



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

FY2023 Q3 Investor Conference Call
January 5, 2023

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Factors that could cause actual events or results to differ materially from Park's expectations or forecasts are set forth under the caption "Factors That May Affect Future Results" in Item 1 and in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended February 27, 2022, and in subsequent reports filed with or furnished to the Securities and Exchange Commission. Except as may be required by any applicable laws, the Company assumes no obligation to update such forward-looking statements, which are made as of the date hereof or an earlier date specified herein, whether as a result of new information, future developments, or otherwise.



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Quarterly Results for FY2021, FY2022 and FY2023 Q1, Q2 and Q3 (In Thousands)*

| | FY21 Q1 | FY21 Q2 | FY21 Q3 | FY21 Q4 | FY22 Q1 | FY22 Q2 | FY22 Q3 | FY22 Q4 | FY23 Q1 | FY23 Q2 | FY23 Q3 |
|---------------------------|----------|---------|----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|
| Sales | \$12,213 | \$9,250 | \$10,372 | \$14,441 | \$13,594 | \$13,618 | \$13,864 | \$12,502 | \$12,783 | \$13,875 | \$13,867 |
| Gross Profit | \$3,674 | \$2,638 | \$2,553 | \$4,326 | \$5,472 | \$4,411 | \$3,836 | \$4,198 | \$4,092 | \$4,086 | \$4,444 |
| Gross Margin | 30.1% | 28.5% | 24.6% | 30.0% | 40.3% | 32.4% | 27.7% | 33.6% | 32.0% | 29.4% | 32.0% |
| Adjusted EBITDA | \$2,364 | \$1,418 | \$1,380 | \$3,257** | \$4,104** | \$3,232** | \$2,670** | \$3,083** | \$2,804 | \$2,709 | \$3,321 |
| Adjusted EBITDA Margin | 19.4% | 15.3% | 13.3% | 22.6%** | 30.2%** | 23.7%** | 19.3%** | 24.7%** | 21.9% | 19.5% | 23.9% |

➤ What we said about FY2023 Q3 during our October 6, 2022 FY2023 Q2 Investor Call:

- ✓ Sales estimate: \$13.25 Million to \$13.75 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, Q2 and Q3 (In Thousands)* (Continued)

- Outstanding job by Park's People to exceed (by a little) our FY2023 Q3 Sales estimate and to make our Q3 EBITDA estimate, especially considering significant challenges with:
 - ✓ Supply Chain disruptions and unreliability
 - ✓ Freight disruptions and unreliability
 - ✓ Ongoing staffing shortages
- Total Missed Shipments in FY2023 Q3... **Approximately \$650 Thousand!**
- Factor which affected our margins in FY2023 Q3:



Quarterly Results for FY2021, FY2022 and FY2023 Q1, Q2 and Q3 (In Thousands)* (Continued)

- ✓ Significant Inflation...it has not gone away or abated yet...not for us anyway
 - Raw materials costs
 - Shipping and other supplies costs
 - Utilities costs
 - Freight in and out costs
 - People costs
 - You name it, it probably is more expensive
 - Some of the increased costs were passed through to our Customers in Q3 in the form of selling price increases
 - But not all...Why?
 - ❖ The “lag effect”...we honor our commitments to our Customers in confirmed POs
 - ❖ LTA pricing with certain Customers



Quarterly Results for FY2021, FY2022 and FY2023 Q1, Q2 and Q3 (In Thousands)* (Continued)

- ✓ Somewhat lower margin product mix in Q3 than expected
 - Why did we not fully anticipate this in our planning?
 - Planning is “interesting” in this world of supply chain chaos
 - ❖ “Everyone has a plan until they get punched in the mouth!” (Mike Tyson)
 - ✓ Supply Chain disruptions continue to cause significant inefficiencies in our manufacturing operations
- But, at the end of the day, notwithstanding all of the obstacles, challenges and difficulties, our Great Park People pulled together to get the job done and to make our Q3 numbers
- ✓ Each Park Person received a Q3 quarterly bonus of \$200 (not in thousands!) for his or her Outstanding job under very challenging circumstances...



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 \$103.3 Million of Cash and Marketable Securities as of end of FY2023 Q3
 - ✓ 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 21 months
 - Park's practice has been to hold its investments until maturity
 - ✓ "Mark-to-market" reporting of our Cash and Marketable Securities
 - ✓ Amortized cost basis of our Cash and Marketable Securities as of the end of FY2023 Q3: \$109.2 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: ~\$19.3 Million
 - ✓ Total Transition Tax Installment Payments payable through CY2025: \$12.6 Million
 - \$8.4 Million paid to date
- 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 **\$558 Million**, or \$27.25 per share, in cash dividends since the beginning of FY2005



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

- 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
 - ✓ Did Park purchase any of its shares under the authorization during FY2022 Q3?
 - No, but not for not trying!
 - Maybe the market was "making us an offer we couldn't refuse"! (Vito Corleone)
- With interest rates rising and era of cheap and easy money coming to an end (we hope), will Park's hard-earned honest money **finally** be worth something?
 - ✓ Maybe!



FY2023 Q3 Top Five Customers (in Alphabetical Order)



*MK125 Warhead
for Standard Missile 2*

AAE Aerospace

Kratos Defense and Security Solutions

Lockheed Martin

Middle River Aerostructure Systems (MRAS)*
and its subcontractors

Nordam Group



*Comac C919
with LEAP-1C Engines*



Kratos XQ-58 Valkyrie



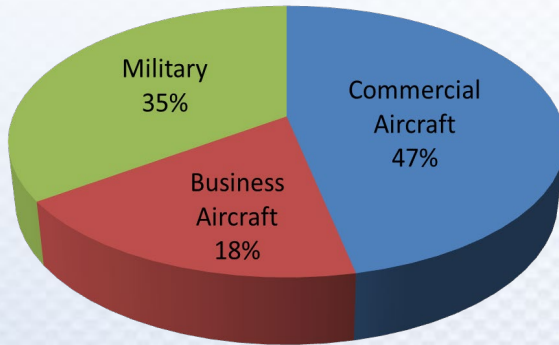
*Bombardier Global 8000
with Passport 20 Engines*

*MRAS is a subsidiary of
ST Engineering Aerospace



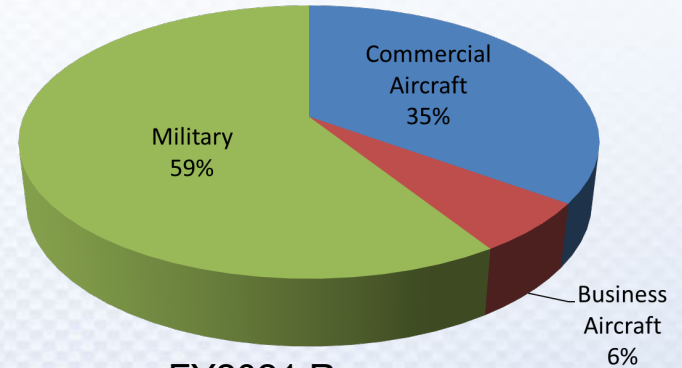
Park's Estimated Revenues by Aerospace Market Segment

FY2020



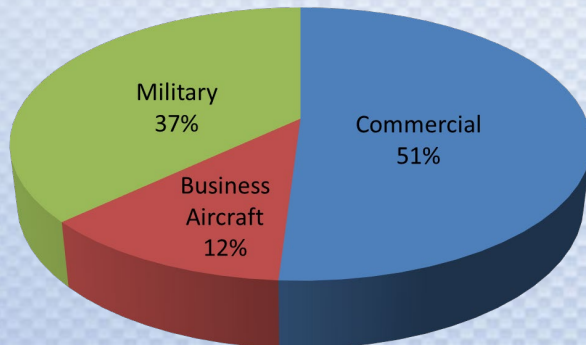
FY2020 Revenues:
\$60.0 Million

FY2021



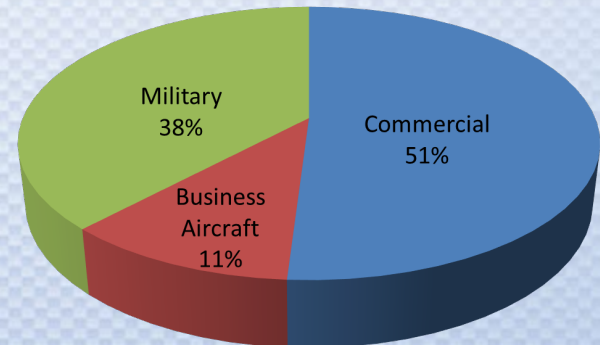
FY2021 Revenues:
\$46.3 Million

FY2022



FY2022 Revenues:
\$53.6 Million

FY2023 First 9 Months



FY2023 First 9 Months Revenues:
\$40.5 Million



Park Loves “Niche” Military Aerospace Programs



ASTER 30 Missile



General Atomics MQ-1 Predator

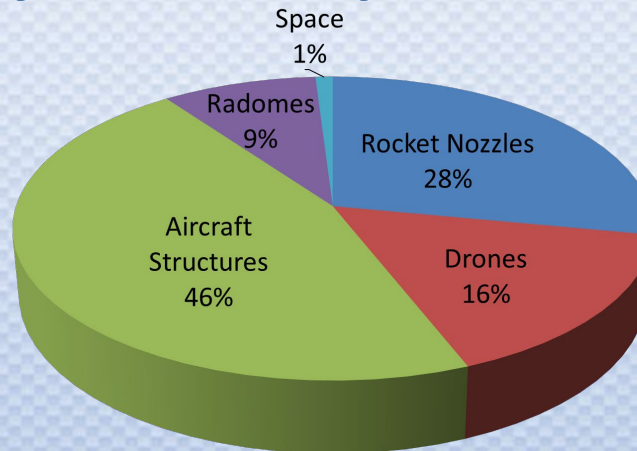


Boeing EA-18G Growler

Park’s Estimated FY2023 First 9 Months Military Revenues by Market Segment



Boeing P-8 Poseidon



Estimated FY2023 First 9 Months
Military Revenues: \$15.3 Million



Military Markets – Trends and Considerations

The New World Order

- The “New World Order”...the sea change
 - ✓ The War in Europe grinds on
 - Many in the government seem to be willing and maybe even eager to continue to sponsor and fund the war with military hardware and equipment and other things
 - ✓ And Asia is not a happy place either these days
 - ✓ Open talk about the possibility of nuclear war
 - The end of civilization on Earth?
 - Elon Musk wants to establish colonies on Mars to preserve the human race in case we do not make it here on Earth
 - He better hurry...
 - ✓ We hope the warring nations find a way to end their war and stop the killing soon
 - But, even if they do, we believe aggressive military build-ups will likely continue for a while because there is so much ill will, fear and mistrust in the world now



Military Markets – Trends and Considerations

The New World Order (Continued)

- Not surprisingly, there currently is much emphasis in many parts of world on aggressively expanding military budgets and spending
 - ✓ The U.S. Omnibus spending bill, which included \$858 Billion of Defense Spending, was signed into law last week
 - ✓ And many foreign countries are significantly upping their defense budgets and spending as well

- And, 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



Military Markets – Trends and Considerations

The New World Order (Continued)

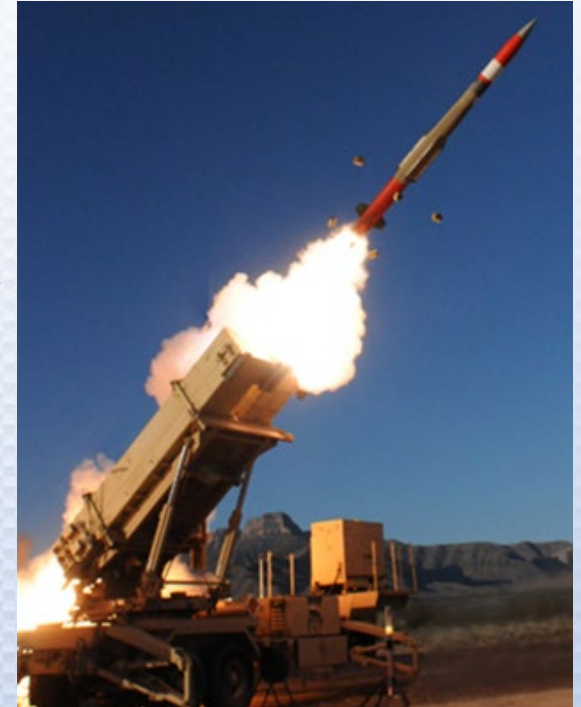
- Park supports the PAC-3 Missile Defense System with specialty ablative composite materials
 - Park ablative materials are sole source qualified on the program
 - ✓ Japan, South Korea, Taiwan, Germany, Switzerland, Poland, the Netherlands and Romania are buying PAC-3 Missile Defense Systems or upgrading their Systems
 - ✓ And, during Ukraine President Zelensky's recent visit to Washington, DC, the U.S. committed to provide PAC-3 Missile Defense Systems to Ukraine!!!
- 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



Military Markets – Trends and Considerations

The New World Order (Continued)

- ✓ As an update, Park is currently forecasting total FY2023 sales of ablative materials and RAYCARB C2®B product to be approximately \$7.5 Million, although there is uncertainty to the forecast based on supply chain challenges
- Serious supply chain and inventory management challenges continue to be potential significant constraints to the pace of the global military build-ups



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



Commercial Aerospace Markets

Trends and Considerations

- *The following slides relating to Commercial Aerospace Markets Trends and Considerations were originally contained in Park's FY2023 Q2 Investor Presentation and are included here with minor changes for context and perspective*
- 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?
 - Maybe not as much
 - ✓ 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 is delivering its final 747-8 and Airbus has cancelled the A380



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 A380?
- ✓ 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 Engines^{1, 2}
 - ✓ A320neo with LEAP-1A Engines^{1, 2}
 - ✓ A321neo with LEAP-1A Engines^{1, 2}
 - ✓ A321LR with LEAP-1A Engines^{1, 2}
 - ✓ A321XLR with LEAP-1A Engines^{1, 2, 3}
 - ✓ B747-8 with GENx 2B Engines (including Inner Fixed Structures)
 - ✓ Comac C919 with LEAP-1C Engines¹
 - ✓ Comac ARJ21 with CF34-10A Engines
 - ✓ Bombardier Global 7500 with Passport 20 Engines
 - ✓ Bombardier Global 8000 with Passport 20 Engines³
- 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
 - ✓ Not included in MRAS LTA

¹Also Sole Source for Lightning Strike Protection Materials

²Certain components produced with Park "AFP" Composite Materials

³Undergoing Development



Update on GE Aviation Jet Engine Programs

- **Airbus A320neo Aircraft Family with CFM 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, to meet those expectations
 - The public tension which exists between Airbus and certain members of the Supply Chain 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)

- ✓ Airbus had 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) and 75 aircraft per month by mid-2025
- ✓ Airbus also recently indicated its intention to achieve a production and delivery rate of 50 A320neo Family Aircraft per month **by the end of 2022**
 - Airbus did deliver 53 A320neo Family Aircraft in November 2022
 - Is that rate sustainable?
- ✓ 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 6,349 Airplanes** as of the end of October 2022 (Source: December 2022 edition of Aero Engine News)



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ Recent disappointing news from Airbus
 - Because of ongoing supply chain and other issues, Airbus withdrew its previously stated goal of delivering a total of 700 commercial aircraft in 2022
 - Airbus claims that target is not achievable, but it will not be missed by much
 - Airbus stated in a recent announcement:
 - “Taking into account the fact that this complex environment will persist longer than previously expected, Airbus will be adjusting the speed of the A320 family ramp-up to Rate 65 for 2023 and 2024.”
 - ❖ It is not completely clear at this time as to when Airbus expects to reach the rate of 65 A320neo Aircraft Family deliveries per month
 - “[Airbus] maintains the objective to reach Rate 75 by the middle of the decade.”
 - Interesting that there has been recent news that the engine companies have more or less caught up



Update on GE Aviation Jet Engine Programs (Continued)

- Engine shortages had, until recently, been stated to be the main supply chain impediment to Airbus' reaching its desired delivery rates
- According to the Airbus CEO, the number of A320neo "gliders" is in the single digits and "that is no longer meaningful".
- Supply chain constraints relating to a wide range of parts and components are currently not expected to be resolved until the end of 2023 or the beginning of 2024
- ✓ In a June 17, 2022 news release, Park announced our full support of Airbus's planned production and delivery rates for the A320neo Aircraft Family
- ✓ As of the end of October 2022, CFM (meaning the LEAP-1A engine) had a 60.7% share of firm orders for the A320neo Family of Aircraft (Source: December 2022 edition of Aero Engine News)
- ✓ As of the end of October 2022, there were 6,816 firm orders for LEAP-1A engines (Source: December 2022 Aero Engine News)



Update on GE Aviation Jet Engine Programs (Continued)

✓ A321XLR News

- **June 15, 2022...First Test Flight of A321XLR equipped with LEAP-1A Engines**
- All three A321XLR test aircraft are flying
- Certification is expected in 2023 and entry into service expected in the second quarter of 2024 (pushed back from “early” 2024)
- A321XLR is currently positioned as only single-aisle aircraft with 5,000+ statute mile range and 225+ seating capacity
- **Airbus recently conducted A321XLR Long Duration test flight of 13+ hours**
- Claimed 30% lower fuel burn per seat
- Over 500 firm orders as of June 2022
- Boeing is not planning a response
 - No new Boeing commercial aircraft this decade



Airbus A321XLR with LEAP-1A Engines



Update on GE Aviation Jet Engine Programs (Continued)

➤ Comac C919 with CFM LEAP-1C Engines...

- ✓ **Big News...**in a 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)!
- ✓ **Bigger News...**On November 29, 2022, the Comac C919 received its all-important Production Certification from the CAAC!!!
- ✓ On December 9, 2022, Comac delivered the first production C919 Aircraft (registration number B-919A) to China Eastern Airways
- ✓ **Congratulations, Comac, for achieving these very important milestones!!!**
- ✓ As of the end of October 2022, there were 686 firm C919 orders (Source: December 2022 Aero Engine News)



Comac C919 with CFM LEAP-1C Engines



Update on GE Aviation Jet Engine Programs (Continued)

- ✓ Comac ARJ21 with GE Aviation CF34-10A Engines
 - Reports of “at least” 26 ARJ21 Aircraft delivered in 2022
 - Reports of 97 ARJ21 Aircraft completed to date



Comac ARJ21 with GE CF34-10A 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 claims it is first business jet to break sound barrier
- ✓ **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
 - NetJets recently ordered four Global 8000 Aircraft

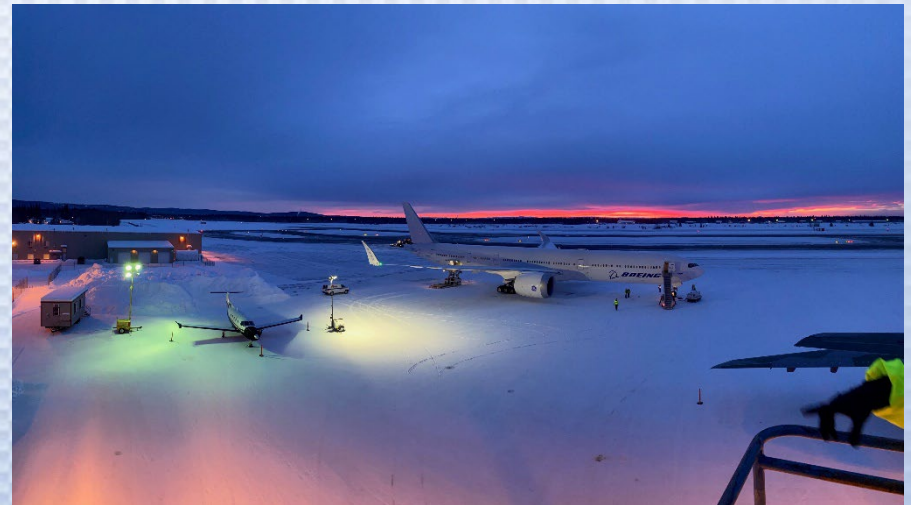


*Bombardier Global 8000
with GE Aviation Passport 20 Engine*



Update on GE Aviation Jet Engine Programs (Continued)

- Fan Case Containment Wrap for GE Aviation GE9X Engines for Boeing 777X Aircraft
 - ✓ The Boeing 777X Aircraft
 - B777-8 Variant range of over 10,000 statute miles!
 - B777-9 Variant typical 2-class seating capacity of 425 passengers
 - Since the cancellations of the Boeing 747 and Airbus A380 programs, no other commercial aircraft has anything close to those range and passenger capacity capabilities
 - Available in both passenger and freighter versions
 - Certification and first deliveries planned for 2025



*Boeing 777X undergoing Cold Weather Testing
in Fairbanks, Alaska*



Update on GE Aviation Jet Engine Programs (Continued)

- On December 22, 2022, the flight test program resumed after it was temporarily put on hold in October 2022 based upon an engine issue which has now been resolved
- As of the end of October 2022, there were 353 firm orders for the 777X Aircraft (Source: December 2022 edition of Aero Engine News)
- ✓ Park produces proprietary AFP composite materials for the GE9X Fan Case Containment Wrap program
 - Park has significant per engine content on the program
 - Park recently quoted materials for the program exceeding \$1.2 Million for delivery in 2023
 - Park has not received the POs as of yet
 - There still exists design risk for Park related to the potential elimination of the Fan Case Containment Wrap altogether



Update on GE Aviation Jet Engine Programs (Continued)

➤ Boeing 747...the Queen of the Skies

- ✓ The last 747 (a 747-8) rolled out of Boeing's Everett, Washington factory on December 6, 2022...
- ✓ The last 747 was unit number 1,574
- ✓ It will be delivered to Atlas Air in early 2023
- ✓ The first 747 was delivered to Pan Am on January 22, 1970
- ✓ The Aircraft which changed the world
- ✓ Heartbreaking to see the program end... at least for some of us
- ✓ Long Live the Queen...



*Atlas Air 747-8 in Anchorage, Alaska on October 10, 2022...
Atlas Air Gets the Last One*



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
- ✓ **FY2023 Q3: \$5.0 Million**



Cathay Pacific 747-8 Departing Anchorage

➤ GE Aviation Programs sales forecast estimate:

- ✓ **FY2023 Q4:** \$4.25 Million to \$4.75 Million
- ✓ **FY2023 Total:** \$21.75 Million to \$22.25 Million
- ✓ \$5.8 Million already booked for FY2024 Q1



GE Aviation Programs Sales History and Forecast Estimates (Continued)

- What the heck is going on here...**Part 2?**
- ✓ Downstream Inventory and Production Management challenges and dislocations are causing serious misalignments between the aircraft program rates and Park's material production rates
 - At some point (maybe soon), those misalignments will be unsustainable and will reach a breaking point, and the "day of reckoning" could lead to **abrupt** and even **wrenching** adjustments and realignments
 - On a day-to-day basis, the downstream dislocations create major challenges for Park in managing our production and supply chain activities
- ✓ But, over the longer term, the only things which matter to Park in connection with the GE Aviation Programs we support are:
 - How many LEAP-1A equipped A320neo Family Aircraft Airbus delivers, how many C919 and ARJ21 Aircraft Comac delivers, how many Global 7500/8000 Aircraft Bombardier delivers and how many B777X Aircraft Boeing delivers (assuming the GE9X Fan Case Containment Wrap program continues)



GE Aviation Programs Sales History and Forecast Estimates (Continued)

- The expected Park revenues per engine unit for those programs (based upon the Park material usage per engine unit for those programs)
- Starting in 2025, based upon the program engine unit material usage information provided to us by the Customers, the estimated Park revenues by program engine unit is approximately as follows:
- ✓ A320neo Aircraft Family engine unit: \$30.5 Thousand (assumes Park's film adhesive is qualified and in use on the program; Park's LSP material is already in use on the program)
 - ✓ ARJ21 engine unit: \$29.5 Thousand (assumes Park's LSP material is qualified and in use on the program and Park's film adhesive material is not in use on the program)
 - ✓ C919 engine unit: \$26.5 Thousand (assumes Park's film adhesive material is not in use on the program; Park's LSP material is already in use on the program)



GE Aviation Programs Sales History and Forecast Estimates (Continued)

- ✓ Global 7500/8000 engine unit: \$49.0 Thousand (assumes Park's LSP material is qualified and in use on the program and Park's film adhesive material is not in use on the program)
 - ✓ For the programs on which Park's LSP and film adhesive materials are not already qualified and in use, it is uncertain as to if and when those materials will be qualified and in use
- GE9X Engine Fan Case Containment Wrap program for Boeing 777X Aircraft
- ✓ Not currently included in MRAS LTA
 - ✓ If Fan Case Wrap program continues, Park revenues per engine unit are expected to be significant



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 | \$13.9 Million | \$3.3 Million |

➤ FY2023 Q4 and FY2023 Financial Forecast Estimates:

| | Sales | Adjusted EBITDA |
|------------------|---|---|
| FY2023 Q4 | \$13.5 Million to \$14.0 Million | \$3.0 Million to \$3.5 Million |
| FY2023 | \$54.0 Million to \$54.5 Million | \$11.8 Million to \$12.3 Million |



Comments and Thoughts about Our Forecast and Outlook

- *The following slides relating to Comments and Thoughts about Our Forecast and Outlook were originally contained in Park's FY2023 Q1 and Q2 Investor Presentations and are included here with minor changes for context and perspective*
- 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 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 Q4
 - ✓ 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” dynamic of aggressive military build-ups triggered by the War in Europe, we believe the outlook is quite promising for Park, particularly in the Missile Defense Systems area



Comments and Thoughts about Our Forecast and Outlook (Continued)

- We believe this New World Order dynamic is not a temporary phenomenon...we believe it is an emerging longer term and sustainable phenomenon
- 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



Comments and Thoughts about Our Forecast and Outlook (Continued)

- ❖ Note that Boeing plans no response to the A321XLR in this decade, leaving that “niche” all to Airbus
- Comac C919 and ARJ21 Programs - although the smaller ARJ21 program may have less future upside potential for Park, we believe the C919 program has significant upside potential for Park now that the aircraft has received its type and production certificates from the CAAC 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 and ARJ21 are important prestige programs for the Chinese government, they may press the programs forward even in a recession
- Bombardier Global 7500/8000 Program (technically a business jet program) - this is clearly a very key program for Bombardier...Bombardier is placing great emphasis on the program



Comments and Thoughts about Our Forecast and Outlook (Continued)

- 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 challenges, we believe the outlook for Park is quite positive...



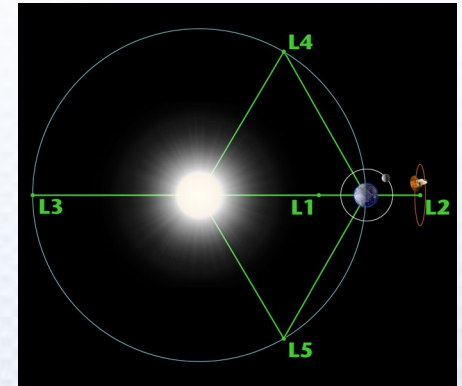
Update on Major Expansion of Newton, Kansas Facilities

- Total budget: approximately \$19.75 Million
- Spending to date: approximately \$19.3 Million
- Expansion is complete
- Film Line and Tape Line trials are complete
- Film Line and Tape Line Qualifications are in progress
 - ✓ Expected to be completed and approved by Customer by May 2023
- While many others were slashing their capital spending or cancelling their capital projects altogether, we pushed forward with and completed our Major Expansion!!!

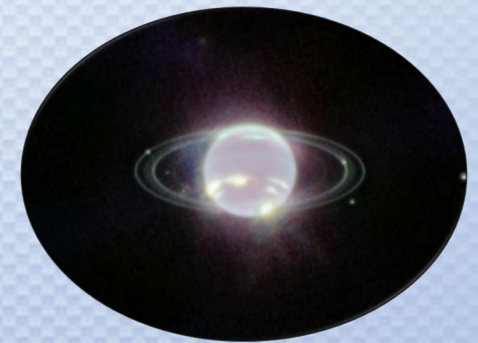


Update on James Webb Space Telescope (More Cool Stuff!)

- 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
- The JWST spotted concentric angular rings around a giant star showing first visible evidence of light “pushing” dust around...
- The JWST uncovers “dense cosmic knot” in the early universe...



Lagrange 2 (L2) Orbit Point



Recent Very Cool Images from JWST



Park is Qualified on Aero Design Labs (ADL) ADRS Program (Brief Update)

- Reminder...Park's materials are currently sole source qualified on the ADL Drag-Reduction System (ADRS) Program for Boeing 737NG Aircraft
- There are over 6 Thousand Boeing 737NG Aircraft in service around the world
- In May 2022, ADL received a Supplemental Type Certificate from the FAA for its ADRS kits for Boeing 737-700 Aircraft
- In November 2022, ADL entered into an MOU with Delta Air Lines relating to the testing and certifying of ADL's ADRS kits for Boeing 737-800 and 737-900 Aircraft
- Based upon the forecast provided by the Customer, Park expects revenues of approximately \$2 Million in CY2023 related to the ADL ADRS kit program
- Park will consider additional investment to support this program if necessary



Update on Potential Automated Fiber Placement (AFP) Manufacturing Project Initiative

- We originally discussed our potential Automated Fiber Placement (AFP) Manufacturing Project Initiative during our FY2023 Q2 Investor Call
- Update on our potential AFP Manufacturing Project
 - ✓ The project is still under serious consideration and review, but a decision about the project has not yet been made
 - This project is a “front burner” project which continues to receive high-level focus and attention
 - ✓ However, the potential AFP Manufacturing Project is competing for high level Park management attention and focus with a potential major multi-front JV project with a large aerospace company
 - The potential JV project is undergoing serious consideration and review, receiving significant amounts of attention and is consuming much management bandwidth within Park
 - Somewhat of a “balancing act” for Park to manage both important potential opportunities at the same time...
 - A good problem to have...



Update on Potential Automated Fiber Placement (AFP) Manufacturing Project Initiative (Continued)

- *The following slides relating to our potential AFP Manufacturing Project Initiative were originally contained in Park's FY2023 Q2 Investor Presentation and are included below with minor changes for context and perspective*

- **Potential project relating 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 major items of equipment involved would “fit” in our recently completed expansion in Newton, Kansas



Update on Potential Automated Fiber Placement (AFP) Manufacturing Project Initiative (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 Potential Automated Fiber Placement (AFP) Manufacturing Project Initiative (Continued)

- Park is not interested in “automation” to replace our existing People
- But, since it is, and may continue to be indefinitely, 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 (much higher material waste rates) associated with hand-lay-up subtractive manufacturing processes
- Cost savings and supply chain simplification resulting from 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 Potential Automated Fiber Placement (AFP) Manufacturing Project Initiative (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 of 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...



The Park Family

➤ Update on Park's Great Customer Flexibility Program

✓ Current Total Participation: 82%...Participation break-down:

- 2 job categories: 44%
- 3 job categories: 19%
- 4 job categories: 22%
- 5 job categories: 15%

✓ It would just not be possible to continue to get the job done under the current very challenging circumstances without our Customer Flexibility Program



*Winners of Park 2022 Holiday Party
Paper Airplane Throwing Contest*

➤ Park's current People Count is 112!

- ✓ Still not where we want to be, but our current People Count of 112 is up from the People Count of 99 reported in our FY2023 Q2 Investor Presentation!!!
- ✓ And the great news is all the progress we have made has been made the right way...the "Park way"...



The Park Family (Continued)

- We did not sell out or compromise our sacred principles in order to recruit the additional people we need
- ✓ And, just so you know, other companies, mostly larger companies, continue to aggressively target our People for recruitment
 - When things go bad, and sooner or later we all know they will, what will these large companies do with the people they aggressively recruited?
 - I think we all know the answer to that question
 - But, the good news is that we continue to make progress in recruiting and retaining people the right way...the Park way, notwithstanding what these other companies might do or not do...



Winners of Park 2022 Holiday Party Ugly Sweater Competition



The Park Family (Continued)

- Our People have been through a lot together over the last few years...
 - ✓ Many challenges and hardships and much adversity to overcome
- The wonderful news is that, having endured and overcome the hardships, adversity and challenges together, our Park Family has come together more closely and tightly than ever before
- With a dedicated, motivated and inspired workforce, a company can move **mountains**... without such a workforce, a company can move **nothing**...
- Park is very fortunate to have the Wonderful People we have...



The Park Family (Continued)



The Park Family



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!



January 5, 2023 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 January 5, 2023. 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 third quarter earnings news release dated January 5, 2023 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 November 27, 2022 on or about January 6, 2023. 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 third quarter compared to \$13.9 million in the 2022 fiscal year third quarter and \$13.9 million in the 2023 fiscal year second quarter.

Gross Profit for the 2023 fiscal year third quarter was \$4.4 million, or 32.0% of sales, compared to \$3.8 million, or 27.7% of sales, for the 2022 fiscal year third quarter and \$4.1 million, or 29.4% of sales, for the 2023 fiscal year second quarter.

Before special items, selling, general and administrative expenses for the 2023 fiscal year third quarter were \$1.5 million, or 11.0% of sales, compared to \$1.6 million, or 11.5% of sales, for the 2022 fiscal year third quarter and \$1.7 million, or 12.5% of sales, for the 2023 fiscal year second quarter. Investment income, net of interest expense, in the 2023 fiscal year third quarter was \$299,000 compared to \$80,000 in the 2022 fiscal year third quarter and \$221,000 in the 2023 fiscal year second quarter.



Appendix 1

Continued

Before special items, earnings before income taxes for the 2023 fiscal year third quarter were \$3.2 million, or 23.2% of sales, compared to \$2.3 million, or 16.8% of sales, for the 2022 fiscal year third quarter and \$2.6 million, or 18.6% of sales, for the 2023 fiscal year second quarter.

Before special items, net earnings for the 2023 fiscal year third quarter were \$2.4 million, or 17.2% of sales, compared to \$1.8 million, or 12.7% of sales, for the 2022 fiscal year third quarter and \$1.9 million, or 13.6% of sales, for the 2023 fiscal year second quarter.

Depreciation and amortization expense in the 2023 fiscal year third quarter was \$305,000 compared to \$354,000 in the 2022 fiscal year third quarter and \$261,000 in the 2023 fiscal year second quarter. Capital expenditures in the 2023 fiscal year third quarter were \$105,000 compared to \$1.1 million in the 2022 fiscal year third quarter and \$556,000 in the 2023 fiscal year second quarter.

Adjusted EBITDA for the 2023 fiscal year third quarter was \$3.3 million, or 23.9% of sales, compared to \$2.7 million, or 19.3% of sales, for the 2022 fiscal year third quarter and \$2.7 million, or 19.5% of sales, for the 2023 fiscal year second quarter.

The effective tax rate before special items was 26.0% in the 2023 fiscal year third quarter compared to 24.5% in the 2022 fiscal year third quarter and 26.8% in the 2023 fiscal year second quarter.

For the 2023 fiscal year third quarter, the top five customers, in alphabetical order, were AAE Aerospace, Kratos Defense & Security Solutions, Lockheed Martin, 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 56% of total sales during the 2023 fiscal year third quarter. The top 10 customers totaled approximately 70% of total sales and the top 20 customers totaled approximately 84% of total sales during the 2023 fiscal year third quarter.

