8 with GENx 2B Engines (including Inner Fixed Structures)
 - ✓ Comac C919 with LEAP-1C Engines*
 - ✓ Comac ARJ-21 with CF34-10A Engines
 - ✓ Bombardier Global 7500 with Passport 20 Engines
- Park Composite Materials are Sole Source on primary structure component for Passport 20 Engines for Bombardier Global 7500 (not included in MRAS LTA)



Legendary Boeing 747-8 Engine Nacelles

*Also Sole Source for Lightning Strike Protection Materials



GE Aviation Jet Engine Programs

New Developments

➤ Park's New Film Adhesive Product

- ✓ Park's new Film Adhesive Product was developed under a joint development MOU between MRAS and Park
- ✓ The development of Park's Film Adhesive Product has been a long process, but it is now complete
- ✓ Park's new Film Adhesive Product is now undergoing qualification with MRAS...
 - This is very good news for Park...

➤ Park's Lightning Strike Protection (LSP) Material

- ✓ Park's LSP Material, which was also developed under a joint development arrangement with MRAS, is currently in use by MRAS on the A320neo Aircraft Family Program and the Comac C919 Program
 - Park's LSP Material is sole source with MRAS on these Programs



GE Aviation Jet Engine Programs

New Developments (Continued)

- ✓ Park's LSP Material is now in the process of being approved for use on the Bombardier Global 7500 Program (with GE Passport 20 engines)

- Also very good news for Park

➤ Fan Case Containment Wrap for GE9X Engines for Boeing 777X Aircraft

- ✓ After being dormant for almost two years, the Fan Case Containment Wrap Program has become active once again
- ✓ There still is redesign risk related to the Program, but, even if the redesign is successful, Park expects to produce and supply the composite materials for a significant number of Containment Wrap units
 - Park is very pleased to be back on the 777X program, at least for the time being...
- ✓ **BUT**, Boeing recently announced it is pushing out the 777X entry into service until 2025
 - Disappointing news...it is unclear how this delay will impact the Containment Wrap Program, but it obviously could lead to additional Program delays



Update on GE Aviation Jet Engine Programs

➤ Airbus A319neo/A320neo/A321neo/A321LR/A321XLR (A320neo Family of Aircraft) with LEAP-1A Engines...

- ✓ In a May 27, 2021 news release, Airbus stated: “A320 Family: Airbus confirms an average A320 Family production rate of 45 aircraft per month in Q4 2021 and calls on suppliers to prepare for the future by securing a firm rate of 64 by Q2 2023. In anticipation of a continued recovering market, Airbus is also asking suppliers to enable a scenario of rate 70 by Q1 2024. Longer term, Airbus is investigating opportunities for rates as high as 75 by 2025.”



Airbus A321neo with CFM LEAP-1A Engines



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ Airbus delivered an average of 40 A320neo Family Aircraft in 2021
- ✓ Airbus is currently delivering A320neo Family Aircraft at a rate of 49 per month
- ✓ Airbus recently stated that they plan to reach a rate of **65 A320neo Family Aircraft deliveries per month by the middle of 2023, which is 14 months from now**...obviously, in order for Airbus to reach that rate by mid-2023, the supply chain would need to ramp up **well before that date**...effectively now
- ✓ In a recent speech at the Aviation Week Raw Materials and Manufacturers Supply Chain Conference, Olivier Dreier, Airbus SVP of Materials and Parts Procurement and Chairman of the Airbus Material Board, told the audience of Airbus suppliers, “We need you to follow” [Airbus’s rate increase indications] and to “have faith in the rate increases” [indicated by Airbus]. He also told the audience, “We count on you not to second guess” [Airbus’s rate increase indications].



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ GE Aviation recently stated, “We are experiencing an unprecedented ramp in LEAP production”, and further stated, “We are aligned with the airframers on what we need to produce through 2023 and we are solidifying what we need to do for 2024.”
 - This is potentially significant because GE Aviation had previously questioned and challenged Airbus’s rate increase indications
- ✓ It has been reported that current very high oil and jet fuel prices are motivating many legacy A320 operators to consider upgrading to A320neo Aircraft more quickly than originally planned
- ✓ **Important Recent News...** in a May 4, 2022 news release, the Airbus CEO stated, “Looking beyond 2022, we see continuing strong growth In commercial aircraft demand driven by the A320 Family. As a result, **we are now working with our industry partners to increase A320 Family production rates to 75 aircraft a month in 2025.**” In the news release, Airbus further stated, “**Commercial aircraft production for the A320 Family is progressing towards a monthly rate of 65 aircraft by summer 2023... Following an analysis of global customer demand as well as an assessment of the industrial ecosystem’s readiness, the Company is now working with its suppliers and partners to enable monthly production rates of 75 in 2025.**”



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ As of the end of March 2022, CFM (meaning the LEAP-1A engine) had a 57.4% share of firm orders for the A320neo Family of Aircraft (Source: May 2022 edition of Aero Engine News)
 - Assuming a 57.4% CFM (LEAP-1A) market share, the 75 A320neo Aircraft Family per month rate represents approximately \$28.75 Million per year of revenue to Park starting in 2025
- ✓ A321XLR News
 - First Flight expected in 2022
 - Certification and entry into service expected in early 2024
 - A321XLR is currently positioned as only single-aisle aircraft with 5,000+ statute mile range and 225+ seating capacity
 - 515 firm orders as of end of February 2022
 - **Still no response from Boeing**



Airbus A321XLR



Update on GE Aviation Jet Engine Programs (Continued)

- **Comac C919 with LEAP-1C Engines...**After a number of delays, certification (in China) and entry into service expected by the end of 2022



Comac C919 with CFM LEAP-1C Engines

- **Bombardier Global 7500 with GE Aviation Passport 20 Engines...**
 - ✓ 39 Global 7500 Aircraft delivered in 2021
 - ✓ 9 Global 7500 Aircraft delivered in 2022 first calendar quarter
 - ✓ Bombardier recently delivered its 100th Global 7500 Aircraft



Bombardier Global 7500 with GE Aviation Passport 20 Engine



Update on GE Aviation Jet Engine Programs (Continued)

- **Boeing 747-8...** Boeing has announced it will terminate production of the Queen of the Skies in 2022...
- ✓ Last Boeing 747 expected to be delivered in October 2022
 - ✓ Sad Day for one of the best (maybe the best) Commercial Aircraft ever built
 - ✓ Only 4 Deliveries to go, all to Atlas Air
 - ✓ Long Live the Queen...



Legendary Boeing 747...the Queen of the Skies in Real Life



GE Aviation Programs Sales History and Forecast Estimates

➤ GE Aviation Programs sales history:

- ✓ **FY2020 Total: \$28.9 Million**
- ✓ FY2021 Q1: \$4.1 Million
- ✓ FY2021 Q2: \$2.9 Million
- ✓ FY2021 Q3: \$1.8 Million
- ✓ FY2021 Q4: \$4.4 Million
- ✓ **FY2021 Total: \$13.2 Million**
- ✓ FY2022 Q1: \$7.0 Million
- ✓ FY2022 Q2: \$6.5 Million
- ✓ FY2022 Q3: \$6.2 Million
- ✓ **FY2022 Q4: \$6.7 Million**
- ✓ **FY2022 Total: \$26.6 Million**



Cathay Pacific 747-8 Departing Anchorage

➤ GE Aviation Programs sales forecast estimates:

- ✓ **FY2023 Q1: \$6.0 Million to \$6.5 Million**



Park's Financial Performance History and Forecast Estimates

➤ FY2022 Sales and Adjusted EBITDA history:

	Sales	Adjusted EBITDA
FY2022 Q1	\$13.6 Million	\$4.1 Million
FY2022 Q2	\$13.6 Million	\$3.2 Million
FY2022 Q3	\$13.9 Million	\$2.7 Million
FY2022 Q4	\$12.5 Million	\$3.1 Million
FY2022 Total	\$53.6 Million	\$13.1 Million

➤ FY2023 Q1 Financial Forecast Estimates:

	Sales	Adjusted EBITDA
FY2023 Q1	\$12.75 Million to \$13.25 Million	\$2.75 Million to \$3.25 Million



Comments and Thoughts about Our Forecast and Outlook

- Forecasting is highly problematical and probably not very meaningful in the current environment of supply chain chaos and disorder
 - ✓ Predicting the future in such an environment is somewhat of a guessing game
 - ✓ Forecasting for Park and GE Aviation Programs is problematical even for FY2023 Q1
 - ✓ Under these circumstances, providing a long-term forecast would have little value or meaning

- **However**, we believe we **can** provide meaningful insights into our Company **Outlook**
 - ✓ **Military business Outlook** - Based upon the “New World Order” caused by the War in Europe, we believe the outlook is quite promising for Park, particularly in the Missile Defense Systems area
 - We believe this New World Order dynamic is not a temporary phenomenon...we believe it is an emerging longer term and sustainable phenomenon



Comments and Thoughts about Our Forecast and Outlook (Continued)

- How would a recession impact the outlook for Park's military business?
 - We believe not much at all because there is too much at stake for the countries seeking to increase their defense budgets and spending
- ✓ **Commercial Aircraft business Outlook** - Let's look at the following key programs:
 - A320neo Aircraft Family Program - Airbus is clearly attempting to aggressively push up the rates for this critical program
 - How would a recession impact this program?
 - ❖ We believe Airbus is attempting to aggressively exploit Boeing's perceived weakness in order to take as much single-aisle share as possible and to establish an irreversibly dominant position in the single-aisle market...as a result, we believe Airbus would attempt to press their advantage even more aggressively if a recession did occur



Comments and Thoughts about Our Forecast and Outlook (Continued)

- Comac C919 and ARJ21 Programs - although the relatively small ARJ21 program may have only limited future upside potential, we believe the C919 program has significant upside potential for Park once the aircraft is certified and delivering in China
 - How would a recession impact these programs?
 - ❖ It is difficult for us to say, but a key consideration is that these aircraft are intended to be sold into the China market, a market controlled by the centralized China government...since the C919 is an important prestige program for the Chinese government, they may press the program forward even in a recession



Comments and Thoughts about Our Forecast and Outlook (Continued)

- Bombardier Global 7500 Program (technically a business jet program) - this is clearly a very key program for the restructured Bombardier company...in our opinion, it is a mandatory success program for Bombardier...Bombardier is clearly placing great emphasis on the program
 - How would a recession impact this program?
 - ❖ It is not completely clear, but it certainly is possible that the success drivers for the program would stay in place during a recession
 - In a recession, the typical buyer of a \$40,000 Chevy may hesitate, but would a recession slow down the typical buyer of a \$73 million (list price) airplane?
- ✓ Based upon the above considerations, although there are serious concerns about the economy, inflation, workforce shortages and supply chain chaos, we believe the outlook for Park is quite positive...



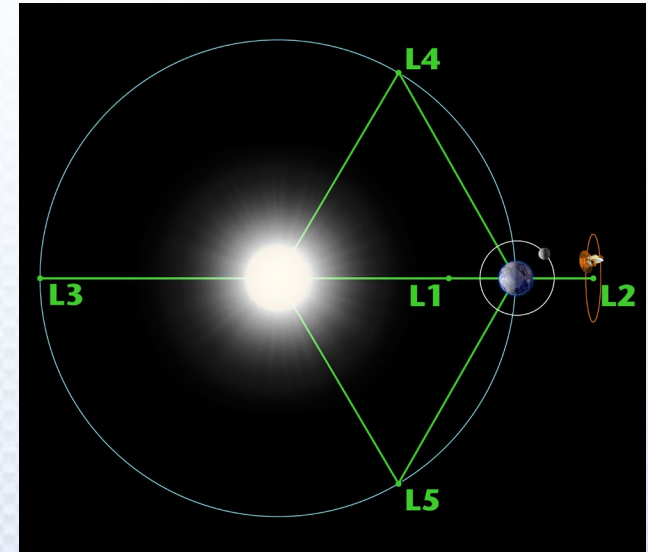
Update on Major Expansion of Newton, Kansas Facilities

- Total budget: approximately \$19.75 Million
- Spending
 - ✓ To date: approximately \$18.75 Million
 - ✓ To go: approximately \$1.0 Million
- Expansion is complete
- Film Line and Tape Line trials are complete
- Film Line and Tape Line Qualifications are in progress
 - ✓ Delayed because of Supply Chain issues and Staffing limitations
- While many others were slashing their capital spending or cancelling their capital projects altogether, we pushed forward with and completed our Major Expansion!!!



Update on James Webb Space Telescope

- Park's proprietary SigmaStruts™ are incorporated into the structure of the JWST
- The JWST, along with Park's Sigma Struts™ produced by Park's People at our "little" plant in Newton, Kansas, are established at the Lagrange 2 (L2) Orbit Point located approximately One Million Miles from Earth



Lagrange 2 (L2) Orbit Point

- The JWST's Mid-Infrared Instrument (MIRI) has reached its design temperature of Minus 449 Degrees Fahrenheit
 - ✓ Absolute Zero is Minus 459.67°F
 - ✓ Scientifically speaking, that is pretty damn cold
- Park is so very thrilled and honored to be playing a part in the incredible JWST Mission...



Park's People

- Park's current People Count is 105 (recently bottomed out at 98)!!!
 - ✓ Ideal People Count would be 125 to 128!
 - ✓ Minimum People Count needed to properly operate and function is 115!
- Many other companies are throwing money at people in order to recruit them
 - ✓ They bid up people when they are needed and “short” them and throw them on the garbage heap when they are not...like commodities to be traded...like pork bellies
 - ✓ At Park, we believe throwing money at people and paying them what they have not earned can be cruel and hurtful to them, as it can destroy their sense of dignity, self-respect, humanity and self-worth
- It is clearly more difficult and challenging for Park to recruit people in a world where others are throwing money at people to recruit them and where Park is not willing to do that...but, at Park, we stick to our Principles no matter how difficult or inconvenient
 - ✓ Throwing money at people as if they were commodities is not for us
 - ✓ Our People are not commodities
 - ✓ Our People are precious
 - ✓ Our People are Family



Park's People (Continued)

- At Park, our People earn everything they get
 - ✓ We believe our Park People are compensated properly, but they earn what they get...every cent of it...
 - ✓ No giveaways... “No free lunches” (Milton Freedman)
 - ✓ We respect and admire our People too much to marginalize, demoralize and dehumanize them by giving them things which they have not earned

- And what will happen if there is an economic downturn (there already is) or a recession?
 - ✓ Will those companies which have thrown money at people in order to recruit them hold on to the people they have hired?
 - What do you think?
 - ✓ When we hire someone at Park, our attitude is we are **hiring them for life...**
 - Throughout the depths of the pandemic and economic crisis, we kept all of our Precious People, every last precious one of them
 - Remember the pandemic and economic crisis when our sales dropped from \$15.5 million in FY2020 Q4 to \$9.25 million in FY2021 Q2?



Park's People (Continued)

- Remember the panic and uncertainty about whether the world would even survive?
- Well, we did not let go of any of our People then...would we let go of any of our People if there is a recession?
 - ❖ What do you think?

➤ “Culture eats strategy for breakfast” (Peter Drucker)

- ✓ So, how were we able to “make” our FY2022 Q4 EBITDA number with such a severely reduced workforce? Was it magic? I doubt it...
 - Our People have been working very long hours, in some cases 70-hour weeks, week in and week out...
 - 12 of our Salaried People, including our VP and General Manager, worked “the line” during Q4, including the 3-day President’s Day Weekend...
 - Nobody really asked our People to do it...they just did it
- ✓ Understand how very fortunate and lucky we are to have the Wonderful People we have? Understand why we Love our People?



Park's People (Continued)

- ✓ People talk lots about “strategies” (sometimes developed by fancy Ivy League consulting firms), but, with a dedicated, motivated and inspired workforce, a company can move **Mountains**...without such a workforce, a company can move **Nothing**, no matter how elegant their strategy might be
- ✓ Don't get us wrong...Park has a strategy too, but it is our Wonderful People who make us Powerful and Whole...

➤ Update on our great Customer Flexibility Program

- ✓ Current Total Participation: 68%...Participation break-down:
 - 2 job categories: 40%
 - 3 job categories: 23%
 - 4 job categories: 30%
 - 5 job categories: 7%
- ✓ It is hard to imagine how we could continue to get the job done under the current very stressed and challenging circumstances without our Customer Flexibility Program



Closing Thoughts

Principles are not Cheap

➤ Will there be a recession?

- ✓ The excesses in the economy and our Society seem so extreme to us
 - Are they sustainable?
 - Will people be willing to continue to pay highly elevated prices for almost everything when the money supply is tightening and the days of cheap and easy money are coming to an end?
 - Can things continue this way forever? Does that make sense?
- ✓ We are not economists, but we believe a recession is likely under the current circumstances...
- ✓ How do we feel about that?
 - We know it sounds harsh, but, in a way, we hope there will be a recession, because, to us, that may be the only way some sense of balance, propriety, logic, order and sanity can be restored to the economy and our Society...
- ✓ What would we do differently if there is a recession?
 - Probably not much...



Closing Thoughts

Principles are not Cheap (Continued)

- **Principles are not cheap...** Principles only count when it is “inconvenient” to hold true to them
 - ✓ It is “inconvenient” and costly for Park to honor our POs and PO confirmations in a world where many **others** are not doing so
 - At Park, we do what we say we are going to do
 - At Park, our word is our bond
 - ✓ It is “inconvenient” for Park not to throw money at people in order to recruit them in a world where many **others** are doing just that
 - At Park, our People are precious...our People are not commodities to be bid up or sold short depending on which way the wind is blowing
 - ✓ **Others** need to make their own choices about what matters to them and what does not...and live with those choices...but, at Park, honor and integrity are what matter most...at Park, Principles are not cheap...



Closing Thoughts

Principles are not Cheap (Continued)

➤ What is next for Park?

- ✓ We will continue to press forward
- ✓ We will continue to attack
- ✓ We will continue to make money for our Owners
- ✓ And we will keep swinging for the fences

➤ At Park, we are not like the others...at Park, we play for keeps...



Park's People



Thank You!



May 12, 2022 Investor Conference Call – Supplementary Financial Information

The financial and other data contained herein (the “Supplementary Data”) is being provided pursuant to the requirements of Regulation G promulgated by the U.S. Securities and Exchange Commission (the “SEC”). The Supplementary Data is time-sensitive information and is accurate as of May 12, 2022. Park Aerospace Corp. (“Park” or the “Company”) is under no obligation to (and expressly disclaims any such obligation to) update or alter the Supplementary Data whether as a result of new information, future events or otherwise.

The Supplementary Data should be read in conjunction with our 2022 fiscal year fourth quarter earnings news release dated May 12, 2022 and the reports and documents that we file from time to time with the SEC. In particular, please read our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K that we may file from time to time. Park currently expects to file its Annual Report on Form 10-K for the fiscal year ended February 27, 2022 on or about May 13, 2022. We make available free of charge on or through our website located at www.parkaerospace.com our SEC filings on Forms 10-K, 10-Q and 8-K and any amendments to those filings as soon as reasonably practicable after electronic filing with the SEC.

As previously reported, Park sold its Electronics Business to AGC Inc. on December 4, 2018. Accordingly, the following supplemental information focuses on Park’s Aerospace Business, the business which remains with Park going forward. All comparisons to prior periods have been updated to exclude Park’s former Electronics Business.

Park’s sales from continuing operations were \$12.5 million in the 2022 fiscal year fourth quarter compared to \$14.4 million in the 2021 fiscal year fourth quarter and \$13.9 million in the 2022 fiscal year third quarter.

Gross Profit for the 2022 fiscal year fourth quarter was \$4.2 million, or 33.6% of sales, compared to \$4.3 million, or 30.0% of sales, for the 2021 fiscal year fourth quarter and \$3.8 million, or 27.7% of sales, for the 2022 fiscal year third quarter.



Appendix 1 Continued

Before special items, selling, general and administrative expenses for the 2022 fiscal year fourth quarter were \$1.5 million, or 12.2% of sales, compared to \$1.4 million, or 9.7% of sales, for the 2021 fiscal year fourth quarter and \$1.6 million, or 11.5% of sales, for the 2022 fiscal year third quarter. Investment income, net of interest expense, in the 2022 fiscal year fourth quarter was \$89,000 compared to \$207,000 in the 2021 fiscal year fourth quarter and \$80,000 in the 2022 fiscal year third quarter.

Before special items, earnings before income taxes for the 2022 fiscal year fourth quarter were \$2.8 million, or 22.1% of sales, compared to \$3.1 million, or 21.7% of sales, for the 2021 fiscal year fourth quarter and \$2.3 million, or 16.8% of sales, for the 2022 fiscal year third quarter.

Before special items, net earnings for the 2022 fiscal year fourth quarter were \$2.0 million, or 16.1% of sales, compared to \$2.3 million, or 16.2% of sales, for the 2021 fiscal year fourth quarter and \$1.8 million, or 12.7% of sales, for the 2022 fiscal year third quarter.

Depreciation and amortization expense in the 2022 fiscal year fourth quarter was \$331,000 compared to \$277,000 in the 2021 fiscal year fourth quarter and \$354,000 in the 2022 fiscal year third quarter. Capital expenditures in the 2022 fiscal year fourth quarter were \$786,000 compared to \$2.2 million in the 2021 fiscal year fourth quarter and \$1.1 million in the 2022 fiscal year third quarter.

Adjusted EBITDA for the 2022 fiscal year fourth quarter was \$3.1 million, or 24.7% of sales, compared to \$3.3 million, or 22.6% of sales, for the 2021 fiscal year fourth quarter and \$2.7 million, or 19.3% of sales, for the 2022 fiscal year third quarter.

The effective tax rate before special items was 27.1% in the 2022 fiscal year fourth quarter compared to 25.6% in the 2021 fiscal year fourth quarter and 24.5% in the 2022 fiscal year third quarter.

For the 2022 fiscal year fourth quarter, the top five customers, in alphabetical order, were AAE Aerospace, GKN Aerospace, Kratos Defense & Security Solutions, Middle River Aerostructure Systems (including its subcontractors) and Nordam. Middle River Aerostructure Systems is a subsidiary of ST Engineering Aerospace. The top five customers totaled approximately 67% of total sales during the 2022 fiscal year fourth quarter. The top 10 customers totaled approximately 78% of total sales and the top 20 customers totaled approximately 87% of total sales for the 2022 fiscal year fourth quarter.

