ZYNEX MEDICAL

NASDAQ: ZYXI

Investor Presentation

July 2024

Forward Looking Statement

This release contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, forecasts, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. The Company makes no express or implied representation or warranty as to the completeness of forward-looking statements or, in the case of projections, as to their attainability or the accuracy and completeness of the assumptions from which they are derived. Factors that could cause actual results to materially differ from forward-looking statements include, but are not limited to, the need to obtain 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 on the global economy and other risks described in our filings with the Securities and Exchange Commission including, but not limited to our Annual Report on Form 10-K for the year ended December 31, 2022 as well as our quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement made by us in this release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Corporate Overview

Zynex is a medical technology company that manufactures and sells non-invasive medical devices for pain management, rehabilitation and patient monitoring.

- We deliver **opioid-free pain management** solutions & non-invasive patient monitoring products
- Rapidly expanding direct sales distribution channels with emphasis on productivity
- Outstanding growth, profitability & margins
  - TTM Revenue of **$193 million** (4-year revenue **CAGR of 42%)**
  - TTM Gross margins 80**%**
  - TTM EBITDA of **$22.4 million**
- Pre-revenue patient monitoring business with substantially higher average selling prices
- Addressable market exceeding $4.6 billion with high growth opportunities

NASDAQ: ZYXI

Share Price[1]	$10.10
Market Cap[1]	$321M
TTM Revenue[2]	$193M
TTM Gross Margin[2]	80%
TTM Net Income[2]	$6M
Cash & Cash Equivalents[3]	**$30.8M**
Shares Outstanding[3]	31.7M
Float	15.3M
Insider Holdings	51.5**%**

1. As of July 22, 2024
2. TTM as of Jun. 30, 2024
3. As of Jun. 30, 2024

Corporate Purpose

Zynex provides prescription strength pain relief & exceptional service

We are committed to being the world's premier pain management provider

Our mission is to improve the quality of life of patients suffering from debilitating pain or illnesses by providing the highest technology and service standards in the electrotherapy industry.

Total Addressable Market

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$4.6B

$950M Pain & Rehabilitation
Incontinence Treatment
Stroke Rehab

Hemodynamic Monitoring
Pulse Oximetry
Sepsis **$3.6B**

Electrotherapy[1]

- Over 1.5 billion worldwide suffering from chronic pain[2]
- 84% of patients were able to reduce medication use[3]
- 100% of revenues today

PATIENT MONITORING[4]

- >6,000 hospitals and >900,000 staffed beds in the U.S.[5]
- Over 36M annual hospitals admissions in the U.S.[5]
- Pre-revenue business today

1) Emergen Research report titled "Electrotherapy Market by treatment type, by application, by end use and by region, forecast to 2028", February 2021. $ Market size does not include Stroke.
2) Boston University School of Public Health, "Chronic Pain and the Health of Populations", September 24, 2017.
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) MarketsandMarkets, "Pulse Oximeter Market, Global Forecast to 2026" May 2021; Emergen Research report titled "Hemodynamic Monitoring Devices Market", June 2021. $ Market size does not include Sepsis
5) The American Hospital Association - Fast Facts on U.S. Hospitals, 2021

Electrotherapy
Addressable Market & Product Portfolio

$950M[1] Pain & Rehabilitation
Incontinence Treatment
Stroke Rehab

ELECTROTHERAPY

Nexwave
Pain Relief,
Muscle Rehabilitation

Rehabilitation Products

Other Products
Inwave &
Neuromove

1) Emergen Research report titled “Electrotherapy Market by treatment type, by application, by end use and by region, forecast to 2028”, February 2021. $ Market size does not include Stroke.

NexWave
Prescription Strength Electrotherapy

Opioid-Free Pain Treatment

- 84% of patients were able to reduce medication use[1]
- Nearly half reduced medication consumption by 50%[1]

Benefits

- Relieves pain, augments healing, alleviates swelling through increased blood circulation, prevents muscle disuse atrophy, relaxes muscle spasms
- **Beyond TENS**: Vastly superior performance to over-the-counter TENS devices

Capital/Consumable Business Model ("Razor Blade Model")

- 2023: 68% of revenue from supplies

<u>Reimbursed by Health Insurance via prescription</u>

1) 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

Building a Strong Distribution Network

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Direct Sales

Physicians & Therapists

- **Direct sales force is growing rapidly with incentives for productivity and efficiency**
- Physician relationships include orthopedics, physical therapy, sports medicine and occupational therapy

+

Patients

Insurance Plans

- HMO and PPO private insurance plans
- Patient's carrier is directly billed upon product delivery
- Experienced reimbursement staff of ~160 employees

=

Efficient Electrotherapy Distribution Network designed to grow

PROFITABILITY & PROFIT MARGINS

Patient Monitoring
Addressable Market & Product Pipeline

$3.6B[1] Hemodynamic Monitoring
Pulse Oximetry
Sepsis

PATIENT MONITORING

*

*

CM-1500/1600

FDA Cleared Noninvasive Wireless Fluid Monitoring System

NiCO™ & HemeOx™

Laser-based Noninvasive CO-Oximeter (NiCO™) & Total Hemoglobin Pulse Oximeter (HemeOx™)
*prototypes

Sepsis

Noninvasive Sepsis Monitor
*utility patent filed

1) MarketsandMarkets, "Pulse Oximeter Market, Global Forecast to 2026", May 2021; Emergen Research report titled "Hemodynamic Monitoring Devices Market", June 2021. $ Market size does not include Sepsis. 2) Prototypes. 3) Utility patent filed. * Currently under development.

Patient Monitoring Product Pipeline

Hemodynamic Monitoring

Noninvasive, continuous fluid monitoring

Early Warning System

- Determines changing trend in patient condition

CM-1500

- FDA 510 (k) cleared - February 2020

CM-1600 next generation, wireless device

- FDA 510(k) cleared - June 2023
- CE mark in process

Pulse Oximetry

NiCO™

Noninvasive CO-Oximeter uses laser technology to measure hemoglobin

- Direct replacement for inaccurate LED-based technology common today

HemeOx™

Total Hemoglobin (tHb) Pulse Oximeter replaces invasive blood draws

Sepsis Monitoring

Global Health Concern

- 48M cases and 11M deaths per year, globally[1]

Simplified Early Detection and Alerting

- Current methods insufficient in early detection and alerting of sepsis onset
- Prevalence of sepsis partially due to the challenge of early diagnosis

Utility Patent Filed

December 2021

1) Company estimates based on public industry sources

Growth Trajectory

Today

Increase Sales Force and Improve Productivity

- **~500** sales reps to **800**
- Increase per/rep productivity:
  - **$400k** to target of ***>$1 million***

Launch in new vertical: Patient Monitoring

- **$3.7 billion** market
- FDA Clearance of CM-1600 Monitor in June 2023
- Higher average selling prices per device

Leverage infrastructure investments to scale growth

- Direct sales force started in 2017
- Leverage infrastructure investments to scale growth
- Utilize ***existing cash flow*** to fund further growth

Drive Value Through Organic Growth and M&A

- Drive market adoption of differentiated monitoring solutions
- Increase international sales footprint and revenues through distributors and new product approvals

Financial Performance

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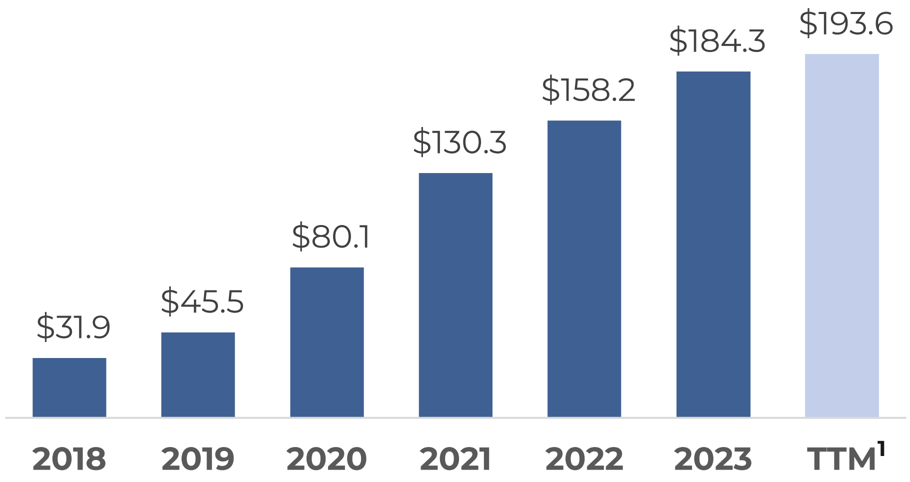
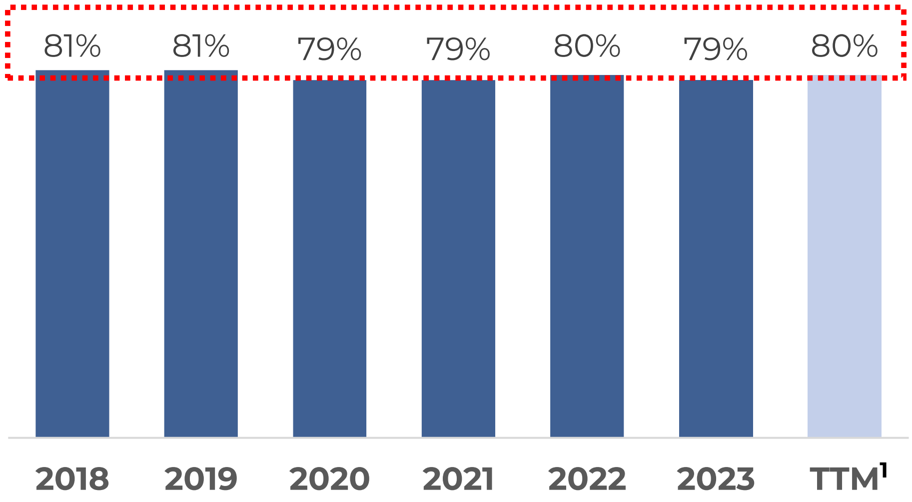
Revenue
($M)



Gross Margin
(%)



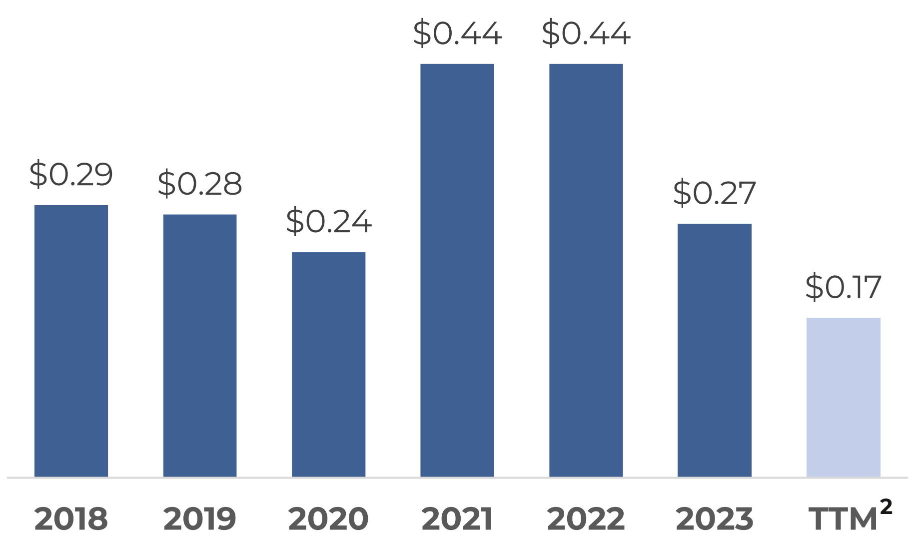
2024 Guidance of $200 million

Consistently high gross margins imply a defensible business model

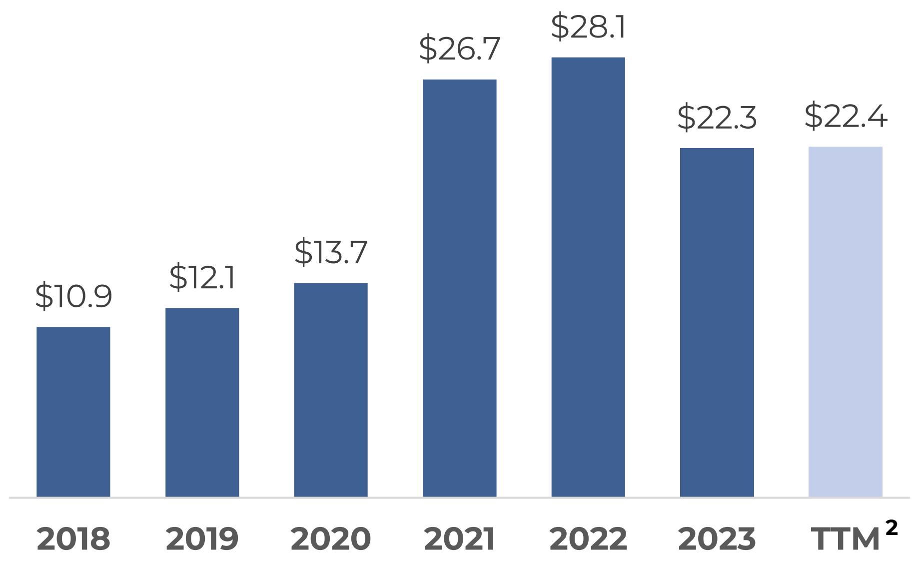
1) TTM as of June 30, 2024

Financial Performance

Diluted EPS
($)



Adj. EBITDA
($M)



Consistent profitability despite investments in a direct sales team and buildout of monitoring division

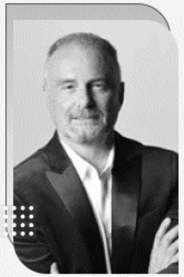
1) Note: Adjusted EBITDA reflects earnings before interest, taxes, depreciation, amortization, non-cash lease expense, non-cash lease expense, one-time severance, other income/expense and stock compensation. Depreciation does not include amounts related to units on lease to third parties which are depreciated and included in cost of goods sold. See appendix for EBITDA reconciliation figures

2) TTM as of June 30, 2024

Valuation
Medical Equipment Manufacturers

Company	Ticker	Share Price	Market Cap	EV	Sales 2023	Sales 2024E	Sales Growth 24/23	4-Yr CAGR	P/Sales 2024E	Gross Margin 2023	EBITDA 2023	EBITDA 2024E	EBITDA MARGIN	EV/EBITDA 2023	EV/EBITDA 2024E
Medical Equipment															
SI-Bone	SIBN	$16.61	$684	$561	$139	$165	19%	20%	3.4x	79%	-42	-$10	-30%	-13.5x	-57.8x
Alphatec	ATEC	$11.09	$1,551	$1,984	$482	$602	25%	44%	2.6x	53%	-$89	$23	-18%	-22.4x	86.9x
Nevro Corp.	NVRO	$9.10	$334	$274	$425	$440	3%	2%	0.8x	66%	-88	-$3	-21%	-3.1x	-103.4x
Axogen	AXGN	$9.12	$399	$440	$159	$179	13%	10%	2.2x	80%	-$16	$10	-10%	-27.6x	42.1x
Angiodynamics	ANGO	$7.18	$288	$212	$328	$284	-13%	4%	1.0x	47%	$3	-2	1%	62.5x	-111.8x
Orthofix Medical	OFIX	$15.46	$580	$711	$747	$793	6%	13%	0.7x	63%	-$89	$65	-12%	-8.0x	10.9x
Cutera	CUTR	$1.59	$32	$361	$212	$162	-24%	4%	0.2x	25%	-$146	-$71	-69%	-2.5x	-5.1x
Average							4%	**14%**	**1.7x**				**-23%**	**-2.1x**	**-19.7x**
Zynex Medical	**ZYXI**	**$10.10**	**$321**	**$374**	**$184**	**$200**	**9%**	**42%**	**1.6x**	**80%**	**$15**	**$31**	**8%**	**24.9x**	**12.3x**

Management Team



Thomas Sandgaard

Founder, Chairman & CEO

- Chairman, President, and CEO of Zynex since founding the company in 1996 - In-depth knowledge of the industry and is the driving force of the company strategies.
- Previously held management positions with companies such as ITT, Siemens, GN Danavox, Dataco, and Philips.
- Most of his work has been in the areas of international sales and distribution, technology transfers, mergers and marketing management in the semiconductor, telecommunications, data communications, and medical equipment industries.

Dan Moorhead

Chief Financial Officer

- Responsible for all finance and accounting functions.
- Prior to joining Zynex, was Chief Financial Officer of Evolving Systems, Inc. (Nasdaq: EVOL) from 2016 until 2017, after having served as Vice President of Finance & Administration from 2011 through 2015 and in other financial management roles from 2002-2005 and 2008-2011.
- Is a CPA and holds a B.B.A. in Accounting from the University of Northern Colorado.

Anna Lucsok

Chief Operating Officer

- Previously served as VP of Reimbursement and Sales Operations with Zynex Medical, and was responsible for leading and expanding Zynex's order, reimbursement, patient experience, and inside sales support operations.
- Brings more than nine years of healthcare operations experience as well as critical knowledge of revenue cycle management and medical care collections.
- Previously held key positions with companies such as University of Colorado Hospital, and Schryver Medical.

Donald Gregg

President, Zynex Monitoring Solutions

- Customer-focused, entrepreneurial and results-driven leader at the intersection of high-tech, medical device and data science with 25+ years of successful product, marketing, P&L, and general management experience.
- Previously held leadership roles as Smith Medical's Vice President and General Manager of Infusion Systems and Medtronic's Senior Director of Product, Marketing and Business Development of Health Informatics and Monitoring.
- Prior to leading businesses in the medical device industry, spent 15+ years in the high-tech industry at Seagate Technology, Roxio, Napster, and Gateway Computers.

Steve Fox

Vice President of Sales

- Brings over 15 years of management and sales experience to his role at Zynex.
- Prior to becoming VP of Sales, he was the Regional Sales Manager (RSM) for the Texas, Great Lakes and Mid-Central Regions throughout 2020 and much of 2021.
- This Metropolitan State University of Denver alumni holds a Bachelor's Degree in History with a minor in Secondary Education and is extremely passionate about coaching, building a strong work culture at Zynex, and leading his teams to success.
- Also spends time as an Executive Board Member of the OneGoat Foundation, a charity organization dedicated to supporting First Responder Foundations across the country.

Investment Highlights

Company valued on established electrotherapy business. Patient monitoring business is pre-revenue with transformative growth potential

Outstanding financial performance

- 42% Revenue CAGR from 2019 – 2023 ($45.5M ➡ $184.3M)
- 17% EBITDA CAGR from 2019 - 2023 ($12.1M ➡ $22.3M)
- SaaS-like gross margins of ~80%
- Solid balance sheet: $30.8 million in cash

Growing and productive direct sales team with target of 800 regions averaging at least $1 million in annual revenue per rep

Insiders own ~51.5% of outstanding shares

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EBITDA Reconciliation

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$ in thousands	For the Three Months Ended Jun 30, 2024	2023
Adjusted EBITDA:		
Net income	$ 1,217	$ 3,354
Depreciation and Amortization[1]	465	412
Stock-based compensation expense	841	660
Interest expense and other, net	611	317
Change in value of contingent consideration	--	(1,700)
Non-cash lease expense[2]	--	227
Non-cash receivables adjustment[3]	--	--
Income tax expense	398	742
Adjusted EBITDA	**$ 3,532**	**$ 4,012**
% of Net Revenue	*7%*	*9%*

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, non-cash lease expense, restructuring/severance 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.

$ in thousands	For the Years Ended December 31, 2023	2022	2021	2020	2019	2018
Adjusted EBITDA:						
Net income	$ 9,732	$ 17,048	$ 17,103	$ 9,074	$ 9,492	$ 9,552
Depreciation and Amortization[1]	1,660	1,648	925	742	253	189
Stock-based compensation expense	2,296	2,342	1,630	2,681	820	370
Restructuring/severance[4]	-	-	318	-	-	-
Interest expense and other, net	1,055	440	95	96	(875)	154
Change in value of contingent consideration	(2,854)	300	-	-	-	-
Non-cash lease expense[2]	1,340	1,165	1,428	-	-	-
Non-cash receivables adjustment[3]	6,183	-	-	-	-	-
Income tax expense	2,847	5,150	5,168	1,079	2,449	664
Adjusted EBITDA	**$ 22,259**	**$ 28,093**	**$ 26,667**	**$ 13,672**	**$ 12,139**	**$ 10,929**
% of Net Revenue	*12%*	*18%*	*20%*	*17%*	*27%*	*34%*

1) Depreciation does not include amounts related to units on lease to third parties which are depreciated and included in cost of goods sold.
2) Amount expensed under building lease agreements in excess of cash payments due to abated rent.
3) Amount of non-recurring reduction in net revenue, related to slow collecting receivables.
4) Severance of former COO Giusseppe Papandrea which was fully expensed in Q1-2021