



# Investor Presentation

April 2021

**NASDAQ: ZYXI**

# Forward Looking Statements

All statements other than historical facts in this release are forward-looking statements within the meaning of the Private Securities Litigation Act of 1995, or projections and as such are subject to numerous risks and uncertainties. The company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, as to their attainability or the accuracy and completeness of the assumptions from which they are derived. Actual results may vary significantly from the results expressed or implied in such statements. Factors that could cause actual results to materially differ from forward-looking statements include, but are not limited to, the need to obtain FDA clearance and CE marking of new products, the acceptance of new products as well as existing products by doctors and hospitals, larger competitors with greater financial resources, the need to keep pace with technological changes, our dependence on the reimbursement for our products from health insurance companies, our dependence on third party manufacturers to produce our goods on time and to our specifications, implementation of our sales strategy including a strong direct sales force, the impact of COVID-19 and other health emergencies and other risks described in our filings with the Securities and Exchange Commission including the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2020.

# Investment Highlights



At-Home Electrotherapy Pain Management Leader

Building a Sizable U.S. Direct Sales Force Currently with ~500 Sales Reps

Compelling and Durable Business Model with High Recurring Revenue

Unaddressed Pain Management Market Opportunity, Opioid Epidemic as a Tailwind

Pipeline Products, Including Blood Volume Monitor, Provide Upside

History of Consistent Operational Execution

Strong Financial Performance with Robust Revenue Growth, High Gross Margins, and Profitability

# Mission & Vision

## Our Mission

Zynex is committed to providing prescription strength pain relief and exceptional service



**ZYNEX**  
MEDICAL

## Our Vision

Zynex is committed to being the world's premier pain management provider



# Zynex Medical Overview

## Background

- NASDAQ:ZYXI (Listed 2019)
- Included in Russell 2000 (2019)
- Included in S&P SmallCap 600 (2020)
- Listed on OTCQB from 2004-2018
- Founded By Thomas Sandgaard – CEO and Chairman
- Medical Device Manufacturer – 25 Years
- HQ – Englewood, Colorado

## Business Units

- ZYNEX MEDICAL (ZMI)  
Non-invasive electrotherapy pain management devices “TENS” (>90% of billings<sup>1</sup>)
  - 76% gross profit margin<sup>1</sup>
  - Greater than 75% recurring revenue base<sup>1</sup> – supplies (electrodes/batteries) and leased devices
  - Rx required, insurance billed
- ZYNEX NEURODIAGNOSTICS (ZND)  
EEG, EMG diagnostics B:B products (<2%<sup>1</sup> of historical billings)  
NeuroMove Stroke Rehab product
- ZYNEX MONITORING SOLUTIONS (ZMS)  
FDA-cleared, non-invasive blood volume monitor (Zero revenue)

1) Based on Q1 2021 results

# Zynex Financial Overview

## Financial Highlights

- 2021 full year guidance – Revenue \$135 to \$150 million, Adjusted EBITDA \$15 to \$25 million
- 2021 second quarter guidance
  - Revenue \$31.0M to \$32.5M (Q2 2021 revenue ↑ 61% to 69% vs Q2 2020)
  - Adjusted EBITDA \$3.0M to \$4.0M
- Adding direct sales reps to reach 600 by the end of 2021

## Selected Financials Quarter Ended March 31, 2021 vs 2020

- Net revenue ↑ 58% to \$24.1M from \$15.2M
- Gross margin of 76%
- Net loss \$0.7M (Q1 seasonality and continued investment in growing sales force)
- Adjusted EBITDA loss \$0.4M
- Orders ↑ 140%
- Working capital \$51.5M vs \$52.1M at 12/31/20
- Cash \$33.4M
- No long-term debt

# Pain & Rehabilitation



## NexWave

Augments healing, alleviates swelling through increased blood circulation, and reduces both acute/chronic pain through the use of electrical currents

Electrotherapy



## InWave

Delivers a nonsurgical, drug-free therapy that offers a conservative treatment to manage incontinence and is of relatively low cost to patients.

Incontinence  
Treatment



## NeuroMove

Augment healing, as well as assist in recovery for stroke, Spinal Cord Injuries and Traumatic Brain Injury, retrains muscles, increases range of motion

Stroke Rehab

- All devices above are FDA 510(k) cleared.

# NexWave: Electrotherapy for Pain Management

- Indications: Pain relief, augments healing, alleviates swelling through increased blood circulation, muscle re-education, prevention of muscle disuse atrophy, relaxation of muscle spasms
- NexWave Electrotherapy reduces use of Opioids
  - Only 23% of patients with chronic pain found opioids “very effective”<sup>1</sup>
  - 51% of people feel that they have no control over their pain<sup>2</sup>
  - 84% of patients were able to reduce medication use<sup>3</sup>
  - Nearly half reduced medication consumption by 50%<sup>3</sup>
  - Patients decreased the cost of medication by 50%<sup>3</sup>
- Effective post-orthopedic surgery
- Requires a prescription & reimbursed by health insurance
  - Average reimbursement over order life including supplies ≈ \$1,500<sup>4</sup>
- \$950 million industry worldwide<sup>5</sup>
  - Competitors shut down by Office of Inspector General (OIG)
  - Over 1.5 billion worldwide suffering from chronic pain<sup>6</sup>
- 76% gross profit margin in Q1 2021
- 74% of revenue from supplies (electrodes/batteries) in Q1 2021



- 1) The CHP Group (2014) The Cost of Chronic Pain: How Complementary and Alternative Medicine Can Provide Relief. [http://www.chpgroup.com/wp-content/uploads/2014/12/CHP-WP\\_CAM-Chronic-Pain\\_Sls\\_12.12.2014.pdf](http://www.chpgroup.com/wp-content/uploads/2014/12/CHP-WP_CAM-Chronic-Pain_Sls_12.12.2014.pdf)
- 2) American Academy of Pain Medicine (2017) AAPM Facts and Figures on Pain. [http://www.painmed.org/patientcenter/facts\\_on\\_pain.aspx](http://www.painmed.org/patientcenter/facts_on_pain.aspx)
- 3) Chabal, et. al. Long-Term Transcutaneous Electrical Nerve Stimulation (TENS) Use: Impact on Medical Utilization and Physical Therapy Costs *Clinical Journal of Pain*. The Clinical Journal of Pain. Vol 14, No 1. March 1998
- 4) Based on revenue from orders from 1/1/2018 through 6/30/2019
- 5) Market Research Future 2019
- 6) Global Industry Analysts, Inc. (2011) Global Pain Management Market to Reach US\$60 Billion by 2015, According to a New Report by Global Industry Analysts, Inc. <http://www.prweb.com/pdfdownload/8052240.pdf>



# NexWave: Electrotherapy for Pain Management

## 3 Modalities in 1 Device

- *IFC (Interferential Current)*
  - 40x stronger than TENS
  - Reaches deeper, stimulating motor nerves to release endorphins or enkephalins which results in pain relief that can last for hours (Endorphin Release Theory)
  - 3-4 treatments per day
  - Frequency: Ranges from 4000 – 4128 Hz
- *TENS (Transcutaneous Electrical Nerve Stimulation)*
  - Supplemental to IFC treatments
  - Used for breakthrough pain
  - More superficial as compared to IFC, stimulating sensory nerves to provide immediate onset of relief (Gate Control Theory)
  - Can be used during activities
  - Frequency: Ranges from 1 - 125 Hz, Pulse Width: 120 – 300  $\mu$ s
- *NMES (Neuromuscular Electrical Stimulation)*
  - Reduces muscle relaxant use
  - Breaks up muscle spasms
  - Strengthens atrophied muscles
  - Increases ROM (Range of Motion) & blood circulation
  - Improves overall ADLs (Activities of Daily Living)
  - Frequency: Fixed at 35 Hz, Pulse Width: 480  $\mu$ s

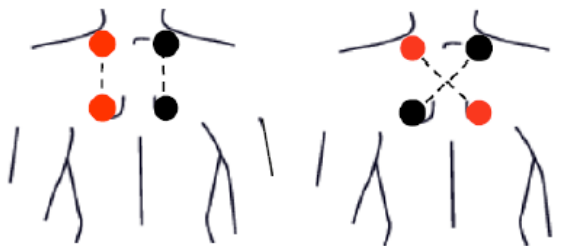


# NexWave: Electrotherapy for Pain Management

## Most Common Types of Chronic Pain

- 27% Back Pain, 15% Neck Pain<sup>1</sup>

Upper Back



TENS

IFC

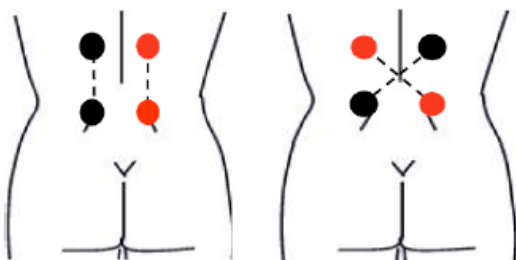
Thoracic Pain



TENS

IFC

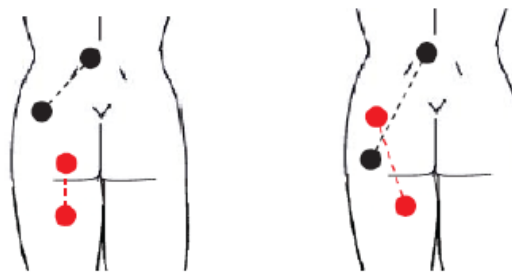
Low Back Pain



TENS

IFC

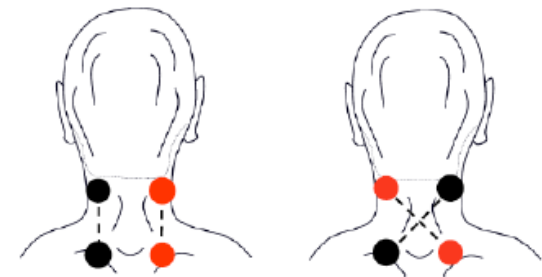
Low Back w/ Leg Pain



TENS ONLY

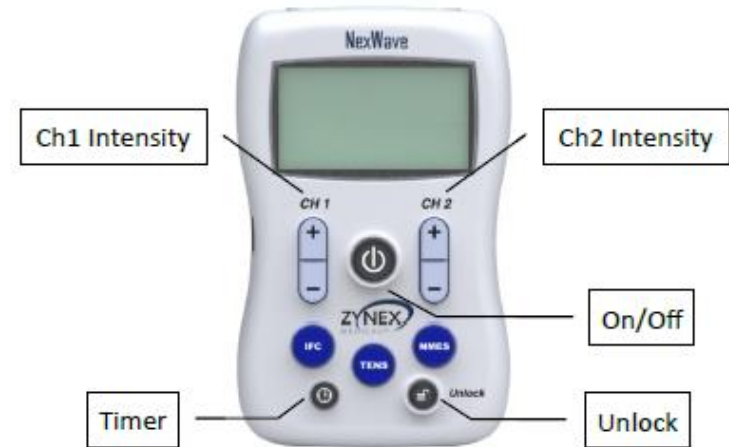
TENS ONLY

Cervical Pain



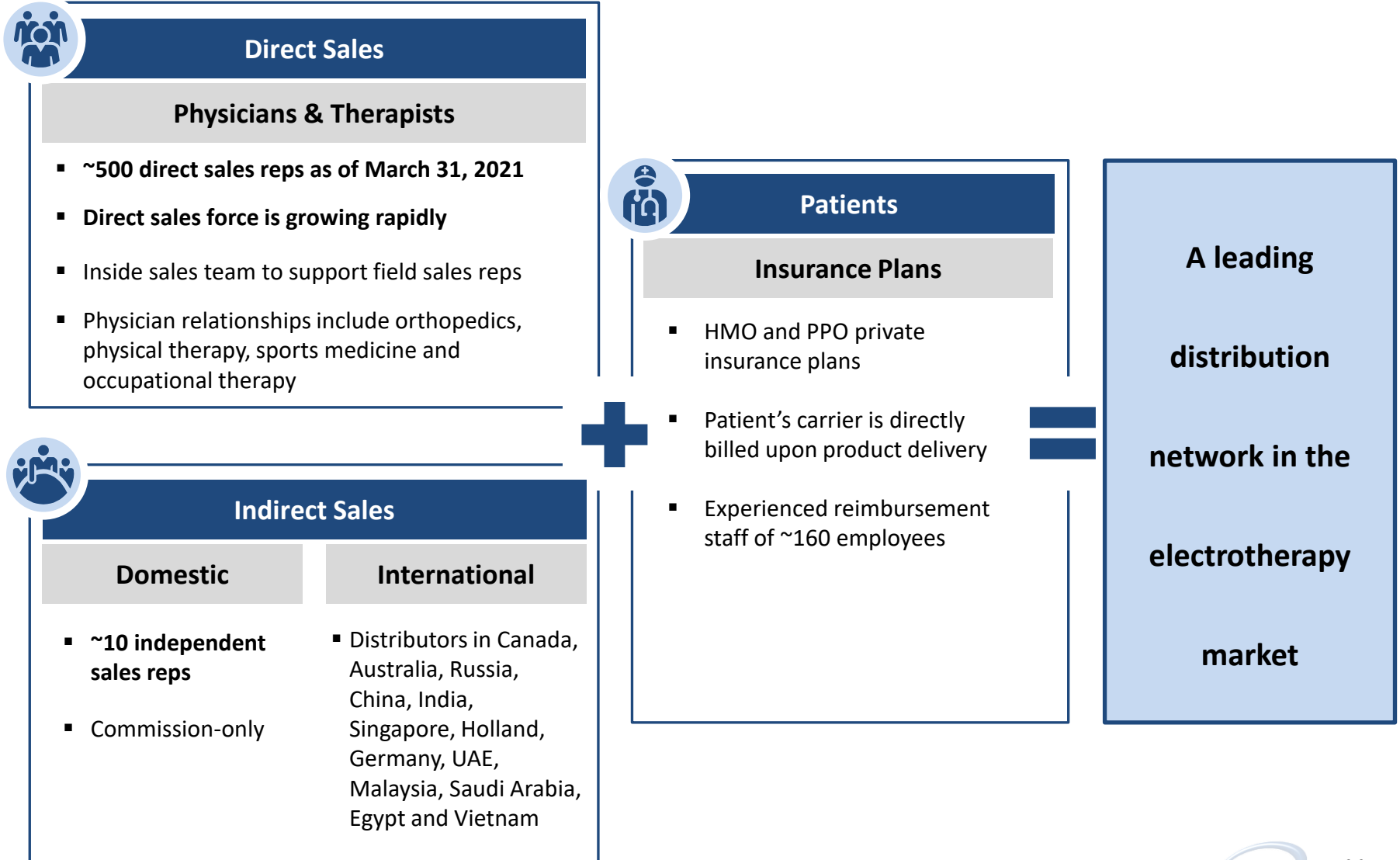
TENS

IFC



1) National Institute of Health Statistics. [www.cdc.gov/nchs/data/hus/hus06.pdf](http://www.cdc.gov/nchs/data/hus/hus06.pdf)

# Building a Strong Distribution Network

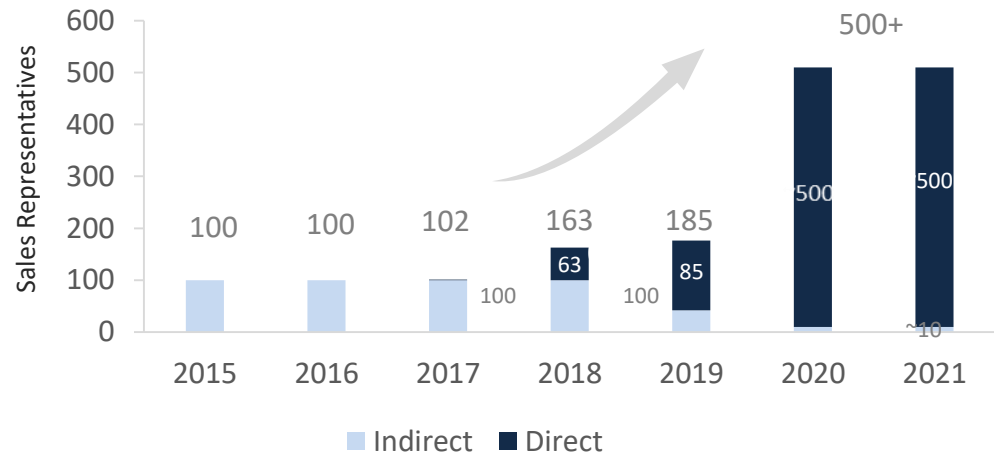


# Commercial Infrastructure

## Grow Proven Direct Sales Team

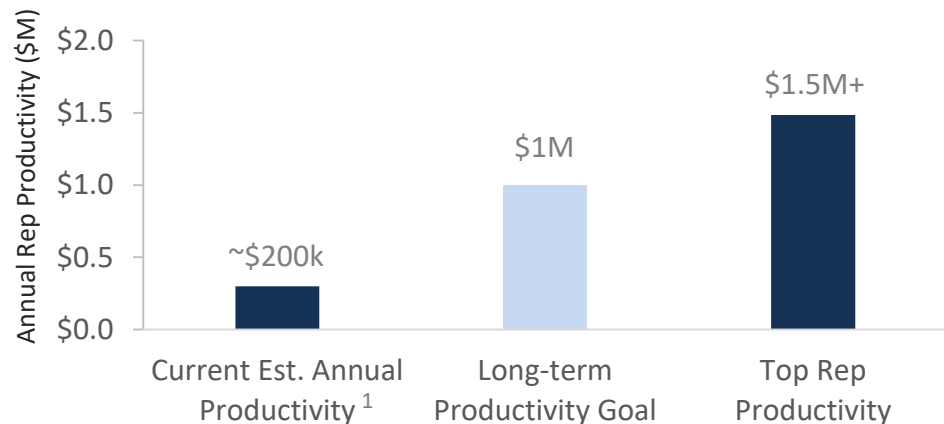
Sales management, national account coverage, direct reps

- ~500 direct sales reps as of March 31, 2021
- ~10 independent reps as of March 31, 2021
- Growth expected to ~600 direct reps by year end 2021



## Direct Sales Productivity

- Developed focused training program designed for reps to achieve long-term productivity goal of \$1M annually within 18 months of hire
- Top performing sales representatives produce \$1.5M+ in annual revenue



1) Based on Q4 2020 average rep revenue productivity annualized

# Blood Volume Monitor (CM1500)

## Used to Detect Blood Loss and Internal Bleeding

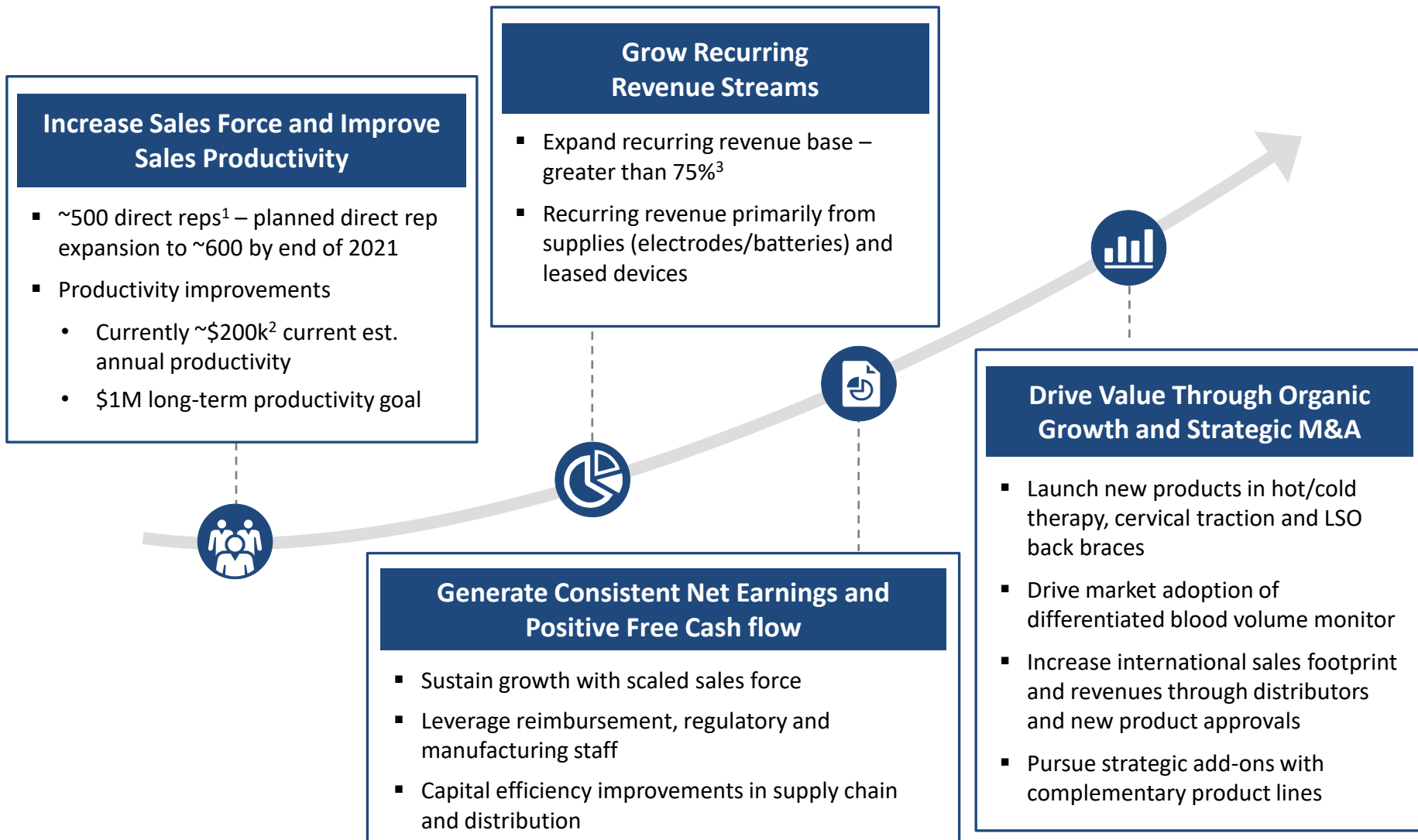
- Early warning that the patients condition is deteriorating
- Enables higher level of care than vital sign monitor
- Effective in multiple care environments including operating and recovery rooms
- Product fully developed
- US Patent obtained in October 2018;  
European patent obtained in February 2020
- 510(k) clearance received in February 2020
- CE mark in progress
- Dedicated management team being assembled in 1H 2021



## Applications

- Bioelectrical Impedance
- Heart Rate
- ECG Amplitude
- PPG Amplitude
- Skin Temperature
- Skin Humidity

# Long-Term Objectives



1) As of March 31, 2021

2) Based on Q1 2021 average rep productivity annualized

3) Based on Q1 2021 results

# Executive Team



## **THOMAS SANDGAARD – FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE**

Thomas Sandgaard has been the Chairman of the Board, President and Chief Executive Officer of Zynex, Inc. since founding the company in 1996. He has previously held management positions with companies such as ITT, Siemens, GN Danavox, Dataco and Philips. He is experienced in international sales and distribution, technology transfers, mergers and marketing management in industrials and medical equipment industries. Thomas has a B.A. in electronics engineering from University of Southern Denmark and an MBA from Copenhagen Business School.



## **DAN MOORHEAD – CHIEF FINANCIAL OFFICER**

Dan Moorhead joined the company in June 2017 as CFO. Mr. Moorhead has over 20 years of experience in a variety of finance roles serving both public and private companies. For the last 10 years, he worked at Evolving Systems, Inc. (a Nasdaq listed company), most recently as Chief Financial Officer after having served as Vice President of Finance & Administration and Corporate Controller. Dan is a CPA and holds a B.B.A. in Accounting from the University of Northern Colorado.



## **ANNA LUCSOK – CHIEF OPERATING OFFICER**

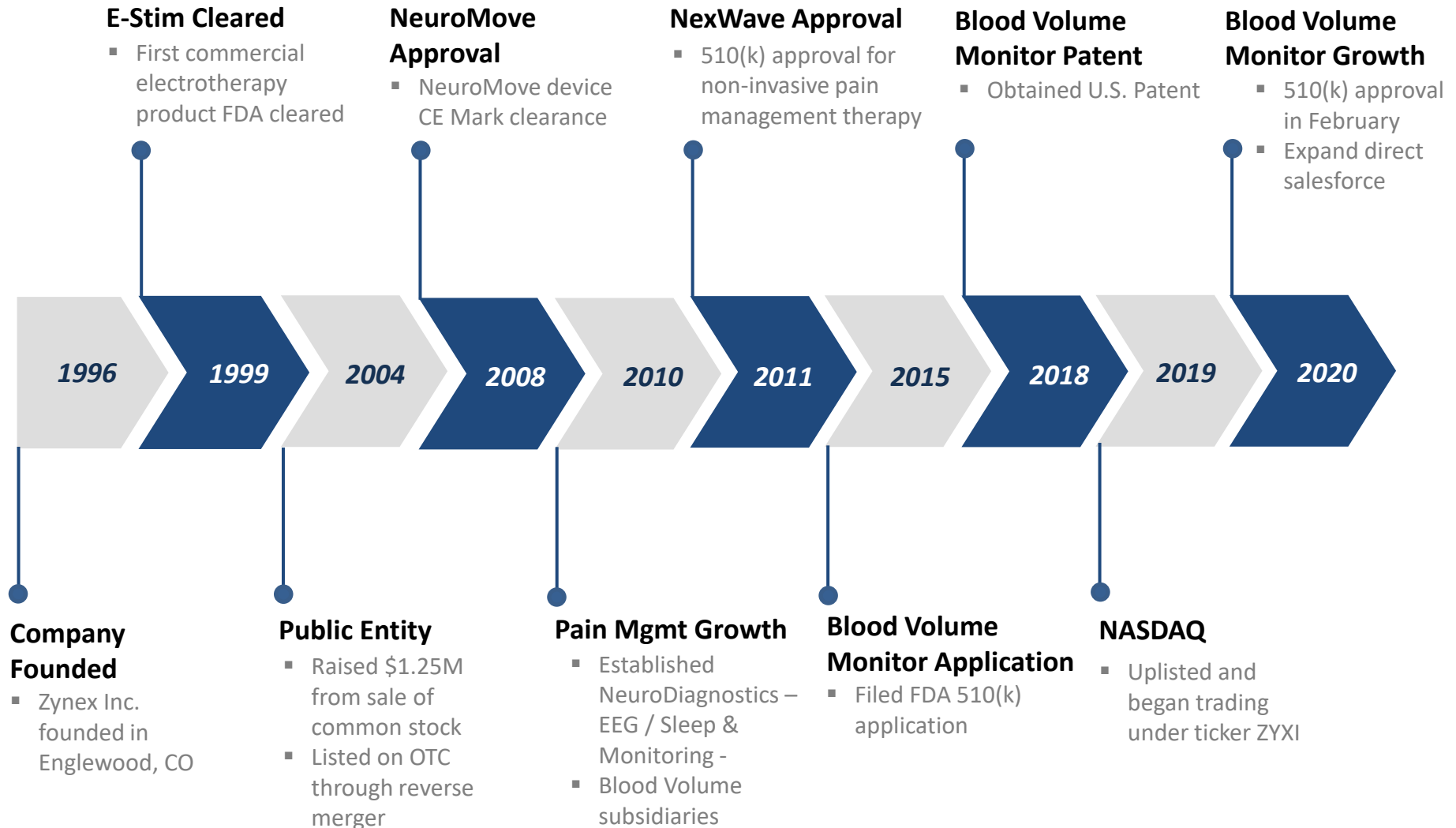
Ms. Lucsok joined the company in 2018 and previously served as Vice President of Reimbursement and Sales Operations with Zynex Medical. In this position she was responsible for leading and expanding Zynex's order, reimbursement, patient experience, and inside sales support operations. Ms. Lucsok brings more than nine years of healthcare operations experience as well as critical knowledge of revenue cycle management and medical care collections. She's previously held key positions with companies such as University of Colorado Hospital, the US Air Force and Schryver Medical. Ms. Lucsok holds certification in medical billing as well as completed her degree in Healthcare Administration and Management from Colorado State University.



## **CHELLE VAN BURKLEO – VICE PRESIDENT - SALES**

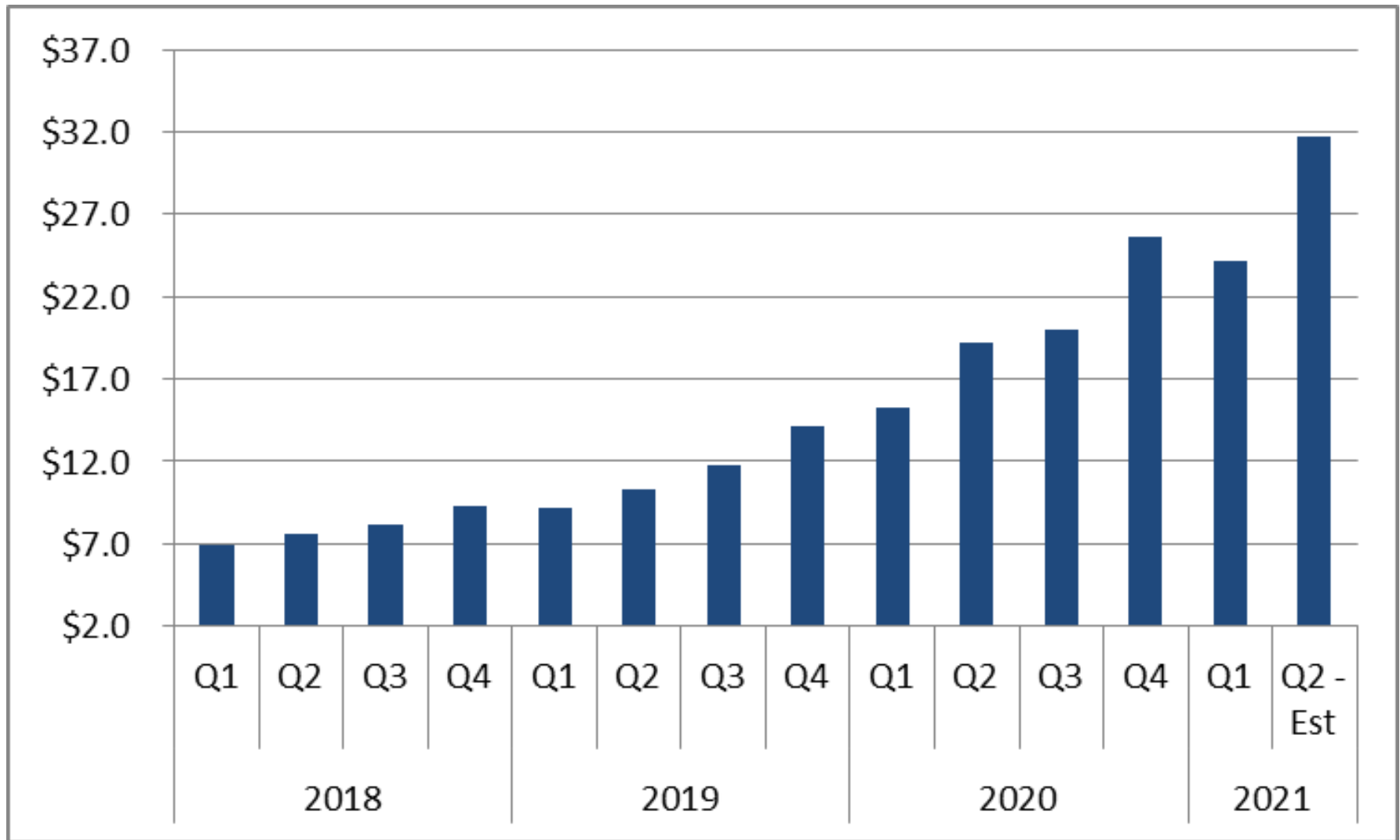
Chelle Van Burkleo joined the company in 2020 and brings more than 20 years of experience and an exceptional level of expertise in med-tech device sales. Previously, Chelle was Vice President of Sales and Marketing at WiscMed where she led strategic marketing initiatives and business sales plan development. Prior to WiscMed, Chelle was a senior sales and business development leader with Welch Allyn (Hillrom), a global medical device manufacturer. Chelle holds a Texas Executive Education certificate in general management and a bachelor's degree in business from the Red McCombs School of Business at the University of Texas – Austin.

# Company Milestones



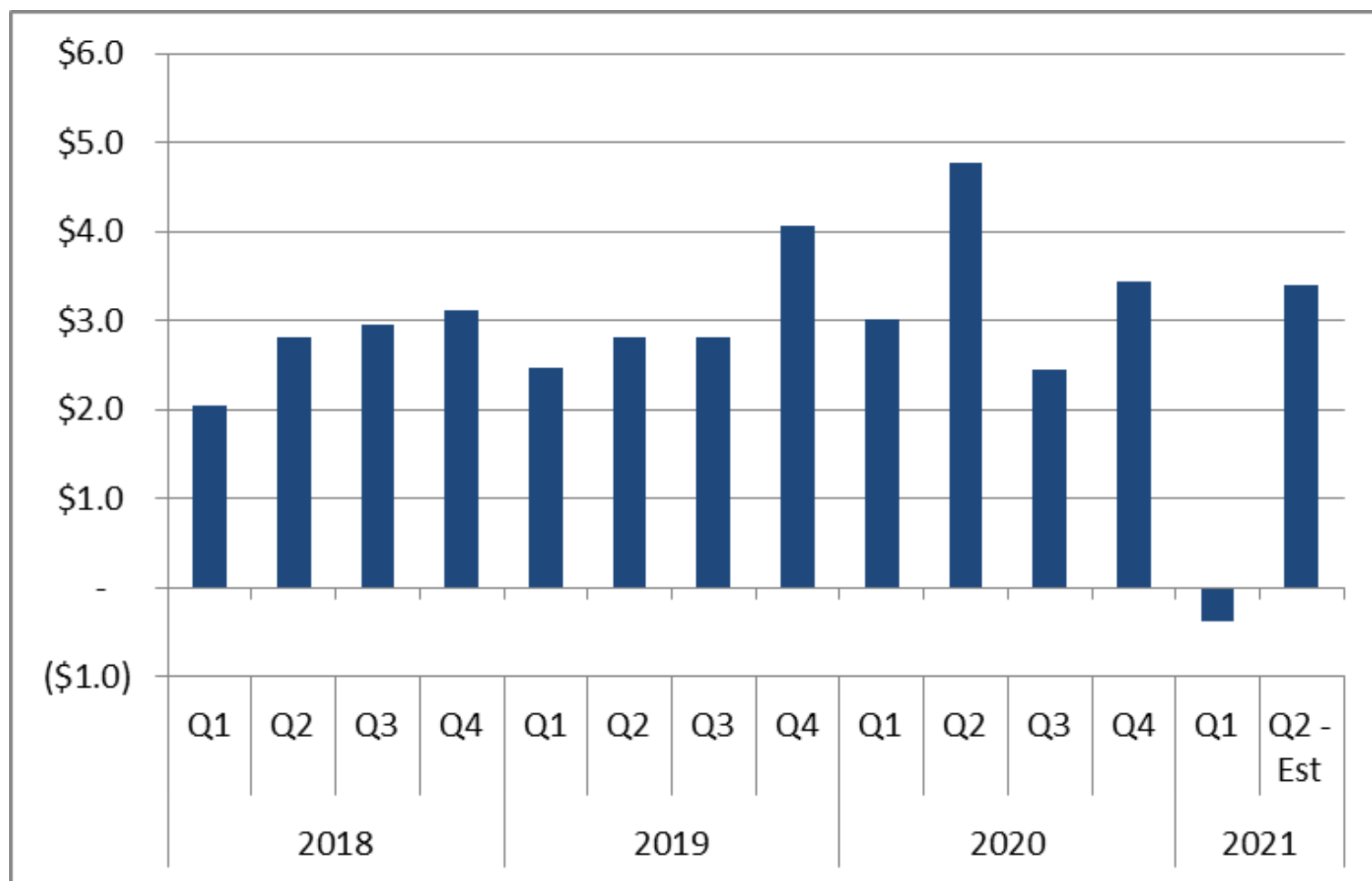


# Quarterly Revenue (\$ Millions)



- Q1-21 revenue ↑ 58% vs Q1-20
- Q2-21 Estimated revenue ↑ 61%-69% vs Q2-20

# Adjusted Quarterly EBITDA (\$ Millions)



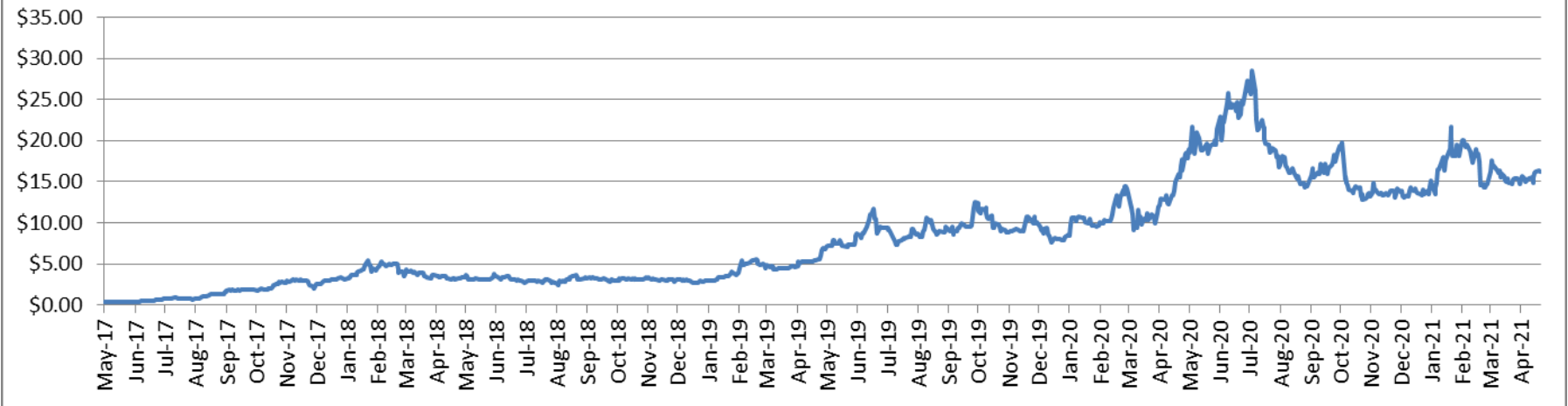
- Q1-2021 (\$0.4M) (Q1 seasonality and continued investment in growing sales force)
- Q2-2021 Estimated Adjusted EBITDA \$3.0M-\$4.0M

# Stock Information

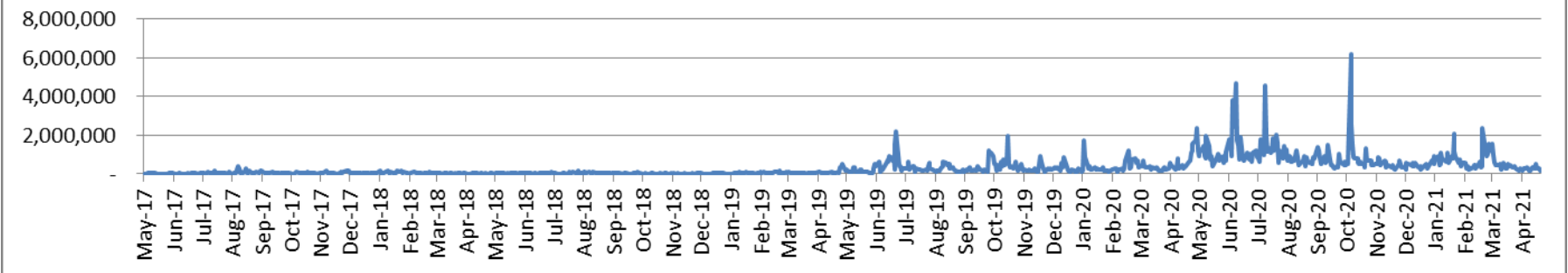
Key Stats	
Ticker	NASDAQ:ZYXI
Shares Outstanding	34.7M
Public Float	19.4M
Insider Ownership	44%
Avg. Daily Volume (50 days)	501,474
52 Week Range	\$12.53 - \$29.72
Year End	December 31 <sup>st</sup>

# Stock Chart

## Zynex, Inc. - Stock Price



## Zynex, Inc. - Volume



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# Contact Information

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**Zynex, Inc.**

Dan Moorhead  
Chief Financial Officer

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# Appendix

## **Use of Non-GAAP Financial Measures**

This presentation includes the non-GAAP financial measure of Adjusted EBITDA, which differs from financial measures calculated in accordance with accounting principles generally accepted in the U.S. (GAAP). Adjusted EBITDA in this release represents net income plus interest expense, tax expense, depreciation, amortization, other income/expense and stock compensation. The Company's management believes this non-GAAP financial measure is useful to investors and lenders in evaluating the overall financial health of the Company in that it allows for greater transparency of additional financial data routinely used by management to evaluate performance. Adjusted EBITDA can be useful for investors or lenders as an indicator of available earnings. Non-GAAP financial measures should not be considered in isolation from or as an alternative to the financial information prepared in accordance with GAAP. The following is a reconciliation of GAAP to Non-GAAP financial measures provided in this presentation.

# EBITDA Reconciliation - 2021

	For the Three Months Ended March 31,	
	2021	2020
<b>Adjusted EBITDA:</b>		
Net income	\$ (706)	\$ 2,937
Depreciation and Amortization*	268	68
Stock-based compensation expense	108	497
Restructuring/severance**	318	-
Interest expense and other, net	9	4
Income tax expense	(384)	(483)
<b>Adjusted EBITDA</b>	<b>\$ (387)</b>	<b>\$ 3,023</b>
<i>% of Net Revenue</i>	<i>(2%)</i>	<i>20%</i>



# EBITDA Reconciliation - 2020

For the Three Months Ended March 31,			For the Three Months Ended June 30,		
Adjusted EBITDA			Adjusted EBITDA		
	2020	2019		2020	2019
Net income	\$ 2,937	\$ 2,350	Net income	\$ 3,017	\$ 2,162
Depreciation and Amortization	68	66	Depreciation and Amortization	97	76
Stock-based compensation expense	497	139	Stock-based compensation expense	579	158
Interest expense and other, net	4	(880)	Interest expense and other, net	5	-
Income tax expense	(483)	786	Income tax expense	1,063	422
<b>Adjusted EBITDA</b>	<b>\$ 3,023</b>	<b>\$ 2,461</b>	<b>Adjusted EBITDA</b>	<b>\$ 4,761</b>	<b>\$ 2,818</b>
<i>% of Net Revenue</i>	<i>20%</i>	<i>27%</i>	<i>% of Net Revenue</i>	<i>25%</i>	<i>27%</i>

For the Three Months Ended September 30,			For the Three Months Ended December 31,		
Adjusted EBITDA:			Adjusted EBITDA:		
	2020	2019		2020	2019
Net income	\$ 1,333	\$ 2,033	Net income	\$ 1,788	\$ 2,947
Depreciation and Amortization	305	50	Depreciation and Amortization*	272	60
Stock-based compensation expense	730	259	Stock-based compensation expense	875	264
Interest expense and other, net	5	-	Interest expense and other, net	82	6
Income tax expense	71	463	Income tax expense	428	778
<b>Adjusted EBITDA</b>	<b>\$ 2,444</b>	<b>\$ 2,805</b>	<b>Adjusted EBITDA</b>	<b>\$ 3,445</b>	<b>\$ 4,055</b>
<i>% of Net Revenue</i>	<i>12%</i>	<i>24%</i>	<i>% of Net Revenue</i>	<i>13%</i>	<i>29%</i>

# EBITDA Reconciliation - 2019

	<b>For the Three Months Ended March 31,</b>	
<b>Adjusted EBITDA</b>	<b>2019</b>	<b>2018</b>
Net Income	\$ 2,350	\$ 1,921
Depreciation and Amortization	66	25
Stock-based Compensation Expense	139	63
Interest Expense and Other (Benefit), net	(880)	115
Income Tax Expense (Benefit)	786	(81)
<b>Adjusted EBITDA</b>	<b>\$ 2,461</b>	<b>\$ 2,043</b>
<i>% of Net Revenue</i>	27%	30%

	<b>For the Three Months Ended September 30,</b>	
<b>Adjusted EBITDA</b>	<b>2019</b>	<b>2018</b>
Net Income	\$ 2,033	\$ 2,591
Depreciation and Amortization	50	59
Stock-based Compensation Expense	259	76
Interest Expense and Other (Benefit), net	0	1
Income Tax Expense (Benefit)	463	228
<b>Adjusted EBITDA</b>	<b>\$ 2,805</b>	<b>\$ 2,955</b>
<i>% of Net Revenue</i>	24%	36%

	<b>For the Three Months Ended June 30,</b>	
<b>Adjusted EBITDA</b>	<b>2019</b>	<b>2018</b>
Net Income	\$ 2,162	\$ 2,418
Depreciation and Amortization	76	42
Stock-based Compensation Expense	158	53
Interest Expense and Other (Benefit), net	0	37
Income Tax Expense (Benefit)	422	260
<b>Adjusted EBITDA</b>	<b>\$ 2,818</b>	<b>\$ 2,810</b>
<i>% of Net Revenue</i>	27%	37%

	<b>For the Three Months Ended December 31,</b>	
<b>Adjusted EBITDA</b>	<b>2019</b>	<b>2018</b>
Net Income	\$ 2,947	\$ 2,622
Depreciation and Amortization	60	62
Stock-based Compensation Expense	264	178
Interest Expense and Other (Benefit), net	4	0
Income Tax Expense (Benefit)	778	258
<b>Adjusted EBITDA</b>	<b>\$ 4,053</b>	<b>\$ 3,120</b>
<i>% of Net Revenue</i>	29%	33%