

## Zynex Announces 2022 First Quarter Earnings

ENGLEWOOD, Colo., April 28, 2022 /PRNewswire/ -- [Zynex, Inc.](#) (Nasdaq: ZYXI) an innovative medical technology company specializing in the manufacture and sale of non-invasive medical devices for pain management, rehabilitation, and patient monitoring, today reported financial results for the first quarter ended March 31, 2022.

### Highlights:

- Revenue increased 29% year over year to \$31.1 million
- Net income increased 296% to \$1.4 million; Diluted EPS of \$0.03
- Adjusted EBITDA increased 897% to \$3.1 million
- Announced Share Buyback Program up to \$10M over next 12 months

### First Quarter Financial Results Summary:

For the first quarter, the Company reported net revenue of \$31.1 million, a 29% increase over first quarter of 2021. Gross margins were 78% and net income was \$1.4 million, a 296% increase from Q1 2021.

As of March 31, 2022, the Company had working capital of \$59.8 million. Cash on hand was \$39.2 million at the end of the first quarter.

### President and CEO Commentary:

"We are pleased to finish the first quarter with significant momentum for the full year. March saw the largest number of orders in the Company's history, and we are expecting continued growth throughout all of 2022," said Thomas Sandgaard, President and CEO. "Cash collections were strong, including collections from in-network and out-of-network commercial payers. We recently announced a stock buyback program of up to \$10 million over the next 12 months to signal our confidence in the Company's long-term strategy. We believe that the decision will ultimately drive shareholder value and have already repurchased approximately \$5 million from April 12<sup>th</sup> through April 27<sup>th</sup>, 2022."

### Second Quarter and Full Year 2022 Guidance

Full year 2022 revenue is estimated in the range of \$150-\$170 million and Adjusted EBITDA between \$25 and \$35 million. Profitability is expected to grow as sales reps become more efficient, further highlighting the anticipated EBITDA growth in 2022.

The estimated range for second quarter 2022 revenue is between \$35.0 and \$38.0 million, an increase of approximately 18% from 2Q21.

Second quarter 2022 Adjusted EBITDA is estimated to range between \$4.0 and \$6.0 million, an increase of approximately 5% from 2Q21.

### Conference Call and Webcast Details

**Thursday, April 28, 2022 at 2:15 p.m. MT / 4:15 p.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://app.webinar.net/XNI5a6za9R8>

**US Participant Dial In (TOLL FREE): 1-844-825-9790**

**International Participant Dial In: 1-412-317-5170**

**Canada Participant Dial In (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, other income/expense, stock compensation, restructuring and non-cash lease charges). 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 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.

### **About Zynex, Inc.**

Zynex, founded in 1996, develops, manufactures, markets and sells medical devices used for pain management and rehabilitation as well as non-invasive fluid, sepsis and laser-based pulse oximetry monitoring systems for use in hospitals. For additional information, please

visit: [www.zynex.com](http://www.zynex.com)

## Safe Harbor 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, 2021 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.

## Investor Contact

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## ZYNEX, INC.

### CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS)

(unaudited)

|                             | March 31,<br>2022 | December 31,<br>2021 |
|-----------------------------|-------------------|----------------------|
| <b>ASSETS</b>               |                   |                      |
| Current assets:             |                   |                      |
| Cash                        | \$ 39,247         | \$ 42,612            |
| Accounts receivable, net    | 27,845            | 28,632               |
| Inventory, net              | 13,484            | 10,756               |
| Prepaid expenses and other  | 1,600             | 689                  |
| Total current assets        | 82,176            | 82,689               |
| Property and equipment, net | 2,191             | 2,186                |
| Operating lease asset       | 15,647            | 16,338               |
| Finance lease asset         | 359               | 389                  |

|  |                   |                   |
|--|-------------------|-------------------|
| Deposits   | 585               | 585               |
| Intangible assets, net of accumulated amortization | 9,751             | 9,975             |
| Goodwill   | 20,401            | 20,401            |
| Deferred income taxes                              | 931               | 711               |
| Total assets                                       | <u>\$ 132,041</u> | <u>\$ 133,274</u> |

#### **LIABILITIES AND STOCKHOLDERS' EQUITY**

##### Current liabilities:

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Accounts payable and accrued expenses | 6,541         | 4,739         |
| Cash dividends payable                | 16            | 3,629         |
| Operating lease liability             | 3,329         | 2,859         |
| Finance lease liability               | 121           | 118           |
| Income taxes payable                  | 3,116         | 2,296         |
| Current portion of debt               | 5,333         | 5,333         |
| Accrued payroll and related taxes     | 3,912         | 3,897         |
| Total current liabilities             | <u>22,368</u> | <u>22,871</u> |

##### Long-term liabilities:

|  |               |               |
|--|---------------|---------------|
| Long-term portion of debt, less issuance costs | 9,277         | 10,605        |
| Contingent consideration                       | 9,500         | 9,700         |
| Operating lease liability                      | 14,792        | 15,856        |
| Finance lease liability                        | 286           | 317           |
| Total liabilities                              | <u>56,223</u> | <u>59,349</u> |

##### Stockholders' equity:

|  |                  |                   |
|--|------------------|-------------------|
| Common stock                               | 41               | 41                |
| Additional paid-in capital                 | 80,913           | 80,397            |
| Treasury stock                             | (6,513)          | (6,513)           |
| Retained earnings                          | 1,377            | -                 |
| Total stockholders' equity                 | <u>75,818</u>    | <u>73,925</u>     |
| Total liabilities and stockholders' equity | <u>\$132,041</u> | <u>\$ 133,274</u> |

#### **ZYNEX, INC.**

#### **CONSOLIDATED STATEMENTS OF INCOME**

**(in thousands, except per share data)**

**(unaudited)**

|  | <b>For the Three Months Ended March 31,</b> |             |
|--|---|-------------|
|  | <b>2022</b>                                 | <b>2021</b> |
| <b>NET REVENUE</b>                                       |   |             |
| Devices  | \$ 6,725                                    | \$ 6,365    |
| Supplies   | 24,358                                      | 17,762      |
| Total net revenue  | 31,083                                      | 24,127      |
| <b>COSTS OF REVENUE AND OPERATING EXPENSES</b>           |   |             |
| Costs of revenue - devices and supplies                  | 6,921                                       | 5,886       |
| Sales and marketing                                      | 14,424                                      | 13,827      |
| General and administrative                               | 7,832                                       | 5,495       |
| Total costs of revenue and operating expenses            | 29,177                                      | 25,208      |
| Income (loss) from operations                            | 1,906                                       | (1,081)     |
| Other income (expense)                                   |   |             |
| Gain on change in fair value of contingent consideration | 200   | -           |
| Interest expense   | (124)                                       | (9)         |
| Other income (expense), net                              | 76  | (9)         |
| Income (loss) from operations before income taxes        | 1,982                                       | (1,090)     |
| Income tax expense                                       | 605   | (384)       |
| Net income (loss)  | \$ 1,377                                    | \$ (706)    |
| Net income (loss) per share:                             |   |             |
| Basic  | \$ 0.03                                     | \$ (0.02)   |
| Diluted  | \$ 0.03                                     | \$ (0.02)   |
| Weighted average basic shares outstanding                | 39,765                                      | 38,321      |
| Weighted average diluted shares outstanding              | 41,188                                      | 38,321      |

### Reconciliation of GAAP to Non-GAAP Measures

(in thousands)

(unaudited)

|                         | <b>For the Three Months Ended March 31,</b> |             |
|-------------------------|---|-------------|
|                         | <b>2022</b>                                 | <b>2021</b> |
| <b>Adjusted EBITDA:</b> |   |             |
| Net income (loss)       | \$ 1,377                                    | \$ (706)    |

|  |                 |                 |
|--|-----------------|-----------------|
| Depreciation and Amortization*         | 396             | 268             |
| Stock-based compensation expense       | 589             | 108             |
| Restructuring/severance**              | -               | 318             |
| Interest expense and other (gain), net | (76)            | 9               |
| Non-cash lease expense ***             | 183             | -               |
| Income tax expense                     | 605             | (384)           |
| <b>Adjusted EBITDA</b>                 | <b>\$ 3,074</b> | <b>\$ (387)</b> |
| <i>% of Net Revenue</i>                | <i>10%</i>      | <i>(2%)</i>     |

\* Depreciation does not include amounts related to units on lease to third parties which are depreciated and included in cost of goods sold.

\*\* Severance of former COO Giuseppe Papandrea which was fully expensed in Q1-2021

\*\*\* Amount expensed on new company headquarters on which we have twenty-one months of free rent

SOURCE Zynex

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<https://zynexmed.investorroom.com/2022-04-28-Zynex-Announces-2022-First-Quarter-Earnings>