

Investor Presentation

April 2023

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.

Investment Highlights



At-Home Prescription Strength Electrotherapy Pain Management Leader



Robust and Durable Business Model with High Recurring Revenue



Pipeline Products: Hemodynamic/Fluid Volume Monitor, Laser-based Noninvasive CO-Oximeter & Total Hemoglobin Pulse Oximeter, and Sepsis Monitor



History of Consistent Operational Execution



Strong Financial Performance with >\$150M in Annual Revenue, 20%+ YoY Revenue Growth, ~80% Gross Margins, and 7+ years of Consistent Profitability

Total Addressable Market

\$4.6B

\$900M

Pain & Rehabilitation
Incontinence Treatment
Stroke Rehab

ELECTROTHERAPY

- Over 1.5 billion worldwide suffering from chronic pain¹
- 84% of patients were able to reduce medication use²

Hemodynamic Monitoring
Pulse Oximetry
Sepsis

\$3.7B

PATIENT MONITORING

- >6,000 hospitals and >900,000 staffed beds in the U.S.³
- Over 36M annual hospitals admissions in the U.S.³

1) 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>

2) 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

3) The American Hospital Association - Fast Facts on U.S. Hospitals, 2021

Total Addressable Market

Electrotherapy

\$900M Pain & Rehabilitation
Incontinence Treatment
Stroke Rehab

ELECTROTHERAPY



InWave
Incontinence Treatment



NexWave
Pain Relief, Muscle Rehabilitation



NeuroMove
Stroke Rehabilitation

NexWave

Prescription Strength Electrical Nerve Stimulation

Indications

- Relieves pain, augments healing, alleviates swelling through increased blood circulation, prevents muscle disuse atrophy, relaxes muscle spasms
- Superior performance to over-the-counter TENS devices, inferential efficacy

Capital/Consumable Business Model

- 2022: 72% of revenue from supplies

Reimbursed by Health Insurance

- Requires a prescription

Alternative to Traditional Prescription Pain Treatment

- Only 23% of patients with chronic pain found opioids “very effective”¹
- 51% of people feel that they have no control over their pain²
- 84% of patients were able to reduce medication use³
- Nearly half reduced medication consumption by 50%³
- Patients decreased the cost of medication by 50%³



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_SIs_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

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

Stages of Treatment Options for Chronic Pain



NexWave

Prescribed at all stages of patient care



OTC NSAIDS

Non-invasive

Limited effect in patients with moderate to severe pain



Rx Opioids

Non-invasive

Can cause mental and physical side effects and extremely addictive



MIS Procedures

Minimally invasive

Must be performed by a physician and relief is typically temporary (nerve blocks/epidurals)



Surgery

Invasive

Performed by surgeon in a hospital or surgery center

Building a Strong Distribution Network



Direct Sales

Physicians & Therapists

- Direct sales force is growing rapidly with incentives for productivity and efficiency
- Inside sales team to support field sales reps
- Physician relationships include orthopedics, physical therapy, sports medicine and occupational therapy



Indirect Sales

Domestic

- ~5 independent sales reps
- Commission-only

International

- Distributors in Canada, Australia, Russia, China, India, Singapore, Holland, Germany, UAE, Malaysia, Saudi Arabia, Egypt and Vietnam



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**

Commercial Infrastructure: Pain Management Division

Grow Proven Direct Sales Team

Sales management, national account coverage, direct reps

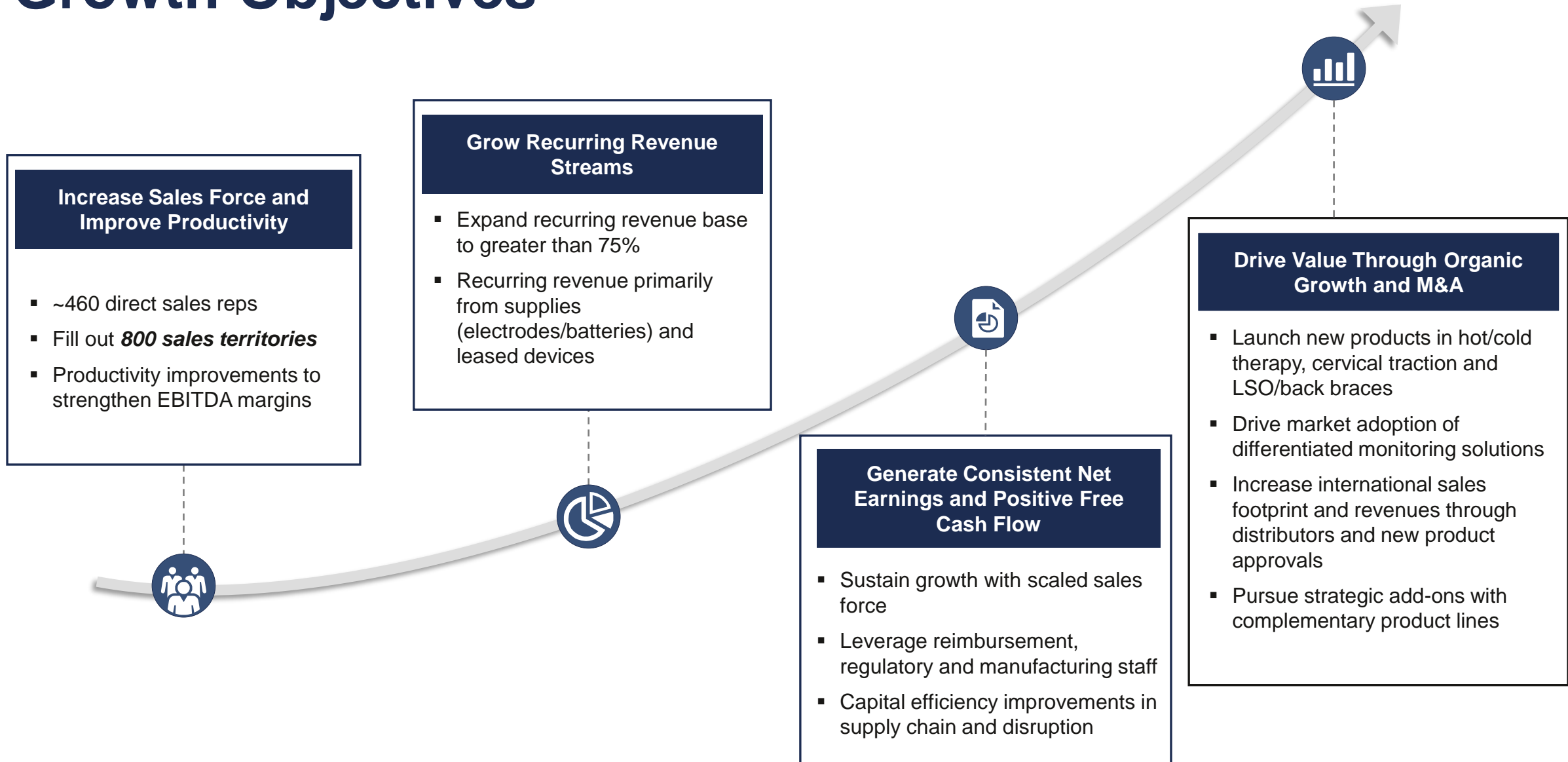
- Total of **800 territories** of equal revenue potential
- ≈ 460 direct sales reps at end of 1Q23
- Emphasis on recruitment of productive reps and maintaining high performing existing sales teams, top and bottom-line growth is achievable without dramatic increases in rep count

Direct Sales Productivity

- Development of focused training program designed for reps to achieve long-term productivity
- Emphasis on high-performing efficiency to grow EBITDA and Operating Profit margin
- Top performing sales representatives can ultimately produce \$2M+ in annual revenue



Growth Objectives



Total Addressable Market

Patient Monitoring

\$3.7B Hemodynamic Monitoring
Pulse Oximetry
Sepsis

PATIENT MONITORING



CM-1500/1600

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

Patient Monitoring

One Monitoring Platform

Hemodynamic Fluid Monitoring System (CM-1500 & CM-1600)

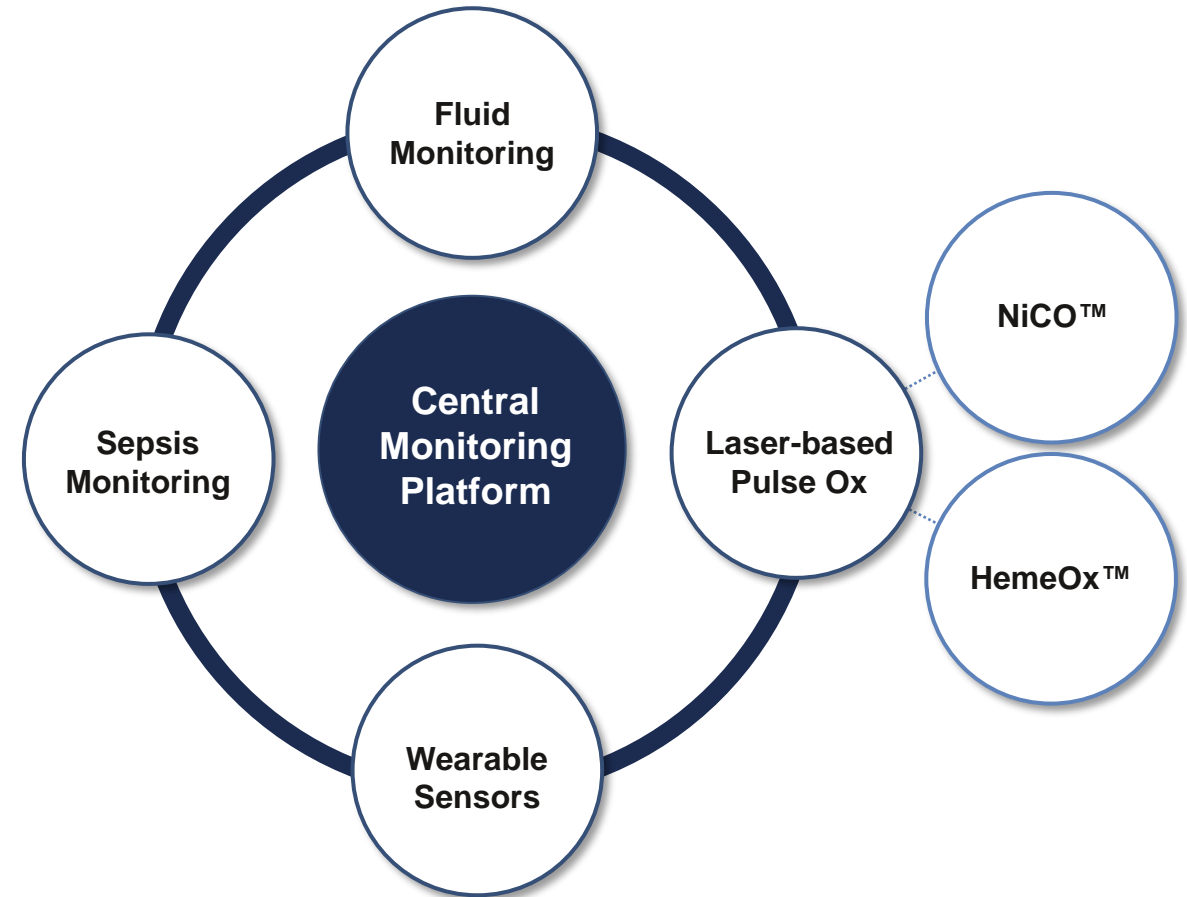
- Early warning of deteriorating fluid imbalance targeted at solving perioperative hypovolemia and fluid imbalance

Laser-based Pulse Oximetry

- **NiCO™** CO-Oximeter uses laser technology to noninvasively measure and monitor four crucial hemoglobin species with unprecedented accuracy
- **HemeOx™** Total Hemoglobin (tHb) Pulse Oximeter replaces invasive blood draws with continuous noninvasive monitoring of oxygen saturation, tHb/HCT, and O2ct

Sepsis Monitor

- Early warning of deteriorating patient condition to indicate and predict the onset of sepsis replacing current complex protocols through proactive detection and alerting



Hemodynamic Monitoring

CM-1500 & CM-1600



Early warning

- Determine changing trend in patient condition, enabling earlier condition intervention

Noninvasive, continuous fluid monitoring

- Hemorrhagic Shock
- Hypovolemia
- Hypervolemia

CM-1500 FDA 510(k) cleared – February 2020

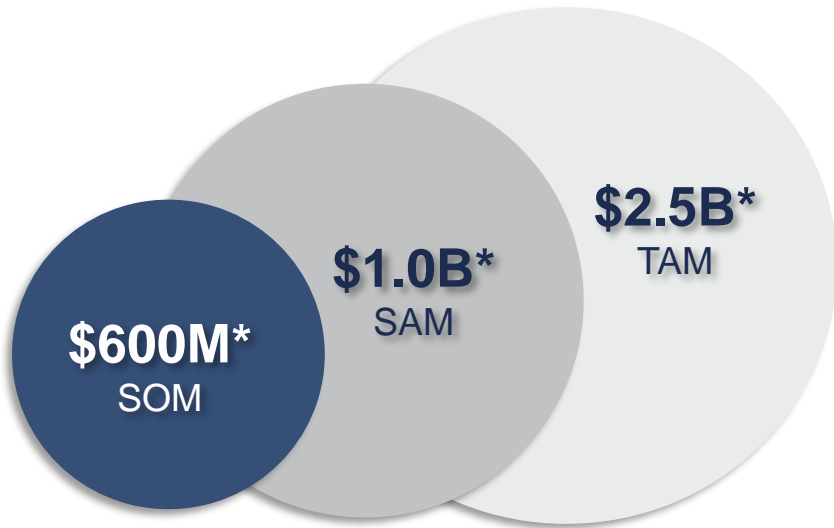
CM-1600 next generation, wireless device

- 510(k) application filed December 2021
- CE mark in process

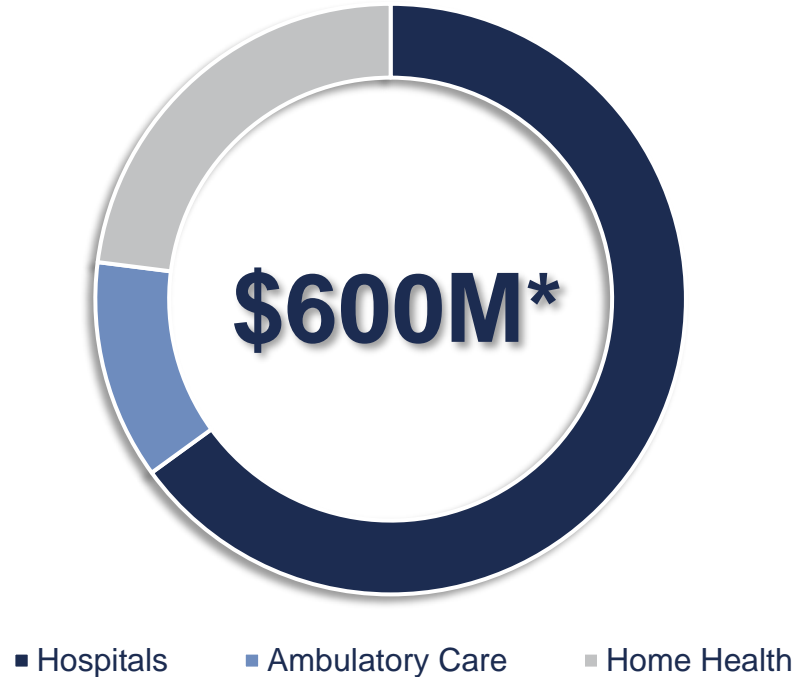
Multiple studies enrolled in 2022 and planned for 2023

Pulse Oximetry

\$600M Obtainable U.S. Market in 2022



Large Patient Monitoring Segment



Global CAGR 7.4%*



* Company estimates based on public industry sources

Pulse Oximetry

Laser Based Technology - Unprecedented Accuracy

NiCO™ Noninvasive CO-Oximeter uses laser technology to measure and monitor all four hemoglobin species with unprecedented accuracy* regardless of skin pigmentation

- Direct replacement for conventional pulse oximeter monitors that utilize LED technology and fail to capture accurate reflection of patient health

HemeOx™ Total Hemoglobin (tHb) Pulse Oximeter replaces invasive blood draws with continuous noninvasive monitoring of oxygen saturation, tHb/HCT, and O₂ct

- Eliminates need for tens of millions of blood draws on patients every year

KEY PARAMETERS

O₂Hb - oxygenated hemoglobin
RHb - reduced hemoglobin
COHb - carboxyhemoglobin
metHb - methemoglobin
Pulse rate & perfusion index

KEY PARAMETERS

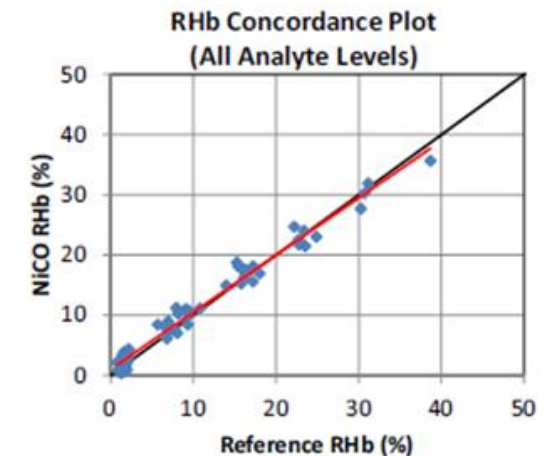
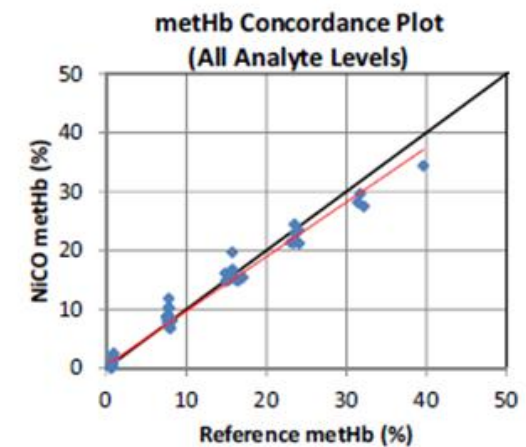
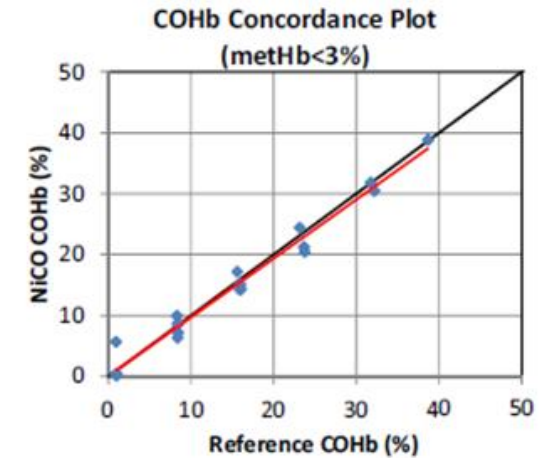
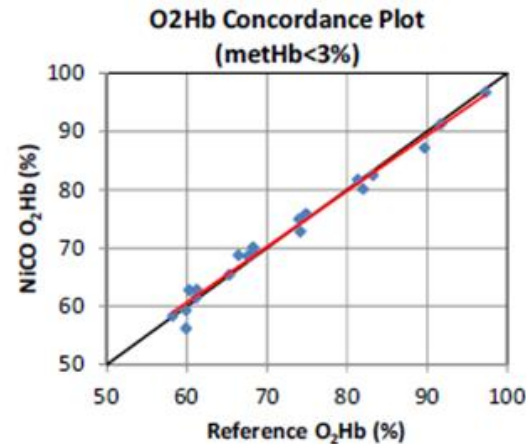
tHb – total hemoglobin
HCT – hematocrit
O₂ct – oxygen content
SpO₂ – oxygen saturation
Pulse rate & perfusion index

*Pologe JA, Arnold DH, Delianides TP. Multi-analyte calibration and verification of a multi-parameter laser-based pulse oximeter. J Clin Monit Comput. 2021 Apr 19. doi: 10.1007/s10877-021-00704-1.

Pulse Oximetry

LED vs Laser Based Technology: In Vitro Calibration Study Data*

- Oxygen Saturation: “5th Vital Sign”
- LED Technology: 35+ years old
- Pigmentary Bias in LED Pulse Ox
- Laser: Unprecedented Accuracy
- Current Pulse Oximeters overestimate SpO₂ in darkly pigmented patients and in cases of CO poisoning



The New York Times
 Dec. 22, 2020 Updated 3:02 p.m. ET

Pulse Oximeter Devices Have Higher Error Rate in Black Patients

Pulse oximeters are one of the most commonly used tools in medicine. The small devices, which resemble a clothespin, measure blood oxygen when clipped onto a fingertip, and they can quickly indicate whether a patient needs urgent medical care.

Health providers use them when they take vital signs and when they evaluate patients for treatment. Ever since the pandemic started, doctors have encouraged patients with Covid to use them at home.

But in Black patients, the devices can provide misleading results in more than one in 10 people, according to a new study.

The findings, which were published last week as a letter to the editor of a top medical journal, sent ripples of dismay through the medical community, which relies heavily on the devices to decide whether to admit patients or send them home.

which appeared in the New England Journal of Medicine. “I’m a trained pulmonologist and critical care physician, and I had no understanding that the pulse ox was potentially inaccurate — and that I was missing hypoxemia in a certain minority of patients.”

“Reference” refers to the gold standard invasive measurements performed on an OSM3 Laboratory CO-Oximeter

*Pologe JA, Arnold DH, Delianides TP. Multi-analyte calibration and verification of a multi-parameter laser-based pulse oximeter. J Clin Monit Comput. 2021 Apr 19. doi: 10.1007/s10877-021-00704-1.

Sepsis Monitoring



Global Health Concern

- 48M cases and 11M deaths per year, globally*
- 1.7M cases in the US and nearly 300,000 deaths per year*
- Low survival rates

Simplified Early Detection and Alerting

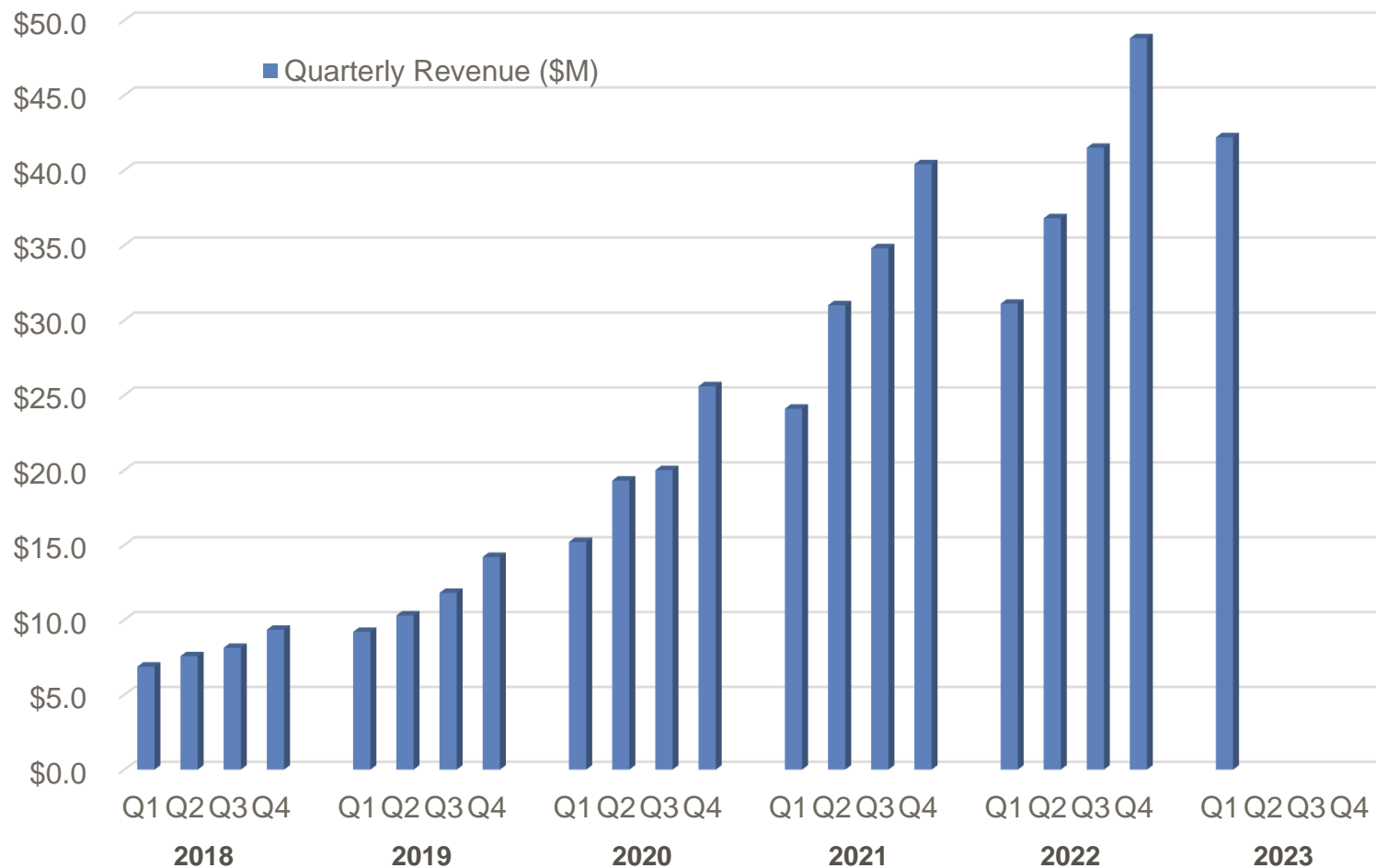
- Current methods insufficient in early detection and alerting of sepsis onset
- Prevalence of sepsis partially due to the challenging nature of early diagnosis

Utility Patent Filed

- December 2021

* Company estimates based on public industry sources

Financial Performance



Highlights

7 Consecutive Years of Profitability
49% CAGR 2018-2022

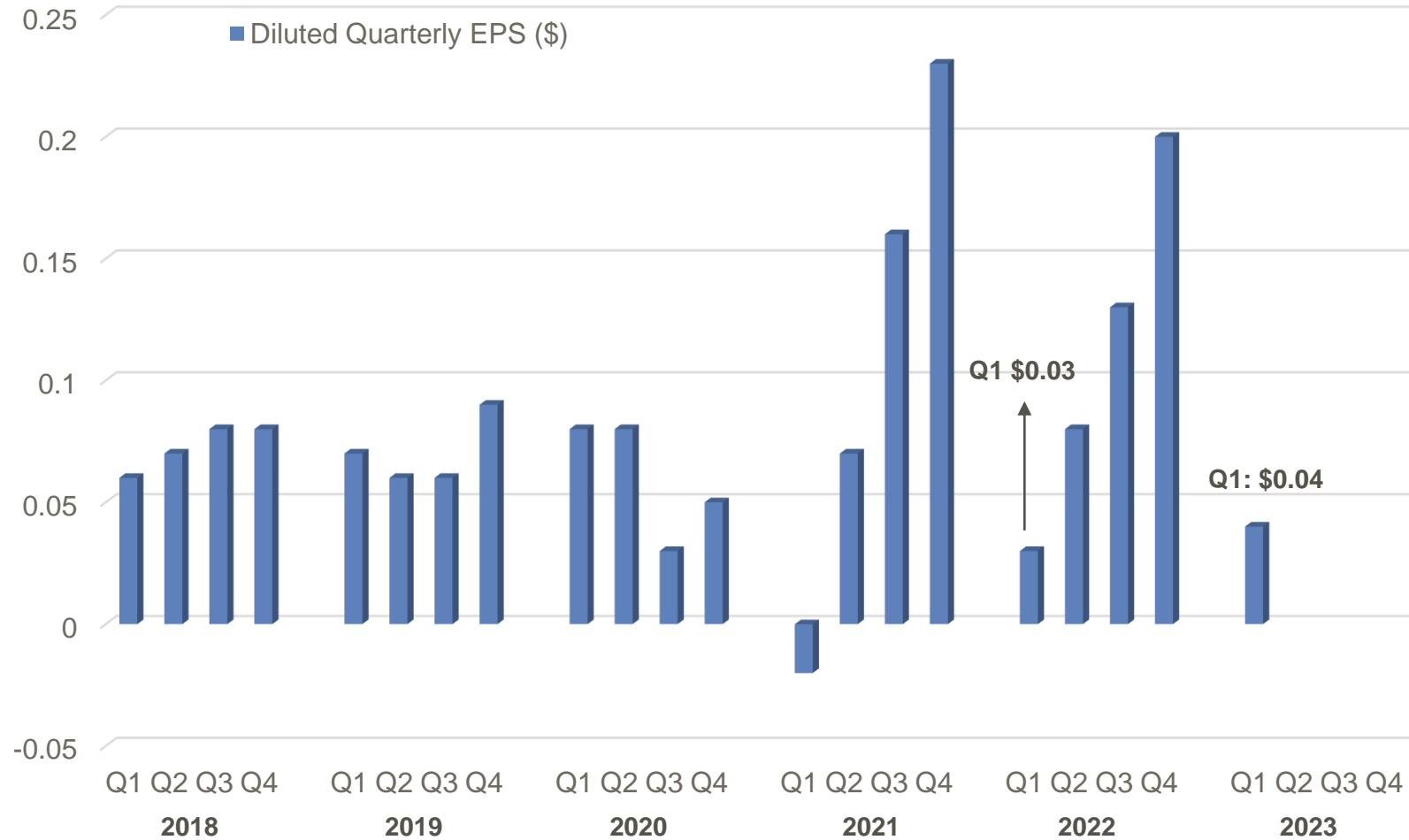
Q1 '23 Revenue: \$42.2M
Q1 '23 Diluted EPS: \$0.04
Q1 '23 YoY Growth: 36%

FY 2022

Gross Margins: 80%
Revenue: \$158.2M
EBITDA: \$28.1M
Diluted EPS: \$0.44
Cash From Operations: \$13.7M

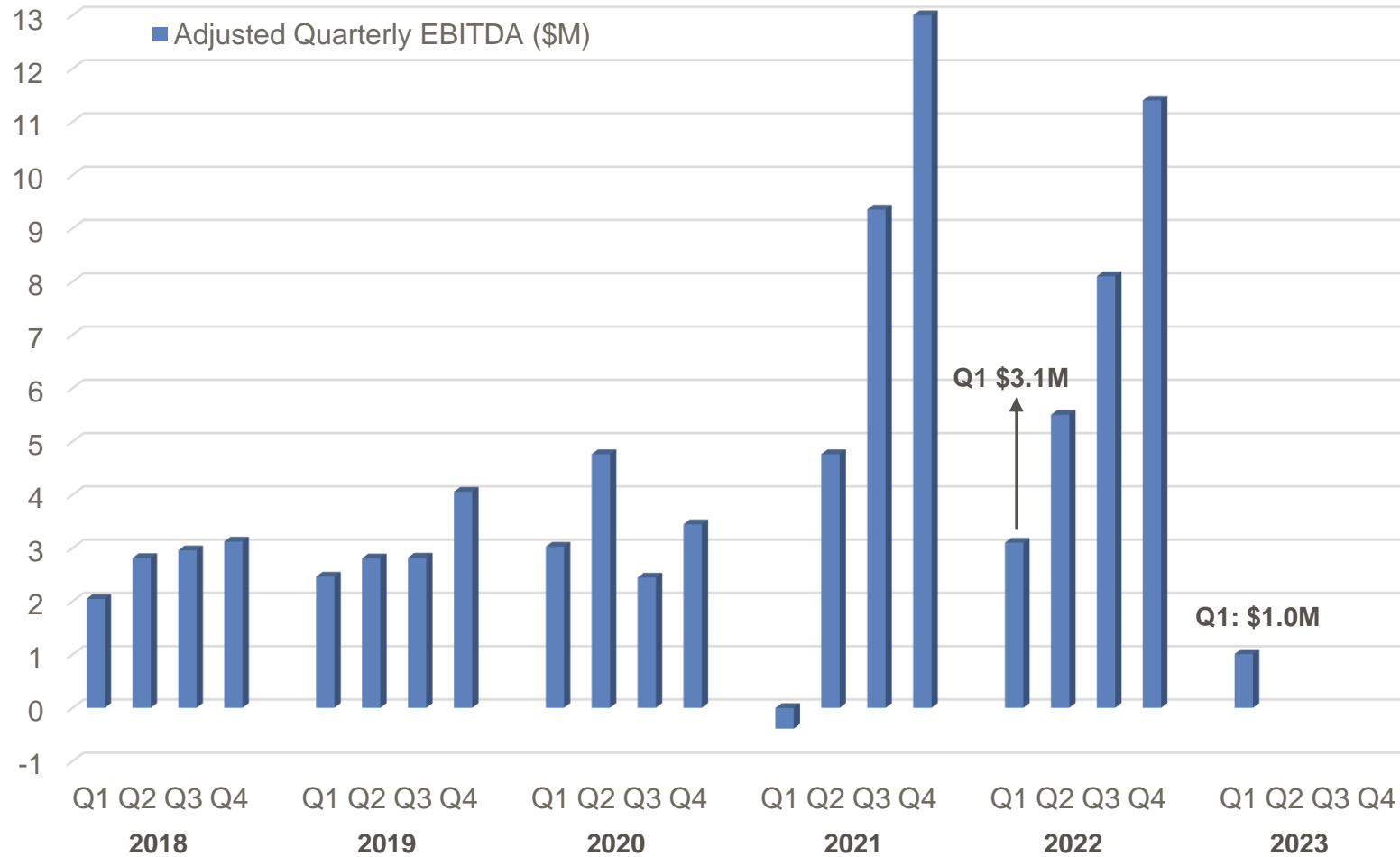
Financial Performance

Diluted Quarterly EPS (\$)



Financial Performance

Adjusted Quarterly EBITDA (\$M)



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

Management Team



THOMAS SANDGAARD

FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE



DAN MOORHEAD

CHIEF FINANCIAL OFFICER



ANNA LUCSOK

CHIEF OPERATING OFFICER



DONALD GREGG

VP, ZYNEX MONITORING SOLUTIONS



STEVE FOX

VP, SALES

Investment Highlights



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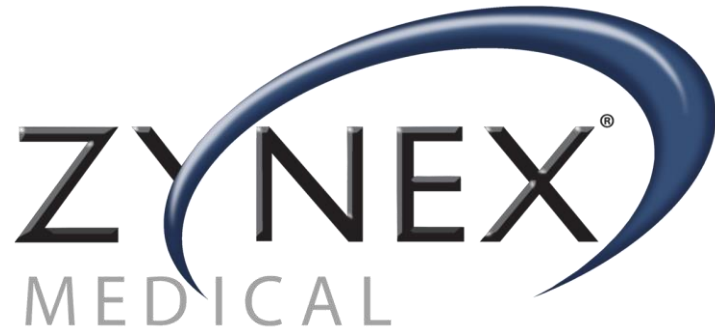
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Appendix

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, 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.

EBITDA Reconciliation - 2023

	For The Three Months Ended March 31,	
	2023	2022
Adjusted EBITDA:		
Net Income (Loss)	\$ 1,569	\$ 1,377
Depreciation and Amortization*	423	396
Stock-based compensation expense	307	589
Interest expense and other (gain), net	(1,318)	(76)
Non-cash lease expense**	-	183
Income tax expense	33	605
Adjusted EBITDA	\$ 1,014	\$ 3,074
<i>% of Net Revenue</i>	2%	10%

EBITDA Reconciliation - 2022

	For The Three Months Ended March 31,	
	2022	2021
Adjusted EBITDA:		
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)
Adjusted EBITDA	\$ 3,074	\$ (387)
<i>% of Net Revenue</i>	10%	(2%)

	For The Three Months Ended June 30,	
	2022	2021
Adjusted EBITDA:		
Net Income (Loss)	\$ 3,346	\$ 2,808
Depreciation and Amortization*	411	242
Stock-based compensation expense	535	401
Restructuring/severance	-	-
Interest expense and other (gain), net	215	45
Non-cash lease expense***	227	303
Income tax expense	803	962
Adjusted EBITDA	\$ 5,537	\$ 4,761
<i>% of Net Revenue</i>	15%	15%

	For The Three Months Ended September 30,	
	2022	2021
Adjusted EBITDA:		
Net Income (Loss)	\$ 4,873	\$ 6,107
Depreciation and Amortization*	418	201
Stock-based compensation expense	578	532
Restructuring/severance	-	-
Interest expense and other (gain), net	206	18
Non-cash lease expense***	572	553
Income tax expense	1,479	1,921
Adjusted EBITDA	\$ 8,126	\$ 9,332
<i>% of Net Revenue</i>	20%	27%

	For The Three Months Ended December 31,	
	2022	2021
Adjusted EBITDA:		
Net Income (Loss)	\$ 7,452	\$ 8,894
Depreciation and Amortization*	423	214
Stock-based compensation expense	640	589
Restructuring/severance	-	-
Interest expense and other (gain), net	395	23
Non-cash lease expense***	183	572
Income tax expense	2,263	2,669
Adjusted EBITDA	\$ 11,356	\$ 12,961
<i>% of Net Revenue</i>	23%	32%

EBITDA Reconciliation - 2021

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

	For The Three Months Ended June 30,	
	2021	2020
Adjusted EBITDA:		
Net Income (Loss)	\$ 2,808	\$ 3,017
Depreciation and Amortization*	242	97
Stock-based compensation expense	401	579
Restructuring/severance	-	-
Interest expense and other (gain), net	45	5
Non-cash lease expense***	303	-
Income tax expense	962	1,063
Adjusted EBITDA	\$ 4,761	\$ 4,761
<i>% of Net Revenue</i>	15%	25%

	For The Three Months Ended September 30,	
	2021	2020
Adjusted EBITDA:		
Net Income (Loss)	\$ 6,107	\$ 1,333
Depreciation and Amortization*	201	305
Stock-based compensation expense	532	730
Restructuring/severance	-	-
Interest expense and other (gain), net	18	5
Non-cash lease expense***	553	-
Income tax expense	1,921	71
Adjusted EBITDA	\$ 9,332	\$ 2,444
<i>% of Net Revenue</i>	27%	12%

	For The Three Months Ended December 31,	
	2021	2020
Adjusted EBITDA:		
Net Income (Loss)	\$ 8,894	\$ 1,788
Depreciation and Amortization*	214	272
Stock-based compensation expense	589	875
Restructuring/severance	-	-
Interest expense and other (gain), net	23	82
Non-cash lease expense***	572	-
Income tax expense	2,669	428
Adjusted EBITDA	\$ 12,961	\$ 3,445
<i>% of Net Revenue</i>	32%	13%