



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

**FY2024 Q3 Investor Conference Call**  
**January 9, 2024**

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

## Forward Looking Disclaimer

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*Airbus A321XLR with LEAP-1A Engines*



# 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	FY24 Q3
Sales	\$13,594	\$13,618	\$13,864	\$12,502	\$12,783	\$13,875	\$13,867	\$13,530	\$15,551	\$12,481	\$11,639
Gross Profit	\$5,472	\$4,411	\$3,836	\$4,198	\$4,092	\$4,086	\$4,444	\$3,851	\$4,833	\$4,079	\$3,169
Gross Margin	40.3%	32.4%	27.7%	33.6%	32.0%	29.4%	32.0%	28.5%	31.1%	32.7%	27.2%
Adjusted EBITDA	\$4,104**	\$3,232**	\$2,670**	\$3,083**	\$2,804	\$2,709	\$3,321	\$2,625	\$3,311**	\$2,669	\$1,808
Adjusted EBITDA Margin	30.2%**	23.7%**	19.3%**	24.7%**	21.9%	19.5%	23.9%	19.4%	21.3%**	21.4%	15.5%

## ➤ Observations and thoughts about our FY2024 Q3

- ✓ The MRAS\*\*\* Inventory Burn-down, which started in FY2024 Q2, continued in FY2024Q3, as we predicted
  - Is the MRAS Inventory Burn-down expected to continue in FY2024 Q4?
    - **No! The Burn-down ended in FY2024 Q3, as we predicted it would**
  - We will discuss the MRAS Inventory Burn-down in greater detail later in this Presentation

\*From Continuing Operations

\*\*Before Special Items

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





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

- ✓ Our non-GE Aviation Jet Engine Sales were \$7.5 million in FY2024 Q3 compared to \$9.4 million in both FY2024 Q1 and Q2
  - Although there will almost always be some degree of quarter-to-quarter variability in our business, the trend for non-GE Aviation Sales is still quite positive and encouraging
    - What are the reasons for this quarter-to-quarter variability?
      - ❖ For numerous reasons, the programs we supply into may be active in one quarter and inactive in another quarter
        - There is very little we can do to control the timing of when the programs will be active or inactive, and it would be a waste of our energy and time to attempt to do so (an exercise in futility)
        - **At Park, we focus our energy and efforts on getting on additional programs which we believe will be supportive of Park's long-term objectives rather than on attempting to control the timing of the programs we are already on**



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

- But, this quarter-to-quarter variability often does come with less than optimal visibility, which requires us to be very agile and fast on our feet with our supply chain, inventory and production management activities
- ✓ Were there any **new** obstacles to completing sales in FY2024 Q3?
  - **Yes...see below!**
- ✓ Why were the Margins in FY2024 Q3 lower than the Margins in FY2024 Q2?
  - Less favorable sales mix in FY2024 Q3 compared to FY2024 Q2
    - As explained above, we have little to no control over which programs are active and which programs are inactive on a quarter-to-quarter basis
  - Lower sales in FY2024 Q3 compared to FY2024 Q2 (as explained above)
  - And, even though we fully anticipated that FY2024 Q3 sales were going to be light compared to FY2024 Q2, **we intentionally ramped up our costs in Q3 to meet the production requirements of expected key program ramp-ups**





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

- **We saw the freight train coming and we wanted to make sure we were ready**
- **Although ramping up our costs took some conviction (and maybe a little courage), it turns out it clearly was the right thing to do for Park**

## ➤ Other considerations related to our FY2024 Q3

- ✓ How are things going with Supply Chain, Staffing and Freight Disruption Challenges?
  - Supply Chain and Staffing challenges continue, but they seem to be improving to some extent...or maybe it is more that we have become more effective in dealing with them
  - **But international freight...well, that is a different story**
    - **The War in the Middle East** is causing serious disruption and challenges for international freight



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

❖ Disrupting shipments to customers in the Middle East and Asia

- Total Missed Shipments in FY 2024 Q3...**Approximately \$560 Thousand**
  - What was the main cause of that?
  - You guessed it, **international freight disruptions...**

➤ And our margins continue to be affected by Inflation and the costs related to operating our 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



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

- Park has zero long-term debt!
- Park reported \$74.0 Million in Cash and Marketable Securities as of the end of FY2024 Q3
  - ✓ There are \$9.3 Million of remaining Transition Tax Installment payments payable through June 2025
- 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 \$588 Million, or \$28.725 per share, in cash dividends since the beginning of FY2005**





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

- 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
  - ✓ Park has purchased 221,099 shares of its Common Stock at an average price of \$13.02 per share under that authorization
  - ✓ There are 1,278,901 shares of Park's Common Stock still available to be purchased under that authorization, although there is no assurance that any additional shares will be purchased under the authorization



# FY2024 Q3 Top Five Customers (in Alphabetical Order)

AAE Aerospace

Aerospheres, Inc.

Kratos Defense and Security Solutions

Middle River Aerostructure Systems (MRAS)  
and its subcontractors

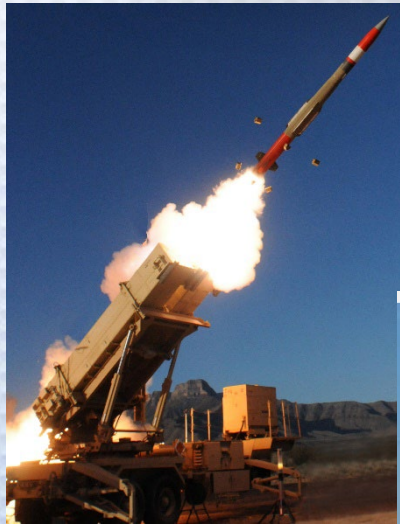
The Nordam Group



*Bombardier  
Global 7500*



*Gulfstream G280*



*Patriot PAC-3 Missile  
Defense System*



*Kratos UTAP-22 Mako  
(Unmanned Tactical Aerial Platform)*



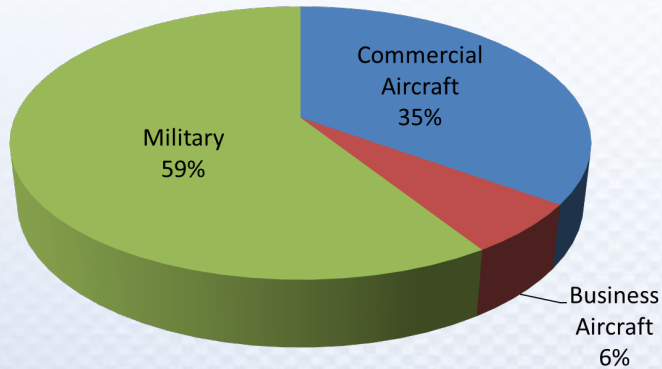
*Boeing 747-8*





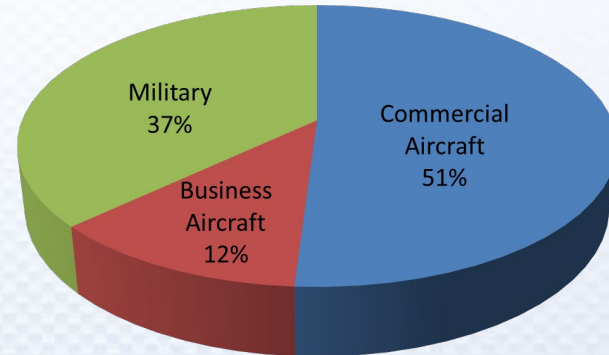
# Park's Estimated Revenues by Aerospace Market Segment

## FY2021



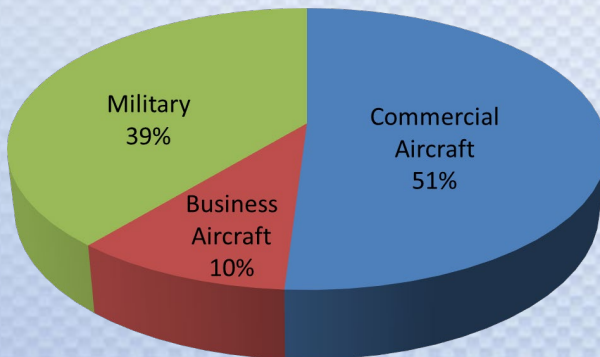
FY2021 Revenues:  
\$46.3 Million

## FY2022



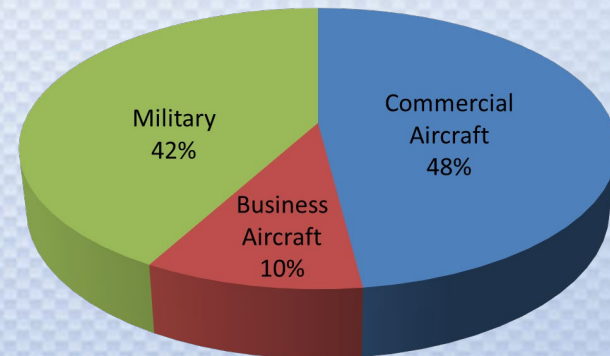
FY2022 Revenues:  
\$53.6 Million

## FY2023



FY2023 Revenues:  
\$54.1 Million

## FY2024 First 9 Months



FY2024 First 9 Months Revenues:  
\$39.7 Million

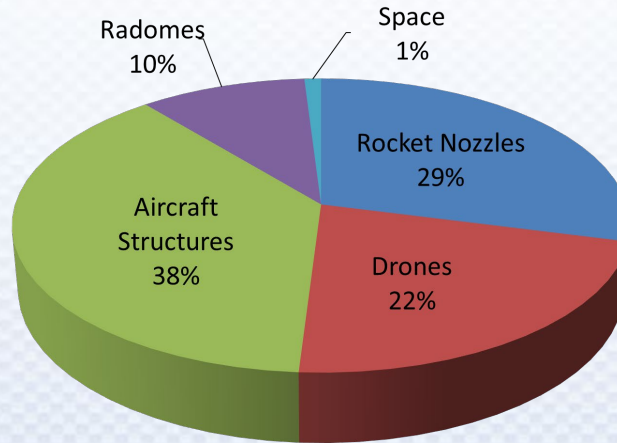


# Park Loves “Niche” Military Aerospace Programs

## Park’s Estimated FY2024 First 9 Months Military Revenues by Market Segment



*SpaceX Falcon 9  
Launcher with  
Dragon Spacecraft*



Estimated FY2024 First 9 Months  
Military Revenues: \$16.6 Million



*Northrop Grumman E-2D  
Advanced Hawkeye*



*Sikorsky UH-60 Black Hawk*



*Lockheed C-5 Galaxy*



*Mk-56 Vertical Launching System  
(VLS)*





# Aerospace Industry Trends and Considerations

## A Brief Update

### ➤ Commercial Aerospace Markets

- ✓ Domestic Air Travel is reported to have fully recovered from the Pandemic
  - Very good news for single aisle aircraft like the Airbus A320neo Aircraft Family
- ✓ International Air Travel is reported to be approaching pre-pandemic levels
  - Very good news for long haul aircraft like the Boeing 777X Aircraft
- ✓ Not surprisingly, demand for commercial aircraft is very high
  - Supply chain and labor shortage challenges continue to be the biggest headwinds for the commercial aircraft industry
    - Engines and labor shortages continue to be mentioned as among the most significant limiting factors
  - There are recent reports of supply chain stabilization and improvement...but we are not completely convinced
- ✓ Notwithstanding these ongoing supply chain constraints, **many now believe that 2024 will be the year the Commercial Aircraft Industry “breaks out” and ramps up production in earnest**



# Aerospace Industry Trends and Considerations

## A Brief Update (Continued)

- The recent impressive ramp-up of A320neo Family Aircraft deliveries (see Slides 21 and 22 regarding this delivery ramp-up) certainly is supportive of that view
  - Should the ramp-up of A320neo Family Aircraft deliveries be considered to be a proxy for the Commercial Aircraft Industry?
    - ❖ Considering the A320neo Family Aircraft program is expected to be the largest commercial aircraft program in history, maybe it should

### ➤ Military Markets

- ✓ Global demand for Military and Defense hardware, including missile and missile defense systems, such as the Patriot PAC-3 Missile Defense System, is quite high and is elevated by the wars and the extreme tensions around the globe





# Aerospace Industry Trends and Considerations

## A Brief Update (Continued)

- There also is a high level of interest in unmanned and potentially autonomous systems, such as the Kratos XQ-58 Valkyrie Unmanned Combat Aerial System
- ✓ But the markets for Military and Defense hardware are also affected, and in some cases constrained, by national and international political and budgetary factors
- ✓ And, in some cases, supply chain and labor constraints continue to limit the ability of the Military and Defense OEMs to meet the market demand for this hardware



*Kratos XQ-58 Valkyrie  
Unmanned Combat Aerial System*

➤ December 17, 2023 was the 120th Anniversary of the Wright Brother's first powered flight in Kitty Hawk, North Carolina

✓ **Happy Anniversary, Aerospace Industry...**



# 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 also 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!
  - ✓ This program is subject to fan case redesign risk
- MRAS Qualification of Three Park Proprietary Film Adhesive Formulation Product Forms 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**
  - ✓ **Agreement is in progress**
  - ✓ **What is the "LOP" Agreement 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 6,753 Airplanes** as of October 31, 2023 (Source: December 2023 edition of Aero Engine News)
  - ✓ **Airbus continues to reaffirm 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



*Airbus A321neo with LEAP-1A Engines*





# Update on GE Aviation Jet Engine Programs (Continued)

- How is Airbus doing so far with their planned A320neo Family Aircraft production ramp up?
  - Pretty well actually...according to reports, Airbus delivered:
    - ❖ **73 A320neo Family Aircraft in December 2023**
    - ❖ **An average of 57 A320neo Family Aircraft per month in CY2023 Q4**
    - ❖ **563 A320neo Family Aircraft in CY2023, or an average of 47 A320neo Family Aircraft per month in CY2023**
  - **For perspective, Airbus delivered the following number of A320neo Family Aircraft for each of the following calendar years:**
    - ❖ **2018: 386 or an average of 32 per month**
    - ❖ **2019: 561 or an average of 47 per month**
    - ❖ **2020: 431 or an average of 36 per month**
    - ❖ **2021: 459 or an average of 38 per month**
    - ❖ **2022: 516 or an average of 43 per month**



# Update on GE Aviation Jet Engine Programs (Continued)

- So, in CY2023, for the first time since the beginning of the pandemic, Airbus was able to return A320neo Family Aircraft production and delivery rates to pre-pandemic rates
  - ❖ *A very key milestone and accomplishment for Airbus*
- There still could be monthly ups and downs in A320neo Family Aircraft deliveries, but it is quite apparent that the ramp is REAL and not going away!!!
- 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 constraints and limitations
- And, by the way, according to reports, Airbus booked 257 new A320neo Family Aircraft orders in December 2023, and booked an unheard of 1,693 new A320neo Family Aircraft orders in CY2023!!!





# Update on GE Aviation Jet Engine Programs (Continued)

- ✓ 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...



*Airbus A320neo with LEAP-1A Engines*



# Update on GE Aviation Jet Engine Programs (Continued)

- But that all recently changed
  - The LEAP-1A has recently broken out as the clear market share winner for the A320neo Aircraft Family
  - According to the December 2023 edition of Aero Engine News, the CFM LEAP-1A market share of firm orders for the A320neo Aircraft Family is 65.6% as of October 31, 2023
  - This huge jump in market share is quite remarkable when one considers that there are 12,428 firm engine orders for A320neo Family Aircraft (Source: November 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 have been considered to be highly unlikely
  - At the delivery rate of 75 A320neo Family Aircraft per month, the 65.6% LEAP-1A market share translates into 1,181 LEAP-1A engines per year
    - ❖ What is that worth to Park?





# Update on GE Aviation Jet Engine Programs (Continued)

- There currently are 8,150 firm LEAP-1A engine orders  
(Source: November 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?
  - **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
    - ❖ The inspection and repair work is expected to take up to 300 days per engine



# Update on GE Aviation Jet Engine Programs (Continued)

- The FAA published a new proposed rule on December 11, 2023 requiring the inspection of additional Pratt 1100G parts which could be affected by the powder metal issue
- 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
- Will this crisis lead to significant additional A320neo Aircraft Family market share gains for the LEAP-1A engine?
  - ❖ What do you think?
- Meanwhile, CFM is planning to introduce upgraded components for the LEAP-1A engine to improve its durability





# Update on GE Aviation Jet Engine Programs (Continued)

## ✓ Airbus A321XLR Aircraft Variant

- Airbus recently confirmed that it expects the A321XLR to enter into service in the second quarter of 2024!!!
- Boeing does not have a response to the A321XLR aircraft
- Potentially very important program for Park

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

- ✓ Comac plans to achieve a production rate of 150 C919 Aircraft per year within five years
- ✓ According to Comac, it has over 1,000 orders for the C919 Aircraft
- ✓ The C919 recently made its first flight outside Mainland China (to Hong Kong)
- ✓ Comac recently unveiled stretched and shortened variants of the C919 Aircraft



*Comac C919 with CFM LEAP-1C Engine*



# Update on GE Aviation Jet Engine Programs (Continued)

## ➤ 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
- ✓ Comac recently delivered its first two ARJ21 Converted Freighter Aircraft
  - Comac hailed this as a “solid step forward” for China’s aerospace sector



*Comac ARJ21 with GE CF34-10A Engine*





# Update on GE Aviation Jet Engine Programs (Continued)

- **Boeing 777X Aircraft with GE9X Engines**
  - ✓ According to a recent Boeing announcement, the B777X Aircraft will be certified by the FAA and EASA in 2025
  - ✓ Park expects approximately \$2 million of B777X Program revenues in CY2024
  - ✓ With the cancellation of the Boeing 747 and Airbus A380 programs, the B777X occupies a unique space in the long haul high payload capacity widebody aircraft market...and it will likely continue to do so for a very long time
  - ✓ Potentially significant program for Park
  
- **The Legendary Boeing 747 (thank goodness for spares)**



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



*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

✓ FY2023 Q4: \$4.7 Million

✓ **FY2023 Total: \$22.3 Million**

✓ FY2024 Q1: \$6.2 Million

✓ FY2024 Q2: **\$3.1 Million**

✓ **FY2024 Q3: \$4.15 Million**

## ➤ GE Aviation Sales Forecast Estimates\*:

✓ **FY2024 Q4: \$7.5 Million\*\***

✓ **FY2024 Total: \$21.0 Million**

\*Subject to Supply Chain risks and other risks and considerations described on Slides 7 and 8 above

**\*\*100% booked; Good-bye, MRAS  
Inventory Burn-down**





# Park's FY2024 Q3 GE Aviation Programs Sales...

## MRAS Inventory Burn-down Part 2

- The sharp drop-offs in FY2024 Q2 and Q3 GE Aviation Jet Engine Programs Sales were all about MRAS's burn-down of Park inventory carried by MRAS (and certain of its subcontractors)
- The MRAS CY2023 build plan (their build plan, not ours!) translated into approximately \$23 million of CY2023 Park GE Programs Sales, or approximately \$5.75 million per quarter
  - ✓ Since MRAS's 2023 build plan translated into ~\$5.75 million in Park's GE Programs Sales per quarter, why were Park's GE Programs Sales only \$3.1 million in our FY2024 Q2 and \$4.15 million in FY2024 Q3?
    - What explains the gap between Park's expected FY2024 Q2 and Q3 GE Programs Sales based upon the MRAS build plan and Park's actual FY2024 Q2 and Q3 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 Q3 GE Aviation Programs Sales...

## MRAS Inventory Burn-down Part 2 (Continued)

- Will this kind of disruptive inventory burn-down happen again?
  - ✓ It likely will...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...
- **But, we are happy to ride the quarter-to-quarter GE Programs Sales roller coaster and to face the challenges presented by it, because, to us, the overridingly important consideration is the long-term Outlook for GE Programs Sales as explained on Slide 38**
  - ✓ **This roller coaster volatility does place additional pressure on us to be agile, nimble and fast on our feet with our supply chain, inventory and production management activities, though**





# Park's FY2024 Q3 GE Aviation Programs Sales...

## MRAS Inventory Burn-down Part 2 (Continued)

- Where are we going with the MRAS inventory burn-down?
  - ✓ In our FY2024 Q2 Investor Presentation, we predicted that the burn-down would likely be completed in our FY2024 Q3 and that the Park inventory carried by MRAS will be “normalized” by the end of our Q3...
    - Based upon our GE Aviation Program bookings for FY2024 Q4, that prediction was obviously correct
  - ✓ One more consideration regarding inventory management...
    - As a general matter, it is very important to avoid over-correcting and “over-shooting”, as doing so can create additional volatility with increasing sine wave amplitudes in inventory swings...
    - In our FY2024 Q2 Investor Presentation, we indicated that this was a concern of ours, and, if our concern proved to be well founded, it could result in a significant spike in demand in our FY2024 Q4 and into our FY2025...



# **Park's FY2024 Q3 GE Aviation Programs Sales... MRAS Inventory Burn-down Part 2 (Continued)**

- Based upon our GE Aviation Programs bookings for FY2024 Q4:
  - ❖ That concern was obviously well founded
  - ❖ Our decision to ramp up our costs in FY2024 Q3 in order to be prepared for the FY2024 Q4 spike in demand was obviously the right decision for Park!

➤ 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 38)**
- ✓ **We think we better be ready...or we too will be overrun...**





# Park's FY2024 Q3 GE Aviation Programs Sales...

## MRAS Inventory Burn-down Part 2 (Continued)

- And, by the way, the MRAS CY2024 build plan (their build plan, not ours!) translates into approximately \$28 million of CY2024 Park GE Aviation Jet Engine Programs Sales, or approximately \$7 million per quarter...



# Park's Financial Performance History and Forecast Estimates\*

## ➤ Quarterly Sales and Adjusted EBITDA history:

	Sales	Adjusted EBITDA
FY2023 Q1	\$12.8 Million	\$2.8 Million
FY2023 Q2	\$13.9 Million	\$2.7 Million
FY2023 Q3	\$13.9 Million	\$3.3 Million
FY2023 Q4	\$13.5 Million	\$2.6 Million
<b>FY2023 Total</b>	<b>\$54.1 Million</b>	<b>\$11.5 Million</b>
FY2024 Q1	\$15.6 Million	\$3.3 Million**
FY2024 Q2	\$12.5 Million	\$2.7 Million
<b>FY2024 Q3</b>	<b>\$11.6 Million</b>	<b>\$1.8 Million</b>

## ➤ FY2024 Q4 and FY2024 Financial Forecast Estimates\*\*\*:

	Sales	Adjusted EBITDA
<b>FY2024 Q4</b>	<b>\$15.0 Million to \$16.0 Million</b>	<b>\$3.2 Million to \$4.0 Million</b>
<b>FY2024 Total</b>	<b>\$54.7 Million to \$55.7 Million</b>	<b>\$11.0 Million to \$11.8 Million</b>

\*From Continuing Operations

\*\*Before Special Items

\*\*\*Subject to supply chain risks and other risks and considerations described on Slides 5 through 8 above





# Financial Outlook for Park and GE Programs

## An Update

- The following is our updated revenue Outlook for GE Aviation Jet Engine Programs and financial Outlook for Park generally
  - ✓ Although we did provide quarterly forecast estimates for GE Aviation Programs and Park above, we believe the GE Aviation Programs and Park Outlooks are more meaningful and significant than the 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!**
  - ✓ 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>	1181 <sup>4</sup>	\$30,500	\$36,025K
PP20 <sup>5</sup>	90	\$49,000	\$4,410K
C919 <sup>6</sup>	200	\$26,500	\$5,300K
ARJ21 <sup>7</sup>	60	\$29,500	\$1,770K
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 addressed 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 24.

<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, but we believe the engine units per year assumption used in computing the annual revenues is conservative. This program is subject to the fan case redesign risk described on Slide 19.





# 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.

<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 other revenue opportunities, including, for example, revenue opportunities related to:

- 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 large aerospace program on which the Company's composite materials are a finalist
- A structures, assemblies and integrations project on which the Company is working 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
- The major new manufacturing project discussed on the following slide →



# Major New Manufacturing Project Initiative

- **Major new Manufacturing Project Initiative for Park**
  - ✓ Requested by highly motivated Long-term Large Customer
  - ✓ Park believes the Project has a high degree of likelihood to proceed
  - ✓ Project is extremely confidential
- Park would need to build (or purchase) a new facility to accommodate the Project
  - ✓ Preliminary estimate of facility size is in the 30,000 to 50,000 square feet range
- Preliminary estimate of Park new capital required for the Project is in the \$6 million to \$10 million range
- Fairly large workforce would be required to staff the new facility
  - ✓ Automation being considered to reduce the size of the required workforce
  - ✓ Automation would increase capital spending on the Project





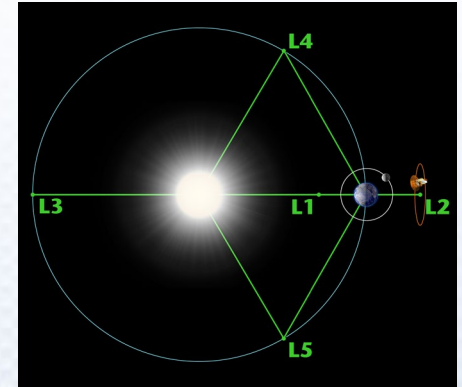
# Major New Manufacturing Project Initiative (Continued)

- Preliminary estimate of revenues from the Project are in the \$20 million to \$30 million per year range for more than ten years (likely Life of Program)
- High priority potentially very important project for Park and our Customer

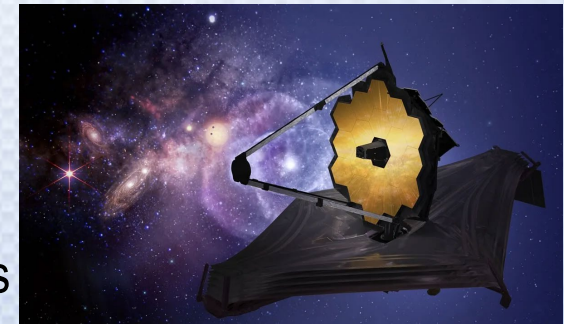


# Update on James Webb Space Telescope... Revelations for the Ages...

- Reminder: 21 of Park's proprietary SigmaStruts™ are incorporated into the structure of the JWST
- The JWST (along with Park's SigmaStruts produced in Newton, Kansas) is established at the Lagrange 2 (L2) Orbit Point located approximately One Million Miles from Earth
- The JWST recently spotted the oldest black hole ever seen, an ancient black hole with the mass of 1.6 million suns from 13 billion years ago...the JWST spotted this black hole in the center of the infant Galaxy GN-z11 only 440 million years after the birth of the Universe...
  - ✓ **But black holes of this magnitude are not supposed to have existed until much later in the development of the Universe...**
  - ✓ Is the Universe really 13.7 billion years old...or is it much older?



*Lagrange 2 (L2) Orbit Point*





# Update on James Webb Space Telescope... Revelations for the Ages...(Continued)

- ✓ Are our theories about star and galaxy formation correct...or fundamentally flawed?
  - ✓ Are our modern cosmological theories about the Universe and its origins correct...or fundamentally flawed?
- 
- Data and images from the JWST are turning modern cosmological science upside down and inside out...
  - We thought we understood so much about the Universe and its origins, but the JWST is telling us we know so very little...
    - ✓ Our theories are just not holding up
  - **It is just beyond words and description what it means for us at Park to be a small part of the JWST and its Revelations for the Ages...**





# Park Family Holiday Party Celebrated in Our Beautiful Factory



*Cory Thanking our Park People  
for Their Dedication and Service  
to Our Company*



*Ugly Sweater Contest Winners*



*Annual Paper Airplane Throwing Contest Winners*





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

# Thank You!





### **January 9, 2024 Investor Conference Call – Supplementary Financial Information**

The financial and other data contained herein (the “Supplementary Data”) is being provided pursuant to the requirements of Regulation G promulgated by the U.S. Securities and Exchange Commission (the “SEC”). The Supplementary Data is time-sensitive information and is accurate as of January 9, 2024. 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 third quarter earnings news release dated January 9, 2024 and the reports and documents that we file from time to time with the SEC. In particular, please read our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K that we may file from time to time. Park currently expects to file its Quarterly Report on Form 10-Q for the fiscal quarter ended November 26, 2023 on or about January 10, 2024. 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 \$11.6 million in the 2024 fiscal year third quarter compared to \$13.9 million in the 2023 fiscal year third quarter and \$12.5 million in the 2024 fiscal year second quarter.

Gross Profit for the 2024 fiscal year third quarter was \$3.2 million, or 27.2% of sales, compared to \$4.4 million, or 32.0% of sales, for the 2023 fiscal year third quarter and \$4.1 million, or 32.7% of sales, for the 2024 fiscal year second quarter.





## Appendix 1 Continued

Selling, general and administrative expenses for the 2024 fiscal year third quarter were \$1.8 million, or 15.5% of sales, compared to \$1.5 million, or 11.0% of sales, for the 2023 fiscal year third quarter and \$1.9 million, or 14.8% of sales, for the 2024 fiscal year second quarter. Investment income, net of interest expense, in the 2024 fiscal year third quarter was \$261,000 compared to \$299,000 in the 2023 fiscal year third quarter and \$139,000 in the 2024 fiscal year second quarter.

Earnings before income taxes for the 2024 fiscal year third quarter were \$1.6 million, or 14.0% of sales, compared to \$3.2 million, or 23.2% of sales, for the 2023 fiscal year third quarter and \$2.4 million, or 18.9% of sales, for the 2024 fiscal year second quarter.

Net earnings before special items for the 2024 fiscal year third quarter were \$1.2 million, or 10.3% of sales, compared to \$2.4 million, or 17.2% of sales, for the 2023 fiscal year third quarter and \$1.7 million, or 14.0% of sales, for the 2024 fiscal year second quarter.

Depreciation and amortization expense in the 2024 fiscal year third quarter was \$339,000 compared to \$305,000 in the 2023 fiscal year third quarter and \$339,000 in the 2024 fiscal year second quarter. Capital expenditures in the 2024 fiscal year third quarter were \$107,000 compared to \$105,000 in the 2023 fiscal year third quarter and \$207,000 in the 2024 fiscal year second quarter.

Adjusted EBITDA for the 2024 fiscal year third quarter was \$1.8 million, or 15.5% of sales, compared to \$3.3 million, or 23.9% of sales, for the 2023 fiscal year third quarter and \$2.7 million, or 21.4% of sales, for the 2024 fiscal year second quarter.

The effective tax rate was 26.0% in the 2024 fiscal year third quarter compared to 26.0% in the 2023 fiscal year third quarter and 26.2% in the 2024 fiscal year second quarter.

For the 2024 fiscal year third quarter, the top five customers, in alphabetical order, were AAE Aerospace, Aerospheres, Inc., Kratos Defense & Security Solutions, Middle River Aerostructure Systems (including its subcontractors) and The Nordam Group. The top five customers totaled approximately 54% of total sales during the 2024 fiscal year third quarter. The top 10 customers totaled approximately 68% of total sales and the top 20 customers totaled approximately 81% of total sales during the 2024 fiscal year third quarter.

