



***Dynatronics***®

A C C E L E R A T I N G   H E A L T H™

Business Transformation  
Delivering Results

November 19, 2020



NASDAQ:DYNT

# Safe Harbor

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This presentation 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 references to our financial guidance, 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 including uncertainties involving the impact of the COVID-19 pandemic. 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 most recent filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020, which was filed on September 24, 2020. Dynatronics does not undertake to update its forward-looking statements, whether as a result of new information, future events, or otherwise.

# Dynatronics at a Glance

- Leading medical device company committed to providing high-quality restorative products designed to accelerate achieving optimal health
- Four decades serving orthopedics and rehabilitation industry with well-known product lines
- ~2,000 customers
- Innovating in a fragmented market

## KEY STATISTICS

Headquarters	Eagan, MN
52 Week Share Price Range (as of 11/17/20)	\$0.52 to \$3.70
Market Capitalization (as of 11/17/20)	\$8.6M
Average Volume (3 month)	187k
Net Sales in FY20	\$53.4M

~2,000 Customers



+ Thousands of Private Practice Therapists and Athletic Trainers

# Strategic Review and Optimization

## FOCUSING ON OUR CUSTOMER

- Strong tailwinds in large, growing, and fragmented addressable market
- *Listening to understand* opportunities to enhance our capabilities to address customer needs for products and experiences
- Adopting new business models to achieve sustainable growth
- Target acquisitions in existing or adjacent markets with customer uptake
- Reorganized sales and improved manufacturing processes

## SIMPLIFYING APPROACH ACROSS OUR BUSINESS

- Early signs encouraging; delivered results in August 2019 to September 2020
- New leadership is creating significant transformative opportunities:
  - CEO
  - CFO
  - General Counsel
  - VP of Quality and Regulatory Affairs
  - Director of Product Marketing
  - Former CEO remains as Board Member and active consultant
- Improving asset utilization in alignment with customer demand
  - Working capital improvement of \$4M (April 1 – Sep 30, 2020)
  - Reliable supply chain continued to manufacture products against customer demand during COVID-19 pandemic
- Tennessee facility marketed for sale; transferred operations to our current NJ and MN facilities, which increases liquidity options

# Optimizing For the Future – Delivering Results

Early signs encouraging: Results August 2019 to September 2020

- Strengthening balance sheet and financial flexibility: Cash balance of \$2.3M as of 9/30/20
- No need for additional capital to fund operating activities
  - Zero borrowings on the line of credit with a borrowing base of ~\$5.3M on the \$11M asset-based line of credit
  - ~\$7M of capital for acquisition opportunities (available cash and borrowing base)
  - Paid down line of credit by \$1M in Q1 FY21
  - Improved cash flow: generated \$1.1M cash flow from operating activities in Q1 FY21
- Adaptive resources and emerging scalable business model
  - October FY21 revenue was in-line with our Q1 FY21
  - Continued uncertainty in our markets due to COVID-19 pandemic
  - Improved gross margin to 32.2% in Q1 FY21
    - Driven by improved product mix
    - Long-term goal is 40%
  - Workforce management to align staffing to customer demand and scalable business
    - Lower SG&A of 14% and 25% in Q1 FY21 and Q4 FY20, respectively

# Our Leadership

## John Krier

### President & Chief Executive Officer



### Background

- Appointed CEO in July 2020
- Joined Dynatronics as CFO in March 2020, and prior to that VP, Commercial Operations at Breg since 2014, long-standing partner of Dynatronics and important player in our market
- Proven track record in commercial success to customers' customized needs
- 13 successful acquisitions while at Breg and predecessor, delivering a compelling and sustainable business model

### Previous Affiliations



## Norm Roegner

### Chief Financial Officer



### Background

- Joined Dynatronics as CFO in November 2020
- Previously VP of Finance for Molex's Medical and Pharmaceutical Division, a global leader of manufacturing services to the medical device market
- Over 20 years of experience in senior finance positions leading business transformations with focuses on aligning resources, refreshing commercial strategies and optimizing supply chains
- Proven track record of leading profit growth initiatives

### Previous Affiliations



# Our Leadership



**Brian Baker**

**Board Member and Active Consultant**  
**Former COO and CEO**

*Previous Affiliations*



- 25+ years of experience in medical-device industry
- Specializes in driving operational efficiencies, building high-performing teams, and spearheading high-impact strategic plans



**Jennifer Keeler**

**General Counsel**

*Previous Affiliations*



- Joined Dynatronics in 2019; prior to that, Associate General Counsel for Land O' Lakes
- Led 30+ global, multi-million dollar acquisitions
- Contract and licensing specialist, emphasis on intellectual property



**Jason Anderson**

**Chief Information Officer**

*Previous Affiliations*



- Joined Bird & Cronin in 2014 as President; led the 2017 sale and transition to Dynatronics
- Prior to B&C, led operations and technology as a senior leader of global multi-billion dollar financial services firms
- Assumed role of Dynatronics' CIO in 2019



**Mike Shoup**

**VP Quality & Regulatory**

*Previous Affiliations*



- Joined Dynatronics in 2020; prior to that, was leading QA/RA at Salter Labs
- 25 years of Quality Assurance & Regulatory Affairs



**Skyler Black**

**Corporate Controller**

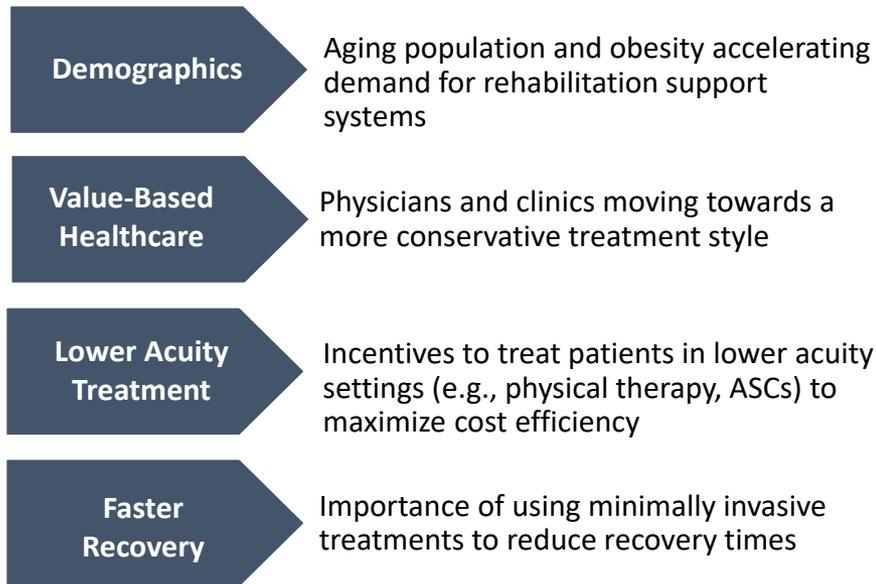
*Previous Affiliations*



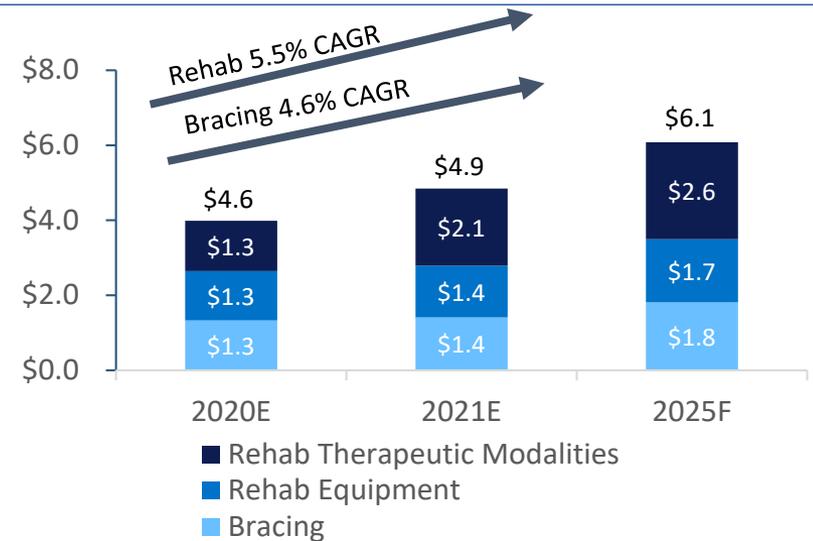
- Joined Dynatronics in 2018
- 12 years of financial discipline at Big 4 leader

# Dynatronics Is In Attractive, Growing Markets

## Favorable Market Trends



## Selected Rehabilitation and Bracing Markets (\$B)<sup>1</sup>



1) Source: Markets and Markets, 2020. Stacked bar chart includes US Markets of the following categories: Electrotherapy, Ultrasound, Exercise Therapy, Cryotherapy, Combination Therapy, Laser Therapy, Rehabilitation Equipment, Orthopedic Bracing

Rehabilitation and Bracing & Supports markets continue to exhibit an attractive growth profile

# M&A Strategy

Acquisition growth opportunities in a fragmented market to add scale with an accomplished M&A team and demonstrated ability to successfully integrate

## VALUE BUYER WITH FOCUSED CRITERIA

**Revenue target**  
\$5M to \$30M

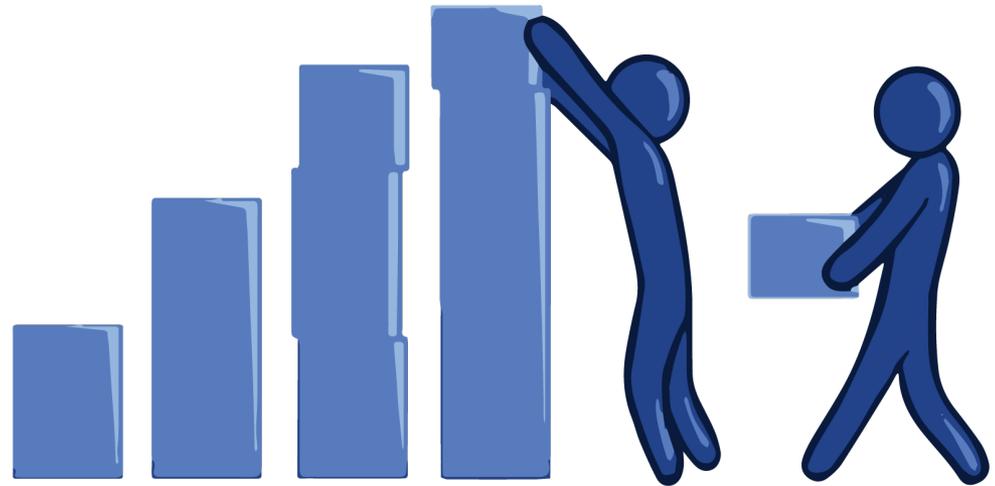
**Gross margin**  
accretive (driving  
target of >40%)

Cash flow  
**contribution**  
within first year

**Products** focused on  
existing or adjacent  
market segments

Respected &  
established **brand(s)**  
known in market

Good **culture** fit;  
ease of **integration**



# Why Invest in Dynatronics (NASDAQ: DYNT)

***Strategic review and optimization of our resources to deliver a compelling and durable business model, demonstrating strong financial performance from emerging scalable operations***

Adopting  
Sustainable  
Business Model

- Dynatronics is undergoing rapid change, starting with an accomplished transformational team to build an appealing and sustainable model
- Developing a culture focused on optimizing resources and applying disciplined financial models to investment decisions

Valuable  
Products For  
Optimal Health

- Well-respected brands standing the test of time in each market
- Relevant product portfolio serving our growth markets

Attractive  
Investment  
Appeal

- Shares are trading at 0.2X revenues<sup>(1)</sup>
- Management incentive comp is linked to EBITDA growth

1) As of 9/30/2020

# Additional Information

# Capitalization / Ownership

Share count as of November 5, 2020

Common Shares Outstanding	14,719,711
8% Convertible Preferred Stock <sup>(1)</sup>	3,351,000
<b>Total Shares (Before Options &amp; Warrants)</b>	<b>18,070,711</b>
<b>Total Options and Warrants<sup>(2)</sup></b>	<b>6,976,000</b>
Debt <sup>(3)</sup>	\$0
Less: Cash	2,290,590
<b>Net Bank Debt as of 9/30/2020</b>	<b>(2,290,590)</b>

(1) Convertible one for one into Common; 8% annual dividend payable in cash or stock at Company preference

(2) Weighted average exercise price for options and warrants of \$1.56 and \$2.75 respectively

(3) Includes Line of Credit only

# Contact Information

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