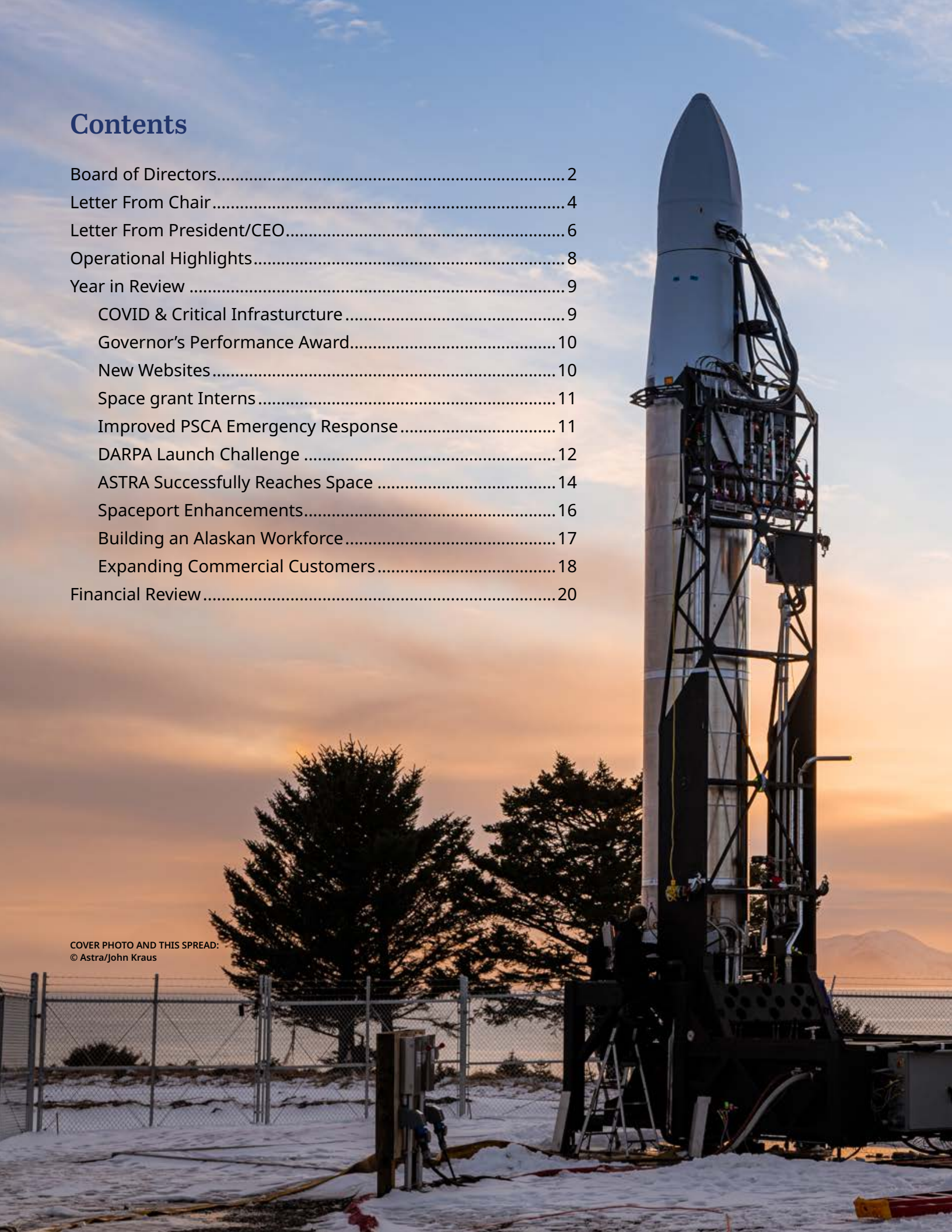
2020 ANNUAL REPORT

Contents

Board of Directors....2
Letter From Chair....4
Letter From President/CEO....6
Operational Highlights....8
Year in Review....9
- COVID & Critical Infrasturcture....9
- Governor's Performance Award....10
- New Websites....10
- Space grant Interns....11
- Improved PSCA Emergency Response....11
- DARPA Launch Challenge....12
- ASTRA Successfully Reaches Space....14
- Spaceport Enhancements....16
- Building an Alaskan Workforce....17
- Expanding Commercial Customers....18

Financial Review....20



Alaska Aerospace Corporation

Alaska Aerospace is a state-owned company established to create a viable space industry in Alaska and expand aerospace opportunities statewide. Alaska Aerospace operates the Federal Aviation Administration licensed commercial Pacific Spaceport Complex – Alaska (PSCA), located on Kodiak Island. PSCA is a satellite launch facility on the United States West Coast offering all indoor, all weather, processing and providing optimal support for small lift rockets and satellites into sub-orbital and polar, sun-synchronous, and highly elliptical orbits over the North Pacific Ocean. The company was founded in 1991 and is based in Anchorage, Alaska.

Our primary operational hub is at Narrow Cape, Kodiak Island, Alaska with corporate headquarters in Anchorage, Alaska, and a regional presence in Huntsville, Alabama.

Board of Directors

DR. ROBERT P. MCCOY, CHAIR
Director, Geophysical Institute
University of Alaska Fairbanks

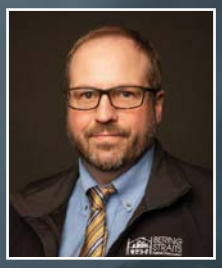
Fulfills requirement for the membership of the Geophysical Institute of the University of Alaska

LINDSAY C. KNIGHT, VICE CHAIR
Kodiak Athletic Club, Owner
Past President – Kodiak Chamber of Commerce

Fulfills requirement for a state resident, and a borough resident with significant experience in the business sector

PAT PITNEY
Interim President,
University of Alaska

Fulfills requirement for membership of the president of the University of Alaska



JORG JENSEN
Director of Operations for the Bering Straits Native Corporation

Fulfills requirement for a public member with significant experience in the Aerospace Industry

COLONEL (RETIRED) JACK ANTHONY

Fulfills the requirement for a professional from the Aerospace Industry

BRUCE ABEL
President, Don Abel Building Supplies
Past President, Juneau Chamber of Commerce

Fulfills requirement for a public member

MAJOR GENERAL
TORRENCE "TORY" W. SAXE
The Adjutant General, Alaska National Guard
Commissioner, Department of Military and Veterans Affairs – State of Alaska

Fulfills requirement for the membership of the Commissioner or Designee of the Department of Military and Veterans Affairs

THOMAS D. WALTERS
Manager/Pilot,
Maritime Helicopters (Kodiak)

Fulfills requirement for a state resident, and a borough resident with significant experience in the business sector

JANA M TURVEY
President & CEO Leisnoi, Inc. – Alaska Native Village Corporation

Fulfills requirement for a public member with significant experience in growth and marketing

GARY L. STEVENS - SENATOR
Ex-Officio
Alaska State Senate

Fulfills requirement for the membership of the State Senate

LOUISE STUTES - REPRESENTATIVE
Ex-Officio
Alaska House of Representatives

Fulfills requirement for the membership of the State House of Repersentatives

Letter From Chair

It is a pleasure to present Governor Dunleavy, the Alaska Legislature, and all Alaskans with Alaska Aerospace Corporation's (AAC) 2020 Annual Report.

This was a year of paradoxes for many organizations, including Alaska Aerospace. The corporation achieved operational success of hosting a record number of five launch campaigns, demonstrating the unmatched value of commercial spaceports for responsive military launch, innovating spaceport operations with new technologies, and supporting Astra's successful commercial launch into space. Conversely, our challenges were a common story experienced by us all in 2020: navigating the COVID-19 pandemic and addressing the financial impacts of absent or delayed business customers. Throughout it all, the small team of Alaska Aerospace space transportation professionals demonstrated grit, novelty, and resourcefulness that defines Alaskans.

Alaska continues to play an important and impactful role across the state, nation, and world in defining the future of commercial space transportation. For example, Governor Dunleavy recognized Alaska Aerospace staff with the Denali Peak Performance Exceptional Team award for the team's exceptional support of US and international customers. Similarly, other government agencies and space industry partners regularly call upon our expertise on spaceport operations. Every day, the novel and innovative operations being conducted at the Pacific Spaceport Complex – Alaska (PSCA) on Kodiak are advancing industry best practices, making space transportation safer, and defining how best space travel operations best integrate into everyday life. Its exciting to see this impact happen here in Alaska.

Weathering the impact of the COVID-19 virus, especially from government customer delays, has not been easy. I applaud AAC's senior management team for quickly recognizing the projected magnitude of the affect and making necessary tough business decisions to significantly reduce AAC operational costs. The team was able to continue to meet all customer requirements and bridge the business during delays without access to CARES Act or other relief funding.

For the out-going board members, we sincerely thank Mr. Lee Ryan and Dr. James Hemsath for their service to Alaska Aerospace. Their business and aerospace industry perspectives were invaluable, and I know they will continue to be cheerleaders. We welcome Governor Dunleavy's appointments of Ms. Jana Turvey and Mr. Jørg Jensen to the board. Jana is the President & CEO of Leisnoi Inc, an Alaska Native Village Corporation with roots on Woody Island in the Kodiak Island Archipelago. She brings a wealth of business knowledge, legal experience, and valued understanding of the Kodiak community. Jørg is the Director of Operations for the Bering Straits Native Corporation. He brings considerable defense knowledge and industry experience as an Army veteran serving multiple tours in Southwest Asia as an Air Defense Officer and program manager for domestic and international teams. We also welcome Governor Dunleavy's reappointment of Mr. Lindsay Knight to the board. Lindsey has been a great Vice Chair for several years and is a stalwart supporter and advocate for Alaska Aerospace on Kodiak.

The persistence of the coronavirus will undoubtedly extend into 2021. AAC will continue to keep our workforce and communities safe, work diligently to address business complications, and meet the needs of commercial and government customers. Thank you for taking time to read our annual report.

Robert P. McCoy, PhD

Robert P McCoy

Chair
Dr. McCoy

© DARPA

President & CEO's Perspectives

What a year! Achieving our first commercial launch into space, conducting our first DARPA launch, and signing several new commercial companies are just a few of the highlights you'll read about in our annual report… and, by the way, we did this while also navigating the pandemic.

Most notably, the Pacific Spaceport Complex – Alaska (PSCA) remained open and operational throughout the pandemic as essential critical infrastructure without any of our PSCA staff falling ill. In the one instance of a customer case, the team's preparations and protection plan ensured no spread of the virus to the workforce or Kodiak community. This was no easy feat as the spaceport was an active place with multiple launch campaigns, site visits for future missions, and spaceport enhancement projects. This is a testament to the team's diligence, attention to detail, and perseverance. Special thanks to Mr. Rob Greene, spaceport manager, and Heather Stewart, emergency services lead for leading the implementation of COVID protocols.

While we saw an immediate slowdown in government contracting efforts, Astra's commercial efforts moved forward, and the long-term outlook is still healthy. Fundamentally, PSCA remains an important national asset to test and evaluate advanced military systems and a site for military resiliency and responsive space launch. Also, our streamlined approval processes and customer-focused approach provides low-cost, agile, and professional launch services for commercial customers with access to a large launch corridor across the Pacific Ocean.

Expanding the customer base is important for every business, including AAC. In 2020, several commercial launch vehicle developers signed agreements to launch from Kodiak in the future, including Taiwan Innovative Space (TiSPACE), India-based Agnikul, and US company Phoenix Launch Systems. In addition, human spaceflight company Space Perspective also announced their plans to take passengers to the edge of space from Kodiak.

The AAC team continued to evolve in 2020. Rob Greene was elected President of Aurora Launch Services, AAC's wholly owned subsidiary, following the retirement of Mr. Craig Campbell. We also saw the retirement of Mr. John Cramer, an AAC executive since 2012 and Aurora Launch Services' first President. Craig and John's leadership was vital in rebuilding the spaceport after the 2014 launch mishap and transitioned the corporation to financial sustainability. We wish them much deserved relaxation and good health. We also welcomed Ms. Shanna Bloom as AAC's Chief Financial Officer (CFO) and Mr. Steve Wackowski as AAC's Chief of Staff. Shanna initially joined the team in 2019 through Aurora Launch Services and transitioned to the state role to better lead the corporation's finances. Steve is a Lt Colonel in the USAF Reserve with technical operations and aviation experience and a keen understanding of Alaska. We are glad to have these professionals join our senior management team during these dynamic times.

The year brought unprecedented challenges that don't disappear with the turning of the calendar. However, the team has consistently demonstrated resiliency and ingenuity to find solutions to tough problems. PSCA's 23-years of launch success is enduring and strengthened by the team's continued dedication to excellence.

All Alaskans can be proud of the state's leading role in providing safe, responsive, and reliable space transportation for commercial and government customers. We are making a difference and I am honored to lead this team.

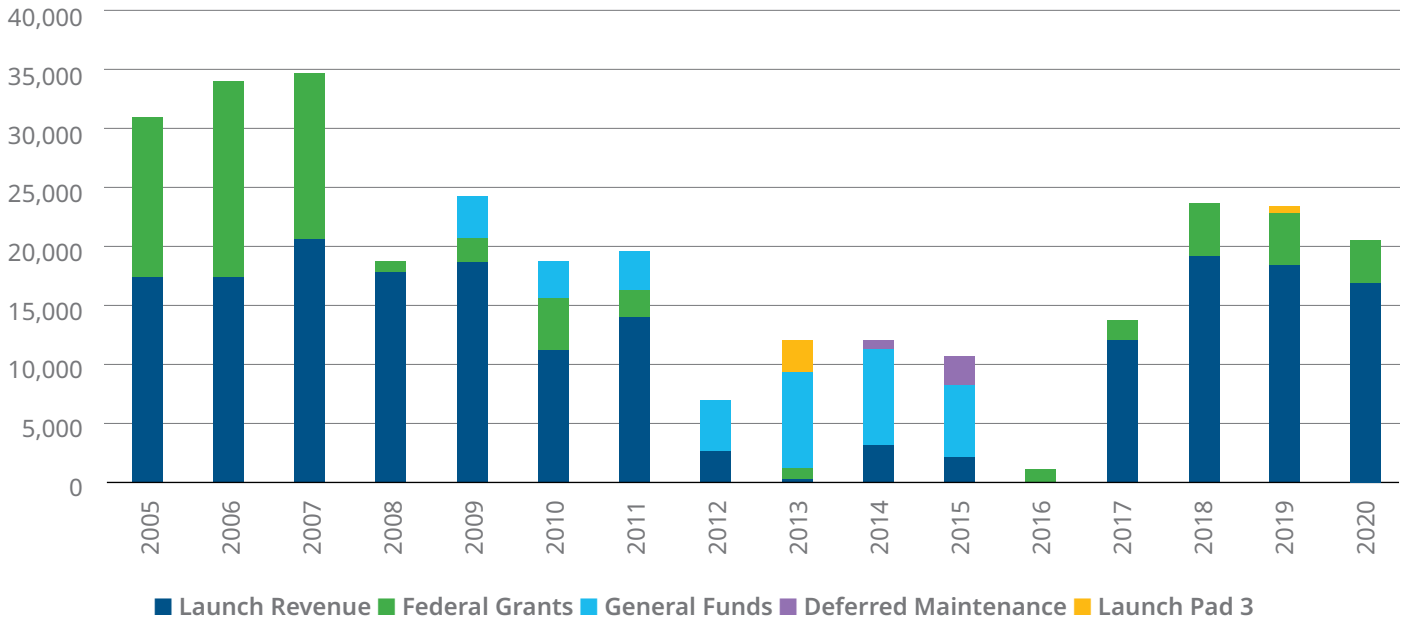
Mark D. Lester

President & CEO

Operational Highlights

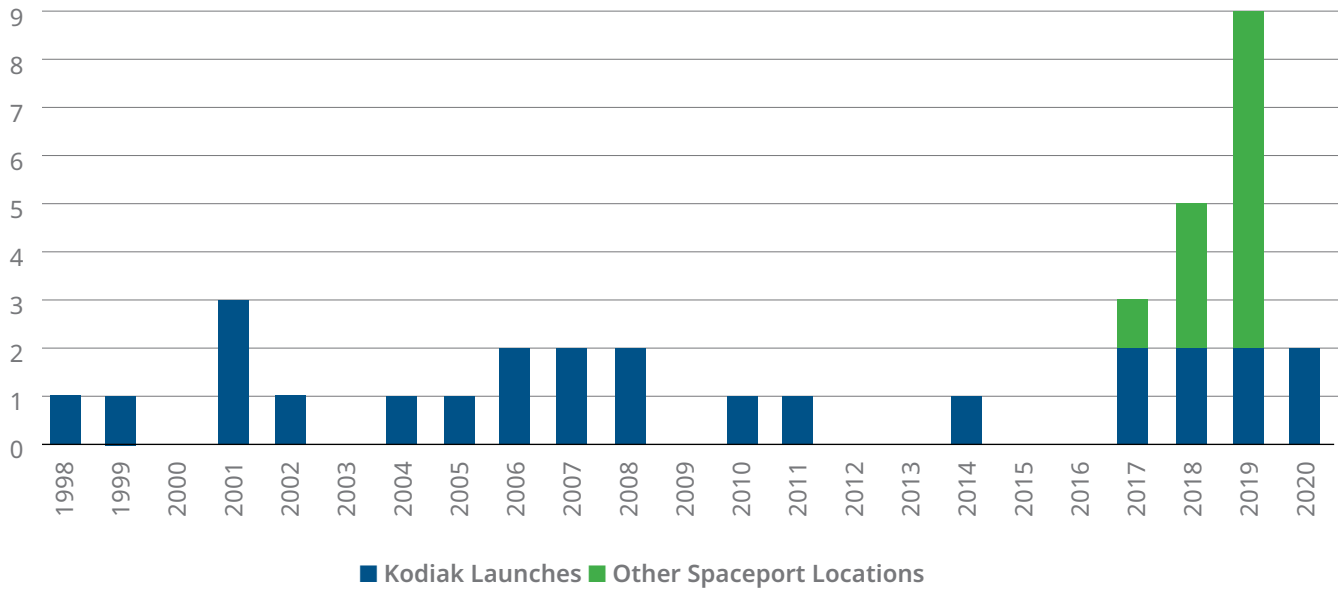
AAC Revenue History by Type

- Operating Revenues for FY2020 were $20.3 million.

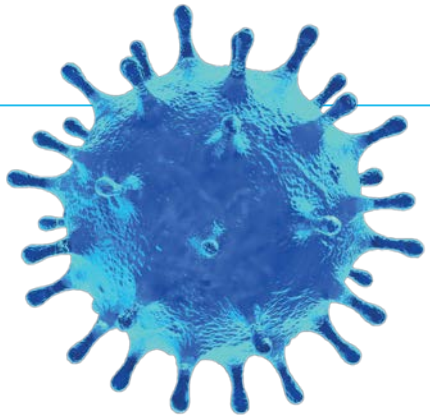


Number of AAC-supported Launches by Calendar Year

- PSCA conducted five launch campaigns in 2020, including two launches of Astra's Rocket 3 launch vehicle.



Year in Review



COVID & CRITICAL INFRASTRUCTURE

A 2020 annual report wouldn't be complete without a discussion on the COVID-19 pandemic's impact on business and operations. The coronavirus pandemic had an impact on where, how, and when business and operations were conducted.

With regards to where and how, AAC's corporate functions could be accomplished remotely with Anchorage-based staff teleworking from home the majority of 2020. Conversely, operations at the Pacific Spaceport Complex – Alaska (PSCA) could not be accomplished remotely and significant effort was taken to ensure the health of our employees and families. PSCA remained open and operational as essential critical infrastructure under the categories of Defense Industrial Base and Critical Manufacturing (aerospace).

AAC staff and customers operated under Alaska-approved Community/Workforce Protection Plans (CWPP) which established procedures on ensuring a safe environment. Protective measures included COVID testing of personnel before traveling to Alaska and when arriving on Kodiak, maintaining social distancing and masks, physical barriers between workstations, increased cleaning, abundant sanitizers, etc.

The PSCA team and visiting customers performed exceptionally well throughout the pandemic. For example, Astra's pre-COVID scheduled March launch campaign turned out to be only days after government restrictions were initiated, including six-foot distancing between all workstations. However, regular operations within the telemetry and range safety control center were typically crowded. Instead of canceling the mission, PSCA personnel reconfigured workstations to provide the necessary separation, re-routed personnel into the control rooms to avoid bottlenecks, set-up isolated break areas for visiting staff, and installed physical barriers. These innovations allowed for the on-time execution of the launch campaign and set a tone of 'can do' attitude. Through constant vigilance and attention to detail, PSCA did not suffer from a COVID outbreak in 2020. In fact, no PSCA staff fell ill and only one visiting customer tested positive after negative initial screening and quickly isolated without further incident. This is a testament to Rob Greene's leadership as spaceport manager, Heather Stewart's leadership as the PSCA emergency services lead, and everyone's day-to-day efforts.

When business and operations were conducted was also impacted. While commercial efforts continued on a fairly predictable basis, the biggest impact was felt from the slowdown of federal government contracting. Seeing the initial indicators of a federal government slow-down, the AAC management team implemented cost cutting measures in discretionary and labor spending in April. Annualized labor costs were reduced by approximately $1M through accelerated retirement, furloughs and layoffs, and executive pay reduction. The government slow-down materialized when a contract gap of nearly several weeks halted funded AAC support and another contract delay of several months resulted in increased business overhead costs. Unfortunately, AAC was not eligible for CARES Act funding and unlike airports, the spaceport transportation system was not provided relief funding.

Comprehensive protection planning and safety implementation and bold business decisions allowed AAC to weather the pandemic and meet all customer needs. While 2021 will continue to present pandemic-related challenges, the team's lessons from 2020 will serve the company well.

AAC RECOGNIZED WITH GOVERNOR'S PERFORMANCE AWARD

Governor Dunleavy recognized Alaska Aerospace staff with the Denali Peak Performance Exceptional Team award for 2020. Specifically, this award recognizes our team's Range Safety & Telemetry System (RSTS) operations that supported both Rocket Lab and the Government missions in 2019. Congratulations to State employees Judy Godin (AAC alum), Todd Leitheiser (AAC alum), Rich McKinney, and Maggie Minton for their hard work and well-deserved recognition.

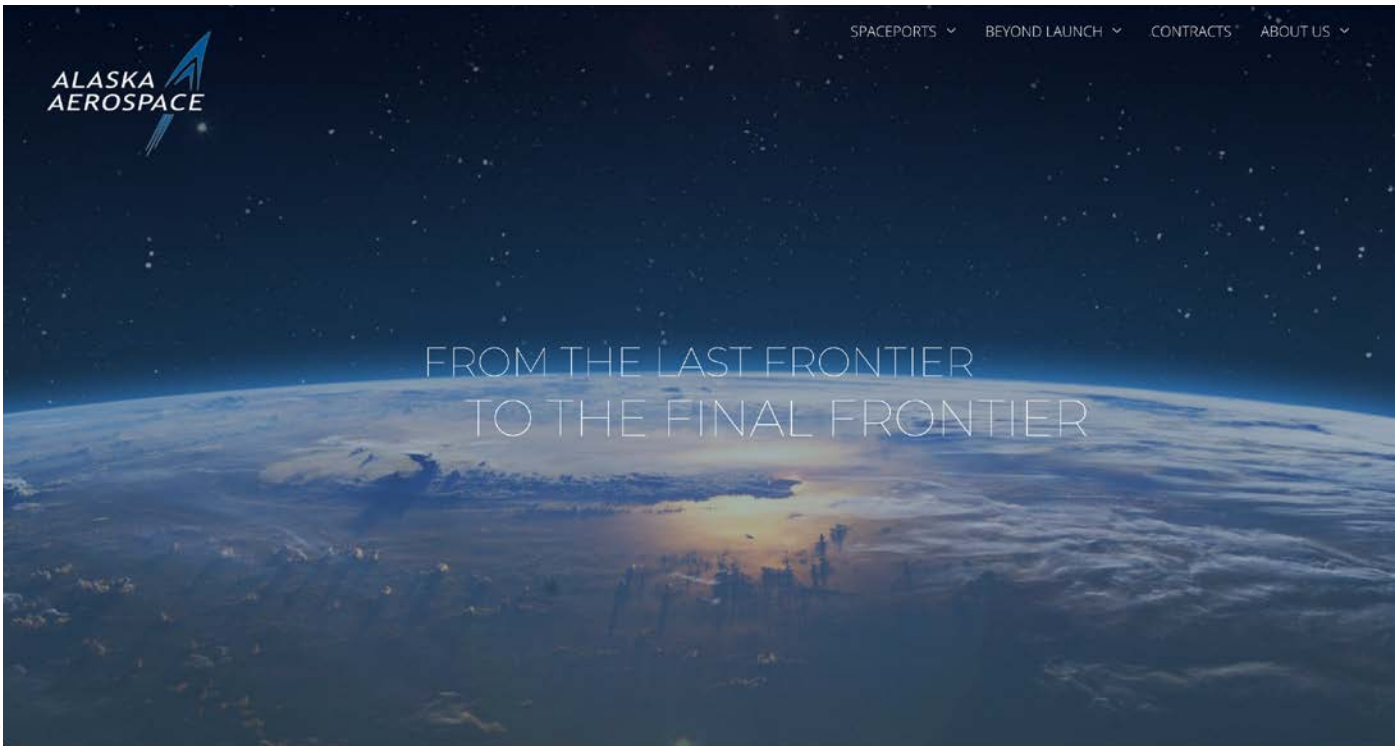
This was a full team effort that involved all aspects of our business, including operations and back-office support. While the award identifies State employees, this would absolutely not have been possible without all of the exceptional engagement from the "AAC Team" enterprise—including Aurora Launch Services, operational consultants, and partner organizations. KUDOs to Aurora Launch Services and AAC ops consultants (Barry Colclough, Paul Pena, Wyatt Rehder, Jessica Soto), Troy7 (Dana Wells), Logos (Wilson Brooks), Honeywell (Dave Yongue), and the flight safety staff from White Sands Missile Range for playing key roles in ensuring AAC RSTS success in both New Zealand and Kodiak.

This recognition is indicative of the quality performance Team AAC provides all our customers. Thank you for all you do every day to ensure our customers' safe, agile, and responsive access to space.

NEW WEBSITES

AAC Contracts Manager Ms. Maggie Minton and her team conducted a competitive procurement to revamp the AAC and Aurora websites. Thirteen bids from vendors across the world were received. After a thorough evaluation of offerors, Wasilla Alaska-based C3 was selected.

Aurora Launch Services' Ms. Shannon Edwards and C3 CEO Jake Libbey worked diligently on the new websites (AAC and Aurora) which are now live! They have a consistent modern look and include several key security and technology enhancements. You can also do new actions like taking a virtual tour of the spaceport.



Crystal Clear Creative, Inc. (C3)

New AAC (www.akaerospace.com) and Aurora Launch Services (www.auroralaunchservices.com) websites have a consistent modern look, are ADA compliant, and include several security and technology enhancements.

SPACE GRANT INTERNS

You know its summer at Alaska Aerospace when there's always daylight and the interns arrive. This year, two engineering students from the Alaska Space Grant program were competitively selected from multiple applicants: Brad Choi, an electrical engineering student at UAA, and Joseph Egbejimba, a mechanical engineering student at UAF.

The students spent the first six weeks at the corporate office learning the functions of an aerospace business, drafting FAA spaceport licensing documentation, preparing safety notifications for Astra's launch, and assessing nano-satellite payloads. They spent their final four weeks on Kodiak to understand spaceport operations, lend a hand on spaceport enhancement projects, and observe launch operations.

AAC photo

Left: Brad Choi works on the transportable T3 RSTS.
Right: Joseph Egbejimba helps run fiber cable at PSCA.

IMPROVED PSCA EMERGENCY RESPONSE

Lead by PSCA Safety & Emergency Services Lead Heather Stewart, the team has been significantly improving the spaceport's firefighting capabilities. This includes the arrival of a new Spaceport Rescue and Firefighting truck, developing a portable firefighting system, and equipping our team with updated wildland firefighting personal protective equipment. These systems improve the spaceport's capabilities to efficiently, effectively, and safely address potential mishaps. Thanks to Heather and the team for their hard work on putting Safety First.

AAC photo

AAC photo

PSCA's new fire truck and portable fire pump and water system significantly improves site safety.

DARPA LAUNCH CHALLENGE

One of the early (pre-COVID) highlights of 2020 was hosting the Defense Advanced Research Projects Agency (DARPA) Launch Challenge. In short, this event challenged commercial light-lift capabilities to launch quickly, change sites, and launch quickly again. Compressing a process that typically takes months into a few weeks was a worthy challenge for launch vehicle operators and spaceports. This involved flexibility and a "can do" attitude across all aspects of the business, including operations, contracts, and finance. To the team's credit, PSCA was the only site able to meet the responsiveness needed to host the event; great job!

While the Challenge ended without a liftoff at T-53 seconds, the event highlighted PSCA's capabilities. Several videos and photos can be found online at the DARPA Launch Challenge website—check it out!

The DARPA Launch Challenge Program Manager, Todd Master, published an article online which provides a summary of the event and lessons learned. We often say we are defining the future of commercial spaceports—events like the DARPA Launch Challenge demonstrates that we are doing just that.


DARPA
LAUNCH CHALLENGE

ASTRA SUCCESSFULLY REACHES SPACE

After being the only finalist in the DARPA Launch Challenge, Astra conducted four additional launch campaigns at PSCA in March, August, September, and December 2020 as tests for the Rocket 3.x design. While the March and August launch campaigns did not result in a liftoff, the September campaign resulted in a successful liftoff and powered flight for approximately 30-second flight. The vehicle drifted from it's planned trajectory leading to a commanded shutdown of the engines by the flight safety system. The vehicle subsequently fell back to the spaceport well within the established safety closure area. No one was hurt and there was no facility damage. While the flight didn't end as planned, the key is that our safety procedures and technology operated as expected. The public and staff were safe—always.

While the September launch was cut short, the industry was taking note of Astra's progress. SpaceX founder and CEO Elon Musk, Apollo 11 moonwalker Buzz Aldrin, RocketLab CEO Peter Beck, and others tweeted their support and encouragement.

Only three-months later, Astra returned to Kodiak and was ready for their second orbital launch attempt. On December 15, 2020 Astra joined a small, elite group of privately funded companies that have made it to space. As reported by Astra, "Rocket 3.2 precisely achieved its target altitude of 380 kilometers at 7.2 km/sec...just short of orbital velocity of 7.38 km/sec". This is a great achievement by Astra and the spaceport team, especially in the face of 2020's adversities.

ASTRA

GRETZKY ROOKIE CARD SELLS FOR $1.29 MILLION

SPORTS, 8

HOLIDAY GREETINGS INSIDE

KODIAK DAILY MIRROR

VOL. 32 NO. 130 WEDNESDAY, DECEMBER 16, 2020 50¢

LOCAL NEWS FOR ALASKA'S EMERALD ISLE

Fourth Kodiak resident dies of COVID

EOC reports 41 new cases

By ANDREW KENNESON

Another Kodiakan has died of COVID-19, the Emergency Operations Center reported on Tuesday, becoming the fourth person who has died of the virus in the Kodiak Island Borough.

On Tuesday, the EOC also reported 41 new cases over a time period spanning back to Dec. 2. Fifteen of them were tested on Monday, and another 15 on Saturday. Nine were tested on Dec. 11, and one apiece on Dec. 10 and Dec. 2.

Of the 41 new cases, 29 were close contacts of previous cases. Nine were from community spread and three were

■ See COVID, Page 3

Biologists forecast record pink salmon hatchery

By SARAH LAPIDUS

The 2021 pink salmon harvest is predicted to reach 24 million fish, according to a preliminary forecast released last week by the Alaska Department of Fish and Game, almost half of which is expected to be made up of hatchery fish.

Biologists said that, while the overall number is average "at best," it includes the largest hatchery fish forecast the island has ever seen.

Fish and Game biologist James Jackern said the pink harvest numbers are "propped up" by the hatchery forecast.

"The wild (pink salmon) forecast is average to below average, and the hatchery forecast is as big as a hatchery forecast can get," Jackern

■ See SALMON, Page 2

GET IN

Main office	(907) 486-3227
Place a classified	ext. 610
Display advertising	ext. 613
Circulation	ext. 612
Editorial	ext. 614
Online	www.kodiakdailymirror.com

BLAST OFF

"THIS IS hard fought, well earned. Very few commercial companies have done what (Astra) just did. Now we are starting to see this industry get some momentum."

MARK LESTER
CEO of Kiana Aerospace Corp.

The Astra rocket launches on Tuesday from Kodiak's Pacific Spaceport Complex — Alaska

Astra reaches space for first time from Pacific Spaceport Complex

By SARAH LAPIDUS

Astra successfully launched one of its rockets into space for the first time on Tuesday from Kodiak's Pacific Spaceport Complex — Alaska, taking one step closer to their goal of achieving commercial space travel.

"This is hard fought, well earned," said Mark Lester, the president and CEO of Alaska Aerospace Corp., which runs the spaceport. "Very few commercial companies have done what (Astra) just did. Now we are starting to see this industry get some momentum."

The California-based start-up, which recently won a contract with NASA to launch small satellites into space, launched their Rocket 3.2 from Narrow Cape. Liftoff occurred at 11:55 a.m., according to a series of tweets posted by the company.

A screenshot from a Astra video shows the rocket in space.

One minute after liftoff, the rocket reached Max-Q, the moment during which aerodynamic forces are the strongest. One minute later, the first stage burned off, was discarded and fell back toward Earth.

By 12:01 p.m., the rocket had passed the Karman Line, the altitude 62 miles above Earth where space begins.

The entire flight lasted 8.5 minutes. Astra said in a tweet.

By the time of publication, the company had not confirmed if the rocket had reached orbit, the original goal of this test launch.

Reaching orbit is an issue

■ See ASTRA, Page 2

Long-term care residents adjust to pandemic life

By ANDREW KENNESON

In normal times, Dennis "Pete" Petersen is one of a few people at the Chiniak Bay Elder Home who can come and go wherever he wants. At 74, his lungs aren't in great shape, but most of the rest of him is. He can go shopping, grab a cup of coffee at Starbucks and shoot the breeze with friends.

But since March, he hasn't left. The Elder Home has been, more or less, on lockdown since then.

It's a good thing, too. COVID-19 has hit long-term care facilities hard. More than 100,000 of all the virus deaths in the United States have been among residents or staff, according to data compiled by The New York Times.

Three places in Kodiak have

HOLIDAY CARDS

The Chiniak Bay Elder Home is collecting cards from community members written to residents as a way to spread holiday cheer during a difficult time. Cards can be addressed to the Elder Home itself, at 1915 East Rezanof Drive, or dropped off at the following locations: Mainstreet Kodiak Publications, Second Star Toys & Games and the Kodiak Public Library.

been closed off and cloistered for months. Being so has almost certainly saved lives, but it doesn't mean it's been easy on the people who live there.

"The last eight months have been rather difficult for us. There's

■ See CARE, Page 3

SPACEPORT ENHANCEMENTS

Several infrastructure projects were completed this year to ensure PSCA continues to meet the needs of national security space missions. Specifically, the team completed the implementation of FY19 Defense Appropriation Act funded projects that kicked off in calendar year 2019. Projects included infrastructure upgrades to Area 3 launch pads, modernizing the T3 range safety and telemetry system (RSTS), providing on-site storage of liquid-rocket and spaceport consumables, upgrading security systems, and increasing digital connectivity.

One of the most complex projects this year was upgrading the "T3" RSTS. This system had been on deployment in New Zealand from 2017-2019 to support the first ten launches of RocketLab USA's Electron rocket. The system workstations and electronics were housed in wheeled vans which made air and overwater shipping difficult. Furthermore, the system required updated electronics to keep pace with evolving technology.

As such, T3 was overhauled and upgraded to improve reliability and capability and moved into 20-foot CONEX boxes to improve transportability and lower costs. The resulting new system provides a flexible and easily shippable system to support national security and commercial customers off-axis, downrange, or at other remote or austere locations.

AAC photo

The upgraded T3 Range Safety and Telemetry System is ready for deployment.

BUILDING AN ALASKAN WORKFORCE

The key to AAC's successes are the hard-working Alaskans making it happen. Over the past three years we have taken deliberate steps to train our homegrown workforce in space launch. Three years ago approximately 75% of the spaceport workforce for launch campaigns traveled up from the lower 48. Now, some 95% of spaceport staff reside in Alaska and 75% live in Kodiak. For example, Rochelle Wood—raised on Kodiak—is one of the island's last cattle ranchers. On a day-to-day basis Rochelle is PSCA's custodian keeping spaceport facilities clean. However, on launch day she shifts to serve as an upper air technician on our weather team. This critical launch function determines if the rocket can safety travel through the earth's atmosphere on its' way to space.

Another colleague is Shannon Edwards who was born in Anchorage and joined the team as a contract specialist. Her background is far from rockets as she is a pre-veterinary medicine grad and dairy cow farmer. However, she quickly caught the launch bug and asked to train as a Launch Operations Director. On launch days, she puts aside her contracts paperwork and sits in the control center where she communicates with the security team, US Space Force, and others to ensure public safety.

© DARPA

Alaskans Rochelle Wood and Dave Goldstein launch a weather balloon to collect upper atmosphere conditions for DARPA's Launch Challenge.

PSCA is also led by two life-long Kodiak residents: Spaceport Manager Rob Greene and Deputy Spaceport Manager Deric Schmidt. Rob and Deric are quiet professionals often in the field leading from the frontlines. Their solutions-focused leadership, calm demeaner, and friendly smiles are why PSCA is ready for 'what's next'.

The delivery of Astra's ground support equipment is conducted with the oversight of long-time PSCA employee Deric Schmidt.

© DARPA

EXPANDING COMMERCIAL CUSTOMERS

The commercial small-lift launch vehicle industry continues to mature. As such, there is increased interest in PSCA for test launches and accessing high-inclination and polar orbits. During the pandemic, AAC was honored to have four companies sign memorandums of agreements stating their intent to launch from PSCA in the future. This includes three rocket companies and one high-altitude balloon space tourism company.

On the rocket side, US-based Phoenix Launch Systems signed their intent to launch their liquid-fueled nano-launcher rocket from PSCA. Phoenix is an emerging New Space company and was showcased in the US Air Force/Space Force AFWERX Engage Space virtual event. Additionally, the US component of Taiwan Innovative Space (TiSPACE), Formosan Space, has partnered with AAC to launch their Hapith V hybrid rocket from PSCA. Similarly, India-based rocket start-up Agnikul announced their intent to launch their liquid-fueled Agnibaan rocket from Kodiak after initial launches from India.

AAC is also excited to see the potential future of human spaceflights at Kodiak with Space Perspective. Space Perspective's flights will take up to eight passengers and crew in a comfortable capsule under a large space balloon. The vehicle, called Neptune Spaceship, is the only near-zero emissions way to travel to the edge of space. Governor Dunleavy welcomed Space Perspectives' announcement in a letter, stating "No doubt seeing the curvature of our planet changes your perspective on lift, and experiencing the aurora from the edge of space will be beyond compare.

PHOENIX AGNIKUL ti SPACE SPACE PERSPECTIVE

Space Perspective flights will liftoff from PSCA and cruise along the edge of space at over 100,000 feet for upwards of two hours. Post-flight capsule recovery will be conducted by a dedicated ship pre-positioned in the waters around Kodiak and the Aleutian Island chain depending upon the seasonal wind patterns.

AAC is working with all four companies to secure necessary regulatory approvals such as US FAA launch licenses and US export control authorization, as needed. This process can take upwards of several years before launches are conducted at PSCA.

Space Perspective

PSCA's six launch pads provide customers with resiliency, responsiveness and flexibility.

Financial Review

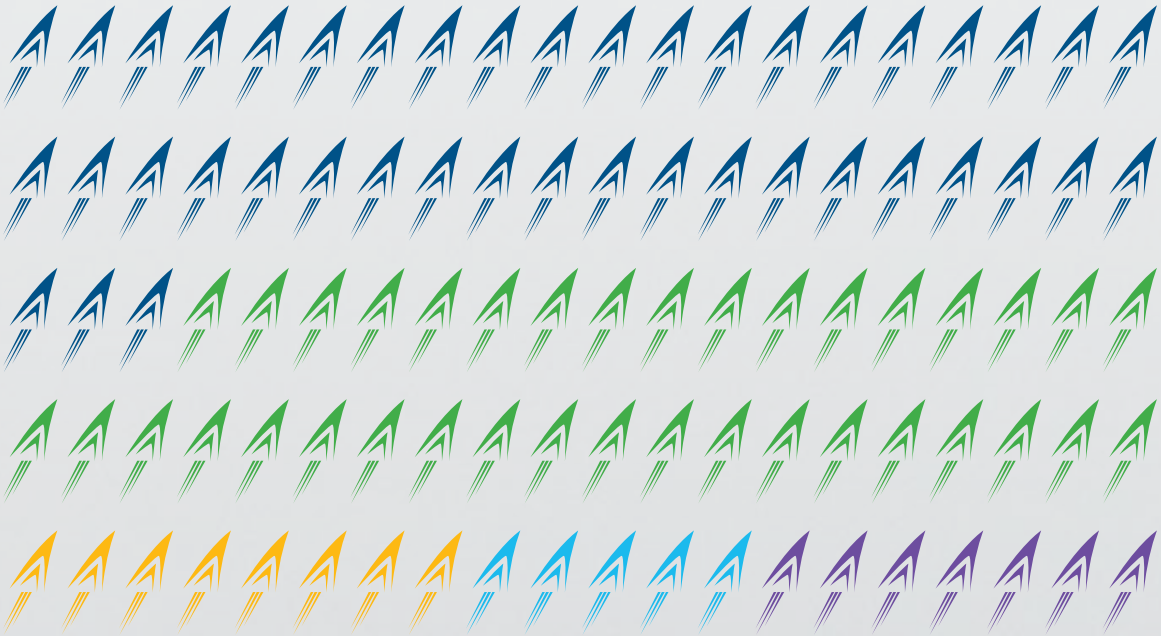
State Fiscal Year 2020 continued to build upon FY2019's strong financials with Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of $7,871,127. Operating revenues of $20.3M were 20% lower than 2019 with operating expenses of $17.8 million dropping 31.7%. In FY2020, AAC saw an increase of $2.7 million in our Net Position over FY 2019.

Our current assets position at fiscal year-end decreased 21.8% to $8.1 million, with a significant decrease of liabilities by 75% to $1.4 million. On June 30, 2020, AAC had $82.6 million in net capital assets at its locations in Anchorage and Kodiak that support the mission to foster the aerospace industry in the State of Alaska. This amount is net of accumulated depreciation and amortization.

FY2020 was characterized by a set of very different circumstances from the start to end of the year. The beginning of the year (July 2019) was marked by the conclusion of a large government mission whereas the end of FY2020 was three-months into the COVID-19 pandemic. The AAC management team also implemented significant cost reduction efforts at the beginning of the pandemic to best position the company's financials against anticipated slowdown in space launch activities. This included reducing labor costs by approximately 30%, through furloughs, select layoffs, accelerated retirements, reduced part-time hours, and executive pay cut. Reduction in discretionary costs were also implemented. These cuts combined with the operational reserves provide AAC with much needed cash availability during the COVID-related slowdown.

During FY2020, AAC again received no funding from the State of Alaska toward the operations and sustainment of the Pacific Spaceport Complex – Alaska (PSCA). The COVID-19 pandemic is anticipated to continue to have a negative financial and operational impact to FY 2021 as federal agencies delay contract awards and commercial launch vehicle operators' slow development due to remote working.

CONSOLIDATED HISTORIC REVENUES



43%	37%	8%	5%	7%
Launch Revenue $207,701,561	Federal Grants $176,680,891	State O&S Investments $37,255,500	State Capital Investments $24,040,819	LP-3 Reconstruction $34,857,079

FINANCIAL PERFORMANCE

Statement of Net Position

YEARS ENDED JUNE 30, 2020 (WITH COMPARATIVE AMOUNTS FOR 2019)

Years Ended June 30,	**2020**	**2019**
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$6,714,680	$2,260,086
Accounts receivable	406,696	4,291,868
Inventory	11,793	11,793
Prepaid expenses	98,054	–
Unbilled receivables	846,125	3,765,931
Total Current Assets	8,077,348	10,329,678
Noncurrent Assets		
OPEB Asset	8,195	13,705
Capital assets not being depreciated	2,258,836	7,523,290
Capital assets being depreciated/amortized, net	80,346,990	76,301,981
Total Noncurrent Assets	82,614,021	83,838,976
Total Assets	90,691,369	94,168,654
Deferred Outflows of Resources		
Related to pensions	151,757	315,909
Related to OPEB	99,883	201,103
Total Deferred Outflows of Resources	251,640	517,012
Total Assets and Deferred Outflows of Resources	$90,943,009	$94,685,666
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	$467,286	$2,600,786
Accrued leave and compensation	176,166	840,356
Unearned revenue	752,642	2,224,433
Total Current Liabilities	1,396,094	5,665,575
Noncurrent Liabilities		
Net OPEB liability	44,253	583,869
Net pension liability	1,339,555	2,784,010
Total Noncurrent Liabilities	1,383,808	3,367,879
Total Liabilities	2,779,902	9,033,454
Deferred Inflows of Resources – related to pensions		
Related to pensions	53,847	69,873
Related to OPEB	49,201	227,537
Total Deferred Inflows of Resources	103,048	297,410
Net Position		
Net investment in capital assets	82,505,826	83,825,271
Unrestricted (deficit)	5,454,230	1,529,531
Total Net Position	88,060,056	85,354,802
Total Liabilities, Deferred Inflows of Resouces and Net Position	$90,943,006	$94,685,666

Financials are consolidated with wholly owned subsidiary Aurora Launch Services, Inc.

FINANCIAL PERFORMANCE

Statements of Revenues, Expenses, and Changes in Net Position

YEARS ENDED JUNE 30, 2020 (WITH COMPARATIVE AMOUNTS FOR 2019)

Years Ended June 30,	**2020**	**2019**
Operating Revenues	$20,336,257	$25,536,246
Operating Expenses		
Personnel services	947,756	1,213,470
Travel	460,654	762,923
Contractual services	10,311,903	17,572,527
Supplies	381,858	760,848
Equipment	362,959	898,494
Depreciation and amortization	5,286,317	4,793,766
Total Operating Expenses	17,751,447	26,002,028
Net operating loss	2,584,810	(465,782)
Nonoperating Revenues (Expenses)		
Investment income (loss) unrestricted	54,220	105,540
PERS relief from State of Alaska	59,691	77,886
Loss on disposal of capital assets	(283,467)	-
Insurance proceeds, net of loss on impairment	290,000	1,031,701
Total Nonoperating Revenues (Expenses)	120,444	1,215,127
Income (loss) before capital contributions	2,705,254	749,345
Change in Net Position	2,705,254	749,345
Net Position, beginning of the year	85,354,802	84,605,457
Net Position, end of the year	$88,060,056	$85,354,802

Financials are consolidated with wholly owned subsidiary Aurora Launch Services, Inc.

© Astra/John Kraus