United States
Technology

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# Pro-Dex, Inc.

*Q1 upside again. Continued strong growth and positive long-term outlook. Raising P/T to $80.*

**COMPANY UPDATE**

**Rating: BUY**

Ticker: PDEX

Price: $65.66

Target: $80
(from $74)

**Q1 upside again:** Pro-Dex recently (on October 29) reported its fiscal Q1 2027 (ending September) results. Revenue was $20.6 million (+11% y-o-y), compared with our estimate of $20.4 million. EPS was $0.92, compared with our estimate of $0.67. There was no guidance or consensus estimates.

**Revenue +11%:** Revenue was strong again at +11% (y-o-y) due to increased new medical device product revenue. Gross margins were up y-o-y (33% vs. 29% y-o-y) due to favorable product mix and operating leverage.

**Backlog up:** The company reported Q1 backlog of $43 million, up from $33 million in Q4.

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

**Raising FY27 estimates:** We are raising our FY27 estimates for revenue to $84 million, from $83 million, and for EPS to $3.32 from $3.09.

**We remain positive on company's strong and consistent growth :** The company has experienced strong revenue growth over most of the past 10 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, +17% in FY24, +24% in FY25, and +16% in FY26). The management team has won many new product contracts and invested in its own private label products, driving strong growth.

**Solid growth expected long term:** We expect revenue growth to remain solid over the next several years. We estimate +8% revenue growth in FY27 and +5% in FY28, vs +16% in FY26, and after a very strong +24% in FY25.

**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.

**Acquires Advanced Precision Machining:** In February 2026, Pro-Dex announced the acquisition of Advanced Precision Machining LLC, a manufacturing facility located in Costa Mesa, CA. APM manufactures several of Pro-Dex's machined sub-assemblies and also produces parts and assemblies for aerospace and defense systems. Pro-Dex paid $8.7 million for APM.

**APM synergies:** The company acquired APM for its leading edge automation and technology to streamline manufacturing and assembly operations, expand machining capacity and technology, as well as provide additional revenue streams.

**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 new devices and made a major acquisition to diversify its customer base and product lines.

**Positive valuation:** We are maintaining our BUY rating, but raising our 12-month price target to $80 from $74, which is based on a forward P/E multiple of ~23x our FY28 EPS estimate of $3.47. 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.

**Stock Data**

| | |
|---|---|
| Exchange: | NasdaqCM |
| 52-week Range: | $28.81 – 77.00 |
| Shares Outstanding (million): | 3.4 |
| Market cap ($million): | $223 |
| EV ($million): | $226 |
| Debt ($million): | $16 |
| Cash ($million): | $13 |
| Avg. Daily Trading Vol. ($million): | $5 |
| Float (million shares): | 2 |
| Short Interest (million shares): | ~0 |
| Dividend, annual (yield): | $0 (NA%) |

**Revenues (US$ million)**

| | 2027E (Cur.) | 2027E (Old) | 2028E (Cur.) | 2028E (Old) |
|---|---|---|---|---|
| **Q1 Sep** | 21A | 20E | 21E | |
| **Q2 Dec** | 21E | | 22E | |
| **Q3 Mar** | 21E | | 22E | |
| **Q4 Jun** | 22E | 21E | 23E | 22E |
| **Total** | **84E** | **83E** | **88E** | **87E** |
| EV/Revs | 2.7x | | 2.6x | |

**Earnings per Share (pro forma)**

| | 2027E (Cur.) | 2027E (Old) | 2028E (Cur.) | 2028E (Old) |
|---|---|---|---|---|
| **Q1 Sep** | 0.92A | 0.67E | 0.78E | 0.77E |
| **Q2 Dec** | 0.73E | 0.72E | 0.82E | 0.81E |
| **Q3 Mar** | 0.81E | 0.82E | 0.90E | 0.86E |
| **Q4 Jun** | 0.86E | 0.87E | 0.96E | 0.91E |
| **Total** | **3.32E** | **3.09E** | **3.47E** | **3.36E** |
| P/E | 20x | | 19x | |

**Important Disclosures**

Ascendiant 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 11.**

**OVERVIEW**

- Pro-Dex recently (on October 29) reported its fiscal Q1 2027 (ending September) results.
- Revenue was $20.6 million (+11% y-o-y), compared with our estimate of $20.4 million.
- EPS was $0.92, compared with our estimate of $0.67.
- There was no guidance or consensus estimates.
- Management as usual did not provide any forward guidance.
- We are raising our FY27 estimates for revenue to $84 million, from $83 million, and for EPS to $3.32 from $3.09.
- We are raising our FY28 estimates for revenue to $88 million, from $87 million, and for EPS to $3.47 from $3.36.

**ADDITIONAL DETAILS**

- Gross profit for the quarter was $6.9 million, compared with our estimate of $6.5 million.
- Gross margin for the quarter was 33%, versus 29% last year and our estimate of 32%.
- Operating expenses were $3.3 million, compared with our estimate of $3.5 million.
- Operating income was $3.5 million, compared with our estimate of $3.0 million.
- Net income was $3.0 million, compared with our estimate of $2.3 million.
- Q1 Backlog was $43 million, versus $33 million in Q4.

In February 2026, Pro-Dex announced the acquisition of Advanced Precision Machining LLC, a manufacturing facility located in Costa Mesa, CA. APM manufactures several of Pro-Dex's machined sub-assemblies and also produces parts and assemblies for aerospace and defense systems. The company acquired APM for its leading edge automation and technology to streamline manufacturing and assembly operations, expand machining capacity and technology, as well as provide additional revenue streams. Pro-Dex paid $8.7 million for APM.

The company's balance sheet has $13 million in cash and $16 million in debt, compared with $9 million in cash and $18 million in debt as of June.

**Exhibit 1: Q1 FY27 Financial Report (as of October 29, 2026)**

# Pro-Dex, Inc. Announces Fiscal 2027 First Quarter Results

**IRVINE, CA / ACCESS Newswire / October 29, 2026 /** PRO-DEX, INC. (NASDAQ:PDEX) today announced financial results for its fiscal 2027 first quarter ended September 30, 2026. The Company also filed its Quarterly Report on Form 10-Q for the first quarter of fiscal year 2027 with the Securities and Exchange Commission today.

Quarter Ended September 30, 2026

Net sales for the three months ended September 30, 2026, increased $2.1 million, or 11%, to $20.6 million from $18.5 million for the three months ended September 30, 2025. The increase is driven primarily by a $3.3 million increase in medical device revenue, inclusive of rebates, of which $1.8 million relates to the next-generation handpiece we sell to our largest customer, offset by a $1.7 million decrease in repairs of the legacy handpiece we sell to that customer, coupled with an increase in revenue of $511,000 generated by the Company's newly acquired subsidiary, Advanced Precision Machining, LLC ("APM"), exclusive of inter-company sales in the amount of $814,000 which are eliminated in consolidation.

Gross profit for the three months ended September 30, 2026, increased $1.5 million, or 28%, compared to the year-ago period. Gross margin increased by 4 percentage points to 33% during the three months ended September 30, 2026, compared to 29% during the corresponding year-ago period, due primarily as a result of favorable product mix.

Operating expenses (which include selling, general and administrative, and research and development expenses) for the quarter ended September 30, 2026, increased $1.1 million, or 48%, to $3.3 million compared to $2.3 million for the prior fiscal year's corresponding quarter. The increase relates to a $442,000 increase in engineering and a $642,000 increase in selling, general and administrative expenses. The increase in engineering relates to personnel costs as well as higher internal project expenditures. The increase in selling, general and administrative expense is primarily due to $466,000 of APM's separate operations as well as $195,000 of higher personnel costs specifically related to accounting, mergers and acquisitions, human resources, and information technology.

Our operating income for the quarter ended September 30, 2026, increased $406,000, or 13%, to $3.5 million compared to $3.1 million for the prior fiscal year's corresponding quarter. The increase reflects our increased gross profit, offset by our increased operating expenses, as described above.

## CEO Comments

Richard L. ("Rick") Van Kirk, the Company's President and Chief Executive Officer, commented, "We are pleased with our first quarter results and continued top line revenue growth." Mr. Van Kirk concluded, "We are also pleased to be working with the Monogram and Zimmer Biomet teams and expect to ship validation units later this fiscal year."

Source: Company report.

**Exhibit 2: Acquisition of Advanced Precision Machining (as of February 12, 2026)**

# Pro-Dex, Inc. Announces Acquisition of Advanced Precision Machining

**IRVINE, CA / ACCESS Newswire / February 12, 2026 /** PRO-DEX, INC. (NasdaqCM:PDEX) today announced that on February 9, 2026 it completed its acquisition of Advanced Precision Machining LLC, ("APM"), formerly operated as Advanced Precision Machining, Inc., a manufacturing facility located in Costa Mesa, Calif. APM manufactures several of our machined sub-assemblies and also produces parts and assemblies for aerospace and defense systems. In addition, it serves as a Prime Contractor for the U.S. Government and therefore maintains registrations under the International Traffic in Arms Regulations ("ITAR") as well as a Joint Certification Program ("JCP") certification. We anticipate that we will operate APM independently of Pro-Dex and therefore, due to the length of their accounting close, we anticipate that our future consolidated results of operations will likely be announced closer to or on our statutory Securities and Exchange Commission deadlines.

"We are excited that APM is joining the Pro-Dex family," said Rick Van Kirk, President and CEO of Pro-Dex. "APM has been a quality supplier of ours for several decades and we look forward to applying some of APM's leading edge automation and technology to streamline our manufacturing and assembly operations in Irvine."

Mr. Van Kirk continued, "This transaction is part of our expansion plans based upon the recently announced contract extension with our largest customer and resultant expectant revenue growth. Additionally, we anticipate maintaining and expanding APM's business with other industries."

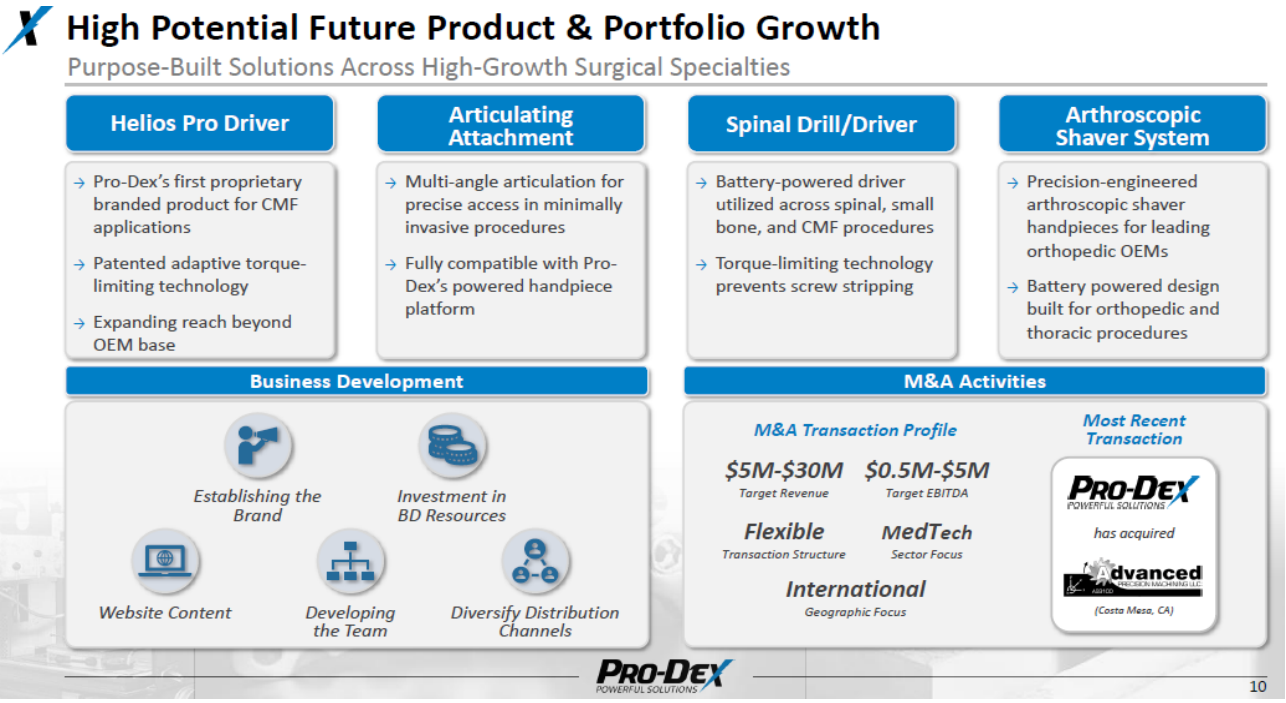
The following table summarizes the consideration paid and the estimated fair value of the assets acquired and liabilities assumed for APM as of the acquisition date of February 9, 2026 (in thousands).

| | APM Purchase Price Allocation |
|---|---|
| Consideration: | |
| Cash | 6,650 |
| Promissory note payable to seller | 2,000 |
| Total Consideration | 8,650 |
| | |
| Fair value of assets acquired and liabilities assumed: | |
| Cash | 155 |
| Inventory | 875 |
| Accounts receivable | 426 |
| Fixed assets | 977 |
| Prepaids and other assets | 57 |
| Tradename | 210 |
| Customer relationships | 510 |
| Accounts payable and accrued expenses | ( 502) |
| Long-term lease liabilities | ( 583) |
| Net assets acquired | 2,125 |
| Goodwill | 6,525 |

Source: Company report.

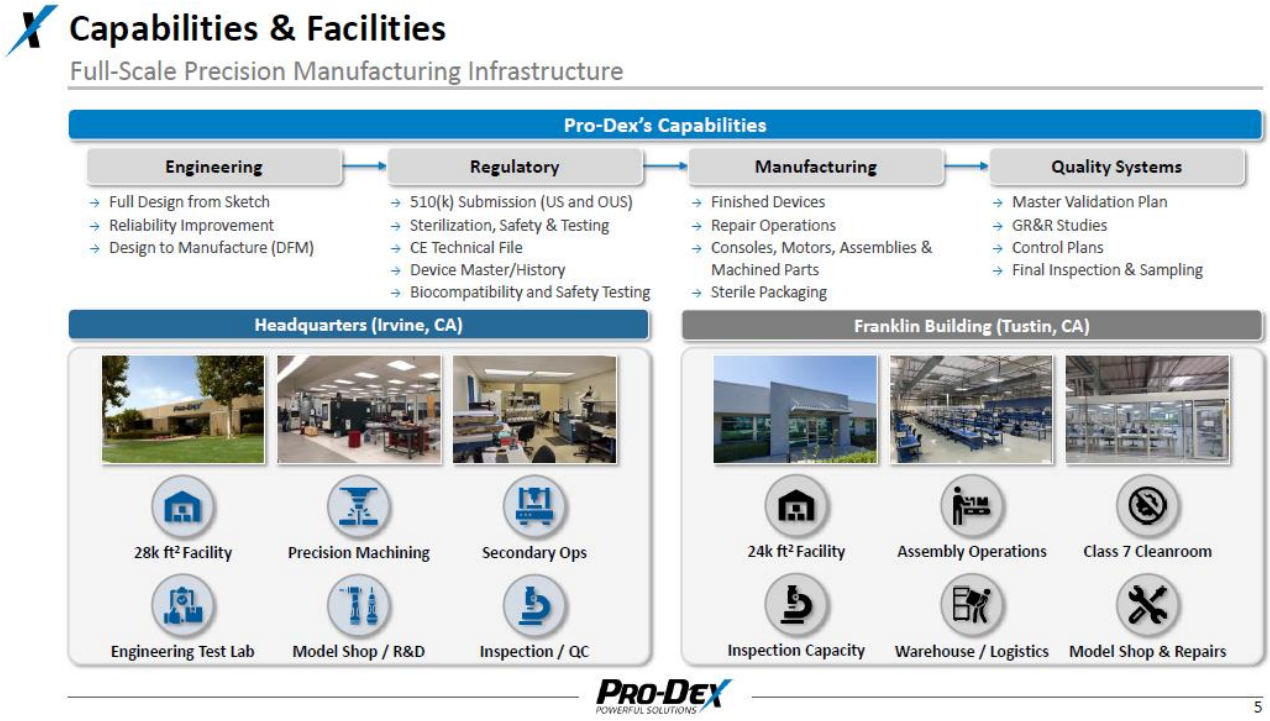
**Exhibit 3: Pro-Dex Investment Highlights (as of June 2026)**

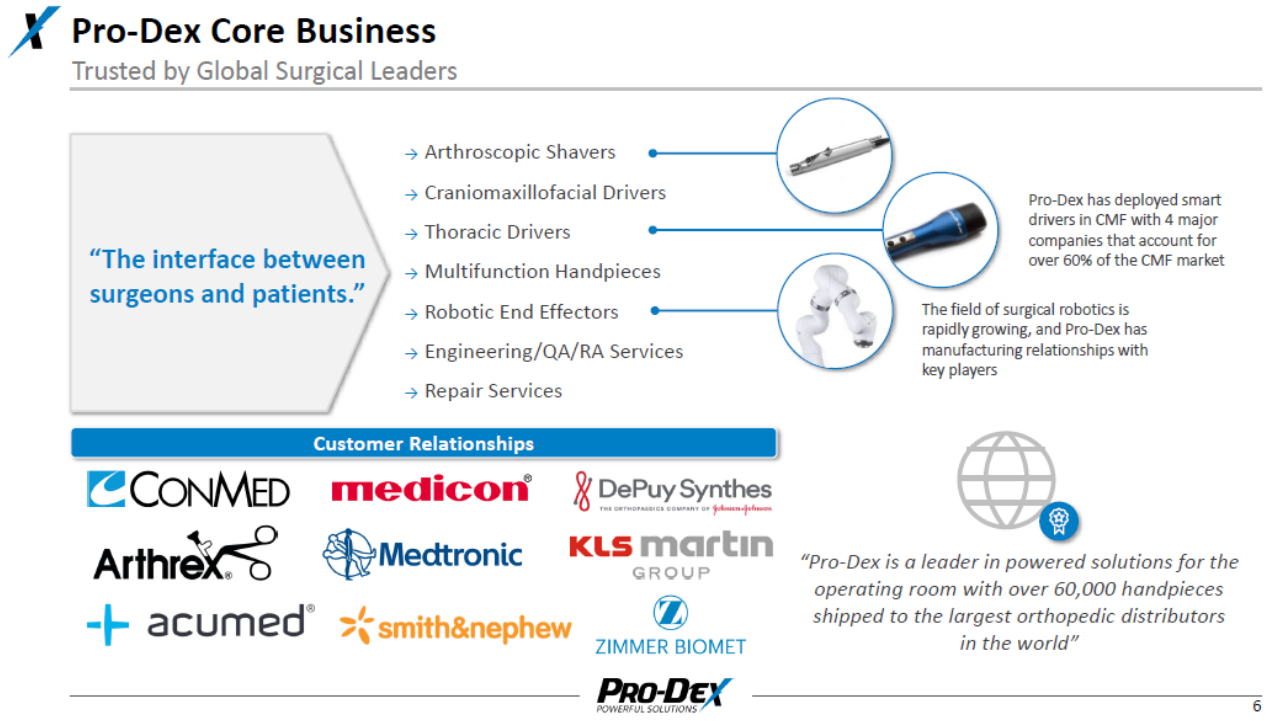



Source: Company report.

**Exhibit 4: Pro-Dex Business**




Source: Company report.

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




Source: https://www.nasdaq.com/, QuoteMedia.

## FINANCIAL MODEL

**Pro-Dex, Inc.**

| Income Statement ($ mils) | Sep-24 | Dec-24 | Mar-25 | Jun-25 | 2025 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | 2026 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | 2027 | Sep-27 | Dec-27 | Mar-28 | Jun-28 | 2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year End: June 30 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2E | Q3E | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| **Total Revenue** | **14.9** | **16.8** | **17.4** | **17.5** | **66.6** | **18.5** | **18.7** | **19.9** | **20.4** | **77.5** | **20.6** | **20.5** | **21.3** | **21.6** | **84.0** | **21.4** | **21.6** | **22.4** | **22.7** | **88.0** |
| Cost of Revenues | 9.7 | 11.7 | 11.6 | 14.0 | 47.1 | 13.2 | 12.9 | 13.8 | 13.3 | 53.2 | 13.7 | 13.8 | 14.3 | 14.3 | 56.0 | 14.3 | 14.2 | 14.5 | 14.5 | 57.6 |
| Gross Profit | 5.2 | 5.1 | 5.8 | 3.5 | 19.5 | 5.4 | 5.7 | 6.1 | 7.1 | 24.3 | 6.9 | 6.8 | 7.0 | 7.4 | 28.0 | 7.1 | 7.3 | 7.8 | 8.2 | 30.4 |
| Sales and marketing | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 | 0.1 | | | | 0.1 | | 0.2 | 0.2 | 0.2 | 0.6 | 0.2 | 0.2 | 0.2 | 0.2 | 0.9 |
| General and administrative | 1.2 | 1.4 | 1.1 | 1.1 | 4.8 | 1.4 | 1.8 | 2.2 | 2.5 | 7.9 | 2.1 | 2.1 | 1.9 | 1.9 | 8.0 | 1.9 | 1.9 | 2.0 | 2.0 | 7.9 |
| Research and development | 0.8 | 0.9 | 0.9 | 0.9 | 3.6 | 0.8 | 0.7 | 0.8 | 1.0 | 3.3 | 1.2 | 1.3 | 1.3 | 1.3 | 5.1 | 1.3 | 1.3 | 1.3 | 1.4 | 5.4 |
| Restructuring and other | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Total operating expenses | 2.1 | 2.4 | 2.2 | 2.1 | 8.8 | 2.3 | 2.5 | 3.0 | 3.6 | 11.3 | 3.3 | 3.5 | 3.4 | 3.5 | 13.7 | 3.5 | 3.5 | 3.6 | 3.6 | 14.2 |
| **Operating income (loss)** | **3.0** | **2.7** | **3.6** | **1.3** | **10.7** | **3.1** | **3.3** | **3.1** | **3.5** | **13.0** | **3.5** | **3.2** | **3.6** | **3.9** | **14.3** | **3.6** | **3.8** | **4.3** | **4.5** | **16.2** |
| Interest income (expense) | (0.1) | (0.2) | (0.2) | (0.2) | (0.7) | (0.2) | (0.1) | (0.1) | (0.2) | (0.6) | (0.2) | (0.2) | (0.2) | (0.2) | (0.7) | (0.2) | (0.2) | (0.2) | (0.2) | (0.7) |
| Other income (expense) | 0.4 | 0.1 | 1.1 | 0.5 | 2.1 | 3.3 | (0.3) | 2.4 | 0.2 | 5.7 | 0.1 | | | | 0.1 | | | | | 0.0 |
| Income before income taxes | 3.3 | 2.6 | 4.6 | 1.6 | 12.1 | 6.2 | 2.9 | 5.3 | 3.5 | 18.0 | 3.4 | 3.1 | 3.5 | 3.7 | 13.6 | 3.4 | 3.7 | 4.1 | 4.4 | 15.6 |
| Income taxes | 0.9 | 0.5 | 1.3 | 0.4 | 3.1 | 1.5 | 0.7 | 1.4 | 0.7 | 4.4 | 0.3 | 0.6 | 0.7 | 0.7 | 2.4 | 0.7 | 0.7 | 0.8 | 0.9 | 3.1 |
| Net income (loss) | 2.5 | 2.0 | 3.3 | 1.2 | 9.0 | 4.7 | 2.2 | 3.9 | 2.9 | 13.7 | 3.0 | 2.5 | 2.8 | 3.0 | 11.3 | 2.7 | 2.9 | 3.3 | 3.5 | 12.5 |
| Nonrecurring/noncash adjustments | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| **Net income (pro forma)** | **2.5** | **2.0** | **3.3** | **1.2** | **9.0** | **4.7** | **2.2** | **3.9** | **2.9** | **13.7** | **3.0** | **2.5** | **2.8** | **3.0** | **11.3** | **2.7** | **2.9** | **3.3** | **3.5** | **12.5** |
| EBITDA | 3.4 | 3.1 | 4.1 | 1.8 | 12.5 | 3.6 | 3.7 | 3.6 | 4.1 | 15.0 | 4.1 | 3.6 | 4.0 | 4.2 | 15.8 | 3.9 | 4.2 | 4.6 | 4.9 | 17.6 |
| Shares, Basic | 3.3 | 3.3 | 3.3 | 3.4 | 3.29 | 3.3 | 3.2 | 3.2 | 3.22 | 3.23 | 3.2 | 3.3 | 3.3 | 3.4 | 3.3 | 3.4 | 3.5 | 3.5 | 3.6 | 3.5 |
| Shares, Diluted | 3.3 | 3.3 | 3.3 | 3.5 | 3.36 | 3.3 | 3.3 | 3.3 | 3.32 | 3.32 | 3.3 | 3.4 | 3.4 | 3.5 | 3.4 | 3.5 | 3.6 | 3.6 | 3.7 | 3.6 |
| EPS Basic (Pro forma) | $0.76 | $0.63 | $1.00 | $0.35 | $2.73 | $1.43 | $0.67 | $1.23 | $0.89 | $4.24 | $0.95 | $0.76 | $0.84 | $0.89 | $3.43 | $0.81 | $0.85 | $0.93 | $0.98 | $3.58 |
| **EPS Diluted (Pro forma)** | **$0.75** | **$0.61** | **$0.98** | **$0.35** | **$2.67** | **$1.40** | **$0.66** | **$1.20** | **$0.86** | **$4.12** | **$0.92** | **$0.73** | **$0.81** | **$0.86** | **$3.32** | **$0.78** | **$0.82** | **$0.90** | **$0.96** | **$3.47** |
| **Margins** | | | | | | | | | | | | | | | | | | | | |
| Gross margin | 34.6% | 30.2% | 33.3% | 19.9% | 29.3% | 29.0% | 30.8% | 30.7% | 34.8% | 31.4% | 33.4% | 33.0% | 33.0% | 34.0% | 33.3% | 33.0% | 34.0% | 35.0% | 36.0% | 34.5% |
| Sales and marketing | 0.3% | 0.3% | 0.6% | 0.8% | 0.5% | 0.4% | 0.0% | 0.0% | 0.0% | 0.1% | 0.0% | 1.0% | 1.0% | 1.0% | 0.8% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| General and administrative | 8.4% | 8.3% | 6.3% | 6.3% | 7.3% | 7.6% | 9.4% | 11.1% | 12.5% | 10.2% | 10.4% | 10.0% | 9.0% | 9.0% | 9.6% | 9.0% | 9.0% | 9.0% | 9.0% | 9.0% |
| Research and development | 5.7% | 5.6% | 5.4% | 5.2% | 5.5% | 4.1% | 3.9% | 4.1% | 5.0% | 4.3% | 5.9% | 6.2% | 6.0% | 6.0% | 6.0% | 6.2% | 6.2% | 6.0% | 6.0% | 6.1% |
| Operating margin | 20.2% | 16.0% | 20.9% | 7.7% | 16.1% | 16.8% | 17.5% | 15.5% | 17.3% | 16.8% | 17.1% | 15.8% | 17.0% | 18.0% | 17.0% | 16.8% | 17.8% | 19.0% | 20.0% | 18.4% |
| Tax rate, GAAP | 25.7% | 21.1% | 28.1% | 25.1% | 25.5% | 24.8% | 25.3% | 26.3% | 19.0% | 24.2% | 9.8% | 20.0% | 20.0% | 20.0% | 17.5% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Net margin | 16.6% | 12.1% | 18.8% | 6.8% | 13.5% | 25.3% | 11.7% | 19.7% | 14.0% | 17.6% | 14.8% | 12.0% | 13.0% | 13.8% | 13.4% | 12.8% | 13.6% | 14.6% | 15.4% | 14.1% |
| **Y/Y % change** | | | | | | | | | | | | | | | | | | | | |
| Total Revenue | 25% | 33% | 22% | 16% | 24% | 24% | 11% | 15% | 17% | 16% | 11% | 10% | 7% | 6% | 8% | 4% | 5% | 5% | 5% | 5% |
| Gross margin | 41% | 81% | 45% | -15% | 34% | 4% | 13% | 6% | 103% | 25% | 28% | 18% | 15% | 4% | 15% | 3% | 8% | 11% | 11% | 8% |
| Sales and marketing | 92% | 32% | 565% | 253% | 194% | 52% | -100% | -100% | -100% | -79% | -100% | #DIV/0! | #DIV/0! | ###### | 769% | #DIV/0! | 5% | 5% | 5% | 39% |
| General and administrative | 25% | 16% | 8% | 28% | 19% | 14% | 26% | 101% | 130% | 64% | 50% | 17% | -13% | -24% | 2% | -10% | -5% | 5% | 5% | -2% |
| Research and development | 5% | 20% | 25% | 8% | 14% | -9% | -22% | -13% | 12% | -8% | 58% | 73% | 55% | 28% | 51% | 10% | 5% | 5% | 5% | 6% |
| Operating income (loss) | 64% | 246% | 64% | -43% | 49% | 3% | 21% | -15% | 163% | 22% | 13% | 0% | 17% | 10% | 10% | 2% | 18% | 17% | 17% | 14% |
| Net income (loss) | -501% | 308% | 400% | -25% | 322% | 90% | 7% | 20% | 139% | 52% | -35% | 13% | -30% | 4% | -18% | -10% | 19% | 18% | 17% | 11% |
| EPS Diluted (Pro forma) | -540% | 342% | 428% | -24% | 348% | 87% | 8% | 23% | 149% | 54% | -34% | 11% | -33% | 0% | -19% | -15% | 13% | 12% | 11% | 4% |

*Source: Company reports and Ascendiant Capital Markets estimates.*

## Pro-Dex, Inc.

| Balance Sheet ($ mils) | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 | Mar-28 | Jun-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year End: June 30 | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4A | Q1A | Q2E | Q3E | Q4E | Q1E | Q2E | Q3E | Q4E |
| **Assets** | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 3.1 | 0.1 | 4.5 | 0.4 | 0.5 | 8.0 | 10.0 | 8.2 | 11.8 | 14.2 | 15.8 | 18.7 | 21.4 | 24.4 | 26.8 | 30.2 |
| Short term investments | 4.7 | 4.7 | 5.4 | 6.7 | 10.0 | 0.9 | 1.0 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Accounts receivable, net | 13.5 | 18.5 | 15.9 | 16.4 | 18.2 | 17.9 | 19.5 | 21.2 | 17.5 | 17.5 | 18.1 | 18.4 | 18.2 | 18.4 | 19.0 | 19.3 |
| Due from factor | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unbilled receivable | | | | | | | | | | | | | | | | |
| Deferred costs | 0.2 | 0.2 | 0.1 | 0.0 | 0.0 | 0.2 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Inventory | 16.6 | 19.6 | 23.4 | 22.2 | 21.6 | 21.7 | 22.4 | 21.5 | 21.9 | 22.0 | 22.8 | 22.8 | 22.9 | 22.7 | 23.2 | 23.2 |
| Deferred income taxes | | | | 1.1 | 0.1 | 0.3 | 0.3 | 0.6 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Prepaid expenses and other | 0.4 | 1.3 | 0.6 | 0.4 | 0.2 | 0.3 | 0.6 | 0.6 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total current assets | 38.5 | 44.3 | 49.9 | 47.3 | 50.7 | 49.2 | 53.7 | 53.2 | 53.9 | 56.4 | 59.6 | 62.7 | 65.3 | 68.3 | 71.9 | 75.6 |
| Property and equipment, net | 12.7 | 11.6 | 11.4 | 11.2 | 11.0 | 10.8 | 11.5 | 11.3 | 11.3 | 11.4 | 11.5 | 11.6 | 11.7 | 11.8 | 11.9 | 12.0 |
| Intangibles, net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Goodwill | | | | | | | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Long term investments | 1.5 | 1.6 | 0.2 | 0.1 | 0.1 | 0.1 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Deferred income tax | 1.6 | 1.6 | 1.6 | 1.4 | 1.4 | 1.3 | 1.3 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Other | 0.0 | 1.3 | 1.2 | 1.1 | 1.0 | 0.9 | 0.8 | 0.7 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| **Total assets** | **54.3** | **60.4** | **64.3** | **61.2** | **64.3** | **62.3** | **75.0** | **74.5** | **76.6** | **79.2** | **82.4** | **85.7** | **88.3** | **91.4** | **95.2** | **99.0** |
| **Liabilities and stockholders' equity** | | | | | | | | | | | | | | | | |
| Accounts payable | 4.4 | 5.7 | 6.0 | 4.6 | 4.0 | 4.1 | 5.2 | 4.3 | 5.3 | 5.3 | 5.5 | 5.6 | 5.5 | 5.6 | 5.8 | 5.9 |
| Accrued expenses | 4.0 | 5.2 | 3.5 | 3.5 | 4.1 | 4.3 | 4.3 | 4.4 | 3.2 | 3.2 | 3.3 | 3.4 | 3.4 | 3.4 | 3.5 | 3.6 |
| Deferred revenue | | | | 0.2 | 0.1 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred income tax | 0.4 | 0.3 | 0.4 | 0.2 | 0.8 | 1.2 | 0.7 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital lease | | | | | | | | | | 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 |
| Short term debt | 2.4 | 5.9 | 8.4 | 6.1 | 4.6 | 2.5 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 |
| **Total current liabilities** | **11.3** | **17.1** | **18.3** | **14.6** | **13.6** | **12.2** | **14.6** | **13.0** | **12.9** | **12.9** | **13.2** | **13.3** | **13.1** | **13.2** | **13.5** | **13.7** |
| Deferred income taxes | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 1.1 | 0.9 | 0.8 | 0.7 | 0.6 | 0.4 | 0.8 | 0.6 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Long term debt | 11.1 | 10.5 | 9.9 | 9.2 | 8.6 | 8.0 | 14.3 | 13.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 |
| **Total other liabilities** | **12.1** | **11.4** | **10.7** | **9.9** | **9.2** | **8.4** | **15.1** | **13.9** | **14.4** | **14.4** | **14.4** | **14.4** | **14.4** | **14.4** | **14.4** | **14.4** |
| Common stock | 1.5 | 0.4 | 0.6 | 0.7 | 0.9 | | | | | 0.1 | 0.3 | 0.4 | 0.5 | 0.7 | 0.8 | 0.9 |
| Additional paid-in capital | | | | | | | | | | | | | | | | |
| Retained earnings | 29.4 | 31.5 | 34.7 | 35.9 | 40.6 | 41.6 | 45.2 | 47.6 | 49.3 | 51.8 | 54.6 | 57.6 | 60.3 | 63.2 | 66.5 | 70.0 |
| Accumulated other comprehensive income | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | | | | | | | | | | | | | | | | |
| **Total stockholders' equity** | **30.9** | **31.8** | **35.3** | **36.6** | **41.5** | **41.6** | **45.2** | **47.6** | **49.3** | **51.9** | **54.8** | **58.0** | **60.8** | **63.9** | **67.3** | **71.0** |
| **Total stockholders' equity and liabil** | **54.3** | **60.4** | **64.3** | **61.2** | **64.3** | **62.3** | **75.0** | **74.5** | **76.6** | **79.2** | **82.4** | **85.7** | **88.3** | **91.4** | **95.2** | **99.0** |

### Balance Sheet Drivers

| | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 | Mar-28 | Jun-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4A | Q1A | Q2E | Q3E | Q4E | Q1E | Q2E | Q3E | Q4E |
| Prepaid as % of total rev | 3% | 8% | 4% | 2% | 1% | 2% | 3% | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Accounts payable as % of total rev | 30% | 34% | 34% | 26% | 21% | 22% | 26% | 21% | 26% | 26% | 26% | 26% | 26% | 26% | 26% | 26% |
| Inventories as % of cost of rev | 170% | 167% | 202% | 159% | 164% | 168% | 162% | 161% | 160% | 160% | 160% | 160% | 160% | 160% | 160% | 160% |
| Accrued expenses as % of total rev | 27% | 31% | 20% | 20% | 22% | 23% | 22% | 21% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% |
| **Activity Ratios** | | | | | | | | | | | | | | | | |
| A/R Days Sales Outstanding | 81 | 99 | 82 | 85 | 89 | 86 | 88 | 94 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| Inventory Turnover | 2.3x | 2.4x | 2.0x | 2.5x | 2.4x | 2.4x | 2.5x | 2.5x | 2.5x | 2.5x | 2.5x | 2.5x | 2.5x | 2.5x | 2.5x | 2.5x |
| A/P Days Payable | 41 | 44 | 46 | 30 | 27 | 29 | 34 | 29 | 35 | 35 | 35 | 35 | 35 | 35 | 36 | 36 |
| **Book & Cash Value (per share)** | | | | | | | | | | | | | | | | |
| Book Value per Share (diluted) | $9.38 | $9.54 | $10.57 | $10.59 | $12.43 | $12.60 | $13.82 | $14.35 | $14.88 | $15.43 | $16.06 | $16.73 | $17.31 | $17.93 | $18.62 | $19.36 |
| Cash per Share (diluted) | $2.38 | $1.42 | $2.96 | $2.07 | $3.16 | $2.67 | $3.36 | $2.81 | $3.92 | $4.58 | $4.99 | $5.74 | $6.43 | $7.19 | $7.76 | $8.58 |
| Net cash per Share (diluted) | -$1.72 | -$3.49 | -$2.52 | -$2.38 | -$0.81 | -$0.50 | -$2.30 | -$2.45 | -$1.04 | -$0.30 | $0.17 | $1.00 | $1.75 | $2.58 | $3.22 | $4.10 |

*Source: Company reports and Ascendiant Capital Markets estimates*

**Pro-Dex, Inc.**

| Cash Flow Statement ($ mils) | Sep-24 | Dec-24 | Mar-25 | Jun-25 | 2025 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | 2026 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | 2027 | Sep-27 | Dec-27 | Mar-28 | Jun-28 | 2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year End: June 30 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2E | Q3E | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| **Cash flow from operating activities** | | | | | | | | | | | | | | | | | | | | |
| Net income | 2.5 | 2.0 | 3.3 | 1.2 | 9.0 | 4.7 | 2.2 | 3.9 | 2.9 | 13.7 | 3.0 | 2.5 | 2.8 | 3.0 | 11.3 | 2.7 | 2.9 | 3.3 | 3.5 | 12.5 |
| Depreciation | 0.3 | 0.3 | 0.3 | 0.3 | 1.2 | 0.3 | 0.3 | 0.4 | 0.4 | 1.4 | 0.4 | 0.2 | 0.2 | 0.2 | 1.0 | 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 |
| Stock comp | 0.1 | 0.1 | 0.2 | 0.2 | 0.6 | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 |
| Provision for bad debts | | 0.0 | (0.0) | 0.0 | 0.0 | | | | 0.4 | 0.4 | 0.0 | | | | 0.0 | | | | | 0.0 |
| Deferred income taxes | | | | 0.1 | 0.1 | | 0.1 | | (0.3) | (0.1) | | 0.0 | 0.0 | 0.0 | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | (0.1) |
| Other gains/losses | (0.4) | (0.1) | (1.1) | (0.5) | (2.1) | (3.3) | 0.3 | (2.4) | (0.2) | (5.7) | (0.1) | | | | (0.1) | | | | | 0.0 |
| Impairment | (0.0) | (0.0) | 0.0 | 0.0 | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Acquisition expense | | | | | 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 | (0.1) | 0.1 | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable | 0.4 | (5.0) | 2.6 | (0.6) | (2.5) | (1.8) | 0.3 | (0.8) | (2.5) | (4.7) | 3.8 | 0.0 | (0.7) | (0.3) | 2.9 | 0.2 | (0.1) | (0.7) | (0.3) | (0.9) |
| 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 |
| Unbilled receivable | | | | | 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 | 0.1 | 0.0 | 0.1 | 0.2 | (0.0) | (0.1) | 0.1 | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Inventory | (1.3) | (3.0) | (3.8) | 1.2 | (6.9) | 0.6 | (0.1) | 0.2 | 0.9 | 1.6 | (0.4) | (0.1) | (0.8) | (0.0) | (1.4) | (0.1) | 0.2 | (0.5) | 0.0 | (0.4) |
| Prepaid expenses & other curre | (0.1) | (0.9) | 0.7 | 0.2 | (0.1) | 0.2 | (0.1) | (0.2) | 0.0 | (0.1) | 0.1 | 0.0 | (0.0) | (0.0) | 0.1 | 0.0 | (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 |
| Accounts payable | 0.6 | 2.5 | (1.4) | (1.4) | 0.2 | (0.0) | 0.3 | 0.7 | (0.9) | (0.0) | 0.0 | (0.0) | 0.2 | 0.1 | 0.3 | (0.1) | 0.0 | 0.2 | 0.1 | 0.3 |
| Accrued expenses | | | | | 0.0 | | | | | 0.0 | | (0.0) | 0.1 | 0.1 | 0.2 | (0.0) | 0.0 | 0.1 | 0.1 | 0.2 |
| Deferred revenue | (0.0) | | | 0.2 | 0.2 | (0.1) | 0.0 | (0.0) | (0.1) | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | (0.2) | (0.1) | 0.1 | (1.3) | (1.5) | 1.5 | 0.3 | (0.5) | (0.9) | 0.4 | (0.5) | 0.0 | 0.0 | 0.0 | (0.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net cash (used in) provided by** | **1.887** | **(4.150)** | **0.754** | **(0.173)** | **(1.682)** | **2.3** | **3.6** | **1.6** | **(0.3)** | **7.2** | **6.5** | **2.7** | **1.9** | **3.2** | **14.3** | **3.0** | **3.4** | **2.7** | **3.7** | **12.8** |
| **Cash flow from investing activities** | | | | | | | | | | | | | | | | | | | | |
| Purchases of property and equi | (0.4) | (0.5) | (0.2) | (0.1) | (1.2) | (0.1) | (0.1) | (0.1) | (0.2) | (0.5) | (0.3) | (0.3) | (0.3) | (0.3) | (1.2) | (0.3) | (0.3) | (0.3) | (0.3) | (1.2) |
| Purchases of short-term investments | | | 1.9 | | 1.9 | | 8.9 | 1.9 | 0.4 | 11.2 | | | | | 0.0 | | | | | 0.0 |
| Acquisitions | | | | (0.9) | (0.9) | | | (6.5) | 0.0 | (6.5) | | | | | 0.0 | | | | | 0.0 |
| Other | | | | | 0.0 | | | (0.4) | | (0.4) | | | | | 0.0 | | | | | 0.0 |
| **Net cash used in investing acti** | **(0.4)** | **(0.5)** | **1.7** | **(1.0)** | **(0.2)** | **(0.1)** | **8.9** | **(5.1)** | **0.2** | **3.9** | **(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 | 5.0 | 3.5 | 4.4 | 2.1 | 15.0 | 9.4 | 5.5 | 7.1 | 1.6 | 23.6 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayment of debt | (3.4) | (0.6) | (2.5) | (5.0) | (11.5) | (11.6) | (8.2) | (1.1) | (2.7) | (23.6) | (1.1) | | | | (1.1) | | | | | 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 |
| Repurchase of common stock | (2.3) | (1.2) | | | (3.5) | | (2.2) | (0.6) | (0.6) | (3.4) | (0.6) | | | | (0.6) | | | | | 0.0 |
| Proceeds from stock option exe | (0.3) | (0.0) | 0.0 | 0.0 | (0.3) | 0.0 | (0.0) | 0.0 | 0.0 | 0.1 | (0.9) | | | | (0.9) | | | | | 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** | **(1.0)** | **1.7** | **1.9** | **(2.9)** | **(0.3)** | **(2.1)** | **(5.0)** | **5.5** | **(1.7)** | **(3.4)** | **(2.6)** | **0.0** | **0.0** | **0.0** | **(2.6)** | **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** | **0.5** | **(3.0)** | **4.4** | **(4.1)** | **(2.2)** | **0.1** | **7.4** | **2.0** | **(1.8)** | **7.8** | **3.6** | **2.4** | **1.6** | **2.9** | **10.5** | **2.7** | **3.1** | **2.4** | **3.4** | **11.6** |
| **Beginning cash and equivalents** | **2.6** | **3.1** | **0.1** | **4.5** | **2.6** | **0.4** | **0.5** | **8.0** | **10.0** | **0.4** | **8.2** | **11.8** | **14.2** | **15.8** | **8.2** | **18.7** | **21.4** | **24.4** | **26.8** | **18.7** |
| **Ending cash and equivalents** | **3.1** | **0.1** | **4.5** | **0.4** | **0.4** | **0.5** | **8.0** | **10.0** | **8.2** | **8.2** | **11.8** | **14.2** | **15.8** | **18.7** | **18.7** | **21.4** | **24.4** | **26.8** | **30.2** | **30.2** |

*Source: Company reports and Ascendiant Capital Markets estimates*

## ANALYST CERTIFICATION

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**Pro-Dex, Inc.**




Source: S&P Capital IQ.

| | Report Date | | Price |
|---|---|---|---|
| Report | Date | Rating | Target |
| 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 |
| 31 | 9/8/2024 | B | 30.00 |
| 32 | 11/9/2024 | B | 52.00 |
| 33 | 2/22/2025 | B | 54.00 |
| 34 | 5/24/2025 | B | 56.00 |
| 35 | 5/11/2026 | B | 70.00 |
| 36 | 9/10/2026 | B | 74.00 |

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**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

## Ascendiant Capital Markets, LLC Distribution of Investment Ratings (as of October 11, 2026)

| | | | Investment Banking Services Past 12 months | |
|---|---|---|---|---|
| **Rating** | **Count** | **Percent** | **Count** | **Percent** |
| Buy | 48 | 98% | 19 | 40% |
| Hold | 0 | 0% | 0 | 0% |
| Sell | 1 | 2% | 0 | 0% |
| Total | 49 | 100% | 19 | 39% |

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