



NEWS RELEASE

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PARK AEROSPACE CORP. REPORTS FOURTH QUARTER AND FISCAL YEAR RESULTS

Newton, Kansas, Thursday, May 11, 2023.....Park Aerospace Corp. (NYSE-PKE) reported results for the 2023 fiscal year fourth quarter and full fiscal year ended February 26, 2023. The Company will conduct a conference call to discuss its financial results and other matters at 11:00 a.m. EDT today. A live audio webcast of the event, along with presentation materials, will be available at <https://edge.media-server.com/mmc/p/ssv8op68> at 11:00 a.m. EDT today. The presentation materials will also be available at approximately 9:00 a.m. EDT today at <https://parkaerospace.com/shareholders/investor-conference-calls/> and on the Company's website at www.parkaerospace.com under "Investor Conference Calls" on the "Shareholders" page.

Park reported net sales of \$13,530,000 for the 2023 fiscal year fourth quarter ended February 26, 2023 compared to \$12,502,000 for the 2022 fiscal year fourth quarter ended February 27, 2022 and \$13,867,000 for the 2023 fiscal year third quarter ended November 27, 2022. Park's net sales for the fiscal year ended February 26, 2023 were \$54,055,000 compared to \$53,578,000 for the fiscal year ended February 27, 2022. Net earnings for the 2023 fiscal year fourth quarter were \$4,706,000 compared to \$1,956,000 for the 2022 fiscal year fourth quarter and \$2,230,000 for the 2023 fiscal year third quarter. Net earnings were \$10,731,000 for the 2023 fiscal year compared to \$8,464,000 for the 2022 fiscal year.

Net earnings before special items for the 2023 fiscal year fourth quarter were \$1,976,000 compared to \$2,018,000 for the 2022 fiscal year fourth quarter and \$2,383,000 for the 2023 fiscal year third quarter. Net earnings before special items for the fiscal year ended February 26, 2023 were \$8,154,000 compared to \$8,723,000 for the 2022 fiscal year.

Adjusted EBITDA for the 2023 fiscal year fourth quarter was \$2,625,000 compared to \$3,083,000 for the 2022 fiscal year fourth quarter and \$3,321,000 for the 2023 fiscal year third quarter. Adjusted EBITDA for the 2023 fiscal year was \$11,459,000 compared to \$13,089,000 for the 2022 fiscal year.

The Company recognized a tax benefit of \$2,791,000 in the 2023 fiscal year fourth quarter and fiscal year primarily from the reduction of uncertain tax positions related to expiring statute of limitations on tax positions taken in prior years regarding the taxability of funds repatriated from the Company's subsidiary in Singapore and the Company recorded \$61,000 and \$214,000 of additional tax expense for tax deductions becoming unavailable related to stock options expiring unexercised in the 2023 fiscal year fourth quarter and fiscal year, respectively. During the prior year, the Company recorded restructuring charges of \$62,000 in the 2022 fiscal year fourth quarter and \$259,000 in the 2022 fiscal year, primarily for the costs in connection with exiting the Park Aerospace Technologies Asia Pte. Ltd idle facility in Singapore.

Park reported basic and diluted earnings per share of \$0.23 for the 2023 fiscal year fourth quarter compared to \$0.10 for the 2022 fiscal year fourth quarter and \$0.11 for the 2023 fiscal year third quarter. Basic and diluted earnings per share before special items were \$0.10 for the 2023 fiscal year fourth quarter compared to \$0.10 for the 2022 fiscal year fourth quarter and \$0.12 for the 2023 fiscal year third quarter.

Park reported basic and diluted earnings per share of \$0.52 for the 2023 fiscal year compared to \$0.41 for the 2022 fiscal year. Basic and diluted earnings per share before special items were \$0.40 for the 2023 fiscal year compared

to basic earnings per share before special items of \$0.43 for the 2022 fiscal year and diluted earnings per share before special items of \$0.42 for the 2022 fiscal year.

The Company will conduct a conference call to discuss its financial results at 11:00 a.m. EDT today. Forward-looking and other material information may be discussed in this conference call. The conference call dial-in number is (877) 407-3982 in the United States and Canada, and (201) 493-6780 in other countries. The required passcode for attendance by phone is 13738134.

For those unable to listen to the call live, a conference call replay will be available from approximately 2:00 p.m. EDT today through 11:59 p.m. EDT on Thursday, May 25, 2023. The conference call replay will be available at <https://edge.media-server.com/mmc/p/ssv8op68> and on the Company's website at www.parkaerospace.com under "Investor Conference Calls" on the "Shareholders" page. It can also be accessed by dialing (844) 512-2921 in the United States and Canada, and (412) 317-6671 in other countries. The required passcode for accessing the replay by phone is 13738134.

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

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

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

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

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

| | 13 Weeks Ended | | | 52 Weeks Ended | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | February 26, 2023 | February 27, 2022 | November 27, 2022 | February 26, 2023 | February 27, 2022 |
| Sales | \$ 13,530 | \$ 12,502 | \$ 13,867 | \$ 54,055 | \$ 53,578 |
| Net Earnings before Special Items ¹ | \$ 1,976 | \$ 2,018 | \$ 2,383 | \$ 8,154 | \$ 8,723 |
| Special Items, Net of Tax: | | | | | |
| Tax Impact of Cancelled Stock Options | (61) | - | (153) | (214) | - |
| Reduction in Uncertain Tax Positions | 2,791 | - | - | 2,791 | - |
| Restructuring Charges | - | (62) | - | - | (259) |
| Net Earnings | <u>\$ 4,706</u> | <u>\$ 1,956</u> | <u>\$ 2,230</u> | <u>\$ 10,731</u> | <u>\$ 8,464</u> |
| Basic Earnings per Share: | | | | | |
| Basic Earnings before Special Items ¹ | \$ 0.10 | \$ 0.10 | \$ 0.12 | \$ 0.40 | \$ 0.43 |
| Special Items: | | | | | |
| Tax Impact of Cancelled Stock Options | - | - | (0.01) | (0.01) | - |
| Reduction in Uncertain Tax Positions | 0.13 | - | - | 0.13 | - |
| Restructuring Charges | - | - | - | - | (0.02) |
| Basic Earnings per Share | <u>\$ 0.23</u> | <u>\$ 0.10</u> | <u>\$ 0.11</u> | <u>\$ 0.52</u> | <u>\$ 0.41</u> |
| Diluted Earnings before Special Items ¹ | \$ 0.10 | \$ 0.10 | \$ 0.12 | \$ 0.40 | \$ 0.42 |
| Special Items: | | | | | |
| Tax Impact of Cancelled Stock Options | - | - | (0.01) | (0.01) | - |
| Reduction in Uncertain Tax Positions | 0.13 | - | - | 0.13 | - |
| Restructuring Charges | - | - | - | - | (0.01) |
| Diluted Earnings per Share | <u>\$ 0.23</u> | <u>\$ 0.10</u> | <u>\$ 0.11</u> | <u>\$ 0.52</u> | <u>\$ 0.41</u> |
| Weighted Average Shares Outstanding: | | | | | |
| Basic | 20,471 | 20,458 | 20,471 | 20,465 | 20,422 |
| Diluted | 20,518 | 20,508 | 20,510 | 20,509 | 20,551 |

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

Comparative balance sheets (in thousands):

| | February 26, 2023 | February 27, 2022 |
|---|----------------------|----------------------|
| <u>Assets</u> | (unaudited) | |
| Current Assets | | |
| Cash and Marketable Securities | \$ 105,440 | \$ 110,361 |
| Accounts Receivable, Net | 9,989 | 8,339 |
| Inventories | 6,768 | 4,657 |
| Prepaid Expenses and Other Current Assets | 2,844 | 3,082 |
| Total Current Assets | 125,041 | 126,439 |
| Fixed Assets, Net | 24,251 | 24,333 |
| Operating Right-of-use Assets | 150 | 203 |
| Other Assets | 9,891 | 9,912 |
| Total Assets | <u>\$ 159,333</u> | <u>\$ 160,887</u> |
| <u>Liabilities and Shareholders' Equity</u> | | |
| Current Liabilities | | |
| Accounts Payable | \$ 4,545 | \$ 2,534 |
| Accrued Liabilities | 1,346 | 1,494 |
| Dividend Payable | 20,471 | - |
| Operating Lease Liability | 53 | 53 |
| Income Taxes Payable | 2,171 | 2,211 |
| Total Current Liabilities | 28,586 | 6,292 |
| Long-term Operating Lease Liability | 129 | 174 |
| Non-current Income Taxes Payable | 10,938 | 12,621 |
| Deferred Income Taxes | 1,995 | 1,671 |
| Other Liabilities | 1,751 | 4,497 |
| Total Liabilities | 43,399 | 25,255 |
| Shareholders' Equity | 115,934 | 135,632 |
| Total Liabilities and Shareholders' Equity | <u>\$ 159,333</u> | <u>\$ 160,887</u> |
| <u>Additional information</u> | | |
| <i>Equity per Share</i> | \$ 5.66 | \$ 6.63 |

Comparative statements of operations (in thousands – unaudited):

| | 13 Weeks Ended | | | 52 Weeks Ended | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | February 26, 2023 | February 27, 2022 | November 27, 2022 | February 26, 2023 | February 27, 2022 |
| Net Sales | \$ 13,530 | \$ 12,502 | \$ 13,867 | \$ 54,055 | \$ 53,578 |
| Cost of Sales | 9,679 | 8,304 | 9,423 | 37,582 | 35,661 |
| Gross Profit | 3,851 | 4,198 | 4,444 | 16,473 | 17,917 |
| % of net sales | 28.5% | 33.6% | 32.0% | 30.5% | 33.4% |
| Selling, General & Administrative | | | | | |
| Expenses | 1,631 | 1,520 | 1,523 | 6,519 | 6,249 |
| % of net sales | 12.1% | 12.2% | 11.0% | 12.1% | 11.7% |
| Restructuring Charges | - | 62 | - | - | 259 |
| % of net sales | 0.0% | 0.5% | 0.0% | 0.0% | 0.5% |
| Earnings from Operations | 2,220 | 2,616 | 2,921 | 9,954 | 11,409 |
| Interest and Other Income: | | | | | |
| Interest Income | 425 | 89 | 299 | 1,078 | 375 |
| Earnings from Operations before Income Taxes | 2,645 | 2,705 | 3,220 | 11,032 | 11,784 |
| Income Tax (Benefit) Provision | (2,061) | 749 | 990 | 301 | 3,320 |
| Net Earnings | \$ 4,706 | \$ 1,956 | \$ 2,230 | \$ 10,731 | \$ 8,464 |
| % of net sales | 34.8% | 15.6% | 16.1% | 19.9% | 15.8% |

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

| | 13 Weeks Ended February 26, 2023 | | | 13 Weeks Ended February 27, 2022 | | | 13 Weeks Ended November 27, 2022 | | |
|---|-------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|
| | GAAP | Specials Items | Before Special Items | GAAP | Specials Items | Before Special Items | GAAP | Specials Items | Before Special Items |
| Restructuring Charges | - | - | - | 62 | (62) | - | - | - | - |
| % of net sales | 0.0% | | 0.0% | 0.5% | | 0.0% | 0.0% | | 0.0% |
| Earnings from Operations | 2,220 | - | 2,220 | 2,616 | 62 | 2,678 | 2,921 | - | 2,921 |
| % of net sales | 16.4% | | 16.4% | 20.9% | | 21.4% | 21.1% | | 21.1% |
| Interest Income | 425 | - | 425 | 89 | - | 89 | 299 | - | 299 |
| % of net sales | 3.1% | | 3.1% | 0.7% | | 0.7% | 2.2% | | 2.2% |
| Earnings from Operations before Income Taxes | 2,645 | - | 2,645 | 2,705 | 62 | 2,767 | 3,220 | - | 3,220 |
| % of net sales | 19.5% | | 19.5% | 21.6% | | 22.1% | 23.2% | | 23.2% |
| Income Tax (Benefit) Provision | (2,061) | 2,730 | 669 | 749 | - | 749 | 990 | (153) | 837 |
| Effective Tax Rate | -77.9% | | 25.3% | 27.7% | | 27.1% | 30.7% | | 26.0% |
| Net Earnings | 4,706 | (2,730) | 1,976 | 1,956 | 62 | 2,018 | 2,230 | 153 | 2,383 |
| % of net sales | 34.8% | | 14.6% | 15.6% | | 16.1% | 16.1% | | 17.2% |
| Net Earnings Before Special Items | | | 1,976 | | | 2,018 | | | 2,383 |
| Addback non-cash expenses: | | | | | | | | | |
| Income Tax Provision | | | 669 | | | 749 | | | 837 |
| Interest Income | | | (425) | | | (89) | | | (299) |
| Depreciation | | | 310 | | | 331 | | | 305 |
| Stock Option Expense | | | 95 | | | 74 | | | 95 |
| Adjusted EBITDA | | | 2,625 | | | 3,083 | | | 3,321 |

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

| | 52 Weeks Ended February 26, 2023 | | | 52 Weeks Ended February 27, 2022 | | |
|---|-------------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|
| | GAAP | Specials Items | Before Special Items | GAAP | Specials Items | Before Special Items |
| Restructuring Charge | - | - | - | 259 | (259) | - |
| % of net sales | 0.0% | | 0.0% | 0.5% | | 0.0% |
| Earnings from Operations | 9,954 | - | 9,954 | 11,409 | 259 | 11,668 |
| % of net sales | 18.4% | | 18.4% | 21.3% | | 21.8% |
| Interest Income | 1,078 | - | 1,078 | 375 | - | 375 |
| % of net sales | 2.0% | | 2.0% | 0.7% | | 0.7% |
| Earnings from Operations before Income Taxes | 11,032 | - | 11,032 | 11,784 | 259 | 12,043 |
| % of net sales | 20.4% | | 20.4% | 22.0% | | 22.5% |
| Income Tax Provision | 301 | 2,577 | 2,878 | 3,320 | - | 3,320 |
| Effective Tax Rate | 2.7% | | 26.1% | 28.2% | | 27.6% |
| Net Earnings | 10,731 | (2,577) | 8,154 | 8,464 | 259 | 8,723 |
| % of net sales | 19.9% | | 15.1% | 15.8% | | 16.3% |
| Net Earnings Before Special Items | | | 8,154 | | | 8,723 |
| Addback non-cash expenses: | | | | | | |
| Income Tax Provision | | | 2,878 | | | 3,320 |
| Interest Income | | | (1,078) | | | (375) |
| Depreciation | | | 1,136 | | | 1,136 |
| Stock Option Expense | | | 369 | | | 285 |
| Adjusted EBITDA | | | 11,459 | | | 13,089 |