

Zynex Announces 2017 Second Quarter Earnings

- * Revenue grew 53% year over year**
- * Net income of \$1.5 million increased 769% year over year**
- * Adjusted EBITDA of \$2.0 million increased 7463% year over year**
- * Fourth consecutive quarter of net income, 80% gross margin and 38% operating margin**
- * Year to date cash flows from operations increased 146% to \$1.9 million**
- * EPS \$0.05 in Q2**

PR Newswire
LONE TREE, Colo.

LONE TREE, Colo., Aug. 14, 2017 /[PRNewswire](#)/ -- Zynex, Inc. (OTCQB: ZYXI), an innovative medical technology company specializing in the manufacture and sale of non-invasive medical devices for pain management, stroke rehabilitation, cardiac monitoring and neurological diagnostics, today reported financial results for its second quarter ended June 30, 2017.

President and CEO Commentary:

Thomas Sandgaard, CEO commented: "I am very excited to report strong net income of \$1.5 million in the second quarter which continues our trend of bottom line improvement. Our revenue grew to \$5.0 million, an increase of 47% compared to the first quarter and 53% above the second quarter of last year. Our gross profit margin continued to improve to 80% versus 75% in Q1-2017 and Q2-2016. Our focus on processing orders better to improve collections while keeping fixed expenses minimized is paying off in terms of positive cash flow and profitability.

We were able to strengthen our balance sheet at the end of the second quarter when we paid off the entire balance on our credit facility, to which we owed \$2.2 million at the end of the first quarter 2017. Not only are we now saving significant amount of interest and fees but it also provides much more flexibility for us to operate. Our increasing profitability and cash flows will allow us to invest in sales growth initiatives during the second half of 2017.

We currently estimate our third quarter revenue to range between \$5.4 and \$5.8 million with Adjusted EBITDA between \$2.0 million and \$2.4 million.

Our long term goals are to continue to take advantage of the huge void in the electrotherapy industry, a listing on a national stock exchange and also launching our Blood Volume Monitor into the hospital market for non-invasively detecting blood loss and internal bleeding."

Second Quarter Financial Results Summary:

The Company reported net revenue of \$5.0 million, a 53% increase over Q2-2016 and a 47% increase compared to Q1-2017. For the six months ended June 30, 2017, total revenue was \$8.5 million vs. \$6.8 million for the six months ended June 30, 2016.

Cost of revenue increased to \$1.0 million from \$0.9, million which generated increased gross margins of 80% compared to 71% last year. Gross margins for the six months ended June 30, 2017 increased to 77% from 71% in 2016.

Selling, General and Administrative ("SG&A") expenses were \$2.1 million in the second quarter of 2017, compared to \$2.5 million last year. The Company's SG&A expenses decreased 16% compared to the same period last year, continuing a trend of decreasing operating expenses.

Net income grew 769% to \$1.5 million in the second quarter of 2017, compared to a loss of \$0.2 million last year. For the six months ended June 30, 2017, net income grew 378% to \$1.9 million from a loss of \$0.7 million in 2016.

Adjusted EBITDA grew 7463% to \$2.0 million in the second quarter of 2017 compared to a loss of \$27,000 last year. For the six months ended June 30, 2017, Adjusted EBITDA grew 1959% to \$2.6 million from a loss of \$0.1 million in 2016.

The Company generated \$1.9 million of cash from operations during the first half of 2017, which allowed it to pay off its credit facility which had been in default since 2014.

Webcast Details: Monday, August 14, 2017 at 9:00 a.m. MT – 11:00 a.m. ET

To register and participate in the webcast, interested parties should click on the following link or dial in approximately 10-15 minutes prior to the webcast:

<https://www.webcaster4.com/Webcast/Page/1487/22239>

US PARTICIPANT DIAL IN (TOLL FREE): 1-844-825-9790

INTERNATIONAL DIAL IN: 1-412-317-5170

Canada Toll Free: 1-855-669-9657

Non-GAAP Financial Measures

Zynex reports its financial results in accordance with accounting principles generally accepted in the U.S. (GAAP). In addition, the Company is providing in this news release financial information in the form of adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and stock compensation). Management believes these non-GAAP financial measures are useful to investors and lenders in evaluating the overall financial health of the Company in that they allow 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 earnings available to service debt. Non-GAAP financial measures should not be considered superior to, in isolation from or as an alternative to the financial information prepared in accordance with GAAP.

About Zynex

Zynex, founded in 1996, markets and sells its own design of electrotherapy medical devices used for pain management and rehabilitation; and the company's proprietary NeuroMove device designed to help recovery of stroke and spinal cord injury patients. . Zynex is also developing a new blood volume monitor for use in hospitals and surgery centers. For additional information, please visit: Zynex.com.

Safe Harbor Statement

Certain statements in this release are "forward-looking" and as such are subject to numerous risks and uncertainties. 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 additional capital or augment our liquidity in order to continue our business, the success of our international expansion efforts, our ability to engage additional sales representatives and their success, 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 from insurance companies for products sold or rented to our customers, acceptance of our products by health insurance providers, 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 uncertain outcome of pending material litigation, our ability to up-list to a larger exchange 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, 2016 as well as Forms 10-Q, 8-K and 8-K/A, press releases and the Company's website.

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Investor Relations Contact:

Amato And Partners, LLC

ZYNEX, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

(unaudited)

June 30, December 31,

2017 2016

ASSETS

Current assets:

Cash	\$140	\$ 247
Accounts receivable, net	2,505	3,028
Inventory, net	178	107
Prepaid expenses	125	40
Total current assets	2,948	3,422

Property and equipment, net	497	580
Deposits	55	55
Amortizable intangible assets, net	21	34
Total assets	\$3,521	\$ 4,091

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Line of credit	\$-	\$ 2,771
Current portion of unsecured subordinated promissory notes	518	-
Current portion of capital leases	120	118
Accounts payable and accrued expenses	2,447	3,190
Deferred revenue	-	54
Accrued payroll and related taxes	659	732
Deferred insurance reimbursement	880	880
Total current liabilities	4,624	7,745

Long-term liabilities:

Long-term liabilities:

Long-term portion of unsecured subordinated promissory notes	-	-
Obligation to issue common stock to private placement noteholders	466	-
Capital leases, less current portion	73	136
Warranty liability	12	12
Total liabilities	5,175	7,893

Commitments and contingencies

Stockholders' equity:

Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding as of June 30, 2017 and December 31, 2016	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 32,048,484 and 31,271,234 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	32	31
Additional paid-in capital	6,322	6,032
Accumulated deficit	(7,919)	(9,776)
Total Zynex, Inc. stockholders' deficit	(1,565)	(3,713)
Non-controlling interest	(89)	(89)
Total stockholders' deficit	(1,654)	(3,802)
Total liabilities and stockholders' equity	\$3,521	\$ 4,091

ZYNEX, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
NET REVENUE				
Product devices	\$ 2,464	\$ 2,100	\$ 4,326	\$ 4,682
Product supplies	2,578	1,186	4,152	2,081
Total revenue	5,042	3,286	8,478	6,763

Total revenue	5,312	5,200	5,170	5,100
COSTS OF REVENUE AND OPERATING EXPENSES				
Costs of revenue - rental, product & supply	1,020	941	1,943	1,924
Selling, general and administrative expense	2,088	2,495	4,118	5,339
Total costs of revenue and operating expenses	3,108	3,436	6,061	7,263
Income (loss) from operations	1,934	(150)	2,417	(500)
Other income (expense)				
Interest expense	(394)	(77)	(515)	(172)
Other income (expense), net	(394)	(77)	(515)	(172)
Income from operations before income taxes	1,540	(227)	1,902	(672)
Income tax expense	36	-	45	-
Net Income (loss)	1,504	(227)	1,857	(672)
Plus: Net loss - noncontrolling interest	-	-	-	-
Net income (loss) - attributable to Zynex, Inc.	\$ 1,504	\$ (227)	\$ 1,857	\$ (672)
Net income (loss) per share attributable to Zynex, Inc.:				
Basic	\$ 0.05	\$ (0.01)	\$ 0.06	\$ (0.02)
Diluted	\$ 0.05	\$ (0.01)	\$ 0.06	\$ (0.02)
Weighted average basic shares outstanding	32,048	31,271	31,790	31,271
Weighted average diluted shares outstanding	33,262	31,271	32,413	31,271

ZYNEX, INC.

Reconciliation of GAAP to Non-GAAP Measures

(in thousands except per share data)

(unaudited)

**For the Three Months Ended For the Six Months Ended
June 30, June 30,**

	2017	2016	2017	2016
Adjusted EBITDA:				
Net income	\$ 1,504	\$ (227)	\$ 1,857	\$ (672)
Depreciation and Amortization	41	107	112	204
Stock-based compensation expense	13	16	37	158
Interest expense and other, net	394	77	515	172
Income tax expense	36	-	45	-
Adjusted EBITDA	\$ 1,988	\$ (27)	\$ 2,566	\$ (138)
% of Net revenue	39%	(1%)	14%	(1%)

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SOURCE Zynex

<https://zynexmed.investorroom.com/2017-08-14-Zynex-Announces-2017-Second-Quarter-Earnings>