



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

FY2023 Q2 Investor Conference Call
October 6, 2022

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Quarterly Results for FY2021, FY2022 and FY2023 Q1 and Q2 (In Thousands)*

	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2
Sales	\$12,213	\$9,250	\$10,372	\$14,441	\$13,594	\$13,618	\$13,864	\$12,502	\$12,783	\$13,875
Gross Profit	\$3,674	\$2,638	\$2,553	\$4,326	\$5,472	\$4,411	\$3,836	\$4,198	\$4,092	\$4,086
Gross Margin	30.1%	28.5%	24.6%	30.0%	40.3%	32.4%	27.7%	33.6%	32.0%	29.4%
Adjusted EBITDA	\$2,364	\$1,418	\$1,380	\$3,257**	\$4,104**	\$3,232**	\$2,670**	\$3,083**	\$2,804	\$2,709
Adjusted EBITDA Margin	19.4%	15.3%	13.3%	22.6%**	30.2%**	23.7%**	19.3%**	24.7%**	21.9%	19.5%

➤ What we said about FY2023 Q2 during our July 7, 2022 FY2023 Q1 Investor Call:

- ✓ Sales estimate: \$13.5 Million to \$14.0 Million
- ✓ Adjusted EBITDA estimate: \$3.0 Million to \$3.5 Million

*From Continuing Operations

**Before Special Items



Quarterly Results for FY2021, FY2022 and FY2023 Q1 and Q2 (In Thousands)* (Continued)

- Outstanding job by Park's People to make our FY2023 Q2 Sales number considering significant challenges with:
 - ✓ Supply Chain disruptions and unreliability
 - ✓ Freight disruptions and unreliability
 - ✓ Ongoing severe staffing shortages
- Total Missed Shipments in FY2023 Q2... **Approximately \$750 Thousand!**
- But, since we made our Q2 Sales number, why didn't we make our Q2 EBITDA number?
 - ✓ The following two customer items had a total negative EBITDA impact of ~\$250 Thousand
 - Customer bankruptcy
 - Customer item not related to quality issue or any other complaint



Quarterly Results for FY2021, FY2022 and FY2023 Q1 and Q2 (In Thousands)* (Continued)

- ✓ Significant inflation
 - Materials and supplies costs
 - Freight in and out costs
 - People costs
 - You name it, it probably is more expensive
 - Why didn't we fully pass these increased costs on to our customers in Q2?
 - Because, unlike many (most?) others, we honor our commitments in confirmed POs...
 - ❖ At Park, honor and integrity are not relative principles and are not negotiable
 - ❖ At Park, honor and integrity are what matter most
 - The “lag effect”



Quarterly Results for FY2021, FY2022 and FY2023 Q1 and Q2 (In Thousands)* (Continued)

- Historically high inflation may be with us for a while
 - May be difficult to put that Genie back in the bottle
 - ✓ Lower Margin product mix
 - Why did we not fully anticipate this?
 - Planning is “interesting” in this world of supply chain chaos
 - ✓ Supply Chain disruptions causing significant inefficiencies in our manufacturing operations
- Not our list of excuses...at Park, excuses are not our “thing”...bottom line is we did not make our EBITDA number plain and simple
- ✓ No quarterly bonus for our People...
- But we still thought you would want to know about some of the key things we are living with and which affected Park’s Q2...



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, Cash Dividend History and Recent Share Buy-back Authorization

- Park has zero long-term debt
- Park reported \$102.5 Million of Cash and Marketable Securities as of end of FY2023 Q2
 - ✓ Park's cash investment "philosophy"
 - Park's cash is invested in highly secure and liquid securities, such as treasuries, governments and high-grade commercial paper
 - Current average maturity: approximately 22 months
 - Park's practice has been to hold its investments until maturity
 - ✓ "Mark-to-market" reporting of our cash
 - ✓ Amortized cost basis of our cash as of the end of FY2023 Q2: \$107.2 Million



Park's Balance Sheet, Cash, Cash Dividend History and Recent Share Buy-back Authorization (Continued)

- ✓ Spending to go to complete Major Expansion: ~\$500 Thousand
 - Spending to date: ~\$19.25 Million
 - Spending in FY2023 Q2: ~\$500 Thousand
 - ✓ Total Transition Tax Installment Payments payable through CY2025: \$12.6 Million
 - \$8.4 Million paid to date
 - Payment made in FY2023 Q2: \$1.7 Million
 - ✓ Also note inventory build of \$3.2 Million since FY2022 year end
 - What are reasons?
- 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's Balance Sheet, Cash, Cash Dividend History and Recent Share Buy-back Authorization (Continued)

- ✓ Park has paid **\$556 Million**, or \$27.15 per share, in cash dividends since the beginning of FY2005

➤ Share Purchase Authorization

- ✓ As announced on May 23, 2022, Park's board of directors authorized Park's purchase of up to 1,500,000 shares of the Company's Common Stock on the open market and in privately negotiated transactions
- ✓ Park has not purchased any of its shares under the authorization
 - Not yet
- ✓ What now?
 - Will the market make us an offer we can't refuse?

- ## ➤ With interest rates rising and era of cheap and easy money coming to an end, will Park's hard-earned honest money finally be worth something?



FY2023 Q2 Top Five Customers (in Alphabetical Order)



*RIM-161 Standard Missile
("SM-3")*

AAE Aerospace

GKN Aerospace

Kratos Defense and Security Solutions

Middle River Aerostructure Systems (MRAS)*
and its subcontractors

Nordam Group



*Airbus A320neo
with LEAP-1A Engines*



Kratos BQM-177A SSAT



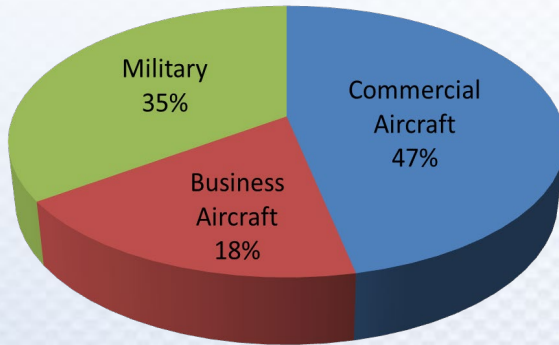
Boeing 737-800

*MRAS is a subsidiary of
ST Engineering Aerospace



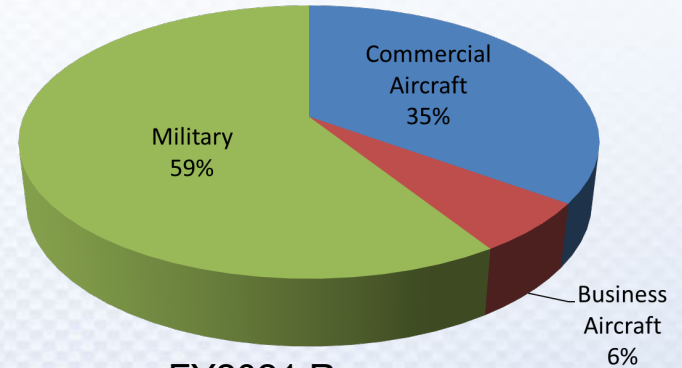
Park's Estimated Revenues by Aerospace Market Segment

FY2020



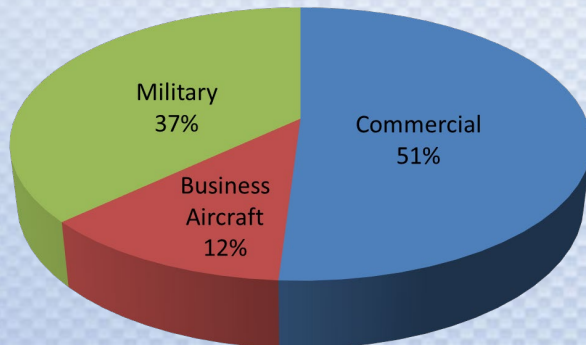
FY2020 Revenues:
\$60.0 Million

FY2021



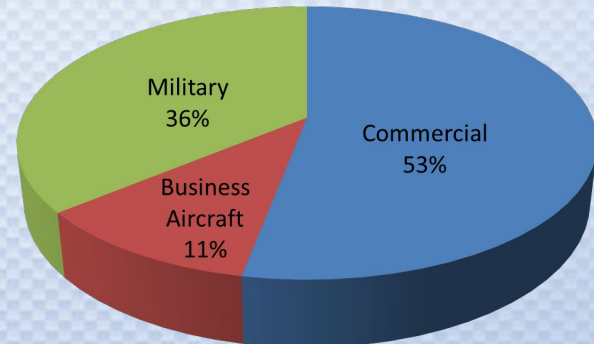
FY2021 Revenues:
\$46.3 Million

FY2022



FY2022 Revenues:
\$53.6 Million

FY2023 First 6 Months



FY2023 First 6 Months Revenues:
\$26.7 Million



Park Loves “Niche” Military Aerospace Programs



*Northrop Grumman
Ground Based Strategic Deterrent
("GBSD")*



*Raytheon MK 56 Guided Missile
Vertical Launching System*

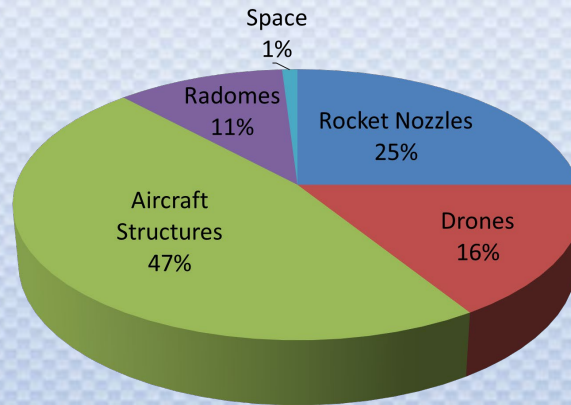


Northrop Grumman E2-D Hawkeye

Park's Estimated FY2023 First 6 Months Military Revenues by Market Segment



*Helmets and "Space Suits"
Photo Courtesy of
David Clark Company*



Estimated FY2023 First 6 Months
Military Revenues: \$9.7 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

- Two Major Impacts
 - ✓ Significant increases in defense budgets and spending in Europe and Asia, as well as North America
 - ✓ Deglobalization...
 - Individual countries in Europe and Asia are taking more responsibility for their defense needs and spending
 - These countries are less willing to rely and depend predominantly on the U.S., NATO and other alliances for their defense needs
 - Best example may be Poland, which is significantly increasing its defense spending to both expand and modernize its military



Military Markets – Trends and Considerations

The New World Order (Continued)

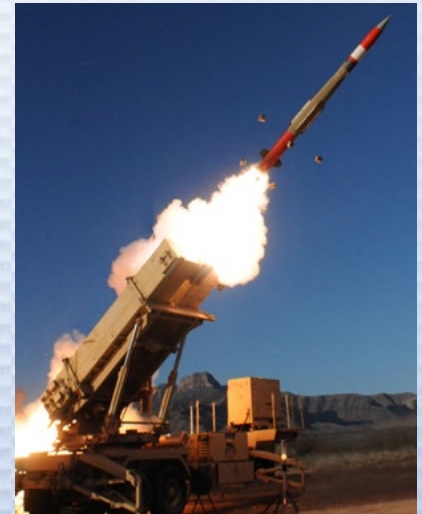
- Not surprisingly, Missile Defense Systems, including the PAC-3 (“Patriot”) Missile Defense System, are one of key areas of emphasis for increased defense spending
 - ✓ As previously discussed, both Lockheed and Aerojet Rocketdyne have recently announced significant increases in interest in and orders for the PAC-3 Missile Defense System
 - Park supports the PAC-3 Missile Defense System with specialty ablative composite materials
 - Park ablative materials are sole source qualified on the program
 - ✓ PAC-3 Missile Defense Systems are used by Japan, South Korea and Taiwan as key parts of their defense systems, and these countries are in the process of upgrading their systems or adding systems
 - ✓ The Netherlands and Romania are buying PAC-3 Missile Defense Systems
 - ✓ And Poland (thank you, Poland!) is ordering additional PAC-3 Missile Defense Systems



Military Markets – Trends and Considerations

The New World Order (Continued)

- ✓ As previously discussed, Park had received customer and OEM indications regarding significant increases in ablative materials and RAYCARB C2®B product requirements to support PAC-3 Missile Defense Systems and other missile programs
 - We stated in our FY2023 Q1 Investor Presentation that, based upon these indications, we were forecasting FY2023 sales of ablative materials and RAYCARB C2®B product of well over \$10 Million
 - Update: Based upon recent inputs from our key customers, we believe approximately \$6 Million of RAYCARB C2®B product sales planned to occur in FY2023 Q4 may, in whole or in part, be pushed into our FY2024
 - ❖ If all of those sales were to be pushed into FY2024, our FY2023 total sales of ablative materials and C2®B product would be expected to be approximately \$6 Million



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



Military Markets – Trends and Considerations

The New World Order (Continued)

- The big Caveat: the “New World Order” is seemingly far from immune from the serious supply chain and inventory management challenges the defense industry is facing...
 - ✓ It has been reported that the U.S. defense industry supply chain is struggling (maybe badly) to meet the significantly increased industry demands



Commercial Aerospace Markets-Trends and Considerations

- We have discussed the Commercial Aviation industry collapse at the beginning of the pandemic and its subsequent recovery in considerable detail over the last several quarters, and we will not repeat all of the prior commentary at this time
- Suffice it to say that the Commercial Aviation industry continues its strong recovery and rebound from the pandemic and economic crisis
 - ✓ Domestic Commercial Aviation (and shorter range international commercial aviation operations, such as trans-Atlantic operations) continues to lead the recovery
 - Domestic Commercial Aviation operations are generally served by single-aisle aircraft such as the A320neo Aircraft Family
 - ✓ Customer demand seems to be there to support the continuing robust recovery of Commercial Aviation



Commercial Aerospace Markets-Trends and Considerations (Continued)

- But the following watch and caution items raise concerns about the sustainability of the Commercial Aviation industry's recovery:
 - ✓ The economy...will People continue to fly if the economy falters badly?
 - ✓ Inflation...will the flying public continue to be willing to absorb escalating costs of Commercial Aviation operations, particularly **jet fuel prices** and people costs?
 - ✓ Labor Shortages of Pilots, Mechanics, Flight Attendants, Ticket Handlers, you name it...will airlines be able to provide appropriate service to the flying public, or will they be required to drastically cut back their flight schedules and operations?

- And, the \$64K question is, if the Commercial Aviation industry does falter and airlines seek to defer, push out or cancel new aircraft orders, how will the Commercial Aircraft industry respond...
 - ✓ Maybe the answer would be different based upon the Commercial Aircraft OEM involved...



Commercial Aerospace Markets-Trends and Considerations (Continued)

- And, of course, even if the Commercial Aviation industry remains strong, the Commercial Aircraft industry still needs to deal with its own massive challenges related to:
 - ✓ Supply Chain issues
 - ✓ Labor and staffing issues
 - ✓ Inflation...!!!
- And, an interesting new wrinkle to complicate things...
 - ✓ Demand for international travel is now recovering nicely!
 - That was not “supposed to happen” for a couple of years or more!
 - ✓ Now, as a result, a number of industry analysts and commentators (and even the Airbus CEO) are now predicting a resurgence for widebody aircraft!!!
 - Longer range international aviation operations are generally serviced by widebody aircraft
 - ✓ Interesting timing for this predicted widebody resurgence since Boeing will soon deliver its final 747-8 and Airbus has cancelled the A-380



Airbus A320neo



Commercial Aerospace Markets-Trends and Considerations (Continued)

- ✓ Is this an opportunity for the B777X aircraft, the only aircraft in the mix which has close to the range and passenger capacity profiles of the 747-8 and A-380?
- ✓ Also, got to ask...how much share will the A321XLR take from the smaller widebodies like the B787 and A330? Will the A321XLR be a damper on the widebody resurgence?
- Silver Lining of aggressively escalating jet fuel prices (at least for Park)...
 - ✓ Generally, higher jet fuel prices provide airlines with extra motivation to more quickly replace the “gas-guzzling” legacy airplanes with more fuel-efficient modern airplanes, such as the A320neo aircraft family airplanes...
 - As a general rule, the higher the jet fuel prices, the greater the motivation
 - There are many reports of airlines swapping out legacy aircraft for more fuel-efficient modern aircraft earlier than originally planned



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 Engines¹
 - ✓ A320neo with LEAP-1A Engines¹
 - ✓ A321neo with LEAP-1A Engines¹
 - ✓ A321LR with LEAP-1A Engines¹
 - ✓ A321XLR with LEAP-1A Engines^{1, 2}
 - ✓ B747-8 with GENx 2B Engines (including Inner Fixed Structures)
 - ✓ Comac C919 with LEAP-1C Engines¹
 - ✓ Comac ARJ-21 with CF34-10A Engines
 - ✓ Bombardier Global 7500 with Passport 20 Engines
 - ✓ Bombardier Global 8000 with Passport 20 Engines²
- Park Composite Materials are Sole Source on primary structure component for Passport 20 Engines for Bombardier Global 7500/8000 (not included in MRAS LTA)



Legendary Boeing 747-8 Engine Nacelles

- Fan Case Containment Wrap for GE9X Engines for B777X Aircraft
 - ✓ Produced with Park's "AFP" Composite Materials
 - ✓ Making a comeback?

¹Also Sole Source for Lightning Strike Protection Materials; certain components produced with Park "AFP" Composite Materials

² Undergoing Development



Update on GE Aviation Jet Engine Programs

➤ Airbus A320neo Aircraft Family with LEAP-1A Engines (includes A319neo, A320neo, A321neo, A321LR and A321XLR Aircraft variants)...

- ✓ We have discussed at length over the last several quarters:
 - Airbus's public indications about its aggressive A320neo Aircraft Family ramp rate expectations
 - The Supply Chain's publicly expressed skepticism and outright challenge of Airbus's A320neo Aircraft Family ramp rate expectations
 - The failure, by certain members of the Supply Chain, particularly the jet engine manufacturers, to meet those expectations
 - The public tension which exists between Airbus and certain members of the Supply Chain, particularly the jet engine manufacturers, as a result of the above
- ✓ We will not repeat those prior discussions at this time



*Airbus A321neo with
CFM LEAP-1A Engines*



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ Suffice it to say that Airbus has indicated its intention to achieve A320neo Aircraft Family production rates of 65 aircraft per month by early 2024 (pushed back from mid-2023 as a result of Supply Chain limitations, particularly from engine suppliers) and 75 aircraft per month by mid-2025
 - Even though the ramp-up to these rates is admittedly aggressive, Airbus has doubled, tripled and quadrupled down on its commitment to achieve those rates...Airbus has not backed down
- ✓ Airbus also recently indicated its intention to achieve a production rate of 50 A320neo Aircraft Family per month **by the end of 2022**
- ✓ One thing which, according to Airbus, is quite clear is the market, and the A320neo Aircraft Family backlog, are there to support these aggressive rates
 - **Airbus's current A320neo Aircraft Family backlog is 6,150 Airplanes**



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ Do we think Airbus will hit its targets of 65 A320neo Family aircraft by early 2024 and 75 A320neo Family Aircraft by mid-2025?
 - Yes, we think they will, or at least come close
 - Why? Because Airbus is hellbent to hit these targets for a number of very good reasons
- ✓ Park's opinion...the supply chain should focus its energy on supporting Airbus's aggressive A320neo Aircraft Family production targets rather than publicly challenging them
- ✓ And Park has staked out its ground on this controversy...
 - In a June 17, 2022 news release, we announced our full and unwavering support of Airbus's planned production and delivery rates for the A320neo Aircraft Family
 - It is a privilege and an honor for Park to be able to support Airbus's A320neo program...we are all in...



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ As of the end of July 2022, CFM (meaning the LEAP-1A engine) had a 59.75% share of firm orders for the A320neo Family of Aircraft (Source: September 2022 edition of Aero Engine News)
 - Park also recently received updated A320neo engine unit composite material usage data from MRAS
 - Assuming a 59.75% CFM (LEAP-1A) market share and the updated usage data, the 75 A320neo Aircraft Family per month rate represents approximately \$32.5 Million per year of revenue to Park, before rebates, starting in 2025



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ On a short-term interval basis, Park's A320neo derived revenues will not reconcile exactly to A320neo Aircraft Family deliveries
- ✓ **But, at the end of the day, the only thing which matters to Park in connection with the A320neo Program is how many A320neo Aircraft equipped with CFM LEAP-1A engines Airbus produces and delivers!!!**
- ✓ A321XLR News
 - **June 15, 2022...First Test Flight of A321XLR equipped with LEAP-1A Engines**
 - Certification is expected in 2023 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
 - Claimed 30% lower fuel burn per seat
 - Over 500 firm orders as of June 2022
 - Boeing is not planning a response



Airbus A321XLR with LEAP-1A Engines



Update on GE Aviation Jet Engine Programs (Continued)

➤ Comac C919 with LEAP-1C Engines...

- ✓ **Big News...** in a recent ceremony at the Beijing Central Airport attended by China President Xi Jinping, the Comac C919 received its Type Certificate from the Civil Aviation Administration of China (the CAAC)!!!
- ✓ Comac still needs to receive the Production Certificate for the C919 from the CAAC in order to be able to produce the aircraft in volume
- ✓ Comac sources engines and avionics systems for the C919 Aircraft from western suppliers such as GE Aviation (CFM), Collins Aerospace and Honeywell Aerospace
- ✓ **Congratulations, Comac, for achieving this very important milestone!!!**
- ✓ The C919 Aircraft program is a potentially very important program for Park...



Comac C919 with CFM LEAP-1C Engines



Update on GE Aviation Jet Engine Programs (Continued)

➤ **Bombardier Global 7500 with GE Aviation Passport 20 Engines...**

- ✓ 39 Global 7500 Aircraft delivered in 2021
- ✓ Bombardier delivered its 100th Global 7500 Aircraft in March 2022
- ✓ **Bombardier recently announced the Global 8000 Variant**
 - 8,000 NM Range
 - Mach 0.94 Max Cruise Speed
 - Uses GE Aviation Passport 20 Engine
 - 2025 entry into service



*Bombardier Global 8000
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 remaining Boeing 747 expected to be delivered this month to Atlas Air
 - ✓ Sad Day for one of the best Commercial Aircraft ever built
 - ✓ Saying Goodbye to the great 747 in Anchorage, AK, where the Aircraft still reigns supreme...
 - ✓ 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: \$26.5 Million**
- ✓ FY2023 Q1: \$6.4 Million
- ✓ **FY2023 Q2: \$6.1 Million**



Cathay Pacific 747-8 Departing Anchorage

➤ GE Aviation Programs sales forecast estimate:

- ✓ **FY2023 Q3: \$4.25 Million to \$4.75 Million**



GE Aviation Programs Sales History and Forecast Estimates (Continued)

- What the heck is going on here?
 - ✓ Downstream Inventory and Production Management challenges and dislocations
 - ✓ At the end of the day, the only thing which matters to Park in connection with the GE Aviation Programs we support is how many LEAP-1A equipped A320neo Family Aircraft Airbus delivers, how many C919 and ARJ21 Aircraft Comac delivers and how many Global 7500/8000 Aircraft Bombardier delivers, but the downstream inventory and production management dislocations create major challenges for Park in managing our production and supply chain activities



Park's Financial Performance History and Forecast Estimates

➤ Quarterly 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	\$12.8 Million	\$2.8 Million
FY2023 Q2	\$13.9 Million	\$2.7 Million

➤ FY2023 Q3 Financial Forecast Estimates:

	Sales	Adjusted EBITDA
FY2023 Q3	\$13.25 Million to \$13.75 Million	\$3.0 Million to \$3.5 Million

- Because of the uncertainty as to whether the large sale of RAYCARB C2[®]B product discussed on Slide 17 above will occur in FY2023 Q4 or is pushed, in whole or in part, into FY2024, and because of the suspect nature of the forecasting received for GE Aviation Program sales, it is not possible to provide a **meaningful** forecast for FY2023 Q4 at this time



Comments and Thoughts about Our Forecast and Outlook

- Forecasting is highly problematical and probably not very meaningful in the current environment dominated by supply chain chaos and disorder, significant inflation, serious recessionary concerns and severe staffing challenges
 - ✓ 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 Q3
 - ✓ 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 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, to establish an irreversibly dominant position in the single-aisle market and to permanently end the duopoly...as a result, we believe Airbus might attempt to press their advantage even more aggressively if a recession does occur
 - ❖ Note that Boeing has no response to the A321XLR, leaving that "niche" all to Airbus



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 now that the aircraft is certified 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 7500/8000 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 \$78 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...



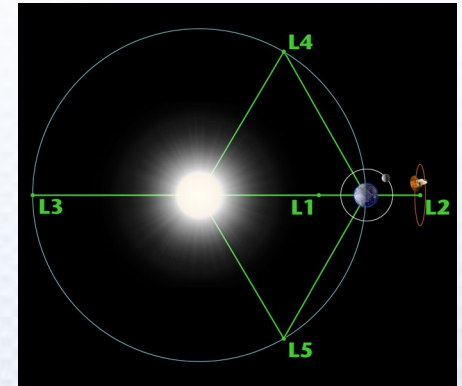
Update on Major Expansion of Newton, Kansas Facilities

- Total budget: approximately \$19.75 Million
- Spending
 - ✓ To date: approximately \$19.25 Million
 - ✓ To go: approximately \$500 Thousand
- Expansion is complete
- Film Line and Tape Line trials are complete
- Film Line and Tape Line Qualifications are in progress
- While many others were slashing their capital spending or cancelling their capital projects altogether, we pushed forward with and completed our Major Expansion!!!

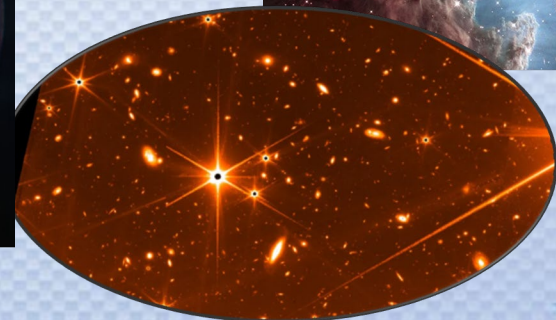
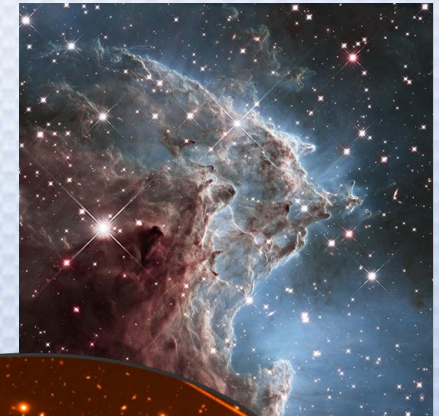
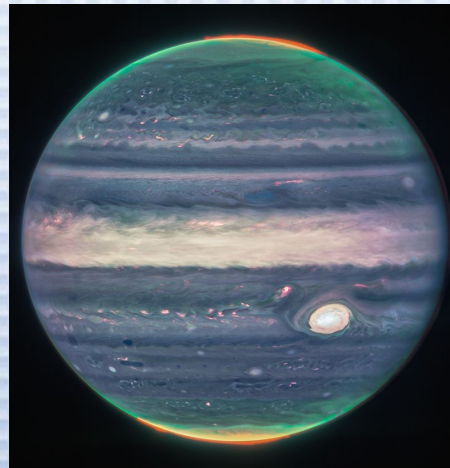


Update on James Webb Space Telescope (Another Update!)

- Reminder: 21 of Park's proprietary SigmaStruts™ are incorporated into the structure of the JWST
- The JWST (along with Park's SigmaStruts produced in Newton, Kansas) is established at the Lagrange 2 (L2) Orbit Point located approximately One Million Miles from Earth
- Saw recent article indicating that JWST is "seeing stuff" which is not supposed to be there...
 - ✓ Isn't that the whole point, i.e., seeing what is there rather than what is supposed to be there?



Lagrange 2 (L2) Orbit Point



Recent Very Cool Images from JWST

Park is Qualified on Aero Design Labs (ADL) ADRS Program (Another Update...non-Update?)

- Reminder...Park's materials are currently sole source qualified on ADL's Drag-Reduction System (ADRS) Program for Boeing 737 Legacy Aircraft
- There are many thousand Boeing 737 Legacy Aircraft in service around the world
- ADL has asked Park to "low-key it" about the ADRS program, so we will not provide any new updates on the program at this time, except to say we continue to work actively on the program opportunity and we are very pleased to have the opportunity to participate in this exciting potential new program...



Update on Major Potential Project Initiatives in New Plant (Reveal!)

- There is additional space in our new plant which is set aside for new project initiatives, including a potential project initiative we are currently actively working on...this project involves the purchase and installation of major new equipment lines which would bring new capabilities and market offerings to Park

- **Reveal...**The project relates to Automated Fiber Placement (AFP) manufacturing of aerospace composite structures
 - ✓ A final decision has not been made on the project, but Park has conducted significant due diligence on the project
 - ✓ The capital investment for the equipment, including all support equipment necessary to provide complete AFP manufacturing capability to interested customers, is estimated to be approximately \$10 million
 - ✓ Although the equipment location decisions are still being reviewed, we believe that all of the equipment involved would “fit” in our recently completed major expansion in Newton, Kansas



Update on Major Potential Project Initiatives in New Plant (Reveal!) (Continued)

- ✓ AFP manufacturing utilizes robotic technology and is a form of “additive” manufacturing technology (as compared to the subtractive manufacturing technology utilized by conventional hand-lay-up of composite structures)
- ✓ If Park proceeds with the investment in AFP manufacturing, it should be seen as a long-term strategic investment rather than a “quick pay-back” investment
- ✓ At this time, AFP manufacturing is generally done in house by large Aerospace OEMs, but Park believes there may be a “niche” for us in AFP manufacturing of aerospace composite structures
 - If Park proceeds with the project, it may, at least to some degree, be a “build-it-and-they-will-come” project
- ✓ There are many potential advantages to AFP manufacturing of aerospace composite structures compared to traditional hand-lay-up manufacturing, including:
 - Labor cost reductions relating to elimination of certain manual processes, including ply-cutting and manual lay-up



Update on Major Potential Project Initiatives in New Plant (Reveal!) (Continued)

- Park is not interested in “automation” to replace our existing People
- But, since it is, and may continue to be indefinitely, very difficult to properly staff our operations, AFP automation may be a useful strategic approach to supplementing our existing workforce in order to facilitate expanded manufacturing activities
- Cost savings related to very high material utilization rates from the AFP additive manufacturing process as compared to the much lower yielding material utilization rates associated with hand-lay-up subtractive manufacturing processes
- Cost savings and supply chain simplification resulting from the elimination of the need for weaving of fiber
- Significantly improved quality, reliability, repeatability and consistency associated with AFP process automation
- Potentially better suited for volume manufacturing, especially of larger composite structures



Update on Major Potential Project Initiatives in New Plant (Reveal!) (Continued)

- ✓ The potential disadvantages of AFP manufacturing of composite structures compared to conventional hand-lay-up manufacturing include:
 - AFP manufacturing, like most automated processes, may not be well suited for lower volume production, especially of awkwardly designed “quirky” composite structures
 - Significant upfront investment in capital and learning curve costs related to AFP manufacturing
- ✓ There still is due diligence which needs to be completed, and there is no hard deadline for the final decision on the AFP project, but we are hopeful to be in a position to make the decision in the near future
 - We will keep you posted...



Park's People

- Update on Park's great Customer Flexibility Program
 - ✓ Current Total Participation: 74%...Participation break-down:
 - 2 job categories: 36%
 - 3 job categories: 22%
 - 4 job categories: 21%
 - 5 job categories: 21%
 - ✓ It would just not be possible to continue to get the job done under the current very challenging circumstances without our Customer Flexibility Program
- Park's current People Count is 99!!!
 - ✓ Ideal People Count would be approximately 125!
 - ✓ Minimum People Count needed to properly operate and function is 115!
- So, what is going on here?
 - ✓ There are a number of factors, but one important factor is that certain other companies, mostly larger companies, have been aggressively targeting our People for recruitment



Park's People (Continued)

- ✓ So, maybe that is just capitalism and the free market at work?
 - But is it?
 - Some of these companies which are targeting our People were given huge amounts of government money (funded by us and other taxpayers like us) during the pandemic
 - This government money (funded by us and other taxpayers like us) was intended to incentivize the recipients not to lay off of their employees, but, in some cases, the recipients laid off significant numbers of their employees anyway
 - In some cases, the recipients of this government money (funded by us and other taxpayers like us) are still losing significant money
- ✓ So, is it just capitalism and the free market at work for the government to take our hard and honestly earned tax money and give it to others who have done nothing to earn or deserve it so those others can use that money to aggressively target and recruit our People...Is that capitalism?



Park's People (Continued)

- Or is it “crony capitalism”?
- Or phony capitalism?
- Or no capitalism at all?
- What do you think?

✓ And one more thing about the companies who are targeting our People...

- What will they do as soon as the people they recruit and hire are not needed?
 - Keep them?
 - ❖ What do you think?

➤ In any event, whatever the cause or the politics of it all, we are dealing with our workforce challenges as we always do...

✓ Latest idea which seems to have some promise is bringing on a weekend shift



Park's People (Continued)

➤ And one more thing about our precious People...

✓ **INFLATION**

- ✓ Even though we did not cause it and we are not in a position to stop it, it is very hard to hear people talking about choosing between buying gas and food...
 - Very hard
- ✓ And this is not rocket science...any high school economics student will tell you, if you pump trillions of dollars into an economy which was already recovering from the pandemic and you seek to shut down the oil and gas industry, you will cause significant and persistent (non-transitory) inflation
- ✓ And the people who have caused this inflation are smart people...they knew what they were doing, and they understood the consequences of their actions...
 - But, in our opinion, they just did not care about our People and how their actions were going to hurt them...to them, our People are expendable and do not matter
- ✓ But, to us, our People are not expendable...our People matter the most...our People are Precious



Park's People (Continued)

- So, we recently implemented an “inflation pay premium” for all of our People making approximately \$60,000 per year or less...
 - As I said, we did not cause this brutal inflation, and we are not in a position to cover all of the damage done by this brutality, but it bothers us, it bothers us a lot, to see our People suffer, so we implemented the inflation pay premium to do what we could to help our People...
- ✓ And you should know that this recently implemented “inflation pay premium” will cost us approximately \$150 thousand per year going forward indefinitely...



Closing Thoughts

We Earn What We Get

- At Park, during and throughout the pandemic:
 - ✓ We kept all of our People...we laid off nobody while many others were cutting their employees loose by the thousands
 - ✓ We made money every quarter while many others were losing money by the bucketloads
 - ✓ We maintained our quarterly cash dividend while many others were slashing their cash dividends or cancelling them altogether
 - ✓ We continued and completed our major plant expansion while many others were slashing their capital budgets and spending or cancelling them altogether
 - ✓ We maintained our outstanding balance sheet of significant cash and zero long-term debt while many others were leveraging their balance sheets to get the cash needed to survive
 - ✓ We paid our taxes, and lots of them, while many others were paying none
 - ✓ We took no government handout or corporate welfare money (although we easily could have taken lots of it) while many others were taking huge amounts of government handout money funded by taxpayers like Park



Closing Thoughts

We Earn What We Get (Continued)

- At Park, we earn what we get, and we don't ask for or accept government handouts or corporate welfare
- What do we want from our government?
 - ✓ Our only ask would be to stop taking our hard earned, honest and decent money and giving it to other companies which have not earned it and do not deserve it...
- What are the keys to success in life and business?
 - ✓ For Park, achieving great things through sacrifice and dedication...
 - ✓ For certain others, we are not sure...
- But, at Park, we are not like the others...
- At Park, we play for keeps...



Park's Solution Mix Crew



An aerial photograph of a vast, rugged mountain range covered in snow. The peaks are sharp and jagged, with deep shadows in the valleys. A clear blue sky is visible above the mountains. In the top right corner, the white wing of an aircraft is visible, suggesting the photo was taken from a plane.

Thank You!



October 6, 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 October 6, 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 2023 fiscal year second quarter earnings news release dated October 6, 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 Quarterly Report on Form 10-Q for the fiscal quarter ended August 28, 2022 on or about October 7, 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.

Park’s sales were \$13.9 million in the 2023 fiscal year second quarter compared to \$13.6 million in the 2022 fiscal year second quarter and \$12.8 million in the 2023 fiscal year first quarter.

Gross Profit for the 2023 fiscal year second quarter was \$4.1 million, or 29.4% of sales, compared to \$4.4 million, or 32.4% of sales, for the 2022 fiscal year second quarter and \$4.1 million, or 32.0% of sales, for the 2023 fiscal year first quarter.

Before special items, selling, general and administrative expenses for the 2023 fiscal year second quarter were \$1.7 million, or 12.5% of sales, compared to \$1.5 million, or 10.9% of sales, for the 2022 fiscal year second quarter and \$1.6 million, or 12.8% of sales, for the 2023 fiscal year first quarter. Investment income, net of interest expense, in the 2023 fiscal year second quarter was \$221,000 compared to \$89,000 in the 2022 fiscal year second quarter and \$133,000 in the 2023 fiscal year first quarter.



Appendix 1 Continued

Before special items, earnings before income taxes for the 2023 fiscal year second quarter were \$2.6 million, or 18.6% of sales, compared to \$3.0 million, or 22.1% of sales, for the 2022 fiscal year second quarter and \$2.6 million, or 20.3% of sales, for the 2023 fiscal year first quarter.

Before special items, net earnings for the 2023 fiscal year second quarter were \$1.9 million, or 13.6% of sales, compared to \$2.2 million, or 16.1% of sales, for the 2022 fiscal year second quarter and \$1.9 million, or 14.9% of sales, for the 2023 fiscal year first quarter.

Depreciation and amortization expense in the 2023 fiscal year second quarter was \$261,000 compared to \$235,000 in the 2022 fiscal year second quarter and \$260,000 in the 2023 fiscal year first quarter. Capital expenditures in the 2023 fiscal year second quarter were \$556,000 compared to \$1.0 million in the 2022 fiscal year second quarter and \$88,000 in the 2023 fiscal year first quarter.

Adjusted EBITDA for the 2023 fiscal year second quarter was \$2.7 million, or 19.5% of sales, compared to \$3.2 million, or 23.7% of sales, for the 2022 fiscal year second quarter and \$2.8 million, or 21.9% of sales, for the 2023 fiscal year first quarter.

The effective tax rate before special items was 26.8% in the 2023 fiscal year second quarter compared to 27.2% in the 2022 fiscal year second quarter and 26.3% in the 2023 fiscal year first quarter.

For the 2023 fiscal year second 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 66% of total sales during the 2023 fiscal year second quarter. The top 10 customers totaled approximately 75% of total sales and the top 20 customers totaled approximately 84% of total sales during the 2023 fiscal year second quarter.

