



Dynatronics Corporation
Advances Business and Product Portfolio Optimization Plan
Strategic actions announced today eliminate low-margin, distributed products

EAGAN, MN / ACCESSWIRE / April 22, 2021 / [Dynatronics Corporation](#) (NASDAQ: DYNT), a leading manufacturer of athletic training, physical therapy, and rehabilitation products, announces strategic actions taken to improve the company's overall financial performance consistent with previously announced plans to optimize the business.

"Today marks a significant step towards a scalable and sustainable revenue and growth model as well as higher margins for our business," said John Krier, President and CEO of Dynatronics Corporation. "By eliminating low-margin distributed products and associated support costs within our physical therapy and rehabilitation lines, we will focus exclusively and more effectively on leveraging our own manufacturing capabilities and brands to better serve our customers."

Summary of Optimization Changes Announced Today

Drive Sales Growth and Better Partner with Customers

- Eliminate approximately 1,600 SKUs of low-margin, third-party distributed products, which are unprofitable, low growth, and add complexity.
- Focus sales and marketing resources on products manufactured by Dynatronics.
- Streamline sales exclusively to dealers, thereby eliminating perceived competition with customers from historic direct sales efforts.

Expand Margins and Profitability

- Focus on higher margin, differentiated products manufactured by the company.
- Consolidate support functions to reflect this focus.
- Target significant accretion to EBITDA and profitability through this optimization.
- Strengthen balance sheet via sustainable cash flow from operations, which can support additional investment and/or M&A in target markets.

Mr. Krier continued, "Dynatronics is well-positioned for a return to organic revenue growth, and improvements in margins and cash flow in FY '22. We see opportunities for more rapid organic growth in existing and adjacent markets. We are committed to ongoing business model enhancements, including through potential M&A transactions."

The company expects to record approximately \$1.2 million in restructuring charges, of which \$0.4 million is expected to result in cash expenditures. These costs will be incurred in its fiscal fourth quarter 2021 financial results.

Q3 and Q4 Fiscal Year 2021 Outlook

Q3 FY '21 sales are expected to be approximately \$11.5 million compared to \$13.7 million in the same quarter in the prior year. The company and its customers experienced severe weather conditions, as well as continued challenges due to COVID-19 including reduced capacity and operating hours, higher delivery and shipment costs, supply chain disruptions, and extended handling times. We expect some continued volatility ahead due to the ongoing pandemic and the business changes announced today.

Fiscal Full-Year 2022 Outlook

Most of these optimization initiatives are projected to be completed before the start of our FY '22 on July 1, 2021. Management estimates that the elimination of low-margin, distributed products will result in an approximately \$11 million annual net sales reduction in FY '22 results relative to FY '21, but that the Company will deliver higher annual gross margin, operating income and EBITDA in FY '22 relative to FY '21.

In addition to the \$1.75 million pending (gross) sale of the former Tennessee manufacturing facility, the company will not renew expiring facility leases in Michigan and Texas and is actively working to reduce its Utah facility footprint by approximately 75 percent. The combination of these facility moves will result in a 40 percent reduction in square footage under lease compared to the beginning of FY '21.

About Dynatronics Corporation

Dynatronics Corporation 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, hospitals, and consumers. The company's products are marketed under a portfolio of high-quality, well-known industry brands including Bird & Cronin®, Dynatron Solaris®, Hausmann™, Physician's Choice®, and PROTEAM™, among others. More information is available at www.dynatronics.com.

Safe Harbor Notification

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Those statements include references to the company's expectations and similar statements. Such forward-looking statements reflect the views of management at the time such statements are made. These statements include our financial guidance, including uncertainties involving the impact of the COVID-19 pandemic on the company's results of operations and financial condition, our expected revenues, gross profit, and selling, general, and administrative expenses. These forward-looking statements are subject to a number of risks, uncertainties, estimates, and assumptions that may cause actual results to differ materially from current expectations. The contents of this release should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in the company's annual, quarterly and other reports filed with the Securities and Exchange Commission. Dynatronics does not undertake to update its forward-looking statements, whether as a result of new information, future events, or otherwise.

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