

PARK AEROSPACE CORP.

25th Annual Needham Growth Conference January 12, 2023

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Our Business

- Park Aerospace Corp. develops and manufactures Solution and Hot-Melt Advanced Composite Materials used to produce composite structures for global aerospace markets:
 - Wide array of prepreg materials specifically designed for hand lay-up or automated fiber placement (AFP) manufacturing applications
 - ✓ Film Adhesive materials (undergoing qualification)
 - Lightning Strike Protection materials ("Electroglide[®]")



Park Aerospace's Advanced Composite Materials are used to produce primary and secondary structures for:

- ✓ Jet Engines
- ✓ Large Transport Aircraft
- ✓ Regional Transport Aircraft
- ✓ Military Aircraft

- ✓ Unmanned Aerial Vehicles (UAVs or "Drones")
- ✓ Business Jets & General Aviation Aircraft
- ✓ Rotary Wing Aircraft
- ✓ Other Specialized Aerospace Applications



Our Business (Continued)

> Park Aerospace also offers:

- ✓ Specialty Ablative materials for Rocket Motors and Nozzles
- Specially designed materials for Radome Applications
- As a complement to our Advanced Composite Materials offering, Park Aerospace designs and fabricates Composite Parts, Structures and Assemblies and Low-Volume Tooling for the Aerospace Industry
 - ✓ Parts include Park Aerospace's proprietary "SigmaStrut"[™] and "AlphaStrut"[™] product lines
 - Markets for parts and structures:
 - Prototype and Development Aircraft
 - Special Mission Aircraft
 - Aircraft "STC" Mods
 - Spares for Legacy Military and Civilian Aircraft
 - Exotic Spacecraft
 - Military Aircraft
 - Unmanned Military Aircraft or Drones
 - Military Aircraft enhancements and mods



Facility Prior to Major Expansion

Our History



- Company started in a small "factory" (garage?) in Woodside, Queens with 5 employees
- > 1954 Results:
 - ✓ Sales: \$124,206.59
 - Pretax Profit: \$887.38
 - ✓ Taxes Paid: \$226.21
- First Invoice: \$300 (hand written)



Park's Founders

Park's First Location

PPLE



Park's Original Certificate of Incorporation

Our History (Continued)

November 17, 1960 Park goes Public

1961Park acquires New England Laminates Company
("Nelco") in Stamford, CT for ~ \$200 Thousand

1984 Park lists on NYSE

1985

Mid-1980's

Park commences regular Quarterly Cash Dividend

Park had become global Electronics Business with other ancillary businesses







Our History (Continued)

Jan 2007 Park commits to Aerospace as second major area of business focus

Jan 17, 2008 Ground-breaking of Park's New Aerospace Facility in an empty field in Newton, KS

May 2009 Park's Newton, KS Aerospace Facility opens



February 28, 2014 (11:00 PM)

Park makes first production shipment to MRAS* for engine nacelles, thrust reversers and engine internal fixed structures for Legendary Boeing 747 Aircraft



*Middle River Aerostructure Systems, a subsidiary of ST Engineering Aerospace



Our History (Continued)

December 2018 Park announces Major Expansion of Newton, KS Facility

December 2018 Park sells its Electronics Business to AGC Inc. of Tokyo, Japan

December 2018 Park's transformation from an Electronics Company into an Aerospace Company is complete

July 17, 2019 Park changed name from Park Electrochemical Corp. to **Park Aerospace Corp**.





Major Expansion of Newton, KS Facilities

- December 2018...Park announced Major Expansion of Newton, KS Manufacturing and Development Facilities
 - Redundant Plant for GE Aviation, MRAS and their Aircraft OEM Customers
 - Park expects Redundant Plant will also be needed for Manufacturing Capacity
 - ✓ Approximately 90,000 square feet
 - Expansion approximately doubles size of current Newton, KS facilities
 - ✓ 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 May 2023
 - Total budget: approximately \$19.75 Million
 - Spending
 - To date: approximately \$19.3 Million





Major Expansion (Continued)

- Expansion includes:
 - ✓ New 60" Hot-Melt Film and Tape Manufacturing Lines
 - ✓ New Mixing and Delivery Systems
 - ✓ New R&D Lab
 - Expanded Production Lab
 - ✓ Additional Freezer and Storage Space
 - Space to accommodate additional Hot-Melt Tape Line or Solution Treating Line
 - Space to accommodate additional confidential projects
- While many others were slashing their capital spending or cancelling projects altogether, we pushed forward with and completed our Major Expansion...





Park's Balance Sheet, Cash and Cash Dividend History

- 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 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
- 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!



Historical Quarterly Results and Forecast Estimates for FY2023 Q4 (In Thousands)*

	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4 Forecast Estimates
Sales	\$12,213	\$9,250	\$10,372	\$14,441	\$13,594	\$13,618	\$13,864	\$12,502	\$12,783	\$13,875	\$13,867	\$13,500 to \$14,000
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	\$3,000 to \$3,500
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:

- ✓ FY2023 Q3 Sales estimate: \$13.25 Million to \$13.75 Million
- FY2023 Q3 Adjusted EBITDA estimate: \$3.0 Million to \$3.5 Million



Historical Quarterly Results and Forecast Estimates for FY2023 Q4 (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
 - ✓ 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



Historical Fiscal Year Results and FY2023 Forecast Estimates (In Thousands)*

							FY2023 Forecast
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Estimates
Sales	\$31,837	\$40,230	\$51,116	\$60,014	\$46,276	\$53,578	\$54,000 to \$54,500
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 FBITDA	\$1 055	\$4 704**	\$10 248**	\$13 012**	\$8 419**	\$13 089**	\$11,800 to \$12 300
Adjusted EBITDA	ψ1,000	ψ1,101	φ10,210	<i><i>(</i></i> , <i>(</i> , <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i> , <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i> , <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i> , <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i> , <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i>), <i>(</i> , <i>(</i>),	ψ0,110	<i><i><i>ϕ</i></i> 10,000</i>	<i><i><i></i></i></i>
Margin	3.3%	11.7%**	20.0%**	21.7%**	18.2%**	24.4%**	

> What about a long-term forecast?

> What about the Outlook for Park?



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

*MRAS is a subsidiary of ST Engineering Aerospace



Bombardier Global 8000 with Passport 20 Engines



Park Loves "Niche" Military Aerospace Programs



ASTER 30 Missile

Boeing EA-18G Growler

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



Military Markets – Trends and Considerations The New World Order

- The "New World Order"...the sea change
 - ✓ The War in Europe grinds on
 - And Asia is not a happy place either these days
- Not surprisingly, there currently is much emphasis in many parts of world on aggressively expanding military budgets and spending
- 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
 - Park supports the PAC-3 Missile Defense System with specialty ablative composite materials
 - Park ablative materials are sole source qualified on the program



Military Markets – Trends and Considerations The New World Order (Continued)

- Japan, South Korea, Taiwan, Germany, Switzerland, Poland, the Netherlands, Romania and Ukraine are buying PAC-3 Missile Defense Systems or upgrading their Systems
- Park has received customer and OEM indications regarding significant increases in ablative materials requirements to support PAC-3 Missile Defense Systems and other missile programs
- 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



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

¹Also Sole Source for Lightning Strike Protection Materials ²Certain components produced with Park "AFP" Composite Materials ³Undergoing Development



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

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)...
 - ✓ A320neo Aircraft Family average historical monthly delivery rates:
 - 2019 (pre-pandemic): 47 airplanes per month
 - 2020: 36 airplanes per month
 - 2021: 40 airplanes per month
 - 2022 January through October: 38 airplanes per month
 - Airbus recently indicated its intention to achieve production and delivery rates of 50 airplanes per month by the end of 2022
 - November 2022: 53 airplanes
 - December 2022 (Preliminary Information): 76 airplanes



Airbus A321neo with CFM LEAP-1A Engines



- ✓ Airbus has targeted A320neo Aircraft Family production and delivery rates of:
 - 65 airplanes per month by early 2024
 - Airbus recently expressed skepticism about meeting this target, although they did not provide a new target date for achieving the 65 airplane per month rate
 - 75 airplanes per month by middle of 2025
- Airbus's A320neo Aircraft Family backlog is 6,349 Airplanes as of the end of October 2022 (Source: December 2022 edition of Aero Engine News)
- 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)



- ✓ A321XLR News
 - June 15, 2022...First Test Flight of A321XLR equipped with LEAP-1A Engines
 - Entry into service expected in the second quarter of 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
 - 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



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

- The Comac C919 received its Type Certificate from the Civil Aviation Administration of China (the CAAC) on September 29, 2022!
- The Comac C919 received its all-important Production Certification from the CAAC on November 29, 2022!!!
- On December 9, 2022, Comac delivered the first production C919 Aircraft (registration number B-919A) to China Eastern Airways
- 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



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



> 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



- 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
 - There exists design risk for Park related to the potential elimination of the Fan Case Containment Wrap altogether



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
- ✓ Long Live the Queen...



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



Update on James Webb Space Telescope (Cool Stuff!)

- > 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



Aero Design Labs (ADL) ADRS Program

- 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



Potential Major New Project Initiatives

- > Automated Fiber Placement (AFP) Manufacturing Project Initiative
 - The project is 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
- Potential multi-front JV with a large aerospace company
 - The potential JV is undergoing serious consideration and review
 - Also a "front burner" project



The Park Family

- > 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
- > 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)

- 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



Thank You!

