UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission file number 001-34426

Astrotech Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**91-1273737**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
2105 Donley Drive, Suite 100, Austin, Texas	**78758**
Address of Principal Executive Offices	Zip Code

(512) 485-9530
Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	ASTC	NASDAQ Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 9, 2023, the number of shares of the registrant's common stock outstanding was: 1,701,729.

ASTROTECH CORPORATION AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
TABLE OF CONTENTS

PART I: FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

ASTROTECH CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	September 30, 2023 (Unaudited)	June 30, 2023 (Note)
Assets		
Current assets		
Cash and cash equivalents	$ 13,090	$ 14,208
Short-term investments	25,863	27,919
Accounts receivable	391	225
Inventory, net:		
Raw materials	1,560	1,379
Work-in-process	287	243
Finished goods	343	373
Income tax receivable	—	1
Prepaid expenses and other current assets	296	365
Total current assets	**41,830**	**44,713**
Property and equipment, net	2,545	2,670
Operating lease right-of-use assets, net	226	262
Other assets, net	31	30
Total assets	**$ 44,632**	**$ 47,675**
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	646	546
Payroll related accruals	567	633
Accrued expenses and other liabilities	723	1,170
Lease liabilities, current	312	316
Total current liabilities	**2,248**	**2,665**
Accrued expenses and other liabilities, net of current portion	39	—
Lease liabilities, net of current portion	228	291
Total liabilities	**2,515**	**2,956**
Commitments and contingencies (Note 13)		
Stockholders' equity		
Convertible preferred stock, $0.001 par value, 2,500,000 shares authorized; 280,898 shares of Series D issued and outstanding at September 30, 2023 and June 30, 2023, respectively	—	—
Common stock, $0.001 par value, 250,000,000 shares authorized at September 30, 2023 and June 30, 2023, respectively; 1,712,045 and 1,692,045 shares issued at September 30, 2023 and June 30, 2023, respectively; 1,701,729 and 1,681,729 outstanding at September 30, 2023 and June 30, 2023, respectively	190,643	190,643
Treasury shares, 10,316 at September 30, 2023 and June 30, 2023, respectively	(119)	(119)
Additional paid-in capital	81,366	81,002
Accumulated deficit	(228,266)	(225,354)
Accumulated other comprehensive loss	(1,507)	(1,453)
Total stockholders' equity	**42,117**	**44,719**
Total liabilities and stockholders' equity	**$ 44,632**	**$ 47,675**

Note: The condensed consolidated balance sheet at June 30, 2023, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by the United States generally accepted accounting principles for complete financial statements.

See accompanying notes to unaudited condensed consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,	
	2023	**2022**
Revenue	$ 425	$ 38
Cost of revenue	242	32
Gross profit	**183**	**6**
Operating expenses:		
Selling, general and administrative	1,646	1,642
Research and development	1,872	1,129
Total operating expenses	**3,518**	**2,771**
Loss from operations	**(3,335)**	**(2,765)**
Other income and expense, net	423	235
Loss from operations before income taxes	(2,912)	(2,530)
Net loss	**$ (2,912)**	**$ (2,530)**
Weighted average common shares outstanding:		
Basic and diluted	1,631	1,612
Basic and diluted net loss per common share:		
Net loss per common share	$ (1.79)	$ (1.57)
Other comprehensive loss, net of tax:		
Net loss	$ (2,912)	$ (2,530)
Available-for-sale securities:		
Net unrealized loss	(54)	(368)
Total comprehensive loss	**$ (2,966)**	**$ (2,898)**

See accompanying notes to unaudited condensed consolidated financial statements.

ASTROTECH CORPORATION
Condensed Consolidated Statement of Changes in Stockholders' Equity
(In thousands)
(Unaudited)

	Preferred Stock Series D		Common Stock						
	Number of Shares Outstanding	Amount	Number of Shares Outstanding	Amount	Treasury Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at June 30, 2023	**281**	**$ —**	**1,682**	**$ 190,643**	**$ (119)**	**$ 81,002**	**$ (225,354)**	**$ (1,453)**	**$ 44,719**
Net change in available-for-sale marketable securities	—	—	—	—	—	—	—	(54)	(54)
Stock-based compensation	—	—	—	—	—	364	—	—	364
Issuance of restricted stock	—	—	20	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	(2,912)	—	(2,912)
Balance at September 30, 2023	**281**	**$ —**	**1,702**	**$ 190,643**	**$ (119)**	**$ 81,366**	**$ (228,266)**	**$ (1,507)**	**$ 42,117**

	Preferred Stock Series D		Common Stock						
	Number of Shares Outstanding	Amount	Number of Shares Outstanding	Amount	Treasury Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at June 30, 2022	**281**	**$ —**	**1,686**	**$ 190,642**	**$ —**	**$ 79,505**	**$ (215,712)**	**$ (1,199)**	**$ 53,236**
Net change in available-for-sale marketable securities	—	—	—	—	—	—	—	(368)	(368)
Stock-based compensation	—	—	2	—	—	387	—	—	387
Net loss	—	—	—	—	—	—	(2,530)	—	(2,530)
Balance at September 30, 2022	**281**	**$ —**	**1,688**	**$ 190,642**	**$ —**	**$ 79,892**	**$ (218,242)**	**$ (1,567)**	**$ 50,725**

See accompanying notes to unaudited condensed consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended September 30,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (2,912)	$ (2,530)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	364	387
Depreciation	149	67
Amortization of operating lease right of use assets	36	22
Interest on financing leases	4	4
Changes in assets and liabilities:		
Accounts receivable	(166)	18
Contract asset	—	2
Inventory, net	(195)	52
Income tax receivable	1	—
Accounts payable	100	118
Income tax payable	—	(1)
Other assets and liabilities	(394)	(558)
Operating lease liabilities	(37)	(22)
Net cash used in operating activities	**(3,050)**	**(2,441)**
Cash flows from investing activities:		
Purchases of property and equipment	(24)	(346)
Purchases of short-term investments	—	(4,855)
Proceeds from short-term investments	2,001	—
Net cash provided by (used in) investing activities	**1,977**	**(5,201)**
Cash flows from financing activities:		
Repayment of related-party debt	—	(500)
Repayments on finance lease liabilities	(45)	(38)
Net cash used in financing activities	**(45)**	**(538)**
Net change in cash and cash equivalents	**(1,118)**	**(8,180)**
Cash and cash equivalents at beginning of period	14,208	26,453
Cash and cash equivalents at end of period	**$ 13,090**	**$ 18,273**

Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 4	$ 59
Income taxes paid	$ 2	$ 1

See accompanying notes to unaudited condensed consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

(1) General Information

Description of the Company – Astrotech Corporation (Nasdaq: ASTC) ("Astrotech," the "Company," "we," "us," or "our"), a Delaware corporation organized in 1984, is a mass spectrometry company that launches, manages, and commercializes scalable companies based on its innovative core technology.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending June 30, 2023. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2023. Certain prior period amounts have been reclassified to conform to the current year presentation or adjusted due to rounding and have had no impact on net income or stockholders' equity.

Reverse Stock Split – On December 5, 2022, the Company effectuated a reverse stock split of its shares of common stock, par value $0.001 per share (the "Common Stock"), whereby every thirty (30) pre-split shares of Common Stock were exchanged for one (1) post-split share of the Company's Common Stock (the "Reverse Stock Split"). No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who would otherwise have held a fractional share of the Common Stock received a cash payment in lieu thereof. Numbers presented in these condensed consolidated financial statements have been adjusted to reflect the Reverse Stock Split.

Accounting Pronouncements –In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses ("CECL") to estimate credit losses on certain types of financial instruments, including trade receivables. The standard became effective for the Company for financial statements periods beginning after December 15, 2022. The adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted - In July 2023, the FASB issued ASU No 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation— Stock Compensation (Topic 718)" pursuant to SEC Staff Accounting Bulletin No. 120, which adds interpretive guidance for public companies to consider when entering into share-based payment transactions while in possession of material non-public information. The effective date of this update is for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company does not expect the adoption to have a material impact on the Company's consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements. The amendments in this update seek to clarify or improve disclosure and presentation requirements. The Company is assessing the impact of this update on the accompanying financial statements.

Our Business Units

Astrotech Technologies, Inc.

Astrotech Technologies, Inc. ("ATI") owns and licenses the Astrotech Mass Spectrometer Technology™ (the "AMS Technology"), the platform mass spectrometry technology originally developed by 1st Detect Corporation ("1st Detect"). The AMS Technology has been designed to be inexpensive, smaller, and easier to use when compared to traditional mass spectrometers. Unlike other technologies, the AMS Technology works under ultra-high vacuum, which eliminates competing molecules, yielding higher resolution and fewer false alarms. The intellectual property includes 18 patents granted along with extensive trade secrets. With a number of diverse market opportunities for the core technology, ATI is structured to license the intellectual property for different fields of use. ATI currently licenses the AMS Technology to three wholly-owned subsidiaries of Astrotech on an exclusive basis, including to 1st Detect for use in the security and detection market, to AgLAB Inc. ("AgLAB") for use in the agriculture market, and to BreathTech Corporation ("BreathTech") for use in breath analysis applications.

ATI has contracted with various vendors to assist with the further development of our mass spectrometer products including the manufacturability and reliability of our systems.

1st Detect Corporation

1st Detect, a licensee of ATI for the security and detection market, has developed the TRACER 1000™, the world's first mass spectrometry ("MS") based explosives trace detector ("ETD") certified by the European Civil Aviation Conference ("ECAC"). The TRACER 1000 was designed to outperform the ETDs currently used at airports, cargo and other secured facilities, and borders worldwide. The Company believes that ETD customers are unsatisfied with the currently deployed ETD technology, which is driven by ion mobility spectrometry ("IMS"). The Company further believes that some IMS-based ETDs have issues with false positives, as they often misidentify personal care products and other common household chemicals as explosives, causing facility shutdowns, unnecessary delays, frustration, and significant wasted security resources. In addition, there are hundreds of different types of explosives, but IMS-based ETDs have a very limited threat detection library reserved only for those few explosives of largest concern. Adding additional compounds to the detection library of an IMS-based ETD fundamentally reduces the instrument's performance, further increasing the likelihood of false alarms. In contrast, adding additional compounds to the TRACER 1000's detection library does not degrade its detection capabilities, as it has a virtually unlimited and easily expandable threat library.

In order to sell the TRACER 1000 to airport and cargo security customers in the European Union and certain other countries, we obtained ECAC certification. The Company is currently selling the TRACER 1000 to customers who accept ECAC certification. As of September 30, 2023, the Company has deployed the TRACER 1000 in approximately 29 locations in 14 countries throughout Europe and Asia.

In the United States, the Company is working with the U.S. Transportation Security Administration ("TSA") towards air cargo certification. On March 27, 2018, the Company announced that the TRACER 1000 was accepted into TSA's Air Cargo Screening Technology Qualification Test ("ACSQT") and, on April 4, 2018, the Company announced that the TRACER 1000 entered into testing with the TSA for passenger screening at airports. On November 14, 2019, the Company announced that the TRACER 1000 had been selected by the TSA's Innovation Task Force to conduct live checkpoint screening at Miami International Airport. With similar protocols as ECAC testing, the Company has received valuable feedback from all programs. Following ECAC certification and the Company's early traction within the cargo market, testing for cargo security continued with the TSA. With the COVID-19 pandemic, all testing within the TSA was put on hold; however, cargo testing resumed during the summer of 2020, and the Company subsequently announced on September 9, 2020 that the TRACER 1000 passed the non-detection testing portion of the TSA's ACSQT. Due to delays caused by COVID-19, TSA cargo detection testing is ongoing, but has proceeded much more slowly than originally anticipated. As a result, efforts are primarily focused on our other opportunities. TSA cargo detection testing is the final step to be listed on the Air Cargo Screening Technology List as an "approved" device. If approved, the TRACER 1000 will be approved for cargo sales in the United States.

AgLAB Inc.

AgLAB, an exclusive licensee of ATI for the agriculture market, has developed the AgLAB 1000™ series of mass spectrometers for use in the hemp and cannabis markets with initial focus on optimizing yields in the distillation process. The AgLAB product line is a derivative of the Company's core AMS Technology. AgLAB has continued to conduct field trials to demonstrate that the AgLAB 1000-D2™ can be used in the distillation process to significantly improve the processing yields of tetrahydrocannabinol ("THC") and cannabidiol ("CBD") oil during distillation. The AgLAB 1000-D2 uses the Maximum Value Process solution ("MVP") to analyze samples in real-time and assist the equipment operator determining the ideal settings required to maximize yields. As part of our growth plan, we also plan to launch a family of "process control" methods and solutions that we believe could be valuable additions to many nutraceutical and pharmaceutical distillation processing plants.

Production and processing of hemp and cannabis is a huge, worldwide industry. In the U.S., for example, the wholesale value of the cannabis crop from just the 11 states permitting adult-use and medical cannabis exceeds $6 billion annually. Growth in the U.S. and in the worldwide market is likely fed in part by the growing acceptance of medicinal cannabis products and anticipated legislative changes in various jurisdictions worldwide. This growth is also due in part to the passage of the 2018 Farm Bill, which legalized hemp production in the United States. According to a report by BDS Analytics and Arcview Market Research, the U.S. CBD market is estimated to reach $20 billion by 2024, with a CAGR of 49% from 2019 to 2024. The market is segmented into various categories of products, including oils, tinctures, capsules, topicals, edibles, and pet products. The largest category is oils and tinctures, accounting for 44% of the market share in 2020, followed by topicals (26%) and edibles (19%). CBD-infused pet products are also growing in popularity, with sales estimated to reach $1.7 billion by 2025, despite the FDA's current position that such products may not be lawfully sold under the federal Food, Drug & Cosmetic Act (FD&C Act).

One factor driving the growth of the market is the increasing consumer interest in natural and alternative health remedies. According to a survey conducted by the National Center for Complementary and Integrative Health, nearly one-third of Americans use natural products, including CBD, for their health and wellness needs. Another survey by Consumer Reports found that 64% of Americans who have tried CBD reported benefits in connection with various health conditions, including pain, anxiety, and sleep disorders. Despite the regulatory uncertainty surrounding the use of CBD in food and dietary supplements, as the FDA has consistently held that such products are unlawful under the FD&C Act, the market has continued to expand. A survey conducted by the Grocery Manufacturers Association found that 71% of US consumers are open to using CBD-infused food and beverage products, and the market for CBD-infused beverages is projected to reach $1.4 billion by 2023.

As the market continues to grow, there has been an influx of new companies entering the space, ranging from large corporations to small startups. The competition is fierce, with companies investing heavily in research and development to create innovative products and differentiate themselves from their competitors. However, the market remains highly fragmented, with many products of varying quality and efficacy, making it challenging for consumers to navigate. Overall, the CBD and hemp market in the US is a rapidly growing industry with significant potential for continued expansion. As more research is conducted and regulations are established, we believe it is likely that the market will become more standardized and regulated, leading to increased consumer confidence and demand. However, the industry is also likely to face challenges as it matures, including increased competition and potential regulatory hurdles.

Management believes the AgLAB 1000-D2 will deliver a compelling combination of cost and time savings while enhancing product quality and quantity for distillation processors of hemp and cannabis. The use of the AgLAB 1000-D2 should reduce waste from current distillation practices and result in a significantly improved product. Due in large part to the Company's proprietary technology, the Company believes it is the only provider of a mass spectrometry system that gives it a distinct advantage in the industry.

Our competition consists of high performance liquid chromatography technology which analyzes THC and CBD derived from hemp. While we believe our technology has competitive advantages over the incumbent technology, there are no assurances competing in this market segment.

The hemp extraction market is a broad market and encompasses many startup companies and well-established companies. There is no assurance this industry will remain profitable, given the evolving regulatory landscape and applicable state and federal restrictions.

During the first quarter of fiscal year 2023, AgLab began the first production run of the AgLAB 1000-D2 and sales efforts are currently underway. On May 9, 2023, AgLab announced the confirmed results from field trials using the AgLAB 1000-D2 mass spectrometer and the Maximum Value ProcessTM testing method ("AgLAB MVP"). AgLAB MVP is designed to improve yields and bottom-line profits for hemp (CBD) and cannabis (THC) producers of distilled oils. While we currently market primarily to distillers within the hemp industry, our AgLAB products also have the potential to serve distillers within the broader cannabis industry in the future, in which case our risk exposure would likely increase and could have a detrimental effect on our business.

BreathTech Corporation

BreathTech, an exclusive licensee of ATI for use in breath analysis applications, is developing the BreathTest-1000™, a breath analysis tool to screen for VOC metabolites found in a person's breath that could indicate they may have a compromised condition including but not limited to a bacterial or viral infection. The Company believes that new tools to aid in the battle against COVID-19 and other diseases remain of the utmost importance to help more quickly identify that an infection may be present.

In June 2022, the Company expanded its existing study that initially focused on COVID-19 with Cleveland Clinic to use the BreathTest-1000 to screen for a variety of diseases spanning the entire body. The project will focus on detecting bloodstream infections, respiratory infections such as influenza types A and B and respiratory syncytial virus ("RSV"), carriage of Staphylococcus aureus, and Clostridioides difficile ("C. diff") infections.

In November 2022, BreathTech announced that, based on analysis of data from testing of breath samples procured during library development, the BreathTest-1000™ lung disease screening instrument can clearly distinguish between infected and healthy breath samples. This analysis and conclusion marks a significant milestone in the development of the BreathTest-1000™ lung disease screening instrument.

(2) Investments

The following tables summarize gains and losses related to the Company's investments as of September 30, 2023 and June 30, 2023, respectively:

	September 30, 2023			
Available-for-Sale Investments (In thousands)	**Adjusted Cost**	**Unrealized Gain**	**Unrealized Loss**	**Fair Value**
Mutual Funds - Corporate & Government Debt	$ 19,995	$ —	$ (1,074)	$ 18,921
ETFs - Corporate & Government Debt	7,375	—	(433)	6,942
Time Deposits	—	—	—	—
Total	**$ 27,370**	**$ —**	**$ (1,507)**	**$ 25,863**

	June 30, 2023			
Available-for-Sale Investments (In thousands)	**Adjusted Cost**	**Unrealized Gain**	**Unrealized Loss**	**Fair Value**
Mutual Funds - Corporate & Government Debt	$ 19,990	$ —	$ (1,025)	$ 18,965
ETFs - Corporate & Government Debt	7,376	—	(418)	6,958
Time Deposits	2,006	—	(10)	1,996
Total	**$ 29,372**	**$ —**	**$ (1,453)**	**$ 27,919**

We have certain financial instruments on our condensed consolidated balance sheets related to interest-bearing time deposits. Time deposits with maturities of less than 90 days, if any, from the purchase date are included in "Cash and Cash Equivalents." Time deposits with maturities from 91-360 days, if any, are included in "Short-term investments." Time deposits with maturities of more than 360 days, if any, are included in "Long-term investments." As of September 30, 2023 and June 30, 2023, the Company had no long-term investments. For more information about the fair value of the Company's financial instruments, see footnote 8.

The following table presents the carrying amounts of certain financial instruments as of September 30, 2023 and June 30, 2023, respectively:

	Carrying Value	
	Short-Term Investments	
(In thousands)	September 30, 2023	June 30, 2023
Money Market Funds		
Mutual Funds - Corporate & Government Debt	$ 18,921	$ 18,965
ETFs - Corporate & Government Debt	6,942	6,958
Time Deposits		
Maturities from 1-90 days	—	—
Maturities from 91-360 days	—	1,996
Total	**$ 25,863**	**$ 27,919**

(3) Leases

On April 27, 2021, Astrotech entered into a new lease for a research and development facility of approximately 5,960 square feet in Austin, Texas (the "R&D facility") that includes a laboratory, a small production shop, and offices for staff, although many of the Company's employees continue to work remotely. The lease commenced on June 1, 2021 and had a lease term of 36 months. On November 11, 2022, the Company signed a lease extension agreement for the R&D facility, extending the term of the lease through April 30, 2025. The Company's total contractual base rent obligation for the eleven-month extension is approximately $95 thousand.

On November 22, 2022, Astrotech entered into a sublease agreement for an additional facility directly adjacent to the R&D facility (the "Subleased Facility"). The Subleased Facility consists of approximately 3,900 square feet and will provide the space needed as the Company launches its AgLAB products and continues its R&D efforts at ATI & BreathTech. The sublease commenced on December 1, 2022, and has a lease term of 29 months. The Company's total contractual base rent obligation for the Subleased Facility is approximately $156 thousand.

Operating lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate in determining the present value of lease payments. Significant judgement is required when determining the Company's incremental borrowing rate. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The amortization expense for financed lease assets for the years ended September 30, 2023 and 2022 totaled $31 thousand and $26 thousand, respectively.

Upon the adoption of Topic 842, the Company's accounting for financing leases, previously referred to as capital leases, remains substantially unchanged from prior guidance.

Table of Contents

The balance sheet presentation of the Company's operating and finance leases is as follows:

(In thousands)	Classification on the Condensed Consolidated Balance Sheet	September 30, 2023	June 30, 2023
Assets:			
Operating lease assets	Operating leases, right-of-use assets, net	$ 226	$ 262
Financing lease assets	Property and equipment, net	453	484
Total lease assets		**$ 679**	**$ 746**
Liabilities:			
Current:			
Operating lease obligations	Lease liabilities, current	$ 155	$ 148
Financing lease obligations	Lease liabilities, current	157	168
Non-current:			
Operating lease obligations	Lease liabilities, non-current	97	130
Financing lease obligations	Lease liabilities, non-current	131	161
Total lease liabilities		**$ 540**	**$ 607**

Future minimum lease payments as of September 30, 2023 under non-cancellable leases are as follows (in thousands):

(In thousands)

For the Year Ended June 30,	Operating Leases	Financing Leases	Total
2024	$ 124	$ 136	$ 260
2025	141	94	235
2026	—	27	27
2027	—	27	27
2028	—	24	24
Thereafter	—	—	—
Total lease obligations	**265**	**308**	**573**
Less: imputed interest	(13)	(20)	(33)
Present value of net minimum lease obligations	**252**	**288**	**540**
Less: lease liabilities - current	(155)	(157)	(312)
Lease liabilities - non-current	**$ 97**	**$ 131**	**$ 228**

Other information as of September 30, 2023, is as follows:

Weighted-average remaining lease term (years):	
Operating leases	1.6
Financing leases	2.0
Weighted-average discount rate:	
Operating leases	6.1%
Financing leases	5.2%

Cash payments for operating leases for the three months ended September 30, 2023, and 2022 totaled $41 thousand and $26 thousand, respectively. Cash payments for financing leases for the three months ended September 30, 2023, and 2022 totaled $45 thousand and $38 thousand, respectively.

(4) Property and Equipment, net

As of September 30, 2023, and June 30, 2023, property and equipment, net consisted of the following, respectively:

(In thousands)	September 30, 2023	June 30, 2023
Furniture, fixtures, equipment & leasehold improvements	$ 3,158	$ 2,805
Software	241	217
Capital improvements in progress	295	649
Gross property and equipment	**3,694**	**3,671**
Accumulated depreciation and amortization	(1,149)	(1,001)
Property and equipment, net	**$ 2,545**	**$ 2,670**

Depreciation and amortization expense of property and equipment was $149 thousand and $67 thousand for the three months ended September 30, 2023 and 2022, respectively. Total depreciation and amortization expense includes finance lease right-of-use asset amortization of $31 thousand and $26 thousand for the three months ended September 30, 2023 and 2022, respectively.

(5) Stockholders' Equity

Common Stock

On November 22, 2022, the Company filed a third amendment (the "Amendment") to the Company's Certificate of Incorporation (as amended, the "Certificate of Incorporation") with the Secretary of State of the State of Delaware to effect a 1-for-30 reverse stock split of all of the Company's issued and outstanding shares of Common Stock. The Amendment provided that, at the effective time of the Reverse Stock Split, every 30 shares of the Company's issued and outstanding Common Stock were automatically combined into one validly issued, fully paid and non-assessable share of Common Stock, without effecting a change to the par value per share. The Reverse Stock Split affected all shares of the Company's Common Stock outstanding immediately prior to the effective time of the Reverse Stock Split, as well as the number of shares of Common Stock available for issuance under the Company's equity incentive plans. In addition, the Reverse Stock Split effected a reduction in the number of shares of Common Stock issuable upon the exercise of stock options and warrants outstanding immediately prior to the effectiveness of the Reverse Stock Split with a corresponding increase in exercise price per share. The Reverse Stock Split also triggered a proportionate adjustment to the number of shares of Common Stock issuable upon the conversion of our Series D convertible preferred stock, par value of $0.001 per share ("Series D Preferred Shares"). All historical per share data, number of shares outstanding, and other common stock equivalents for the periods presented in the accompanying condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the Reverse Stock Split.

Preferred Stock

The Company has issued 280,898 shares of Series D Preferred shares, all of which are issued and outstanding. Series D Preferred Shares are convertible to common stock on a one-to-thirty basis. Series D Preferred Shares are not callable by the Company. The holder of the preferred stock is entitled to receive, and we shall pay, dividends on shares equal to and in the same form as dividends actually paid on shares of common stock when, and if, such dividends are paid on shares of common stock. No other dividends are paid on the preferred shares. Preferred shares have no voting rights. Upon liquidation, dissolution, or winding-up of the Company, whether voluntary or involuntary, the preferred shares have preference over common stock. The holder of the Series D preferred shares has the option to convert at a ratio of 30 shares to one of common stock at the holder's discretion.

Share Repurchase Program

On November 9, 2022, the Company's Board of Directors authorized a share repurchase program that allows the Company to repurchase up to $1.0 million of the Company's common stock beginning November 17, 2022, and continuing through and including November 17, 2023. As previously disclosed, on June 16, 2023, the Company terminated its existing share repurchase program, effective immediately, in order to comply with Regulation M under the Exchange Act. The shares could have been repurchased from time to time in the open market or privately negotiated transactions or by other means in accordance with applicable state and federal securities laws. The timing, as well as the number and value of shares repurchased under the program, could have been determined by the Company at its discretion and would have depended on a variety of factors, including management's assessment of the intrinsic value of the Company's common stock, the market price of the Company's common stock, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, applicable legal requirements, and other considerations.

Table of Contents

Rights Plan

On December 21, 2022, the Company's Board of Directors adopted a limited duration stockholder rights plan (the "Rights Plan") expiring December 20, 2023 and declared a dividend of one preferred share purchase right for each outstanding share of common stock to stockholders of record on January 5, 2023 to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.001 per share, of the Company for an exercise price of $58.00 once the rights become exercisable, subject to the terms of and adjustment as provided in the related rights agreement.

Warrants

A summary of the common stock warrant activity for the three months ended September 30, 2023, is presented below:

	Number of Shares Underlying Warrants (In thousands)	Weighted Average Exercise Price	Aggregate Fair Market Value at Issuance (In thousands)	Weighted Average Remaining Contractual Term (Years)
Outstanding June 30, 2023	**80**	**$ 72.10**	**$ 3,747**	**2.60**
Warrants issued	—	—	—	—
Warrants exercised	—	—	—	—
Warrants expired	—	—	—	—
Outstanding September 30, 2023	**80**	**$ 72.10**	**$ 3,747**	**2.35**

The following represents a summary of the warrants outstanding at each of the dates identified:

				Number of Shares Underlying Warrants (In thousands)	
Issue Date	**Classification**	**Exercise Price**	**Expiration Date**	**September 30, 2023**	**June 30, 2023**
March 26, 2020	Equity	$ 187.50	March 25, 2025	1	1
March 30, 2020	Equity	$ 140.63	March 27, 2025	2	2
October 23, 2020	Equity	$ 86.25	October 21, 2025	15	15
October 28, 2020	Equity	$ 80.63	October 28, 2025	6	6
February 16, 2021	Equity	$ 121.88	February 11, 2026	6	6
April 12, 2021	Equity	$ 56.25	April 7, 2026	50	50
Total Outstanding				**80**	**80**

(6) Net Loss per Share

Basic net loss per share is computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed based on the weighted average number of common shares outstanding plus the effect of potentially dilutive common shares outstanding during the period using the treasury stock method and the if-converted method. Potentially dilutive common shares include outstanding stock options and share-based awards.

The following table reconciles the numerators and denominators used in the computations of both basic and diluted net loss per share:

(In thousands, except per share data)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Numerator:		
Net loss	$ (2,912)	$ (2,530)
Denominator:		
Denominator for basic and diluted net loss per share — weighted average common stock outstanding	1,631	1,612
Basic and diluted net loss per common share:		
Net loss per common share	$ (1.79)	$ (1.57)

All unvested restricted stock awards and convertible Series D preferred share for the three months ended September 30, 2023 are not included in diluted net loss per share, as the impact to net loss per share would be anti-dilutive. Options to purchase 154,910 shares of common stock at exercise prices ranging from $10.10 to $175.50 per share outstanding as of September 30, 2023 were not included in diluted net loss per share, as the impact to net loss per share would be anti-dilutive.

(7) Revenue Recognition

Astrotech recognizes revenue employing the generally accepted revenue recognition methodologies described under the provisions of Accounting Standards Codification ("ASC") Topic 606 "Revenue from Contracts with Customers" ("Topic 606"), which was adopted by the Company in fiscal year 2019. The methodology used is based on contract type and how products and services are provided. The guidelines of Topic 606 establish a five-step process to govern the recognition and reporting of revenue from contracts with customers. The five steps are: (i) identify the contract with a customer, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations within the contract, and (v) recognize revenue when or as the performance obligations are satisfied.

An additional factor is reasonable assurance of collectability. This necessitates deferral of all or a portion of revenue recognition until collection. During the three months ended September 30, 2023, the Company had two revenue sources that comprised materially all of its revenue. During the three months ended September 30, 2022, the Company had three revenue sources that comprised all of its revenue. Revenue was recognized at a point in time consistent with the guidelines in Topic 606.

Contract Assets and Liabilities. The Company enters into contracts to sell products and provide services, and it recognizes contract assets and liabilities that arise from these transactions. The Company recognizes revenue and corresponding accounts receivable according to Topic 606 and, at times, recognizes revenue in advance of the time when contracts give us the right to invoice a customer. The Company may also receive consideration, per the terms of a contract, from customers prior to transferring goods to the customer. The Company records customer deposits as deferred revenue. Additionally, the Company may receive payments, most typically for service and warranty contracts, at the onset of the contract and before services have been performed. In such instances, the Company records a deferred revenue liability. The Company recognizes these contract liabilities as sales after all revenue recognition criteria are met.

Practical Expedients. In cases where the Company is responsible for shipping after the customer has obtained control of the goods, the Company has elected to treat the shipping activities as fulfillment activities rather than as a separate performance obligation. Additionally, the Company has elected to capitalize the cost to obtain a contract only if the period of amortization would be longer than one year. The Company only gives consideration to whether a customer agreement has a financing component if the period of time between transfer of goods and services and customer payment is greater than one year.

Product Sales. The Company recognizes revenue from sales of products upon shipment or delivery when control of the product transfers to the customer, depending on the terms of each sale, and when collection is probable. In the circumstance where terms of a product sale include subjective customer acceptance criteria, revenue is deferred until the Company has achieved the acceptance criteria unless the customer acceptance criteria are perfunctory or inconsequential. The Company generally offers customers payment terms of 60 days or less.

Freight. The Company records shipping and handling fees that it charges to its customers as revenue and related costs as cost of revenue.

Multiple Performance Obligations. Certain agreements with customers include the sale of equipment involving multiple elements in cases where obligations in a contract are distinct and thus require separation into multiple performance obligations, revenue recognition guidance requires that contract consideration be allocated to each distinct performance obligation based on its relative standalone selling price. The value allocated to each performance obligation is then recognized as revenue when the revenue recognition criteria for each distinct promise or bundle of promises has been met.

The standalone selling price for each performance obligation is an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the good or service. When there is only one performance obligation associated with a contract, the entire amount of consideration is attributed to that obligation. When a contract contains multiple performance obligations, the standalone selling price is first estimated using the observable price, which is generally a list price net of applicable discount or the price used to sell the good or service in similar circumstances. In circumstances when a selling price is not directly observable, the Company will estimate the standalone selling price using information available to it including its market assessment and expected cost, plus margin.

The timetable for fulfilment of each of the distinct performance obligations can range from completion in a short amount of time and entirely within a single reporting period to completion over several reporting periods. The timing of revenue recognition for each performance obligation may be dependent upon several milestones, including physical delivery of equipment, completion of site acceptance test, and in the case of after-market consumables and service deliverables, the passage of time.

(8) Fair Value Measurement

ASC Topic 820 “Fair Value Measurement” (“Topic 820”) defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. Topic 820 is applicable whenever assets and liabilities are measured and included in the financial statements at fair value. The fair value hierarchy established in Topic 820 prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The following tables present the carrying amounts, estimated fair values, and valuation input levels of certain financial instruments as of September 30, 2023 and June 30, 2023:

	September 30, 2023				
	Carrying	Fair Value Measured Using			Fair
(In thousands)	**Amount**	**Level 1**	**Level 2**	**Level 3**	**Value**
Available-for-Sale Investments					
Short-Term Investments					
Mutual Funds - Corporate & Government Debt	18,921	18,921	—	—	18,921
ETFs - Corporate & Government Debt	6,942	6,942	—	—	6,942
Total Available-for-Sale Investments	$ **25,863**	$ **25,863**	$ **—**	$ **—**	$ **25,863**

(In thousands)	Carrying Amount	Fair Value Measured Using Level 1	Level 2	Level 3	Fair Value
	June 30, 2023				
Available-for-Sale Investments					
Short-Term Investments					
Mutual Funds - Corporate & Government Debt	18,965	18,965	—	—	18,965
ETFs - Corporate & Government Debt	6,958	6,958	—	—	6,958
Time deposits: 91-360 days	1,996	—	1,996	—	1,996
Total Available-for-Sale Investments	$ **27,919**	$ **25,923**	$ **1,996**	$ **—**	$ **27,919**

The value of available-for-sale securities with Level 1 inputs is based on pricing from third-party pricing vendors, who use quoted prices in active markets for identical assets. The fair value measurements used for time deposits are considered Level 2 and use pricing from third-party pricing vendors who use quoted prices for identical or similar securities in both active and inactive markets.

(9) Related-party Debt

On September 5, 2022, the secured promissory issued by the Company on September 5, 2019 (the "2019 Note") to Thomas B. Pickens III, the Chief Executive Officer and Chairman of the Board of Directors of the Company, matured. On the maturity date, the remaining outstanding principal amount of $500 thousand and accrued interest of $55 thousand on the 2019 Note was paid in full and the 2019 Note was canceled. With the cancelation of the 2019 Note, the Amended Subsidiary Guarantee was terminated and the Subsidiaries' Collateral was released. Refer to Note 7 of our Annual Report on Form 10-K for 2023 for more detailed information on the 2019 Note.

(10) Business Risk and Credit Risk Concentration Involving Cash

For the three months ended September 30, 2023, the Company had two customers that materially comprised of all of the Company's revenue. For the three months ended September 30, 2022, the Company had three customers that comprised all of the Company's revenue.

The Company maintains funds in bank accounts that may exceed the limit insured by the Federal Deposit Insurance Corporation (the "FDIC"). The risk of loss attributable to these uninsured balances is mitigated by depositing funds in what the Company believes to be high credit quality financial institutions. The Company has not experienced any losses in such accounts.

(11) Stock-Based Compensation

Stock Option Activity Summary

The Company's stock option activity for the three months ended September 30, 2023 is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2023	**38,166**	**$ 27.34**
Granted	116,790	10.16
Exercised	—	—
Canceled or expired	(46)	138.06
Outstanding at September 30, 2023	**154,910**	**$ 14.36**

The aggregate intrinsic value of options exercisable at September 30, 2023 was $0, as the fair value of the Company's common stock is less than the exercise prices of these options. The remaining stock-based compensation expense of $1.4 million related to stock options will be recognized over a weighted-average period of 2.67 years. The aggregate intrinsic value of options exercisable at September 30, 2023 was $0 as the fair value of the Company's common stock is less than the exercise prices of these options. The aggregate intrinsic value of all options outstanding at September 30, 2023 was $0.

The table below details the Company's stock options outstanding as of September 30, 2023:

Range of exercise prices	Number Outstanding	Options Outstanding Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Options Exercisable Weighted-Average Exercise Price
$ 10.10 - 19.20	152,285	9.68	$ 11.99	10,934	$ 18.54
$ 55.50 - 84.90	418	5.12	61.52	418	61.52
$ 159.00 - 175.50	2,207	3.61	168.97	2,207	168.97
$ **10.10 - 175.50**	**154,910**	**9.58**	$ **14.36**	**13,559**	$ **44.35**

Compensation costs recognized related to stock option awards were $56 thousand and $46 thousand for each of the three months ended September 30, 2023 and 2022, respectively.

Restricted Stock

The Company's restricted stock activity for the three months ended September 30, 2023, is as follows:

	Shares	Weighted Average Grant Date Fair Value
Outstanding at June 30, 2023	**50,671**	$ **33.43**
Granted	20,000	10.10
Vested	—	—
Canceled or expired	—	—
Outstanding at September 30, 2023	**70,671**	$ **26.83**

Stock compensation expenses related to restricted stock were $308 thousand and $341 thousand for the three months ended September 30, 2023 and 2022, respectively. The remaining stock-based compensation expense of $1.2 million related to restricted stock awards granted will be recognized over a weighted-average period of 2.09 years.

(12) Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are more likely than not to be realized. As of September 30, 2023 the Company has a valuation allowance against all of its net deferred tax assets.

For the three months ended September 30, 2023 and 2022, the Company incurred pre-tax losses in the amount of $2.9 million and $2.5 million, respectively. The total effective tax rate was approximately 0% for the three months ended September 30, 2023 and 2022.

For each of the three months ended September 30, 2023 and 2022, the Company's effective tax rate differed from the federal statutory rate of 21%, primarily due to the valuation allowance placed against its net deferred tax assets.

The Inflation Reduction Act and the Chips and Science Act were enacted in August 2022. There is no material impact to the Company from these new tax laws.

FASB ASC 740, "Income Taxes" addresses the accounting for uncertainty in income tax recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. The Company currently has approximately $486 thousand of uncertain tax positions as of September 30, 2022, all of which are accounted as contra-deferred tax assets. The Company does not expect any significant changes to its uncertain tax positions in the coming 12 months.

Loss carryovers are generally subject to modification by tax authorities until three years after they have been utilized; as such, the Company is subject to examination for the fiscal years ended 2001 through present for federal purposes and fiscal years ended 2006 through present for state purposes.

(13) Commitments and Contingencies

The Company is subject to various lawsuits and other claims in the normal course of business. In addition, from time to time, the Company receives communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which the Company operates.

The Company establishes reserves for the estimated losses on specific contingent liabilities, for regulatory and legal actions where the Company deems a loss to be probable and the amount of the loss can be reasonably estimated. In other instances, the Company is not able to make a reasonable estimate of liability because of the uncertainties related to the outcome or the amount or range of potential loss.

However, we cannot predict the outcome or effect of any of the potential litigation, claims or disputes.

The Company is not subject to any litigation at the present time.

(14) Segment Information

The Company has determined that it does not meet the criteria of Accounting Standards Codification ("ASC") 280 "Segment Reporting" because the Company's subsidiaries represent Company brands that leverage the same core technology rather than independent operating segments.

(15) Impact of COVID-19 Pandemic

The Company has taken what it believes are necessary precautions to safeguard its employees from the COVID-19 pandemic. The Company continues to follow the Centers for Disease Control and Prevention's ("CDC") guidance and the recommendations and restrictions provided by state and local authorities. All of the Company's employees who do not work in a lab setting are currently on a telecommunication work arrangement and have been able to successfully work remotely. The Company's lab requires in-person staffing, and the Company has been able to continue to operate its lab. There can be no assurance, however, that key employees will not become ill or that the Company will be able to continue to operate its labs.

To date, the Company has seen delays with respect to the TSA certification process and parts of its supply chain, particularly the impact of the global semiconductor and electronics shortage, which has now resulted in product pricing inflation. In addition, although passenger demand for air travel has rebounded, the overall recovery of the airline industry and ancillary services remains highly uncertain and is dependent upon, among other things, the number of cases declining around the globe, public health impacts of new COVID-19 variants, the continued administration of vaccines to unvaccinated populations, and the duration of immunity granted by vaccines.

The Company continues to manage production, to secure alternative supplies, and to take other proactive actions. The Company believes that it will be able to pass the inflation caused by raw materials shortages and increased shipping costs to its customers by increasing the price of its instruments. If supply chain shortages become more severe or longer term in nature, the Company's business and results of operations could be adversely impacted; however, the Company does not expect this issue to materially adversely affect its liquidity position. The long-term impact of the COVID-19 pandemic on the Company's business may not be fully reflected until future periods.

CARES Act

On March 27, 2020, the CARES Act was enacted. The CARES Act, among other things, includes provisions relating to refundable payroll taxes, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, and technical corrections to tax depreciation methods for qualified improvement property. The most significant relief measures which the Company qualified for were a loan pursuant to the Paycheck Protection Program for which the Company has received full forgiveness, alternative minimum tax credit refunds, employee retention credit, and payroll tax deferral. The payroll tax deferral was effective from the enactment date through December 31, 2020, and 100% of the deferred amount has been paid as of December 31, 2022. 50% of the deferred amount has been paid as of December 31, 2021, and the remainder was paid before December 31, 2022. The deferred payroll taxes were recorded within accrued liabilities on the condensed consolidated balance sheets.

The Company will continue to assess the treatment of the CARES Act to the extent additional guidance and regulations are issued, the further applicability of the CARES Act to the Company, and the potential impacts on the business.

(16) Subsequent Events

Effective November 9, 2023, the Company accepted a purchase order from a Romania-based company focused on research and innovation, specializing in the supply and integration of security and telecommunications technology systems (the "Purchaser"), under which the Purchaser has ordered, and the Company is required to deliver, seven TRACER 1000 ETDs. The systems are scheduled to be delivered over the next few months.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws. Forward-looking statements may include the words "may," "will," "plans," "believes," "estimates," "expects," "intends," and other similar expressions. Such statements are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in the statements. Such risks and uncertainties include, but are not limited to:

- The adverse impact of recent inflationary pressures, including significant increases in fuel costs, global economic conditions and events related to these conditions, including the ongoing wars in Ukraine and the middle east and the COVID-19 pandemic;

- Our ability to successfully pursue our business plan and execute our strategy, including our collaboration with Cleveland Clinic;

- The effect of economic and political conditions in the United States or other nations that could impact our ability to sell our products and services or gain customers;

- Product demand and market acceptance risks, including our ability to develop and sell products and services to be used by governmental or commercial customers;

- The impact of trade barriers imposed by the U.S. government, such as import/export duties and restrictions, tariffs and quotas, and potential corresponding actions by other countries in which we conduct our business;

- Technological difficulties and potential legal claims arising from any technological difficulties;

- The risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging, and transportation;

- Uncertainty in government funding and support for key programs, grant opportunities, or procurements;

- The impact of competition on our ability to win new contracts;

- Our ability to meet technological development milestones and overcome development challenges; and

- Our ability to successfully identify, complete and integrate acquisitions.

While we do not intend to directly harvest, manufacture, distribute or sell cannabis or cannabis products, we may be detrimentally affected by a change in enforcement by federal or state governments and we may be subject to additional risks in connection with the evolving regulatory area and associated uncertainties. Any such effects may give rise to risks and uncertainties that are currently unknown or amplify others identified herein.

These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate; therefore, we cannot assure you that the forward-looking statements included in this Quarterly Report on Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in our 2023 Annual Report on Form 10-K, elsewhere in this Quarterly Report on Form 10-Q, or those discussed in other documents we filed with the SEC. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events, or otherwise. In making these statements, we disclaim any obligation to address or update each factor in future filings with the SEC or communications regarding our business or results, and we do not undertake to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. In addition, any of the matters discussed above may have affected our past results and may affect future results, so that our actual results may differ materially from those expressed in this Quarterly Report on Form 10-Q and in prior or subsequent communications.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Report.

Business Overview

Astrotech Corporation (Nasdaq: ASTC) ("Astrotech," the "Company," "we," "us," or "our"), a Delaware corporation organized in 1984, is a mass spectrometry company that launches, manages, and commercializes scalable companies based on its innovative core technology.

Our efforts are focused on commercializing our platform mass spectrometry technology through our wholly-owned subsidiaries:

- Astrotech Technologies, Inc. ("ATI") owns and licenses intellectual property related to the Astrotech Mass Spectrometer Technology™ (the "AMS Technology").

- 1st Detect Corporation ("1st Detect") is a manufacturer of explosives trace detectors that is capable of also detecting narcotics. It was developed for use at airports, cargo and other secured facilities, and borders worldwide. 1st Detect holds an exclusive AMS Technology license from ATI for air passenger and cargo security applications.

- AgLAB, Inc. ("AgLAB") is developing a series of mass spectrometers for use in the hemp and cannabis market with initial focus on optimizing yields in the distillation processes. AgLAB holds an exclusive AMS Technology license from ATI for agriculture applications.

- BreathTech Corporation ("BreathTech") is developing a breath analysis tool to screen for volatile organic compound ("VOC") metabolites found in a person's breath that could indicate they may have a bacterial or viral infection. BreathTech holds an exclusive AMS Technology license from ATI for breath analysis applications.

Our Business Units

Astrotech Technologies, Inc.

ATI owns and licenses the AMS Technology, the platform mass spectrometry technology originally developed by 1st Detect. Long recognized as the gold standard in chemical detection, mass spectrometry has historically been too costly, bulky, and cumbersome. In contrast, the AMS Technology has been designed to be inexpensive, smaller, and easier to use when compared to traditional mass spectrometers. Unlike other technologies, the AMS Technology works under ultra-high vacuum, which eliminates competing molecules, yielding higher resolution and fewer false alarms. The intellectual property includes 18 granted patents along with extensive trade secrets. With a number of diverse market opportunities for the core technology, ATI is structured to license the intellectual property for different fields of use. ATI currently licenses the AMS Technology to three wholly-owned subsidiaries of Astrotech on an exclusive basis, including to 1st Detect for use in the security and detection market, to AgLAB for use in the agriculture market, and to BreathTech for use in breath analysis applications.

1st Detect Corporation

1st Detect, a licensee of ATI for the security and detection market, has developed the TRACER 1000™, the world's first mass spectrometer ("MS") based explosives trace detector ("ETD") certified by the European Civil Aviation Conference ("ECAC"), designed to replace the ETDs used at airports, cargo and other secured facilities, and borders worldwide. We believe that ETD customers are unsatisfied with the currently deployed ETD technology, which is driven by ion mobility spectrometry ("IMS"). We further believe that IMS-based ETDs are fraught with false positives, as they often misidentify personal care products and other common household chemicals as explosives, causing facility shutdowns, unnecessary delays, frustration, and significant wasted security resources. In addition, there are hundreds of different types of explosives, but IMS-based ETDs have a very limited threat detection library reserved only for those few explosives of largest concern. Adding additional compounds to the detection library of an IMS-based ETD fundamentally reduces the instrument's performance, further increasing the likelihood of false alarms. In contrast, adding additional compounds to the TRACER 1000's detection library does not degrade its detection capabilities, as it has a virtually unlimited and easily expandable threat library.

In order to sell the TRACER 1000 to airport and cargo security customers in the European Union and certain other countries, we obtained ECAC certification. We are currently selling the TRACER 1000 to customers who accept ECAC certification. As of September 30, 2023, we have deployed the TRACER 1000 in approximately 29 locations in 14 countries throughout Europe and Asia. On May 8, 2023, the Company announced that it has accepted a purchase order from a Romania-based company focused on research and innovation in the security and telecommunications space. The Company is required to deliver 17 TRACER 1000 explosive trace detectors over the remainder of calendar year 2023.

In the United States, we are working with the U.S. Transportation Security Administration ("TSA") towards air cargo certification. On March 27, 2018, we announced that the TRACER 1000 was accepted into TSA's Air Cargo Screening Technology Qualification Test ("ACSQT") and, on April 4, 2018, we announced that the TRACER 1000 was beginning testing with the TSA for passenger screening at airports. On November 14, 2019, we announced that the TRACER 1000 had been selected by the TSA's Innovation Task Force to conduct live checkpoint screening at Miami International Airport. With similar protocols as ECAC testing, we have received valuable feedback from all programs. Following ECAC certification and our early traction within the cargo market, testing for cargo security continued with the TSA. With the onset of the COVID-19 pandemic, all testing within the TSA was put on hold; however, we resumed cargo testing during the summer of 2020, and we subsequently announced on September 9, 2020, that the TRACER 1000 passed the non-detection testing portion of the TSA's ACSQT. Due to delays caused by COVID-19, TSA cargo detection testing is ongoing, but has proceeded much more slowly than originally anticipated. As a result, efforts are primarily focused on our other opportunities. TSA cargo detection testing is the final step to be listed on the Air Cargo Screening Technology List ("ACSTL") as an "approved" device. If approved, the TRACER 1000 will be approved for cargo sales in the United States.

AgLAB Inc.

AgLAB, an exclusive licensee of ATI for the agriculture market, has developed the AgLAB 1000™ series of mass spectrometers for use in the hemp and cannabis markets with initial focus on optimizing yields in the distillation process. The AgLAB product line is a derivative of our core AMS Technology. The AMS Technology provides a significant competitive advantage due to its small size, rugged design, quick analysis, and ease of use. AgLAB has continued to conduct field trials to demonstrate that the AgLAB 1000-D2™ can be used in the distillation process to significantly improve the processing yields of tetrahydrocannabinol ("THC") and cannabidiol ("CBD") oil during distillation. The AgLAB 1000-D2 uses the Maximum Value Process solution ("MVP") to analyze samples in real-time and help the equipment operator to determine the ideal settings required to maximize yields. As part of our growth plan, we also plan to launch a family of "process control" methods and solutions that we believe could be valuable additions to many nutraceutical and pharmaceutical distillation processing plants.

During the first quarter of fiscal year 2023, we began our first production run of the AgLAB 1000-D2 and sales efforts are currently underway. On May 9, 2023, we announced the results from ongoing field trials of the AgLAB MVP solution, which we believe demonstrate that it can be a valuable tool for cannabis and hemp oil processors worldwide. During our field trials, we were able to improve ending-weights yields by an average of 30%.

BreathTech Corporation

BreathTech, an exclusive licensee of ATI for use in breath analysis applications, is developing the BreathTest-1000™, a breath analysis tool to screen for VOC metabolites found in a person's breath that could indicate they may have a compromised condition including but not limited to a bacterial or viral infection. The Company believes that new tools to aid in the battle against COVID-19 and other diseases remain of the utmost importance to help more quickly identify that an infection may be present.

In June 2022, the Company expanded its existing study that initially focused on COVID-19 with Cleveland Clinic to use the BreathTest-1000 to screen for a variety of diseases spanning the entire body. The project will focus on detecting bloodstream infections, respiratory infections such as influenza types A and B and respiratory syncytial virus ("RSV"), carriage of Staphylococcus aureus, and Clostridioides difficile ("C. diff") infections.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and judgments that directly affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities in the Company's consolidated financial statements and accompanying notes. A critical accounting estimate is one that involves a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management continuously evaluates its critical accounting policies and estimates, including those used in evaluating the recoverability of long-lived assets, recognition of revenue, valuation of inventory, and the recognition and measurement of loss contingencies, if any. Actual results may differ from these estimates under different assumptions or conditions. We believe that the following accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements.

Results of Operations

Three months ended September 30, 2023, compared to three months ended September 30, 2022:

Selected consolidated financial data for the quarters ended September 30, 2023, and 2022 is as follows:

	Three Months Ended September 30,	
(In thousands)	**2023**	**2022**
Revenue	$ 425	$ 38
Cost of revenue	242	32
Gross profit	**183**	**6**
Gross margin	**43%**	**16%**
Operating expenses:		
Selling, general and administrative	1,646	1,642
Research and development	1,872	1,129
Total operating expenses	**3,518**	**2,771**
Loss from operations	**(3,335)**	**(2,765)**
Other income and expense, net	423	235
Income tax benefit	—	—
Net loss	**$ (2,912)**	**$ (2,530)**

Revenue – Total revenue increased by $387 thousand during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023. In the first quarter of fiscal year 2024, revenue was related to the sales of our TRACER 1000 along with ongoing consumable and recurring maintenance services of the TRACER 1000. In the first quarter of fiscal year 2023, revenue was related to ongoing sales of consumables and recurring maintenance services. The increase in revenue is primarily the result of fulfilling part of the purchase order for 17 TRACER 1000 units by a Romania-based company focused on research and innovation in the security and telecommunications space, as previously announced on May 8, 2023.

Cost of Revenue – Gross profit is comprised of revenue less cost of revenue. In the first quarter of fiscal year 2024 and 2023, cost of revenue was comprised of labor, materials, shipping, and warranty reserve related to the sale of TRACER 1000 units. Cost of revenue increased by $210 thousand during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023 due to the increase in revenue as described above. Gross margin increased by 27% in the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023 due to sales mix.

Operating Expenses – Operating expenses increased $747 thousand, or 27.0%, during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023. Significant changes to operating expenses include the following:

- Selling, general and administrative expenses remained consistent during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023.

- Research and development expenses increased $743 thousand, or 65.8%, during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023, largely driven by increases in headcount to support the development of our mass spectrometry offering, expenses related to cross-platform improvements to our technology, and continuing expenses that support additional Aglab, BreathTech, and 1st Detect method developments.

Other income and expense, net – Other income and expense, net increased by $188 thousand during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023, due to more income earned on short-term, capital-preservation, investments as interest rates have increased.

Income Taxes – Income tax benefit did not change during the first quarter of fiscal year 2024, compared to the first quarter of fiscal year 2023. The realization of tax benefits depends on the existence of future taxable income. Pursuant to ASC 740 "Income Taxes", a valuation allowance has been established on all of our deferred tax assets.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following is a summary of the change in our cash and cash equivalents:

	Three Months Ended September 30,		
(In thousands)	**2023**	**2022**	**Change**
Change in cash and cash equivalents:			
Net cash used in operating activities	$ (3,050)	$ (2,441)	$ (609)
Net cash used in investing activities	1,977	(5,201)	7,178
Net cash used in financing activities	(45)	(538)	493
Net change in cash and cash equivalents	**$ (1,118)**	**$ (8,180)**	**$ 7,062**

Cash and Cash Equivalents

As of September 30, 2023, we held cash and cash equivalents of $13.1 million, and our working capital was approximately $39.6 million. As of June 30, 2023, we had cash and cash equivalents of $14.2 million, and our working capital was approximately $42.1 million. Cash and cash equivalents decreased $1.1 million as of September 30, 2023, compared to June 30, 2023, due to funding our continuing operating expenses, partially offset by the proceeds of short-term investments.

Operating Activities

Cash used in operating activities increased $609 thousand for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, due to operating expenses, an increase in inventory and receivables.

Investing Activities

Cash used in investing activities decreased $7.2 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, due to not purchasing and the maturing of the short-term time deposit investments.

Financing Activities

Cash used in financing activities decreased $493 thousand for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, due to a repayment of related-party debt in the prior year.

We did not have any material off-balance sheet arrangements as of September 30, 2023.

Share Repurchase Program

On November 9, 2022, the Company’s Board of Directors authorized a share repurchase program that allows the Company to repurchase up to $1.0 million of the Company’s common stock beginning November 17, 2022 and continuing through and including November 17, 2023. As previously disclosed, on June 16, 2023, the Company terminated its existing share repurchase program, effective immediately, in order to comply with Regulation M under the Exchange Act. The shares could have been repurchased from time to time in the open market or privately negotiated transactions or by other means in accordance with applicable state and federal securities laws. The timing, as well as the number and value of shares repurchased under the program, could have been determined by the Company at its discretion and would have depended on a variety of factors, including management’s assessment of the intrinsic value of the Company’s common stock, the market price of the Company’s common stock, general market and economic conditions, available liquidity, compliance with the Company’s debt and other agreements, applicable legal requirements, and other considerations.

Liquidity

There have been no material updates to our expectations for our short- and long-term liquidity and operating capital requirements since our Annual Report on Form 10-K for the year ended June 30, 2023.

Income Taxes

Provision for Income Tax

Our effective tax rate is 0% for income tax for the three months ended September 30, 2023, and we expect that our effective tax rate for the full fiscal year 2024 year will be 0%. Based on the weight of available evidence, including net cumulative losses and expected future losses, we have determined that it is more likely than not that our U.S. federal and state deferred tax assets will not be realized and therefore a full valuation allowance has been provided on the U.S. federal and state net deferred tax assets.

In general, if we experience a greater than 50 percentage point aggregate change in ownership over a three-year period (a Section 382 ownership change), utilization of its pre-change net operating loss ("NOL") carryforwards are subject to an annual limitation under Section 382 of the Internal Revenue Code. Generally, U.S. state laws have laws similar to Internal Revenue Code Section 382. The annual limitation generally is determined by multiplying the value of the Company's stock at the time of such ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Such limitations may result in expiration of a portion of the NOL carryforward before utilization.

The Company files U.S. federal and state income tax returns. The Company is not currently subject to any income tax examinations. The Company has net operating loss carryovers dating back to the June 2002 year, which generally allows all tax years to remain open to income tax examinations for all years for which there are loss carryforwards.

Uncertain Tax Positions

The Company recognizes the financial statement effects of a tax position when it becomes more likely than not, based upon the technical merits, that the position will be sustained upon examination. The Company currently has approximately $486 thousand of uncertain tax positions as of September 30, 2023, all of which are accounted as contra-deferred tax assets. The Company does not expect any significant changes to its uncertain tax positions in the coming 12 months.

Income Taxes

There is a $2 thousand provision for income taxes during the three months ended September 30, 2023. There was $0 provision for income taxes during the three months ended September 30, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating and implementing possible controls and procedures. Management, including our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023 at the reasonable assurance level.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during our last fiscal quarter ended September 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is subject to legal and administrative proceedings, settlements, investigations, claims and actions. The Company's assessment of the likely outcome of litigation matters is based on its judgment of a number of factors including experience with similar matters, past history, precedents, relevant financial and other evidence and facts specific to the matter. Notwithstanding the uncertainty as to the final outcome, based upon the information currently available, management does not believe any matters, individually or in aggregate, will have a material adverse effect on the Company's financial position or results of operations.

ITEM 1A. RISK FACTORS

Our business, financial condition, results of operations, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in our Form 10-K and our Form 10-Qs, the occurrence of any one of which could have a material adverse effect on our actual results.

There have been no material changes to the risk factors and other cautionary statements described under the heading "Item 1A Risk Factors" included in our Form 10-K for the fiscal year ended June 30, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

Exhibit No.	Description	Incorporation by Reference
3.1	Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware.	Exhibit 3.1 to Form 8-K filed on December 28, 2017.
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on August 1, 2023).	Exhibit 3.1 to Form 8-K filed on August 1, 2023.
3.3	Certificate of Designations of Series A Junior Participating Preferred Stock, as filed with the Secretary of State of the State of Delaware.	Exhibit 3.3 to Form 8-K filed on December 28, 2017.
3.4	Certificate of Designations of Preferences, Rights and Limitations of Series D Convertible Preferred Stock, as filed with the Delaware Secretary of State on April 17, 2019.	Exhibit 3.2 to Form 8-K filed on April 23, 2019.
3.5	Certificate of Amendment to the Certificate of Incorporation of Astrotech Corporation.	Exhibit 3.1 to Form 8-K filed on July 1, 2020.
3.6	Certificate of Amendment to the Certificate of Incorporation of Astrotech Corporation.	Exhibit 3.1 to Form 8-K filed on October 12, 2021.
3.7	Third Certificate of Amendment to the Certificate of Incorporation of Astrotech Corporation.	Exhibit 3.1 to Form 8-K filed on November 23, 2022.
4.1	Rights Agreement between the Company and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of December 21, 2022.	Exhibit 4.1 to Form 8-K filed on December 21, 2022.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	Filed herewith.
32.1	Certification pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934.	Furnished herewith.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, has been formatted in Inline XBRL.	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Astrotech Corporation

Date: November 13, 2023

/s/ Jaime Hinojosa
Jaime Hinojosa
Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer
Section 302 Certification

I, Thomas B. Pickens III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astrotech Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023

/s/ Thomas B. Pickens III
Thomas B. Pickens III

Chief Executive Officer, Chief Technology Officer, and Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
Section 302 Certification

I, Jaime Hinojosa, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astrotech Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023

/s/ Jaime Hinojosa
Jaime Hinojosa
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Thomas B. Pickens III, the Chief Executive Officer, and Jaime Hinojosa, the Chief Financial Officer, of Astrotech Corporation (the "Company"), hereby certify, that, to their knowledge:

1. The Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

/s/ Thomas B. Pickens III
Thomas B. Pickens III
Chief Executive Officer, Chief Technology Officer, and Chairman of the Board
(Principal Executive Officer)

/s/ Jaime Hinojosa
Jaime Hinojosa
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer)