



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

**FY2024 Q2 Investor Conference Call**  
**October 5, 2023**

***\*\*\*Park's 70<sup>th</sup> Year in Business\*\*\****

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*Airbus A321XLR at the Paris Air Show*



# Quarterly Results for FY2022, FY2023 and FY2024 (In Thousands)\*

	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2
Sales	\$13,594	\$13,618	\$13,864	\$12,502	\$12,783	\$13,875	\$13,867	\$13,530	\$15,551	\$12,481
Gross Profit	\$5,472	\$4,411	\$3,836	\$4,198	\$4,092	\$4,086	\$4,444	\$3,851	\$4,833	\$4,079
Gross Margin	40.3%	32.4%	27.7%	33.6%	32.0%	29.4%	32.0%	28.5%	31.1%	32.7%
Adjusted EBITDA	\$4,104**	\$3,232**	\$2,670**	\$3,083**	\$2,804	\$2,709	\$3,321	\$2,625	\$3,311**	\$2,669
Adjusted EBITDA Margin	30.2%**	23.7%**	19.3%**	24.7%**	21.9%	19.5%	23.9%	19.4%	21.3%**	21.4%

- What we said about FY2024 Q2 during our July 6, 2023 FY2024 Q1 Investor Call:
  - ✓ Why didn't we provide sales and EBITDA estimates for FY2024 Q2?
  - ✓ Why did our Sales drop **\$3.1 Million** from FY2024 Q1 to FY2024 Q2?
    - The Sales drop is explained completely (**100%**) by the **\$3.1 Million** drop in GE Aviation Jet Engine Programs Sales from FY2024 Q1 to FY2024 Q2
      - FYI, non-GE Aviation Jet Engine Programs Sales were essentially identical in FY2024 Q1 and Q2!

\*From Continuing Operations

\*\*Before Special Items





# Quarterly Results for FY2022, FY2023 and FY2024 (In Thousands) (Continued)

- Since all of the GE Aviation Jet Engine Programs which Park supplies into are ramping up and going strong, why the steep drop in GE Aviation Programs Sales in FY2024 Q2...what is going on here?
- **It is all about the MRAS\* Inventory Burn-down** which we will discuss in greater detail later in this Presentation...

## ➤ What other considerations are there related to our FY2024 Q2?

- ✓ How are things going with Supply Chain, freight disruption and staffing challenges?
  - Challenges continue, but things seem to be improving
  - Total Missed Shipments in FY2024 Q2...Approximately \$220 Thousand
- ✓ And our margins continue to be affected by Inflation and costs related to our recently commissioned new plant in Newton, Kansas



# Quarterly Results for FY2022, FY2023 and FY2024 (In Thousands) (Continued)

- But, before we move on, I believe we must give a special shout-out to Park's People for their outstanding job in delivering the margins achieved in FY2024 Q2 considering the \$3.1 Million drop in revenues compared to FY2024 Q1
  - ✓ There always will be some quarter-to-quarter variability based upon product mix and other factors, but, notwithstanding all of that, our People did an outstanding job in Q2...
  - ✓ We may not be the fanciest company in town, but our People are “old school” and our People know how to make money for our Owners...
  - ✓ In my opinion, FY2024 Q2 was one of our best Park quarters...





# 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



# FY2024 Q2 Top Five Customers (in Alphabetical Order)

Aerospheres, Inc.

Kratos Defense and Security Solutions

Middle River Aerostructure Systems (MRAS)  
and its subcontractors

LifePort Inc.

The Nordam Group



*Gulfstream G280*



*Kratos Valkyrie  
XQ-58A UAS*



*COMAC C919*



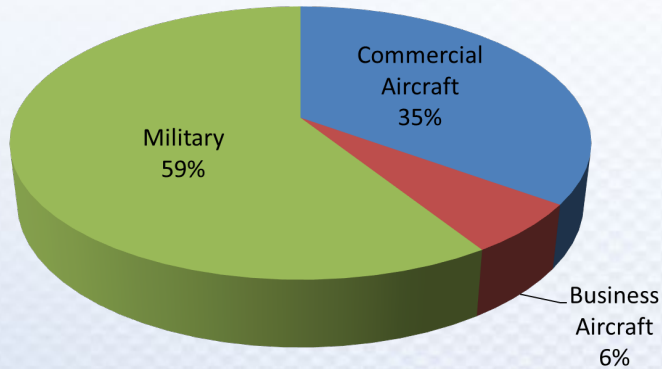
*Boeing 737-800*





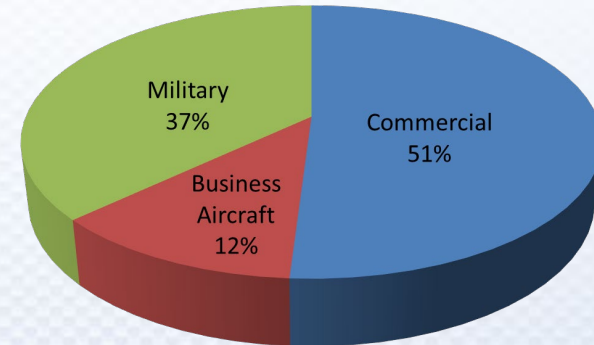
# Park's Estimated Revenues by Aerospace Market Segment

## FY2021



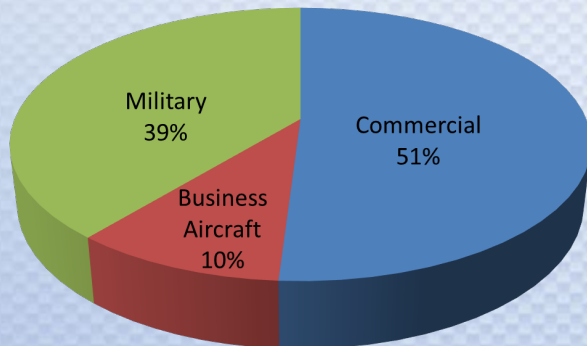
FY2021 Revenues:  
\$46.3 Million

## FY2022



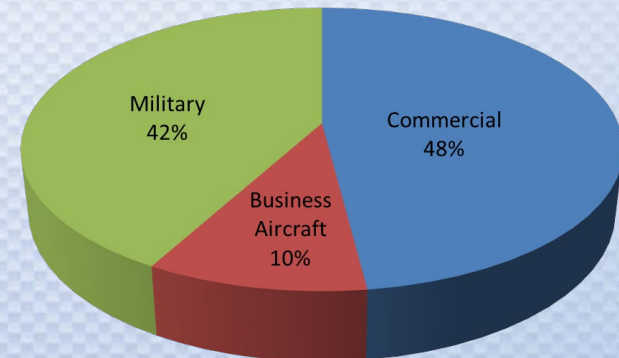
FY2022 Revenues:  
\$53.6 Million

## FY2023



FY2023 Revenues:  
\$54.1 Million

## FY2024 First 6 Months



FY2024 First 6 Months Revenues:  
\$28.0 Million



# Park Loves “Niche” Military Aerospace Programs

*Mk-125  
Warhead*



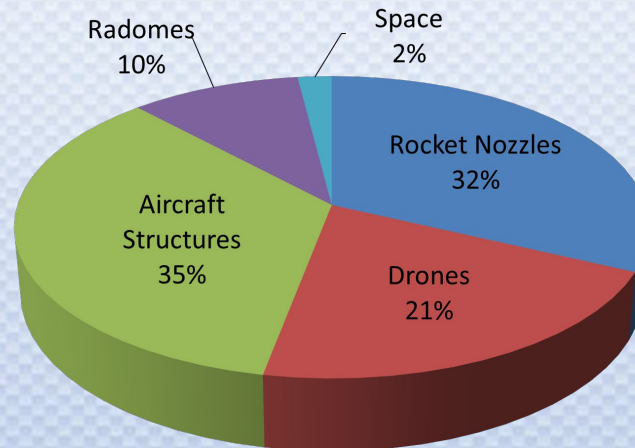
*Alenia  
C-27J Spartan*



## Park’s Estimated FY2024 First 6 Months Military Revenues by Market Segment



*Sikorsky CH-53 Sea Stallion*



Estimated FY2024 First 6 Months  
Military Revenues: \$11.8 Million



*Mk-41 Vertical Launching System*





# Aerospace Industry Trends and Considerations

## A Brief Update

- The U.S. A&D industry has fully rebounded from the pandemic, according to the Aerospace Industry Association
- **Military Markets**
  - ✓ Military Markets continue to be very strong
    - Fueled by the ongoing War in Europe and major global tensions
    - Talk about “winning” the War?
    - Optimism abounds about Foreign Military Sales
  - ✓ But what will happen when the War ends?
    - All wars end at some point one way or another...
    - Will countries in Western Europe return their spending focus to domestic welfare programs?
    - What about countries in Eastern Europe?
    - What about the US?
  - ✓ And how about defense spending in Asia?
    - Different dynamics there...



# Aerospace Industry Trends and Considerations

## A Brief Update (Continued)

### ➤ Commercial Aerospace Markets

- ✓ Optimism abounds
- ✓ Paris Air Show “vibes” were borderline euphoric
  - Claims coming from the Show about the Commercial Aircraft industry being “back” and putting the horrors of the pandemic in the rear view mirror
  - Indigo Airlines, India’s leading domestic carrier, kicked off the show with the announcement of a record 500 A320neo Family Aircraft order
    - To be delivered between 2030 and 2035
      - ❖ Sign of market “capitulation”?
      - ❖ Will Single-Aisle orders, which had been somewhat stalled out due to the huge backlogs and extremely long lead-times, now accelerate?
- ✓ The optimism and borderline euphoria are good things for the industry...
  - Right?

➤ But there may be one little issue (minor detail?) to be concerned about...





# Aerospace Industry Trends and Considerations

## A Brief Update (Continued)

### \*\*\*SUPPLY CHAIN\*\*\*

- Main impediment to recovery and ramp back up for both Military and Commercial Aerospace industries
- Demand is certainly there, but when will the industry be able to produce the commercial aircraft and military hardware needed to meet the demand?
  - ✓ Boeing and Airbus seem to be saying the Supply Chain issues will “normalize” toward the end of 2024
    - Is that realistic or at least in part wishful thinking?
  - ✓ Remember that, according to some, the Supply Chain crisis was supposed to have been resolved by the end of last year...



# Aerospace Industry Trends and Considerations

## A Brief Update (Continued)

- According to Airbus, the three key Supply Chain issues are electronic components (semiconductors), engines and “raw materials”
  - ✓ No issues for Airbus with raw materials from Park though
  
- And what is the Supply Chain crisis really about anyway?
  - ✓ Is it really about systemic Workforce shortages and Staffing issues?
    - With so many people having left the workforce, we now have what is called “full employment” in this country
    - With so much money being pumped into the system, so many people were encouraged to leave the workforce...maybe permanently





# Aerospace Industry Trends and Considerations

## A Brief Update (Continued)

- According to Airbus, the aerospace industry used to be able to hire back 8 out of 10 employees that it let go, but now the industry has only been able to hire back 2 out of 10 employees who were let go during the pandemic
  - **Wow!**
  - Of course, as you know, Park let NONE of our People go during the pandemic, so no issue for Park about calling back our People
- A real human tragedy in our opinion
- But how does this end? How does this get resolved?
  - Any ideas?



# 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 (STE)
- 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



*Legendary Boeing 747-8 Engine Nacelles*

- ✓ Bombardier Global 7500 with Passport 20 Engines
- ✓ Bombardier Global 8000 with Passport 20 Engines<sup>3</sup>

<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





# GE Aviation Jet Engine Programs (Continued)

- Park Composite Materials are Sole Source on primary structure component for Passport 20 Engines for Bombardier Global 7500/8000 (not included in MRAS LTA)
- Fan Case Containment Wrap for GE9X Engines for Boeing 777X Aircraft
  - ✓ Produced with Park's "AFP" Composite Materials
  - ✓ Not included in MRAS LTA
    - Not yet anyway!
- MRAS Qualification of Two Park Proprietary Film Adhesive Formulations in progress
- **MRAS/Park LTA through 2029 recently amended to include three Park Film Adhesive Product Forms for composite bond and metal bond applications**
- **Life of Program Agreement requested by MRAS and STE**
  - ✓ **What is that worth to Park?**



# 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 has a huge backlog of A320neo Aircraft Family firm orders of 6,720 Airplanes** as of July 31, 2023 (Source: September edition of Aero Engine News)
  - ✓ During its 2023 H1 Earnings call on July 25, 2023, **Airbus reaffirmed its plan to achieve a rate of 75 A320neo Family Aircraft deliveries per month in 2026**
    - Will Airbus achieve that production rate in 2026?
      - Hard to say, but, based upon their huge backlog, there is very good reason to believe they will get there in 2026 or sometime in the not-too-distant future thereafter
      - How is Airbus doing so far with their planned production ramp up?



*Airbus A321neo with LEAP-1A Engines*





# Update on GE Aviation Jet Engine Programs (Continued)

- ❖ Not too bad...according to reports, in 2023 YTD through August, Airbus delivered an average of 43.5 A320neo Family Aircraft per month...and they delivered an average of 50 A320neo Family Aircraft per month over the last 4 months
- ❖ Clearly, based upon their huge backlog, Airbus would already be producing A320neo Family Aircraft at the rate of 75 per month if not for Supply Chain restrictions and limitations

## ✓ But what about the engines for the A320neo Aircraft Family?

- By way of review, the A320neo Aircraft Family offers two approved engine options, namely the **CFM LEAP-1A engine** and the **Pratt 1100G (GTF) engine**
  - Park supplies into the A320neo Family Aircraft using the CFM LEAP-1A engines...Park has no content on the A320neo Family Aircraft using the Pratt 1100G engines
- The CFM LEAP-1A's market share of firm engine orders for the A320neo Family of Aircraft had been hovering at approximately the 60% level for over two years...



# Update on GE Aviation Jet Engine Programs (Continued)

- But that has all changed now
  - In the last few months, the LEAP-1A has broken out as the clear market share winner for the A320neo Aircraft Family
  - **The CFM LEAP-1A market share of firm orders for the A320neo Aircraft Family has jumped to 66.0% as of July 31, 2023 (Source: September 2023 edition of Aero Engine News)**
  - This huge jump in market share is quite remarkable when one considers that there are 12,348 firm engine orders for A320neo Family Aircraft (Source: September edition of Aero Engine News), meaning there is so much ballast in the LEAP-1A/Pratt 1100G market share that a significant change in market share would be considered to be highly unlikely





# Update on GE Aviation Jet Engine Programs (Continued)

- At the delivery rate of 75 A320neo Family Aircraft per month, the 66.0% LEAP-1A market share translates into 1,188 LEAP-1A engines per year
  - ❖ What is that worth to Park? There currently are 8,144 firm LEAP-1A engine orders (Source: September edition of Aero Engine News)
    - What are those firm orders worth to Park?
- **So what happened?** Why has the market share of firm engine orders for the A320neo Aircraft Family shifted so abruptly and dramatically in favor of the CFM LEAP-1A engine?
  - **VERY serious issues with the Pratt 1100G engine**
  - These issues have been extensively reported, and, as a result, we will not attempt to cover them in detail here...however...
    - ❖ The Pratt 1100G engine issues are expected to ground 350 A320neo Family Airplanes per year through 2026, with as many as 650 groundings in the first half of 2024



# Update on GE Aviation Jet Engine Programs (Continued)

- ❖ The inspection and repair work is expected to take up to 300 days per engine
- It is difficult to fully comprehend the full implications of the crisis and where it is going, but the story may be far from over
- Whenever it seems like the crisis can't get any worse...it does (my take on it)
- Will this crisis lead to significant additional A320neo Aircraft Family market share gains for the LEAP-1A engine?
  - ❖ Many believe it will...
  - ❖ What do you think?





# Update on GE Aviation Jet Engine Programs (Continued)

- ✓ MSN11080 (F-WWAB), the third LEAP-1A Powered **Airbus A321XLR** prototype, recently completed a 10-day certification flight-test campaign
  - Airbus expects entry into service of the A321XLR in the second quarter of 2024
  - Boeing does not have a response to the A321XLR aircraft

## ➤ **Comac C919 with CFM LEAP-1C Engines**

- ✓ Comac plans to achieve a production rate of 150 C919 Aircraft per year within five years
- ✓ Comac currently has over 1,000 orders for the C919 Aircraft
- ✓ Two C919 Aircraft have been delivered to China Eastern Airlines and are in service... the third delivery is expected this month



*Comac C919 with CFM LEAP-1C Engine*



# Update on GE Aviation Jet Engine Programs (Continued)

- ✓ China Eastern Airlines recently announced an order of 100 additional C919 Aircraft to be delivered from 2024 to 2031
  - This is the largest order to date for C919 Aircraft
- ✓ GallopAir of Brunei recently announced an order of 15 C919 Aircraft

## ➤ Comac ARJ21 Regional Jet with GE CF34-10A Engines...according to Comac:

- ✓ 112 ARJ21 Aircraft have been delivered and are in service
- ✓ There are 775 open orders for the Aircraft
- ✓ GallopAir of Brunei recently announced an order of 15 ARJ21 Aircraft



*Comac ARJ21 with GE CF34-10A Engine*





# Update on GE Aviation Jet Engine Programs (Continued)

## ➤ Boeing 777X Aircraft with GE9X Engines

- ✓ Planned 2025 Entry into Service
- ✓ Program is currently active for Park
- ✓ Potentially significant program for Park



*The Great 747, an Aircraft Like None Other*



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

## ➤ The Legendary Boeing 747 (thank goodness for spares)



# GE Aviation Jet Engine Programs Sales History

➤ 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

✓ FY2023 Q4: \$4.7 Million



*Boeing 777X at the Paris Air Show*

✓ **FY2023 Total: \$22.3 Million**

✓ FY2024 Q1: \$6.2 Million

✓ FY2024 Q2: **\$3.1 Million**

✓ **FY2024 Q3: \$4.0 Million  
Booked\***

## Non-GE Aviation Programs Sales

\$31.8 Million

\$9.4 Million

\$9.4 Million

\*This is **not** a forecast





# Park's FY2024 Q2 GE Aviation Sales Are All About the MRAS Inventory Burn-down

- The sharp drop-off in FY2024 Q2 GE Aviation Programs Sales is all about MRAS's burn-down of Park inventory carried by MRAS (and its subcontractors)
- The MRAS CY2023 build plan (their build plan, not ours!) translates into approximately \$23 million of CY2023 Park GE Programs Sales, or approximately \$5.75 million per quarter
  - ✓ The MRAS CY2023 build plan is reduced to some extent because MRAS is carrying excess finished structures inventory as well
    - But that is taken into account in the MRAS 2023 build plan
  - ✓ But, since MRAS's 2023 build plan translates to ~\$5.75 million in Park's GE Programs Sales per quarter, why were Park's GE Programs Sales only \$3.1 million in our FY2023 Q2?
    - What explains the \$2.65 million gap between Park's expected Q2 GE Programs Sales based upon the MRAS build plan and Park's actual Q2 GE Programs Sales?
    - **It is all about MRAS's burn-down of Park inventory carried by MRAS (and its subcontractors)...the inventory burn-down explains 100% of the gap or shortfall**



# Park's FY2024 Q2 GE Aviation Sales Are All About the MRAS Inventory Burn-down (Continued)

- So, why the inventory burn-down? Why the “surprise” about the “excess” Park inventory being carried by MRAS?
  - ✓ MRAS is a wonderful customer, the relationship between MRAS and Park is very special and unusual and Park is very fortunate to have such a wonderful customer as MRAS and to have such an unusual relationship with MRAS...
  - ✓ But, to put it kindly, maybe inventory management is not the aerospace industry's strongest suit.....
- Will this kind of inventory surprise happen again?
  - ✓ It likely will happen no matter how closely Park works with MRAS...it has happened before...it likely will happen again at some point in the future
- So, there may be (likely will be) some degree of quarter-to-quarter volatility in our GE Programs Sales because of inventory management challenges...it may be somewhat of a roller coaster ride from time to time...





# **Park's FY2024 Q2 GE Aviation Sales Are All About the MRAS Inventory Burn-down (Continued)**

- **But, considering all of the wonderful things which have resulted from the relationship with MRAS and the many wonderful things still expected to come from the relationship, on balance, there is no question whatsoever in our minds that we are extremely fortunate to have MRAS as our customer...on balance, it is not even close...**
- **And, although there may be quarter to quarter GE Programs Sales volatility in the future, we are happy to work through and deal with the volatility and the challenges presented by it, because, to us, the overridingly important consideration is the long-term Outlook for GE Programs Sales explained on Slide 34**
- **Where are we going with the inventory burn-down?**
  - ✓ **Based upon the information we have, we believe the burn-down will likely be completed in our FY2024 Q3 and the Park inventory carried by MRAS will be “normalized” by the end of our Q3...**



# Park's FY2024 Q2 GE Aviation Sales Are All About the MRAS Inventory Burn-down (Continued)

- ✓ One more consideration regarding inventory management...
  - As a general matter, it is very important to avoid over-correcting, as doing so can create additional volatility with increasing sine wave amplitudes in inventory swings...
  - This is a concern of ours (and others), and, if our concern is well founded, it could result in a **significant spike in demand in our FY2024 Q4 and into our FY2025...**
    - We shall see...but, in the meantime, we are keeping our antennae up and our ears to the ground...





# **Park's FY2024 Q2 GE Aviation Sales Are All About the MRAS Inventory Burn-down (Continued)**

- In any event, **what do we think about all of this?**
  - ✓ **We think it is mostly short-term noise and static**
  - ✓ **We think the freight train (the “Juggernaut”) is coming down the tracks at us at 100 miles per hour...and it can't be stopped (see Updated GE Jet Engine Programs Revenue Outlook on Slide 34)**
  - ✓ **We think we better be ready...or we too will be overrun...**



# Financial Outlook for Park and GE Programs

## An Update

- Because of the uncertainty related to FY2024 Q3 and Q4 GE Aviation Programs Sales resulting from the inventory burn-down and inventory management challenges discussed above, we are not able to provide meaningful GE Aviation Programs and Park forecast estimates for FY2024 Q3 and Q4
  - ✓ When will we be able to resume providing quarterly and longer-term forecast estimates?
- But we are able to provide the following updated revenue Outlook for GE Aviation Jet Engine Programs and financial Outlook for Park generally
  - ✓ We believe the GE Aviation Programs and Park Outlooks are much more meaningful and significant than quarterly forecast estimates
  - ✓ What is the “timing” for the Outlooks?
    - We are not sure, but, as we said, the freight train is coming, it can’t be stopped and we better be ready!





# Financial Outlook for Park and GE Programs

## An Update (Continued)

- ✓ In providing these outlooks, 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 normalcy
  - Inflation moderates and returns to historically more “normal” levels
  - Staffing dynamics return to historically more “normal” levels



# Updated GE Aviation Jet Engine Programs

## Revenue Outlook...the “Juggernaut”

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>	1188 <sup>4</sup>	\$30,500	\$36,235K
PP20 <sup>5</sup>	90	\$49,000	\$4,410K
C919 <sup>6</sup>	200	\$26,500	\$5,300K
ARJ21 <sup>7</sup>	55	\$29,500	\$1,625K
GE9X <sup>8</sup>	_____	_____	\$7,500K

### ➤ Total GE Aviation Programs Revenues per Outlook Year (the Juggernaut): **\$55,000K**

<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, customer inputs and references to related program information.

<sup>2</sup> Estimates based upon information provided by the Customers; based upon selling pricing effective January 1, 2025.

<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 21.

<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...An Update<sup>6</sup>

	Sales	EBITDA
FY23 Base Year	\$54.1M*	\$11.5M
Estimated GE Programs Incremental Sales <sup>1</sup>	\$32.7M	
Estimated incremental sales for ADL ADRS, Kratos Valkyrie Unmanned Aircraft and PAC-3 Missile System Programs <sup>2</sup>	\$20M	
Non-GE Programs Incremental Sales <sup>3</sup>	<u>\$8M</u>	
<b>Estimated Revenue Outlook</b>	<b>\$114.8M</b>	
Estimated EBITDA contribution from incremental revenues <sup>4</sup>		\$22.5M
Adjustment to Base Year EBITDA <sup>5</sup>		<u>\$2.5M</u>
<b>Estimated EBITDA Outlook</b>		<b>\$36.5M</b>

\*"M" = million



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

<sup>1</sup> GE Programs Outlook Sales of \$55.0M minus FY23 GE Programs Sales of \$22.3M equals \$32.7M.

<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 Programs Sales are \$31.8M (FY23 total sales of \$54.1M minus FY23 GE Programs Sales of \$22.3M equals \$31.8M). Analysis assumes 25% growth of Non-GE Programs Sales by outlook year. 25% of \$31.8M equals \$8M of incremental Non-GE Programs Sales. (Note that annualized FY2024 YTD Non-GE Programs Sales are \$37.5M.)

<sup>4</sup> Outlook incremental sales are \$60.7M (Outlook Sales of \$114.8M minus FY23 Sales of \$54.1M equals \$60.7M). Analysis assumes a 37% EBITDA contribution on the \$60.7M of incremental sales, or \$22.5M 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...An Update<sup>6</sup> (Continued)**

<sup>6</sup> The above financial 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:

- Joint manufacturing development project with major customer
- The Company's new Film Adhesive product line and other adhesive products currently undergoing qualification
- An Asian JV Park is discussing with two separate large aerospace companies
- A 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 related to hypersonic missile systems
- Several rocket and missile programs with respect to which the Company's products are undergoing qualification
- The Israeli Arrow 3 Missile Defense System



# Brief Update on Selected Programs

## ➤ Aero Design Labs (ADL) ADRS (Aero Drag Reduction System) for Boeing 737NG Aircraft

- ✓ The ADRS was recently certified on the Boeing 737-800, the Boeing 737 variant with the most units in service
- ✓ According to ADL, the fuel burn reduction from their ADRS measured by computer simulation and actual flight data has met ADL's targets and objectives
- ✓ Park is currently in early production of composite materials for the ADL ADRS program with volumes forecasted to escalate through 2025...Park believes its advanced composite materials are sole source qualified on the ADL ADRS program

## ➤ Kratos XQ-58A Valkyrie UAS

- ✓ The DOD recently announced a new high priority and urgency program called Replicator aimed at fielding thousands of attritable lower-cost autonomous systems and drones
- ✓ The DOD announced the goal of the Replicator program is to field these systems within 18 to 24 months





# Brief Update on Selected Programs (Continued)

- ✓ It is believed by many that the Kratos Valkyrie UAS is ideally suited for the Replicator Program
- ✓ Park's advanced composite materials are sole source qualified on the Valkyrie program

## ➤ Patriot PAC-3 Missile Defense System

- ✓ Demand continues to be very strong with many countries in Europe and Asia signing up and requesting approval for the PAC-3 System
- ✓ The supply chain is straining to keep up with the demand for the PAC-3 Missile Defense System
- ✓ Park's proprietary ablative materials are sole source qualified on the PAC-3 Program



*Patriot PAC-3 Missile Defense System*



# Analysis of Park Cash and Cash Application (in thousands)

Net Cash and Marketable Securities as of August 27, 2023			<b>\$74,200</b>
Transition Tax Installment Payments remaining <sup>1</sup>	\$9,300		
Solution Treater for ADL and other projects <sup>2</sup>	6,000		
Additional Major Capital Projects	?		
Additional Park stock buy-backs, if any	?		
Total:	<u>\$15,300</u>	<b>(\$15,300)</b>	
Total Cash Remaining after application of cash to above items <sup>3</sup>			<b>\$58,900</b>

<sup>1</sup> Payable through June, 2025; \$3.2 Million paid in June 2023.

<sup>2</sup> Estimated cost if we proceed with treater project.

<sup>3</sup> Conceptual computation only.





# Park's Balance Sheet, Cash Dividend History and Recent Share Buy-back Activities

- Park has zero long-term debt!
- Park's Cash Dividend
  - ✓ While others cut or cancelled their dividends, Park maintained its regular 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
  - ✓ **Park has paid \$586 Million, or \$28.60 per share, in cash dividends since the beginning of FY2005**
- 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
  - ✓ On May 12, 2023, Park implemented a Rule 10b5-1 Company Stock Purchase Plan, which expired, by its terms, on July 7, 2023



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

- Under that Plan, Park purchased 221,099 shares of the Company's Common Stock at an average price of \$13.02 per share and at a total cost of \$2,879,626.42
- ✓ On August 11, 2023, Park implemented a Rule 10b5-1 Company Stock Purchase Plan, which expires, by its terms, on October 5, 2023
  - Under that Plan, no shares of the Company's Common Stock have been purchased





# The Park Family

## The Secret Continues

- Update on Park's Great Customer Flexibility Program
  - ✓ Current Total Participation: 62%...Participation break-down:
    - 2 job categories: 43%
    - 3 job categories: 30%
    - 4 job categories: 20%
    - 5 job categories: 7%
  - ✓ One of the “secrets” to our success...
- The Park Family Current People Count is 119 Park People
- Our short-term plan is to add 15 employees and increase our Park People Count to 134 Park People
  - ✓ Be advised that doing so will cost our P&L approximately \$1 million per year (or up to \$1.5 million per year compared to a baseline of 110 employees)
  - ✓ And that could happen relatively quickly, particularly for the production workers
    - Why is that?



# The Park Family

## The Secret Continues (Continued)

- ✓ As previously stated, we need to get ready for the Juggernaut...or we too will be overrun...
  - ✓ Our Great Park People are committed to making money for our Owners every quarter, but we run our business for Park's future...for the long-term...not for the next quarter
- 
- Our intermediate plan is to increase our Park People Count to 143 Park People
  - At Park, we are so very fortunate and blessed to have the Great Park People we have
  - At Park, our People play for keeps...and we are now in our 70th Year of playing for keeps...



*Park's Aerospace Composite Structures Crew*





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

# Thank You!





# Appendix 1

## Park Aerospace Corp.

### **October 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 October 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 2024 fiscal year second quarter earnings news release dated October 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 August 27, 2023 on or about October 6, 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 \$12.5 million in the 2024 fiscal year second quarter compared to \$13.9 million in the 2023 fiscal year second quarter and \$15.6 million in the 2024 fiscal year first quarter.

Gross Profit for the 2024 fiscal year second quarter was \$4.1 million, or 32.7% of sales, compared to \$4.1 million, or 29.4% of sales, for the 2023 fiscal year second quarter and \$4.8 million, or 31.1% of sales, for the 2024 fiscal year first quarter.





## Appendix 1 Continued

Selling, general and administrative expenses for the 2024 fiscal year second quarter were \$1.9 million, or 14.8% of sales, compared to \$1.7 million, or 12.5% of sales, for the 2023 fiscal year second quarter and \$1.9 million, or 12.4% of sales, for the 2024 fiscal year first quarter. Investment income, net of interest expense, in the 2024 fiscal year second quarter was \$139,000 compared to \$221,000 in the 2023 fiscal year second quarter and \$389,000 in the 2024 fiscal year first quarter.

Earnings before income taxes for the 2024 fiscal year second quarter were \$2.4 million, or 18.9% of sales, compared to \$2.6 million, or 18.6% of sales, for the 2023 fiscal year second quarter and \$3.3 million, or 21.1% of sales, for the 2024 fiscal year first quarter.

Net earnings for the 2024 fiscal year second quarter were \$1.7 million, or 14.0% of sales, compared to \$1.9 million, or 13.6% of sales, for the 2023 fiscal year second quarter and \$2.4 million, or 15.5% of sales, for the 2024 fiscal year first quarter.

Depreciation and amortization expense in the 2024 fiscal year second quarter was \$339,000 compared to \$261,000 in the 2023 fiscal year second quarter and \$305,000 in the 2024 fiscal year first quarter. Capital expenditures in the 2024 fiscal year second quarter were \$207,000 compared to \$556,000 in the 2023 fiscal year second quarter and \$167,000 in the 2024 fiscal year first quarter.

Adjusted EBITDA for the 2024 fiscal year second quarter was \$2.7 million, or 21.4% of sales, compared to \$2.7 million, or 19.5% of sales, for the 2023 fiscal year second quarter and \$3.3 million, or 21.3% of sales, for the 2024 fiscal year first quarter.

The effective tax rate was 26.2% in the 2024 fiscal year second quarter compared to 26.8% in the 2023 fiscal year second quarter and 26.7% in the 2024 fiscal year first quarter.

For the 2024 fiscal year second quarter, the top five customers, in alphabetical order, were Aerospheres, Inc., Kratos Defense & Security Solutions, Lifeport Inc., Middle River Aerostructure Systems (including its subcontractors) and The Nordam Group. The top five customers totaled approximately 49% of total sales during the 2024 fiscal year second quarter. The top 10 customers totaled approximately 65% of total sales and the top 20 customers totaled approximately 77% of total sales during the 2024 fiscal year second quarter.

