

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

PRO DEX INC

Form: 8-K

Date Filed: 2017-06-27

Corporate Issuer CIK: 788920

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 27, 2017**

PRO-DEX, INC.

(Exact name of registrant as specified in charter)

Colorado	0-14942	84-1261240
<i>(State or other jurisdiction of incorporation)</i>	<i>(Commission File Number)</i>	<i>(IRS Employer Identification Number)</i>

**2361 McGaw Avenue
Irvine, California 92614**

(Address of principal executive offices, zip code)

(949) 769-3200

(Registrant's telephone number including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by checkmark 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. ☐

Item 7.01 Regulation FD Disclosure

On June 27, 2017, Pro-Dex, Inc. (the "Company") began making presentations to analysts containing the information attached to this Current Report on Form 8-K as Exhibit 99.1 (the "Investor Presentation") and incorporated herein by reference. The Company expects to use the Investor Presentation, in whole or in part, and possibly with modifications, in connection with presentations to investors, analysts and others during calendar 2017.

By filing this Current Report on Form 8-K and furnishing the information contained herein, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by reason of Regulation FD.

The information contained in the Investor Presentation is summary information that is intended to be considered in the context of the Company's Securities and Exchange Commission ("SEC") filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information presented in item 7.01 of this Current Report on Form 8-K and Exhibit 99.1 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, unless the Company specifically states that the information is to be considered "filed" under the Exchange Act or specifically incorporates it by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Investor Presentation Slideshow in use beginning June 27, 2017 (furnished only).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 27, 2017

Pro-Dex, Inc.

By: /s/ Alisha K. Charlton
Alisha K. Charlton
Chief Financial Officer



Investor Presentation

Presented by Rick Van Kirk, CEO



Statements made during Pro-Dex's presentation and its representative's answers to questions that refer to Pro-Dex's estimated or anticipated future results or other non-public historical facts are forward-looking statements, as are any statements its representatives make concerning Pro-Dex's strategic initiatives, anticipated financial performance and product launches. Attendees are cautioned not to place undue reliance on these forward-looking statements, which reflect Pro-Dex's current expectations and speak only as of the current date. Actual results may differ materially from Pro-Dex's current expectations depending upon a number of factors affecting Pro-Dex's business including, among others, adverse changes in general economic and market conditions, competitive factors, uncertainty of customer acceptance of new product offerings, risks associated with managing the growth of the business and those other risks and uncertainties that are described, from time-to-time, in the "Risk Factors" section of Pro-Dex's annual and quarterly reports filed with the the Securities and Exchange Commission. Pro-Dex does not undertake any responsibility to revise or update any forward-looking statements made during the presentation.



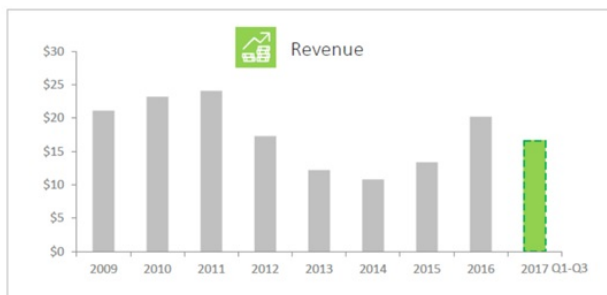
Pro-Dex is a high-growth innovative technology company with finished device contract manufacturing

- High-value product pipeline
- Strong long term relationships with dominant and strategic orthopedic OEMs
- High value intellectual property
- Increasing margins and considerable operating leverage
- Stable core cash flow
- Management team that can execute on new initiatives

Transformation of the Pro- Dex legacy business model

- Bringing innovations to market vs. the innovations disproportionately benefiting our customers alone
- Significant credibility with large manufacturing partners
- Establishment of opportunity funnel with surgeon and independent distributor advisory relationships
- Entry into disposable and single use markets
- Pre-eminence as OEM supplier of orthopedic robotic end effectors

PRO-DEX



FYE: 06/2016

MRQ: 2017 Q3

Next Rpt: 09/14/17

Revenue	Q1	Q2	Q3	Q4	FY
FY2014	2.6	2.6	2.4	3.2	10.8
FY2015	2.6	2.8	3.9	4.1	13.4
FY2016	4.1	5.2	5.2	5.3	19.8
FY2017	5.4	4.6	6.6	5.3*	21.9*
FY2018	5.5*	5.0*	5.6*	5.8*	21.9*

EPS	Q1	Q2	Q3	Q4	FY
FY2014	0.06	-0.1	-0.12	0.01	-0.14
FY2015	-0.04	-0.05	-0.02	0.02	-0.09
FY2016	-0.03	0.09	0.09	0.05	0.2
FY2017	0.07	0.78	0.22	.04*	0.95*
FY2018	.07*	.06*	.07*	.06*	0.24*

* Analyst Estimates

Key Figures (2017 Q3)

Employees	Shares Outstanding	Avg Daily Volume (3 mos):	Cash	Book Value	Mkt Cap
81	4.0m Float: 2.3m	10K	\$4.0m Debt: \$0.1 m	\$12.9m	\$22.7m

PRO-DEX

"The interface between surgeons and patients."

- Arthroscopic Shavers
- Sagittal Saw Mechanisms
- Craniomaxillofacial Drivers
- Multifunction Handpieces
- Robotic End Effectors
- Engineering Services



Pro-Dex has deployed smart drivers in CMF with 3 major companies that account for over 60% of the CMF market.

The field of surgical robotics is rapidly growing and Pro-dex has manufacturing relationships with key players

High Value Customer Relationships:



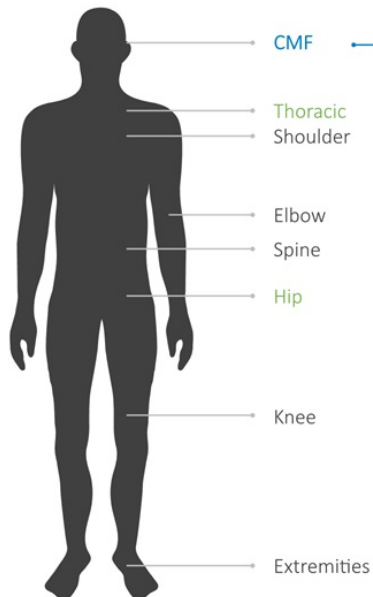
"Pro-Dex is a leader in powered solutions for the operating room with over 40,000 handpieces shipped to the largest orthopedic distributors in the world."

PRO-DEX

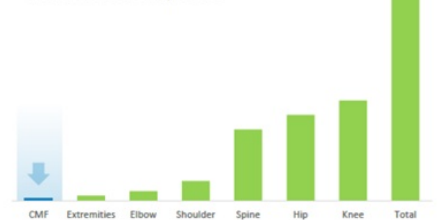


Pro-Dex has greater than 60% market share in CMF, the smallest market in the orthopedic space

Opportunity to take share with differentiated solutions in strategic markets (see TorqueDrive)



Global Orthopedic Devices Market Revenue, 2012



Source: KOL Opinions, Company Annual Reports, Expert Interview, Investing Publications, TMR Analysis

- Pro-Dex bringing solutions to market vs. reliance on customers to fund developments
- First Pro-Dex branded driver solution launch expected calendar Q1 '18

PRO-DEX



- ✓ The software algorithm can be integrated across a family of products from small bone and CMF (MatrixPro) to large bone and trauma
- ✓ High product differentiation and a significant driver of sales conversions
- ✓ Our algorithms do not affect the operation of non drill/drive ancillary operations; for example sagittal saws, burrs, etc.
- ✓ Screws mapped and optimized to the hardware making piggybacking difficult

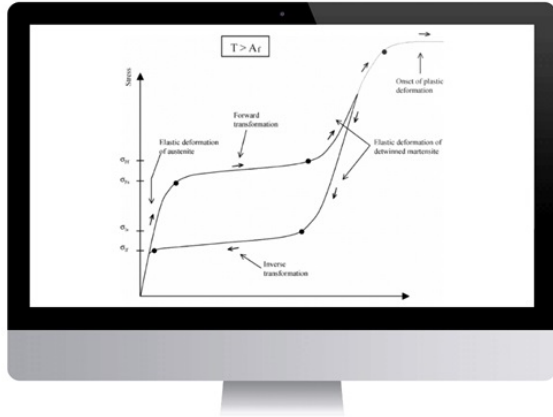
PRO-DEX

a·dapt·ive
/əˈdaptiv/

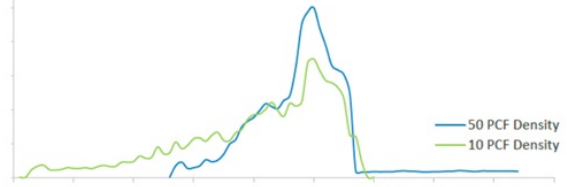
Pro-Dex utilizes algorithmic methods to characterize certain unchanging features of a torque curve.

For example:

- A screw seating has universal features regardless of the screw type or the substrate density (osteoporotic or healthy)



Variable Density Has Limited Affect on
Screw Characterization



Variable density doesn't matter



Osteoporosis | 10 PCF Density

Differing bone densities represent a vertical shift (y-axis) of the torque curves. The torque characteristics of the screw path remain the same.



Normal | 50 PCF Density

By characterizing the torque curves themselves and not the absolute torque levels the behavior of variable density bones is captured.

PRO-DEX



Pro-Dex serves > 60%
of the market (3
major customers)



Positive surgeon
feedback



- Modular quick-swap capabilities for attachments
- Patent filed on thoracic non-invasive attachment for anterior rib fixation with posterior approach
- Early adopters have taken significant share

Key Capabilities:

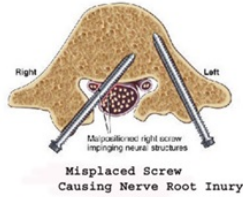
- Adaptive torque limiting for rapid-driving screws and perfect seating of screws
- Screw stripping prevention
- Drill and Drive Mode Capabilities
- Rechargeable battery options
- High Precision discrete digital torque limiting
- Excellent ergonomics, balance and weight
- Adaptive torque limiting works with an assortment of attachments and offset geometries



Extremely high accuracy locking
screws and plates within manufacturer
recommended specifications

PRO-DEX

Prevention of cortical breach via tissue differentiation



Well placed screw path

Cancellous Bone
Cortical Bone

The screw path for a well placed screw is very clearly defined; after penetration of the lateral cortical layer (1.3-1.6mm) the entirety of the remaining travel is cancellous bone.



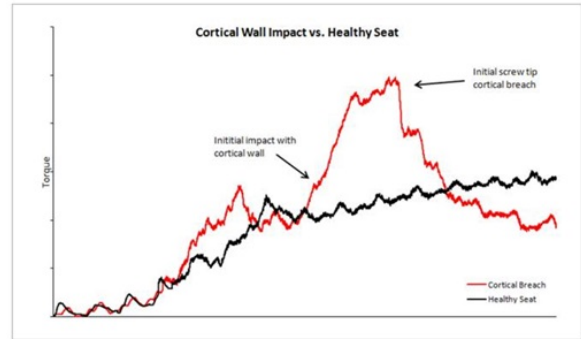
In discussions for Virtual Reality application specific integration

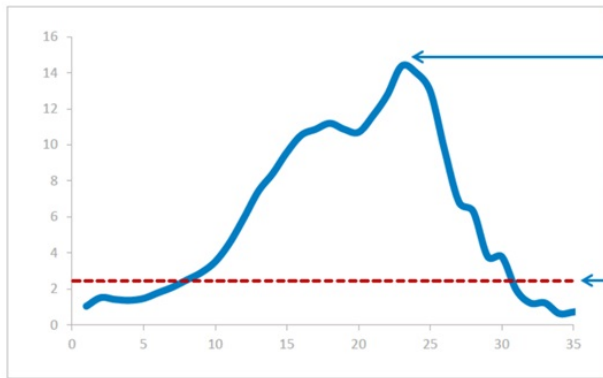
Misplaced screw path

Cortical Bone
Cancellous Bone
Cortical Bone

After penetration of the lateral cortical layer and penetration into the cancellous bone near the pedicle channel a second impact of cortical bone (medial or lateral) occurs.

- Filed several patents on the execution of torque limiting in this application
- Should have a prototype ready to demonstrate that if cortical contact occurs the device terminates driving action
- Advancing and perfectly tightening set screws including rod reduction
- High Precision discrete digital torque limiting
- Speed and torque optimized driver





Screw seating torques significantly higher than Tissue Removal Torques

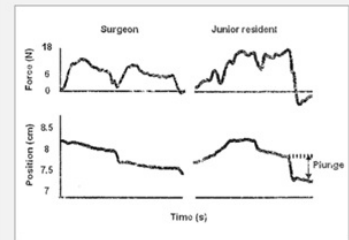
Non Driving application torques (Burr, Saw, Sagital Saw) orders of magnitude below seating torques








- Extremely high accuracy locking screws and plates within manufacturer recommended tightening specification
- High Precision discrete digital torque limiting
- Drill and Drive Modes

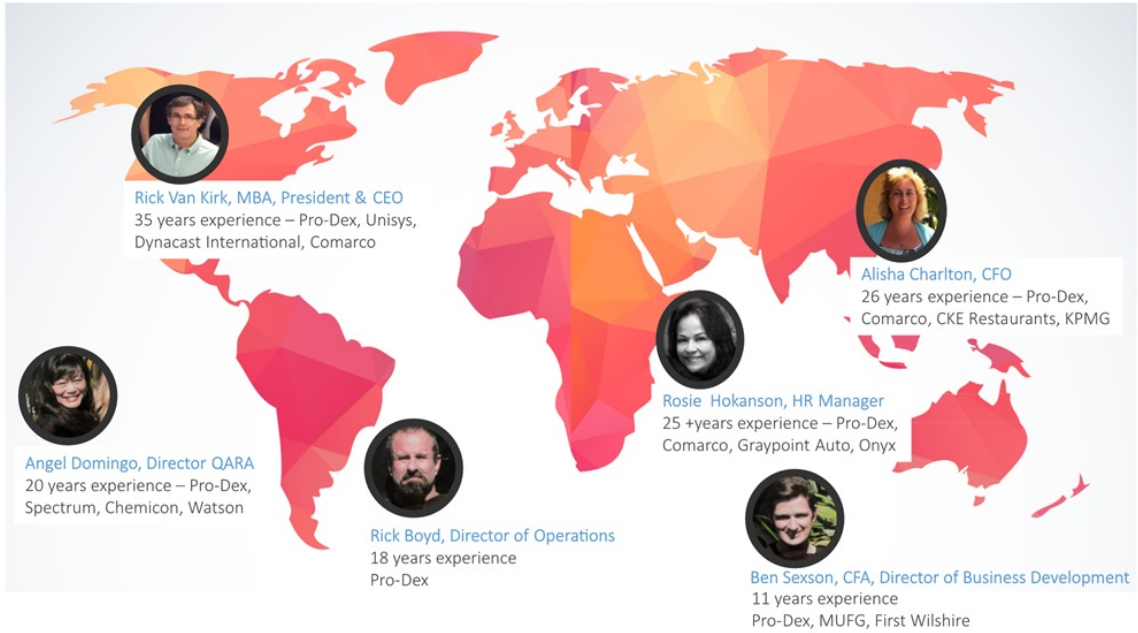


- Adaptive Torque limiting does not affect application of non-driving applications
- Rapid driving and seating of screws regardless of screw type or patient bone quality
- Promising R&D with plunge prevention



PRO-DEX

				
Adjustable Torque Wrench	ATLAS Pro-driver	Acetabular Cup Revision Tool	Arthroscopic System with Proprietary Blade Design	Spinal Drill/Driver
<ul style="list-style-type: none"> → First Pro-Dex branded product release in several years; expected release calendar Q4 '17 → Materially downsized design vs. competition 	<ul style="list-style-type: none"> → First Pro-Dex branded driver release in several years; expected release calendar Q1 '18 → Adaptive torque limiting, modular attachments → Provisional patent application on some application specific attachments 	<ul style="list-style-type: none"> → Negotiating potential JV → Differentiated IP & synergistic with power portfolio 	<ul style="list-style-type: none"> → Negotiating potential JV for high value differentiated blade IP 	<ul style="list-style-type: none"> → Promising R&D developments and several provisional patents filed → Possible 3D VR third party application specific integration



Rick Van Kirk, MBA, President & CEO
35 years experience – Pro-Dex, Unisys, Dynacast International, Comarco

Angel Domingo, Director QARA
20 years experience – Pro-Dex, Spectrum, Chemicon, Watson

Rick Boyd, Director of Operations
18 years experience
Pro-Dex

Rosie Hokanson, HR Manager
25 +years experience – Pro-Dex, Comarco, Graypoint Auto, Onyx

Alisha Charlton, CFO
26 years experience – Pro-Dex, Comarco, CKE Restaurants, KPMG

Ben Sexson, CFA, Director of Business Development
11 years experience
Pro-Dex, MUFG, First Wilshire

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POWERED SURGICAL SOLUTIONS

