ALASKA AEROSPACE

2022 ANNUAL REPORT

Astra / Brady Kenniston

Alaska Aerospace Corporation

Originally established in 1991 by the State of Alaska as the Alaska Aerospace Development Corporation, the primary purpose of the corporation was to create a viable space industry in Alaska. Construction of the Alaska Orbital Launch Complex began in 1998 at Narrow Cape on the island of Kodiak to primarily support government requirements; the facility was one of the first spaceports licensed by the Federal Aviation Administration Office of Commercial Space Transportation. Renamed the Kodiak Launch Complex (KLC), in reference to the spaceport location, the first launch occurred on November 5, 1998. This was the first launch from an FAA-licensed launch site not located within the boundaries of a federal facility. The first orbital launch from KLC was an Athena I, on September 30, 2001.

In 2014 KLC was renamed the Pacific Spaceport Complex – Alaska (PSCA) to recognize the larger role of the spaceport as one of four full service operational spaceports in the United States. PSCA provides all-indoor, all-weather processing and offers 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 corporate headquarters is in Anchorage, Alaska.

Contents

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

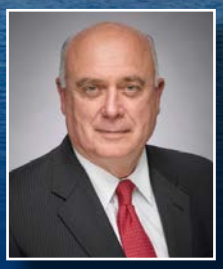
Fulfills the requirement for a professional from the Aerospace Industry

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



HOWIE CHANDLER
Independent Contractor with Baker Donelson
General, USAF (Retired)

Fulfills requirement for a member with private sector business experience

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

ALASKA AEROSPACE

AdobeStock

Letter from the Board of Directors Chair

On behalf of the Alaska Aerospace Corporation (AAC), it is my pleasure to present Governor Mike Dunleavy, members of the Alaska Legislature, and all Alaskans, Alaska Aerospace Corporation's 2022 Annual Report.

At the beginning of 2022 Alaska Aerospace projected a highly active commercial launch cadence. Unfortunately, the actual cadence did not meet our expectations. To meet the need for customer diversification and ensure the success of Alaska Aerospace, AAC and PSCA must maintain our agility, flexibility, and efficiency .

This year AAC played a vital role in the noteworthy operations of two commercial companies. Astra Space launched on March 15, 2022, and successfully placed 22 satellites into orbit from Pacific Spaceport Complex – Alaska (PSCA). Additionally, PSCA spent the year supporting integration and test activities in preparation for ABL Space System's inaugural RS1 rocket launch, which is expected in early 2023.

In 2022, 180 rockets were launched and executed successful global missions. This year the commercial space industry continued to grow with Firefly achieving orbit and deploying payloads on 3 October 2022 from Vandenberg Space Force Base. SpaceX launched an impressive 61 launches in 2022 from both Cape Canaveral Space Force Base and Vandenberg Space Force Base. The island of Kodiak has seen a huge upgrade in internet access with SpaceX's Starlink communication satellites. This creates opportunities for PSCA to expand its customer base and support the cadence of the industry.

Alaska Aerospace is positioned to continue growth and execution for commercial and government missions. While spaceport enhancement work continued and mission planning occurred for both future government and commercial launches, the state fiscal year, which concludes June 30,2022, ended with a negative change in net position. The financial flexibility established by Alaska Aerospace over the past few years by implementing an investment reserve to off-set periods of slow launch activity allowed the company to remain financially resilient.

This Alaska Aerospace welcomed Mrs. Judy Moose as Chief Financial Officer; an Alaskan Native with many years of invaluable experience and knowledge. We are extremely grateful to have such a qualified individual join the ranks as Alaska Aerospace grows. Mr. John Cramer continued his support for Alaska Aerospace, becoming the interim President of Aurora Launch Services after the departure of Mr. Robert Greene in March. John provides a wealth of history and experience to the team.

Alaska is fortunate to have extremely talented individuals willing to commit their efforts towards making Alaska Aerospace and PSCA our nation's premier spaceport. With the support of our subsidiary, Aurora Launch Services, we have been able to reduce costs and increase efficiencies. These successes could have only been realized through the dedication of our employees. They are the best!

Robert P. McCoy, PhD

Robert P McCoy

Chair
Dr. McCoy

Letter From the Chief Executive Officer

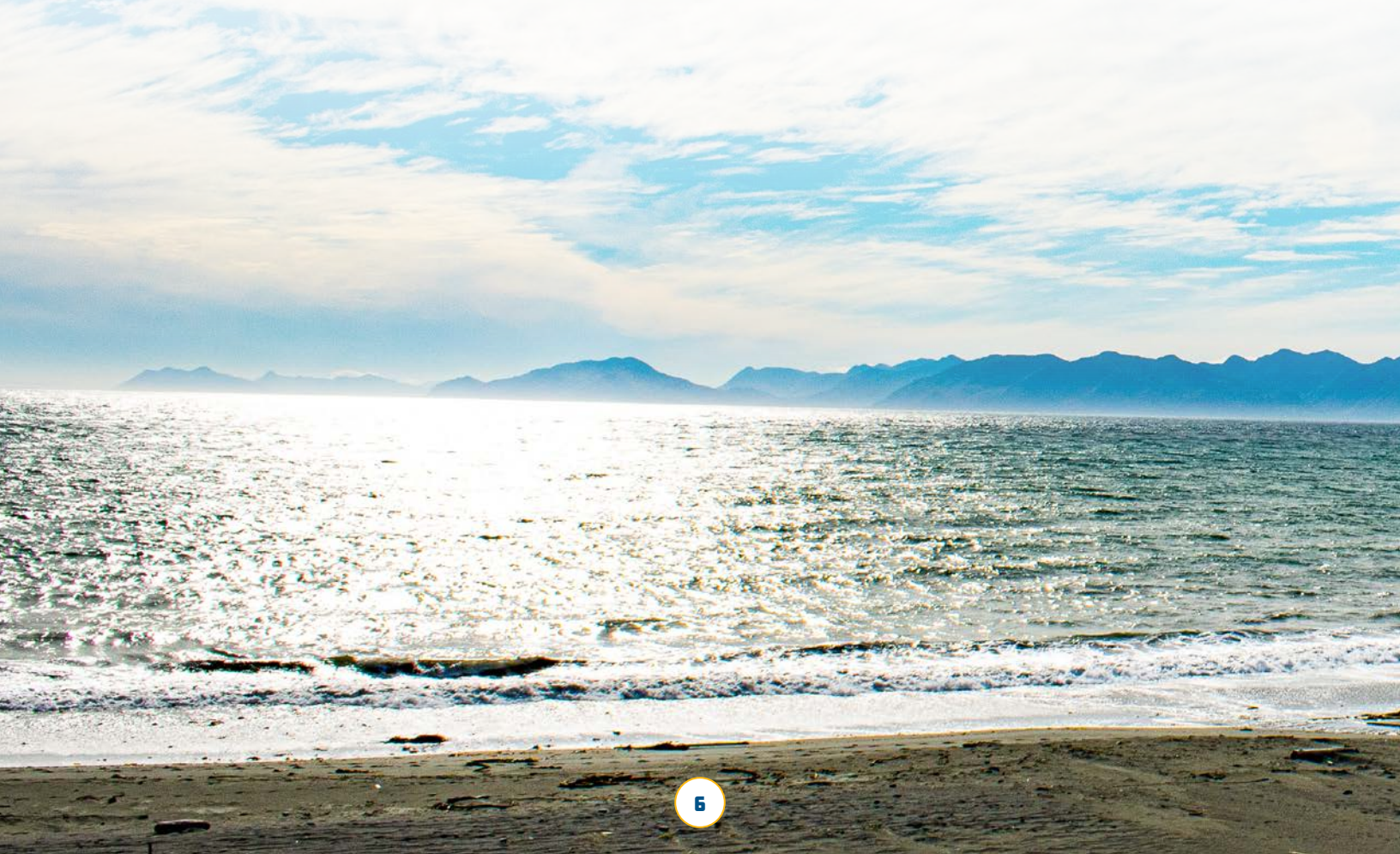
To Governor Mike Dunleavy, the Alaska Legislature, and all Alaskan residents, it is with pleasure to present the 2022 Alaska Aerospace Corporation Annual Report.

2022 was my first full year as the President and Chief Executive Officer, leading Alaska Aerospace and the Pacific Spaceport Complex – Alaska into the future. It has been a great year and I am so honored to have this opportunity. First and foremost, I want to thank the Board of Directors for all the support and guidance they provided throughout this year.

Acceptance of this role saw me transition from supporting the design, testing, launch safety, and licensing of rockets to leading Alaska Aerospace Corporation and the spaceport. The shift has been enjoyable and smooth due to the simple fact that AAC and our wholly owned subsidiary Aurora Launch Services (ALS) employ the best and most dedicated team members I have ever worked with.

The vision of Alaska Aerospace is to maintain a good balance of government and commercial missions to ensure the success of the spaceport. Bank of America expects the growing space economy will become a $1.4 trillion market by 2030. The State of Alaska, Alaska Aerospace, and the spaceport are poised to be key contributors to the industry while creating revenue for the state from the Aerospace industry. We plan to expand Alaska Aerospace's exceptional service as the market grows by assessing other revenue sources such as: telemetry tracking and satellite down-link services, augmenting other commercial spaceports with personnel and equipment, and supporting our national defense strategy.

We expected more commercial missions than we executed for 2022 but as I look towards 2023, I see opportunity in the industry as it continues to evolve and increase its launch cadence. This increase has already begun to overload federal ranges.



In an industry where most launch complexes receive significant government financial support, the Pacific Spaceport Complex – Alaska stands out as the singular FAA licensed commercial spaceport that does not currently receive funding from the State in which it operates. PSCA remains viable by offering exceptional opportunities for both government and commercial customers to conduct affordable launch operations on a schedule that is customer driven. This accomplishment is directly attributable to the ideal location of PSCA, but our continued success would not be possible without the heart and soul of the spaceport: the employees. The level of passion and dedication each employee exhibits are what makes this business model work. As we continue expanding our capabilities and increasing the number of annual launches, we will remain focused on providing the most exceptional customer service in the industry without requiring state financial support.

I want to thank three individuals who have gone out of their way to ensure the success of the spaceport: Craig Campbell (former AAC President and CEO), John Cramer (former interim AAC CEO and Chief of Staff and current interim ALS President), and John Zbitnoff (former VP and General Manager and current interim Spaceport Manager). The level of commitment and sacrifice shown by these former employees is truly remarkable. I have been absolutely blessed to have such support. Factoring in the dedication of our AAC and ALS employees gives me confidence to look forward to the challenges and opportunities ahead in 2023.

It is an honor to work with this group of motivated, committed, talented individuals toward the expansion of the aerospace industry in Alaska and continued success of the Pacific Spaceport Complex – Alaska and Alaska Aerospace Corporation.

Milton Keeter

Milton B. Keeter Jr

Chief Executive Officer

Executive Summary

The Pacific Spaceport Complex – Alaska has positioned itself as the leading FAA License Commercial Spaceport to support the required launches.

In 2022, the space industry continues to grow with 180 rockets that lifted off and delivered a variety of payloads into orbit. Some key milestones for the industry in 2022 were: SpaceX conducted 61 launches, ABL prepped for inaugural launch by completing a static fire and rehearsals, Virgin Orbit prepped for their first launch from an airstrip in Cornwall, England, Firefly prepped for first launch from Wallops Flight Facility, and Astra executed 3 launches: 2 from Cape Canaveral and 1 from PSCA. There are several other companies in the early stages of development that will be working towards launching in 2023.

The need for higher capacity at spaceports to meet the needs of launch and satellite providers is continuing to grow. A few companies in the United Kingdom are building spaceports to support customers. SaxaVord Spaceport began construction of their spaceport in Unst, Scotland. ORBEX signed a lease with a development agency for a location for Sutherland Spaceport and secured funding for development of UK Space Launch vehicles.

To meet this demand, Alaska Aerospace has created a diversified aerospace company engaged in launch services for both government and commercial operators, a range safety and telemetry service provider, integration and sustainment of state-of-the-industry spaceport capabilities to meet future requirements and involvement in preparing for an Alaskan workforce that has the skills to operate in this highly complex field by advancing Science, Technology, Engineering, and Math (STEM) education.

The launch industry started to recover from the effects COVID-19 this year. Alaska Aerospace supported and executed a successful Astra mission and delivery of 22 payloads to Low Earth Orbit. ABL Space Systems completed integration, testing, and static firing of the RS1 rocket in preparation for a launch in early 2023. ABL invested in the infrastructure at PSCA and currently has an operating agreement with Alaska Aerospace for use of Launch Pad C.

Astra successfully launched and carried a total of 16 satellites into orbit including OreSat0 cubesat from the Portland State Aerospace Society as well as a payload by NearSpace Launch. AAC/PSCA are proud to be part of the successful mission and future launches. This was an incredible achievement and milestone by both teams.

ABL selected PSCA as the launch location for their new rocket in 2021. This year they moved the RS1 rocket to PSCA and completed integration, testing, static firing of all engines, and several launch campaigns. They were not able to complete the first launch of RS1 rocket but achieved many milestones by getting to T-0 prior to auto-aborting. As this occurred, it validated many facets of the rocket, ground support equipment, operational readiness of both ABL and PSCA teams. ABL is poised to have a successful 2023 and we are proud to be part of the progress and future launches.

We continue to support US government programs with the award of an IDIQ contract to support programs and missions from 12 August 2022 through 11 January 2029. The validates PSCA as being a National Strategic Asset for the country. In order to continue the support provided for the US government programs, nearly $5.0 million was invested into upgrades on the spaceport to ensure the capability to support future program requirements.

With the completion of the 2020-2030 PSCA Spaceport Master Plan, we have identified the projected launch demand and the facility requirements necessary to meet this demand. While significant investment has already been made at PSCA, it is important to maintain and develop the necessary infrastructure to meet both the current and future needs of our customers. Using this master plan as a guide, we will be able to ensure we have the facilities and services available at PSCA to support the projected increased launch operations, as well as being able to attract new customers to launch from Alaska.

As we increase operations at PSCA, we understand the need to be vigilant in protecting the natural beauty of Narrow Cape and the fragile environment in which we operate. We are exceedingly proud of our care for the environment. When events have occurred where

ABL Space Systems

ABL RS1 Rocket at PSCA.

damage to the environment happened, our team works with our environmental consultant, the Alaska Department of Environmental Conservation (ADEC), and our contractors to conduct clean-up and remediation that meet, or exceed, all state and federal requirements. As we go forward, we will consistently provide the strictest environmental controls necessary to conduct launch operations. This is as important to us, as it is to our neighbors and the natural environment of Narrow Cape.

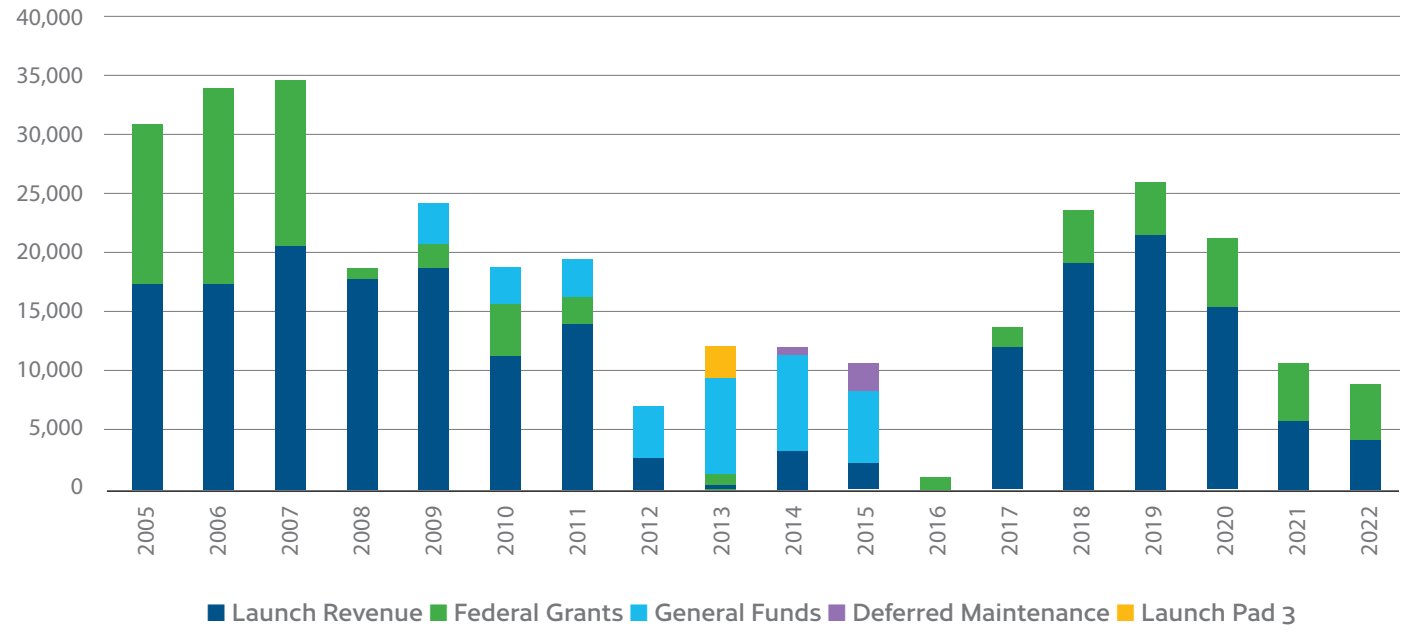
The financial position of Alaska Aerospace remains strong. PSCA is the only spaceport in the United States that does not receive state and/or federal financial support. Alaska Aerospace has operated since 2014 on the revenues earned by services provided. Being a company not requiring government sustainment funding provides us an ability to respond to customer requirements without extensive bureaucratic processes. This results in more nimble and creative solutions for customers, allows for more flexibility in launch operations, and provides a more financially competitive environment for our customers. We are proud we can be an industry leader in bringing affordable launch services to the marketplace.

This year we were expecting a higher launch cadence than occurred. We had a great launch in the first quarter with Astra and ABL was a consistent customer throughout the year with integration and testing to prepare for the initial launch campaign. Although, we only had one launch for year, we had a customer on site and contributing to the Kodiak community all year. This resulted in weaker than expected revenues for the calendar year. We project this momentum will increase in 2023 with an increased number of launches. Our future is bright, and we are prepared to meet the demand.

Revenue and Operational Highlights

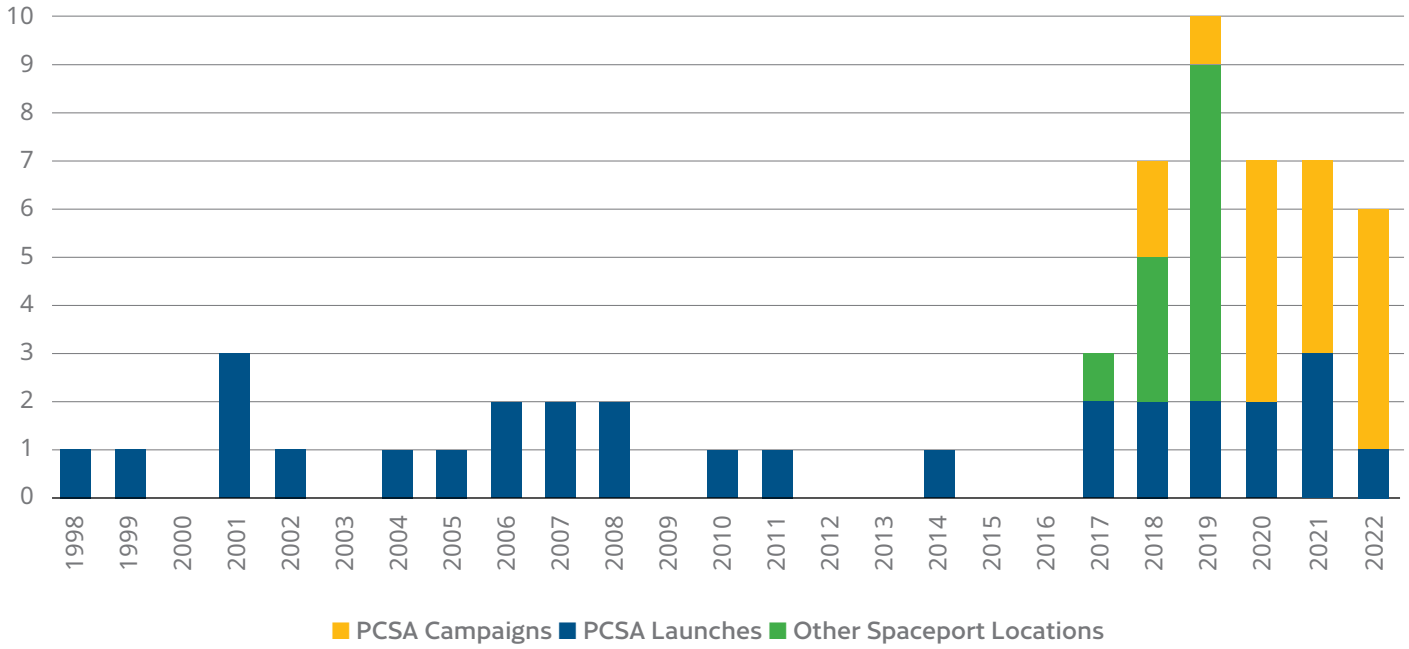
AAC REVENUE HISTORY BY TYPE

▶ Operating revenues for 2022 were 8.8 million.



NUMBER OF AAC-SUPPORTED LAUNCHES BY CALENDAR YEAR

▶ PSCA conducted 1 commercial launch and supported 5 launch windows in 2022.

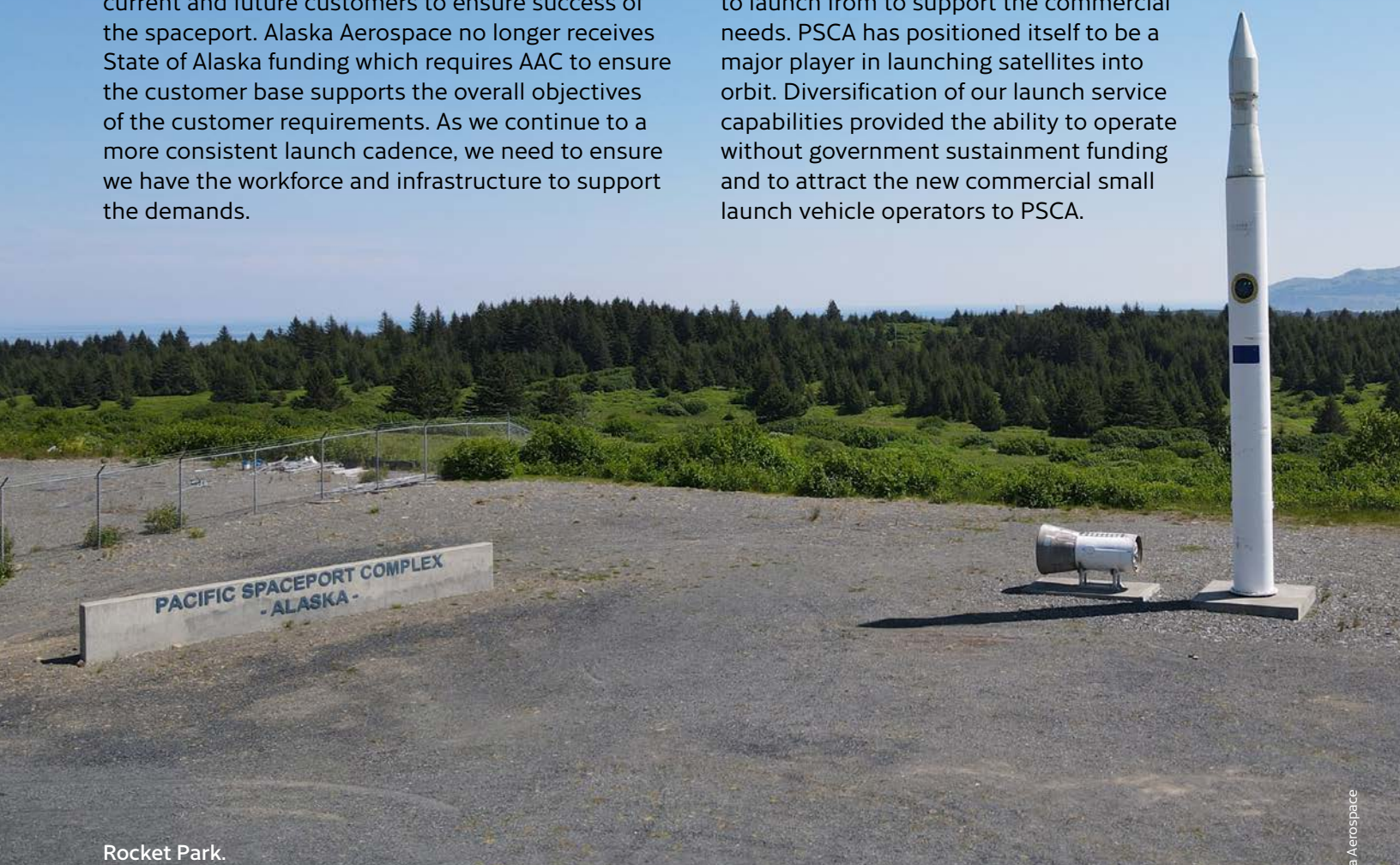


Year in Review

LAUNCH SERVICES

Pacific Spaceport Complex – Alaska (PSCA) expected 2022 to be the largest launch cadence executed by PSCA in a single year. Based on many factors, the launches for the year were significantly lower than projected. Launch continues to be the core business of Alaska Aerospace and we continue to work with current and future customers to ensure success of the spaceport. Alaska Aerospace no longer receives State of Alaska funding which requires AAC to ensure the customer base supports the overall objectives of the customer requirements. As we continue to a more consistent launch cadence, we need to ensure we have the workforce and infrastructure to support the demands.

Alaska Aerospace is diversifying our customer base with both commercial and government missions. Historically, PSCA was primarily used by the United States government to conduct launches in support of the National Security Strategy. The commercial customers are continuing to look for launch sites to launch from to support the commercial needs. PSCA has positioned itself to be a major player in launching satellites into orbit. Diversification of our launch service capabilities provided the ability to operate without government sustainment funding and to attract the new commercial small launch vehicle operators to PSCA.



Rocket Park.

COMMERCIAL LAUNCH OPERATIONS

ABL Space Systems

ABL Static Fire Test at PSCA.

Astra successfully launched their rocket 3 version on March 15, 2022, and place 16 satellites into orbit. The rocket launched two different payloads into Low Earth Orbit. It was the first time they achieved such a major milestone. Astra later decided to cancel any future rocket 3 versions and move to a rocket 4 version. They are currently in the developing and designing the rocket 4 version and plan to make upgrades to the launch site to support the rocket and future launches from PSCA. AAC looks forward to the continued relationship and future launches from PSCA.

Astra is continuing the commitment to PSCA by investing in some development upgrades of Pad B to support future operations and their long-term business plan to improve life on earth from space.

ABL's decision to utilize PSCA as their initial and primary launch site is a success for PSCA in expanding the commercial base. ABL spent the majority of 2022 with many personnel residing in Kodiak to support the integration, testing, and launch operations. Throughout the year, ABL accomplished several milestones: integration of stage 1, successfully performed a 9-engine static fire, countdown rehearsals, and attempted several launch campaigns. Two of the campaigns resulted in aborts at T-0 which proved out the terminal count and software.

As the year came to an end, we were pursuing additional commercial launch opportunities which have the potential of making 2023 a landmark year for launch activities at PSCA.

US GOVERNMENT OPERATIONS

In August, Alaska Aerospace was awarded a $111M follow-on Indefinite-delivery/indefinite-quantity contract to continue Missile Defense Agency (MDA) test support through January 2029. This follow-on award shows the value that MDA sees with utilizing the spaceport as a national defense asset. In the last quarter, PSCA is supporting a series of proposals for future US government missions. Alaska Aerospace continues to work with other potential government missions and operators as we move into the future.

PSCA SPACEPORT MASTER PLAN 2020 - 2030

Initiated by the Alaska Aerospace Board of Directors in late 2018, the PSCA Spaceport Master Plan 2020 – 2030 was finalized this year. The master plan used a Spaceport Planning Advisory Group, comprised of technical and local community members, to help guide the process and ensure community interests and concerns were addressed. Public informational workshops were conducted to furnish information pertaining to the planning process and to solicit community input.

As the industry evolves, it requires the spaceport to keep up with technologies and ensure the spaceport has the adequate capabilities to support both commercial and government customers. In 2021, Alaska Aerospace developed the Master Plan for 2020-2030. The plan lays out the plan that is expected to be executed to support the needs of the industry and customers to ensure the Alaska Aerospace industry continues to grow and provide another source of revenue for Kodiak and the State of Alaska. This year we have initiated some actions towards meeting the master plan needs. Some of the actions started are: supplemental environmental assessment to increase number of launches, land lease renewal, FAA site operator license renewal, and discussions with US Coast Guard LORAN C lease land for future PSCA use. PSCA hosted the Commissioners of the Department of Transportation to brief on the current and future development plans for PSCA. .

SPACEPORT INTERNS

This year we hosted two outstanding individuals one from the Space Grant Program and one direct with Alaska Aerospace. They enjoyed their time on Kodiak, and the Spaceport, with all the spaceport activity and they were exposed to many different aspects of a Launch Campaign and spaceport maintenance and operations. The interns were active in many aspects of the spaceport and added value to the team. They quickly tackled task and exceeding our expectations with every task. The feedback we received was the level of variety of task they got to support added such value on the big picture of a spaceport.

2022 Intern.

SPACEPORT ENHANCEMENTS

PSCA is an FAA Licensed commercial spaceport located in Kodiak, Alaska. One of the key features of the spaceport is range operations. This means that Alaska Aerospace needs to maintain the facilities, equipment, and infrastructure to ensure the capabilities to support government missions and customers' requirements. As a national asset for space access assurance to complement the capabilities at Vandenberg AFB, as well as to meet launch requirements that cannot be met at other Department of Defense ranges, the National Defense Appropriation Acts included funding for spaceport infrastructure support at PSCA.

One of the main upgrades this year was converting the T2 Telemetry system into a more transportable system which included building out a mobile telemetry/command destruct system in shipping containers. This system provides tracking, command destruct, and telemetry to the customer and PSCA to monitor and execute missions safely. The key factor with this system it is mobile and allows for the systems to be located downrange to support customer requirements.

Security upgrades are always a critical aspect to update for both facilities and cyber risk. AAC upgraded the facilities with additional security devices, added multi factor authentication for computer systems, and conducted a security assessment to identify any other potential improvement areas.

An upgrade to our meteorology room was executed to increase the efficiency of the office space, upgrade the technology, and overall improve the quality and timeliness of meeting customer requirements for test and launch operations. Additionally, we modified the weather balloon building with insulation and a roll up door on the opposite side of the building due to safety concerns with wind direction when releasing balloons.

Continuing to enhance the Expanded Mission Control Center (EMCC). This year, we updated the desk, side rooms, and increased the number of customer consoles available for customers. The updates are an improvement to the facility to ensure efficient and comfortable area for monitoring and executing missions with the proper tools.

Weather Office.

Weather Building insulation and rollup door.

EMCC modifications and upgrades.

In order to support Spaceport Responsiveness needs of current and future customers, AAC developed Logistics Responsiveness Plan to provide detailed instructions and a better understanding of how to conduct logistics and transportation to and from the PSCA facility for missions, freight/shipments, and personnel travel. The plan provides an overall scope from paperwork requirements to available transportation options, as well as PSCA protocols and standard operating procedures for logistics and transportation to the site.

AAC developed and executed a pathfinder to train and qualify PSCA personnel in the receipt, loading and unloading, transport, and storage of a pathfinder vehicle. The plan provided training on the operation of all equipment, filing of all documentation, and safety measures necessary to perform an efficient and safe pathfinder. The pathfinder focused on 4 objectives: train personnel to execute the pathfinder and project safely, equipment readiness to execute pathfinder and project, unloading and loading of a rocket and ground support equipment (GSE), and Transporting the Rocket and GSE.

37TH SPACE SYMPOSIUM 2022

© Alaska Aerospace

The Space Foundation held the 37th Space Symposium this year in Colorado Springs, April 4-7 just seven months after the 2020 symposium. The Space Symposium is the premier US space policy and program forums and attracts a wide range of aerospace professional, companies, agencies, and organizations representing all segments of the space sector. AAC supported the symposium by sending AAC CEO Milton Keeter, ALS Interim President John Cramer, Director of Programs and Contracts Maggie Minton, and Program Supervisor Shannon Edward to the event and hosted a display booth to promote the spaceport, services, and location to the industry. Located in the Main Exhibit Hall, and co-located with Virginia Space, this year's event had over 10,000 in attendance and an estimated 275 exhibitors and representatives. Additionally, over 40 nations attended the event.

SPACE AND MISSILE DEFENSE SYMPOSIUM

The Space and Missile Defense Symposium was held this year in Huntsville, Alabama 9-11 Aug 2022. The symposium is focused on education, professional development, and networking with the space and missile defense community. AAC supported the symposium with our display booth to promote the spaceport, services, and location to the industry. To provide an industry perspective and present the spaceports capabilities, the symposium was supported by Milton Keeter, John Zbitnoff, Hanna Young, and Manilyn Alcaide.

© Alaska Aerospace

OUR PEOPLE

Alaska Aerospace and Aurora Launch Services are committed to providing our people a safe working environment, with positive career opportunities. We value everyone's unique qualities and capabilities that make our team the finest spaceport team in the world. This can only be accomplished when every employee and customer feel safe, respected, and appreciated. It is through this commitment to our people that Alaska Aerospace has some of the finest professionals in the space launch business employed by both Alaska Aerospace and Aurora Launch Services.

As a state-owned company, we are committed to expanding the Alaskan economy, which means hiring Alaskans. Our full-time workforce is 98% Alaskan residents, while our part-time workforce exceeds 95% Alaskans. Due to the highly specialized requirements for launch operations, we employ a small contingency of people who reside out-of-state but provide the necessary unique skills not available within the Alaskan workforce. As our business increases, we look forward to reducing the need for out-of-state employees by training Alaskans to fill these unique work requirements. Today many of our employees are Kodiak residents.

This was a year of significant leadership changes. In February, our Chief Financial Officer (CFO) departed, and we started the search for the replacement. We wanted to focus on hiring within the State of Alaska and we are very fortunate to welcome Ms. Judy Moose as our new CFO. She comes to us from Chugach Government Solutions, LLC where she was the Deputy Director of Finance.

Craig Campbell departed Alaska Aerospace in the second quarter to accept the appointment by the governor as the Interim Airport Director of Ted Stevens Anchorage International Airport. Craig's leadership experience and support was invaluable to the success of Alaska Aerospace.

Mr. Rob Greene departed Aurora Launch Services as the President and Spaceport Manager. His dedication and drive to the success of Aurora Launch Services and Alaska Aerospace has and will be missed. Mr. John Cramer yet again stepped up to support the overall success of the company by accepting the interim President position. Mr. John Zbitnoff also stepped up to fill the Interim Spaceport Manager role during the search and selection process for the replacements.

In addition, Aurora Launch Services employed many part-time employees, primarily in the security and administrative roles to support the US government mission this year. Having a large part-time workforce has provided us flexibility in controlling personnel costs which has resulted in costs savings for our customers, keeping our service cost competitive with other spaceports.

As we look to the future, we will continue to balance our full-time and part-time workforce with the projected launch demands to ensure we maintain an adequate workforce to meet mission requirements.

GOVERNMENT AFFAIRS

Aerospace Day and Briefing
Lt. Governor Meyer, in conjunction with the Senate Labor and Commerce Committee chaired by Senator Gary Stevens, hosted Aerospace Day at the Capitol on 9 March 2022. This year Alaska Aerospace was one of the presenters that provided a presentation to the Senate Labor and Commerce Committee on the overall status, capabilities, and financial position of Alaska Aerospace and the Pacific Spaceport Complex – Alaska.

Aerospace States Association
Lt Governor Kevin Meyer and the State of Alaska hosted the 2022 Aerospace States Association Annual Meeting in Girdwood, AK. During the meeting, Alaska Aerospace supported a day trip to Kodiak Island for a tour of Pacific Spaceport Complex – Alaska (PSCA). PSCA conducted tour for 52 Lt Governors, Staffers, other state agency members, along with one of the Apollo 17 Astronauts, Harold Schmidt. It was an absolute honor for the PSCA team to provide the tour and showcase the spaceport. This was a huge success, and all members thoroughly enjoyed the spaceport and seeing how Alaska stands out as a unique commercial spaceport.

© Alaska Aerospace

Alaska Aerospace States Association – Spaceport Tour.

Legislative Visitors
This year we were honored to host several legislators in 2022: including Senator Dan Sullivan, Senator King's National Security Advisor, United Kingdom USCG Kodiak, and Anchorage Leadership. Senator Sullivan's very first visit to the Pacific Spaceport Complex – Alaska in Kodiak, Alaska. Milton Keeter and team provided the tour showcasing the facilities and capabilities the spaceport provides for both Government and Commercial customers as a National Security Asset for both the State of Alaska and the Country. It was a privilege to host Senator Sullivan and all other visitors. We continue to be proud of the spaceport and community.

© Alaska Aerospace

Senator Dan Sullivan in the LP1 Tower.

Alaska Aerospace hosted Colin Macleod (Head of UK Space Regulation at Civil Aviation Authority) at the Pacific Spaceport Complex – Alaska. This was the first spaceport that he had toured and was very impressed with what and how the spaceport facilities, capabilities, and overall approach to being a FAA licensed spaceport meeting customer requirement.

As a Federal Aviation Administration licensed commercial spaceport that provides services to both government and commercial customers, it is imperative that we maintain a positive relationship with our state and federal government partners. We welcome visitors to PSCA and encourage tours to familiarize people with the extensive capabilities provided at our spaceport.

© Alaska Aerospace

UK Space Regulations at Civil Aviation Authority.

COMMUNITY INVOLVEMENT

Participation in local businesses and the community is a core value of our company. We currently do this by sponsorships, Site tours, Kodiak Borough Assembly, and Job Fairs. Alaska Aerospace has been a member of the Kodiak Chamber of Commerce since 2015, maintaining our membership in the Partners in Kodiak Economy (PIKE) program at the Crown level. This is the highest membership level for the Kodiak Chamber and reflects our commitment to expanding the Kodiak economy and being a good neighbor. It is AAC's intent to continue growing our relationship with Kodiak and the Chamber of Commerce by exploring purposeful opportunities to expand our community outreach. This year we added sponsoring of the Kodiak Fair and Rodeo as a silver sponsor. We were honored to support such an event for the community and will plan to continue to support in the future. Many of our employees were actively involved in the rodeo competitions and support the activities.

The Pacific Spaceport Complex – Alaska is very proud of being part of the community and promoting the opportunities and capabilities of the spaceports. This year we continued this by providing many tours to local students by working with the local schools. PSCA gave tours to over 200 students throughout the year. We continue to promote Science, Technology, Engineering, and Math (STEM) to the students.

PSCA continues to grow with new customers and more activity and therefore we need more employees to execute the work. We want to hire from the local community as much as possible. In 2022, we expanded how we approach publishing of job opportunities at the spaceport. We now post our job opportunities on our public website, USCG Transition Assistance Program (TAP), Kodiak Chamber Job Postings, Indeed, and local papers.

AdobeStock

Financial Review

State Fiscal Year 2022 reflects prior year asset capitalizations that positively affected Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). This resulted in EBITDA of $6.2M, which is an increase of $2.3M over 2021. Operating revenues of $8.8M were 15.4% lower than 2021 and operating expenses of $10M, were 22.7% lower than 2021. Although, we saw an increase in launch campaigns, we had one completed launch with a year of integration and testing at the launch site.

As a result, in FY 2022, AAC saw a $1.2M decrease in our Net Position from FY 2021.

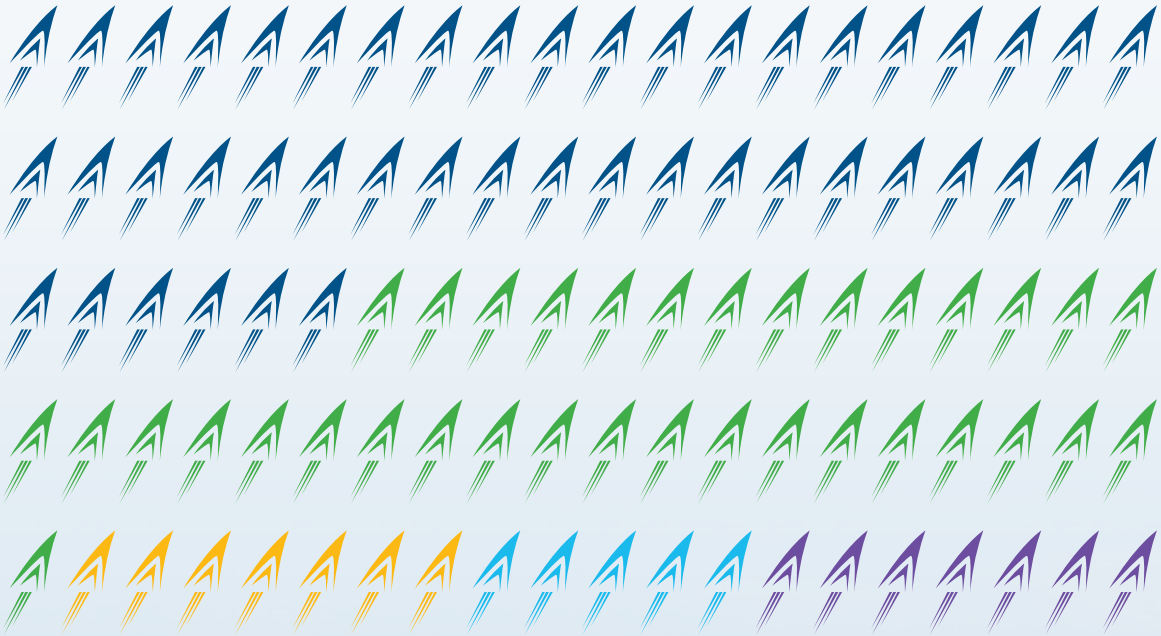
At fiscal year-end, our current assets position increased 7.8% to $9.5 million. There was significant increase in liabilities of $3.5M to $6 million.

On June 30, 2021, AAC had $78.7 million in net capital assets. On June 30, 2022, AAC has $80.2 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 and represents an increase in net capital assets of $1.5 million, or a 2% increase from FY 2021.

AAC continued cost savings and labor reductions to conserve cash. These cuts combined with the operational reserves provide AAC with much needed cash availability.

During FY 2022, AAC again received no funding from the State of Alaska toward the operations and sustainment of the Pacific Spaceport Complex – Alaska (PSCA). We expect a strong outlook in FY23 as launches are increased.

CONSOLIDATED HISTORIC REVENUES



46%	35%	7%	5%	7%
Launch Revenue $231,235,504	Federal Grants $172,236,391	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

JUNE 30, 2022 (WITH COMPARATIVE AMOUNTS FOR 2021)

Years Ended June 30,	**2022**	**2021**
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$5,816,569	$3,380,655
Accounts receivable	1,241,436	3,853,485
Inventory	52,515	0
Prepaid expenses	56,245	70,702
Unbilled receivables	2,376,957	1,550,698
Total Current Assets	9,543,722	8,855,540
Noncurrent Assets		
OPEB Asset	307,364	35,010
Capital assets not being depreciated	731,551	371,610
Capital assets being depreciated/amortized, net	79,459,936	78,353,905
Total Noncurrent Assets	80,498,851	78,760,525
Total Assets	90,042,573	87,616,065
Deferred Outflows of Resources		
Related to pensions	163,364	49,977
Related to OPEB	87,629	25,052
Total Deferred Outflows of Resources	250,993	75,029
Total Assets and Deferred Outflows of Resources	$90,293,566	$87,691,094
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	$2,231,751	$1,025,491
Accrued leave and compensation	290,955	394,294
Lease liability – due within one year	100,830	0
Unearned revenue	2,910,121	672,642
Total Current Liabilities	5,533,657	2,092,427
Noncurrent Liabilities		
Lease liability - due in more than one year	16,385	0
Net OPEB liability	0	699
Net pension liability	427,954	420,807
Total Noncurrent Liabilities	444,339	421,506
Total Liabilities	5,977,996	2,513,933
Deferred Inflows of Resources – related to pensions		
Related to pensions	170,658	2,999
Related to OPEB	164,604	28,062
Total Deferred Inflows of Resources	335,262	31,061
Net Position		
Net investment in capital assets	80,191,487	78,725,515
Unrestricted (deficit)	3,788,821	6,420,584
Total Net Position	83,980,308	85,146,100
Total Liabilities, Deferred Inflows of Resouces and Net Position	$90,293,566	$87,691,095

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

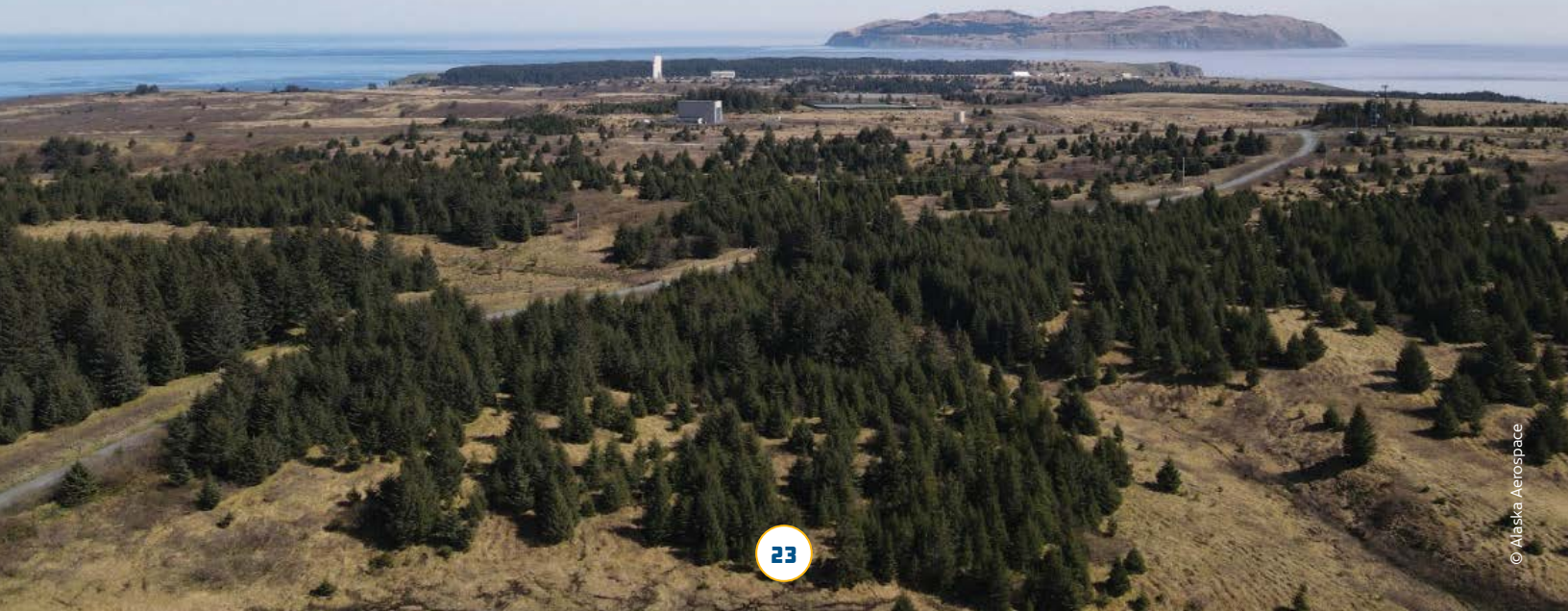
FINANCIAL PERFORMANCE

Statements of Revenues, Expenses, and Changes in Net Position

JUNE 30, 2022 (WITH COMPARATIVE AMOUNTS FOR 2021)

Years Ended June 30,	**2022**	**2021**
Operating Revenues	$8,755,443	$10,344,525
Operating Expenses		
Personnel services	1,926,477	2,591,480
Travel	63,044	130,486
Contractual services	261,488	3,283,089
Supplies	74,754	251,154
Equipment	261,111	172,560
Depreciation and amortization	7,402,707	6,492,955
Total Operating Expenses	9,989,581	12,921,724
Net operating loss	(1,234,138)	(2,577,199)
Nonoperating Revenues (Expenses)		
Investment income (loss) unrestricted	(1,234,138)	29,888
PERS relief from State of Alaska	22,503	22,503
Loss on disposal of capital assets	–	(389,148)
Insurance proceeds, net of loss on impairment		
Total Nonoperating Revenues (Expenses)	68,346	(336,757)
Income (loss) before capital contributions	(1,165,792)	(2,913,956)
Change in Net Position	(2,913,956)	(2,913,956)
Net Position, beginning of the year	85,146,100	88,060,056
Net Position, end of the year	$83,980,308	$85,146,100

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



Astra


ALASKA
AEROSPACE