

2023 ANNUAL REPORT





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.

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BOARD OF DIRECTORS



LINDSAY C. KNIGHT, 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*



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

Fulfills requirement for a public member



PAT PITNEY
Interim President,
University of Alaska

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



**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*



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

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



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*



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 Representatives*



LETTER FROM THE BOARD OF DIRECTORS CHAIR

On behalf of the Alaska Aerospace Corporation (AAC), it is my pleasure to present to Governor Mike Dunleavy, members of the Alaska Legislature, and all Alaskans, Alaska Aerospace Corporation's 2023 Annual report.

This has been an interesting year for our team. I believe the team has become a tighter and more efficient machine. The team has successfully navigated the complexities of the aerospace sector, fostered innovation, and leveraged the collective expertise of our very committed and dedicated and diverse team of individuals, working together as a very unified team.

Our efforts have enabled us to undertake new, long-term defense projects, utilizing the world class capabilities of the Pacific Spaceport Complex-Alaska (PSCA). The Spaceport's previous involvement in testing defense systems, highlight its crucial role in addressing global conflicts and safeguarding communities worldwide. We are all excited about the concept of an Aleutian Test Range (ATR), which seem to be gaining momentum, and should provide many benefits for Alaska.

Alaska Aerospace Corporation continues to make improvements to the Pacific Spaceport Complex-Alaska to keep us ready for any customer. We continue to help our commercial customers develop their rockets and launch satellites into orbit, as well as readiness for Government customers. We also strive to be good stewards of Narrow Cape, and when a launch campaign dictates, communicate with the Kodiak community, in a timely manner, on the required safety measure during our short launch window.

Securing commitments from multiple customers for 2024/2025 underscores our dedication to achieving a higher launch frequency than we have had in the past. I speak for our team, but we are all look forward to a higher cadence of rocket launches. As the aerospace industry continues to grow, and with our unique access to polar orbit, we are well positioned to become the preferred choice for commercial, government and international customers. We remain committed to pushing boundaries, nurturing talent, and contributing to the progress of aviation and space exploration.

The Pacific Spaceport Complex is the only FAA-Licensed commercial spaceport that operates without state funding. I actually think that this makes us light and tight and efficient and really good at what we do.



Alaska Aerospace's vision is focused on sustainable annual growth and achieving a diverse customer base serviced at PSCA and the export of our expertise and services to our partners at spaceports worldwide. Our strategic initiatives include investments in our downrange tracking and telemetry worldwide, and new infrastructure for medium lift launches. We are working on logistic enhancements, on-site accommodations, and we offer superior customer service to all our customers.

The Pacific Spaceport Complex is the only FAA-Licensed commercial spaceport that operates without state funding. I actually think that this makes us light and tight and efficient and really good at what we do.

We extend our heartfelt thanks to John Cramer. He has been our rebounding interim President and CEO in 2023, as well as several other times in the past years. He is selfless, professional and an exceptional leader. I would also like to say thanks to General (retired) Howie Chandler. A quiet man, of great intellect. Whenever Howie would speak, we would always give him our undivided attention. I will truly miss him on our Board of Directors. I shall also miss Dr. Robert McCoy. Bob served on the Board for 12 years and was our Chair for the majority of those years. Bob is a great leader, a cool head, under pressure. Bob is very knowledgeable in aerospace, he was actually an AAC customer in 2011. Bob is a long time friend and I want to say thank you.

I would like to thank Vice Chairman Bruce Abel, and Space expert extraordinaire, Jack Anthony. We three have been the 3 Musketeers all year on the Board Executive Search Committee. They have done above and beyond the call of duty and I will always appreciate Bruce and Jack!

I would also like to thank Major General Torrence Saxe! He has been a tremendous support and asset for the Board and myself in particular!

I really want to thank the Board of Directors. They are intelligent, and a talented group, from a wide range of backgrounds, and it has been an honor and privilege to work with them. Our AAC staff is spectacular and it is an honor to work with them as well. Thank You Rob Green, Maggie Minton, Judy Moose, Manilyn Alcaide and the rest of our crew! We are very fortunate to have an extremely talented and exceptional team, willing to whatever it takes, to make PSCA our nation' premier spaceport!

In conclusion, I think the future of AAC is very bright and looking up, as we strive to reach for the stars! I think Alaska Aerospace is a true gem for Alaska and our country, and is an important part of a diverse Alaska Economy.



Lindsay Knight

A handwritten signature in black ink, appearing to read 'Lindsay Knight', with a long horizontal flourish extending to the right.

Board Chair



EXECUTIVE SUMMARY

The Pacific Spaceport Complex – Alaska has positioned itself as the leading FAA-licensed commercial Spaceport to support launches.

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.

In 2023, Pacific Spaceport Complex – Alaska (PSCA) supported several government programs and completed them on time. However, due to world conditions, some programs were paused. PSCA continues to work with current and future customers to ensure the success of the spaceport and diversify its customer base with both commercial and government missions. PSCA has positioned itself as a major player in launching satellites into orbit and operates without government sustainment funding. Aurora Launch Services continues to onboard new employees to support PSCA, meeting or exceeding obligations for off-site support.

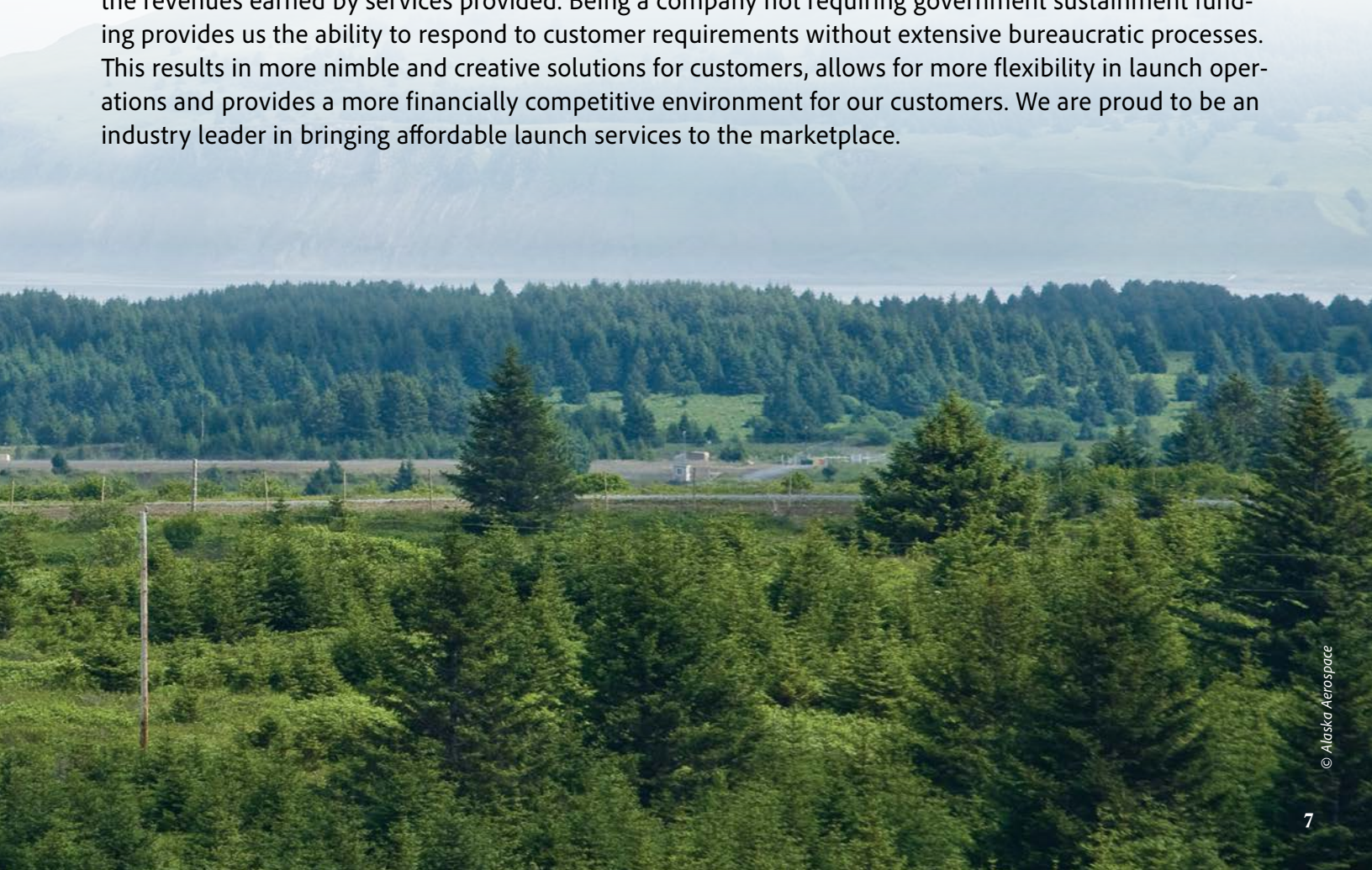
Pacific Spaceport Complex-Alaska is uniquely positioned to add capability and capacity to mitigate the national challenge of providing assured access to space for national security space missions. In 2023, AAC received two Spaceport Enhancement Contracts from the United States Space Force to enhance and improve launch support and infrastructure to meet National Security Space Launch mission needs. AAC also provides launch facilities and range support services for other Government agencies with large-scale enhancements to the federal ranges, the spaceport enterprise still requires additional capacity to support both military and commercial requirements.



In 2023, the Pacific Spaceport Complex - Alaska (PSCA) worked with local contractors to rebuild Pad 3C after a commercial customer anomaly caused substantial damage. The customer returned to PSCA in the fall of 2023, with the integration of the launch vehicle, and a planned launch in the first quarter of 2024. Additionally, 2023 laid a foundation for AAC to pursue the development, deployment, and operation for hypersonic vehicles, and other advanced aerospace systems, a strategic initiative for the coming years to support national responsive space objectives.

In the summer of 2023, the Pacific Spaceport Complex - Alaska (PSCA) executed Spaceport Enhancement for FY22, which covers four areas. The enhancements include Spaceport Infrastructure Improvements such as upgrading the 55K forklift, procuring a mobile clean room, upgrading the Range Control Center perimeter drainage, and adding a Mobile Sanitary Station. Safety and Security Enhancements were also addressed with upgrades for facilities with both fire and personal protection, and Security access control to meet changing requirements. Communication Systems Upgrades were made with additional fiberoptics to facilities to ensure customers' needs are met. Instrumentation Modernization was also addressed with upgrades to the track-only antenna system, allowing PSCA to support more customer off-axis requests for tracking.

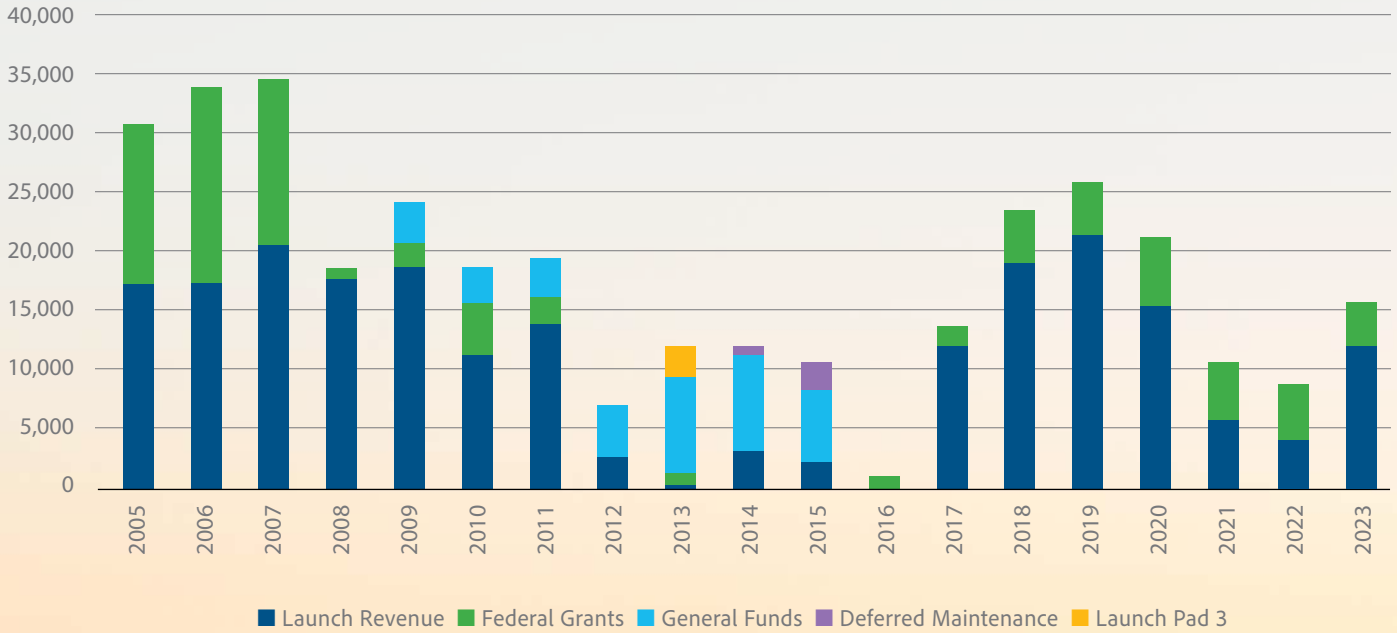
The financial position of Alaska Aerospace remains strong. PSCA is the only spaceport in the United States that does not receive state and/or federal financial support. Alaska Aerospace has operated since 2014 on the revenues earned by services provided. Being a company not requiring government sustainment funding provides us the 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 to be an industry leader in bringing affordable launch services to the marketplace.



REVENUE AND OPERATIONAL HIGHLIGHTS

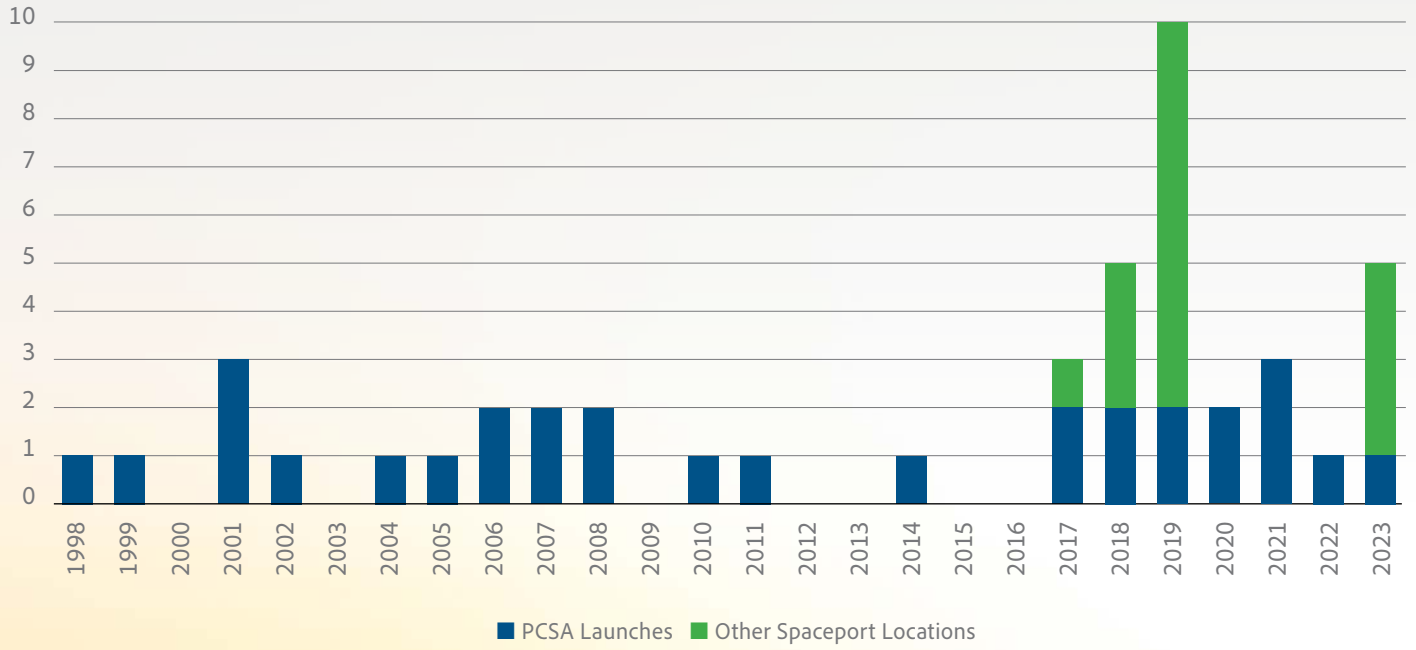
AAC REVENUE HISTORY BY TYPE (IN THOUSANDS)

▶ Operating revenues for 2023 were \$15.5million.



NUMBER OF AAC-SUPPORTED LAUNCHES BY CALENDAR YEAR

▶ PSCA conducted 1 commercial launch and supported 4 launch windows in 2023.



YEAR IN REVIEW

LAUNCH SERVICES

Pacific Spaceport Complex – Alaska (PSCA) Continues to support customer needs; several Government programs were supported in 2023. These programs were completed on time, however World Conditions programs were paused. Launch continues to be the core business of Alaska Aerospace and we continue to work with current and future customers to ensure the success of the spaceport. As we continue to a more consistent launch cadence, we need to ensure we have the workforce and infrastructure to support the demands. Aurora Launch Services continues to on-board new employees to support PSCA, and Contractual obligations for supporting off-site.

Alaska Aerospace is diversifying its customer base with both commercial and government missions. Historically, PSCA was primarily used by the United States government to conduct launches supporting the National Security Strategy. The commercial customers are continuing to look for launch sites to launch from to support commercial needs. PSCA has positioned itself as 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.



COMMERCIAL LAUNCH OPERATIONS

ABL’s decision to utilize PSCA as their initial and primary launch site is a success for PSCA. ABL Flight 1 launch attempt was January 2023, the vehicle left launch pad 3C and though not successful collected several minutes of crucial data. Flight 1 returned to Pad 3C, which caused substantial damage. Once safe all environmental cleanup and pad rebuilding commenced. Over several months PSCA worked with local Contractors to ensure access to the Pad was available for ABL.

ABL returned to PSCA in the fall of 2023 for Flight 2, Pad 3C was ready for their arrival, integration of the Launch Vehicle commenced over the remaining months of 23, with planned launch in First Quarter 24.

GOVERNMENT OPERATIONS

Even with large scale enhancements to the federal ranges, the spaceport enterprise still requires additional capacity to support both military and commercial requirements. The Pacific Spaceport Complex-Alaska is uniquely positioned to add capability and capacity to mitigate this national challenge and complement the Eastern and Western Ranges and provide assured access to space for national security space missions. In 2023, AAC received two Spaceport Enhancement Contracts from the United States Space Force to enhance and improve launch support and infrastructure to meet National Security Space Launch mission needs. Additionally, AAC continues to provide launch facilities and range support services for Missile Defense Agency tests.

2023 has laid a foundation for AAC to pursue the development, deployment, and operation of the Aleutian Test Range for hypersonic vehicles and other advanced aerospace systems, a strategic initiative for the coming years to support national responsive space objectives.

SPACEPORT INTERNS

This year we hosted an outstanding individual from the Space Grant Program. She enjoyed time on Kodiak, and at the Spaceport, working with the Range Safety Telemetry System Department. During her time, she got an FAA license for UAV operations and completed written procedure for RSTS, helping streamline their process.



SPACEPORT ENHANCEMENTS

PSCA Spaceport Enhancement for FY22 was under contract summer of 2023, the enhancements will cover four areas.

SPACEPORT INFRASTRUCTURE IMPROVEMENTS

This year the spaceport improved several areas, and some of the improvements were.

Upgraded 55K forklift, this machine is vital to operations at all areas of the spaceport. It moves customer equipment, unloads shipping containers, and lifts large heavy items at the various Launch Pads. Procured a mobile clean room, this will allow customers to utilize other facilities to integrate payloads in a clean room environment. Upgraded the Range Control Center perimeter drainage, this allows proper drainage away from the facility. Another item for PSCA was the addition of a Mobile Sanitary Station, this will allow customers the ability of a facility for sanitary needs other than the historical Portable Bathrooms.

SAFETY AND SECURITY ENHANCEMENTS

Several areas were addressed for safety this year with upgrades for facilities with both fire and personal protection. Other key areas for upgrades were Security access control to meet changing requirements.

COMMUNICATION SYSTEMS UPGRADES

Lot of upgrades to the Communications, with additional fiberoptics to facilities to ensure customers' needs are met. Increasing the ability of connectivity throughout the spaceport as customer needs grow, PSCA's forward thinking is setting up the spaceport to meet these challenges.

INSTRUMENTATION MODERNIZATION

Upgrades to the track-only antenna system will allow PSCA to support more customer off axis request for tracking. This system was developed internally to provide a low-cost system to provide to customers from previous support request.



38TH SPACE SYMPOSIUM

Alaska Aerospace continued its tradition of active engagement in the space community by participating in the 38th Space Symposium held in Colorado Springs on April 17-20, 2023. This premier event brings together a wide range of aerospace professionals, leaders, and enthusiasts.

Representing Alaska Aerospace at the symposium were Maggie Minton, Judy Moose, Manilyn Alcaide, Robin Perzsch, John Zbitnoff, and Jack Anthony. They engaged with industry experts and showcased the capabilities of the Pacific Spaceport Complex - Alaska through a display booth in the Main Exhibit Hall. It provided a platform for discussions, networking, and planning for the future of space, with a focus on addressing space issues and showcasing the latest in space technology.

The 2023 Space Symposium boasted over 10,000 attendees, making it one of the leading platforms to network and promote the spaceport's services and location. With over 40 nations in attendance, this event presented a unique opportunity for Alaska Aerospace to showcase its contributions to the global space industry.





© Alaska Aerospace

OUR PEOPLE

Alaska Aerospace Corporation is committed to providing a safe working environment, with positive career opportunities. We value employees' unique qualities and capabilities. This can only be accomplished when the employee and customer feel safe, respected, and valued. Through this commitment, Alaska Aerospace has some of the finest professionals in the space launch business.

At Alaska Aerospace, our commitment is to expand 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 during launch operations, a small contingency of employees residing out-of-state provides the necessary unique skills not available within the Alaskan workforce.

Mr. Rob Greene returned to Aurora Launch Services as the President and Spaceport Manager in March. His dedication is a priority to the success of Aurora Launch Services and Alaska Aerospace.

Several employees were brought on as the workforce growth needs were met, Maintenance Techs, Sr Accountants, Contract Specialist, Business Operations Manager, are a few of the full-time positions added this year.

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

COMMUNITY INVOLVEMENT

The Pacific Spaceport Complex – Alaska is immensely proud of being part of the community. This year we continued providing many tours. PSCA Open house had over 300 attendees, food, and tours of the facilities were a real hit with the public. PSCA provided several tour groups throughout the year, welcoming legislatures and out of state visitors showing off Alaska's premier launching facility. We continue to promote Science, Technology, Engineering, and Math (STEM) to the students. Being a member of the Kodiak Chamber of Commerce since 2015, this year Rob Greene was elected to serve on the Chamber Board of Directors. AAC continues to participate in local businesses and the community through sponsorships, Site tours, Kodiak Borough Assembly, job fairs, community clean up days, and will continue to support Kodiak Fair and Rodeo.



FINANCIAL REVIEW

State Fiscal Year 2023 reflects prior year asset capitalizations that positively affected Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). This resulted in EBITDA of \$5.5M, which is an increase of \$683K over 2022. Operating revenues of \$15.5M were 77.4% higher than 2022 and operating expenses of \$15.5M, were 55.2% higher than 2022. We had one completed launch and four support missions at other spaceports.

As a result, in FY23, AAC saw a \$1.8M decrease in our Net Position from FY 2022.

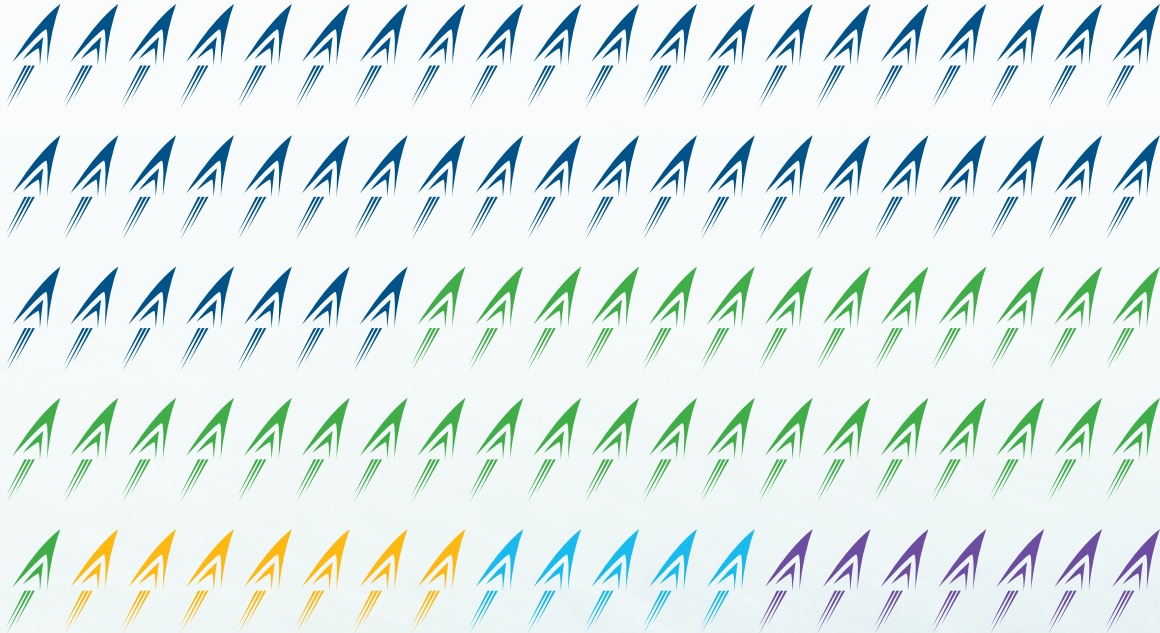
At fiscal year-end, our current assets position decreased 3.7% to \$9.2 million. There was significant decrease in liabilities of \$2.6M to \$3.4 million.

On June 30, 2022, AAC had \$80.2 million in net capital assets. On June 30, 2023, AAC has \$76.1 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 decrease in net capital assets of \$4.1 million, or a 5.1% decrease from FY2022.

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

During FY2023, 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 FY24 as launches are increased.

CONSOLIDATED HISTORIC REVENUES



47%
Launch
Revenue
\$243,344,356

34%
Federal
Grants
\$175,655,370

7%
State O&S
Investments
\$37,255,500

5%
State Capital
Investments
\$24,040,819

7%
LP-3
Reconstruction
\$34,857,079

FINANCIAL PERFORMANCE

Statement of Net Position

JUNE 30, 2023 (WITH COMPARATIVE AMOUNTS FOR 2022)

Years Ended June 30,	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$5,006,297	\$5,816,569
Accounts receivable	345,465	1,241,436
Inventory	52,515	52,515
Prepaid expenses	81,065	56,245
Unbilled receivables	3,707,565	2,376,957
Total Current Assets	9,192,907	9,543,722
Noncurrent Assets		
Net other postemployment benefits assets	307,364	307,364
Capital assets not being depreciated	4,066,021	731,551
Capital assets being depreciated/amortized, net	72,045,589	79,459,936
Total Noncurrent Assets	76,418,973	80,498,851
Total Assets	85,611,879	90,042,573
Deferred Outflows of Resources		
Related to pensions	163,364	163,364
Related to OPEB	87,629	87,629
Total Deferred Outflows of Resources	250,993	250,993
Total Assets and Deferred Outflows of Resources	\$85,862,872	\$90,293,566
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$199,741	\$2,231,751
Accrued leave and compensation	195,801	290,955
Lease liability – due within one year	86,921	100,830
Unearned revenue	2,290,121	2,910,121
Total Current Liabilities	2,772,584	5,533,657
Noncurrent Liabilities		
Lease liability - due in more than one year	0	16,385
Net other postemployment benefits liability	427,953	0
Net pension liability	194,710	427,954
Total Noncurrent Liabilities	622,663	444,339
Total Liabilities	3,395,247	5,977,996
Deferred Inflows of Resources		
Related to pensions	170,658	170,658
Related to other postemployment benefits	164,605	164,604
Total Deferred Inflows of Resources	335,263	335,262
Net Position		
Net investment in capital assets	76,111,609	80,191,487
Unrestricted (deficit)	6,020,753	3,788,821
Total Net Position	82,132,362	83,980,308
Total Liabilities, Deferred Inflows of Resources and Net Position	\$85,862,872	\$90,293,566

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

FINANCIAL PERFORMANCE

Statements of Revenues, Expenses, and Changes in Net Position

JUNE 30, 2023 (WITH COMPARATIVE AMOUNTS FOR 2022)

Years Ended June 30,	2023	2022
Operating Revenues	\$15,530,371	\$8,755,443
Operating Expenses		
Personnel services	3,021,459	1,926,477
Travel	646,246	63,044
Contractual services	4,574,546	261,488
Supplies	716,385	74,754
Equipment	1,085,837	261,111
Depreciation and amortization	5,462,669	7,402,707
Total Operating Expenses	15,507,143	9,989,581
Net operating loss	23,228	(1,234,138)
Nonoperating Revenues (Expenses)		
Investment income	43,540	(1,234,138)
PERS relief from State of Alaska	-	22,503
Loss on disposal of capital assets	(1,914,713)	-
Total Nonoperating Revenues (Expenses)	(1,871,173)	68,346
Change in Net Position	(1,847,945)	(2,913,956)
Net Position , beginning of the year	83,980,308	85,146,100
Net Position , end of the year	\$82,132,363	\$83,980,308

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







ALASKA
AEROSPACE

