

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 **March 31, 2022**

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: **0-12697**

**Dynatronics Corporation**

(Exact name of registrant as specified in its charter)

**Utah**

(State or other jurisdiction of incorporation or organization)

**87-0398434**

(I.R.S. Employer Identification No.)

**1200 Trapp Road, Eagan, Minnesota 55121**

(Address of principal executive offices, Zip Code)

**(801) 568-7000**

(Registrant's telephone number, including area code)

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

| <u>Title of each class</u>           | <u>Trading symbol</u> | <u>Name of each exchange on which registered</u> |
|--------------------------------------|-----------------------|--|
| Common Stock, no par value per share | DYNT                  | The NASDAQ Capital Market                        |

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, a 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 | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated Filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                          | Emerging growth company   | <input type="checkbox"/>            |

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 Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of May 6, 2022, there were 18,198,315 shares of the issuer's common stock outstanding.

---

---

**DYNATRONICS CORPORATION**  
**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2022**  
**TABLE OF CONTENTS**

|   | <u><b>Page</b></u> |
|---|--------------------|
| <b><u>PART I. FINANCIAL INFORMATION</u></b>   |                    |
| <b><u>Item 1. Financial Statements</u></b>  | <b>3</b>           |
| <u>Condensed Consolidated Balance Sheets (Unaudited)</u>  | 3                  |
| <u>Condensed Consolidated Statements of Operations (Unaudited)</u>  | 4                  |
| <u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited)</u>                                | 5                  |
| <u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>  | 6                  |
| <u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>                                     | 7                  |
| <u>Cautionary Note Regarding Forward-Looking Statements</u>   | 10                 |
| <b><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b> | <b>11</b>          |
| <b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>                            | <b>16</b>          |
| <b><u>Item 4. Controls and Procedures</u></b>   | <b>16</b>          |
| <b><u>PART II. OTHER INFORMATION</u></b>  |                    |
| <b><u>Item 1. Legal Proceedings</u></b>   | <b>17</b>          |
| <b><u>Item 1A. Risk Factors</u></b>   | <b>17</b>          |
| <b><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></b>                           | <b>17</b>          |
| <b><u>Item 3. Defaults Upon Senior Securities</u></b>   | <b>17</b>          |
| <b><u>Item 4. Mine Safety Disclosures</u></b>   | <b>17</b>          |
| <b><u>Item 5. Other Information</u></b>   | <b>17</b>          |
| <b><u>Item 6. Exhibits</u></b>  | <b>18</b>          |
| <b><u>Signatures</u></b>  | <b>19</b>          |

**Item 1. Financial Statements**

**DYNATRONICS CORPORATION**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

| <b>Assets</b>  | <b>March 31,<br/>2022</b> | <b>June 30,<br/>2021</b> |
|--|---------------------------|--------------------------|
| Current assets:  |                           |                          |
| Cash and cash equivalents  | \$ 2,321,640              | \$ 6,102,447             |
| Restricted cash  | 151,207                   | 151,197                  |
| Trade accounts receivable, less allowance for doubtful accounts of \$242,534 and \$398,887 as of March 31, 2022 and June 30, 2021, respectively                                | 5,126,539                 | 5,643,016                |
| Other receivables  | 558,544                   | 1,201,888                |
| Inventories, net   | 11,631,165                | 6,526,095                |
| Prepaid expenses   | 980,112                   | 1,281,223                |
|  |                           |                          |
| Total current assets   | 20,769,207                | 20,905,866               |
|  |                           |                          |
| Property and equipment, net  | 3,040,860                 | 3,328,185                |
| Operating lease assets   | 1,792,182                 | 2,456,539                |
| Intangible assets, net   | 4,399,450                 | 4,928,875                |
| Goodwill   | 7,116,614                 | 7,116,614                |
| Other assets   | 382,912                   | 403,916                  |
|  |                           |                          |
| Total assets   | <u>\$ 37,501,225</u>      | <u>\$ 39,139,995</u>     |
|  |                           |                          |
| <b>Liabilities and Stockholders' Equity</b>  |                           |                          |
| Current liabilities:   |                           |                          |
| Accounts payable   | \$ 6,699,169              | \$ 3,737,930             |
| Accrued payroll and benefits expense   | 1,018,633                 | 1,656,311                |
| Accrued expenses   | 852,870                   | 1,485,123                |
| Warranty reserve   | 196,707                   | 196,707                  |
| Current portion of long-term debt  | 8,788                     | 13,448                   |
| Current portion of finance lease liability   | 338,205                   | 335,444                  |
| Current portion of deferred gain   | 150,448                   | 150,448                  |
| Current portion of operating lease liability   | 933,530                   | 864,081                  |
| Other liabilities  | 23,856                    | 33,194                   |
|  |                           |                          |
| Total current liabilities  | 10,222,206                | 8,472,686                |
|  |                           |                          |
| Long-term debt, net of current portion   | -                         | 5,362                    |
| Finance lease liability, net of current portion  | 2,007,569                 | 2,260,815                |
| Deferred gain, net of current portion  | 965,374                   | 1,078,210                |
| Operating lease liability, net of current portion  | 867,790                   | 1,605,477                |
| Other liabilities  | 206,150                   | 203,920                  |
|  |                           |                          |
| Total liabilities  | <u>14,269,089</u>         | <u>13,626,470</u>        |
| Commitments and contingencies  |                           |                          |
|  |                           |                          |
| Stockholders' equity:  |                           |                          |
| Preferred stock, no par value: Authorized 50,000,000 shares; 3,351,000 shares issued and outstanding as of March 31, 2022 and June 30, 2021, respectively                      | 7,980,788                 | 7,980,788                |
| Common stock, no par value: Authorized 100,000,000 shares; 17,946,416 shares and 17,364,654 shares issued and outstanding as of March 31, 2022 and June 30, 2021, respectively | 33,321,575                | 32,621,471               |
| Accumulated deficit  | <u>(18,070,227)</u>       | <u>(15,088,734)</u>      |
|  |                           |                          |
| Total stockholders' equity   | <u>23,232,136</u>         | <u>25,513,525</u>        |
|  |                           |                          |
| Total liabilities and stockholders' equity   | <u>\$ 37,501,225</u>      | <u>\$ 39,139,995</u>     |

See accompanying notes to condensed consolidated financial statements.

**DYNATRONICS CORPORATION**  
**Condensed Consolidated Statements of Operations**  
(Unaudited)

|  | Three Months Ended<br>March 31, |               | Nine Months Ended<br>March 31, |                |
|--|---------------------------------|---------------|--------------------------------|----------------|
|  | 2022                            | 2021          | 2022                           | 2021           |
| Net sales  | \$ 10,316,253                   | \$ 11,460,415 | \$ 33,147,001                  | \$ 35,561,084  |
| Cost of sales  | 8,005,146                       | 8,155,454     | 25,090,927                     | 25,013,197     |
| Gross profit   | 2,311,107                       | 3,304,961     | 8,056,074                      | 10,547,887     |
| Selling, general, and administrative expenses                            | 3,746,646                       | 3,905,055     | 11,324,798                     | 12,088,520     |
| Operating loss   | (1,435,539)                     | (600,094)     | (3,268,724)                    | (1,540,633)    |
| Other income (expense):  |                                 |               |                                |                |
| Interest expense, net  | (35,138)                        | (62,518)      | (112,814)                      | (166,091)      |
| Other income (expense), net  | (873)                           | 780,821       | 954,062                        | 784,218        |
| Net other income (expense)   | 36,011                          | 718,303       | 841,248                        | 618,127        |
| Income (loss) before income taxes  | 1,471,550                       | 118,209       | 2,427,476                      | 922,506        |
| Income tax provision   | -                               | -             | -                              | (9,821)        |
| Net income (loss)  | (1,471,550)                     | 118,209       | (2,427,476)                    | (932,327)      |
| Deemed dividend on convertible preferred stock and accretion of discount | -                               | -             | -                              | (51,352)       |
| Preferred stock dividend, in common stock, issued or to be issued        | (182,080)                       | (181,877)     | (551,316)                      | (558,188)      |
| Net loss attributable to common stockholders                             | \$ (1,653,630)                  | \$ (63,668)   | \$ (2,978,792)                 | \$ (1,541,867) |
| Net loss per common share  |                                 |               |                                |                |
| Basic and diluted  | \$ (0.09)                       | \$ (0.00)     | \$ (0.17)                      | \$ (0.10)      |
| Weighted-average common shares outstanding                               |                                 |               |                                |                |
| Basic and diluted  | 17,939,283                      | 15,827,808    | 17,742,361                     | 14,829,216     |

See accompanying notes to condensed consolidated financial statements.

**DYNATRONICS CORPORATION**  
**Condensed Consolidated Statements of Stockholders' Equity**  
(Unaudited)

|   | Common stock |              | Preferred stock |             | Accumulated deficit | Total stockholders' equity |
|---|--------------|--------------|-----------------|-------------|---------------------|----------------------------|
|   | Shares       | Amount       | Shares          | Amount      |                     |                            |
| Balance at June 30, 2020  | 13,803,855   | \$27,474,411 | 3,681,000       | \$8,770,798 | \$ (16,349,328)     | \$ 19,895,881              |
| Stock-based compensation  | 84,661       | 47,470       | -               | -           | -                   | 47,470                     |
| Preferred stock dividend, in common stock, issued or to be issued | 207,736      | 194,226      | -               | -           | (194,226)           | -                          |
| Net loss  | -            | -            | -               | -           | (377,704)           | (377,704)                  |
| Balance at September 30, 2020                                     | 14,096,252   | 27,716,107   | 3,681,000       | 8,770,798   | (16,921,258)        | 19,565,647                 |

|   |            |            |           |           |              |             |
|---|------------|------------|-----------|-----------|--------------|-------------|
| Stock-based compensation  | 16,940     | 50,781     | -         | -         | -            | 50,781      |
| Preferred stock dividend, in common stock, issued or to be issued | 276,519    | 182,085    | -         | -         | (182,085)    | -           |
| Preferred stock converted to common stock                         | 330,000    | 790,010    | (330,000) | (790,010) | -            | -           |
| Preferred stock beneficial conversion and accretion of discount   | -          | -          | -         | 51,352    | -            | 51,352      |
| Dividend of beneficial conversion and accretion of discount       | -          | -          | -         | (51,352)  | -            | (51,352)    |
| Net loss  | -          | -          | -         | -         | (672,832)    | (672,832)   |
| <b>Balance at December 31, 2020</b>                               | 14,719,711 | 28,738,983 | 3,351,000 | 7,980,788 | (17,776,175) | 18,943,596  |
| Stock-based compensation  | 30,000     | 30,106     | -         | -         | -            | 30,106      |
| Preferred stock dividend, in common stock, issued or to be issued | 224,797    | 181,877    | -         | -         | (181,877)    | -           |
| Issuance of common stock, net of issuance costs of \$137,547      | 2,230,600  | 3,462,195  | -         | -         | -            | 3,462,195   |
| Net income  | -          | -          | -         | -         | 118,209      | 118,209     |
| <b>Balance at March 31, 2021</b>                                  | 17,205,108 | 32,413,161 | 3,351,000 | 7,980,788 | (17,839,843) | 22,554,106  |
| Stock-based compensation  | -          | 25,843     | -         | -         | -            | 25,843      |
| Preferred stock dividend, in common stock, issued or to be issued | 159,546    | 182,467    | -         | -         | (182,467)    | -           |
| Net income  | -          | -          | -         | -         | 2,933,576    | 2,933,576   |
| <b>Balance at June 30, 2021</b>                                   | 17,364,654 | 32,621,471 | 3,351,000 | 7,980,788 | (15,088,734) | 25,513,525  |
| Stock-based compensation  | 85,002     | 106,395    | -         | -         | -            | 106,395     |
| Preferred stock dividend, in common stock, issued or to be issued | 154,640    | 187,083    | -         | -         | (187,083)    | -           |
| Net income  | -          | -          | -         | -         | 482,640      | 482,640     |
| <b>Balance at September 30, 2021</b>                              | 17,604,296 | 32,914,949 | 3,351,000 | 7,980,788 | (14,793,177) | 26,102,560  |
| Stock-based compensation  | -          | 5,589      | -         | -         | -            | 5,589       |
| Preferred stock dividend, in common stock, issued or to be issued | 128,144    | 182,153    | -         | -         | (182,153)    | -           |
| Net loss  | -          | -          | -         | -         | (1,441,267)  | (1,441,267) |
| <b>Balance at December 31, 2021</b>                               | 17,732,440 | 33,102,691 | 3,351,000 | 7,980,788 | (16,416,597) | 24,666,882  |
| Stock-based compensation  | 30,000     | 36,804     | -         | -         | -            | 36,804      |
| Preferred stock dividend, in common stock, issued or to be issued | 183,976    | 182,080    | -         | -         | (182,080)    | -           |
| Net loss  | -          | -          | -         | -         | (1,471,550)  | (1,471,550) |

|                                  |                   |                     |                  |                    |                        |                      |
|----------------------------------|-------------------|---------------------|------------------|--------------------|------------------------|----------------------|
| <b>Balance at March 31, 2022</b> | <u>17,946,416</u> | <u>\$33,321,575</u> | <u>3,351,000</u> | <u>\$7,980,788</u> | <u>\$ (18,070,227)</u> | <u>\$ 23,232,136</u> |
|----------------------------------|-------------------|---------------------|------------------|--------------------|------------------------|----------------------|

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#)

**DYNATRONICS CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

|   | <b>Nine Months Ended<br/>March 31,</b> |                     |
|---|--|---------------------|
|   | <b>2022</b>                            | <b>2021</b>         |
| Cash flows from operating activities:   |  |                     |
| Net loss  | \$ (2,427,476)                         | \$ (932,327)        |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: |  |                     |
| Depreciation and amortization of property and equipment                                   | 543,899                                | 662,945             |
| Amortization of intangible assets   | 529,425                                | 543,288             |
| Amortization of other assets  | 11,512                                 | 19,209              |
| Loss on sale of property and equipment  | 903                                    | 27,192              |
| Stock-based compensation  | 148,788                                | 128,357             |
| Change in allowance for doubtful accounts receivable                                      | (156,353)                              | (17,319)            |
| Change in allowance for inventory obsolescence  | (219,664)                              | (207,030)           |
| Amortization deferred gain on sale/leaseback  | (112,836)                              | (112,836)           |
| Change in operating assets and liabilities:   |  |                     |
| Trade accounts receivable   | 672,830                                | (892,286)           |
| Inventories   | (4,885,406)                            | 355,276             |
| Prepaid expenses and other receivables  | 944,455                                | (1,075,908)         |
| Other assets  | 6,791                                  | 21,908              |
| Accounts payable, accrued expenses, and other current liabilities                         | 1,684,200                              | 1,793,532           |
| Net cash (used in) provided by operating activities                                       | <u>(3,258,932)</u>                     | <u>314,001</u>      |
| Cash flows from investing activities:   |  |                     |
| Purchase of property and equipment  | <u>(261,358)</u>                       | <u>(88,745)</u>     |
| Net cash used in investing activities   | <u>(261,358)</u>                       | <u>(88,745)</u>     |
| Cash flows from financing activities:   |  |                     |
| Principal payments on long-term debt  | (10,022)                               | (103,508)           |
| Principal payments on finance lease liability   | (250,485)                              | (236,351)           |
| Net change in line of credit  | -                                      | (1,012,934)         |
| Proceeds from issuance of common stock, net   | <u>-</u>                               | <u>3,462,195</u>    |
| Net cash (used in) provided by financing activities                                       | <u>(260,507)</u>                       | <u>2,109,402</u>    |
| Net change in cash and cash equivalents and restricted cash                               | <u>(3,780,797)</u>                     | <u>2,334,658</u>    |
| Cash and cash equivalents and restricted cash at beginning of the period                  | <u>6,253,644</u>                       | <u>2,316,301</u>    |
| Cash and cash equivalents and restricted cash at end of the period                        | <u>\$ 2,472,847</u>                    | <u>\$ 4,650,959</u> |
| Supplemental disclosure of cash flow information:   |  |                     |
| Cash paid for interest  | \$ 112,824                             | \$ 143,693          |
| Supplemental disclosure of non-cash investing and financing activities:                   |  |                     |
| Deemed dividend on convertible preferred stock and accretion of discount                  | -                                      | 51,352              |
| Preferred stock dividend, in common stock, issued or to be issued                         | 551,316                                | 558,189             |
| Conversion of preferred stock to common stock   | -                                      | 790,010             |

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#)

**DYNATRONICS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**March 31, 2022**

**Note 1. Presentation and Summary of Significant Accounting Policies**

*Business*

Dynatronics Corporation (“Company,” “Dynatronics”) is a leading medical device company committed to providing high-quality restorative products designed to accelerate optimal health. The Company designs, manufactures, and sells a broad range of restorative products for clinical use in physical therapy, rehabilitation, orthopedics, pain management, and athletic training. Through its distribution channels, Dynatronics markets and sells to orthopedists, physical therapists, chiropractors, athletic trainers, sports medicine practitioners, clinics, and hospitals.

*Basis of Presentation*

The accompanying unaudited condensed consolidated financial statements (the “Condensed Consolidated Financial Statements”) have been prepared by the Company in accordance with generally accepted accounting principles in the United States (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. As such, these Condensed Consolidated Financial Statements should be read in conjunction with the Company’s audited financial statements and accompanying notes included in its Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the “Annual Report”) filed with the SEC on September 23, 2021. The Condensed Consolidated Balance Sheet at June 30, 2021, has been derived from the Annual Report.

The accounting policies followed by the Company are set forth in Part II, Item 8, Note 1, Basis of Presentation and Summary of Accounting Policies, of the Notes to Financial Statements included in the Company’s Annual Report. In the opinion of management, the Condensed Consolidated Financial Statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company’s financial position as of March 31, 2022 and its results of operations and its cash flows for the periods presented. The results of operations for the first nine months of the fiscal year are not necessarily indicative of results for the full year or any future periods.

The Company’s fiscal year begins on July 1 and ends on June 30 and references made to “fiscal year 2022” and “fiscal year 2021” refer to the Company’s fiscal year ending June 30, 2022 and the fiscal year ended June 30, 2021, respectively.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented.

The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from those estimates and assumptions.

*Employee Retention Credit*

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) provided an employee retention credit which was a refundable tax credit against certain employment taxes. The Consolidated Appropriations Act extended and expanded the availability of the employee retention credit through June 30, 2021. Subsequently, the American Rescue Plan Act of 2021 extended the availability of the employee retention credit through December 31, 2021. This new legislation amended the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before January 1, 2022. During calendar year 2021, a maximum of \$10,000 in qualified wages for each employee per qualifying calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer is \$7,000 per employee per qualifying calendar quarter of 2021. The Company qualifies for the employee retention credit for quarters that experience a significant decline in gross receipts, defined as quarterly gross receipts that are less than 80 percent of its gross receipts for the same calendar quarter in 2019. The Infrastructure Investment and Jobs Act retroactively ended the employee retention credit as of September 30, 2021. The Company qualified for the credit beginning on January 1, 2021 and received credits for qualified wages through September 30, 2021. During the quarter ended September 30, 2021, the Company recorded an

employee retention credit totaling \$1,143,000, of which, \$97,000, \$103,000, and \$943,000 was recorded within cost of sales, selling, general, and administrative, and other income, respectively, on the Company's condensed consolidated statements of operations. During the three months ended March 31, 2021, the Company recorded an employee retention credit totaling \$963,000, of which, \$75,000, \$98,000, and \$790,000 was recorded within cost of sales, selling, general, and administrative, and other income, respectively, on the Company's condensed consolidated statements of operations

#### *Other Receivables*

Other receivables consist of amounts due from our contract manufacturer for raw materials components provided for use in the production of our products. Payments are due from our contract manufacturer based on the usage of raw material components.

### [Table of Contents](#)

#### *Reclassification*

Certain amounts in the March 31, 2021 condensed consolidated statement of cash flows have been reclassified for comparative purposes to conform to the presentation in the March 31, 2022 condensed consolidated statement of cash flows.

#### *Recent Accounting Pronouncements*

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which is intended to simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The guidance allows for either full retrospective adoption or modified retrospective adoption. The guidance is effective for the Company in the first quarter of fiscal year 2025 and early adoption is permitted. The Company is evaluating the impact of adoption of this guidance will have on its consolidated financial statements.

### **Note 2. Net Loss per Common Share**

Net loss per common share is computed based on the weighted-average number of common shares outstanding and, when appropriate, dilutive potential common stock outstanding during the period. Stock options, convertible preferred stock and warrants are considered to be potential common stock. The computation of diluted net loss per common share does not assume exercise or conversion of securities that would have an anti-dilutive effect.

Basic net loss per common share is the amount of net loss for the period available to each weighted-average share of common stock outstanding during the reporting period. Diluted net loss per common share is the amount of net loss for the period available to each weighted-average share of common stock outstanding during the reporting period and to each share of potential common stock outstanding during the period, unless inclusion of potential common stock would have an anti-dilutive effect.

All outstanding options, warrants and convertible preferred stock for common shares are not included in the computation of diluted net loss per common share because they are anti-dilutive, which for the three months ended March 31, 2022, and 2021, totaled 7,814,500 and 10,187,500, respectively, and for the nine months ended March 31, 2022, and 2021, totaled 7,776,167 and 10,337,390, respectively.

### **Note 3. Convertible Preferred Stock**

As of March 31, 2022, the Company had issued and outstanding a total of 1,992,000 shares of Series A 8% Convertible Preferred Stock ("Series A Preferred") and 1,359,000 shares of Series B Convertible Preferred Stock ("Series B Preferred"). The Series A Preferred and Series B Preferred are convertible into a total of 3,351,000 shares of common stock. Dividends payable on these preferred shares accrue at the rate of 8% per year and are payable quarterly in stock or cash at the option of the Company. The Company generally pays the dividends on the preferred stock by issuing shares of its common stock. The formula for paying these dividends using common stock in lieu of cash can change the effective yield on the dividend to more or less than 8% depending on the market price of the common stock at the time of issuance.

In April 2022, the Company paid \$182,080 of preferred stock dividends with respect to the Series A Preferred and Series B Preferred that accrued during the three months ended March 31, 2022, by issuing 250,287 shares of common stock.

### **Note 4. Comprehensive Loss**



For the three and nine months ended March 31, 2022 and 2021, comprehensive loss was equal to the net loss as presented in the accompanying condensed consolidated statements of operations.

[Table of Contents](#)

**Note 5. Inventories**

Inventories consisted of the following:

|                                | March 31,<br>2022    | June 30,<br>2021    |
|--------------------------------|----------------------|---------------------|
| Raw materials                  | \$ 6,629,384         | \$ 3,863,212        |
| Work in process                | 370,013              | 784,460             |
| Finished goods                 | 5,039,080            | 2,505,399           |
| Inventory obsolescence reserve | (407,312)            | (626,976)           |
|                                | <u>\$ 11,631,165</u> | <u>\$ 6,526,095</u> |

**Note 6. Related-Party Transactions**

The Company leases office, manufacturing and warehouse facilities in Northvale, New Jersey; and Eagan, Minnesota from employees, shareholders, and entities controlled by shareholders, who were previously principals of businesses acquired by the Company. The combined expenses associated with these related-party transactions totaled \$248,952 and \$264,702 for the three months ended March 31, 2022 and 2021, respectively, and \$746,858 and \$794,108 for the nine months ended March 31, 2022 and 2021, respectively.

**Note 7. Revenue**

As of March 31, 2022 and June 30, 2021, the rebate liability was \$241,273 and \$219,591, respectively. The rebate liability is included in accrued expenses in the accompanying condensed consolidated balance sheets. As of March 31, 2022 and June 30, 2021, the allowance for sales discounts was \$15,239 and \$9,000, respectively. The allowance for sales discounts is included in trade accounts receivable, less allowance for doubtful accounts in the accompanying condensed consolidated balance sheets.

The following table disaggregates revenue by major product category for the three and nine months ended March 31:

|  | Three Months Ended<br>March 31, |                      | Nine Months Ended<br>March 31, |                      |
|--|---------------------------------|----------------------|--------------------------------|----------------------|
|  | 2022                            | 2021                 | 2022                           | 2021                 |
| Orthopedic Soft Bracing Products             | \$ 5,476,469                    | \$ 4,794,787         | \$ 16,126,728                  | \$ 15,437,188        |
| Physical Therapy and Rehabilitation Products | 4,810,043                       | 6,581,598            | 16,934,423                     | 19,902,877           |
| Other  | 29,741                          | 84,030               | 85,850                         | 221,019              |
|  | <u>\$ 10,316,253</u>            | <u>\$ 11,460,415</u> | <u>\$ 33,147,001</u>           | <u>\$ 35,561,084</u> |

[Table of Contents](#)

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This report, including the disclosures contained in Part I Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operation, contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements include, but are not limited to: any projections of net sales, earnings, or other financial items; any statements of the strategies, plans and objectives of management for future operations; expectations in connection with the company’s previously announced business optimization plan; any statements concerning proposed new products or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements can be identified by their use of such words as “may,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect,” or “anticipate” and similar references to future periods.

We have based our forward-looking statements on management's current expectations and assumptions about future events and trends affecting our business and industry that are subject to risks and uncertainties. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance to differ materially from our historical results or those expressed or implied in any forward-looking statement contained in this report. These risks and uncertainties include, but are not limited to, the uncertainty regarding the impact or duration of the Novel Coronavirus Disease 2019 ("COVID-19") virus pandemic that is adversely affecting communities and businesses globally, including ours, as well as those factors described in the section "Risk Factors" included in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, filed with the SEC, as well as in our other public filings with the SEC. Actual results may differ from projections as a result of these risks, additional risks and uncertainties of which we are currently unaware or which we do not currently view as material to our business.

You should read this report in its entirety, together with the documents that we file as exhibits to this report and the documents that we incorporate by reference into this report, with the understanding that our future results may be materially different from what we currently expect. The forward-looking statements contained in this report are made as of the date of this report and we assume no obligation to update them after the date hereof to revise or conform such statements to actual results or to changes in our opinions or expectations. If we do update or correct any forward-looking statements, investors should not conclude that we will make additional updates or corrections.

We qualify all of our forward-looking statements by these cautionary statements.

The terms "we," "us," "Dynatronics," or the "Company" refer collectively to Dynatronics Corporation and its wholly-owned subsidiaries, unless otherwise stated.

## [Table of Contents](#)

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our Unaudited Condensed Consolidated Financial Statements and Notes thereto that are contained in this quarterly report, with a narrative from the perspective of management. You should also consider this information with the information included in our Annual Report on Form 10-K for the year ended June 30, 2021, and our other filings with the SEC, including our quarterly and current reports that we have filed since June 30, 2021 through the date of this report. In the following MD&A, we have rounded many numbers to the nearest one thousand dollars. These numbers should be read as approximate. All inter-company transactions have been eliminated. Our fiscal year ends on June 30. For example, reference to fiscal year 2022 refers to the year ending June 30, 2022. This report covers the three and nine months ended March 31, 2022. Results of operations for the three and nine months ended March 31, 2022 are not necessarily indicative of the results that may be achieved for the full fiscal year ending June 30, 2022.

#### **Overview**

Dynatronics is a leading medical device company committed to providing high-quality restorative products designed to accelerate achieving optimal health. The Company designs, manufactures, and sells a broad range of products for clinical use in physical therapy, rehabilitation, pain management, and athletic training. Through its distribution channels, Dynatronics markets and sells to orthopedists, physical therapists, chiropractors, athletic trainers, sports medicine practitioners, clinics, and hospitals. The Company's products are marketed under a portfolio of high-quality, well-known industry brands including Bird & Cronin®, Solaris™, Hausmann®, and PROTEAM™, among others. More information is available at [www.dynatronics.com](http://www.dynatronics.com).

#### **Results of Operations**

##### *Net Sales*

Net sales decreased \$1,144,000, or 10.0%, to \$10,316,000 for the quarter ended March 31, 2022, compared to net sales of \$11,460,000 for the quarter ended March 31, 2021. Net sales decreased \$2,414,000, or 6.8%, to \$33,147,000 for the nine months ended March 31, 2022, compared to net sales of \$35,561,000 for the nine months ended March 31, 2021. The year-over-year decrease is primarily due to a reduction in sales of third-party distributed products which have been discontinued. This was partially offset by an increase in customer demand compared to the prior year period in which we experienced the impact of COVID-19 precautions and associated deferral on elective procedures which reduced demand for our products.

## [Table of Contents](#)

### *Gross Profit*

Gross profit for the quarter ended March 31, 2022 decreased \$994,000, or about 30.1%, to \$2,311,000, or 22.4% of net sales. By comparison, gross profit for the quarter ended March 31, 2021 was \$3,305,000, or 28.8% of net sales. Gross profit for the nine months ended March 31, 2022 decreased \$2,492,000, or about 23.6%, to \$8,056,000, or 24.3% of net sales. By comparison, gross profit for the nine months ended March 31, 2021 was \$10,548,000, or 29.7% of net sales. The year-over-year decrease in gross profit was primarily attributable to higher freight and raw material costs due to the impact of COVID-19 on the global supply chain, higher personnel costs, and changes to product mix.

### *Selling, General and Administrative Expenses*

Selling, general and administrative ("SG&A") expenses decreased \$158,000, or 4.1%, to \$3,747,000 for the quarter ended March 31, 2022, compared to \$3,905,000 for the quarter ended March 31, 2021. Selling expenses decreased \$117,000 compared to the prior year period, due primarily to lower commission expense and salaries for rehabilitation products sales force, partially offset by higher marketing salaries. General and administrative ("G&A") expenses decreased \$41,000 compared to the prior-year period. The decrease in SG&A was driven primarily by the elimination of distributed products and our direct sales channel which has reduced complexity and associated support costs.

SG&A expenses decreased \$764,000, or 6.3%, to \$11,325,000 for the nine months ended March 31, 2022, compared to \$12,089,000 for the nine months ended March 31, 2021. Selling expenses decreased \$384,000 compared to the prior year period, due primarily to lower commission expense and salaries for rehabilitation products sales force, partially offset by higher marketing salaries. G&A expenses decreased \$380,000 compared to the prior-year period. The decrease in SG&A was driven primarily by the elimination of distributed products and our direct sales channel which has reduced complexity and associated support costs.

### *Net Other Income (Expense)*

Net other expense for the quarter ended March 31, 2022, was \$36,000 compared to net other income of \$718,000 for the quarter ended March 31, 2021. The decrease in net other income is primarily due to a \$790,000 employee retention credit for funds received or receivable from the U.S. federal government under the CARES Act and a decrease in interest expense as a result of lower average borrowings on long-term debt. Net other income for the nine months ended March 31, 2022, was \$841,000 compared to net other income of \$618,000 for the nine months ended March 31, 2021. The increase in net other income is primarily due to a \$154,000 increase in the employee retention credit as a result of increased headcount and a decrease in interest expense as a result of lower average borrowings on long-term debt.

### *Income (Loss) Before Income Taxes*

Pre-tax loss for the quarter ended March 31, 2022 was \$1,472,000 compared to pre-tax income of \$118,000 for the quarter ended March 31, 2021. The \$1,590,000 increase in pre-tax loss was attributable to a decrease of \$994,000 in gross profit and an increase of \$754,000 in other expense partially offset by a decrease of \$158,000 in SG&A. Pre-tax loss for the nine months ended March 31, 2022 was \$2,427,000 compared to \$923,000 for the nine months ended March 31, 2021. The \$1,504,000 increase in pre-tax loss was attributable to a decrease of \$2,492,000 in gross profit partially offset by a decrease of \$764,000 in SG&A and an increase of \$223,000 in other income.

## [Table of Contents](#)

### *Income Tax Provision*

Income tax provision was \$0 for the three and nine months ended March 31, 2022 and \$0 and \$10,000 for the three and nine months ended March 31, 2021, respectively. See *Liquidity and Capital Resources - Deferred Income Tax Assets* below for more information.

### *Net Loss*

Net loss was \$1,472,000 for the quarter ended March 31, 2022, compared to net income of \$118,000 for the quarter ended March 31, 2021. Net loss was \$2,427,000 for the nine months ended March 31, 2022, compared to \$932,000 for the nine months ended March 31, 2021. The reasons for the changes in net loss are the same as explained above under the heading *Income (Loss) Before Income Taxes*.

### *Net Loss Attributable to Common Stockholders*

Net loss attributable to common stockholders increased \$1,590,000 to \$1,654,000 for the quarter ended March 31, 2022, compared to \$64,000 for the quarter ended March 31, 2021. On a per share basis, net loss attributable to common stockholders was \$0.09 per share for the quarter ended March 31, 2022, compared to \$0.00 per share for the quarter ended March 31, 2021.

Net loss attributable to common stockholders increased \$1,437,000 to \$2,979,000 for the nine months ended March 31, 2022, compared to \$1,542,000 for the nine months ended March 31, 2021. On a per share basis, net loss attributable to common stockholders was \$0.17 per share for the nine months ended March 31, 2022, compared to \$0.10 per share for the nine months ended March 31, 2021.

## **Liquidity and Capital Resources**

We have historically financed operations through cash from operating activities, available cash reserves, and proceeds from the sale of our equity securities. As of March 31, 2022, we had \$2,473,000 in cash and cash equivalents and restricted cash, compared to \$6,254,000 as of June 30, 2021.

Working capital was \$10,547,000 as of March 31, 2022, compared to working capital of \$12,433,000 as of June 30, 2021. The current ratio was 2.0 to 1 and 2.5 to 1 as of March 31, 2022 and June 30, 2021, respectively. Current assets were 55.4% of total assets as of March 31, 2022, and 53.4% of total assets as of June 30, 2021.

We believe that our cash generated from operations, and current capital resources and equity proceeds provide sufficient liquidity to fund operations for the next 12 months. However, the continuing effects of the COVID-19 pandemic on the global supply chain, higher personnel costs, and changes to product mix, could have an adverse effect on our liquidity and cash and we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times.

In March 2020, we entered into an equity distribution agreement with Canaccord Genuity LLC and Roth Capital Partners LLC, pursuant to which we arranged to offer and sell shares of our common stock in an at-the-market offering ("ATM") under a registration statement previously filed by us on Form S-3 with the Securities and Exchange Commission. On March 13, 2020, we filed a Prospectus Supplement amending the registration statement (as amended, the "Original Registration Statement") and commenced the ATM. Under the terms of the equity distribution agreement, we may sell shares of our common stock in an aggregate amount of up to \$10,000,000, with Canaccord Genuity LLC and Roth Capital Partners LLC acting as our sales agents, at the market prices prevailing on The Nasdaq Capital Market at the time of the sale of such shares. We will pay Canaccord Genuity LLC and Roth Capital Partners, LLC a fixed commission rate equal to 3.0% of the gross sale price per share of common stock sold. In May 2021, we filed a registration statement on Form S-3 together with a Prospectus Supplement, for the purpose of replacing the Original Registration Statement, which expired after three years, pursuant to applicable SEC rules. The replacement registration statement provides for potential futures sales in conjunction with a prospectus supplement for up to \$2,677,997 in common stock in the ATM.

### **[Table of Contents](#)**

#### ***Cash and Cash Equivalents***

Our cash and cash equivalents and restricted cash position decreased \$3,781,000 to \$2,473,000 as of March 31, 2022, compared to \$6,254,000 as of June 30, 2021. The primary use of cash in the nine months ended March 31, 2022, was for inventories.

#### ***Accounts Receivable***

Trade accounts receivable, net of allowance for doubtful accounts, decreased approximately \$516,000, or 9.2%, to \$5,127,000 as of March 31, 2022, from \$5,643,000 as of June 30, 2021. The decrease was driven primarily by differences in the timing of collections around the end date of each respective quarter. Trade accounts receivable represents amounts due from our customers including dealers and distributors that purchase our products for redistribution, medical practitioners, clinics, hospitals, colleges, universities and sports teams. We believe that our estimate of the allowance for doubtful accounts is adequate based on our historical experience and relationships with our customers. Accounts receivable are generally collected within approximately 40 days of invoicing.

#### ***Inventories***

Inventories, net of reserves, increased \$5,105,000 or 78.2%, to \$11,631,000 as of March 31, 2022, compared to \$6,526,000 as of June 30, 2021. The increase was primarily due to steps taken to adjust inventory management in response to the impact of COVID-19 on the global supply chain and right-size incoming material purchases to demand. We believe that our allowance for inventory obsolescence is adequate based on our analysis of inventory, sales trends, and historical experience.

## *Accounts Payable*

Accounts payable increased approximately \$2,961,000 or 79.2%, to \$6,699,000 as of March 31, 2022, from \$3,738,000 as of June 30, 2021. The increase was driven primarily by an increase in inventory purchases and timing of payments.

## *Debt*

Long-term debt decreased approximately \$10,000 to approximately \$9,000 as of March 31, 2022, compared to approximately \$19,000 as of June 30, 2021. Our long-term debt is primarily comprised of loans related to equipment.

## *Finance Lease Liability*

Finance lease liability as of March 31, 2022 and June 30, 2021 totaled approximately \$2,346,000 and \$2,596,000, respectively. Our finance lease liability consists primarily of our Utah building lease. In conjunction with the sale and leaseback of our Utah building in August 2014, we entered into a 15-year lease, classified as a finance lease, originally valued at \$3,800,000. The building lease asset is amortized on a straight-line basis over 15 years at approximately \$252,000 per year. Total accumulated amortization related to the leased building is approximately \$1,931,000 at March 31, 2022. The sale generated a profit of \$2,300,000, which is being recognized straight-line over the life of the lease at approximately \$150,000 per year as an offset to amortization expense. The balance of the deferred gain as of March 31, 2022, is \$1,116,000. Lease payments, currently approximately \$31,000, are payable monthly and increase annually by approximately 2% per year over the life of the lease. Imputed interest for the three and nine months ended March 31, 2022 was approximately \$32,000 and \$99,000, respectively. In addition to the Utah building, we have certain equipment leases that we have determined are finance leases.

## [Table of Contents](#)

## *Operating Lease Liability*

Operating lease liability as of March 31, 2022 and June 30, 2021 totaled approximately \$1,801,000 and \$2,470,000, respectively. Our operating lease liability consists primarily of building leases for office, manufacturing, and warehouse space.

## *Deferred Income Tax Assets*

A valuation allowance is required when there is significant uncertainty as to the realizability of deferred income tax assets. The ability to realize deferred income tax assets is dependent upon our ability to generate sufficient taxable income within the carryforward periods provided for in the tax law for each tax jurisdiction. We have determined that we do not meet the “more likely than not” threshold that deferred income tax assets will be realized. Accordingly, a valuation allowance is required. Any reversal of the valuation allowance in future periods will favorably impact our results of operations in the period of reversal. As of March 31, 2022 and June 30, 2021, we recorded a full valuation allowance against our net deferred income tax assets. This resulted in no reported income tax expense associated with the operating profit reported during the three and nine months ended March 31, 2022.

## *Stock Repurchase Plans*

We have a stock repurchase plan available to us at the discretion of the Board of Directors. Approximately \$449,000 remained of this authorization as of March 31, 2022. No purchases have been made under this plan since September 2011.

## **Off-Balance Sheet Arrangements**

As of March 31, 2022, we had no off-balance sheet arrangements.

## **Critical Accounting Policies**

The preparation of our financial statements requires that we make estimates and judgments. We base these on historical experience and on other assumptions that we believe to be reasonable. Our critical accounting policies are discussed in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our Form 10-K for the year ended June 30, 2021. There have been no material changes to the critical accounting policies previously disclosed in that report.

## [Table of Contents](#)

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There have been no material changes from the information presented for the year ended June 30, 2021.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information that is required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods that are specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding any required disclosure. In designing and evaluating these disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2022. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2022.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None.

#### **Item 1A.**

The risk factors described in our Annual Report on Form 10-K for the year ended June 30, 2021 have not materially changed.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

None.

### **Item 5. Other Information**

None.

[Table of Contents](#)

### **Item 6. Exhibits**

(a) Exhibits

|                      |   |
|----------------------|---|
| <a href="#">31.1</a> | <a href="#">Certification under Rule 13a-14(a)/15d-14(a) of principal executive officer</a>   |
| <a href="#">31.2</a> | <a href="#">Certification under Rule 13a-14(a)/15d-14(a) of principal financial officer</a>   |
| <a href="#">32.1</a> | <a href="#">Certification under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) of principal executive officer</a> |
| <a href="#">32.2</a> | <a href="#">Certification under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) of principal financial officer</a> |
| 101.INS              | XBRL Instance Document  |
| 101.SCH              | XBRL Taxonomy Extension Schema Document   |
| 101.CAL              | XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.DEF              | XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB              | XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE              | XBRL Taxonomy Extension Presentation Linkbase Document  |

[Table of Contents](#)

**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.

**DYNATRONICS CORPORATION**

Date: May 12, 2022

By: /s/ John A. Krier

John A. Krier  
President and Chief Executive Officer  
(Principal Executive Officer)

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John A. Krier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dynatronics Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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: May 12, 2022

By: /s/ John A. Krier

\_\_\_\_\_  
John A. Krier  
President and Chief Executive Officer  
(Principal Executive Officer)

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Norman Roegner III, certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q of Dynatronics Corporation;
- 2. Based on my knowledge, this 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 report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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: May 12, 2022

By: /s/ Norman Roegner III  
Norman Roegner III  
Chief Financial Officer  
(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, I, John A. Krier, the Chief Executive Officer hereby certify, that, to my knowledge:

- (1) The Quarterly Report on Form 10-Q for the period ended March 31, 2022 (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: May 12, 2022

By: /s/ John A. Krier  
John A. Krier  
President and Chief Executive Officer  
(Principal Executive Officer)

[A signed original of this written statement required by Section 906 has been provided to Dynatronics Corporation and will be retained by Dynatronics Corporation and furnished to the Securities and Exchange Commission or its staff upon request.]

#### EXHIBIT 32.2

**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, I, Norman Roegner III, the Chief Executive Officer hereby certify, that, to my knowledge:

- (1) The Quarterly Report on Form 10-Q for the period ended March 31, 2022 (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: May 12, 2022

By: /s/ Norman Roegner III  
Norman Roegner III  
Chief Financial Officer  
(Principal Financial Officer)