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

FORM 10-K /A
Amendment No. 1

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2021

[ ] 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 0-17449

PROCYON CORPORATION
(Exact name of registrant as specified in its charter)

Colorado	5 9-3280822
(State of incorporation)	(I .R.S. Employer ID No.)

164 Douglas Rd, Oldsmar, Florida 34677
(Address of principal executive offices)(Zip Code)
Issuer's telephone number, including area code: (727) 447-2998

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ] Yes [x] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [x] No

Indicate by checkmark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 [X] 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 [X] No [ ]

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

[ ] Large accelerated filer	[ ] Accelerated filer
[ ] Non-accelerated filer	[X] 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepare or issued its audit report. [ ]

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter:

The aggregate market value of the 3,916,652 shares of Common Stock held by non-affiliates was $2,830,586 on October 4, 2021, the date of the last sale of common stock, based on the average bid and asked price of $.35 on such date.

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

As of October 4, 2021, there were 8,087,388 shares of the issuers Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:
None.

Explanatory Note

Procyon Corporation (the "Company") is filing this Amendment No. 1 (the "Amendment") to its Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "Fiscal 2021 Form 10-K"), as filed with the Securities and Exchange Commission on October 8, 2021 solely to make certain restatements to the accompanying financial statements for the year ended June 30, 2021 related to accruing certain incentive bonuses earned by three executive officers, and notes thereto, and to amend figures contained in the Management's Discussion and Analysis of Financial Condition and Results of Operations and Summary Compensation Table contained in Item 11, Executive Compensation. The financial statements for the year ended June 30, 2020 were not restated.

Except as it relates to the provision of the information described above, this Amendment does not reflect subsequent events occurring after the original filing date of the Fiscal 2021 Form 10-K or modify or update in any way disclosures made in the Fiscal 2021 Form 10-K.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Amendment also contains new certifications of the Company's principal executive officer and principal financial officer pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002. These certifications are attached to this Amendment as Exhibits.

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PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Deferred Income Taxes

Deferred income taxes are recognized for the expected tax consequences in future years for differences between the tax bases of assets and liabilities and their financial reporting amounts, based upon exacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The Company accounts for income taxes under Topic 740 - Income Tax in the Accounting Standards Codification. A valuation allowance is used to reduce deferred tax assets to the net amount expected to be recovered in future periods. The estimates for deferred tax assets and the corresponding valuation allowance require us to exercise complex judgments. We periodically review and adjust those estimates based upon the most current information available. We had a valuation allowance of $144,619 as of June 30, 2020. We had no valuation allowance as of June 30, 2021.

Results of Operations

Comparison of Fiscal 2021 and 2020.

During fiscal 2021 and 2020, our results of operations related solely to the operations of AMERX. Net sales during fiscal 2021 were approximately $4,720,000 as compared to approximately $4,334,000 in fiscal 2020, an increase of approximately $386,000 or 9%. Sales grew through continued sales of core brands combined with growth in new product brand sales.

Cost of sales were approximately $1,331,000 in fiscal 2021, as compared to approximately $1,135,000 in fiscal 2020, an increase of approximately $196,000 or 17%. Cost of sales in fiscal 2021, as a percentage of net sales, increased to 28%, from 26% in the previous fiscal year ending 2020.

Gross profit increased to approximately $3,389,000 during fiscal 2021, as compared to approximately $3,199,000 during fiscal 2020, an increase of about $189,000, or 6%. As a percentage of net sales, gross profit was approximately 72% in fiscal 2021 as compared to 74% in fiscal 2020.

Operating expenses during fiscal 2021 were approximately $3,162,000, consisting of approximately $1,832,000 in salaries and benefits and $1,330,000 in selling, general and administrative expenses. Operating expenses in fiscal 2020 were approximately $3,046,000 and consisted of approximately $1,730,000 in salaries and benefits and approximately $1,317,000 in selling, general and administrative expenses. This represents an increase in expenses of approximately $116,000 in fiscal 2021 over the operating expenses in fiscal 2020. As a percentage of net sales, operating expenses during fiscal 2021 were 67% as compared to 70% during fiscal 2020; as gross profit increased approximately $189,000 for the year on an approximately $116,000 increase in operating expenses. Salaries and Benefits increased slightly. Selling, General and Administrative expenses increased primarily due to shipping expense increases from increased sales.

Income from operations finished at approximately $227,000 in 2021, as compared to approximately $153,000 in fiscal 2020. Income before income taxes finished at approximately $734,000 in 2021, as compared to income of approximately $160,000 in 2020. Net income (after dividend requirements for Preferred Shares) was approximately $678,000 during fiscal 2021, compared to approximately $95,000 of net income during fiscal 2020. The Company recorded approximately $39,000 of income tax expense when determining the net income available to common shares in fiscal 2021, compared to $48,000 in fiscal 2020.

Management believes it is more likely than not that the tax benefit of approximately $446,000 of NOL carryforwards will be realized. Therefore, management did not provided valuation allowance. Management will continue to evaluate its operating results each reporting period and assess whether it will be able to utilize all available NOL carryforwards before expiration.

Liquidity and Capital Resources

Historically, we have financed our operations through revenues from operations. As of June 30, 2021, our principal sources of liquidity included inventories of approximately $591,000, net accounts receivable of approximately $497,000, cash of approximately $1,227,000, and certificates of deposit of approximately $280,000. We had net working capital of approximately $2,136,000 at June 30, 2021.

Operating activities provided cash of approximately $280,000 during fiscal 2021, and approximately $199,000 during fiscal 2020, consisting primarily of an increase in net income of approximately $694,000, in fiscal 2021 and an decrease in inventory, in fiscal 2020. Cash provided by investing activities during fiscal 2021 was approximately $480,000 as compared to cash used by investing activities in fiscal 2020 of approximately $24,000, respectively. Cash used in financing activities during fiscal 2021 was $199,000 compared cash provided by financing activities of $201,000 during fiscal 2020, respectively.

During fiscal 2021, no holder of shares of Preferred Stock converted its shares to Common Stock.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements as of June 30, 2021, and 2020 were audited by Ferlita, Walsh, Gonzalez and Rodriguez, P.A., the Company's independent auditors, as indicated in their report included appearing at page F-1.

INDEX TO FINANCIAL STATEMENTS

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table. The following table sets forth compensation information for the two fiscal years ended June 30, 2021 and 2020 of the Company's Chief Executive Officer, Chief Financial Officer, the President and Vice President of Sales of our subsidiary, AMERX Health Care Corp. (the "Named Executive Officers"). Elements of compensation for our Named Executive Officers include salary, discretionary cash bonuses, stock option awards and other prerequisites and benefits. We do not have a pension plan and do not offer non-qualified deferred compensation arrangements.

Name and Principal Position	Year	Salary($)	Bonus($)	Option Awards ($)	Non-equity incentive plan compensation ($)(2)	All Other Compensation ($)	Total($)
Justice W. Anderson,	2021	$ 251,354	$ 0	$ 9,840[(1)]	$ 26,377	$ 0	$ 287,571
President (AMERX) CEO & President (Procyon) as of January 2018	2020	$ 242,116	$ 0	$ 0	$ 27,465	$ 0	$ 269,581
James B. Anderson,	2021	$ 183,135	$ 0	9,840[(1)]	$ 20,883	$ 0	$213,858
Chief Financial Officer, Vice Pres. of Operations (AMERX)	2020	$ 166,924	$ 0	0	$ 15,926	$ 0	$ 182,850
George O Borak,	2021	$ 178,858	$ 0	0	$ 12,176	$ 0	$ 191,034
Vice Pres. Of Sales (AMERX)	2020	$ 172,243	$ 0	0	$ 19,718	$ 0	$ 191,961

1. Aggregate grant date fair value. 25,000 options granted with $0.373 exercise price.
2. Profit sharing earned in fiscal 2020/2021 respectively, but paid on or about October 1, 2020/2021 respectively.

Narrative Disclosure to Summary Compensation Table

Named Executive Officer's Employment Contracts

Justice W. Anderson's Restated and Amended Executive Employment Agreement, which is effective July 1, 2021, provides for a base annual salary of $257,000 and other benefits, including certain incentive bonus compensation based upon Amerx achieving certain financial goals for sales and net profit and at the discretion of the Board of Directors. Mr. Anderson's Agreement calls for a term of one year, but may be terminated by either party, with or without cause, upon thirty day's written notice.

James B. Anderson's Restated and Amended Executive Employment Agreement, which is effective July 1, 2021, provides for a base annual salary of $187,200 and other benefits, including short-term and long-term incentive bonus compensation based upon Amerx achieving certain operational and financial goals and at the discretion of the Board of Directors. Mr. Anderson's Agreement calls for a term of one year, but may be terminated by either party, with or without cause, upon thirty day's written notice.

George Borak's Restated and Amended Executive Employment Agreement, which is effective July 1, 2021, provides for a base annual salary of $187,200 and other benefits, including certain incentive bonus compensation based upon Amerx achieving certain financial goals for sales and net profit and at the discretion of the Board of Directors. Mr. Borak's Agreement calls for a term of one year, but may be terminated by either party, with or without cause, upon thirty day's written notice.

An Agreement to grant 25,000 options to purchase common stock was executed and delivered to Justice Anderson, pursuant to his Restated and Amended Executive Employment Agreement dated July 1, 2020 on September 24, 2021, but was granted and effective on June 30, 2021.

An Agreement to grant 25,000 options to purchase common stock was executed and delivered to James Anderson, pursuant to his Restated and Amended Executive Employment Agreement dated July 1, 2020 on September 24, 2021, but was granted and effective on June 30, 2021.

Outstanding Equity Awards

An Agreement to grant 40,000 Options to purchase common stock was executed and delivered to Justice Anderson, pursuant to his executive employment agreement, on September 27, 2016, but with a grant date of June 30, 2016.

An Agreement to grant 25,000 Options to purchase common stock was executed and delivered to Justice Anderson, pursuant to his executive employment agreement, on August 23, 2017, but with a grant date of June 30, 2017.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

1. The financial statements filed herewith are listed in the Index to Financial Statements included in Item 7.

Exhibit No.		Document
x	31.1	Certification of Justice W. Anderson pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
x	31.2	Certification of James B. Anderson pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
x	32.1	Certification Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section906 of the Sarbanes-Oxley Act Of 2002
x		Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

PROCYON CORPORATION

By: /s/ Justice W. Anderson
Justice W. Anderson,

Chief Excutive Officer / President

Date: November 8, 2021

EXHIBIT INDEX

Exhibit No.	Document	Item No.
x 31.1	Certification of Justice W. Anderson pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)	31
x 31.2	Certification of James B. Anderson pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)	31
x 32.1	Certification Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002	32

x Filed herewith.

Exhibit 31.1

CERTIFICATION

I, Justice W. Anderson, the Chief Executive Officer of Procyon Corporation, certify that:

1. I have reviewed this amendment to the annual report on Form 10-K of Procyon 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(s) 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))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 (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(s) 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 8, 2021

/s/ Justice W. Anderson
Justice W. Anderson
Chief Executive Officer/President

Exhibit 31.2
CERTIFICATION

I, James B. Anderson, the Chief Financial Officer of Procyon Corporation, certify that:

1. I have reviewed this amendment to the annual report on Form 10-K of Procyon 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(s) 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))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 (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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to 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 8, 2021

/s/ James B. Anderson
James B. Anderson
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to18 U.S.C. § 1350,
As Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the amendment to the Annual Report of Procyon Corporation (the “Company”) on Form 10-K for the year ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, the undersigned Chief Executive Officer and Chief Financial Officer of the Company, do certify, to our knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: November 8, 2021

/s/ Justice W. Anderson
Justice W. Anderson
Chief Executive Officer/President

/s/ James B. Anderson
James B. Anderson
Chief Financial Officer

PROCYON CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2021, as restated and 2020

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Procyon Corporation and Subsidiaries
Oldsmar, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Procyon Corporation and subsidiaries (the "Company") as of June 30, 2021 and 2020, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2021 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

Restatement of Previously Issued Financial Statements

As discussed in Note R to the consolidated financial statements, the Company has restated its June 30, 2021 financial statements to correct misstatements.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involve our especially challenging, subjective, or complex judgements. We determined that there are no critical audit matters.

We have served as the Company's auditor since 1998.

Tampa, Florida
September 29, 2021, except for the effect of the restatement disclosed in Note R, as to which the date is November 8, 2021.

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2021, as restated and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 1,226,522	$ 665,834
Certificates of Deposit, plus accrued interest	280,438	155,132
Accounts Receivable, less allowance for doubtful accounts of $9,408 and $9,408 respectively	497,358	311,043
Inventories	591,058	758,516
Prepaid Expenses	276,251	183,138
TOTAL CURRENT ASSETS	2,871,627	2,073,663
PROPERTY AND EQUIPMENT, NET	109,275	452,855
OTHER ASSETS		
Deposits	3,235	4,192
Inventories	263,280	83,812
Intangible Asset	17,000	17,000
ROU Assets - Operating Leases	882,344	30,245
Deferred Tax Asset, Net of Valuation Allowance of $0 and $144,619, respectively	120,430	159,874
	1,286,289	295,123
TOTAL ASSETS	$ 4,267,191	$ 2,821,641
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 167,588	$ 167,459
PPP Loan Payable	-	57,028
Accrued Expenses	413,977	289,466
Short Term Lease Liabilities	154,022	-
TOTAL CURRENT LIABILITIES	735,587	513,953
LONG TERM LIABILITIES		
PPP Loan Payable	-	143,972
Long Term Lease Liabilities	653,860	-
TOTAL LONG TERM LIABILITIES	653,860	143,972
TOTAL LIABILITIES	1,389,447	657,925
COMMITMENTS AND CONTINGENCIES (NOTE G)	-	-
STOCKHOLDERS' EQUITY		
Preferred Stock, 496,000,000 shares authorized, none issued.	-	-
Series A Cumulative Convertible Preferred Stock, no par value; 4,000,000 shares authorized; 167,100 and 167,100 shares issued and outstanding, respectively.	126,860	126,860
Common Stock, no par value, 80,000,000 shares authorized; 8,087,388 and 8,087,388 shares issued and outstanding, respectively	4,444,766	4,444,766
Paid-in Capital	35,564	15,885
Accumulated Deficit	(1,729,446)	(2,423,795)
TOTAL STOCKHOLDERS' EQUITY	2,877,744	2,163,716
TOTAL LIABILITIES AND STOCKHOLDERS' EQUIT'	$ 4,267,191	$ 2,821,641

The accompanying notes are an integral part of these financial statements.

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended June 30, 2021, as restated and 2020

	2021	2020
NET SALES	$ 4,719,672	$ 4,334,088
COST OF SALES	1,330,979	1,134,675
GROSS PROFIT	3,388,693	3,199,413
OPERATING EXPENSES		
Salaries and Benefits	1,831,804	1,729,688
Selling, General and Administrative	1,330,215	1,316,709
	3,162,019	3,046,397
INCOME FROM OPERATIONS	226,674	153,016
OTHER INCOME		
(Loss) on Disposal of Assets	304,887	(4,697)
Other Income / Gain on Extinguishment of Debt	203,172	10,000
Interest Income	1,232	1,746
Interest Expense	(2,172)	-
	507,119	7,049
INCOME BEFORE INCOME TAXES	733,793	160,065
INCOME TAX EXPENSE	(39,444)	(48,407)
NET INCOME	694,349	111,658
Dividend requirements on preferred stock	(16,710)	(16,710)
Basic net income available to common shares	$ 677,639	$ 94,948
Basic net income per common share	$ 0.08	$ 0.01
Weighted average number of common shares outstanding	8,087,388	8,087,388
Diluted net income per common share	$ 0.08	$ 0.01
Weighted average number of common shares outstanding, diluted	8,319,624	8,319,488

The accompanying notes are an integral part of these financial statements.

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Twelve Months Ended June 30, 2021, as restated and 2020

Twelve Months Ended June 30, 2021	Preferred Stock		Common Stock		Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equtiy
Balance, June 30, 2020	167,100	126,860	8,087,388	4,444,766	15,885	(2,423,795)	2,163,716
Net Income (Loss)	-	-	-	-	-	219,096	219,096
Balance, September 30, 2020	167,100	126,860	8,087,388	4,444,766	15,885	(2,204,699)	$ 2,382,812
Net Income (Loss)	-	-	-	-	-	74,313	74,313
Balance, December 31, 2020	167,100	126,860	8,087,388	4,444,766	15,885	(2,130,386)	2,457,125
Stock Options Issued	-	-	-	-	-	-	-
Net Income (Loss)	-	-	-	-	-	21,714	21,714
Balance, March 31, 2021	167,100	126,860	8,087,388	4,444,766	15,885	(2,108,672)	$ 2,478,839
Stock Options Issued					19,679		$ 19,679
Net Income (Loss)	-	-	-	-	-	379,226	379,226
Balance, June 30, 2021	167,100	$ 126,860	8,087,388	$ 4,444,766	$ 35,564	$ (1,729,446)	$ 2,877,744

Twelve Months Ended June 30, 2020	Preferred Stock		Common Stock		Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equtiy
Balance, June 30, 2019	167,100	$ 126,860	8,087,388	$ 4,444,766	$ 15,885	$ (2,528,514)	$ 2,058,997
Cumulative Adjustment from Adoption of ASC 842	-	-	-	-	-	(6,939)	(6,939)
Net Income (Loss)	-	-	-	-	-	83,840	83,840
Balance, September 30, 2019	167,100	126,860	8,087,388	4,444,766	15,885	(2,451,613)	2,135,898
Net Income (Loss)	-	-	-	-	-	(204)	(204)
Balance, December 31, 2019	167,100	126,860	8,087,388	4,444,766	15,885	(2,451,817)	2,135,694
Net Income (Loss)	-	-	-	-	-	55,929	55,929
Balance, March 31, 2020	167,100	126,860	8,087,388	4,444,766	15,885	(2,395,888)	2,191,623
Net Income (Loss)	-	-	-	-	-	(27,907)	(27,907)
Balance, June 30, 2020	167,100	$ 126,860	8,087,388	$ 4,444,766	$ 15,885	$ (2,423,795)	$ 2,163,716

The accompanying notes are an integral part of these financial statements.

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021, as restated and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 694,349	$ 111,658
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	43,331	53,952
Increase in Allowance for Doubtful Accounts	-	2,689
Right of Use Asset Amortization	120,981	(30,245)
Adoption of ASC 842	-	(6,939)
Accrued Interest on Certificate of Deposit	(306)	-
Deferred Income Taxes	184,063	48,407
Valuation Allowance	(144,619)	-
(Gain)/Loss on Sale of Assets	(304,887)	4,697
Gain on Extinguishment of Debt	(203,172)	-
Stock Based Compensation	19,679	-
Decrease (increase) in:		
Accounts Receivable	(186,315)	105,898
Deposits	957	-
Inventory	(12,010)	(233,691)
Prepaid Expenses	(93,113)	61,356
Increase (decrease) in:		
Accounts Payable	129	20,014
Accrued Interest Payable	2,172	-
Accrued Expenses	158,261	60,976
NET CASH PROVIDED BY OPERATING ACTIVITIES	279,500	198,772
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Certificate of Deposit	(125,000)	-
Redemption of Certificate of Deposit	-	(1,181)
Purchase of Property & Equipment	(65,166)	(23,044)
Proceeds on disposal of property and equipment	670,303	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	480,137	(24,225)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on Operating Lease Liability	(198,949)	-
Proceeds from PPP Loan	-	201,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(198,949)	201,000
NET CHANGE IN CASH	560,688	375,547
CASH AT BEGINNING OF THE YEAR	665,834	290,287
CASH AT END OF THE YEAR	$ 1,226,522	$ 665,834
SUPPLEMENTAL DISCLOSURES		
Interest Paid	$ -	$ -
Taxes Paid	$ -	$ -

NONCASH TRANSACTION DISCLOSURES

During the current year, the Company recorded a right of use asset for $973,081 and recorded a related right of use liability of $973,081.

The accompanying notes are an integral part of these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Procyon Corporation has two wholly-owned subsidiaries, AMERX Health Care Corp. (AMERX) and Sirius Medical Supply, Inc. (Sirius). AMERX manufactures and markets wound and skin care products primarily in the United States whereas Sirius previously marketed diabetic supplies primarily to Medicare patients in the United States. As previously reported, in July 2009, we sold substantially all of the assets of Sirius to a third party, such that, as of July 31, 2009, Sirius no longer has any material operations. Management is considering various options for the future direction of Sirius.

Principles of Consolidation

The consolidated financial statements include the accounts of Procyon Corporation and its wholly-owned subsidiaries, AMERX and Sirius. All material inter-company accounts and transactions are eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, the Company considers cash-on-hand, demand deposits in banks and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company maintains its cash at various financial institutions. All noninterest-bearing transaction accounts are fully insured by the Federal Deposit Insurance Corporation, regardless of the balance of the account, at all insured institutions. At June 30, 2021 and 2020, our uninsured cash balance was $30 and $334,265 respectively.

Revenue Recognition

The Company recognizes revenue in accordance with the Financial Accounting Standards Board's (FASB) release of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) which requires that five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

Accounts Receivable and Concentration of Credit Risk

AMERX grants credit to customers, most of whom are national pharmaceutical distributors, drug stores nationwide and physicians. AMERX wholesales its products to national pharmaceutical distributors and drug stores at a sales term of 2/10, net 30 days. AMERX has a written return policy with its customers. Each return request is reviewed by management for approval. Sales to physicians are at contracted rates and standard payment term is 2/10 net 30 days.

The valuation of accounts receivable is based upon the credit-worthiness of customers as well as historical collection experience. Estimating the credit worthiness of customers and recoverability of customer accounts requires us to exercise considerable judgment. Allowances for doubtful accounts are recorded as a selling, general and administrative expense for estimated amounts expected to be uncollectible from third-party payers and customers. The Company bases its estimates on its historical collection and write-off experience, current trends, credit policy, and on analysis of accounts receivable by aging category. As of June 30, 2021 and 2020, accounts receivable allowance was approximately $9,400 and $9,400, or less than 2% and 3% respectively of gross accounts receivable.

Inventories

Inventories are valued at the lower of average cost or net realized value determined by the first-in, first-out method. A portion of inventory is included in non-current inventory. The non-current balance represents product that will most likely not be used within the next 12 months. A majority of this inventory comes from minimum economic level orders necessary to produce product at a reasonable cost.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over their estimated useful lives. Leased equipment is recorded at it's fair market value at the beginning of the lease term and is depreciated over the life of the equipment. Depreciation on leased equipment is included in depreciation expense.

Deferred Income Taxes

Deferred income taxes are recognized for the expected tax consequences in future years for differences between the tax bases of assets and liabilities and their financial reporting amounts, based upon exacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The Company accounts for income taxes under Topic 740 - Income Tax in the Accounting Standards Codification. A valuation allowance is used to reduce deferred tax assets to the net amount expected to be recovered in future periods. The estimates for deferred tax assets and the corresponding valuation allowance require us to exercise complex judgments. We periodically review and adjust those estimates based upon the most current information available. We have no valuation allowance as of June 30, 2021. We had a valuation allowance of $144,619 as of June 30, 2020.

Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, prepaid expenses, deposits, inventory, accounts payable and accrued expenses approximate fair value.

Considerable judgement is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Shipping and Handling Costs

Shipping and handling costs incurred were approximately $221,000 and $157,000 for the years ended June 30, 2021, and 2020, respectively, and were included in selling, general and administrative expenses.

Advertising and Marketing

The Company records advertising and marketing expenses in the periods in which they are incurred. During the years ended June 30, 2021 and 2020, approximately $240,000 and $400,000, of advertising and marketing costs were included in selling, general and administrative expenses for each respective year.

Stock Based Compensation

In November 2020, our shareholders approved the Procyon Corporation 2020 Stock Option and Incentive Plan (the “2020 Option Plan”).

The Company maintained the Procyon Corporation 2009 Stock Option Plan (the "2009 Option Plan"), which expired on December 8, 2019. The 2009 Option Plan was approved by the Company's shareholders on December 8, 2009. No further stock options or other awards may be granted under the 2009 Option Plan.

The 2009 Option Plan provided for the granting of incentive stock options, non-qualified stock options, and stock appreciation rights ("SARs") to eligible officers, directors, employees and consultants of the Company and its subsidiaries. The 2009 Option Plan is administered by the Compensation Committee. The Board of Directors has authorized the issuance of 500,000 shares of common stock to underlie the granting of incentive stock options and 500,000 shares of common stock to underlie the granting of non-qualified stock options and SARs under the 2009 Option Plan. The Board issued 250,000 shares of common stock to underlie Non-Qualified Stock Options, on September 27, 2016, effective June 30, 2016. However, 40,000 Options to purchase common stock were awarded to Justice Anderson pursuant to his employment agreement effective July 1, 2016 and 25,000 Options to purchase common stock were awarded to Justice Anderson pursuant to his employment agreement effective July 1, 2017. These Options will expire ten years after their respective grant dates. As of June 30, 2021, no other stock options or other awards have been granted under the 2009 Option Plan. The 1,000,000 shares of common stock that have been reserved for the 2009 Option Plan (250,000 recently issued for Non-Qualified Stock Options) have not been registered under the Securities Act of 1933.

Eligible participants under the 2009 Option Plan must be such full or part-time officers and other employees, non-employee directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Compensation Committee in its sole discretion. Only employees may receive incentive stock options. Employees, non-employee directors and consultants may receive non-qualified stock options or SARs.

Non-Qualified Stock Options granted under the 2009 Option Plan many have a term of not more than ten years from the date of grant. The exercise price must be not less than 100% of the fair market value of the underlying common stock on the date of grant. Incentive Stock Options can be granted under the 2009 Option Plan for a term not exceeding ten years, except for Ten Percent Owners of our common stock, as defined in the Plan, for whom the maximum option term is five years. Incentive Stock Options are granted with an exercise price of not less than 100% of the fair market value of the underlying common stock on the date of grant. However, for Incentive Stock Options owned by Ten Percent Owners, the exercise price must be 110% of the Fair Market Value of the underlying stock on the date of grant.

The 2020 Option Plan provides for the granting of Incentive Stock Options, meeting the requirements of 422 of the Internal Revenue Code (the “Code”), Non-Qualified Stock Options, which do not qualify as Incentive Stock Options, Stock Appreciation Rights (“SARs”), Restricted Stock, Restricted Stock Units, or Other Stock-Based Awards (together, an “Award”). An SAR is an Award entitling the recipient to receive shares of Common Stock having a value
equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised. “Restricted Stock Unit” means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator equal to the value thereof as

of such payment date, which right may be subject to certain vesting conditions and other restrictions. "Other Stock-Based Awards" means other Awards of Shares, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property.

The Board of Directors has authorized the issuance of 2,000,000 shares of Common Stock to underlie the granting of Awards under the 2020 Option Plan. The 2,000,000 shares of Common Stock that have been reserved for the 2020 Option Plan have not been registered under the Securities Act of 1933. We have no present plans to register such shares. Incentive Stock Options may only be granted to employees of the Company or its Subsidiaries and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. Incentive Stock Options can be granted for a term not exceeding ten years, except for Ten Percent Owners of our Common Stock, for whom the maximum option term is five years. Incentive Stock Options are granted with an exercise price of not less than 100% of the Fair Market Value of the underlying Common Stock on the date of grant. However, for Ten Percent Owners, the exercise price must be 110% of the Fair Market Value of the underlying Stock on the date of grant. Further, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under the Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by a Participant during any calendar year shall not exceed $100,000.

Non-Qualified Stock Options are Options that is not intended to be or otherwise do not qualify as an Incentive Stock Option. Non-Qualified Stock Options shall be granted and have a term of not more than ten years from the date of grant. The exercise price must be not less than 100% of the Fair Market Value of the underlying Common Stock on the date of grant. Non-Qualified Stock Option can be awarded to employees, officers, directors or consultants.

Effective June 30, 2021, the Company granted 25,000 non-qualified stock options to Justice W. Anderson and 25,000 non-qualified stock options to James B. Anderson for exceeding certain performance standards in fiscal 2021, pursuant to the terms of their respective Restated and Amended Executive Employment Agreements dated July 1, 2020. Each of the options were dated September 24, 2021, but were granted and effective as of June 30, 2021 for a ten year term and have an exercise price of .373 per share.

The fair value of a stock option is determined using the Black-Scholes option-pricing model, which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, the expected dividend payments, and the risk-free interest rate over the life of the option.

The Black-Scholes option valuation model was developed for estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Because option valuation models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. Our options do not have the characteristics of traded options, therefore, the option valuation models do not necessarily provide a reliable measure of the fair value of our options.

Agreements to grant 40,000 and 25,000 Options to purchase common stock were executed and delivered to Justice Anderson, pursuant to his executive employment agreements, on September 27, 2016 and August 23, 2017, respectively, but with grant dates of June 30, 2016 and June 30, 2017, respectively. Equity instruments issued to non-employees in exchange for goods, fees and services are accounted for under the fair value-based method of Accounting Standards Codification Topic 718 - Compensation - Stock Compensation ("Topic 718").

Effective as of June 30, 2021, the Company granted 25,000 non-qualified stock options to Justice W. Anderson and 25,000 non-qualified stock options to James B. Anderson for exceeding certain performance standards in fiscal 2021, pursuant to the terms of their respective Restated and Amended Executive Employment Agreements dated July 1, 2020. Each of the options were granted on June 30, 2021 with a ten year term and have an exercise price of .373 per option.

Additional information with respect to stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at June 30, 2019	65,000	$ 0.17
Granted	-	$ -
Exercised	-	$ -
Cancelled	-	$ -
Outstanding at June 30, 2020	65,000	$ 0.17
Granted	50,000	$ 0.37
Exercised	-	$ -
Cancelled	-	$ -
Outstanding at June 30, 2021	115,000	$ 0.26
Options exercisable at June 30, 2020	65,000	$ 0.17
Options exercisable at June 30, 2021	115,000	$ 0.26

Net Income Per Common Share

The Company computes net income per share in accordance with Accounting Standards Codification Topic 260 - Earnings per Share (Topic 260). Topic 260 requires presentation of both basic and diluted earnings per shares (EPS) on the face of the income statement. Basic EPS is computed by dividing net income available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive.

Subsequent Events

We have evaluated subsequent events through September 29, 2021, which is the date the financial statements were available to be issued.

NOTE B - INVENTORIES

Inventories consisted of the following:

	June 30, 2021	June 30, 2020
Finished Goods	$ 683,771	$ 645,039
Raw Materials	170,567	160,242
	$ 854,338	$ 805,281

At June 30, 2021 and 2020, respectively, $263,280 and $83,812 of our inventory was considered non-current as it will not be used within a one year period.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

As of June 30, 2021	Owned	Capitalized Leases	Total
Office Equipment	$ 223,018	$ 0	$ 223,018
Furniture and Fixtures	45,082		45,082
Software	26,021		26,021
Leasehold improvements	26,301		26,301
Production Equipment	26,249		26,249
Building	18,392		18,392
Land	0	0	0
	365,063	0	365,063
Less accumulated depreciation	(255,788)	0	(255,788)
	$ 109,275	$ 0	$ 109,275

Depreciation expense was $43,331 for the year ended June 30, 2021.

As of June 30, 2020	Owned	Capitalized Leases	Total
Office Equipment	$ 178,404	$ 11,364	$ 189,768
Furniture and Fixtures	40,304		40,304
Software	26,021		26,021
Leasehold Improvements	95,329		95,329
Production Equipment	25,452		25,452
Building	492,559		492,559
Land	64,547		64,547
	922,616	11,364	933,980
Less accumulated depreciation	(469,761)	(11,364)	(481,125)
	$ 452,855	$ 0	$ 452,855

Depreciation expense was $53,942 for the year ended June 30, 2020.

NOTE D - INTANGIBLE ASSETS

On June 30, 2017, the Company acquired the formulation of its care lotion from its manufacturer for $17,000. The Company has determined that this asset has an indefinite useful life and therefore is not being amortized, but instead will be tested for impairment at least annually in accordance with the provisions of FASB ASC 350, Intangibles - Goodwill and Other.

NOTE E - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30, 2021 and 2020.

	2021	2020
Accrued Payroll	$ 131,187	$ 119,756
Accrued Paid Time Off	29,899	31,094
Accrued Professional Fees	50,916	49,278
Accrued Incentive Plan	153,494	51,746
Accrued Lease Liabiity	38,620	33,750
Other	9,861	3,842
Total	$ 413,977	$ 289,466

NOTE F - LINE OF CREDIT

In fiscal 2019, the Company entered into a new line of credit with a limit of $250,000 from a financial institution. At June 30, 2021 and June 30, 2020, the Company owed $0 on this line of credit. This line of credit was not renewed.

A new line of credit was procured in June 2021, with a new bank. The limit for this line of credit is $250,000 as well. Terms of the Line of credit include and an interest rate that fluctuates at prime plus a half of point, interest only. The line of credit matures on June 30, 2022.

Interest expense for the years ended June 30, 2021 and 2020 was $0 and $0, respectively.

The line of credit is guaranteed by Justice W. Anderson, President and Chief Executive Officer.

NOTE G - PAYCHECK PROTECTION PROGRAM LOAN

The Company applied for a loan with the Small Business Administration (the "SBA") Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief and Economic Security Act of 2020 (the "CARES Act") in the amount of $201,000 (the "Loan"). The Loan was funded on April 13, 2020. The Company used the proceeds of the Loan for covered payroll costs, rent and utilities in accordance with the relevant terms and conditions of the CARES Act.
The Loan, which is evidenced by a promissory note (the "Note"), has a two-year term, matures on April 13, 2022, and bear interests at a rate of 1.00% per annum. Monthly principal and interest payments, less the amount of any potential forgiveness (discussed below), will commence seven months from the date the Note was signed and funded. The Company did not provide any collateral or guarantees for the Loan, nor did they pay any facility charge to obtain the Loan. The Note provides for customary events of default, including, among others, those relating to failure to make payment, bankruptcy, breaches

of representations and material adverse effects. The Company may prepay the principal of the Loan at any time without incurring any prepayment charges.

The Loan may be forgiven partially or fully if the Loan proceeds are used for covered payroll costs, rent and utilities, provided that such amounts are incurred during the eight-week period that commenced on April 13, 2020. Any forgiveness of the Loan will be subject to approval by the SBA and will require the Companies to apply for such treatment.

The loan was forgiven in May of 2021.

NOTE H - COMMITMENTS AND CONTINGENCIES

The Company leases warehouse office space under operating leases expiring through year 2021. Lease expenses for the fiscal years ended June 30, 2021 and 2020 were $31,091 and $29,193, respectively. During the current fiscal year, the Company entered into a new lease for its office space, warehouse space and certain equipment. The minimum lease payments due under the lease agreements for fiscal years ended June 30, are as follows:

2022	$	177,915
2023		181,326
2024		184,805
2025		188,353
2026		141,062
	$	873,461

NOTE I - STOCKHOLDERS' EQUITY

During January 1995, the Company's Board of Directors authorized the issuance of up to 4,000,000 shares of Series A Cumulative Convertible Preferred Stock. The preferred stockholders are entitled to receive, if declared by the board of directors, quarterly dividends at an annual rate of $.10 per share of Series A Cumulative Convertible Preferred Stock per annum. Dividends accrue without interest and are cumulative from the date of issuance of the Series A Cumulative Convertible Preferred Stock and are payable quarterly in arrears in cash or publicly traded common stock when and if declared by the board of directors. As of June 30, 2021, no dividends have been declared. Dividends in arrears on the outstanding preferred shares total $404,516 or approximately $2.42 per share as of June 30, 2021. So long as any shares of Series A Preferred Stock are outstanding, the Company is prohibited from declaring dividends or other distributions related to its Common Stock or purchasing, redeeming or otherwise acquiring any of the Common Stock.

The preferred stockholders have the right to convert each share of Series A Cumulative Convertible Preferred Stock into one share of the Company's common stock at any time without additional consideration. Each share of Series A Cumulative Convertible Preferred Stock is subject to mandatory conversion into one share of common stock of the Company, effective as of the close of a public offering of the Company's common stock provided, however, that the offering must provide a minimum of $1 million in gross proceeds to the Company and the initial offering price of such common stock must be at least $1 per share. In addition to the rights described above, the holders of the Series A Cumulative Convertible Preferred Stock have voting rights equal to the common stockholders based upon the number of shares of common stock into which the Series A Cumulative Convertible Preferred Stock is convertible. The Company is obligated to reserve an adequate number of shares of its common stock to satisfy the conversion of all of the outstanding Series A Cumulative Convertible Preferred stock.

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest. As share-based compensation expense recognized in the statement of operations is based on awards ultimately expected to vest, it can be reduced for estimated forfeitures. The ASC topic Stock Compensation requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The share based compensation charged against income for the periods ended June 30, 2021 and 2020 was $19,679 and $0 respectively.

The Black-Scholes option-pricing model, which values options based on the stock price at grant date, the expected life of the options, the estimated volatility of the stock and the risk free interest rate over the life of the option. The assumption used in the Black-Scholes model were as follows for the stock options granted for the year ended June 30, 2021.

Stock Price at Date of Grant	$	.373
Risk-free interest rate		1.41%
Expected volatility of common stock		183.81%
Dividend yield		0%
Expected life of options		10 years

NOTE J - EARNINGS PER SHARE

As required by Accounting Standards Codification Topic 260 - Earnings per Share ("Topic 260"), the following table sets forth the computation of basic and diluted earnings per share:

	Years Ended June 30,	
	2021	2020
Numerator:		
Net Income (Loss)	$ 694,349	$ 111,658
Adjustment for basic earnings per share:		
Dividend requirements on preferred stock	(16,710)	(16,710)
Numerator for basic earnings per share- Net income available to common stockholders	$ 677,639	$ 94,948
Effect of dilutive securities:		
Numerator for diluted earnings per share- Net income available to common stockholder	$ 677,639	$94,948
Denominator:		
Denominator for basic earnings per share- Weighted-average common shares	8,087,388	8,087,388
Effect of dilutive securities: Stock options	65,136	65,000
Weighted-average Dilutive potential common shares	167,100	167,100
Denominator for dilutive earnings per share- Adjusted weighted-average shares and assumed conversions	8,319,624	8,319,488

Basic Net Income per share	$	0.08	$	0.01
Diluted Net Income per share	$	0.08	$	0.01

NOTE K - INCOME TAXES AND AVAILABLE CARRYFORWARD

As of June 30, 2021, the Company had consolidated income tax net operating loss ("NOL") carryforward for federal income tax purposes of approximately $446,000. The NOL will expire in various years ending through the year 2035.The utilization of certain of the loss carryforwards are limited under Section 382 of the Internal Revenue Code.

The components of the provision for income taxes expenses are attributable to continuing operations as follows:

	Year ended June 30, 2021		Year ended June 30, 2020	
Current				
Federal	$	-	$	-
State		-		-
		-		-
Deferred				
Federal	$	(32,681)	$	(40,109)
State		(6,763)		(8,298)
	$	(39,444)	$	(48,407)

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	Non-Current	
Deferred tax assets:		
NOL and contribution carryforwards	$	112,934
Share based payments		4,988
Lease Liabilities - operating leases		204,758
Accrued compensated absences		7,578
Accrued bonus		38,903
Allowance for doubtful accounts		2,384
		371,545
Deferred tax (liabilities):		

Right of use assets - operating leases	(223,630)
Excess of tax over book depreciation	(27,485)
Total deferred tax (liabilities)	(251,115)
Net deferred tax asset (liability)	120,430
Valuation Allowance	-
Net deferred tax asset	$ 120,430

The change in the valuation allowance is as follows:

June 30, 2021	$ -
June 30, 2020	(144,619)
	$ 144,619

Income taxes for the years ended June 30, 2021 and 2020 differ from the amounts computed by applying the effective income tax rates of 25.35% to income before income taxes as a result of the following:

	2021	2020
Expected benefit (provision) at US statutory rate	$ (154,097)	$ (33,613)
State income tax net of federal benefit (provision)	(31,883)	(6,955)
Nondeductible expense	(3,450)	(6,412)
Non Taxable Income	51,494	-
Change in estimates of losses carryforward	(46,127)	(29,328)
Change in valuation allowance	144,619	26,761
Other	-	1,140
Income tax benefit (expense)	$ (39,444)	$ (48,407)

The earliest tax year still subject to examination by taxing jurisdictions is fiscal year June 30, 2018.

The Company performed a review of its uncertain tax positions in accordance with Accounting Standards Codification ASC 740-10 "Uncertainty in Income Taxes". In this regard, an uncertain tax position represents the Company's expected treatment of a tax position taken in a filed tax return, or planned to be taken in a future tax return, that has not been reflected in measuring income tax expense for financial reporting purposes.

During the year ended June 30, 2020, the Company obtained a $201,000 loan from the Small Business Administration (“SBA”) Paycheck Protection Program as a result of the Coronavirus Aid, Relief, and Economic Security Act ("CARES

Act") enacted by Congress in response to the COVID-19 pandemic. Under the program, any loan forgiveness would be excluded from the borrower's taxable income.

NOTE L - CONCENTRATION OF SUPPLY RISK

The Company's manufacturing and packaging activities are performed at a production facility owned and operated by a non-affiliated pharmaceutical manufacturer. At the present time, the manufacturer is the major source of the Company’s wound care products. The sudden loss or failure of this manufacturer could significantly impair AMERX’s ability to fulfill customer orders on a short-term basis and therefore, could materially and adversely affect the Company’s operations. However, the Company has maintained a long-term relationship with this manufacturer and does not expect a discontinuance of its wound care products from the manufacturer in the near term. The Company has also opened relationships with other manufactures to address supply risk.

There were no back orders as of June 30, 2021 and 2020, respectively, due to the timely receipt of product from the manufacturer.

NOTE M - MAJOR CUSTOMER

During the year ended June 30, 2021 sales from one customer accounted for approximately 10% of AMERX’s sales. In fiscal 2020 no customers accounted for more then 10% of AMERX’s sales.

NOTE N - RESEARCH AND DEVELOPMENT

AMERX incurred $30,900 and $23,093 during the years ended June 30, 2021 and 2020, respectively, towards research and development efforts. These efforts were directed towards additional studies aimed at expanding existing markets, correcting issues with FDA compliance and manufacturing.

NOTE O - PANDEMIC HEALTH ISSUE

At the time of release of these financial statements, the United States continues to experience a National Emergency related to persistent health issues caused by the COVID-19 pandemic. Management is unable to quantify the potential duration and economic impact of mandated closures by our National, State or Local governments.

NOTE P - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Operating Leases

In June 2015, the Company entered into a lease agreement to lease certain office equipment with a lease term of 63 months. The lease contains a renewal option to extend the term for successive one year periods. The Company is not reasonably certain that it will renew the lease when it expires. Initial rent amount was $1,079 per month, with increases each year no more than 3%. In applying ASC 842, the Company uses a lease term of 63 months and an incremental borrowing rate of 5.5% which was the borrowing rate on the Company’s line of credit with a financial institution with all accounts and general intangibles. This lease expired in September 2020. As such, the right-of-use asset has been fully amortized and its related lease liability extinguished at September 30, 2020.

In February 2018, the Company entered in a lease agreement to lease warehouse space with a lease term of 39 months. The Company pays no rent for the first three months of the lease, pays $2,936 per month for the next 12 months, $3,024 per month for the next 8 months, $3,019 per month for the next 4 months, and $3,109 for the last 12 months. In applying ASC 842, the Company uses a lease term of 39 months and an incremental borrowing rate of 5.5% which was the borrowing rate on the Company's line of credit with a financial institution.

In August 2020, the Company entered into a lease agreement to lease certain office equipment with a lease term of 63 months. The lease renews on a month-to-month basis and contains an option to purchase the equipment at fair market value or return the equipment. Historically, the Company has not exercised the option to purchase at the end of the initial lease term for similar leases and simply returned the equipment at the end of the initial lease term. Initial rent amount was $574 per month. In applying ASC 842, the Company uses a lease term of 63 months and an incremental borrowing rate of 4.25% which was the borrowing rate on the Company's line of credit with a financial institution.

In January 2021, the Company entered in a lease agreement to lease warehouse space with a lease term of 64 months. The Company pays no rent for the first four months of the lease and pays $4,792.50 per month beginning the 5th month of the lease. Rent will increase each succeeding year by no less than 2% but not more than 5%. The rent amount includes common area maintenance charges which are considered nonlease components. In applying ASC 842, the Company is electing to account for nonlease components as being related to the lease component. In addition, the Company uses a lease term of 64 months and an incremental borrowing rate at prime rate of 3.25% which was the borrowing rate on the Company's recent line of credit with a financial institution.

In January 2021, the Company entered in a lease agreement to lease office space with a lease term of 64 months. The Company pays no rent for the first four months of the lease and pays $9,372 per month beginning the 5th month of the lease. Rent will increase each succeeding year by no less than 2% but not more than 5%. The rent amount includes common area maintenance charges which are considered nonlease components. In applying ASC 842, the Company is electing to account for nonlease components as being related to the lease component. The Company also incurred initial direct cost of $114,083 related to existing improvements in the leased space. This initial direct cost has been included in determining the initial ROU asset and liability amounts. In addition, the Company uses a lease term of 64 months and an incremental borrowing rate at prime rate of 3.25% which was the borrowing rate on the Company's recent line of credit with a financial institution.

The following is information related to the Company's right-of-use assets and liabilities for its operating leases:

ROU assets - operating leases obtained in exchange for lease liabilities - operating leases	$1,046,800
Amortization of ROU assets since lease inception	(164,455)
ROU assets - operating leases at June 30, 2021	$882,344

Lease liabilities - operating leases on adoption date	$ 1,053,740
Payments on lease liabilities	(245,858)
Lease liabilities - operating leases on June 30, 2021	807,882
Lease liabilities - operating leases due in the 12 months ending June 30, 2022	154,022
Lease liabilities - operating leases due after June 30, 2022	$ 653,860

Variable lease expense was $133,531 and $46,666 for the years ended June 30, 2021 and 2020, respectively.

Weighted average remaining lease term was 4.74 years and weighted average discount rate was 3.29% at June 30, 2021.

NOTE Q - RECENT ACCOUNTING PRONOUNCEMENTS

In December 2019, the FASB issued Accounting Standards Update No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting/or Income Taxes {44ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for interim and annual periods beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of the new standard on its consolidated statements of financial conditionand results of operations.
In June 2016, the F ASB issued Accounting Standards Update No. 2016-13, Financial Instruments - Credit Loss (Topic 326) (44ASU 2016-13"), which updates the guidance on recognition and measurement of credit losses for financial assets. The new requirements, known as the current expected credit loss model ("CECL ") will require entities to adopt an impairment model based on expected losses rather than incurred losses. ASU 2016-13 must be adopted on a modified-retrospective approach. This update was effective for fiscal years beginning after December 15, 2020 including interim periods within those fiscal years. In October 2019, the F ASB approved an extension for all non-SEC filers, including small reporting companies, to extend the effective date to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Therefore, the effective date for this update will be July 1, 2023. The Company is currently evaluating the potential impact of the adoption of the new standard on its consolidated statements of financial condition and results of operations.

NOTE R - RESTATEMENT OF PRIOR ISSUED FINANCIAL STATEMENTS

The consolidated financial statements as of and for the year ended June 30, 2021 have been restated due to a material error in accounting for performance incentive compensation to certain officers. The Company did not properly record compensation expense for incentives earned. In accordance with ASC 250, Accounting Changes and Error Correction, the Company evaluated the materiality of the error from a quantitative and qualitative perspectives and concluded that the error, as described above, was material to the Company's previously issued audited consolidated financial statements as of and for the years ended June 30, 2021.

The restatement for the consolidated financial statements as of and for the year ended June 30, 2021:

	Year Ended June 30, 2021		
	As Previously Reported	Adjustment	As Restated
Statement of Operations Data			
Salaries and Benefits	$ 1,733,708	$ 98,096	$ 1,831,804
Total Operating Expenses	3,063,923	98,096	3,162,019
Income Tax Expense	64,306	(24,862)	39,444
Net Income	767,583	(73,234)	694,349
Basic Net Income per Common Share	0.09	(0.01)	0.08

Diluted Net Income per Common Share	0.09	(0.01)	0.08
Balance Sheet Data:			
Deferred Tax Asset	$ 95,568	$ 24,862	$ 120,430
Accrued Expenses	315,881	98,096	413,977
Accumulated Deficit	(1,656,212)	(73,234)	(1,729,446)
Cash Flow Data:			
Net Income	$ 767,586	$ (73,234)	$ 694,349
Deferred Income Taxes	208,925	(24,862)	184,063
Accrued Expenses	60,165	98,096	158,261