

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 1, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-4415

PARK AEROSPACE CORP.

(Exact Name of Registrant as Specified in Its Charter)

New York
(State or Other Jurisdiction of
Incorporation of Organization)
1400 Old Country Road, Westbury, New York
(Address of Principal Executive Offices)

11-1734643
(I.R.S. Employer
Identification No.)
11590
(Zip Code)

Registrant's telephone number, including area code (631) 465-3600

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$.10 per share	PKE	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes
No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

<u>Title of Class</u>	<u>Aggregate Market Value</u>	<u>As of Close of Business On</u>
Common Stock, par value \$.10 per share	\$352,886,100	August 31, 2025

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.

<u>Title of Class</u>	<u>Shares Outstanding</u>	<u>As of Close of Business On</u>
Common Stock, par value \$.10 per share	20,877,859	May 18, 2026

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for Annual Meeting of Shareholders to be held July 21, 2026 incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS.

General

Park Aerospace Corp. (“Park”), and its subsidiaries (unless the context otherwise requires, Park and its subsidiaries are hereinafter called the “Company”), is an aerospace company which develops and manufactures solution and hot-melt advanced composite materials used to produce composite structures for the global aerospace markets. Park’s advanced composite materials include film adhesives and lightning strike protection materials. Park offers an array of composite materials specifically designed for hand lay-up or automated fiber placement (“AFP”) manufacturing applications. Park’s advanced composite materials are used to produce primary and secondary structures for jet engines, large and regional transport aircraft, military aircraft, Unmanned Aerial Vehicles (“UAVs”) commonly referred to as “drones”), business jets, general aviation aircraft and rotary wing aircraft. Park also offers specialty ablative materials for rocket motors and nozzles and specially designed materials for radome applications. As a complement to Park’s advanced composite materials offering, Park designs and fabricates composite parts, structures and assemblies and low-volume tooling for the aerospace industry. Target markets for Park’s composite parts and structures (which include Park’s proprietary composite SigmaStrut™ and AlphaStrut™ product lines) are, among others, prototype and development aircraft, special mission aircraft, spares for legacy military and civilian aircraft and exotic spacecraft. Park’s core capabilities are in the areas of polymer chemistry formulation and coating technology.

The Company's manufacturing and research and development facilities are located in Newton, Kansas.

Park was founded in 1954 by Jerry Shore, who was the Company’s Chairman of the Board until July 14, 2004.

The Company makes available free of charge on its website, www.parkaerospace.com, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. None of the information on the Company's website shall be deemed to be a part of this Report.

AEROSLIDE®, AEROADHERE®, COREFIX®, ELECTROSLIDE®, ELECTROVEIL® and RADARWAVE® are registered trademarks of Park Aerospace Corp., and ALPHASTRUT®, PEELCOTE® and SIGMASTRUT® are common law trademarks of Park Aerospace Corp.

Operations

The Company designs, develops and manufactures engineered, advanced composite materials and advanced composite structures and assemblies and low-volume tooling for the aerospace markets and prototype tooling for such structures and assemblies.

The Company's aerospace composite materials are designed, developed and manufactured at its facility located at the Newton, Kansas Airport. The Company's aerospace composite structures and assemblies and low-volume tooling are also developed and manufactured at its facility located in Newton, Kansas.

Park offers a wide range of aerospace composite materials manufacturing capability, as well as composite structures design, assembly and production capability, all in its Newton facility. Park offers composite aircraft and space vehicle structures design and assembly services, in addition to "build-to-print" services. The Company believes that the ability to manufacture and develop both composite materials and structures at a single location can facilitate the needs of the aircraft and space vehicle industries.

The Company is planning to build a new composites material manufacturing and development facility to support expected significantly increased demand and future opportunities for the Company's commercial aircraft and defense-related businesses. The facility will be a fully functional and integrated plant that will include manufacturing and development activities. It will also include full production lab facilities, office space, storage and freezer space and ancillary equipment necessary to support all plan manufacturing operations. The site of this new location is currently being finalized and construction is expected to begin in fiscal year 2027.

Under a Business Partner Agreement with ArianeGroup SAS of Les Mureaux, France, Park is the exclusive North American distributor of ArianeGroup's RAYCARB C2B® NG proprietary product. RAYCARB C2B® NG is used to produce ablative composite materials for critical rocketry and missile systems. Park is a long-term customer of ArianeGroup and uses ArianeGroup's RAYCARB C2B® NG product in the production of many of Park's key ablative materials, which Park supplies into critical rocket and missile programs.

On March 27, 2025, Park and ArianeGroup entered into an agreement under which Park would advance funds to ArianeGroup against future purchases of C2B® product in the total amount in Euros of €4,587,000 payable in three installments in 2025, 2026, and 2027. These advanced funds are to be used to help fund the purchase and installation, by ArianeGroup, of additional manufacturing equipment for ArianeGroup's production of C2B® product.

Industry Background

The aerospace composite materials manufactured by the Company and its competitors are used primarily to fabricate light-weight, high-strength structures with specifically designed performance properties. Composite materials are typically highly specified combinations of resin formulations and reinforcements. Reinforcements can be unidirectional fibers, woven fabrics, or non-woven goods such as mats or felts. Resin formulations are typically highly proprietary and include various chemical and physical mixtures. The Company produces resin formulations using various epoxies, polyesters, phenolics, cyanate esters, polyimides and other complex matrices. The reinforcement combined with the resin is referred to as a "prepreg". Aerospace composite materials can be broadly categorized as either thermosets or thermoplastics. While both material types require the addition of heat to form a consolidated laminate, thermoplastics can be reformed using additional heat. Once fully cured, thermoset materials cannot be further reshaped. The Company believes that the demand for thermoset advanced materials is greater than that for thermoplastics due to the fact that parts fabrication processes for continuous fiber reinforced thermoplastics require much higher temperatures and pressures and are, therefore, typically more capital intensive than parts fabrication processes for most thermoset materials.

The Company works with aerospace Original Equipment Manufacturers (“OEMs”), such as general aviation aircraft manufacturers and commercial aircraft manufacturers, and certain tier 1 suppliers (manufacturers of major components or systems such as engines, control systems, landing gear, braking systems, flight deck, avionics, aerostructures, electronic warfare systems and interior cabin products that are supplied to the OEMs) to qualify its aerospace composite materials or structures and assemblies for use on current and upcoming programs. The Company’s customers typically design and specify a material specifically to meet the requirements of the customer’s application and processing methods. Such customers sometimes work with a supplier to develop the specific resin system and reinforcement combination to match the application. Composite structure fabrication methods may include hand lay-up, resin infusion or more advanced automated lay-up processes. Automated lay-up processes include automated tape lay-up, automated fiber placement and filament winding. These automated fabrication processes require different material formats but similar materials to hand lay-up. After the lay-up process is completed, the material is cured by the addition of heat and pressure. Cure and consolidation processes typically include vacuum bag/oven curing, high pressure autoclave and press forming. After the structure has been cured, final finishing and trimming, and assembly of the structure, is performed by the fabricator or the Company.

Products

The aerospace composite materials products manufactured by the Company are primarily thermoset curing preregs. The Company has developed proprietary resin formulations to suit the needs of the markets in which it participates by analyzing the needs of the markets and working with its customers. The complex process of developing resin formulations and selecting the proper reinforcement is accomplished through a collaborative effort of the Company’s research and development, materials and process engineering and technical sales and marketing resources working with the customers’ technical staff. The Company focuses on developing a thorough understanding of its customers’ businesses, product lines, processes and technical challenges. The Company develops innovative solutions which utilize technologically advanced materials and concepts for its customers.

The Company’s aerospace composite materials products include preregs manufactured from proprietary formulations using modified epoxies, phenolics, polyesters, cyanate esters and polyimides combined with woven, non-woven and unidirectional reinforcements. Reinforcement materials used to produce the Company’s products include polyacrylonitrile (“PAN”) based carbon fiber, E-glass (fiberglass), S2 glass, quartz, aramids, such as Kevlar® (“Kevlar” is a registered trademark of E.I. du Pont de Nemours & Co.), Twaron® (“Twaron” is a registered trademark of Teijin Twaron B.V. LLC), polyester and other synthetic materials. The Company also sells certain specialty fabrics and preregs with carbonized rayon fabric reinforcements that are used mainly in the rocket motor industry.

The Company’s composite structures and assemblies are manufactured with carbon, fiberglass and other reinforcements impregnated with formulated resins. The Company also provides low-volume tooling in connection with its manufacture and sale of composite structures and assemblies.

Park is the exclusive North American distributor of ArianeGroup's RAYCARB C2B® NG proprietary product. RAYCARB C2B® NG is used to produce ablative composite materials for critical rocketry and missile systems.

Customers and End Markets

The Company's aerospace composite materials, structures and assemblies customers include manufacturers of turbofan engines, aircraft primary and secondary structures and radomes. A radome is a protective cover over an electrical antenna or signal generator, designed to minimize signal loss and distortion. Radomes are used in military aircraft, UAVs, business jets and turboprops, large and regional transport aircraft and helicopters, space vehicles, rocket motors and specialty industrial products.

The Company's aerospace composite materials are marketed primarily by sales personnel and, to a lesser extent, by independent distributors. The Company's aerospace composite structures and assemblies are marketed primarily by sales personnel.

The Company's aerospace customers include fabricators of aircraft composite structures and assemblies. The Company's aerospace composite materials are used by such fabricators and by the Company to produce primary and secondary structures, aircraft interiors and various other aircraft components. The Company's customers for aerospace materials, and the Company itself, produce structures and assemblies for commercial aircraft and for the general aviation and business aviation, kit aircraft, special mission, UAVs and military markets. Many of the Company's composite materials are used in the manufacture of aircraft certified by the Federal Aviation Administration (the "FAA").

Customers for the Company's rocket motor materials include United States defense prime contractors and subcontractors. These customers fabricate rocket motors for heavy lift space launchers, strategic defense weapons, tactical motors and various other applications. The Company's materials are used to produce heat shields, exhaust gas management devices and insulative and ablative nozzle components. Rocket motors are primarily used for commercial and military space launch, and for tactical and strategic weapons. The Company also has customers for these materials outside of the United States.

End markets include military aircraft, UAVs, business jets and turboprops, large and regional transport aircraft and helicopters, space vehicles, rocket motors and specialty industrial products.

During the Company's 2026, 2025, and 2024 fiscal years, 39.3%, 39.8%, and 37.7%, respectively, of the Company's total worldwide net sales were to affiliate and non-affiliate subtier suppliers of GE Aerospace, a leading manufacturer of aerospace engines. In addition, sales to Aerojet Rocketdyne accounted for 11.7% of the Company's total worldwide sales in the 2026 fiscal year. During the 2026, 2025 and 2024 fiscal years, sales to no other customer of the Company equaled or exceeded 10% of the Company's total worldwide sales. The loss of a major customer or of a group of customers could have a material adverse effect on the Company's business or its consolidated results of operations or financial position.

Manufacturing

The Company's manufacturing facilities for aerospace composite materials, film adhesives, and composite structures and assemblies are located in Newton, Kansas. The Company completed an expansion of its facilities in fiscal year 2024, which doubled the size of such facilities and added manufacturing capacity. The expansion includes enhanced and upgraded hot-melt film and tape lines and mixing and delivery systems, an expanded production lab, a new R&D lab, additional freezer and storage space and additional infrastructure to support the expanded operation. The new facility supports additional manufacturing capacity, which the Company is currently ramping up to meet increased demand. See "Operations" above.

The process for manufacturing composite materials, film adhesives, and composite structures and assemblies is capital intensive and requires sophisticated equipment, significant technical know-how and very tight process controls. The key steps used in the manufacturing process include resin mixing, resin film casting and reinforcement impregnation via hot-melt process or a solution process.

Prepreg is manufactured by the Company using either solvent (solution) coating methods on a treater or by hot-melt impregnation. A solution treater is a roll-to-roll continuous process machine which sequences reinforcement through tension/pressure rollers combining the solvated resin with the reinforcement and then passing the reinforced solvated resin through a drying oven. The reinforcement is dipped in resin, passed through a drying oven which removes most of the solvent and advances (or partially cures) the resin. The prepreg material is interleaved with a carrier and cut to the roll lengths desired by the customer. The Company also manufactures prepreg using hot-melt impregnation methods which use no solvent. Hot-melt prepreg manufacturing is achieved by mixing a resin formulation in a heated resin vessel, casting a thin film on a carrier paper, and laminating the reinforcement with the resin film.

The Company also completes additional processing services, such as slitting, sheeting, biasing, sewing and cutting, if needed by the customer. Many of the products manufactured by the Company also undergo extensive testing of the chemical, physical and mechanical properties of the product. These testing requirements are completed in the laboratories and facilities located at the Company's manufacturing facilities.

Once the manufacturing process has been completed, the product is tested and packaged for shipment to the customer. The Company typically supplies final product to the customer in roll form.

The Company's laboratories have been approved by several aerospace OEMs, and the Company has achieved certification pursuant to the National Aerospace and Defense Contractors Accreditation Program ("NADCAP") for both non-metallic materials manufacturing and testing and composites fabrication. The Company believes its Newton, Kansas facility is one of the few facilities in the world with NADCAP accreditation for manufacturing both composite materials and composite structures. The Company has also received AS9100D certification for its quality management system for the manufacture of advanced composite materials and design and manufacturing of structures for aircraft and aerospace industries.

Materials and Sources of Supply

The Company designs and manufactures its aerospace composite materials and film adhesives to its own specifications and to the specifications of its customers. Product development efforts are focused on developing prepreg materials that meet the specifications of the customers. The materials used in the manufacture of these engineered materials include graphite and carbon fibers and fabrics, carbonized rayon, aramids, such as Kevlar® ("Kevlar" is a registered trademark of E.I. du Pont de Nemours & Co.) and Twaron® ("Twaron" is a registered trademark of Teijin Twaron B.V. LLC), quartz, fiberglass, polyester, specialty chemicals, resins, films, plastics, adhesives and certain other synthetic materials. The Company purchases these materials from several suppliers. Substitutes for many of these materials are not readily available. The qualification and certification of aerospace composite materials for certain FAA certified aircraft typically include specific requirements for raw material supply and may restrict the Company's flexibility in qualifying alternative sources of supply for certain key raw materials. The Company continues to work to determine acceptable alternatives for several raw materials.

Competition

The Company has many competitors in the aerospace composite materials, structures and assemblies markets, ranging in size from large international corporations to small regional producers. Several of the Company's largest competitors are vertically integrated, producing raw materials, such as carbon fiber and woven fabric, as well as composite structures and assemblies. Some of the Company's competitors may also serve as a supplier to the Company. The Company competes for business primarily on the basis of responsiveness, product performance and consistency, product qualification, FAA approved material design allowables and innovative new product development.

Backlog

The Company considers an item as backlog when it receives a purchase order specifying the number of units to be purchased, the purchase price, specifications and other customary terms and conditions. As of May 18, 2026, the unfilled portion of all purchase orders received by the Company, and believed by it to be firm, was approximately \$51,425,000, compared to approximately \$25,809,000 as of May 16, 2025. A major portion of the Company's backlog consists of composite materials.

Various factors contribute to the size of the Company's backlog. Accordingly, the foregoing information may not be indicative of the Company's results of operations for any period subsequent to the fiscal year ended March 1, 2026.

Patents and Trademarks

The Company holds several patents and trademarks or licenses thereto. In the Company's opinion, some of these patents and trademarks are important to its products. Generally, however, the Company does not believe that an inability to obtain new patents; or to defend existing, patents and trademarks would have a material adverse effect on the Company.

The Company's Workforce

As of March 1, 2026, the Company had 125 employees. The Company's success and future depends on the skills, experience, industry knowledge, passion and dedication of its workforce. The Company places significant focus and attention on attracting, developing and retaining its employees, as well as ensuring its workforce reflects Park's principles of integrity, dedication and passion. These principles are intended to help ensure that every Park employee is held to his or her word, and that every Park employee continuously strives to excel. These two principles guide Park's actions and the Company believes, foster a healthy work environment where all Park employees are treated with dignity and respect, irrespective of their backgrounds. The Company also believes that its principles are critical to fostering and maintaining what it calls Park's "niche" culture of doing what others are unwilling or unable to do.

Employee health and safety is a top priority. Park's safety performance has been an important focus of the Company. Safety performance is maintained by the Company ensuring appropriate safety equipment is installed and operational at all times and undertaking thorough reviews of any safety incidents that do occur.

The Company takes a comprehensive approach to developing its workforce, including by striving to use a fair recruiting process to select talented individuals. Park also believes that fair compensation, opportunities for career development, employee engagement, and a singular focus on the principles of integrity, dedication and passion, have cultivated a workforce that is diverse at all levels. Park believes that its principle-based approach to hiring and retention makes the Company a desirable workplace for employees of all backgrounds while improving business performance by maintaining the Company's "niche" culture.

Environmental Matters

Aviation is one of the fastest growing sources of greenhouse gas emissions. Air travel is also considered to be one of the most carbon intensive activities an individual can undertake. Aircraft fuel efficiency is an important factor in addressing the reduction of greenhouse gas emissions. Park's composite material products and the aircraft parts that are crafted using such products, enable aircraft to operate on substantially less fuel than would be the case using comparable aluminum-crafted aircraft parts. This reduced fuel consumption creates economic savings for end-users of applicable aircraft, while also substantially reducing the carbon based emissions of such aircraft.

The Company is subject to stringent environmental regulation of its use, storage, treatment, disposal of hazardous materials and the release of emissions into the environment. The Company believes that it is currently in substantial compliance with the applicable federal, state and local environmental laws and regulations to which it is subject and that continuing compliance therewith will not have a material effect on its capital expenditures, earnings or competitive position. The Company does not currently anticipate making material capital expenditures for environmental control facilities for its existing manufacturing operations during the remainder of its current fiscal year or its succeeding fiscal year. However, developments, such as the enactment or adoption of even more stringent environmental laws and regulations, could conceivably result in substantial additional costs to the Company.

The Company and certain of its subsidiaries have been named by the Environmental Protection Agency (the "EPA") or a comparable state agency under the Comprehensive Environmental Response, Compensation and Liability Act (the "Superfund Act") or similar state law as potentially responsible parties in connection with alleged releases of hazardous substances at three sites.

Under the Superfund Act and similar state laws, all parties who may have contributed any waste to a hazardous waste disposal site or contaminated area identified by the EPA or comparable state agency may be jointly and severally liable for the cost of cleanup. Generally, these sites are locations at which numerous persons disposed of hazardous waste. In the case of the Company's subsidiaries, generally any waste has been removed from their manufacturing facilities and disposed of by companies which contracted with the subsidiaries to provide waste disposal services. Neither the Company nor any of its subsidiaries have been accused of or charged with any wrongdoing or illegal acts in connection with any such sites. The Company believes it maintains an effective and comprehensive environmental compliance program. Management believes the ultimate disposition of known environmental matters will not have a material adverse effect on the liquidity, capital resources, business, consolidated results of operations or financial position of the Company.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Environmental Matters" included in Item 7 of Part II of this Report and Note 10 of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report.

Factors That May Affect Future Results

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies without fear of litigation so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statement. Certain portions of this Report which do not relate to historical financial information may be deemed to constitute forward-looking statements that are subject to various factors which could cause actual results to differ materially from Park's expectations or from results which might be projected, forecasted, estimated or budgeted by the Company in forward-looking statements.

Generally, forward-looking statements can be identified by the use of words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "goal," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue" and similar expressions or the negative or other variations thereof. Such forward-looking statements are based on current expectations that involve a number of uncertainties and risks that may cause actual events or results to differ materially from the Company's expectations.

The factors described under "Risk Factors" in Item 1A of this Report could cause the Company's actual results to differ materially from any such results which might be projected, forecasted, estimated or budgeted by the Company in forward-looking statements.

ITEM 1A. RISK FACTORS.

The business of the Company faces numerous risks, including those set forth below or those described elsewhere in this Form 10-K Annual Report or in the Company's other filings with the Securities and Exchange Commission. The risks described below are not the only risks that the Company faces, nor are they necessarily listed in order of significance. Other risks and uncertainties may also affect the Company's business. Any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations or cash flow.

Geopolitical events could interrupt the Company's supply chain or otherwise increase costs.

The Company's suppliers of raw material, supplies and equipment could be impacted by geopolitical events, such as the wars in Ukraine and the Middle East, thus interrupting the Company's supply chain. Additionally, the Company's customers may experience interruptions from other suppliers that could cause a customer to delay or cancel orders. Other geopolitical risks include political and economic instability and disruptions, restrictions on the transfer of funds, trade conflicts and the imposition of duties, tariffs, and similar government charges, as well as import and export controls. Such risks could reduce demand for the Company's products and increase the Company's cost of operations, which could have a material adverse effect on the Company's business and results of operations.

The Company's business could suffer if the Company is unable to develop new products on a timely basis.

The Company's operating results could be negatively affected if the Company were unable to maintain and increase its technological and manufacturing capability and expertise to develop new products on a timely basis. Although the Company believes that it has certain technological and other advantages over its competitors, maintaining such advantages will require the Company to continue investing in research and development and sales and marketing. There can be no assurance that the Company will be able to make the technological advances necessary to maintain such competitive advantages or that the Company can recover major research and development expenses.

The industries in which the Company operates are very competitive.

Certain of the Company's principal competitors are substantially larger and have greater financial resources than the Company, and the Company's operating results will be affected by its ability to maintain its competitive positions in these industries. The aerospace composite materials and composite structures and assemblies industries are intensely competitive, and the Company competes worldwide in the markets for such products.

The Company is vulnerable to an increase in inflation.

Changes in the cost of raw materials, supplies, labor, utilities or services could materially increase the Company's cost of operations. The Company is experiencing inflation in raw material and other costs. The impact of inflation on the Company's profits has been partially mitigated by the Company's ability to adjust pricing for a large portion of its sales to pass the impact of inflation through to its customers. Significant increases in the cost of materials, supplies, labor, utilities or services purchased by the Company could also materially increase the Company's cost of operations and could have a material adverse effect on the Company's business and results of operations if the Company were unable to pass such increases through to its customers.

The Company is vulnerable to disruptions and shortages in the supply of, and increases in the prices of, certain raw materials.

There are a limited number of qualified suppliers of the principal materials used by the Company in its manufacture of aerospace composite materials and composite structures and assemblies. The Company has qualified alternate sources of supply for many, but not all, of its raw materials, but certain raw materials are produced by only one supplier. In some cases, substitutes for certain raw materials are not always readily available, and in the past, there have been shortages in the market for certain of these materials. Raw material substitutions for certain aircraft-related products may require governmental (such as FAA) approval. While the Company considers its relationships with its suppliers to be strong, a shortage of these materials or a disruption of the supply of these materials caused by a natural disaster or otherwise could materially increase the Company's cost of operations and could materially adversely affect the business and results of operations of the Company. Likewise, significant increases in the cost of materials purchased by the Company could also materially increase the Company's cost of operations and could have a material adverse effect on the Company's business and results of operations if the Company were unable to pass such increases through to its customers. If one or more of the Company's suppliers is required to temporarily close manufacturing facilities, the Company's ability to procure raw materials for its manufacturing processes may become limited and this could ultimately limit the Company's ability to manufacture its products.

The Company's customer base is highly concentrated, and the loss of one or more customers could adversely affect the Company's business.

A loss of one or more key customers could adversely affect the Company's profitability. The Company's customer base is concentrated, in part, because the Company's business strategy has been to develop long-term relationships with a select group of customers. During the Company's fiscal years ended March 1, 2026, March 2, 2025, and March 3, 2024, the Company's ten largest customers accounted for approximately 71%, 66%, and 64%, respectively, of net sales. The Company expects sales to a relatively small number of customers will continue to account for a significant portion of its net sales for the foreseeable future. See "Customers and End Markets" in Item 1 of Part I of this Report.

The Company's business is dependent on the aerospace industry, which is cyclical in nature.

The aerospace industry is cyclical and has experienced downturns. The downturns can occur at any time as a result of events that are industry specific or macroeconomic, and in the event of a downturn, the Company may have no way of knowing if, when and to what extent there might be a recovery. Deterioration in the market for aerospace products has often reduced demand for, and prices of, advanced composite materials, structures and assemblies. A potential future reduction in demand and prices could have a negative impact on the Company's business and operating results.

In addition, the Company is subject to the effects of general regional and global economic and financial conditions.

The Company relies on short-term orders from its customers.

A variety of conditions, both specific to the individual customer and generally affecting the customer's industry, can cause a customer to reduce or delay orders previously anticipated by the Company, which could negatively impact the Company's business and operating results. While some customers place orders based on long-term pricing agreements, such agreements are typically requirements-based and do not set forth minimum purchase obligations. As a result, the Company must continually communicate with its customers to validate forecasts and anticipate the future volume of purchase orders.

The Company's customers may require the Company to undergo a lengthy and expensive qualification process with respect to its products, with no assurance of sales. Any delay or failure in such qualification process could negatively affect the Company's business and operating results.

The Company's customers frequently require that the Company's products undergo an extensive qualification process, which may include testing for performance, structural integrity and reliability. This qualification process may be lengthy and does not assure any sales of the product to that customer. The Company devotes substantial resources, including design, engineering, sales, marketing and management efforts, and often substantial expense, to qualifying the Company's products with customers in anticipation of sales. Any delay or failure in qualifying any of its products with a customer may preclude or delay sales of those products to the customer, which may impede the Company's growth and cause its business to suffer.

In addition, the Company engages in product development efforts with OEMs. The Company will not recover the cost of this product development directly even if the Company actually produces and sells any resulting product. There can be no guarantee that such efforts will result in any sales.

Consolidation among the Company's customers could negatively impact the Company's business.

A number of the Company's customers have combined in recent years and consolidation of other customers may occur. If an existing customer is not the controlling entity following a combination, the Company may not be retained as a supplier. While there is potential for increasing the Company's position with the combined customer, the Company's revenues may decrease if the Company is not retained as a supplier.

The Company is subject to a variety of environmental regulations.

The Company's production processes require the use, storage, treatment and disposal of certain materials which are considered hazardous under applicable environmental laws, and the Company is subject to a variety of regulatory requirements relating to the handling of such materials and the release of emissions and effluents into the environment, non-compliance with which could have a negative impact on the Company's business or results of operations. Other possible developments, such as the enactment or adoption of additional environmental laws, could result in substantial costs to the Company.

If the Company's efforts to protect its proprietary information are not sufficient, the Company may be adversely affected.

The Company's business relies upon proprietary information, trade secrets and know-how in its product formulations and its manufacturing and research and development activities. The Company takes steps to protect its proprietary rights and information, including the use of confidentiality and other agreements with employees and consultants and in commercial relationships, including with suppliers and customers. If these steps prove to be inadequate or are violated, the Company's competitors might gain access to the Company's trade secrets, and there may be no adequate remedy available to the Company.

The Company depends upon the experience and expertise of its senior management team and key technical employees, and the loss of any key employee may impair the Company's ability to operate effectively.

The Company's success depends, to a certain extent, on the continued availability of its senior management team and key technical employees. Each of the Company's executive officers, key technical personnel and other employees could terminate his or her employment at any time. The loss of any member of the Company's senior management team might significantly delay or prevent the achievement of the Company's business objectives and could materially harm the Company's business and customer relationships. In addition, because of the highly technical nature of the Company's business, the loss of any significant number of the Company's key technical personnel could have a material adverse effect on the Company. The Company competes for manufacturing and engineering talent in a competitive labor market. Personnel turnover and training costs could negatively impact the Company's operations.

The Company's business and operations may be adversely affected by cybersecurity breaches or other information technology system or network intrusions.

The Company depends on information technology and computerized systems to communicate and operate effectively, some of which are connected to networks of third parties that are not under the Company's direct control. The Company stores sensitive data on its servers and databases including proprietary business information, intellectual property and confidential employee or other personal data pertaining to the Company's business, customers, suppliers, OEMs, employees and other third parties. Attempts by others to gain unauthorized access to the Company's information technology systems and data have become more frequent and sophisticated. These attempts, which might be related to industrial or foreign government espionage, activism, or other motivations, include covertly introducing malware and "ransomware" to the Company's computers and networks, performing reconnaissance, impersonating authorized users, and stealing, corrupting or restricting the Company's access to data, among other activities.

As with most companies, the Company has experienced cyber-attacks, attempts to breach the Company's systems and other similar incidents, none of which have resulted in loss of data or materially affected the Company's business, operations or financial results. The Company has addressed past cybersecurity breaches by working with leading providers of incident response, risk management and digital forensics services. In coordination with such service providers, Park also continues to update its infrastructure, security tools (including firewalls and anti-virus software), and employee training and processes, to protect against security incidents and to prevent their recurrence. While Company personnel have been tasked to detect and investigate such incidents, cybersecurity attacks and other data security breaches can and are expected to occur in the future and the Company may be unable to implement adequate preventive or remediation measures, as breach and disruption techniques change frequently and are generally not detected until after an incident has occurred.

The unauthorized use of the Company's intellectual property and/or confidential or personal information or any material disruption in the systems that store such information could materially harm the Company's competitive position, reduce the value of the Company's investment in research and development (through the loss of trade secrets or other proprietary and competitively sensitive information) and other strategic initiatives, compromise personally identifiable information regarding customers or employees, delay the Company's ability to access its information systems at critical times, cause operational disruptions and delays, jeopardize the security of the Company's facilities or otherwise materially and adversely affect the Company's business or financial results. Any intrusion may also result in material fines, penalties, governmental investigations and proceedings, litigation, diminished competitive advantages through reputational damage and increased operational expenses (including remediation and damage expenses). Many victims of cyber-attacks also are forced to pay significant ransoms or incur significant expenses to recover critical business systems and data. Additionally, the Company may incur additional costs to comply with its customers', including the U.S. Government's, requirements for data security and increased cybersecurity protections and standards. The Company may be similarly harmed if any of the foregoing incidents occur at third parties that are connected to the Company's networks and that are not under the Company's direct control.

The expansion of the Company's operations may result in cost overruns, delays or other operational challenges that would negatively impact the Company's business and results of operations.

The Company plans to expand its operations by building a new composite materials manufacturing plant. While the location of the new plan has not been finalized, construction is expected to begin in fiscal 2027. The planning, construction, start-up and ramp-up of a new manufacturing facility involve significant risks and uncertainties, including cost overruns, delays in finalizing the site, obtaining permits or approvals, contractor or supply chain disruptions, equipment procurement or installation issues, staffing challenges, delays in qualification or certification, and failure to achieve expected production levels or other anticipated benefits on the expected timeline or at all. In addition, the expansion may require significant management attention and capital resources and could result in inefficiencies or disruptions to the Company's existing operations. Any of these factors could increase the Company's costs, delay production, adversely affect the Company's ability to meet customer demand and have a material adverse effect on the Company's business and results of operations.

Acquisitions, mergers, business combinations or joint ventures may entail certain operational and financial risks.

The Company may acquire businesses, product lines or technologies that expand or complement those of the Company. It may also enter into mergers, business combinations or joint ventures for similar purposes. The integration and management of an acquired company or business may strain the Company's management resources and technical, financial and operating systems. In addition, implementation of acquisitions can result in large one-time charges and costs. A given acquisition, if consummated, may materially affect the Company's business, financial condition and results of operations.

The Company's securities may fluctuate in value.

The market price of the Company's securities can be subject to fluctuations in response to quarter-to-quarter variations in operating results, changes in analyst earnings estimates, market conditions in the aerospace composite materials and composite structures and assemblies industries, as well as general economic conditions and other factors external to the Company.

The Company's Common Stock is included in certain market indices. Funds that are based on the indices the Company's Common Stock is included in are required to own the Company's Common Stock. A change in any index the Company is included in could create sudden movement in the Company's Common Stock price.

Catastrophic events may disrupt the Company's business.

The Company's operations could be impacted by catastrophic events outside our control, including severe weather conditions such as tornadoes, hurricanes, floods, earthquakes, storms, epidemics, pandemics, acts of war and terrorism. Any such event could cause a serious business disruption affecting the Company's ability to produce and distribute products and could expose it to third-party liability claims. Additionally, such events could impact the Company's suppliers, customers, and partners, which could cause energy and raw materials to be unavailable to the Company and could cause customers to be unable to purchase or accept the Company's products and services. Any such occurrence could have a negative impact on the Company's operations and financial results.

Operational risks may adversely impact the Company's business or results of operations.

The Company's operating results are subject to risks of manufacturing errors, process-control failures, quality escapes, foreign object debris or other operational mistakes that could result in scrap, rework, customer claims, delayed deliveries, loss of or damage to customer relationships, contractual liability, warranty or indemnity exposure, regulatory or customer review, or additional costs. Insufficient capacity threatens the Company's ability to generate competitive profit margins and may expose it to liabilities related to contractual commitments. Operating results are also dependent on the Company's ability to complete new construction projects on time, on budget and in accordance with performance requirements. Failure to do so may expose the business to loss of business opportunity and associated revenue which could have a negative impact on the Company's operations and financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

Safeguarding the Company's information technology ("IT") systems, intellectual property, and the confidential information and personal data that customers, suppliers, business partners, employees and others share is a critical concern. As such, the Company has processes in place to assess, identify, and manage material cybersecurity threats and incidents. The Company's cybersecurity strategy includes policies, procedures, and technology that proactively safeguard its operations against cybersecurity threats. The Company utilizes IT that enables its team to access operational and financial performance data in real time, while identifying and helping to prevent cybersecurity threats and risks. The Company aims to incorporate industry best practices throughout its cybersecurity processes and its cybersecurity framework leverages internationally recognized standards, including the National Institute of Standards and Technology's ("NIST") Cybersecurity Framework (Identify, Protect, Detect, Respond and Recover). These processes incorporate preventative, detective and corrective controls to identify relevant cyber risks and include network and endpoint protection technologies that are designed to block and detect security events at the perimeter and within its network as well as evaluation and monitoring of detected security events. The Company continuously monitors activity and frequently scans applications and systems for vulnerabilities to cybersecurity threats. Continuous monitoring of the Company's networks and systems for threats and vulnerabilities is a key component of the Company's strategy, supported by the analysis of threat intelligence from external sources. This multi-layered approach enables early detection and facilitates prompt response to potential cybersecurity threats.

Management reviews the Company's IT, data security and other systems, processes, policies, procedures and controls at least annually to (a) identify, assess, monitor and mitigate cybersecurity risks; and (b) identify measures to protect and safeguard against cybersecurity threats and breaches of confidential information and data and IT infrastructure and its other assets or assets of its customers or other third parties in the Company's possession or custody.

The Company has not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected it or are reasonably likely to materially affect it, including its operations, business strategy, results of operations, or financial condition.

The Company's management supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by it; and alerts and reports produced by security tools deployed in the IT environment.

The Board of Directors oversees cybersecurity risk as part of its overall risk oversight function, and management reports cybersecurity matters to the Board of Directors from time to time.

ITEM 2. PROPERTIES.

Set forth below are the locations of the significant properties owned and leased by the Company, the business use of the properties and the size of each such property. The Newton, Kansas property is used principally as a manufacturing facility. The lease for the Newton, Kansas location is a ground lease.

<u>Location</u>	<u>Owned or Leased</u>	<u>Use</u>	<u>Size (Square Footage)</u>
Westbury, NY	Leased	Administrative Offices	2,000
Newton, KS	Leased	Advanced Composite Materials, Parts and Assemblies	183,500

The Company believes its facilities and equipment to be in good condition and reasonably suited and adequate for its current needs. The Company's manufacturing facilities have the capacity to substantially increase their production levels.

ITEM 3. LEGAL PROCEEDINGS.

No material pending legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

EXECUTIVE OFFICERS OF THE REGISTRANT.

<u>Name</u>	<u>Title</u>	<u>Age</u>
Brian E. Shore	Chief Executive Officer and Chairman of the Board of Directors	74
Mark A. Esquivel	President and Chief Operating Officer	53
Constantine Petropoulos	Senior Vice President – Chief Legal and Capital Markets Officer	48
Cory Nickel	Senior Vice President and General Manager	54
Christopher Goldner	Vice President – Finance	57
John Jamieson	Senior Vice President of Project Management	65

Mr. Brian Shore has served as a Director of the Company since 1983 and as Chairman of the Board of Directors since July 2004. He was elected a Vice President of the Company in January 1993, Executive Vice President in May 1994, President in March 1996, and Chief Executive Officer in November 1996. He was President until July 28, 2014. Mr. Shore also served as General Counsel of the Company from April 1988 until April 1994.

Mr. Esquivel was promoted to President and Chief Operating Officer of the Company on November 2, 2020, after having been elected Executive Vice President and Chief Operating Officer of the Company on May 7, 2019, and having been elected Senior Vice President and Chief Operating Officer in December 2018. He had been Senior Vice President – Aerospace of the Company since October 2017 and Vice President – Aerospace of the Company and President of the Company’s Park Aerospace Technologies Corp. business unit in Newton, Kansas since April 2015. Mr. Esquivel has been employed by the Company and its subsidiaries in various positions since 1994. He was Vice President of Aerospace Composite Structures of Park Aerospace Technologies Corp. from March 2012 to April 2015 and President of Park Aerospace Technologies Corp. from June 2010 to March 2012. Prior to June 2010, Mr. Esquivel was Vice President and General Manager of the Company’s former Neltec, Inc. business unit located in Tempe, Arizona, and was responsible for the day-to-day operations of Neltec, Inc. since his appointment to that position in September 2008, having held various positions since he originally joined Neltec, Inc. in 1994.

Mr. Petropoulos was elected Chief Legal and Capital Markets Officer on January 14, 2026 after rejoining Park Aerospace Corp. on February 10, 2025 as Senior Vice President - Administration and General Counsel. Prior to rejoining Park Aerospace Corp., Mr. Petropoulos served as Partner at Hughes, Hubbard & Reed, a prominent New York law firm, from May 2021 to July 2024. Prior to that, Mr. Petropoulos served as Senior Vice President and General Counsel of the Company from September 2014 to May 2021. Prior to his originally joining the Company in September 2014, Mr. Petropoulos had been Managing Attorney at Scientific Games Corporation in New York City since November 2011. From September 2007 to October 2011, he was Senior Corporate Counsel, Finance & Strategic Development at Coca-Cola HBC SA in Athens, Greece, and from October 2002 to September 2007, he was an attorney at Latham & Watkins LLP in New York City.

Mr. Nickel was elected Senior Vice President and General Manager of the Company on August 15, 2022. He was appointed as Vice President and General Manager of the Company in October 2020. Mr. Nickel originally joined Park Aerospace Corp. in 2011 as a Solution Treater Operator, an entry level position. He was promoted to Second Shift Production Supervisor in 2012, Production Manager in 2013, Materials Manufacturing Manager in 2014, Production Control Manager in 2015 and Operations Manager in 2017. Prior to joining Park, Mr. Nickel served as a local High School Science Teacher with a focus on chemistry, physics and manufacturing technology.

Mr. Goldner joined Park Aerospace Corp. on March 4, 2024 and was elected Vice President – Finance on April 25, 2024. Prior to joining Park Aerospace Corp., Mr. Goldner served as Controller and Interim Chief Financial Officer at Spruce Power Holding Corporation (previous XL Fleet Corp.) from 2021 through 2023. Prior to that, Mr. Goldner served in a variety of roles for Hasbro, Inc. from 2000 through 2021, most recently as Vice President, Fiscal Responsibility from 2019 through 2021 and Vice President, Assistant Corporate Controller from 2011 through 2019.

Mr. Jamieson rejoined Park Aerospace Corp. and was elected as Senior Vice President of Project Management on July 30, 2024. Prior to that, he was Chief Operating Officer of Active Dynamics Group from 2018 to 2022. Prior to that, he served as Vice President of Supply Chain of Park Aerospace Corp. from 2014 to 2018. Prior to that, Mr. Jamieson served as General Manager of Active Metals Company from 2012 to 2013 and Vice President of Global Manufacturing and Engineering of Sanmina Corporation from 2003 to 2012.

There are no family relationships between the directors or executive officers of the Company.

Each executive officer of the Company serves at the pleasure of the Board of Directors of the Company.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's Common Stock is listed and trades on the New York Stock Exchange (trading symbol PKE). The following table sets forth, for each of the quarterly periods indicated, the high and low sales prices for the Common Stock as reported on the New York Stock Exchange Composite Tape and dividends declared on the Common Stock.

For the Fiscal Year Ended March 1, 2026	Stock Price		Dividends Declared
	High	Low	
First Quarter	\$ 14.60	\$ 11.97	\$ 0.125
Second Quarter	20.72	13.48	0.125
Third Quarter	21.52	18.19	0.125
Fourth Quarter	28.37	18.69	0.125

For the Fiscal Year Ended March 2, 2025	Stock Price		Dividends Declared
	High	Low	
First Quarter	\$ 16.96	\$ 13.59	\$ 0.125
Second Quarter	14.89	11.96	0.125
Third Quarter	15.57	12.70	0.125
Fourth Quarter	15.46	13.25	0.125

As of May 18, 2026, there were 383 holders of record of the Company's Common Stock.

The Company expects, for the foreseeable future, to continue to pay regular cash dividends.

The following table provides information with respect to shares of the Company's Common Stock acquired by the Company during each month included in the Company's 2026 fiscal year fourth quarter ended March 1, 2026:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
December 1 - January 1	-	\$ -	-	-
January 2 -February 1	-	\$ -	-	-
February 2 - March 1	-	\$ -	-	-
Total	-	\$ -	-	781,766 (a)

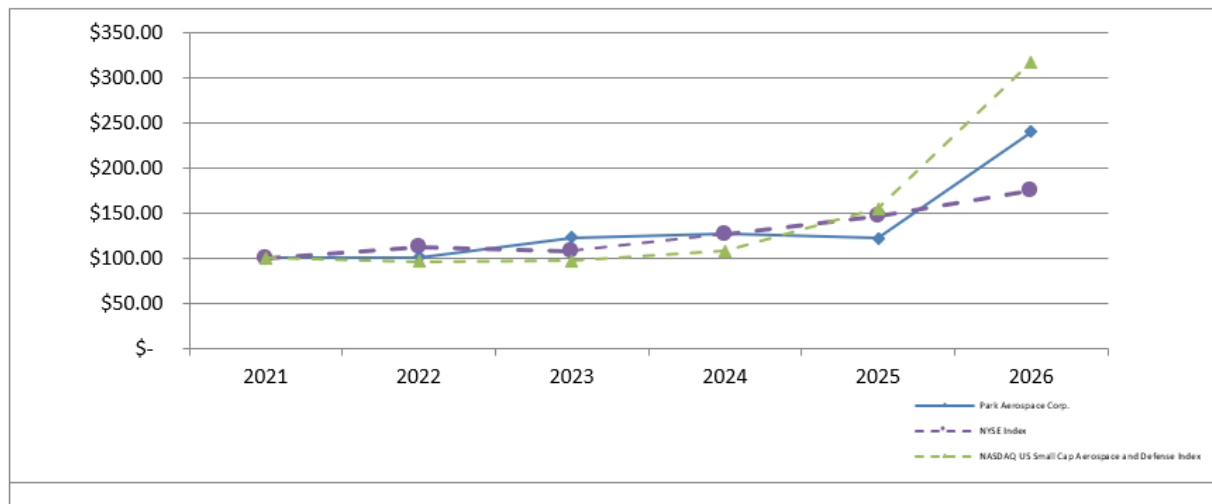
(a) Aggregate number of shares available to be purchased by the Company pursuant to a share purchase authorization announced on May 23, 2022. Pursuant to such authorization, the Company is authorized to purchase its shares from time to time on the open market or in privately negotiated transactions.

On May 18, 2022, the Company's Board of Directors authorized the Company's purchase, on the open market and in privately negotiated transactions, of up to 1,500,000 shares of its Common Stock. This represented approximately 7% of the Company's 20,458,210 total outstanding shares as of the close of business on May 18, 2022. This authorization supersedes any unused prior Board of Directors' authorizations to purchase shares of the Company's Common Stock. As of March 1, 2026, the Company had purchased 718,234 shares of the Company's Common Stock pursuant to the above authorization.

As previously announced by the Company, shares purchased by the Company will be retained as treasury stock and will be available for use under the Company's stock option plan and for other corporate purposes.

Stock Performance Graph

The graph set forth below compares the annual cumulative total return for the Company’s five fiscal years ended March 1, 2026 among the Company, the New York Stock Exchange Market Index (the “NYSE Index”), and the Nasdaq US Small Cap Aerospace and Defense Index (the “Nasdaq Index”). The returns of each company in the Nasdaq Index have been weighted according to the Company’s stock market capitalization. The graph has been prepared based on an assumed investment of \$100 on March 1, 2021 and the reinvestment of dividends (where applicable).



	2021	2022	2023	2024	2025	2026
Park Aerospace Corp.	\$ 100.00	\$ 100.95	\$ 122.63	\$ 127.03	\$ 121.75	\$ 239.64
NYSE Index	\$ 100.00	\$ 111.77	\$ 107.80	\$ 126.75	\$ 146.26	\$ 175.23
NASDAQ US Small Cap Aerospace and Defense Index	\$ 100.00	\$ 96.04	\$ 96.88	\$ 107.62	\$ 154.89	\$ 317.39

ITEM 6. [RESERVED].

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General:

Park Aerospace Corp. ("Park" or the "Company") is an aerospace company which develops and manufactures solution and hot-melt advanced composite materials used to produce composite structures for the global aerospace markets. Park's advanced composite materials include film adhesives and lightning strike protection materials. Park offers an array of composite materials specifically designed for hand lay-up or automated fiber placement (AFP) manufacturing applications. Park's advanced composite materials are used to produce primary and secondary structures for jet engines, large and regional transport aircraft, military aircraft, Unmanned Aerial Vehicles (UAVs commonly referred to as "drones"), business jets, general aviation aircraft and rotary wing aircraft. Park also offers specialty ablative materials for rocket motors and nozzles and specially designed materials for radome applications. As a complement to Park's advanced composite materials offering, Park designs and fabricates composite parts, structures and assemblies and low-volume tooling for the aerospace industry. Target markets for Park's composite parts and structures (which include Park's proprietary composite SigmaStrut™ and AlphaStrut™ product lines) are, among others, prototype and development aircraft, special mission aircraft, spares for legacy military and civilian aircraft and exotic spacecraft.

The Company's fiscal year is the 52- or 53-week period ending the Sunday nearest to the last day of February. The 2026, 2025, and 2024 fiscal years ended on March 1, 2026, March 2, 2025, and March 3, 2024, respectively. The 2026 and 2025 fiscal years each consisted of 52 weeks and the 2024 fiscal year consisted of 53 weeks. **Unless otherwise indicated in this Discussion and Analysis, all references to years and quarters in this Discussion and Analysis are to the Company's fiscal years and fiscal quarters, and all annual and quarterly information in this Discussion and Analysis is for such fiscal years and quarters, respectively.**

2026 Financial Overview

The Company's total net sales worldwide in 2026 were 18% higher than in 2025. The increase in sales was primarily driven by an increase in sales in the military and commercial aircraft markets and, to a lesser extent, higher sales in the space market, partially offset by lower sales in the Business Aircraft market.

The Company's gross profit margin, measured as a percentage of sales, increased to 30.9% in 2026 from 28.4% in 2025. The higher gross profit margin was the result of higher sales prices, a more favorable sales mix and lower labor and overhead costs as a percentage of sales due to improved leverage of these costs.

The Company's earnings from operations in 2026, as a percentage of sales, were 18.4% compared to 15.1% in 2025, primarily as a result of the higher sales and improved gross margin partially offset by higher selling, general and administrative expenses. The higher selling, general and administrative expenses were due to higher salaries and fringe benefits, travel expenses, professional fees, incentive compensation and research and development expenses in 2026. The Company's net earnings in 2026 were 92% higher than in 2025, primarily due to an 18% increase in sales, higher gross margins, higher interest income in 2026 and a \$1.1 million storm damage charge in 2025. These increases were offset by higher selling, general and administrative expenses in 2026 as well as higher income tax expense in 2026. While income taxes increased in whole dollars in 2026, the 2026 tax rate decreased compared to the 2025 tax rate primarily as the result of a deferred tax provision recorded in the fourth quarter of fiscal 2025 on unrepatriated foreign earnings partially offset by a higher benefit from the reduction in uncertain tax positions in 2025 as compared to 2026.

The Company continues to experience inflation in costs of raw materials and supplies, freight costs and other costs and expenses. The impact of inflation on the Company's profits has been partially mitigated by the Company's ability to adjust pricing for a large portion of its sales to pass the impact of inflation through to its customers. The Company also experienced increasing costs resulting from the imposition of duties, tariffs, and similar governmental charges by the United States and certain foreign jurisdictions on the products of its customers and suppliers. The impact of these tariffs and other duties was largely mitigated by the Company's ability to adjust pricing to pass the impact of these costs through to its customers.

Programs in which the Company participates as a supplier are, in some cases, experiencing supply chain issues from other suppliers to the programs that could result in delays in production for certain customers of the Company. These issues may be exacerbated by trade conflicts that restrict the transfer of funds or impose import and export controls on the Company's products or supply chain inputs. The Company's sales could also be impacted by these supply chain challenges to the extent that its customers are experiencing them from their other suppliers.

While the wars in Ukraine and the Middle East have had a negative impact on the Company's results of operations due to delayed shipments, the Company may experience an increase in future sales due to increases in spending worldwide on missile defense systems and other defense programs. The Company does not have any significant customers in Russia or Ukraine but does have customers in Israel. The Company has experienced some increases to raw material costs from overseas suppliers due to the impacts of the wars in Ukraine and the Middle East.

The Company has a number of long-term contracts pursuant to which certain of its customers, some of which represent a substantial portion of the Company's revenue, place orders. Long-term contracts with the Company's customers are primarily requirements based and do not guarantee quantities. An order forecast is generally agreed concurrently with pricing for any applicable long-term contract. This order forecast is then typically updated periodically during the term of the underlying contract. Purchase orders are generally received more than three months in advance of delivery.

Results of Operations:

2026 Compared to 2025

(Amounts in thousands, except per share amounts)	Year Ended		Increase / (Decrease)	
	March 1, 2026	March 2, 2025		
Net sales	\$ 73,301	\$ 62,026	\$ 11,275	18%
Cost of sales	50,629	44,384	6,245	14%
Gross profit	22,672	17,642	5,030	29%
Selling, general and administrative expenses	9,172	8,246	926	11%
Earnings from operations	13,500	9,396	4,104	44%
Storm damage charge	-	(1,098)	1,098	-100%
Interest and other income	1,543	1,209	334	28%
Earnings before income taxes	15,043	9,507	5,536	58%
Income tax provision	3,771	3,625	146	4%
Net earnings	\$ 11,272	\$ 5,882	\$ 5,390	92%
Earnings per share:				
Basic earnings per share	\$ 0.56	\$ 0.29	\$ 0.27	93%
Diluted earnings per share	\$ 0.56	\$ 0.29	\$ 0.27	93%

Net Sales

The Company's total net sales worldwide in 2026 were 18% higher than in 2025. Higher sales in 2026 were primarily driven by increased sales in the military, commercial aerospace and space markets partially offset by decreased sales in the business aircraft market.

Gross Profit

The Company's gross profit margin, measured as a percentage of sales, increased to 30.9% in 2026 from 28.4% in 2025. The higher gross profit margin was the result of higher sales prices, a more favorable sales mix and lower labor and overhead costs as a percentage of sales due to improved leverage of these costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$0.9 million, or 11%, during 2026 compared to 2025. Such expenses, measured as percentages of sales, were 12.5% and 13.3% during 2026 and 2025, respectively.

The increase in selling, general and administrative expenses in 2026 was primarily due to higher salaries and fringe benefits as well as higher travel expenses, professional fees, incentive compensation and research and development expenses. These increases were offset by lower outbound freight costs in 2026.

Earnings from Operations

For the reasons set forth above, the Company's earnings from operations were \$13.5 million for 2026 compared to earnings from continuing operations of \$9.4 million for 2025.

Storm Damage Charge

On May 19, 2024, the Company's manufacturing facilities in Newton, Kansas were damaged by a strong storm which moved through the area. None of the Company's manufacturing lines or equipment were damaged by the storm. Although the building structures are secure, the roofs on two of the three buildings in the Company's Newton, Kansas campus needed significant repairs and the roof on one building needed to be replaced. Also, multiple specialty HVAC units were damaged or destroyed. These specialty HVAC units are necessary to control the temperature and humidity in certain manufacturing areas, quality laboratories and R&D laboratories, as required by certain specifications and certifications the Company is subject to. The Company completed the repairs in the first quarter of 2026. The Company recorded a charge of \$1.1 million in 2025 related to the damage and related repair and downtime costs.

Interest and Other Income/Expense

Interest and other income were \$1.5 million in 2026 compared to \$1.2 million in 2025. Higher weighted average interest rates in 2026 were offset by lower levels of marketable securities in 2026 due partially to share repurchases of \$2.2 million in 2026, a \$1.6 million advance payment made to a supplier in 2026 as well as a transition tax installment payment of \$4.9 million made in the second quarter of 2026 related to the one-time transition tax on deemed repatriated earnings of non-US subsidiaries recorded in fiscal year 2018. During 2026 and 2025, the Company earned interest income principally from its investments, which were primarily in short-term instruments and money market funds.

Income Tax Provision

The Company's effective income tax rate was 25.1% for 2026 compared to an effective rate of 38.1% for 2025. The decreased rate was due primarily to a deferred tax provision of \$2.1 million recorded in the fourth quarter of fiscal 2025 on unrepatriated foreign earnings that the Company had previously considered to be indefinitely reinvested. Although the Company is currently involved in discussions with Asian industrial conglomerates regarding potential Asian based manufacturing joint ventures, the Company would consider contributing certain of its intellectual property to such joint ventures but would consider contributing only minimal capital to such joint ventures. Other than such potential joint ventures, the Company is not currently involved in any activities which would likely lead to the Company's investment of such funds overseas. As a result, the Company has determined that it is unlikely that opportunities to invest these funds overseas will be realized in the foreseeable future, and, therefore, the Company has provided for the potential repatriation of such funds currently held by its Singapore subsidiary. In addition, 2025 effective income tax rate was positively impacted by U.S. federal rate and state income tax reductions in uncertain tax positions. The benefits from the reductions in 2025 were \$1.1 million related to the expirations of statutes of limitations on tax positions taken in prior years regarding the taxability of funds repatriated from the Company's subsidiary in Singapore and to the expiration of statutes of limitations related to state throw-back rates. The benefits from the reductions in uncertain tax positions in 2026 were not material. The decrease in the effective tax rate in 2026 was also due to the tax benefits from the exercise of nonqualified stock options in 2026.

Net Earnings from Operations

The Company's net earnings for 2026 were \$11.3 million compared to \$5.9 million in 2025. The increase in net earnings was primarily due to higher net sales and related gross profit. As noted above, net earnings in 2025 included a \$1.1 million charge related to storm damage incurred in May 2024 as well as a tax charge of \$2.1 million for deferred taxes on undistributed foreign earnings. These charges were offset by a tax benefit from reduction in uncertain tax positions.

Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for 2026 were \$0.56 compared to basic and diluted earnings per share for 2025 of \$0.29. The higher earnings per share in 2026 reflects higher earnings in 2026 due to the reasons detailed above as well as the negative impact in 2025 of the storm damage charge and tax charge related to undistributed foreign earnings.

2025 Compared to 2024

	Year Ended			
	March 2, 2025	March 3, 2024		
(Amounts in thousands, except per share amounts)				
Net sales	\$ 62,026	\$ 56,004	\$ 6,022	11%
Cost of sales	44,384	39,470	4,914	12%
Gross profit	17,642	16,534	1,108	7%
Selling, general and administrative expenses	8,246	8,154	92	1%
Earnings from operations	9,396	8,380	1,016	12%
Storm damage charge	(1,098)	-	(1,098)	-100%
Interest and other income	1,209	1,053	156	15%
Earnings before income taxes	9,507	9,433	74	1%
Income tax provision	3,625	1,960	1,665	85%
Net earnings	\$ 5,882	\$ 7,473	\$ (1,591)	-21%
Earnings per share:				
Basic:				
Basic earnings per share	\$ 0.29	\$ 0.37	\$ (0.08)	-22%
Diluted:				
Diluted earnings per share	\$ 0.29	\$ 0.37	\$ (0.08)	-22%

Net Sales

The Company's total net sales worldwide in 2025 were 11% higher than in 2024. Higher sales in 2025 were primarily driven by increased sales in the military, commercial aerospace and business aircraft markets.

Gross Profit

The Company's gross profit margin, measured as a percentage of sales, decreased to 28.4% in 2025 from 29.5% in 2024. The decrease in gross margin was primarily due to a less favorable product mix and higher labor and overhead costs due to ramping up manufacturing capacity in anticipation of customer program volume increases, as well as higher depreciation expense.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$0.1 million, or 1%, during 2025 compared to 2024. Such expenses, measured as percentages of sales, were 13.3% and 14.6% during 2025 and 2024, respectively.

The increase in selling, general and administrative expenses in 2025 was primarily due to higher salaries and fringe benefits as well as higher travel expenses, professional fees, and research and development expenses. These increases were offset by lower legal expenses in 2025 as well as lower incentive compensation and stock option expense and costs incurred in 2024 for shareholder activist defense costs and to settle an insurance claim as the result of the bankruptcy of an insurer and the additional week in 2024 compared to 2025, which resulted in higher fixed expenses in 2024.

Earnings from Operations

For the reasons set forth above, the Company's earnings from operations were \$9.4 million for 2025 compared to earnings from continuing operations of \$8.4 million for 2024.

Storm Damage Charge

On May 19, 2024, the Company's manufacturing facilities in Newton, Kansas were damaged by a strong storm which moved through the area. None of the Company's manufacturing lines or equipment were damaged by the storm. Although the building structures are secure, the roofs on two of the three buildings in the Company's Newton, Kansas campus needed significant repairs and the roof on one building needed to be replaced. Also, multiple specialty HVAC units were damaged or destroyed. These specialty HVAC units are necessary to control the temperature and humidity in certain manufacturing areas, quality laboratories and R&D laboratories, as required by certain specifications and certifications the Company is subject to. The Company completed the repairs in the first quarter of 2026. The Company recorded a charge of \$1.1 million in 2025 related to the damage and related repair and downtime costs.

Interest and Other Income/Expense

Interest and other income were \$1.2 million in 2025 compared to \$1.1 million in 2024. Higher weighted average interest rates in 2025 were offset by lower levels of marketable securities in 2025 due partially to share repurchases of \$4.3 million in 2025 as well as a transition tax installment payment of \$4.2 million made in the second quarter of 2025 related to the one-time transition tax on deemed repatriated earnings of non-US subsidiaries recorded in fiscal year 2018. During 2025 and 2024, the Company earned interest income principally from its investments, which were primarily in short-term instruments and money market funds.

Income Tax Provision

The Company's effective income tax rate was 38.1% for 2025 compared to an effective rate of 20.8% for 2024. The increased rate was due primarily to a deferred tax provision of \$2.1 million recorded in the fourth quarter of fiscal 2025 on unrepatriated foreign earnings that the Company had previously considered to be indefinitely reinvested. Although the Company is currently involved in discussions with Asian industrial conglomerates regarding potential Asian based manufacturing joint ventures, the Company would consider contributing certain of its intellectual property to such joint ventures but would consider contributing only minimal capital to such joint ventures. Other than such potential joint ventures, the Company is not currently involved in any activities which would likely lead to the Company's investment of such funds overseas. As a result, the Company has determined that it is unlikely that opportunities to invest these funds overseas will be realized in the foreseeable future, and, therefore, the Company has provided for the potential repatriation of such funds currently held by its Singapore subsidiary. This increase in rate was offset by the U.S. federal rate and state income tax reductions in uncertain tax positions. The benefits from the reductions in 2025 and 2024 were \$1.1 million and \$0.6 million, respectively, related to the expirations of statutes of limitations on tax positions taken in prior years regarding the taxability of funds repatriated from the Company's subsidiary in Singapore and to the expiration of statutes of limitations related to state throw-back rates.

Net Earnings from Operations

The Company's net earnings from continuing operations for 2025 were \$5.9 million compared to \$7.5 million in 2024. As noted above, net earnings in 2025 included a \$1.1 million charge related to storm damage incurred in May 2024 as well as a tax charge of \$2.1 million for deferred taxes on undistributed foreign earnings. These charges were offset by a tax benefit from reduction in uncertain tax positions while net earnings in 2024 included shareholder activist defense costs, a charge related to the modification of previously issued stock options, legal costs stemming from the settlement of an insurance claim due to the bankruptcy of an insurance carrier and recruiting fees, partially offset by the tax benefit from the reduction in uncertain tax positions.

Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for 2025 were \$0.29 compared to basic and diluted earnings per share for 2024 of \$0.37. The lower earnings per share in 2025 reflects the impact of the storm damage charge as well the tax charge related to undistributed foreign earnings. These decreases were partially offset by higher sales in 2025 and a higher tax benefit from the reduction in uncertain tax positions in 2025 compared to 2024.

Liquidity and Capital Resources:

(Amounts in thousands)	March 1,		March 2,		Decrease
	2026		2025		
Cash and marketable securities	\$	89,368	\$	68,834	\$ 20,534
Working capital		102,714		81,033	21,681

From continuing operations	Fiscal Year Ended				
(Amounts in thousands)	March 1,	March 2,	March 3,	Increase / (Decrease)	
	2026	2025	2024	2026 vs. 2025	2025 vs. 2024
Net cash provided by operating activities	\$ 11,499	\$ 4,717	\$ 4,408	\$ 6,782	\$ 309
Net cash provided by investing activities	34,851	23,987	31,388	10,864	(7,401)
Net cash provided by (used in) financing activities	10,523	(13,650)	(33,466)	24,173	19,816

On January 13, 2026, the Company entered into an Equity Distribution Agreement with Needham & Company, LLC (“Needham”) and Citizens JMP Securities, LLC (“Citizens”) (the “Distribution Agreement”) with respect to an “at the market offering” program under which the Company may offer and sell, from time to time at its sole discretion, shares of its common stock, par value \$0.10 per share, having an aggregate offering price of up to \$50.0 million through Needham and Citizens as its sales agents. The Company is not obligated to sell any shares under the Distribution Agreement. Subject to the terms and conditions of the Distribution Agreement, Needham and Citizens will use commercially reasonable efforts, consistent with their normal trading and sales practices and applicable laws and regulations, to sell shares of the Company’s common stock from time to time based upon instructions received from the Company, including any price, time or size limits or other customary parameters or conditions specified, subject to certain limitations. Under the Distribution Agreement, Needham and Citizens may sell shares of the Company’s common stock by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415(a)(4) under the Securities Act of 1933, as amended. The issuance and sale, if any, of shares of the Company’s common stock under the Distribution Agreement are made pursuant to a registration statement on Form S-3 that the Company filed with the U.S. Securities and Exchange Commission (“SEC”) on January 13, 2026 and was declared effective on January 21, 2026. The offering is described in a prospectus filed as part of the registration statement. During the fiscal year ended March 1, 2026, the Company sold 942,749 shares under the Distribution Agreement at an average price of \$24.21 per share. Gross proceeds of \$22.8 million were reduced by commissions and other expenses of \$1.1 million resulting in net proceeds of \$21.7 million. The remaining amount available to be sold under the Distribution Agreement as of March 1, 2026 was \$27.2 million. The Company may, from time to time at its sole discretion, elect to sell additional shares of its common stock under the Distribution Agreement, subject to market conditions and other considerations.

Cash and Marketable Securities

The Company believes it has sufficient liquidity to fund its operating activities for the 12 months from the date of the filing of this Form 10-K Annual Report and for the foreseeable future thereafter. The Company expects the planned new composite materials manufacturing facility to be a significant capital project and, accordingly, anticipates funding-related expenditures from cash generated from operations, existing cash and marketable securities, and if appropriate, other available capital resources.

The change in cash and marketable securities as of March 1, 2026 compared to March 2, 2025 was primarily the result of the \$21.7 million of proceeds from issuance of common stock under the “at the market offering” program described above and improved earnings in 2026 offset by repurchases of the Company’s common stock of \$2.2 million in the first quarter of 2026, as well as a transition tax payment of \$4.9 million made in the second quarter of 2026 and the payment of a supplier advance of \$1.6 million made in the first quarter of 2026. The significant changes in cash provided by operating activities were as follows:

- accounts receivable decreased by 15% as of March 1, 2026 compared to March 2, 2025 despite the increase in total net sales in the fourth quarter of 2026 compared to the fourth quarter of 2025; as the result of improved collections and the timing and mix of fourth quarter sales;
- inventory increased 3% as of March 1, 2026 compared to March 2, 2025 due primarily to higher raw materials inventory to support first quarter shipments offset by lower finished goods inventory as of March 1, 2026;

- prepaid expenses decreased 32% as of March 1, 2026 compared to March 2, 2025 due to lower prepaid taxes as a result of utilization of prior year overpayments and lower interest receivable as the result of lower levels of marketable securities;
- accounts payable increased 46% as of March 1, 2026 compared to March 2, 2025 due primarily to the timing of raw material purchases and other expenses in the fourth quarter of 2026 compared to 2025;
- accrued liabilities increased 21% as of March 1, 2026 compared to March 2, 2025 due primarily to an increase in professional fee accruals and incentive payroll accruals; and
- income taxes payable decreased 88% as of March 1, 2026 compared to March 2, 2025 due to the payment of the final remaining transition tax installment in 2026.

In addition, the Company paid \$10.0 million and \$10.1 million in cash dividends during 2026 and 2025, respectively.

Working Capital

Working capital as of March 1, 2026 increased \$21.7 million compared to March 2, 2025. This was primarily due to the increase in cash and cash equivalents and marketable securities and lower current income taxes payable partially offset by lower accounts receivable, as well as higher accounts payable and accrued liabilities.

The Company's current ratio (the ratio of current assets to current liabilities) was 18.2 to 1 as of March 1, 2026 compared to 9.7 to 1 as of March 2, 2025.

Cash Flows

During 2026, the Company's net earnings before non-cash storm damage charges, depreciation and amortization, stock-based compensation, provision for deferred income taxes, loss on sales of marketable securities, amortization of bond premium and gain on sale of fixed assets, were \$14.3 million compared to \$11.3 million in fiscal 2025 and \$11.1 million in fiscal 2024. Such earnings were decreased by changes in operating assets and liabilities of \$2.8 million, \$6.6 million and \$6.7 million in fiscal 2026, 2025 and 2024, respectively. This resulted in \$11.5 million, \$4.7 million and \$4.4 million of cash provided by operating activities from continuing operations in fiscal 2026, 2025 and 2024, respectively. During 2026, the Company expended \$2.0 million for the purchase of property, plant and equipment compared to \$0.9 million during 2025, and \$0.6 million in 2024. Proceeds from the sale and maturities of marketable securities, net of purchases of marketable securities were \$36.9 million, \$24.9 million, and \$32.0 million in 2026, 2025 and 2024, respectively. In 2026, the Company had cash proceeds from the issuance of stock of \$21.7 million. The Company paid \$10.0 million, \$10.1 million and \$30.6 million in cash dividends in 2026, 2025 and 2024, respectively. The 2024 dividends paid included a special dividend of \$20.5 million paid in the first quarter of that year. The Company expended \$2.2 million, \$4.3 million and \$2.9 million in 2026, 2025 and 2024, respectively, on repurchases of common stock.

Other Liquidity Factors

The Company believes that its existing cash, cash equivalents and marketable securities, and cash flow from operations will be sufficient to fund necessary capital expenditures and operating cash requirements for at least the next 12 months from the date of the filing of this Form 10-K Annual Report. The Company further believes that its consolidated balance sheet and financial position are very strong.

Contractual Obligations:

The Company's contractual obligations and other commercial commitments to make future payments under contracts, such as lease agreements, consist primarily of operating lease commitments, commitments to purchase raw materials and commitments to purchase equipment, as described in Note 9 of the Notes to Consolidated Financial Statements included elsewhere in this report. In March 2025, the Company entered into an agreement with a supplier, ArianeGroup SAS, under which the Company would advance funds against future purchases. The agreement requires payments of €4,587 over three years, of which €1,376 was paid in April 2025 (actual cost of \$1,564), €1,835 was paid in May 2026 (actual cost of \$2,156) and €1,376 (approximately \$1,598 based on May 18, 2026 exchange rates) is due in the first quarter of fiscal 2028. The Company has no other long-term debt, capital lease obligations, unconditional purchase obligations or other long-term obligations, standby letters of credit, guarantees, standby repurchase obligations or other commercial commitments or contingent commitments, other than two standby letters of credit in the total amount of \$0.1 million to secure the Company's obligations under its workers' compensation insurance program.

Environmental Matters:

The Company is subject to various federal, state and local government and foreign government requirements relating to the protection of the environment. The Company believes that, as a general matter, its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and that its handling, manufacture, use and disposal of hazardous or toxic substances are in accord with environmental laws and regulations. However, mainly because of past operations of the Company's former Electronics Business and operations of predecessor companies, which were generally in compliance with applicable laws at the time of the operations in question, the Company, like other companies engaged in similar businesses, is a party to claims by government agencies and third parties and has incurred remedial response and voluntary cleanup costs associated with environmental matters. Additional claims and costs involving past environmental matters may continue to arise in the future. It is the Company's policy to record appropriate liabilities for such matters when remedial efforts are probable and the costs can be reasonably estimated.

In 2026, 2025 and 2024, the Company incurred approximately \$43,000, \$37,000 and \$29,000, respectively, for remedial response and voluntary cleanup costs and related legal fees, and the Company received, or expects to receive, reimbursement pursuant to general liability insurance coverage for approximately \$43,000, \$37,000 and \$29,000, respectively, of such amounts. While annual environmental remedial response and voluntary cleanup expenditures, including legal fees, have generally been constant from year to year, with increases over time, the Company expects it will be able to fund such expenditures from cash flow from operations. The timing of expenditures depends on a number of factors, including regulatory approval of cleanup projects, remedial techniques to be utilized and agreements with other parties. As of March 1, 2026 and March 2, 2025, there were no amounts recorded in accrued liabilities for environmental matters.

Management does not expect that environmental matters will have a material adverse effect on the liquidity, capital resources, business, consolidated results of operations or consolidated financial position of the Company. See Note 10 of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this report for a discussion of the Company's contingencies, including those related to environmental matters.

Critical Accounting Policies and Estimates:

The following information is provided regarding critical accounting policies that are important to the Consolidated Financial Statements and that entail, to a significant extent, the use of estimates, assumptions and the application of management's judgment.

General

The Company's Discussion and Analysis of its Financial Condition and Results of Operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these Consolidated Financial Statements requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to sales allowances, inventories, valuation of long-lived assets, income taxes, restructurings, and employee benefit programs. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its Consolidated Financial Statements.

Recently Adopted Accounting Pronouncement

See Note 13 of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report for a discussion of the Company's recently adopted accounting pronouncements.

Revenue Recognition

The Company recognizes revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the providing entity expects to be entitled in exchange for those goods or services. We recognize revenue when all of the following criteria are met: (1) we have entered into a binding agreement, (2) the performance obligations have been identified, (3) the transaction price to the customer has been determined, (4) the transaction price has been allocated to the performance obligations in the contract, and (5) the performance obligations have been satisfied. The majority of the Company's shipping terms define the performance obligation to be satisfied upon shipment.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. The Company writes down its inventory for estimated obsolescence or unmarketability based upon the age of the inventory and assumptions about future demand for the Company's products and market conditions.

Valuation of Long-Lived Assets

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. In addition, the Company assesses the impairment of goodwill at least annually. Important factors that could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and significant changes in the use of the Company's assets or strategy of the overall business.

Income Taxes

As part of the process of preparing its consolidated financial statements, the Company is required to estimate its income taxes payable in each of the jurisdictions in which it operates. This process involves estimating the actual current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. Deferred income taxes are provided for temporary differences in the reporting of certain items, such as depreciation and undistributed earnings of foreign subsidiaries, for income tax purposes compared to financial accounting purposes. In evaluating the Company's ability to recover the deferred tax assets within the jurisdiction from which they arise, all positive and negative evidence is considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, tax planning strategies and results of recent acquisitions. If these estimates and assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's Consolidated Statements of Operations, or conversely to further reduce the existing valuation allowance, resulting in less income tax expense. The Company evaluates the realizability of the deferred tax assets and assesses the need for additional valuation allowances quarterly.

Tax benefits are recognized for an uncertain tax position when, in the Company's judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more likely than not recognition threshold, the tax benefit is measured as the largest amount that is judged to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances and when new information becomes available. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by the Company. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes its liability for unrecognized tax benefits is adequate. Interest and penalties recognized on the liability for unrecognized tax benefits are recorded as income tax expense.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk – The exposure to market risks for changes in interest rates relates to the Company's short-term investment portfolio. The Company does not use derivative financial instruments in its investment portfolio. The Company's short-term investment portfolio is managed in accordance with guidelines issued by the Company. These guidelines are designed to establish a high quality fixed income portfolio of government and highly rated corporate debt securities with a maximum weighted maturity of less than two years. Based on the average anticipated maturity of the investment portfolio at the end of the 2026 fiscal year, the Company does not believe that a hypothetical 10% fluctuation in short-term interest rates would have had a material impact on the consolidated results of operations or financial position of the Company.

Commodities Risk – The Company is subject to fluctuations in the cost of raw materials used to manufacture its materials and products. In particular, the Company is exposed to market fluctuations in commodity pricing as the Company utilizes certain materials that are key materials in certain of its products. The Company may also experience increasing costs for raw materials resulting from the imposition of duties, tariffs and similar governmental charges by the United States and certain foreign jurisdictions. The Company generally passes changes in the costs of its raw material costs through to its customers however the volatility in prices caused by the imposition of duties, tariffs and other similar governmental charges by various governments may make this more difficult. The Company currently does not use hedging strategies to minimize the risk of price fluctuations on commodity-based raw materials; however, the Company regularly reviews such strategies on an ongoing basis. See “Materials and Sources of Supply” in Item 1 of this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Company's Financial Statements begin on the next page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Park Aerospace Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Park Aerospace Corp. and Subsidiaries (the "Company") as of March 1, 2026 and March 2, 2025 and the related consolidated statements of operations, comprehensive earnings, shareholders' equity, and cash flows for each of the years in the three-year period ended March 1, 2026, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 1, 2026 and March 2, 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended March 1, 2026, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ CohnReznick LLP

We have served as the Company's auditor since 2014.
Melville, New York
May 29, 2026

PARK AEROSPACE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	<u>March 1, 2026</u>	<u>March 2, 2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,494	\$ 21,621
Marketable securities (Note 2)	10,874	47,213
Accounts receivable, less allowance for credit losses of \$111 and \$125, respectively	10,974	12,903
Inventories (Note 3)	7,411	7,213
Prepaid expenses and other current assets	918	1,344
Total current assets	108,671	90,294
Property, plant and equipment, net (Note 3)	21,828	21,650
Operating right-of-use assets (Note 9)	256	308
Goodwill and other intangible assets, net (Note 3)	9,776	9,776
Other assets	1,697	80
Total assets	\$ 142,228	\$ 122,108
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,681	\$ 2,513
Operating lease liabilities (Note 9)	44	40
Accrued liabilities (Note 3)	1,598	1,318
Income taxes payable (Note 4)	634	5,390
Total current liabilities	5,957	9,261
Long-term operating lease liabilities (Note 9)	273	318
Deferred income taxes (Note 4)	6,009	5,304
Other liabilities (Note 4)	39	71
Total liabilities	12,278	14,954
Commitments and contingencies (Notes 9 and 10)		
Shareholders' equity (Note 6):		
Preferred stock, \$1 par value per shares-authorized, 500,000 shares; issued, none	-	-
Common stock, \$0.10 par value per shares-authorized, 60,000,000 shares; issued, 20,965,144 shares	2,096	2,096
Additional paid-in capital	177,483	170,265
Accumulated deficit	(48,238)	(49,550)
Accumulated other comprehensive loss	(65)	(665)
	131,276	122,146
Less treasury stock, at cost, 87,285 and 962,476 shares, respectively	(1,326)	(14,992)
Total shareholders' equity	129,950	107,154
Total liabilities and shareholders' equity	\$ 142,228	\$ 122,108

See Notes to Consolidated Financial Statements.

PARK AEROSPACE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)

	Fiscal Year Ended		
	March 1, 2026	March 2, 2025	March 3, 2024
Net sales	\$ 73,301	\$ 62,026	\$ 56,004
Cost of sales	<u>50,629</u>	<u>44,384</u>	<u>39,470</u>
Gross profit	22,672	17,642	16,534
Selling, general and administrative expenses	<u>9,172</u>	<u>8,246</u>	<u>8,154</u>
Earnings from operations	13,500	9,396	8,380
Storm damage charge	-	(1,098)	-
Interest and other income	<u>1,543</u>	<u>1,209</u>	<u>1,053</u>
Earnings from operations before income taxes	15,043	9,507	9,433
Income tax provision (Note 4)	<u>3,771</u>	<u>3,625</u>	<u>1,960</u>
Net earnings	\$ 11,272	\$ 5,882	\$ 7,473
Earnings per share (Note 7)			
Basic:			
Basic earnings per share	<u>\$ 0.56</u>	<u>\$ 0.29</u>	<u>\$ 0.37</u>
Basic weighted average shares	19,968	20,099	20,304
Diluted:			
Diluted earnings per share	<u>\$ 0.56</u>	<u>\$ 0.29</u>	<u>\$ 0.37</u>
Diluted weighted average shares	20,117	20,190	20,393

See Notes to Consolidated Financial Statements.

PARK AEROSPACE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Amounts in thousands)

	Fiscal Year Ended		
	March 1, 2026	March 2, 2025	March 3, 2024
Net earnings	\$ 11,272	\$ 5,882	\$ 7,473
Other comprehensive earnings (loss), net of tax:			
Unrealized gains on marketable securities:			
Unrealized holding gains arising during the period	584	1,615	1,844
Unrealized losses on marketable securities:			
Unrealized holding losses arising during the period	(20)	(49)	(110)
Less: reclassification adjustment for losses included in net earnings	36	40	239
Other comprehensive earnings (loss)	600	1,606	1,973
Total comprehensive earnings	\$ 11,872	\$ 7,488	\$ 9,446

See Notes to Consolidated Financial Statements.

PARK AEROSPACE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Amounts in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance, February 26, 2023	20,965,144	\$ 2,096	\$ 169,932	\$ (42,694)	\$ (4,244)	493,934	\$ (9,156)
Net earnings	-	-	-	7,473	-	-	-
Unrealized gain on marketable securities, net of tax	-	-	-	-	1,973	-	-
Stock options exercised	-	-	(16)	-	-	(3,250)	54
Stock-based compensation	-	-	529	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	221,099	(2,880)
Cash dividends (\$.50 per share)	-	-	-	(10,153)	-	-	-
Balance, March 3, 2024	20,965,144	2,096	170,445	(45,374)	(2,271)	711,783	(11,982)
Net earnings	-	-	-	5,882	-	-	-
Unrealized gain on marketable securities, net of tax	-	-	-	-	1,606	-	-
Stock options exercised	-	-	(582)	-	-	(79,487)	1,242
Stock-based compensation	-	-	402	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	330,180	(4,252)
Cash dividends (\$.50 per share)	-	-	-	(10,058)	-	-	-
Balance, March 2, 2025	20,965,144	2,096	170,265	(49,550)	(665)	962,476	(14,992)
Net earnings	-	-	-	11,272	-	-	-
Unrealized gain on marketable securities, net of tax	-	-	-	-	600	-	-
Stock options exercised	-	-	(598)	-	-	(99,397)	1,510
Stock-based compensation	-	-	401	-	-	-	-
Shares sold under At the Market Offering Program, net of issuance costs	-	-	7,415	-	-	(942,749)	14,321
Repurchase of treasury shares	-	-	-	-	-	166,955	(2,165)
Cash dividends (\$.50 per share)	-	-	-	(9,960)	-	-	-
Balance, March 1, 2026	20,965,144	\$ 2,096	\$ 177,483	\$ (48,238)	\$ (65)	87,285	\$ (1,326)

See Notes to Consolidated Financial Statements.

PARK AEROSPACE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Fiscal Year Ended		
	March 1, 2026	March 2, 2025	March 3, 2024
Cash flows from operating activities:			
Net earnings	\$ 11,272	\$ 5,882	\$ 7,473
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Non-cash storm damage charge	-	887	-
Depreciation and amortization	1,860	1,851	1,402
Stock-based compensation	401	402	529
Allowance for credit losses	46	6	16
Provision for deferred income taxes	705	2,082	1,228
Amortization of bond premium	-	126	315
Loss on sale of marketable securities	50	57	184
Gain on sale of fixed assets	-	(22)	-
Changes in operating assets and liabilities:			
Accounts receivable	1,883	(528)	(2,408)
Inventories	(198)	(809)	364
Prepaid expenses and other current assets	426	1,505	(5)
Other assets and liabilities	(1,638)	(1,079)	(554)
Accounts payable	1,168	(1,001)	(1,031)
Accrued liabilities	280	(668)	640
Income taxes payable	(4,756)	(3,974)	(3,745)
Net cash provided by operating activities	11,499	4,717	4,408
Cash flows from investing activities:			
Purchases of property, plant and equipment	(2,038)	(889)	(645)
Proceeds from sales of property, plant and equipment	-	22	-
Purchases of marketable securities	(2,440)	(7,772)	(7,690)
Proceeds from sales and maturities of marketable securities	39,329	32,626	39,723
Net cash provided by investing activities	34,851	23,987	31,388
Cash flows from financing activities:			
Dividends paid	(9,960)	(10,058)	(30,624)
Proceeds from exercise of stock options	912	660	38
Proceeds from issuance of stock, net of issuance costs	21,736	-	-
Purchase of treasury stock	(2,165)	(4,252)	(2,880)
Net cash provided by (used in) financing activities	10,523	(13,650)	(33,466)
Increase in cash and cash equivalents	56,873	15,054	2,330
Cash and cash equivalents, beginning of year	21,621	6,567	4,237
Cash and cash equivalents, end of year	\$ 78,494	\$ 21,621	\$ 6,567
Supplemental disclosure of non-cash activities:			
Addition to operating right-of-use asset from new operating lease liability	\$ -	\$ 267	\$ -

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three years ended March 1, 2026

(Amounts in thousands, except share (unless otherwise stated), per share and option amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Park Aerospace Corp. and its subsidiaries (collectively, “Park” or the “Company”) is a global advanced materials company which develops and manufactures advanced composite materials, primary and secondary structures and assemblies and low-volume tooling for the aerospace markets.

- a. *Principles of Consolidation* – The consolidated financial statements include the accounts of Park and its subsidiaries. All significant intercompany balances and transactions have been eliminated.
- b. *Use of Estimates* – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.
- c. *Accounting Period* – The Company’s fiscal year is the 52- or 53-week period ending the Sunday nearest to the last day of February. The 2026 and 2025 fiscal years ended on March 1, 2026 and March 2, 2025, respectively, each consisted of 52 weeks while the 2024 fiscal year ended on March 3, 2024 consisted of 53 weeks.
- d. *Fair Value Measurements* – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.*, the “exit price”) in an orderly transaction between market participants at the measurement date.

Fair value measurements are broken down into three levels based on the reliability of inputs as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (*e.g.*, interest rates and yield curves observable at commonly quoted intervals or current market) and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value of the Company's cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying value due to their short-term nature. Certain assets and liabilities of the Company are required to be recorded at fair value on either a recurring or non-recurring basis. On a recurring basis, the Company records its marketable securities at fair value using Level 1 or Level 2 inputs. (See Note 2).

The Company's non-financial assets measured at fair value on a non-recurring basis, for purposes of calculating impairment, include goodwill and any long-lived assets written down to fair value. To measure fair value of such assets, the Company uses Level 3 inputs consisting of techniques including an income approach and a market approach. The income approach is based on a discounted cash flow analysis and calculates the fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. Assumptions used in the discounted cash flow analysis require the exercise of significant judgment, including judgment about appropriate discount rates, terminal values, growth rates and the amount and timing of expected future cash flows. There were no transfers between levels within the fair value hierarchy during the 2026, 2025 or 2024 fiscal years.

- e. *Cash and Cash Equivalents* – The Company considers all money market securities and investments with contractual maturities at the date of purchase of 90 days or less to be cash equivalents. The Company had no debt securities included in cash equivalents as of March 1, 2026 or March 2, 2025. Certain of the Company's cash and cash equivalents are in excess of U.S. government insurance. As of March 1, 2026 and March 2, 2025, \$32,447 and \$31,079, respectively, of the cash and marketable securities were owned by one of the Company's wholly-owned foreign subsidiaries.

Supplemental cash flow information:

	Fiscal Year		
	2026	2025	2024
Cash paid during the year for income taxes, net of refunds	\$ 7,675	\$ 5,754	\$ 6,017

On February 9, 2023, the Company's Board of Directors declared a special dividend of \$1.00 per share payable April 6, 2023 to shareholders of record at the close of business on March 9, 2023. The total amount of this special dividend was approximately \$20.5 million.

- f. *Marketable Securities* – All marketable securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, included in comprehensive earnings. Realized gains and losses, amortization of premiums and discounts, and interest and dividend income are included in interest and other income, net. The cost of securities sold is based on the specific identification method.

- g. *Inventories* – Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. The Company writes down its inventory for estimated obsolescence or unmarketability based upon the age of the inventory and assumptions about future demand for the Company's products and market conditions.
- h. *Revenue Recognition* – The Company recognizes revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the providing entity expects to be entitled in exchange for those goods or services. We recognize revenue when all of the following criteria are met: (1) we have entered into a binding agreement, (2) the performance obligations have been identified, (3) the transaction price to the customer has been determined, (4) the transaction price has been allocated to the performance obligations in the contract, and (5) the performance obligations have been satisfied. Revenue is recognized in accordance with contracted shipping terms, which represents the Company's performance obligation. Shipping and handling costs are treated as fulfillment costs.
- i. *Sales Allowances and Product Warranties* – The Company records estimated reductions to revenue for customer returns, allowances, and warranty claims. Provisions for such reductions are recorded in the period the sale is recorded and are derived from historical trends and other relevant information. The Company's products are made to customer specifications and tested for adherence to specifications before shipment to customers. Composite structures and assemblies may be subject to "airworthiness" acceptance by customers after receipt at the customers' locations. There are no future performance requirements other than the products' meeting the agreed specifications. The Company's basis for providing sales allowances for returns are known situations in which products may have failed due to manufacturing defects in products supplied by the Company. The amounts of returns and allowances resulting from defective or damaged products have been less than 1.0% of sales for each of the Company's last three fiscal years.
- j. *Accounts Receivable* – The Company's accounts receivable are due from purchasers of the Company's products. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within established payment terms and are stated at amounts due from customers net of an allowance for credit losses. Accounts outstanding longer than established payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the conditions of the general economy and the aerospace industry. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company writes off accounts receivable when they become uncollectible. The allowance for credit losses as of March 1, 2026, March 2, 2025, and March 3, 2024 were \$111, \$125 and \$128, respectively.

- k. *Valuation of Long-Lived Assets* – The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Important factors that could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and significant changes in the use of the Company's assets or strategy of the overall business. No impairments of long-lived assets were recognized in the 2026, 2025, or 2024 fiscal years.
- l. *Goodwill and Other Intangible Assets* – Goodwill is not amortized. Other intangible assets are amortized over their useful lives, which is 15 years, on a straight-line basis. The Company tests for impairment of intangible assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. With respect to goodwill, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value is less than the carrying value. If, based on that assessment, the Company believes it is more likely than not that the fair value is less than the carrying value, a one-step goodwill impairment test is performed. The Company assesses the impairment of goodwill at least annually. The Company conducts its annual goodwill impairment test as of the first day of the fourth quarter. The Company concluded that there was no impairment in the 2026, 2025 or 2024 fiscal years.
- m. *Shipping Costs* – Most of the costs for third-party shippers for transporting products to customers are paid for or reimbursed by customers. The Company records minimal shipping costs in selling, general and administrative expenses.
- n. *Property, Plant and Equipment* – Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Company capitalizes additions, improvements and major renewals and expenses maintenance, repairs and minor renewals as incurred. Depreciation and amortization are computed principally by the straight-line method over the estimated useful lives of the assets. Machinery, equipment, furniture and fixtures are generally depreciated over 10 years. Building and leasehold improvements are generally depreciated over 25-30 years or the term of the lease, if shorter. The depreciation and amortization expenses associated with property, plant and equipment were \$1,860, \$1,851, and \$1,396 for the 2026, 2025, and 2024 fiscal years, respectively.
- o. *Income Taxes* – Deferred income taxes are provided for temporary differences in the reporting of certain items, such as depreciation and undistributed earnings of foreign subsidiaries, for income tax purposes compared to financial accounting purposes. In evaluating the Company's ability to recover the deferred tax assets within the jurisdiction from which they arise, all positive and negative evidence is considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, tax planning strategies and results of recent acquisitions. If these estimates and assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's Consolidated Statements of Operations, or conversely to further reduce the existing valuation allowance, resulting in less income tax expense. The Company evaluates the realizability of the deferred tax assets and assesses the need for additional valuation allowances quarterly. (See Note 4).

Tax benefits are recognized for an uncertain tax position when, in the Company's judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more likely than not recognition threshold, the tax benefit is measured as the largest amount that is judged to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances and when new information becomes available. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by the Company. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes its liability for unrecognized tax benefits is adequate. Interest and penalties, if any, recognized on the liability for unrecognized tax benefits are recorded as income tax expense.

- p. *Stock-Based Compensation* – The Company accounts for stock options, the only form of equity compensation issued by the Company, as compensation expense based on the fair value of the options on the date of grant and recognizes such expense on a straight-line basis over the four-year service period during which the options become exercisable, net of forfeitures. The Company determines the fair value of such options using the Black-Scholes option pricing model. The Black-Scholes option pricing model incorporates certain assumptions relating to risk-free interest rate, expected volatility, expected dividend yield and expected life of options, in order to arrive at a fair value estimate.
- q. *Treasury Stock* – The Company considers all shares of the Company's common stock purchased by the Company as authorized but unissued shares on the trade date. The aggregate purchase price of such shares is reflected as a reduction to Shareholders' Equity, and such shares are held in treasury at cost.
- r. *Leases* – The Company has operating leases related to land, office space, warehouse space and equipment. All of the Company's leases have been assessed to be operating leases. Renewal options are included in the lease terms to the extent the Company is reasonably certain to exercise the option. The exercise of lease renewal options is at the Company's sole discretion. The incremental borrowing rate represents the Company's ability to borrow on a collateralized basis over a term similar to the lease term. The leases typically contain renewal options for periods ranging from one year to ten years and require the Company to pay real estate taxes and other operating costs. The latest land lease expiration is 2068 assuming exercise of all applicable renewal options by the Company. The Company's existing leases are not subject to any restrictions or covenants which preclude its ability to pay dividends, obtain financing or exercise its available renewal options.

2. MARKETABLE SECURITIES

The following is a summary of available-for-sale securities:

	March 1, 2026			
	Total	Level 1	Level 2	Level 3
U.S. Treasury and other government securities	\$ 10,874	\$ 10,874	\$ -	\$ -
Total marketable securities	\$ 10,874	\$ 10,874	\$ -	\$ -

	March 2, 2025			
	Total	Level 1	Level 2	Level 3
U.S. Treasury and other government securities	\$ 47,213	\$ 47,213	\$ -	\$ -
Total marketable securities	\$ 47,213	\$ 47,213	\$ -	\$ -

The following tables show the amortized cost basis, gross unrealized gains and losses and gross realized gains and losses on the Company's available-for-sale securities:

	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses
March 1, 2026:			
U.S. Treasury and other government securities	\$ 10,964	\$ 2	\$ 92
Total marketable securities	\$ 10,964	\$ 2	\$ 92

March 2, 2025:			
U.S. Treasury and other government securities	\$ 48,124	\$ 24	\$ 935
Total marketable securities	\$ 48,124	\$ 24	\$ 935

	Fiscal Year		
	2026	2025	2024
Gross realized losses on sale	\$ 50	\$ 57	\$ 184

The estimated fair values of such securities as of March 1, 2026, by contractual maturity, are shown below:

Due in one year or less	\$ 10,874
	\$ 10,874

3. OTHER CONSOLIDATED BALANCE SHEET DATA

Other consolidated balance sheet data consisted of the following:

	<u>March 1, 2026</u>	<u>March 2, 2025</u>
<u>Inventories:</u>		
Raw materials	\$ 5,369	\$ 4,768
Work-in-process	1,347	727
Finished goods	695	1,718
	<u>\$ 7,411</u>	<u>\$ 7,213</u>
<u>Property, plant and equipment:</u>		
Land, buildings and improvements	\$ 16,067	\$ 15,826
Machinery, equipment, furniture and fixtures	34,568	32,771
	<u>50,635</u>	<u>48,597</u>
Less: accumulated depreciation and amortization	28,807	26,947
	<u>\$ 21,828</u>	<u>\$ 21,650</u>
<u>Goodwill and other intangible assets:</u>		
Goodwill	<u>\$ 9,776</u>	<u>\$ 9,776</u>
<u>Accrued liabilities:</u>		
Payroll and payroll related accruals	\$ 802	\$ 650
Workers' compensation	96	91
Professional fees	407	328
Property taxes	138	123
Other	155	126
	<u>\$ 1,598</u>	<u>\$ 1,318</u>

4. INCOME TAXES

The income tax provision for continuing operations includes the following:

	<u>Fiscal Year</u>		
	<u>2026</u>	<u>2025</u>	<u>2024</u>
Current:			
Federal	\$ 2,118	\$ 802	\$ 309
State and local	802	603	310
Foreign	146	138	113
	<u>3,066</u>	<u>1,543</u>	<u>732</u>
Deferred:			
Federal	566	1,623	975
State and local	139	459	253
Foreign	-	-	-
	<u>705</u>	<u>2,082</u>	<u>1,228</u>
	<u>\$ 3,771</u>	<u>\$ 3,625</u>	<u>\$ 1,960</u>

State income tax benefits from loss carryforwards to future years were recognized as deferred tax assets in the 2026, 2025 and 2024 fiscal years.

In the fourth quarter of fiscal 2025, the Company recorded a deferred tax provision for undistributed foreign earnings that were previously considered indefinitely reinvested. The Company recorded a deferred tax charge of \$2,147 related to these undistributed earnings. While the Company has pursued, and continues to pursue, investment opportunities overseas for these funds, the Company no longer considers the funds to be indefinitely reinvested.

The Company's pre-tax earnings from continuing operations in the United States and foreign locations are as follows:

	Fiscal Year		
	2026	2025	2024
United States	\$ 14,107	\$ 8,619	\$ 8,693
Foreign	936	888	740
Earnings before income taxes	\$ 15,043	\$ 9,507	\$ 9,433

A reconciliation of the U.S. federal statutory rate to the Company's effective income tax rate is as follows:

	Fiscal Year 2026	
	Amount	Rate
Statutory U.S. federal tax rate	\$ 3,159	21.0%
State and local taxes, net of federal income tax effect (a)	827	5.5%
Foreign tax rate effects - Singapore	(51)	(0.3%)
Effect of cross border tax laws		
Subpart F income	197	1.3%
Foreign derived intangible income	(41)	(0.3%)
Unrepatriated foreign earnings	4	0.0%
Foreign tax credits	(146)	(1.0%)
Nontaxable or nondeductible items	(29)	(0.2%)
Tax credits - research & development	(51)	(0.3%)
Change in uncertain tax positions	(32)	(0.2%)
Other adjustments	(66)	(0.4%)
	\$ 3,771	25.1%

(a) State taxes in Kansas made up the majority (greater than 50%) of the tax effect in this category

	Fiscal Year	
	2025	2024
Statutory U.S. federal tax rate	21.0%	21.0%
State and local taxes, net of federal benefit	5.9%	5.8%
Foreign tax rate differentials	(0.3%)	(0.4%)
NQSO expirations and cancellations	0.9%	1.8%
Adjustment on tax accruals	(0.7%)	(1.0%)
Change in unrecognized tax benefits	(11.1%)	(6.1%)
Foreign tax credits	(1.5%)	0.0%
Deferred tax liability on undistributed foreign earnings	22.6%	0.0%
Subpart F	2.0%	0.0%
Permanent differences and other	(0.7%)	(0.3%)
	38.1%	20.8%

The Company had state net operating loss carryforwards of \$1,611 and \$386 as of March 1, 2026 and March 2, 2025, respectively, and total net foreign operating loss carryforwards of \$7,791 as of both March 1, 2026 and March 2, 2025. The Company had valuation allowances against the remaining carryforwards as of March 1, 2026 and March 2, 2025. The state net operating loss carryforwards will expire in 2026 through 2041.

The Company had Arizona tax credits of \$990 in both the 2026 and 2025 fiscal years for which there were valuation allowances as of March 1, 2026 and March 2, 2025.

The deferred tax asset valuation allowance of \$2,938 as of March 1, 2026 relates to the above foreign net operating losses and state tax credit carryforwards from continuing operations for which the Company does not expect to realize any tax benefit. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities from continuing operations as of March 1, 2026 and March 2, 2025 were as follows:

	March 1, 2026	March 2, 2025
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,949	\$ 1,948
Tax credits carryforward	990	990
Stock options	346	446
Other, net	511	953
	3,796	4,337
Valuation allowance on deferred tax assets	(2,938)	(2,938)
Total deferred tax assets, net of valuation allowance	858	1,399
Deferred tax liabilities:		
Depreciation	(4,118)	(4,036)
Undistributed earnings	(2,220)	(2,147)
Other	(529)	(520)
Total deferred tax liabilities	(6,867)	(6,703)
Net deferred tax liability	\$ (6,009)	\$ (5,304)

The amount of cash taxes paid, net of refunds, by the Company during 2026 is as follows:

United States Federal	\$	7,151
United States State and Local		
Kansas		475
Other		49
Total income tax payments, net of refunds	\$	<u>7,675</u>

As of March 1, 2026 and March 2, 2025, the Company had gross unrecognized tax benefits and related interest of \$39 and \$71, respectively, included in other liabilities. If any portion of the unrecognized tax benefits as of March 1, 2026 were recognized, the Company's effective tax rate would decrease. The change as of March 1, 2026 was due to a reduction in uncertain tax positions of \$32 related to expiring statutes of limitations on tax positions taken in prior years regarding certain state tax related items.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for continuing operations is as follows:

	<u>Unrecognized Tax Benefits</u>		
	<u>March 1, 2026</u>	<u>March 2, 2025</u>	<u>March 3, 2024</u>
Balance, beginning of year	\$ 52	\$ 918	\$ 1,424
Gross decreases - tax positions in prior period	(23)	(866)	(535)
Gross increases - current period tax positions	-	-	29
Balance, end of year	<u>\$ 29</u>	<u>\$ 52</u>	<u>\$ 918</u>

The amount of unrecognized tax benefits may increase or decrease in the future for various reasons, including adding or subtracting amounts for current year tax positions, expiration of statutes of limitations on open income tax years, changes in the Company's judgment about the level of uncertainty, status of tax examinations, and legislative changes. Changes in prior period tax positions are the result of a re-evaluation of the probability of realizing the benefit of a particular tax position based on new information.

A list of open tax years by major jurisdiction follows:

U.S. Federal	2024-2026
California	2023-2026
New York	2024-2026
Kansas	2024-2026
France	2024-2026
Singapore	2023-2026

The Company had \$11 and \$19 of accrued interest and penalties as of March 1, 2026 and March 2, 2025, respectively. The Company's policy is to include applicable interest and penalties related to unrecognized tax benefits as a component of current income tax expense.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"). The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. ASC 740, "Income Taxes", requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation is enacted. The Company completed its assessment of the OBBBA corporate tax provisions which were enacted on July 4, 2025. OBBBA contained a number of U.S. corporate tax provisions, of which the Company elected to expense U.S. incurred research or experimental expenditures immediately and full bonus depreciation for certain assets placed into service after January 19, 2025. As a result of the Company's elections, the Company's U.S. cash taxes decreased in 2026 with no material impact to its effective tax rate.

On August 16, 2022, the Inflation Reduction Act was signed into law. The Inflation Reduction Act includes various tax provisions, which are effective for tax years beginning on or after January 1, 2023. For tax years beginning after December 31, 2021, the Tax Cuts & Jobs Act of 2017 eliminated the option to deduct research and development expenditures as incurred and instead required taxpayers to capitalize and amortize them over five or 15 years beginning in 2022. The Company incurred research and development expenses in the U.S. in 2025 and 2024 and, as such, the research and development expense addback is in the U.S. tax return for those years. This provision was eliminated by the OBBBA and the Company has elected to expense U.S. incurred research and development expenditures immediately in 2026.

The Company has no ongoing examinations of its federal returns.

5. STOCK-BASED COMPENSATION

As of March 1, 2026, the Company had a 2018 Stock Option Plan (the "2018 Plan") and no other stock-based compensation plan. The 2018 Plan was adopted by the Board of Directors of the Company on May 8, 2018 and approved by the shareholders of the Company at the Annual Meeting of Shareholders of the Company on July 24, 2018, and amended by the shareholders of the Company on July 18, 2024 and provides for the grant of options to purchase up to 1,550,000 shares of common stock of the Company. Prior to the 2018 Plan, the Company had the 2002 Stock Option Plan (the "2002 Plan") which had been approved by the Company's shareholders and provided for the grant of stock options to directors and key employees of the Company. All options granted under the 2018 Plan and 2002 Plan have exercise prices equal to the fair market value of the underlying Common Stock of the Company at the time of grant, which, pursuant to the terms of such Plans, is the reported closing price of the Common Stock on the New York Stock Exchange on the date preceding the date an option is granted. Options granted under the Plans become exercisable 25% one year after the date of grant, with an additional 25% exercisable each succeeding anniversary of the date of grant, and expire 10 years after the date of grant. As of March 1, 2026, options to purchase a total of 755,363 shares of Common Stock were available for grant under the 2018 Plan, 738,228 shares of Common Stock of the Company were reserved for issuance upon exercise of stock options under the 2018 Plan and 2,250 shares of Common Stock of the Company were reserved for issuance upon exercise of stock options under the 2002 Plan.

The compensation expense for stock options includes an estimate for forfeitures and is recognized on a straight-line basis over the requisite service period.

The future compensation expense to be recognized in earnings before income taxes for options outstanding as of March 1, 2026 was \$758, which is expected to be recognized ratably over a weighted average vesting period of 1.31 years.

The Company records its stock-based compensation at fair value. The weighted average fair value for options was estimated at the dates of grants, using the Black-Scholes option pricing model.

The following table represents the weighted average fair value and valuation assumptions used for options granted in the 2026, 2025, and 2024 fiscal years:

	Fiscal Year					
	2026		2025		2024	
Weighted average fair value per share of option grants	\$3.32		\$3.21		\$3.01	
Risk-free interest rates	4.10%	- 4.35%	4.23%	- 4.24%	3.61%	- 3.85%
Expected stock price volatility	24.0%	- 27.3%	28.7%	- 29.1%	28.5%	- 29.6%
Expected dividend yields	3.57%		3.77%		3.82%	
Estimated option terms (in years)	5.9	- 9.2	5.8	- 8.6	4.9	- 8.3

The risk-free interest rates are based on U.S. Treasury rates at the date of grant with maturity dates approximately equal to the estimated term of the options at the date of grant. Volatility factors are based on historical volatility of the Company's Common Stock. The expected dividend yields are based on the regular quarterly cash dividend per share most recently declared by the Company and on the exercise price of the options granted during the 2026 fiscal year. The estimated terms of the options are based on evaluations of the historical and expected future employee exercise behavior.

During the 2026, 2025 and 2024 fiscal years, the Company recorded non-cash charges of \$16,000, \$36,000 and \$109,000, respectively, related to the modification of previously granted employee stock options resulting from the \$1.00 per share special cash dividend paid by the Company in April 2023.

Information with respect to stock option activity follows:

	<u>Outstanding Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value</u>
Balance, February 26, 2023	670,425	\$ 12.80		
Granted	133,300	13.08		
Exercised	(3,250)	11.83		
Terminated or expired	(92,150)	15.69		
Balance, March 3, 2024	708,325	\$ 11.53		
Granted	135,100	13.26		
Exercised	(79,487)	8.30		
Terminated or expired	(44,988)	12.51		
Balance, March 2, 2025	718,950	\$ 12.15		
Granted	148,700	14.00		
Exercised	(99,397)	9.18		
Terminated or expired	(27,775)	12.95		
Balance, March 1, 2026	740,478	\$ 12.89	6.63	\$ 10,015
Vested and exercisable, March 1, 2026	422,108	\$ 12.53	5.33	\$ 5,864
Expected to vest, March 1, 2026	703,454	\$ 12.86	6.63	\$ 9,535

The aggregate intrinsic values realized (the market value of the underlying shares on the date of exercise, less the exercise price, times the number of shares acquired) from the exercise of options during the 2026, 2025, and 2024 fiscal years were \$869, \$491, and \$11, respectively.

A summary of the status of the Company's non-vested options as of March 1, 2026, and changes during the fiscal year then ended, is presented below:

	<u>Shares Subject to Options</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested, beginning of year	314,125	\$ 2.90
Granted	148,700	3.32
Vested	(124,393)	2.84
Terminated or expired	(20,062)	2.64
Non-vested, end of year	318,370	\$ 3.11

6. SHAREHOLDERS' EQUITY

Equity Distribution Agreement - On January 13, 2026, the Company entered into an Equity Distribution Agreement with Needham & Company, LLC ("Needham") and Citizens JMP Securities, LLC ("Citizens") (the "Distribution Agreement") with respect to an at the market offering program under which the Company may offer and sell, from time to time at its sole discretion, shares of its common stock, par value \$0.10 per share, having an aggregate offering price of up to \$50,000 through Needham and Citizens as its sales agents or principals. The Company is not obligated to sell any shares under the Distribution Agreement. Subject to the terms and conditions of the Distribution Agreement, Needham and Citizens will use commercially reasonable efforts, consistent with their normal trading and sales practices and applicable laws and regulations, to sell shares of the Company's common stock from time to time based upon instructions received from the Company, including any price, time or size limits or other customary parameters or conditions specified, subject to certain limitations. Under the Distribution Agreement, Needham and Citizens may sell shares of the Company's common stock by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415(a)(4) under the Securities Act of 1933, as amended. The issuance and sale, if any, of shares of the Company's common stock under the Distribution Agreement are made pursuant to a registration statement on Form S-3 that the Company filed with the U.S. Securities and Exchange Commission ("SEC") on January 13, 2026 and was declared effective on January 21, 2026. The offering is described in a prospectus filed as part of the registration statement. During the fiscal year ended March 1, 2026, the Company sold 942,749 shares under the Distribution Agreement for gross proceeds of \$22,822. The Company incurred expenses, including commissions, legal and accounting fees of \$1,086 related to the offering. The remaining amount available to be sold under the Distribution Agreement as of March 1, 2026 was \$27,178.

Treasury Stock - On May 18, 2022, the Company's Board of Directors authorized the Company's purchase, on the open market and in privately negotiated transactions of up to 1,500,000 shares of its Common Stock which represented 7% of the Company's 20,458,210 total outstanding shares of its Common Stock as of May 18, 2022. This authorization supersedes any unused prior Board of Directors' authorizations to purchase shares of the Company's Common Stock. During the years ended March 1, 2026, March 2, 2025 and March 3, 2024, the Company repurchased 166,955, 330,180 and 221,099 shares, respectively, at a total cost of \$2,165, \$4,252 and \$2,880, respectively. As of May 18, 2026, the amount remaining under the authorization was 781,766 shares which represent approximately 4% of the Company's 20,877,859 total outstanding shares as of May 18, 2026.

Reserved Common Shares - As of March 1, 2026, 1,495,841 shares of Common Stock were reserved for issuance upon exercise of stock options.

Accumulated Other Comprehensive Earnings (Loss) - Accumulated balances related to each component of other comprehensive earnings were as follows:

	<u>March 1, 2026</u>	<u>March 2, 2025</u>
Unrealized losses on investments, net of taxes of \$25 and \$246, respectively	\$ (65)	\$ (665)
Accumulated balance	<u>\$ (65)</u>	<u>\$ (665)</u>

7. EARNINGS PER SHARE

Basic earnings per share are computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share are computed by dividing net earnings by the sum of (a) the weighted average number of shares of common stock outstanding during the period and (b) the potential common stock equivalents outstanding during the period. Stock options are the only Common Stock equivalents, and the number of dilutive options is computed using the treasury stock method.

The following table sets forth the calculation of basic and diluted earnings per share:

	Fiscal Year		
	2026	2025	2024
<i>(Amounts in thousands, except per share amounts)</i>			
Net earnings	\$ 11,272	\$ 5,882	\$ 7,473
Weighted average common shares outstanding for basic EPS	19,968	20,099	20,304
Net effect of dilutive options	149	91	89
Weighted average shares outstanding for diluted EPS	20,117	20,190	20,393
Basic earnings per share	\$ 0.56	\$ 0.29	\$ 0.37
Diluted earnings per share	\$ 0.56	\$ 0.29	\$ 0.37

Potentially dilutive stock options, which were not included in the computation of diluted earnings per share because either the effect would have been antidilutive or the options' exercise prices were greater than the average market price of the common stock, were 120,635, 103,713, and 94,263 for the 2026, 2025 and 2024 fiscal years, respectively.

8. EMPLOYEE BENEFIT PLANS

Profit Sharing Plan – The Company has a non-contributory profit sharing retirement plan covering substantially all full-time employees in the United States. The plan may be modified or terminated at any time, but in no event may any portion of the contributions revert back to the Company. The Company's estimated contributions are accrued at the end of each fiscal year and paid to the plan in the subsequent fiscal year. The Company's contributions to the plan were \$149 and \$138 for fiscal years 2025 and 2024, respectively. The contribution for fiscal year 2026 has not been paid. Contributions are discretionary and may not exceed the amount allowable as a tax deduction under the Internal Revenue Code.

Savings Plan – The Company also sponsors a 401(k) retirement savings plan but has no financial obligations to plan participants in the form of matching contributions or otherwise.

9. LEASES, COMMITMENTS AND SUPPLIER ADVANCE

The Company has operating leases related to land, office space, warehouse space and equipment. All of the Company's leases have been assessed to be operating leases. Renewal options are included in the lease terms to the extent the Company is reasonably certain to exercise the option. The exercise of lease renewal options is at the Company's sole discretion. The amounts disclosed in our consolidated balance sheet as of March 1, 2026, pertaining to the right-of-use assets and lease liabilities, are measured on our current expectations of exercising our available renewal options. The incremental borrowing rate represents the Company's ability to borrow on a collateralized basis over a term similar to the lease term. The leases typically contain renewal options for periods ranging from one year to 10 years and require the Company to pay real estate taxes and other operating costs. The latest land lease expiration is 2068 assuming exercise of all applicable renewal options by the Company. The Company's existing leases are not subject to any restrictions or covenants which preclude its ability to pay dividends, obtain financing or exercise its available renewal options.

Future minimum lease payments under non-cancellable operating leases as of March 1, 2026 are as follows:

Fiscal Year:

	2027	\$	59
	2028		61
	2029		65
	2030		59
	2031		16
	Thereafter		<u>126</u>
Total undiscounted operating lease payments			386
Less imputed interest			<u>(69)</u>
Present value of operating lease payments		\$	<u>317</u>

The above payment schedule includes renewal options that the Company is reasonably likely to exercise. Leases with an initial term of 12 months or less are not recorded on the Company's Consolidated Balance Sheets. The Company recognizes lease expense for leases on a straight-line basis over the terms of the leases.

During the 2026, 2025 and 2024 fiscal years, the Company's operating lease expense was \$68, \$71 and \$62, respectively. Cash payments of \$57, \$55 and \$53 in the 2026, 2025 and 2024 fiscal years, respectively, pertaining to operating leases, are reflected in the Consolidated Statements of Cash Flows under cash flows from operating activities.

The following table sets forth the right-of-use assets and operating lease liabilities as of March 1, 2026:

Operating right-of-use assets	\$	<u>256</u>
Operating lease liabilities	\$	44
Long-term operating lease liabilities		<u>273</u>
Total operating lease liabilities	\$	<u>317</u>

The Company's weighted average remaining lease terms for its operating leases were 5.59 and 6.34 years as of March 1, 2026 and March 2, 2025, respectively. The Company's weighted average borrowing rates for its operating leases were 4.98% and 4.97% as of March 1, 2026 and March 2, 2025, respectively.

Rental expenses, inclusive of real estate taxes and other costs, were \$291, \$321, and \$464 for the 2026, 2025, and 2024 fiscal years, respectively.

On March 27, 2025, Park and ArianeGroup SAS entered into an agreement under which Park would advance funds to ArianeGroup SAS against future purchases of RAYCARB C2®B product in the total amount of €4,587 payable in three installments in 2025, 2026, and 2027. The advance would be paid as follows: €1,376 was paid in April 2025 (actual cost of \$1,564), €1,835 was paid in May 2026 (actual cost of \$2,156) and €1,376 to be paid in the first quarter of fiscal 2028 (approximately \$1,598 based on May 18, 2026 exchange rates). These advanced funds are to be used to help fund the purchase and installation, by ArianeGroup SAS, of additional manufacturing equipment for ArianeGroup SAS' production of RAYCARB C2®B product. Under the agreement, the Company commits to purchase RAYCARB C2®B product through December 2033 at an estimated cost of €36,000. The Company has a remaining advance of \$1,630 in Other Assets on the Consolidated Balance Sheet as of March 1, 2026.

10. CONTINGENCIES

Litigation

The Company is subject to a small number of immaterial proceedings, lawsuits and other claims related to environmental, employment, product and other matters. The Company is required to assess the likelihood of any adverse judgments or outcomes in these matters as well as potential ranges of probable losses. A determination of the accrual required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters. The Company believes that the ultimate disposition of such proceedings, lawsuits and claims will not have a material adverse effect on the liquidity, capital resources, business or consolidated results of operations or financial position of the Company.

Environmental Contingencies

The Company and certain of its subsidiaries have been named by the Environmental Protection Agency (the "EPA") or a comparable state agency under the Comprehensive Environmental Response, Compensation and Liability Act (the "Superfund Act") or similar state law as potentially responsible parties in connection with alleged releases of hazardous substances at three sites.

Under the Superfund Act and similar state laws, all parties who may have contributed any waste to a hazardous waste disposal site or contaminated area identified by the EPA or comparable state agency may be jointly and severally liable for the cost of cleanup. Generally, these sites are locations at which numerous persons disposed of hazardous waste. In the case of the Company's subsidiaries, generally the waste was removed from their manufacturing facilities and disposed at waste sites by various companies which contracted with the subsidiaries to provide waste disposal services. Neither the Company nor any of its subsidiaries have been accused of or charged with any wrongdoing or illegal acts in connection with any such sites. The Company believes it maintains an effective and comprehensive environmental compliance program.

The insurance carriers which provided general liability insurance coverage to the Company and its subsidiaries for the years during which the Company's subsidiaries' waste was disposed at these sites have in the past reimbursed the Company and its subsidiaries for 100% of their legal defense and remediation costs associated with two of these sites.

The Company does not record environmental liabilities and related legal expenses for which the Company believes that it and its subsidiaries have general liability insurance coverage for the years during which the Company's subsidiaries' waste was disposed at two sites for which certain subsidiaries of the Company have been named as potentially responsible parties. Pursuant to such general liability insurance coverage, three insurance carriers reimburse the Company and its subsidiaries for 100% of the legal defense and remediation costs associated with the two sites.

Included in selling, general and administrative expenses are charges for actual expenditures and accruals, based on estimates, for certain environmental matters described above. The Company accrues estimated costs associated with known environmental matters, when such costs can be reasonably estimated and when the outcome appears probable. The Company believes that the ultimate disposition of known environmental matters will not have a material adverse effect on the Company's consolidated results of operations, cash flows or financial position.

11. GEOGRAPHIC REGIONS

The Company's products are sold to customers in North America, Asia and Europe. The Company's manufacturing facilities are located in Kansas. Sales are attributed to geographic regions based upon the region in which the materials were delivered to the customer. Sales between geographic regions were not significant.

Financial information regarding the Company's continuing operations by geographic region is as follows:

	Fiscal Year		
	2026	2025	2024
Sales:			
North America	\$ 70,193	\$ 56,530	\$ 50,295
Asia	1,240	1,792	1,330
Europe	1,868	3,704	4,379
Total sales	<u>\$ 73,301</u>	<u>\$ 62,026</u>	<u>\$ 56,004</u>
Long-lived assets:			
North America	\$ 33,557	\$ 31,814	\$ 33,464
Asia	-	-	-
Europe	-	-	-
Total long-lived assets	<u>\$ 33,557</u>	<u>\$ 31,814</u>	<u>\$ 33,464</u>

12. OPERATING SEGMENT AND CUSTOMER CONCENTRATIONS

The Company operates in a single segment. The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. The CODM assesses the performance of this reportable segment and allocates resources on a consolidated basis using the entity-wide revenues and expense information reported on the Consolidated Statement of Operations. The primary measure of segment profit is consolidated net income as reported on the Consolidated Statement of Operations. In addition, segment assets reviewed by the CODM are reported on the Company's Consolidated Balance Sheet as total assets.

Customers – Net sales to affiliate and non-affiliate subtier suppliers of GE Aerospace were 39.3%, 39.8%, and 37.7% of the Company's total worldwide sales in the 2026, 2025, and 2024 fiscal years, respectively. In addition, sales to Aerojet Rocketdyne accounted for 11.7% of the Company's total worldwide sales in the 2026 fiscal year.

While no other customer accounted for 10% or more of the Company's total worldwide net sales in the 2026, 2025, or 2024 fiscal years, the loss of a major customer or of a group of customers could have a material adverse effect on the Company's business or consolidated results of operations or financial position.

Sources of Supply – The principal materials used in the manufacture of the Company’s advanced composite materials are aerospace grade reinforcements, thermoset resins and base chemicals. Although there is a limited number of qualified suppliers of these materials, the Company has nevertheless identified alter-nate sources of supply for many of such materials. While the Company has not experienced significant problems in the delivery of these materials and considers its relationships with its suppliers to be strong, a disruption of the supply of material from a principal supplier could adversely affect the Company’s business. Furthermore, substitutes for these materials are not readily available, and an inability to obtain essential materials, if prolonged, could materially adversely affect the Company’s business.

13. ACCOUNTING PRONOUNCEMENTS

Recently Adopted

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2023-09, Income Taxes (Topic 740) – Improvements to Income Tax Disclosures. The amendments in the ASU provide changes to income tax disclosure requirements. The amendments in ASU 2023-09 were effective for public business entities for fiscal years beginning after December 15, 2024. Early adoption was permitted. The Company elected to not early adopt ASU 2023-09. The adoption of ASU 2023-09 did not have an impact on the Company’s Consolidated Financial Statements. The required disclosures have been included in Note 4.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

(a) Disclosure Controls and Procedures.

The Company's management, with the participation of the Company's Chief Executive Officer and Vice President - Finance, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15I and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 1, 2026, the end of the fiscal year covered by this annual report. Based on such evaluation, the Company's Chief Executive Officer and Vice President - Finance have concluded that, as of the end of such fiscal year, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Vice President - Finance, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control Over Financial Reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of March 1, 2026. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework (2013)*. Based on management's assessment and those criteria, management concluded that the Company maintained effective internal control over financial reporting as of March 1, 2026.

(c) Changes in Internal Control Over Financial Reporting.

There has not been any change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter of the fiscal year to which this report relates that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information called for by this Item (except for information as to the Company's executive officers, which information appears elsewhere in this report) is incorporated by reference to the Company's definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this Item is incorporated by reference to the Company's definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information called for by this Item is incorporated by reference to the Company's definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information called for by this Item is incorporated by reference to the Company's definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

This information called for by this Item is incorporated by reference to the Company's definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Page

(a) Documents filed as a part of this Report:

(1) Consolidated Financial Statements:

The following Consolidated Financial Statements of the Company are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm (PCAOB ID 596)	38
Consolidated Balance Sheets	39
Consolidated Statements of Operations	40
Consolidated Statements of Comprehensive Earnings	41
Consolidated Statements of Shareholders' Equity	42
Consolidated Statements of Cash Flows	43
Notes to Consolidated Financial Statements (1-13)	44

(2) Financial Statement Schedules:

The following additional information should be read in conjunction with the Consolidated Financial Statements of the Registrant described in Item 15(a)(1) above:

Schedule II – Valuation and Qualifying Accounts	67
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All other schedules have been omitted because they are not applicable or not required, or the information is included elsewhere in the financial statements or notes thereto.

(3) Exhibits:

The information required by this Item relating to Exhibits to this Report is included in the Exhibit Index beginning on page 68 hereof.

ITEM 16. FORM 10-K SUMMARY

Not Applicable

PARK AEROSPACE CORP. AND SUBSIDIARIES

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Costs and Expenses	Other	Reductions	Balance at End of Period
DEFERRED INCOME TAX ASSET VALUATION ALLOWANCE:					
52 weeks ended March 1, 2026	\$ 2,938,000	\$ -	\$ -	\$ -	\$ 2,938,000
52 weeks ended March 2, 2025	\$ 2,938,000	\$ -	\$ -	\$ -	\$ 2,938,000
53 weeks ended March 3, 2024	\$ 2,938,000	\$ -	\$ -	\$ -	\$ 2,938,000

Column A	Column B	Column C	Column D Other		Column E
Description	Balance at Beginning of Period	Charged to Cost and Expenses	Accounts Written Off (A)	Translation Adjustment	Balance at End of Period
ALLOWANCE FOR CREDIT LOSSES:					
52 weeks ended March 1, 2026	\$ 125,000	\$ 46,200	\$ (60,200)	\$ -	\$ 111,000
52 weeks ended March 2, 2025	\$ 128,000	\$ 6,000	\$ (9,000)	\$ -	\$ 125,000
53 weeks ended March 3, 2024	\$ 120,000	\$ 16,000	\$ (8,000)	\$ -	\$ 128,000

(A) Uncollectible amounts, net of recoveries

EXHIBIT INDEX

<u>Exhibit</u> <u>Numbers</u>	<u>Description</u>
----------------------------------	--------------------

- | | |
|------|---|
| 3.1 | <u>Restated Certificate of Incorporation, dated March 28, 1989, filed with the Secretary of State of the State of New York on April 10, 1989, as amended by Certificate of Amendment of the Certificate of Incorporation, increasing the number of authorized shares of Common stock from 15,000,000 to 30,000,000 shares, dated July 12, 1995, filed with the Secretary of State of the State of New York on July 17, 1995, and by Certificate of Amendment of the Certificate of Incorporation, amending certain provisions relating to the rights, preferences and limitations of the shares of a series of Preferred Stock, dated August 7, 1995, filed with the Secretary of State of the State of New York on August 16, 1995 (Reference is made to Exhibit 3.01 of the Company's Annual Report on Form 10-K for the fiscal year ended March 3, 2002, Commission File No. 1-4415, which is incorporated herein by reference.)</u> |
| 3.2 | <u>Certificate of Amendment of the Certificate of Incorporation, increasing the number of authorized shares of Common Stock from 30,000,000 to 60,000,000 shares, dated October 10, 2000, filed with the Secretary of State of the State of New York on October 11, 2000 (Reference is made to Exhibit 3.02 of the Company's Annual Report on Form 10-K for the fiscal year ended March 2, 2003, Commission File No. 1-4415, which is incorporated herein by reference.)</u> |
| 3.3 | <u>Certificate of Amendment of the Certificate of Incorporation, changing the name of the Company from "Park Electrochemical Corp." to "Park Aerospace Corp." filed with the New York Department of State on July 16, 2019 (Reference is made to Exhibit 3.1 of the Company's Current Report on Form 8-K dated July 22, 2019 Commission File No. 1-4415, which is incorporated herein by reference.)</u> |
| 3.4 | <u>By-Laws, amended and restated as of July 16, 2019 (Reference is made to Exhibit 3.2 of the Company's Current Report on Form 8-K dated July 22, 2019 Commission File No. 1-4415, which is incorporated herein by reference.)</u> |
| 10.3 | <u>Forms of Incentive Stock Option Contract for employees, Non-Qualified Stock Option Contract for employees and Non-Qualified Stock Option Contract for directors under the 2002 Stock Option Plan of the Company (Reference is made to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the fiscal year ended February 27, 2005, Commission File No.1-4415, which is incorporated herein by reference.)</u> |
| 10.4 | <u>Amended and Restated 2018 Stock Option Plan of the Company (Reference is made to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 1, 2024, Commission File No. 1-4415, which is incorporated herein by reference. This exhibit is a management contract or compensatory plan or arrangement.)</u> |

Exhibit
Numbers **Description**

- 10.5 Forms of Incentive Stock Option Contract for employees, Non-Qualified Stock Option Contract for employees and Non-Qualified Stock Option Contract for directors under the 2018 Stock Option Plan of the Company (Reference is made to Exhibit [10.1](#) and [10.2](#) of the Company's Current Report on Form 8-K dated April 30, 2019, Commission File No. 1-4415, which is incorporated herein by reference.)
- 10.6 [Cooperation Agreement, dated as of April 20, 2023, by and among Park Aerospace Corp., Huffman Prairie Holdings, LLC and other signatories thereto \(Reference is made to Exhibit 10.1 of the Company's Current Report on Form 8-K dated April 20, 2023, Commission File No. 1-4415, which is incorporated herein by reference.\)](#)
- 10.7 [Park Aerospace Corp. Clawback Policy \(Reference is made to Exhibit 10.7 of the Company's Annual Report on Form 10-K for the fiscal year ended March 2, 2024, Commission File No. 1-4415, which is incorporated herein by reference.\)](#)
- 14.1 [Code of Ethics for Chief Executive Officer and Senior Financial Officers adopted on May 6, 2004 \(Reference is made to Exhibit 14.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004, Commission File No. 1-4415, which is incorporated herein by reference.\)](#)
- 21.1 [Subsidiaries of the Company](#)
- 23.1 [Consent of Independent Registered Public Accounting Firm](#)
- 31.1 [Certification of principal executive officer pursuant to Exchange Act Rule 13a-14\(a\) or 15d-14\(a\)](#)
- 31.2 [Certification of principal financial officer pursuant to Exchange Act Rule 13a-14\(a\) or 15d-14\(a\)](#)
- 32.1 [Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 99.1 [Insider trading policies and procedures pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 \(Reference is made to Exhibit 99.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 26, 2023, Commission File No. 1-4415, which is incorporated herein by reference\)](#)

101 The following materials from the Company's Annual Report on Form 10-K for the year ended March 1, 2026, formatted in XBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 1, 2026 and March 2, 2025, (ii) Consolidated Statements of Operations for the years ended March 1, 2026, March 2, 2025, and March 3, 2024, (iii) Consolidated Statements of Comprehensive Earnings for the years ended March 1, 2026, March 2, 2025, and March 3, 2024, (iv) Consolidated Statements of Shareholders' Equity for the years ended March 1, 2026, March 2, 2025, and March 3, 2024 and (v) Consolidated Statements of Cash Flows for the years ended March 1, 2026, March 2, 2025, and March 3, 2024.*+

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed electronically herewith.

+ Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 29, 2026

PARK AEROSPACE CORP.

By: /s/ Brian E. Shore
Brian E. Shore,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Brian E. Shore</u> Brian E. Shore	Chairman of the Board, Chief Executive Officer and Director (principal executive officer)	May 29, 2026
<u>/s/ Christopher Goldner</u> Christopher Goldner	Vice President - Finance (principal financial officer and principal accounting officer)	May 29, 2026
<u>/s/ Emily J. Groehl</u> Emily J. Groehl	Director	May 29, 2026
<u>/s/ Yvonne Julian</u> Yvonne Julian	Director	May 29, 2026
<u>/s/ Carl W. Smith</u> Carl W. Smith	Director	May 29, 2026
<u>/s/ D. Bradley Thress</u> D. Bradley Thress	Director	May 29, 2026
<u>/s/ Steven T. Warshaw</u> Steven T. Warshaw	Director	May 29, 2026

SUBSIDIARIES OF PARK AEROSPACE CORP.

The following table lists all of Park's directly and indirectly owned subsidiaries and the jurisdiction in which each such subsidiary is organized.

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
Neluk, Inc.	Delaware
New England Laminates Co., Inc.	New York
ParkNelco SNC	France
Park Sales Corp.	Delaware
Tin City Aircraft Works, Inc.	Kansas
Park Aerospace Technologies Asia Pte. Ltd.	Singapore
NW Orangethorpe, Inc.	New York

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-292696), Form S-8 (No. 333-292585), and Form S-8 (No. 333-231986) of Park Aerospace Corp. of our report, dated May 29, 2026 with respect to the Consolidated Financial Statements of Park Aerospace Corp. and subsidiaries included in this Annual Report (Form 10-K) of Park Aerospace Corp. for the year ended March 1, 2026.

/s/ CohnReznick LLP

Melville, New York

May 29, 2026

**Certification of Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)**

I, Brian E. Shore, as Chief Executive Officer of Park Aerospace Corp., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended March 1, 2026 of Park Aerospace Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 29, 2026

/s/ Brian E. Shore

Name: Brian E. Shore

Title: Chairman of the Board and Chief Executive Officer

**Certification of Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)**

I, Christopher Goldner, as Vice President - Finance of Park Aerospace Corp., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended March 1, 2026 of Park Aerospace Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 29, 2026

/s/ Christopher Goldner

Name: Christopher Goldner

Title: Vice President - Finance

**Certification of Principal Executive Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Park Aerospace Corp. (the "Company") for the fiscal year ended March 1, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Brian E. Shore, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian E. Shore

Name: Brian E. Shore

Title: Chairman of the Board and Chief Executive Officer

Date: May 29, 2026

**Certification of Principal Financial Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Park Aerospace Corp. (the "Company") for the fiscal year ended March 1, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Christopher Goldner, as Vice President - Finance of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher Goldner

Name: Christopher Goldner

Title: Vice President - Finance

Date: May 29, 2026