



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

**FY2023 Q4 Investor Conference Call**  
**May 11, 2023**

## Forward Looking Disclaimer

*This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance, and include Park's expectations regarding revenues, Adjusted EBITDA, EBIT, and growth opportunities and projected pro forma financial information for Park's business. The forward-looking statements contained in this presentation are based on management's good-faith belief and reasonable judgment based on current information, and these statements are qualified by important risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those forecasted or indicated by such forward-looking statements.*

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*Park's New Film Line in Production*



# Quarterly Results for FY2021, FY2022 and FY2023 (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
Sales	\$12,213	\$9,250	\$10,372	\$14,441	\$13,594	\$13,618	\$13,864	\$12,502	\$12,783	\$13,875	\$13,867	\$13,530
Gross Profit	\$3,674	\$2,638	\$2,553	\$4,326	\$5,472	\$4,411	\$3,836	\$4,198	\$4,092	\$4,086	\$4,444	\$3,851
Gross Margin	30.1%	28.5%	24.6%	30.0%	40.3%	32.4%	27.7%	33.6%	32.0%	29.4%	32.0%	28.5%
Adjusted EBITDA	\$2,364	\$1,418	\$1,380	\$3,257**	\$4,104**	\$3,232**	\$2,670**	\$3,083**	\$2,804	\$2,709	\$3,321	\$2,625
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%	19.4%

➤ What we said about FY2023 Q4 during our January 5, 2023 FY2023 Q3 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 (In Thousands)\* (Continued)

- Even though we missed our FY2023 Q4 EBITDA estimate, Great Job by Park's People to make our FY2023 Q4 Sales estimate under very difficult circumstances, especially considering significant challenges with:
  - ✓ Supply Chain disruptions and unreliability
    - We keep hearing it will get better soon, but we have not seen any meaningful improvement yet
    - We are getting better at managing the challenges by building inventory (where possible and appropriate) and providing suppliers with longer lead times (where appropriate), but it is still a very challenging and difficult situation
  - ✓ Freight disruptions and unreliability
  - ✓ Ongoing staffing shortages
    - Continues to be a difficult challenge for us
      - “Full employment” in our country because so many have left the workforce
      - What will cause this problem to improve?



# Quarterly Results for FY2021, FY2022 and FY2023 (In Thousands)\* (Continued)

- Total Missed Shipments in FY2023 Q4...**Approximately \$1.4 Million!!!**
  - ✓ Approximately \$1.2 Million of which were missed shipments of higher margin ablative materials to overseas customers in Japan and Italy!!!
    - Raw materials came in late
    - International freight (refrigerated) a challenge
    - Difficult to “flex up” our workforce when it already is “maxed out”
  
- Factor which affected our margins in FY2023 Q4:
  - ✓ FY2023 Q4 Sales of approximately \$1.2 Million of RAYCARB C2<sup>®</sup>B NG fabric (sold by Park under our Business Partner Agreement with ArianeGroup SAS) for ablative applications
    - **We “traded off” \$1.2 Million of higher margin ablative material sales for \$1.2 Million of lower margin C2<sup>®</sup>B NG fabric sales in FY2023 Q4**





# Quarterly Results for FY2021, FY2022 and FY2023 (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 FY2023 Q4 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 (In Thousands)\* (Continued)

- ✓ Supply Chain disruptions causing significant inefficiencies in our manufacturing operations
- ✓ Staffing shortages and limitations causing inefficient deployment of our workforce and increased expenses as well
- ✓ Costs related to recently commissioned new plant in Newton, Kansas





# Historical Fiscal Year Results

## (In Thousands)\*

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Sales	\$31,837	\$40,230	\$51,116	\$60,014	\$46,276	\$53,578	\$54,055
Gross Profit	\$8,299	\$11,288	\$16,184	\$18,673	\$13,191	\$17,917	\$16,473
Gross Margin	26.7%	28.1%	31.7%	31.1%	28.5%	33.4%	30.5%
Adjusted EBITDA	\$1,055	\$4,704**	\$10,248**	\$13,012**	\$8,419**	\$13,089**	\$11,459
Adjusted EBITDA Margin	3.3%	11.7%**	20.0%**	21.7%**	18.2%**	24.4%**	21.2%

\*From Continuing Operations

\*\*Before Special Items



# FY2023 Q4 Top Five Customers (in Alphabetical Order)

Aerojet Rocketdyne

Aeromatrix Composites

Kratos Defense and Security Solutions

Middle River Aerostructure Systems (MRAS)  
and its subcontractors

Nordam Group



*B777X with GE9X Engines*



*Army Tactical Missile System  
"ATACMS"*



*Kratos XQ-58 Valkyrie*



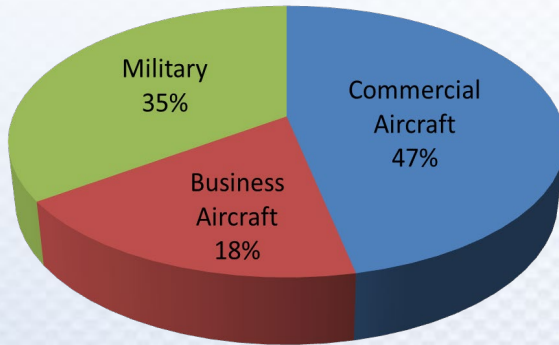
*Boeing 737-800*





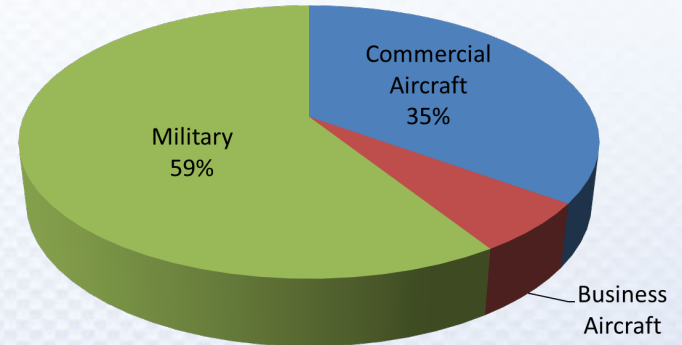
# Park's Estimated Revenues by Aerospace Market Segment

## FY2020



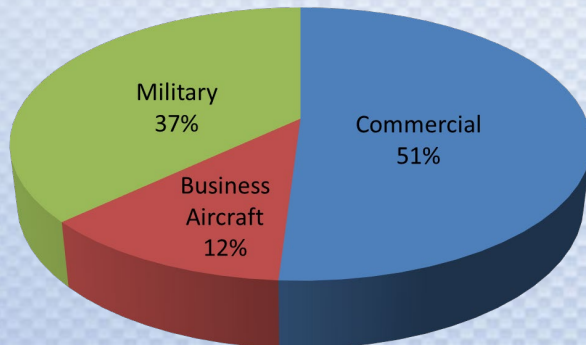
FY2020 Revenues:  
\$60.0 Million

## FY2021



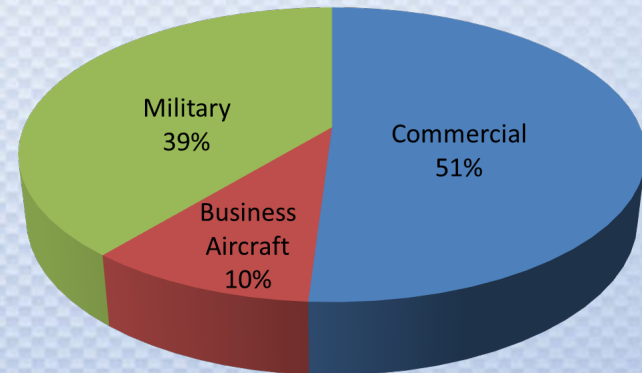
FY2021 Revenues:  
\$46.3 Million

## FY2022



FY2022 Revenues:  
\$53.6 Million

## FY2023



FY2023 Revenues:  
\$54.1 Million



# Park Loves “Niche” Military Aerospace Programs



*Aegis Combat System*

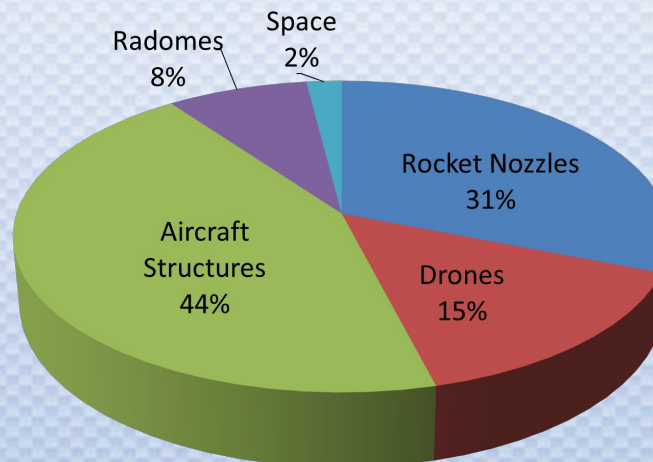


*McDonnell F-15 Eagle*

## Park’s Estimated FY2023 Military Revenues by Market Segment



*E-8 JSTARS*



Estimated FY2023  
Military Revenues: \$20.8 Million





# Military Markets – Trends and Considerations

## The New World Order

- The “New World Order”...good times for the military/industrial complex
  - ✓ The War in Europe grinds on
  - ✓ Asia is not a happy place either these days
  - ✓ Tensions in the world are high...
  - ✓ Talk about World War III
    - “Limited” Nuclear War?
    - The next war...
      - The last war?
  - ✓ Foreign Military Sales
    - Optimism abounds about them
- Much emphasis throughout the world on aggressively expanding military budgets and spending



# Military Markets – Trends and Considerations

## The New World Order (Continued)

- The main thing restricting the rapid growth in military build-ups seems to be ongoing global supply chain limitations and challenges
- 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
  - ✓ Much interest in, and increasing 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
  - ✓ Japan, South Korea, Taiwan, Germany, Switzerland, Poland, the Netherlands, Romania **and Ukraine** are buying PAC-3 Missile Defense Systems or upgrading their Systems





# Military Markets – Trends and Considerations

## The New World Order (Continued)

- As previously discussed, Park has received customer and OEM indications regarding significant increases in ablative materials and RAYCARB C2<sup>®</sup>B product requirements to support PAC-3 Missile Defense Systems and other missile programs
  - ✓ Park's FY2023 sales of ablative materials and RAYCARB C2<sup>®</sup>B NG fabric product were \$7.75 Million



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



# Commercial Aerospace Markets

## Trends and Considerations

- 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 travel is running close to pre-pandemic levels
  - ✓ International Commercial Aviation is recovering nicely too
    - International travel is running at approximately 75% to 80% of pre-pandemic levels
  - ✓ Customer demand seems to be there to support the continuing robust recovery of Commercial Aviation
- But the following watch and caution items raise concerns about the sustainability of the Commercial Aviation industry's recovery:





# Commercial Aerospace Markets

## Trends and Considerations (Continued)

- ✓ The economy...will People continue to fly if the economy falters?
    - Early indications that economic concerns may be beginning to affect travel patterns
  - ✓ Inflation...will the flying public continue to be willing to absorb escalating costs of Commercial Aviation operations, particularly **jet fuel prices**?
    - So far, they seem to be, but will that continue?
  - ✓ 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 cut back their flight schedules and operations?
    - And what about ATC personnel shortages and disruptions?
- 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...
- ✓ How would Boeing respond?
  - ✓ How would Airbus respond?



# Commercial Aerospace Markets

## Trends and Considerations (Continued)

- And, even if the Commercial Aviation industry remains strong, the second \$64K question is how will the Commercial Aircraft industry deal with its own major challenges related to:
  - ✓ Supply Chain issues
  - ✓ Labor and staffing issues
  - ✓ Inflation
- 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



*Airbus A320neo*





# GE Aviation Jet Engine Programs

- Firm Pricing LTA (Requirements Contract) from 2019 through 2029 with Middle River Aerostructure Systems (MRAS), a subsidiary of ST Engineering Aerospace
- Redundant Factory...Construction is complete and factory is in production!
- Sole Source for Composite Materials for Engine Nacelles and Thrust Reversers for Multiple MRAS Programs, including:
  - ✓ A319neo with LEAP-1A Engines<sup>1, 2</sup>
  - ✓ A320neo with LEAP-1A Engines<sup>1, 2</sup>
  - ✓ A321neo with LEAP-1A Engines<sup>1, 2</sup>
  - ✓ A321LR with LEAP-1A Engines<sup>1, 2</sup>
  - ✓ A321XLR with LEAP-1A Engines<sup>1, 2, 3</sup>
  - ✓ B747-8 with GEnx 2B Engines (including Inner Fixed Structures)
  - ✓ Comac C919 with LEAP-1C Engines<sup>1</sup>
  - ✓ Comac ARJ21 with CF34-10A Engines
  - ✓ Bombardier Global 7500 with Passport 20 Engines
  - ✓ Bombardier Global 8000 with Passport 20 Engines<sup>3</sup>
- 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

<sup>1</sup>Also Sole Source for Lightning Strike Protection Materials

<sup>2</sup>Certain components produced with Park "AFP" Composite Materials

<sup>3</sup>Undergoing Development



# Brief Update on GE Aviation Jet Engine Programs

- A320neo Aircraft Family with CFM LEAP-1A Engines (includes A319neo, A320neo, A321neo, A321LR and A321XLR Aircraft Variants)
  - ✓ Airbus recently reaffirmed their plans to achieve 75 A320neo Aircraft Family deliveries per month by the end of 2026
  - ✓ The A320neo Aircraft Family offers two approved engine options, namely the CFM LEAP-1A engine and the Pratt 1100G engine
    - Park supplies into A320neo Family Aircraft using CFM LEAP-1A engines
  - ✓ As of the end of February 2023, CFM (meaning the LEAP-1A engine) had a 60.0% market share of firm engine orders for the A320neo Family of Aircraft (Source: April 2023 edition of Aero Engine News)
  - ✓ Assuming a 60.0% CFM LEAP-1A market share, 75 A320neo Aircraft Family deliveries per month would translate into 540 A320neo Aircraft Family with LEAP-1A engines deliveries per year
    - **And that delivery rate would translate into 1080 LEAP-1A engines per year**





# Brief Update on GE Aviation Jet Engine Programs (Continued)

- Good-bye to the Boeing 747, the Great Queen of the Skies



***Good-bye to the Great 747, an Aircraft  
Like None Other***



# GE Aviation Jet Engine 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*

- ✓ **FY2023 Q4: \$4.7 Million**
- ✓ **FY2023 Total: \$22.3 Million**

## ➤ GE Aviation Programs sales forecast estimate\*:

- ✓ **FY2024 Q1: \$6.0 Million to \$6.5 Million**

\*Subject to Supply Chain risks and the other factors which affected FY23 Q4 described in Slides 5 through 8 above





# 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
<b>FY2022 Total</b>	<b>\$53.6 Million</b>	<b>\$13.1 Million</b>
FY2023 Q1	\$12.8 Million	\$2.8 Million
FY2023 Q2	\$13.9 Million	\$2.7 Million
FY2023 Q3	\$13.9 Million	\$3.3 Million
<b>FY2023 Q4</b>	<b>\$13.5 Million</b>	<b>\$2.6 Million</b>
<b>FY2023 Total</b>	<b>\$54.1 Million</b>	<b>\$11.5 Million</b>

## ➤ FY2024 Q1 Financial Forecast Estimates\*:

	Sales	Adjusted EBITDA
<b>FY2024 Q1</b>	<b>\$14.75 Million to \$15.25 Million</b>	<b>\$3.0 Million to \$3.5 Million</b>

\*Subject to Supply Chain risks and the other factors which affected FY23 Q4 described in Slides 5 through 8 above



# Financial Outlook for Park and GE Programs

- Because of ongoing significant challenges related to serious supply chain disorder, inflation concerns and severe staffing shortages (which seem to be a global phenomenon) and the significant uncertainty as to when these challenges will moderate and abate, providing a year-over-year financial forecast would involve much speculation and therefore would not be helpful or meaningful...
- But, although it is not possible to predict with any meaningful confidence the timing of the abatement of such challenges, we are hopeful that, if the world survives the crises it is currently facing, **at some point in the not too distant future**, the supply chain will reestablish some degree of order, inflation will moderate and staffing dynamics will “normalize” to some degree
  - ✓ **As a result, we are providing, in the following slides, a revenue outlook for our GE Aviation Jet Engine Programs and a financial outlook for Park generally**





# Financial Outlook for Park and GE Programs (Continued)

- ✓ And, in providing the GE Aviation Programs revenue outlook and the financial outlook for Park, we are assuming the following:
  - There is not a severe or prolonged economic downturn during the outlook timeframe
  - The global supply chain returns to some level of order and normalcy
  - Inflation moderates and returns to historically more “normal” levels
  - Staffing dynamics return to historically more “normal” levels



# GE Aviation Jet Engine Programs Revenue Outlook

Program	Engine Units per Year Assumptions <sup>1</sup>	Revenue per Engine Unit Estimates <sup>2</sup>	Annual Revenues per Program Estimates
A320neo <sup>3</sup>	1080 <sup>4</sup>	\$30,500	\$32,940K
PP20 <sup>5</sup>	90	\$49,000	\$4,410K
C919 <sup>6</sup>	200	\$26,500	\$5,300K
ARJ21 <sup>7</sup>	50	\$29,500	\$1,475K
GE9X <sup>8</sup>	_____	_____	\$6,500K

➤ Total GE Aviation Program Revenues per Outlook Year: **\$50,625K**

<sup>1</sup> Except for the engine units per year assumption for the A320neo Aircraft Family, which is explained in footnote 4 below, the engine units per year assumption estimates are based upon historical data and references to related program information.

<sup>2</sup> Estimates based upon information provided by the Customers.

<sup>3</sup> A320neo Aircraft Family with LEAP-1A engines. Assumes Park's film adhesive material is qualified and in use on the program. Park's lightning strike protection (LSP) material is already in use on the program.

<sup>4</sup> See Slide 20.

<sup>5</sup> Passport 20 Engine used on the Bombardier Global 7500/8000 business jet. 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.

<sup>6</sup> Assumes Park's film adhesive material is not in use on the program. Park's LSP material is already in use on the program.

<sup>7</sup> 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.

<sup>8</sup> Engine used on the Boeing 777X aircraft. The engine units per year assumption and the revenue per engine unit estimate are being withheld to protect the confidentiality of the program.





# Park Aerospace Corp. Financial Outlook principally based upon growth estimates of Programs on which Park is Sole-source Qualified<sup>6</sup>

	Sales	EBITDA
FY23 Base Year	\$54.1M*	\$11.5M
Estimated GE Programs Incremental Sales <sup>1</sup>	\$28.3M	
Estimated incremental sales for ADL ADRS Program, PAC-3 Missile System and Kratos Valkyrie Unmanned Aircraft <sup>2</sup>	\$20M	
Non-GE Programs Incremental Sales <sup>3</sup>	<u>\$8M</u>	
<b>Estimated Revenue Outlook</b>	<b>\$110.4M</b>	
Estimated EBITDA contribution from incremental revenues <sup>4</sup>		\$20.8M
Adjustment to Base Year EBITDA <sup>5</sup>		<u>\$2.5M</u>
<b>Estimated EBITDA Outlook</b>		<b>\$34.8M</b>

\*"M" = million



# Park Aerospace Corp. Financial Outlook principally based upon growth estimates of Programs on which Park is Sole-source Qualified<sup>6</sup> (Continued)

<sup>1</sup> GE Program Outlook Sales of \$50.6M minus FY23 GE Program sales of \$22.3M equals \$28.3M.

<sup>2</sup> Park is sole-source qualified on these three programs, but we are not providing a breakdown of the outlook incremental sales for these programs in order to protect the confidentiality of the programs.

<sup>3</sup> FY23 Non-GE Program Sales are \$31.8M (FY23 total sales of \$54.1M minus FY23 GE Program sales of \$22.3M equals \$31.8M). Analysis assumes 25% growth of Non-GE Program sales by outlook year. 25% of \$31.8M equals \$8M of incremental Non-GE Program sales.

<sup>4</sup> Outlook incremental sales are \$56.3M (Outlook Sales of \$110.4M minus FY23 Sales of \$54.1M equals \$56.3M). Analysis assumes a 37% EBITDA contribution on the \$56.3M of incremental sales, or \$20.8M of incremental EBITDA.

<sup>5</sup> The adjustment is based upon the assumptions that inflation moderates and our product pricing “catches up” with inflation (the “lag effect” is reduced or eliminated), the inefficiencies in our manufacturing operations caused by supply chain disorder are reduced or eliminated as the supply chain gets back to “normal” and the additional cost burdens related to staffing challenges are ameliorated as staffing dynamics get back to “normal”.





# **Park Aerospace Corp. Financial Outlook principally based upon growth estimates of Programs on which Park is Sole-source Qualified<sup>6</sup> (Continued)**

<sup>6</sup> The above outlook analysis is not a forecast as it only considers the estimated growth of programs on which Park is already sole source qualified, plus 25% growth of Non-GE programs sales by the outlook year. The analysis does not consider any other revenue opportunities, including, for example, revenue opportunities related to:

- The AFP manufacturing project under review and consideration by the Company
- The Company's new Film Adhesive product and other adhesive products under development
- The Asian JV the Company is discussing with two separate large aerospace companies
- The potential new product family JV project which the Company is discussing with a large aerospace company
- A large aerospace program on which the Company's composite materials are a finalist
- A structures, assemblies and integrations project on which the Company is in serious discussions with an existing customer
- A technology license arrangement under discussion with a large OEM
- Several rocket and missile programs with respect to which the Company's products are under qualification



# Update on Major Expansion of Newton, Kansas Facilities

- **EXPANSION IS COMPLETE!!!**
- The New Facility Expansion was fully qualified and approved by MRAS for production on April 5, 2023!!!
- The first production run occurred on April 19, 2023!!!
- The expansion cost \$20 Million!
- It has been a long (and winding) road since we broke ground on the new facility on August 15, 2019...but we made it! The job is done!!!
- **Well done, Park People!**



*MRAS, STE and Park Teams Meet on April 5  
to Review New Plant Approval*





# Park Recently Introduced Our New Aeroadhere™ FAE-350-1 Structural Film Adhesive Product

- On May 9, 2023, Park announced the introduction of **Aeroadhere™ FAE-350-1**, our new Structural Film Adhesive Product for use in bonding of aerospace primary and secondary structures
- Aeroadhere FAE-350-1 is a 350°F curing epoxy based formulation film adhesive product designed for composite-to-composite, composite-to-honeycomb, composite-to-metal, metal-to-metal and metal-to-honeycomb bonding applications
- Aeroadhere FAE-350-1 has demonstrated strong toughness and high temperature capabilities
- The introduction of our new Aeroadhere FAE-350-1 Product is an important milestone for Park, as it represents the first offering in a planned major new aerospace adhesive product line...with more in the works and intended to come...



# Analysis of Park Cash and Cash Application (in thousands)<sup>1</sup>

Net Cash and Marketable Securities as of February 26, 2023			<b>\$105,500</b>
Transition Tax Installment Payments remaining <sup>2</sup>	\$12,500		
\$1.00 per share special dividend <sup>3</sup>	20,500		
Solution Treater for ADL project <sup>4</sup>	6,000		
AFP Project Capital Investment <sup>5</sup>	<u>10,000</u>		
Total:	\$49,000	<b>(\$49,000)</b>	
Total Cash Remaining after application of cash to above items <sup>6</sup>			<b>\$56,500</b>

<sup>1</sup> All items are rounded to the closest \$500 thousand.

<sup>2</sup> Payable through CY2025.

<sup>3</sup> \$1.00 per share special dividend declared February 9, 2023 and paid April 6, 2023.

<sup>4</sup> Estimated cost if we proceed with ADL treater project.

<sup>5</sup> Estimated cost if we proceed with AFP project.

<sup>6</sup> Conceptual computation





# Park's Balance Sheet, Cash Dividend History and Thoughts about Capital Allocation

- Park has zero long-term debt!
- 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 38 consecutive years of uninterrupted regular quarterly cash dividends without ever skipping a dividend or reducing the dividend amount
  - ✓ On February 9, 2023, Park's Board of Directors approved a 25% increase in the Company's regular quarterly cash dividend to a new rate of \$0.125 per share
    - Why did we do that?
    - "We have had a long run with our regular dividend, and we do not intend to disrupt that run!"



# Park's Balance Sheet, Cash Dividend History and Thoughts about Capital Allocation (Continued)

- ✓ On February 9, 2023, Park's Board of Directors declared a special dividend of \$1.00 per share (a total amount of approximately \$20.5 Million) which was paid on April 6, 2022
  - Why did we do that?
  - What about M & A?
- ✓ **Park has now paid \$583 Million, or \$28.475 per share, in cash dividends since the beginning of FY2005**
- Our thoughts about our Cash and Capital Allocation
  - ✓ “No Bucks...No Buck Rogers” (Tom Wolfe)
  - ✓ No Capital...no Capital Allocation
    - Somewhere along the way, someone has to generate the capital...or there will be no capital to allocate





# Park's Balance Sheet, Cash Dividend History and Thoughts about Capital Allocation (Continued)

- How about Park? How has Park done in generating capital?
  - Started by two guys in a garage in Woodside, Queens in 1954 with a few bucks they had left over from War Duty
  - Nobody ever gave us anything (at least not that I can remember), and we have paid **\$583 Million** in cash dividends since FY2005, so somebody at Park must have figured out how to generate capital over the years...



# **The Park Family**

## **“Culture Eats Strategy for Breakfast”**

### **(Peter Drucker)**

- Oh, at Park, we have a strategy too, but it is our Park Family Culture which makes us strong and allows us to endure
- How do we generate capital at Park? How do we generate lasting value?
  - ✓ Through dedication
  - ✓ Through sacrifice
  - ✓ Through perseverance
- Because of our ongoing staffing challenges, our Film Line and Tape Line People have been working 60 (or more) hour weeks, week in and week out, for over a year now
  - ✓ This is how our we generate capital at Park





# The Park Family

## “Culture Eats Strategy for Breakfast”

### (Peter Drucker)

### (Continued)

- Why do our People do such things?
  - ✓ Maybe because “actions speak louder than words...” (Abraham Lincoln)
  - ✓ When just about everybody was laying off their employees, in some cases by the thousands, we at Park laid off nobody...we kept all of our precious Park Family People even though we were told we were crazy to do so...
  - ✓ Remember the Vaccine Mandates where we were being pressured (heavily pressured) to fire our People who dared to defy the mandates?
    - What did we tell our Park Family People? “Over our dead body” would we fire them for not getting vaccinated if that was their choice. And, we put that in writing for Our People!
  - ✓ “If you want to have a culture which has any real meaning and power, you better be willing to live and die by it”



# The Park Family

## “Culture Eats Strategy for Breakfast” (Peter Drucker) (Continued)

- ✓ If you want your people to love your company, you better love them...
- ✓ Our People are Family, and we don't turn our backs on Family...
- ✓ Peter was right...



*Park's Dedicated Film Line and Tape Line Crews*





An aerial photograph of a vast, snow-covered mountain range under a clear blue sky. The peaks are rugged and covered in white snow, with some rocky outcrops visible. In the upper right corner, a portion of a white aircraft wing is visible, suggesting the photo was taken from a plane. The text "Thank You!" is superimposed in a large, dark blue serif font across the upper middle of the image.

# Thank You!





### **May 11, 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 May 11, 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 fourth quarter earnings news release dated May 11, 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 Annual Report on Form 10-K for the fiscal year ended February 26, 2023 on or about May 12, 2023. We make available free of charge on or through our website located at [www.parkaerospace.com](http://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 \$13.5 million in the 2023 fiscal year fourth quarter compared to \$12.5 million in the 2022 fiscal year fourth quarter and \$13.9 million in the 2023 fiscal year third quarter.

Gross Profit for the 2023 fiscal year fourth quarter was \$3.9 million, or 28.5% of sales, compared to \$4.2 million, or 33.6% of sales, for the 2022 fiscal year fourth quarter and \$4.4 million, or 32.0% of sales, for the 2023 fiscal year third quarter.

Before special items, selling, general and administrative expenses for the 2023 fiscal year fourth quarter were \$1.6 million, or 12.1% of sales, compared to \$1.5 million, or 12.2% of sales, for the 2022 fiscal year fourth quarter and \$1.5 million, or 11.0% of sales, for the 2023 fiscal year third quarter. Investment income, net of interest expense, in the 2023 fiscal year fourth quarter was \$425,000 compared to \$89,000 in the 2022 fiscal year fourth quarter and \$299,000 in the 2023 fiscal year third quarter.





## Appendix 1

### Continued

Before special items, earnings before income taxes for the 2023 fiscal year fourth quarter were \$2.6 million, or 19.5% of sales, compared to \$2.8 million, or 22.1% of sales, for the 2022 fiscal year fourth quarter and \$3.2 million, or 23.2% of sales, for the 2023 fiscal year third quarter.

Before special items, net earnings for the 2023 fiscal year fourth quarter were \$2.0 million, or 14.6% of sales, compared to \$2.0 million, or 16.1% of sales, for the 2022 fiscal year fourth quarter and \$2.4 million, or 17.2% of sales, for the 2023 fiscal year third quarter.

Depreciation and amortization expense in the 2023 fiscal year fourth quarter was \$310,000 compared to \$331,000 in the 2022 fiscal year fourth quarter and \$305,000 in the 2023 fiscal year third quarter. Capital expenditures in the 2023 fiscal year fourth quarter were \$298,000 compared to \$786,000 in the 2022 fiscal year fourth quarter and \$105,000 in the 2023 fiscal year third quarter.

Adjusted EBITDA for the 2023 fiscal year fourth quarter was \$2.6 million, or 19.4% of sales, compared to \$3.1 million, or 24.7% of sales, for the 2022 fiscal year fourth quarter and \$3.3 million, or 23.9% of sales, for the 2023 fiscal year third quarter.

The effective tax rate before special items was 25.3% in the 2023 fiscal year fourth quarter compared to 27.1% in the 2022 fiscal year fourth quarter and 26.0% in the 2023 fiscal year third quarter.

For the 2023 fiscal year fourth quarter, the top five customers, in alphabetical order, were Aerojet Rocketdyne, Aeromatrix Composites, Kratos Defense & Security Solutions, Middle River Aerostructure Systems (including its subcontractors) and Nordam. The top five customers totaled approximately 64% of total sales during the 2023 fiscal year fourth quarter. The top 10 customers totaled approximately 78% of total sales and the top 20 customers totaled approximately 87% of total sales during the 2023 fiscal year fourth quarter.

