

## Risk Factors Comparison 2023-05-12 to 2022-05-12 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

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.

~~COVID-19 Pandemic The COVID-19 Pandemic continues to have an unprecedented impact on the U. S. economy. These impacts include, but are not limited to, the potential adverse effect of the COVID-19 Pandemic on the economy, the Company's vendors, employees, customers and OEMs, as well as end-users of the Company's products, including the commercial and business aircraft industries. The pandemic has adversely impacted global economic conditions, the Company's business, results of operations and cash flows. Continued impacts of the pandemic may further adversely impact the same, and may require actions in response, including but not limited to expense reductions, in an effort to mitigate such impacts. The extent of the impact of the COVID-19 Pandemic on the Company's business and financial results continues to depend largely on future developments, including the duration of the spread of the outbreak, re-emergence of variants, the impact on capital and financial markets and the related impact on the financial circumstances of the Company's customers and OEMs, as well as end-users of the Company's products, including the commercial and business aviation industries, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that the Company is not aware of currently.~~ Geopolitical Events The Company's operating results could be negatively affected if the Company were unable to attain the raw materials required in its manufacturing process. The Company's suppliers of raw material, supplies and equipment could be impacted by geopolitical events, such as the war in Ukraine, 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. 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.

~~12~~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 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.

~~The COVID-19 Pandemic and other factors have negatively impacted, and may continue to negatively impact, the Company's suppliers. If, due to such impact,~~ 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.

~~13~~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 February **26, 2023, February 27, 2022, and February 28, 2021** ~~and March 1, 2020~~, the Company's ten largest customers accounted for approximately **71 %, 77 %, and 71 %** ~~and 76 %~~, respectively, of net sales. The Company expects the 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 COVID-19 Pandemic has negatively impacted, and may continue to negatively impact, the Company’s customers. If one or more of the Company’s customers is further negatively impacted by the COVID-19 Pandemic the Company’s customer base could become more concentrated.~~ 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 COVID-19 Pandemic has negatively impacted, and may continue to negatively impact, the aerospace industry, and the commercial aerospace industry in particular. Commercial airlines have instituted cost reduction initiatives including limiting capacity, reducing workforces, limiting discretionary operational expenditures and delaying capital expenditures. If commercial airlines continue to be negatively impacted by the COVID-19 Pandemic, including due to temporary or permanent reductions in commercial airline passenger traffic, orders for Company products could be negatively impacted.~~ 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. ~~14~~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 COVID-19 Pandemic could result in further consolidation among the Company’s customers. One or more of the Company’s customers could be acquired due to financial difficulty, distress or insolvency, fluctuations in the market price of its securities, or other factors resulting from the COVID-19 Pandemic.~~ 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 COVID-19 Pandemic could place the continued availability of its senior management team and key employees at risk. Certain members of the Company’s senior management team and key employees do not reside near their place of work and rely heavily on commercial airline travel, which may be restricted.~~ ~~15~~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, has 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 damages 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.

16 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 Stock is included COVID-19 Pandemic has exacerbated fluctuations in the certain market indices. Funds that are based on the indices the Company's stock is included in are required to own the Company's stock. A change in any index the Company is included in could create sudden movement in the Company's stock** price of most securities, including aerospace companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS.