



Pro-Dex, Inc.

Large Q4 revenue upside. Positive long-term outlook. Raising P/T to \$30.

COMPANY UPDATE

Rating: BUY

Ticker: PDEX

Price: \$23.28

Target: \$30.00
(from \$28)

Large Q4 revenue upside: Pro-Dex recently (on September 5) reported its fiscal Q4 2024 (ending June) results. Revenue was \$15.0 million (+41% y-o-y), compared with our estimate of \$10.6 million. EPS was \$0.46, compared with our estimate of \$0.35. There was no guidance or consensus estimates.

Revenue +41%: Revenue was +41% (y-o-y) due to increased medical device product revenue. Gross margins were down y-o-y (27% vs. 32% y-o-y).

Operating income up: Because the company has wide volatility in its investment income/loss, we believe investors should focus on operating income which was \$2.4 million compared with our estimates of \$1.7 million.

No guidance: Management as usual did not provide any forward guidance.

Raising FY25 estimates: We are raising our FY25 estimates for revenue to \$54 million, from \$51 million, and for EPS to \$1.42 from \$1.38. We are initiating our FY26 estimates for revenue of \$56 million, and for EPS of \$1.50.

We remain positive: After suffering declining sales in 2013 and 2014 (combined -37%) due to the loss of a major product contract, the company has experienced strong revenue growth most of the past 9 years (+24% in FY15, +51% in FY16, +14% in FY17, +1% in FY18, +21% in FY19, +28% in FY20, +9% in FY21, +11% in FY22, +10% in FY23, and +17% in FY24). The management team has reversed the declining sales by winning new product contracts, investing in its own private label products, and returning the company to strong growth.

Solid growth expected long term: We expect revenue growth to remain solid over the next several years. We estimate +1% revenue growth in FY25 and +2% in FY26, after a very strong +17% in FY24. Pro-Dex has plans to launch many internally developed devices for sale in FY25 and beyond presenting new growth opportunities.

Large market potential: We believe there is substantial market demand for medical contract manufacturing. By focusing on highly specialized medical and dental devices, we believe that the company is developing a proprietary niche in contract manufacturing. Due to high government regulations and the high value of medical products, we believe Pro-Dex is better able to compete and add value.

New building expansion: For planned future growth, the company in November 2020 acquired a new manufacturing facility for \$6.5 million. The new Franklin facility is near its current facility. In Q1 FY23, the FDA authorized commencement of manufacturing activities at its new Franklin facility. The company began operations there in Q3 FY23. The company completed the transfer of assembly and repairs operations in Q4 FY23 and this should provide adequate facilities for strong future growth.

Product diversification: A large portion of Pro-Dex's revenue is derived from a few customers and products. We believe it is positive that Pro-Dex is developing several devices (the company has listed 1 product (CMF Driver) to be released in FY25) to diversify its customer base and product lines.

Positive valuation: We are maintaining our BUY rating, but raising our 12-month price target to \$30 from \$28, which is based on a forward P/E multiple of 20x our FY26 EPS estimate of \$1.50. We believe this multiple is reasonable as it is its estimated near-term earnings growth rate (implying a PEG ratio of 1 (P/E to growth rate)).

Company Description

Based in Irvine, CA, Pro-Dex provides OEMs outsourcing design, development, and manufacturing services in the surgical, dental, and industrial markets.

United States
Technology

September 8, 2024

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$14.51 – 24.74
Shares Outstanding (million):	3.5
Market cap (\$million):	\$81
EV (\$million):	\$86
Debt (\$million):	\$12
Cash (\$million):	\$7
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	2
Short Interest (million shares):	~0
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Sep	12E	13E	12E	
Q2 Dec	13E		13E	
Q3 Mar	14E	15E	15E	
Q4 Jun	<u>15E</u>	<u>11E</u>	<u>16E</u>	
Total	54E	51E	56E	
EV/Revs	1.6x		1.5x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Sep	0.29E	0.32E	0.31E	
Q2 Dec	0.33E	0.32E	0.33E	
Q3 Mar	0.37E	0.40E	0.40E	
Q4 Jun	<u>0.42E</u>	<u>0.33E</u>	<u>0.46E</u>	
Total	1.42E	1.38E	1.50E	
P/E	16x		16x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 8.

OVERVIEW

- Pro-Dex recently (on September 5) reported its fiscal Q4 2024 (ending June) results.
- Revenue was \$15.0 million (+41% y-o-y), compared with our estimate of \$10.6 million.
- EPS was \$0.46, compared with our estimate of \$0.35.
- There was no guidance or consensus estimates.
- Management as usual did not provide any forward guidance.
- We are raising our FY25 estimates for revenue to \$54 million, from \$51 million, and for EPS to \$1.42 from \$1.38.
- We are initiating our FY26 estimates for revenue of \$56 million, and for EPS of \$1.50.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$4.1 million, compared with our estimate of \$3.4 million.
- Gross margin for the quarter was 27%, versus 32% last year and our estimate of 32%.
- Operating expenses were \$1.7 million, compared with our estimate of \$1.7 million.
- Operating income was \$2.4 million, compared with our estimate of \$1.7 million.
- Net income was \$1.6 million, compared with our estimate of \$1.2 million.
- Q4 Backlog was \$20 million, down from \$25 million in Q3.

In October 2023, the company amended/restated its prior financial reports (SEC filings) due to an error in its accounting for its investment in Monogram Orthopaedics Inc. The company determined its calculation of the estimated fair value of a warrant (the "Monogram Warrant"), which the company was granted on December 20, 2018, representing the company's right to purchase up to 5% of the outstanding stock of Monogram, was materially understated for fiscal years ended June 30, 2020, 2021 and 2022 and all interim periods commencing with the quarter ended September 30, 2020.

As this restatement had no effect on the company's previously report revenue, operating income, or cash, we have not restated our historical financial model for the company. As such, comparability of our model to the company's historical financial results may be difficult. We do not view the restatement/amendment to have a material change to our investment thesis of the company.

The company's balance sheet has \$7 million in cash and \$12 million in debt, compared with \$8 million in cash and \$12 million in debt as of March.

Exhibit 1: Q4 FY24 CEO Comments (on September 5, 2024)

CEO Comments

"We are very pleased with our performance including increasing sales and an increase of \$1.4 million in operating income," said the Company's President and Chief Executive Officer Richard L. ("Rick") Van Kirk. "While this fiscal year included the challenges of transitioning to a multiple-facility operation, we continued to grow the business. I remain grateful to the entire Pro-Dex team for their ongoing efforts and teamwork."

Mr. Van Kirk continued, "Additionally, we are excited to announce that we hired a new Director of Operations in the first quarter of fiscal 2025, Mr. Jawahar Garg, who has extensive manufacturing operations and supply chain experience to assist our team to continue on our growth trajectory."

Source: Company report.

Exhibit 2: Product Plans (as of May 2024)

	Three and Nine Months Ended March 31, 2024		Three and Nine Months Ended March 31, 2023		Market Launch ⁽¹⁾	Est Annual Revenue ⁽²⁾
Total Research & Development costs:	\$ 760	\$ 2,353	\$ 713	\$ 2,109		
Products in development:						
ENT Shaver.	\$ —	\$ 2	\$ 6	\$ 50	n/a	n/a
CMF Driver.	3	3	10	17	Q1 2025	\$ 500
Sustaining & Other	757	2,348	697	2,042		
Total.	\$ 760	\$ 2,353	\$ 713	\$ 2,109		

- (1) Represents the calendar quarter of expected market launch. The ENT Shaver project has been suspended. At this time, we do not know when or whether we will continue with this product development effort.
- (2) The products in development include risks that they could be abandoned in the future prior to completion, they could fail to become commercialized, or the actual annual revenue realized may be less than the amount estimated.

Source: Company report.

Exhibit 3: Pro-Dex's Stock Price (5-Years)



Source: <https://bigcharts.marketwatch.com/>

FINANCIAL MODEL

Pro-Dex, Inc.

Income Statement (\$ mils)	Sep-22	Dec-22	Mar-23	Jun-23	2023	Sep-23	Dec-23	Mar-24	Jun-24	2024	Sep-24	Dec-24	Mar-25	Jun-25	2025	Sep-25	Dec-25	Mar-26	Jun-26	2026
Fiscal Year End: June 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	11.1	11.3	13.1	10.6	46.1	11.9	12.6	14.3	15.0	53.8	12.1	12.7	14.4	15.2	54.4	12.3	13.0	14.7	15.5	55.5
<u>Cost of Revenues</u>	8.1	8.7	9.3	7.3	33.3	8.3	9.8	10.3	10.9	39.3	8.6	8.9	10.1	10.6	38.2	8.6	9.0	10.2	10.6	38.4
Gross Profit	3.0	2.6	3.8	3.4	12.8	3.7	2.8	4.0	4.1	14.6	3.5	3.8	4.3	4.6	16.2	3.7	4.0	4.6	4.9	17.1
Sales and marketing	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8
General and administrative	1.0	1.0	1.0	1.0	4.0	1.0	1.2	1.0	0.9	4.1	1.1	1.1	1.3	1.3	4.9	1.1	1.2	1.3	1.4	5.0
Research and development	0.9	0.5	0.7	0.7	2.8	0.8	0.8	0.8	0.8	3.2	0.8	0.8	1.0	0.9	3.5	0.8	0.9	1.0	0.9	3.6
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	2.0	1.5	1.7	1.8	7.0	1.8	2.0	1.8	1.7	7.4	2.1	2.2	2.5	2.4	9.2	2.1	2.2	2.5	2.5	9.3
Operating income (loss)	0.9	1.1	2.1	1.6	5.8	1.8	0.8	2.2	2.4	7.2	1.4	1.6	1.9	2.1	7.0	1.6	1.7	2.1	2.4	7.8
Interest income (expense)	0.1	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
Other income (expense)	0.3	0.2	(0.2)	0.5	0.7	(2.6)	(0.0)	(1.2)	(0.3)	(4.1)					0.0					0.0
Income before income taxes	1.3	1.2	1.8	2.0	6.3	(0.8)	0.6	0.9	1.9	2.6	1.3	1.5	1.7	2.0	6.6	1.5	1.6	2.0	2.3	7.3
Income taxes	0.2	0.3	0.5	0.5	1.5	(0.2)	0.1	0.3	0.3	0.5	0.3	0.3	0.4	0.4	1.4	0.3	0.3	0.4	0.5	1.5
Net income (loss)	1.1	0.9	1.3	1.5	4.8	(0.6)	0.5	0.7	1.6	2.1	1.0	1.2	1.4	1.6	5.2	1.2	1.3	1.6	1.8	5.9
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
Net income (pro forma)	1.1	0.9	1.3	1.5	4.8	(0.6)	0.5	0.7	1.6	2.1	1.0	1.2	1.4	1.6	5.2	1.2	1.3	1.6	1.8	5.9
EBITDA	1.4	1.5	2.5	2.1	7.4	2.3	1.3	2.7	2.6	8.9	1.7	1.9	2.1	2.3	7.9	1.8	2.0	2.3	2.6	8.7
Shares, Basic	3.6	3.6	3.5	3.5	3.6	3.5	3.5	3.5	3.4	3.5	3.5	3.6	3.6	3.7	3.6	3.8	3.8	3.9	3.9	3.8
Shares, Diluted	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.6	3.8	3.9	3.9	4.0	3.9
EPS Basic (Pro forma)	\$0.30	\$0.25	\$0.37	\$0.42	\$1.34	(\$0.17)	\$0.14	\$0.19	\$0.47	\$0.61	\$0.30	\$0.34	\$0.38	\$0.43	\$1.45	\$0.31	\$0.34	\$0.41	\$0.47	\$1.53
EPS Diluted (Pro forma)	\$0.29	\$0.24	\$0.36	\$0.42	\$1.31	(\$0.17)	\$0.14	\$0.19	\$0.46	\$0.60	\$0.29	\$0.33	\$0.37	\$0.42	\$1.42	\$0.31	\$0.33	\$0.40	\$0.46	\$1.50
Margins																				
Gross margin	26.7%	23.2%	29.1%	31.6%	27.7%	30.6%	22.3%	28.0%	27.2%	27.0%	29.0%	30.0%	30.0%	30.0%	29.8%	30.0%	30.5%	31.0%	31.6%	30.8%
Sales and marketing	0.5%	0.6%	0.2%	0.1%	0.3%	0.2%	0.3%	0.1%	0.3%	0.2%	1.5%	1.5%	1.5%	1.3%	1.4%	1.4%	1.4%	1.4%	1.3%	1.4%
General and administrative	9.2%	8.4%	7.7%	9.8%	8.7%	8.3%	9.5%	7.1%	5.8%	7.6%	9.0%	9.0%	9.0%	8.8%	8.9%	9.1%	9.1%	8.8%	8.8%	8.9%
Research and development	8.4%	4.1%	5.5%	6.5%	6.1%	6.7%	6.3%	5.3%	5.6%	5.9%	6.6%	6.6%	6.7%	6.0%	6.4%	6.6%	6.6%	6.7%	6.0%	6.4%
Operating margin	8.6%	10.1%	15.8%	15.1%	12.5%	15.4%	6.2%	15.5%	15.6%	13.3%	11.9%	12.9%	12.8%	13.9%	12.9%	12.9%	13.4%	14.1%	15.5%	14.1%
Tax rate, GAAP	16.8%	25.1%	25.7%	25.5%	23.7%	25.8%	19.4%	28.3%	17.8%	19.2%	21.0%	21.0%	21.0%	21.0%	21.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Net margin	9.7%	7.8%	10.0%	14.1%	10.3%	-5.2%	4.0%	4.6%	10.6%	4.0%	8.6%	9.5%	9.5%	10.4%	9.5%	9.5%	10.0%	10.7%	11.8%	10.6%
Y/Y % change																				
Total Revenue	11%	11%	41%	-16%	10%	8%	12%	9%	41%	17%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%
Gross margin	-14%	-23%	33%	-2%	-3%	24%	7%	5%	22%	14%	-4%	36%	8%	11%	11%	6%	4%	5%	7%	6%
Sales and marketing	43%	209%	20%	-25%	69%	-53%	-46%	-29%	322%	-24%	623%	415%	1174%	419%	571%	-5%	-5%	-5%	2%	-3%
General and administrative	-6%	-18%	-12%	-30%	-18%	-3%	26%	0%	-17%	1%	9%	-5%	28%	54%	19%	3%	3%	0%	2%	2%
Research and development	-5%	-24%	8%	-4%	-6%	-13%	69%	7%	20%	14%	-1%	6%	27%	9%	10%	2%	2%	2%	2%	2%
Operating income (loss)	-28%	-29%	102%	36%	12%	93%	-32%	7%	46%	24%	-22%	111%	-16%	-10%	-2%	11%	6%	12%	14%	11%
Net income (loss)	1%	-5%	184%	7%	24%	-157%	-43%	-50%	6%	-55%	-269%	140%	109%	-1%	144%	13%	8%	15%	16%	13%
EPS Diluted (Pro forma)	3%	-2%	194%	10%	28%	-158%	-42%	-49%	10%	-55%	-271%	140%	101%	-8%	139%	6%	1%	7%	9%	6%

Source: Company reports and Ascendant Capital Markets estimates.

Pro-Dex, Inc.

Balance Sheet (\$ mils) Fiscal Year End: June 30	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	2.8	0.4	2.1	2.9	1.9	1.3	3.2	2.6	10.9	11.4	10.8	11.4	15.8	16.3	15.9	16.9
Short term investments	0.8	1.1	1.1	1.1	1.0	5.8	4.6	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Accounts receivable, net	11.0	12.2	10.6	10.0	11.0	13.2	12.5	13.9	11.1	11.8	13.3	14.0	11.4	12.0	13.6	14.3
Due from factor									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unbilled receivable																
Deferred costs	0.6	0.9	0.3	0.5	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Inventory	15.7	15.1	15.1	16.2	16.3	15.0	14.2	15.3	8.6	8.9	10.1	10.6	8.6	9.0	10.2	10.6
Deferred income taxes					0.4				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	0.9	1.7	1.9	0.3	0.2	0.9	1.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Total current assets	31.8	31.4	31.1	31.0	31.4	36.6	36.0	36.6	35.4	36.8	39.0	40.9	40.5	42.1	44.5	46.6
Property and equipment, net	11.2	11.5	11.4	11.3	11.2	13.2	12.9	12.7	12.8	12.9	13.0	13.1	13.2	13.3	13.4	13.5
Intangibles, net	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Goodwill									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term investments	1.9	1.7	1.5	7.5	5.1	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Deferred income tax	0.8	0.8	0.8					1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Other	2.2	2.1	2.0	1.9	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	48.0	47.6	47.0	51.8	49.6	51.4	50.5	52.5	51.3	52.9	55.2	57.2	56.9	58.5	61.0	63.3
Liabilities and stockholders' equity																
Accounts payable	3.5	3.4	3.1	2.3	2.7	2.9	3.4	4.5	3.6	3.8	4.3	4.6	3.7	3.9	4.4	4.6
Accrued expenses	3.2	3.3	2.4	3.1	2.7	2.8	2.7	3.4	2.7	2.8	3.2	3.4	2.7	2.9	3.3	3.5
Deferred revenue	0.9	0.9	0.1				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax	0.7	1.0	1.5	0.5		0.4	0.4	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital lease									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term debt	3.3	3.1	3.1	3.8	2.8	3.8	3.9	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Total current liabilities	11.7	11.7	10.1	9.7	8.3	10.0	10.4	12.9	10.7	11.0	12.0	12.3	10.8	11.2	12.1	12.5
Deferred income taxes				0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.0	1.9	1.7	1.6	1.5	1.4	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Long term debt	9.9	9.6	9.2	8.9	8.6	8.2	7.9	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Total other liabilities	11.9	11.4	11.0	10.6	10.1	9.7	9.2	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Common stock	7.4	6.5	6.6	6.8	7.0	7.1	5.6	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.1
Additional paid-in capital																
Retained earnings	17.1	17.9	19.3	24.8	24.2	24.7	25.4	27.0	28.0	29.2	30.6	32.1	33.3	34.6	36.2	38.0
Accumulated other comprehensive income									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other																
Total stockholders' equity	24.4	24.5	25.8	31.6	31.2	31.8	30.9	30.9	31.9	33.1	34.5	36.1	37.3	38.6	40.2	42.0
Total stockholders' equity and liability	48.0	47.6	47.0	51.8	49.6	51.4	50.5	52.5	51.3	52.9	55.2	57.2	56.9	58.5	61.0	63.3

Balance Sheet Drivers

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	8%	15%	15%	3%	2%	7%	8%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Accounts payable as % of total rev	32%	30%	23%	21%	23%	23%	24%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Inventories as % of cost of rev	193%	175%	163%	222%	196%	154%	138%	140%	100%	100%	100%	100%	100%	100%	100%	100%
Accrued expenses as % of total rev	29%	29%	19%	29%	23%	23%	19%	22%	22%	22%	22%	22%	22%	22%	22%	22%
Activity Ratios																
A/R Days Sales Outstanding	90	97	73	84	83	94	79	83	83	83	83	83	83	83	83	83
Inventory Turnover	2.1x	2.3x	2.4x	1.8x	2.0x	2.6x	2.9x	2.9x	4.0x	4.0x	4.0x	4.0x	4.0x	4.0x	4.0x	4.0x
A/P Days Payable	39	35	30	28	30	27	30	37	38	39	39	39	39	39	39	40
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$6.61	\$6.70	\$7.13	\$8.75	\$8.64	\$8.80	\$8.78	\$8.89	\$8.93	\$9.15	\$9.40	\$9.70	\$9.76	\$9.97	\$10.25	\$10.58
Cash per Share (diluted)	\$0.98	\$0.42	\$0.89	\$1.13	\$0.81	\$1.96	\$2.21	\$1.97	\$4.24	\$4.32	\$4.08	\$4.20	\$5.22	\$5.29	\$5.12	\$5.31
Net cash per Share (diluted)	-\$2.60	-\$3.06	-\$2.52	-\$2.40	-\$2.35	-\$1.38	-\$1.12	-\$1.46	\$0.90	\$1.03	\$0.84	\$1.00	\$2.11	\$2.22	\$2.09	\$2.31

Source: Company reports and Ascendant Capital Markets estimates

Pro-Dex, Inc.

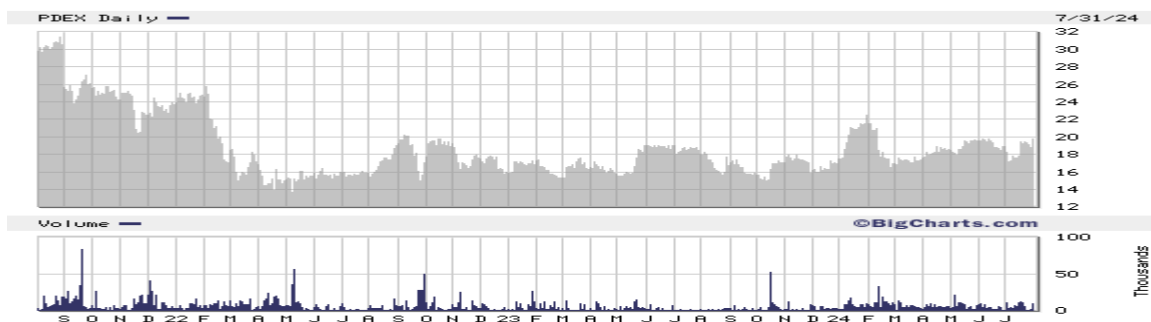
Cash Flow Statement (\$ mils)	Sep-22	Dec-22	Mar-23	Jun-23	2023	Sep-23	Dec-23	Mar-24	Jun-24	2024	Sep-24	Dec-24	Mar-25	Jun-25	2025	Sep-25	Dec-25	Mar-26	Jun-26	2026	
Fiscal Year End: June 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	1.1	0.9	1.3	3.8	7.1	(0.6)	0.5	0.7	1.6	2.1	1.0	1.2	1.4	1.6	5.2	1.2	1.3	1.6	1.8	5.9	
Depreciation	0.2	0.2	0.2	0.3	0.9	0.3	0.3	0.3	0.3	1.2	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Stock comp	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.0	0.6	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	
Provision for bad debts	0.0			(0.0)	0.0	0.0			0.0	(0.0)	0.0				0.0	0.0				0.0	
Deferred income taxes	0.2	(0.2)		0.2	0.3				(1.6)	(1.6)	(0.6)	0.0	0.0	0.0	(0.6)	0.0	0.0	0.0	0.0	0.0	
Other gains/losses	(0.3)	(0.2)	0.2	0.2	(0.0)	2.6	0.0	1.2	0.3	4.1					0.0					0.0	
Impairment				(3.9)	(3.9)					0.0					0.0					0.0	
Acquisition expense					0.0					0.0					0.0					0.0	
Other	0.0	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0					0.0					0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	4.3	(1.2)	1.6	0.6	5.4	(1.1)	(2.1)	0.7	(1.4)	(3.9)	2.7	(0.6)	(1.6)	(0.7)	(0.1)	2.7	(0.6)	(1.6)	(0.7)	(0.3)	
Due from factor					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Unbilled receivable					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Deferred costs	0.1	(0.3)	0.6	(0.2)	0.2	(0.1)	0.2	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Inventory	(3.0)	0.5	(0.0)	(1.0)	(3.5)	(0.1)	1.2	0.8	(1.0)	0.9	6.7	(0.3)	(1.2)	(0.5)	4.6	2.0	(0.4)	(1.1)	(0.4)	0.0	
Prepaid expenses & other curre	(0.1)	(0.7)	(0.3)	1.6	0.5	0.1	(0.7)	(0.2)	0.7	(0.0)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	
Other assets					0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	0.3	(0.1)	(1.2)	(0.1)	(1.2)	0.0	0.3	0.4	1.7	2.4	(0.9)	0.2	0.5	0.2	0.0	(0.9)	0.2	0.5	0.2	0.1	
Accrued expenses					0.0					0.0	(0.7)	0.1	0.4	0.2	0.0	(0.6)	0.1	0.4	0.2	0.1	
Deferred revenue	(0.2)		(0.8)	(0.1)	(1.0)				0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other liabilities		0.5	0.5	(1.0)	(0.1)	(0.9)	0.8	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	2.9	(0.4)	2.3	0.6	5.5	0.4	0.7	4.1	1.0	6.2	8.6	0.8	(0.3)	1.0	10.0	4.6	0.8	(0.1)	1.3	6.6	
Cash flow from investing activities																					
Purchases of property and equi	(0.2)	(0.5)	(0.1)	(0.2)	(1.0)	(0.1)	(0.6)	(0.1)	(0.1)	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	
Purchases of short-term investn	0.1	0.0			0.1		(1.3)			(1.3)					0.0					0.0	
Acquisitions					0.0					0.0					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
Net cash used in investing activ	(0.1)	(0.5)	(0.1)	(0.2)	(0.9)	(0.1)	(1.9)	(0.1)	(0.1)	(2.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	
Cash flow from financing activities																					
Issuance of debt	1.0	0.8	1.8	1.7	5.3		2.0		2.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repayment of debt	(1.3)	(1.3)	(2.1)	(1.3)	(6.1)	(1.3)	(1.3)	(0.3)	(1.8)	(4.8)					0.0					0.0	
Issuance of stock					0.0					0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	
Repurchase of common stock	(0.4)	(1.0)	(0.2)		(1.5)		(0.1)	(1.7)	(1.7)	(3.5)					0.0					0.0	
Proceeds from stock option exe	(0.2)	0.0	0.0	0.0	(0.1)	0.0		0.0		0.1					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
Cash provided by (used in) fina	(0.9)	(1.5)	(0.5)	0.4	(2.5)	(1.3)	0.6	(2.0)	(1.5)	(4.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
Net increase (decrease) in cash	1.9	(2.4)	1.7	0.8	2.1	(1.0)	(0.6)	1.9	(0.6)	(0.3)	8.3	0.5	(0.6)	0.7	8.8	4.3	0.5	(0.4)	1.0	5.4	
Beginning cash and equivalents	0.8	2.8	0.4	2.1	0.8	2.9	1.9	1.3	3.2	2.9	2.6	10.9	11.4	10.8	2.6	11.4	15.8	16.3	15.9	11.4	
Ending cash and equivalents	2.8	0.4	2.1	2.9	2.9	1.9	1.3	3.2	2.6	2.6	10.9	11.4	10.8	11.4	11.4	15.8	16.3	15.9	16.9	16.9	

Source: Company reports and Ascendant Capital Markets estimates

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Pro-Dex, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
6	2/12/2018	B	10.00
7	5/15/2018	B	9.50
8	9/7/2018	B	12.00
9	11/9/2018	B	15.00
10	2/8/2019	B	19.00
11	5/13/2019	B	20.00
12	9/8/2019	B	19.00
13	11/11/2019	B	18.00
14	2/7/2020	B	22.00
15	5/13/2020	B	23.00
16	8/31/2020	B	30.00
17	11/12/2020	B	40.00
18	2/13/2021	B	37.00
19	5/11/2021	B	41.00
20	9/6/2021	B	39.00
21	11/16/2021	B	34.00
22	2/22/2022	B	32.00
23	5/14/2022	B	30.00
24	8/29/2022	B	31.00
25	11/6/2022	B	30.00
26	3/7/2023	B	26.00
27	5/9/2023	B	27.00
28	11/20/2023	B	28.00
29	2/19/2024	B	27.00
30	5/9/2024	B	28.00

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Total return is defined as price appreciation plus dividend yield.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	21	36%

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