

FIVE-YEAR SUMMARY
OF SELECTED CONSOLIDATED FINANCIAL DATA

	2020	2019	2018	2017	2016
<i>Gross revenue</i>	\$ 21,196,088	\$ 3,357,725	\$ 8,017,573	\$ 7,387,281	\$ 6,018,662
<i>Revenue from Cube Cove sales</i>	\$ 5,185,308	\$ -	\$ 4,233,238	\$ 4,927,599	\$ 3,955,465
<i>Revenue from contracts</i>	\$ 14,399,302	\$ 892,950	\$ 35,120	\$ 48,885	\$ 33,645
<i>Revenue from administrative fees</i>	\$ 1,209,830	\$ 1,587,062	\$ 2,385,482	\$ 2,018,075	\$ 1,337,632
<i>Net income (loss)</i>	\$ 2,272,801	\$ (1,327,415)	\$ 1,463,595	\$ 225,552	\$ 1,164,379
<i>Total assets</i>	\$ 21,664,577	\$ 16,978,918	\$ 18,286,312	\$ 18,829,839	\$ 18,661,461
<i>Long-term bank debt</i>	\$ 301,528	\$ 523,684	\$ 601,868	\$ 675,130	\$ 743,775
<i>Short term bank debt</i>	\$ 523,489	\$ 77,676	\$ 72,832	\$ 68,240	\$ 63,893
<i>Current ratio</i>	4.33	10.67	16.18	10.71	5.17
<i>Bank debt/equity ratio</i>	0.05	0.04	0.04	0.05	0.05
<i>Shareholder equity per share</i>	\$ 97.09	\$ 85.41	\$ 92.80	\$ 85.04	\$ 83.60

MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CORPORATE OVERVIEW

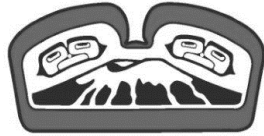
Shee Atiká was established under the Alaska Native Claims Settlement Act (ANCSA) of 1971 and is the Urban Corporation for Sitka, Alaska. The company has 3,446 shareholders holding 185,200 shares of common stock as of December 31, 2020.

Shee Atiká owns the fee title to approximately 3,200 acres of surface estate of traditional homelands on Baranof Island in Southeast Alaska. The company and its subsidiaries maintain corporate offices primarily in Sitka, Alaska and Montgomery, Alabama with operations staff in 15 states throughout the United States. Shee Atiká's financial and operational activities are in the following business segments:

- Lands and Natural Resources
- Government and Commercial Contract Services
- Commercial Real Estate
- Settlement Trusts

FINANCIAL OVERVIEW

Shee Atiká's consolidated continuing operations earned revenues of \$21.2 million in 2020, up from \$3.4 million in 2019. Net Income was \$2.27 million in 2020 compared with a Net Loss of \$1.33 million in 2019. This positive change is primarily the result of increased government contracting revenue at ANR and SAE as well as increased revenues from Lands and Natural Resources, Cube Cove. Shee Atiká companies experienced a significant increase in Contract revenue, \$14.4 million in 2020, an increase of over \$13.5M from 2019 due to successful sales and outstanding performance on federal contracts. Total Shareholder equity was \$18 million on December 31, 2020, an increase from \$15.8 million in 2019.



LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2020, Shee Atiká had cash on hand and current investment securities of \$10.9 million, up from \$6.5 million in 2019. An additional \$38.6 million in cash and investments was held in Shee Atiká Fund Endowment and Shee Atiká Benefits Trust.

Shee Atiká is pleased to report its strong financial standing in terms of its Liquidity and Working Capital. Shee Atiká, Inc. has a current ratio of 4.33. The current ratio is an indicator of financial liquidity and strength. Typical businesses have current ratios ranging from 0.97 to 2.14, depending on the industry comparison (*Wells Fargo Bank US Study of Small Businesses, 2018*).

	2020	2019
<i>LIQUIDITY</i>		
<i>Available funds</i>		
<i>Cash and equivalents, and current investments</i>	\$ 10,854,785	\$ 6,464,657
<i>Total liquidity</i>	\$ 10,854,785	\$ 6,464,657
<i>WORKING CAPITAL</i>		
<i>Current assets</i>	\$ 14,634,191	\$ 6,801,595
<i>Current liabilities</i>	\$ 3,381,378	\$ 637,613
<i>Total working capital</i>	\$ 11,252,813	\$ 6,163,982
<i>Current ratio</i>	4.33	10.67

I. RESULTS OF OPERATIONS

Lands and Natural Resources

Shee Atiká owned a large tract of land on Admiralty Island known as Cube Cove. The property was divided into 13 parcels in order to be sold to the U.S. Forest Service as funds became available. No parcels were sold in 2019. The last three parcels were sold to the U.S. Forest Service in January 2020 for just under \$5,200,000.

Shee Atiká owns approximately 3,148 acres of surface estate land surrounding Katlian Bay on Baranof Island. Much of the timber on the Katlian Bay lands has been harvested previously by helicopter, and while there is some timber volume remaining this remaining timber has been generally inaccessible due to a lack of roads and other infrastructure. The State of Alaska began construction of a 9 mile road primarily through Shee Atiká lands. Road access will likely create opportunities for resource and tourism development at Katlian Bay when the road construction is completed in 2023.

Government and Commercial Contract Services

During 2019, Shee Atiká (through its wholly-owned subsidiary, Alaska Northstar Resources, LLC or ANR) began providing cyber security and information technology services to the United States Government and currently has five prime contracts and three subcontracts. ANR now has approximately \$65 million in contract backlog, which ANR expects to perform in the next 2 to 5 years. Shee Atiká has two additional subsidiaries, American Marine and Technical Services,



LLC (AMTS) and Shee Atiká Enterprises, LLC (SAE), both of which provide technical and professional services primarily to federal agencies. SAE competes primarily in the Science,

Health and Health Communications market sector and is currently successfully performing a research/study contract for the National Institutes of Health (NIH). AMTS competes primarily in the Logistics and Supply Chain Management market sector. Shee Atiká expects significant increases in its Contract Services business in 2021.

Commercial Real Estate

Shee Atiká owns development properties in Sitka, Alaska on Charcoal / Alice Island. These properties have been subdivided over the past 15 years into various lots which are held for sale. In addition, Shee Atiká owns two buildings in Sitka, Alaska. Most of the space in these buildings are leased to third parties, although one of these buildings also houses Shee Atiká’s corporate headquarters. The Shee Atiká Fund Endowment owns commercial real estate in Colorado Springs, Colorado, which is leased to a quasi-governmental agency. The commercial properties have provided a stable source of revenue and expectations are for similar performance in 2021.

Settlement Trusts

Shee Atiká’s settlement trusts include the Shee Atiká Fund Endowment and Shee Atiká Benefits Trust. At the end of 2020, the combined net assets of these trusts totaled \$41.4 million, an increase of just over \$1 million, which is net of the 2020 distribution to the beneficiaries (who are Shee Atiká’s shareholders). The trust assets are managed for long-term income yield with a small growth orientation to guard against inflationary erosion of principal. The stability in light of recent volatility highlights the strength of the funds’ diversification strategy and the expertise of the external institutional investment advisors hired by Shee Atiká.

II. Social and Cultural Benefits

SOCIAL AND CULTURAL BENEFITS

	<i>2020</i>	<i>2019</i>
<i>SHAREHOLDER SCHOLARSHIPS</i>		
<i>Academic</i>	\$ 245,324	\$ 189,349
<i>Cultural and Heritage</i>	\$ 16,549	\$ 11,239
<i>Vocational Technical</i>	\$ 6,800	\$ 7,200
<i>Short Term Training</i>	\$ 919	\$ 1,735
<i>Youth Activities</i>	\$ 4,133	\$ 5,435
<i>TOTAL SCHOLARSHIPS</i>	\$ 273,725	\$ 214,958
<i>Funeral Benefits</i>	\$ 35,875	\$ 28,875
<i>Distributions</i>	\$ 926,000	\$ 740,800
<i>TOTAL SHAREHOLDER BENEFITS</i>	\$ 1,235,600	\$ 984,633
<i>Contributions to Community Organizations</i>	\$ 19,400	\$ 10,996
<i>TOTAL SOCIAL AND CULTURAL BENEFITS</i>	\$ 1,255,000	\$ 995,629



Shee Atiká provides a number of benefits to its shareholders. Class A (voting) shareholders are eligible for scholarships and funeral benefits. Scholarships have a maximum annual award amount of \$2,400 and can be utilized for academic degree programs, vocational technical programs, cultural and heritage programs, short-term training programs and youth activities. Additionally, Class A shareholders are eligible for a funeral benefit in the amount of \$875. Pro rata cash distributions were made by the Shee Atiká Fund Endowment in the amount of \$926,000 in 2020 and \$740,800 in 2019. Shee Atiká also has a donation program and contributes annually to various organizations that benefit the local communities.

III. Special Note Regarding Forward Looking Statements

Certain sections of this MD&A contain forward-looking statements that are based on management's estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast as of the date of this report.

IV. Significant Accounting Policies

Shee Atiká's consolidated financial statements and accompanying notes have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The preparation of these financial statements requires Shee Atiká's management to make estimates, judgments and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. Shee Atiká bases its estimates on historical facts and circumstances. Actual amounts and results could differ from these estimates made by management. To ensure full disclosure and accurate representation of the financial condition of the company, Shee Atiká continually evaluates the accounting policies and estimates used to prepare the consolidated financial statements. See also the Notes to Consolidated Financial Statements.