

Zynex, Inc.

10% Top-line Growth Coupled with Cash Generation and Growing Adj. EBITDA Margin

ZYXI (NASDAQ)

Company & Market Data	
Closing Price (as of 04/30/2024)	\$10.97
Rating:	BUY
Price Target:	\$27.00
52 Week Range:	\$6.88 - \$14.75
Shares Outstanding (MM):	32.2
Market Capitalization (MM):	\$353
Cash (MM):	\$32.9
Debt (MM):	\$57.8
Fiscal Year End:	Dec

*Shares Outstanding (MM): Diluted shares utilized for valuation.

Estimates			
EPS	2023A	2024E	2025E
1Q	\$0.04	\$0.00A	\$0.07
<i>Prior</i>		\$0.03	\$0.09
2Q	\$0.09	\$0.07	\$0.17
<i>Prior</i>		\$0.04	\$0.13
3Q	\$0.10	\$0.15	\$0.30
<i>Prior</i>		\$0.14	\$0.28
4Q	\$0.04	\$0.29	\$0.48
<i>Prior</i>		\$0.26	\$0.44
Full Year	\$0.27	\$0.52	\$1.02
<i>Prior</i>		\$0.47	\$0.94
Revenue (MM)	2023A	2024E	2025E
1Q	\$42.2	\$46.5A	\$58.5
<i>Prior</i>		\$47.6	\$59.9
2Q	\$45.0	\$52.2	\$66.6
3Q	\$49.9	\$60.1	\$77.0
<i>Prior</i>		\$59.9	\$76.7
4Q	\$47.3	\$68.2	\$87.5
<i>Prior</i>		\$67.6	\$86.8
Full Year	\$184.3	\$227.0	\$289.7
<i>Prior</i>		\$227.3	\$290.0
EBITDA (MM)	2023A	2024E	2025E
	\$22.3	\$30.1	\$56.0
<i>Prior</i>		\$30.3	\$53.9
Ratios			
P/E	40.3x	21.3x	10.7x

Zynex announced Q1-2024 financial results and held a conference call to discuss.

Revenue for the quarter increased 10% to \$46.5 million. Device revenue contributed 30% of revenue or \$14.0 million and supplies revenue accounted for the remaining \$32.5 million. While the revenue reflected growth, the company did note approximately \$1.0 million of revenue that was delayed due to the cyberattack that affected a large portion of the healthcare market. That said, the revenue will continue to be recognized through the balance of 2024 and not within any specific quarter.

To drive continued commercial progress, the company's sales force totaled 450 representatives which was demonstrated by higher S&M of \$23.4 million and G&A of \$13.3 million. The commercial strategy is unchanged with the focus on rigorously screening candidates and maximizing sales rep efficiency. Net income for the quarter was \$10,000 with Adjusted EBITDA of \$1.7 million. Additionally, the company generated approximately \$2.1 million of cash.

On the development front, the ZMS business is progressing the pipeline of new products including the CM-1700, NiCO, and HemeOx. For the CM-1700, ZYXI achieved R&D milestones where the patient signals demonstrated improvement when compared to the CM-1500 and CM-1600. Currently, the company is planning a clinical trial to evaluate the improvements as well as the CM-1700 prototype. ZYXI remains on track for an FDA submission for NiCO during Q4-24. The verification study will be completed during 2H-24 and will enable the submission. That said, the commercial introduction of NiCO will occur in 2025 which we have included in our FY-25 revenue estimates. To support the anticipated commercialization, the company is focusing on assessing the current manufacturing capabilities.

The company reiterated FY-2024 financial guidance of at least \$227.0 million, a 23% increase over 2023. Additionally, Q2-24 revenue is expected to be \$52.0 million with orders in April already demonstrating growth of 25%. As for profitability, the company expects to generate EPS of \$0.50 for FY-24 and \$0.08 for Q2-24. Based on the company's commentary we are making minor adjustments to our financial models with revenue for FY-24 maintained at approximately \$227.0 million and FY-25 revenue of \$289.7 million.

Overall, the company continues to drive top- and bottom-line expansion with strong execution by the sales team and the continuous recognition of efficiencies across the organization. With the development and clinical initiatives underway, the company will have additional monitoring products commercial during 2025. Therefore, we reiterate our Buy rating and \$27.00 price target.

Disclosures and Analyst Certifications can be found in Appendix A.

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Valuation

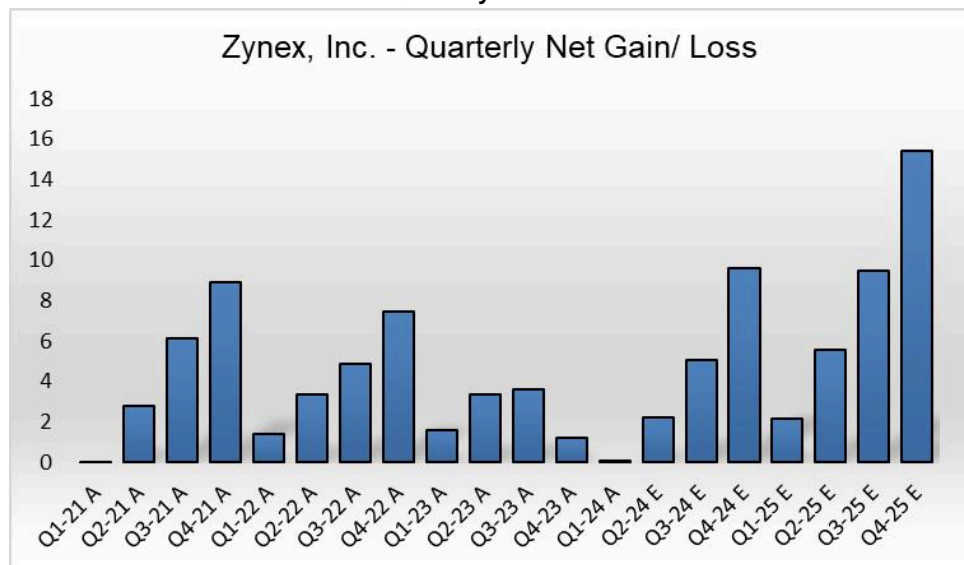
Financial Assumption and Modelling

Exhibit 1: Quarterly Revenue Composition



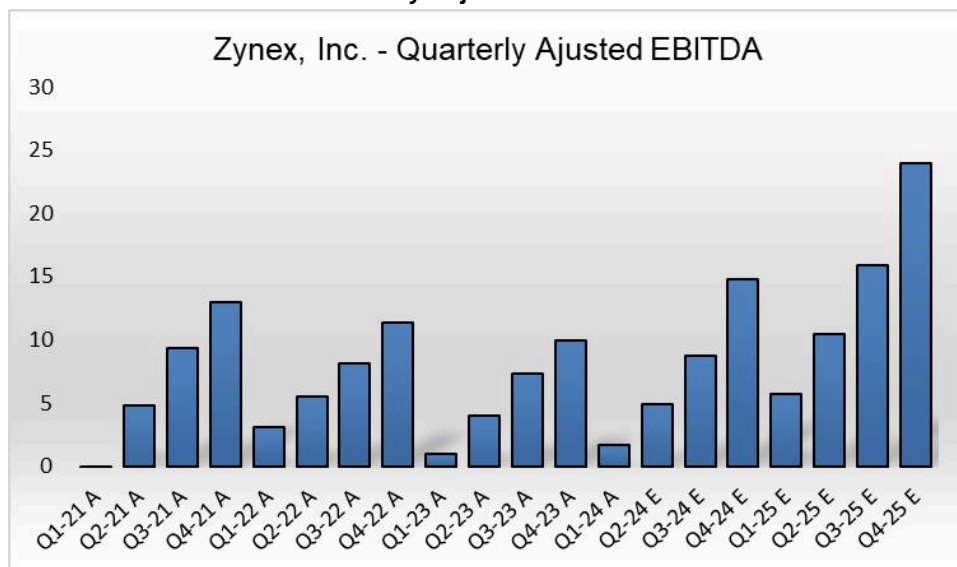
Source: Ladenburg Thalmann & Co. estimates

Exhibit 2: Quarterly Net Gain and Loss



Source: Ladenburg Thalmann & Co. estimates

Exhibit 3: Quarterly Adjusted EBITDA



Source: Ladenburg Thalmann & Co. estimates

We believe that Zynex, Inc. should be valued in comparison with other micro and small-cap technologically advanced medical device companies within the healthcare equipment sector. Our Comparable Company Valuation table provides a comprehensive list of similar companies and measures their current revenue multiple valuations compared to anticipated revenues out four years.

Based on our Comparable Company Valuation table, we believe it is appropriate to value the company based on its representative peers. As such, we have determined that the company's valuation should be an average of two metrics: enterprise value/revenues and price/earnings. We are using EV/Revenue 3.5 times and P/E of 30 times for 2025 revenue and EPS which yields a price target of \$27.00.

Exhibit 4: Calculated Price Target

Zynex, Inc. - EV/Revenue Price Target Model (\$MM)	
Enterprise Value to Revenue (EV/R)	
EV/Revenue average for peer group	3.5
Total current cash & investments	\$ 32.90
Total current debt	\$ 57.40
Total outstanding shares used in calculation	35.00
Estimated Revenue for FY-2025	\$ 289.66
Market Cap at EV/Revenue multiple	\$ 989.32
Price target at EV/Revenue multiple	\$ 28.27
Annual Discount Rate	10.0%
Discounted number of years	0.75
Discounted Price Target at EV/Revenue Multiple	\$ 26.32
Source: Ladenburg Thalmann & Co. Company reports	

Zynex, Inc. - P/E Price Target Model (\$MM)	
Price to Earnings (P/E)	
Peer Group - Price to Earnings Ratio Average	30.00
Estimated Earnings for FY-2025	\$ 0.93
Estimated Price Target at P/E multiple	\$ 28.00
Annual discount rate	10.0%
Discounted number of years	0.75
Price Target at P/E Multiple	\$ 26.07
Source: Ladenburg Thalmann & Co. Company reports	

Zynex, Inc. - Average Price Target Model	
Price Target at EV/Revenue Multiple	\$ 26.32
Price Target at P/E Multiple	\$ 26.07
Average Price Target	\$ 26.19
Source: Ladenburg Thalmann & Co. Company reports	

Exhibit 5: Comparable Company Analysis

Company Detail			Market Data			Revenue Estimates				TEV/Total Revenue Estimates				TEV/EBITDA Estimates			
Company Name	Ticker	Rating	Price	Shares (MM)	Market Cap (MM)	FY2024	FY2025	FY2026	FY2027	FY2024	FY2025	FY2026	FY2027	FY2024	FY2025	FY2026	FY2027
Zynex, Inc.	NasdaqGS:ZYXI	BUY	10.97	31.93	350.27	227.43	290.34	346.80	422.90	1.68	1.32	1.10	0.90	12.47	7.26	5.55	4.11
Orthofix Medical Inc.	NasdaqGS:OFIX	BUY	13.00	37.53	487.87	791.02	846.81	908.47	-	0.74	0.70	0.65	-	9.19	6.81	5.19	-
AngioDynamics, Inc.	NasdaqGS:ANGO	NR	5.79	40.05	231.92	287.17	287.23	314.37	348.81	0.55	0.55	0.50	0.45	-	15.28	7.76	4.09
Cutera, Inc.	NasdaqGS:CUTR	NR	2.42	19.96	48.30	163.25	178.04	194.57	227.80	2.06	1.89	1.73	1.48	-	-	-	-
Masimo Corporation	NasdaqGS:MASI	NR	134.41	52.91	7112.06	2102.41	2228.39	2367.81	2444.35	3.77	3.55	3.34	3.24	19.32	17.30	15.90	15.21
Nevro Corp.	NYSE:NVRO	NR	10.58	36.68	388.09	441.07	467.95	497.19	533.85	0.65	0.61	0.58	0.54	-	-	19.99	8.01
SI-BONE, Inc.	NasdaqGM:SIBN	NR	14.26	41.20	587.57	163.58	192.75	221.49	-	2.82	2.39	2.08	-	-	-	30.81	-
NeuroPace, Inc.	NasdaqGM:NPCE	NR	12.99	28.72	373.07	75.21	88.44	107.47	153.34	5.04	4.29	3.53	2.47	-	-	-	-
Bioventus Inc.	NasdaqGS:BVS	NR	3.96	63.83	252.76	528.06	562.06	588.37	-	1.30	1.22	1.16	-	7.47	7.12	7.28	-
AxoGen, Inc.	NasdaqCM:AXGN	NR	6.41	43.70	280.15	179.27	201.43	225.13	255.20	1.79	1.60	1.43	1.26	31.10	13.79	7.71	-
Average			21.48	39.65	1011.21	495.85	534.34	577.17	626.61	2.04	1.81	1.61	1.48	15.91	11.26	12.52	7.86
Median			10.78	38.79	361.67	257.30	288.78	330.59	348.81	1.74	1.46	1.30	1.26	12.47	10.53	7.73	6.06

Source: S&P Capital IQ

NR = Not Rated.

Pricing is as of 04/30/2024.

Mention of specific companies not covered by Ladenburg Thalmann & Co. is not a recommendation to buy, hold or sell those securities mentioned.

Primary Risks

In addition to normal economic and market risk factors that impact most all equities, we believe that the primary risks to our recommendation and price target of an investment in Zynex, Inc. shares include, but are not limited to:

Management and Board Stability

Significant loss of key personnel could prove to be damaging towards the operational efficiencies and further growth of the company. The departure of key personnel could materially affect the overall performance and strategy of the company going forward. The company is highly dependent on the services of its current management team and board. Key to the company's progress over the past 22 years is Thomas Sandgaard, who currently serves as the company's CEO, President and Chairman of the Board.

Commercialization

Although it is likely the company will maintain its existing commercialization channels, there is no guarantee the company will be successful in their efforts to expand into alternative international markets or business segments. The commercialization strategy may limit the company's ability to generate estimated revenues henceforth. The company's products are sold in highly competitive markets and could be outdone by a superior competitor thus disrupting projected revenues.

Competition and Adoption

As is the case within the healthcare industry, there exist various innovative and highly competitive corporations. The company could be negatively impacted from current and future competitive products into the marketplace. There can be no assurances that Zynex will continue to provide attractive products as compared with other technologies which exist or are developed. Clinicians and users may find that there are alternative solutions which could potentially offer better performance or outcomes. Potential current and future market share and market acceptance of the company's technologies will depend on its ability to demonstrate that its products represent an attractive alternative as compared with other offerings.

Regulatory / Development Risks

Modifications or future iterations of the company's currently approved, and products under development, are subject to FDA and other regulatory body requirements in the United States and similar agencies in other countries. Products under current development may require extensive testing, studies, data submission and/or clinical evaluation prior to granting proper licenses to sell in various geographies. If the company fails to comply with applicable regulatory requirements the FDA and other regulatory bodies could deny marketing clearance or approval, withdraw approvals, or impose civil penalties, including fines, product seizures or product recalls and, in extreme cases, criminal sanctions. There can be no assurances that the product will be available for sale or that anticipated revenues coincide with our current estimates. If or when approved there can be no assurances that clinicians will adopt usage of the product as compared with our current estimates.

Other

Zynex's business is subject to economic, political, regulatory and other risks associated with international sales and operations.

The company has had a lack of liquidity in recent periods which has led to a going concern opinion in prior years.

The Tax Cuts and Jobs Act could have material effects on the Company.

The company has had material weaknesses in their internal controls over financial reporting in previous periods. The company's common stock may be subject to the penny stock rules of the SEC and the trading market in their securities is limited, which makes transactions in their stock cumbersome and may reduce the value of an investment in their stock.

The company's status as a controlled company could make our class A stock less attractive to some investors or otherwise harm their stock price.

Financials Statement & Modelling

Exhibit 6: Quarterly Revenue Composition

Zynex, Inc. - Segmented Statement of Operations (\$MM) All figures are U.S. Dollars (\$ in Millions) Blue shading denotes variables	2021 A Dec-21	2022 A Dec-22	2023 A Dec-23	Q1-24 A Mar-24	Q2-24 E Jun-24	Q3-24 E Sep-24	Q4-24 E Dec-24	2024 E Dec-24	Q1-25 E Mar-25	Q2-25 E Jun-25	Q3-25 E Sep-25	Q4-25 E Dec-25	2025 E Dec-25
Net revenue:													
Product devices	36.61	43.50	58.82	14.03	16.49	20.92	23.21	74.65	18.23	21.60	27.61	30.87	98.32
Product supplies	93.69	114.67	125.50	32.51	35.73	39.18	44.96	152.37	40.31	45.03	49.36	56.65	191.34
Total revenue	130.30	158.17	184.32	46.53	52.23	60.09	68.17	227.02	58.54	66.63	76.97	87.52	289.66
Revenue composition:													
Product devices	28.1%	27.5%	31.9%	30.1%	31.6%	34.8%	34.1%	32.9%	31.1%	32.4%	35.9%	35.3%	33.9%
Product supplies	71.9%	72.5%	68.1%	69.9%	68.4%	65.2%	65.9%	67.1%	68.9%	67.6%	64.1%	64.7%	66.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Growth analysis (Y/Y):													
Product devices	72.1%	18.8%	35.2%	17.4%	20.0%	24.1%	42.6%	26.9%	30.0%	31.0%	32.0%	33.0%	31.7%
Product supplies	59.2%	22.4%	9.4%	7.5%	14.5%	18.5%	45.0%	21.4%	24.0%	26.0%	26.0%	26.0%	25.6%
Total	62.6%	21.4%	16.5%	10.3%	16.2%	20.4%	44.2%	23.2%	25.8%	27.6%	28.1%	28.4%	27.6%

Source: Ladenburg Thalmann & Co. Company reports

Exhibit 7: Income Statement

Zynex, Inc. - Consolidated Statement of Operations (\$MM)	2021 A	2022 A	2023 A	Q1-24 A	Q2-24 E	Q3-24 E	Q4-24 E	2024 E	Q1-25 E	Q2-25 E	Q3-25 E	Q4-25 E	2025 E
All figures are U.S. Dollars (\$ in Millions) Blue shading denotes variables	Dec-21	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-25
Total Revenue	130.30	158.17	184.32	46.53	52.23	60.09	68.17	227.02	58.54	66.63	76.97	87.52	289.66
Cost of revenue and OPEX													
Cost of revenue	27.32	32.01	38.37	9.30	10.45	12.02	13.63	45.40	11.71	13.33	15.39	17.50	57.93
Sales and Marketing	54.29	67.12	86.66	23.38	24.96	26.13	25.90	100.37	27.82	29.70	31.10	30.83	119.45
General and Administrative	26.32	36.11	48.52	13.33	13.35	14.77	15.45	56.89	15.73	15.75	17.43	18.23	67.13
Total cost of revenue and OPEX	107.94	135.23	173.54	46.01	48.75	52.92	54.99	202.66	55.26	58.77	63.92	66.56	244.51
Income from operations	22.37	22.94	10.78	0.53	3.48	7.17	13.18	24.36	3.28	7.86	13.05	20.96	45.15
Other expense													
Dividend													
Other expense													
Interest expense	(0.10)	(0.43)	(1.09)	(0.51)	(0.52)	(0.52)	(0.52)	(2.07)	(0.40)	(0.40)	(0.40)	(0.40)	(1.60)
Gain on sale of fixed assets													
Gain on change in fair value of contingent consideration		(0.31)	2.85										
Deferred insurance reimbursement													
Income from operations before taxes	22.27	22.20	12.58	0.01	2.96	6.65	12.66	22.29	2.88	7.46	12.65	20.56	43.55
Income tax expense	5.17	5.15	2.85	0.00	0.71	1.60	3.04	5.35	0.72	1.86	3.16	5.14	10.89
Noncontrolling interest													
Net gain (loss)	17.10	17.05	9.73	0.01	2.25	5.06	9.62	16.94	2.16	5.59	9.49	15.42	32.66
Net gain (loss) attributable to common shareholders, per share basic	0.45	0.45	0.27	0.00	0.07	0.15	0.29	0.52	0.07	0.17	0.30	0.48	1.02
Net (loss) attributable to common shareholders, per share diluted	0.44	0.44	0.27	0.00	0.07	0.14	0.27	0.48	0.06	0.16	0.27	0.44	0.93
Weighted Average number of outstanding basic shares (MM)	38.32	39.48	35.56	32.34	32.00	33.00	33.00	32.59	32.00	32.00	32.00	32.00	32.00
Weighted Average number of outstanding diluted shares (MM)	38.92	39.48	36.15	32.83	32.60	36.00	36.00	34.36	35.00	35.00	35.00	35.00	35.00
MARGIN ANALYSIS													
Cost of revenue (COGS)													
Cost of goods	21.0%	20.2%	20.8%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Gross margins	79.0%	79.8%	79.2%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Expenses													
Sales & Marketing costs	42%	42%	47%	50%	48%	43%	38%	44%	48%	45%	40%	35%	41%
General and Administrative	20%	23%	26%	29%	26%	25%	23%	25%	27%	24%	23%	21%	23%
Tax rate	23%	23%	23%	23%	24%	24%	24%	24%	25%	25%	25%	25%	25%
GROWTH ANALYSIS (Y/Y)													
Revenues	62.6%	21.4%	16.5%	10.3%	16.2%	20.4%	44.2%	23.2%	25.8%	27.6%	28.1%	28.4%	27.6%
Revenues (q/q)				-1.6%	12.2%	15.1%	13.4%		-14.1%	13.8%	15.5%	13.7%	
Cost of goods	56.9%	17.1%	19.9%	0.3%	12.7%	25.8%	32.7%	18.3%	25.9%	27.6%	28.1%	28.4%	27.6%
Expenses													
Sales and Marketing	63.1%	23.6%	29.1%	10.1%	15.5%	18.0%	19.5%	15.8%	19.0%	19.0%	19.0%	19.0%	19.0%
General and Administrative	37.3%	37.2%	34.4%	17.0%	17.5%	16.0%	18.5%	17.3%	18.0%	18.0%	18.0%	18.0%	18.0%

Source: Ladenburg Thalmann & Co. Company reports

Exhibit 8: Adjusted EBITDA

Zynex, Inc. - Adjusted EBITDA Calculations	2021 A	2022 A	2023 A	Q1-24 A	Q2-24 E	Q3-24 E	Q4-24 E	2024 E	Q1-25 E	Q2-25 E	Q3-25 E	Q4-25 E	2025 E
All figures are U.S. Dollars (\$ in Millions) Blue shading denotes variables	Dec-21	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-25
Net Revenue	130.30	158.17	184.32	46.53	52.23	60.09	68.17	227.02	58.54	66.63	76.97	87.52	289.66
GAAP net gain (loss)	17.10	17.05	9.73	0.01	2.25	5.06	9.62	16.94	2.16	5.59	9.49	15.42	32.66
Depreciation and amortization	0.93	1.65	1.66	0.43	0.55	0.55	0.55	2.08	0.70	0.70	0.70	0.70	2.80
New lease non-cash adjustments	0.00												
Stock-based compensation	1.63	2.34	2.30	0.73	0.60	0.70	0.80	2.83	1.00	1.20	1.40	1.60	5.20
Restructuring/severance	0.32												
Interest expense and other, net	0.10	0.64	1.06	0.51	0.40	0.40	0.40	1.71	0.50	0.50	0.50	0.50	2.00
Change in value of contingent consideration			(2.85)										
Non-cash lease expense	1.43	1.17	1.34		0.40	0.40	0.40	1.20	0.60	0.60	0.60	0.60	2.40
Non-cash receivable adjustment			6.18										
Income tax	5.17	5.15	2.85	0.00	0.71	1.60	3.04	5.35	0.72	1.86	3.16	5.14	10.89
Adjusted EBITDA	<u>26.67</u>	<u>27.99</u>	<u>22.26</u>	<u>1.69</u>	<u>4.91</u>	<u>8.70</u>	<u>14.81</u>	<u>30.11</u>	<u>5.68</u>	<u>10.46</u>	<u>15.85</u>	<u>23.96</u>	<u>55.95</u>
Adjusted EBITDA growth rate q/q				-83.1%	191.2%	77.4%	70.2%		-61.6%	84.0%	51.6%	51.1%	
Adjusted EBITDA growth rate y/y	95.0%	5.0%	-20.5%	66.2%	22.3%	19.4%	49.0%	35.3%	237.3%	113.1%	82.1%	61.7%	85.8%
Adjusted EBITDA percent of revenues	20.5%	17.7%	12.1%	3.6%	9.4%	14.5%	21.7%	13.3%	9.7%	15.7%	20.6%	27.4%	19.3%

Source: Ladenburg Thalmann & Co. Company reports

Exhibit 9: Annual Revenue Composition

Zynex, Inc. - Segmented Statement of Operations (\$MM)	2021 A	2022 A	2023 A	2024 E	2025 E
All figures are U.S. Dollars (\$ in Millions) Blue shading denotes variables	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Net revenue:					
Product devices	36.61	43.50	58.82	74.65	98.32
Product supplies	93.69	114.67	125.50	152.37	191.34
Total revenue	130.30	158.17	184.32	227.02	289.66
Revenue composition:					
Product devices	28.1%	27.5%	31.9%	32.9%	33.9%
Product supplies	71.9%	72.5%	68.1%	67.1%	66.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Growth analysis (Y/Y):					
Product devices	72.1%	18.8%	35.2%	26.9%	31.7%
Product supplies	59.2%	22.4%	9.4%	21.4%	25.6%
Total	62.6%	21.4%	16.5%	23.2%	27.6%
Source: Ladenburg Thalmann & Co. Company reports					

Exhibit 10: Annual Income Statement

Zynex, Inc. - Consolidated Statement of Operations (\$MM)	2021 A	2022 A	2023 A	2024 E	2025 E
All figures are U.S. Dollars (\$ in Millions) Blue shading denotes variables	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Total Revenue	130.30	158.17	184.32	227.02	289.66
Cost of revenue and OPEX					
Cost of revenue	27.32	32.01	38.37	45.40	57.93
Sales and Marketing	54.29	67.12	86.66	100.37	119.45
General and Administrative	26.32	36.11	48.52	56.89	67.13
Total cost of revenue and OPEX	107.94	135.23	173.54	202.66	244.51
Income from operations	22.37	22.94	10.78	24.36	45.15
Other expense					
Dividend					
Other expense					
Interest expense	(0.10)	(0.43)	(1.09)	(2.07)	(1.60)
Gain on sale of fixed assets					
Gain on change in fair value of contingent consideration		(0.31)	2.85		
Deferred insurance reimbursement					
Income from operations before taxes	22.27	22.20	12.58	22.29	43.55
Income tax expense	5.17	5.15	2.85	5.35	10.89
Noncontrolling interest					
Net gain (loss)	17.10	17.05	9.73	16.94	32.66
Net gain (loss) attributable to common shareholders, per share basis	0.45	0.45	0.27	0.52	1.02
Net (loss) attributable to common shareholders, per share diluted	0.44	0.44	0.27	0.48	0.93
Weighted Average number of outstanding basic shares (MM)	38.32	39.48	35.56	32.59	32.00
Weighted Average number of outstanding diluted shares (MM)	38.92	39.48	36.15	34.36	35.00
MARGIN ANALYSIS					
Cost of revenue (COGS)					
Cost of goods	21.0%	20.2%	20.8%	20.0%	20.0%
Gross margins	79.0%	79.8%	79.2%	80.0%	80.0%
Expenses					
Sales & Marketing costs	42%	42%	47%	44%	41%
General and Administrative	20%	23%	26%	25%	23%
Tax rate	23%	23%	23%	24%	25%
GROWTH ANALYSIS (Y/Y)					
Revenues	62.6%	21.4%	16.5%	23.2%	27.6%
Revenues (q/q)					
Cost of goods	56.9%	17.1%	19.9%	18.3%	27.6%
Expenses					
Sales and Marketing	63.1%	23.6%	29.1%	15.8%	19.0%
General and Administrative	37.3%	37.2%	34.4%	17.3%	18.0%
Source: Ladenburg Thalmann & Co. Company reports					

Exhibit 11: Annual Adjusted EBITDA

Zynex, Inc. - Adjusted EBITDA Calculations	2021 A	2022 A	2023 A	2024 E	2025 E
All figures are U.S. Dollars (\$ in Millions) Blue shading denotes variables	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Net Revenue	130.30	158.17	184.32	227.02	289.66
GAAP net gain (loss)	17.10	17.05	9.73	16.94	32.66
Depreciation and amortization	0.93	1.65	1.66	2.08	2.80
New lease non-cash adjustments	0.00				
Stock-based compensation	1.63	2.34	2.30	2.83	5.20
Restructuring/severance	0.32				
Interest expense and other, net	0.10	0.64	1.06	1.71	2.00
Change in value of contingent consideration			(2.85)		
Non-cash lease expense	1.43	1.17	1.34	1.20	2.40
Non-cash receivable adjustment			6.18		
Income tax	5.17	5.15	2.85	5.35	10.89
Adjusted EBITDA	<u>26.67</u>	<u>27.99</u>	<u>22.26</u>	<u>30.11</u>	<u>55.95</u>
Adjusted EBITDA growth rate q/q					
Adjusted EBITDA growth rate y/y	95.0%	5.0%	-20.5%	35.3%	85.8%
Adjusted EBITDA percent of revenues	20.5%	17.7%	12.1%	13.3%	19.3%

Source: Ladenburg Thalmann & Co. Company reports

Exhibit 12: Consolidated Balance Sheet

Zynex, Inc. - Consolidated Balance Sheet (\$MM) <i>All figures are denominated into U.S. Dollars (\$ in Millions)</i>	2021 A Dec-21	2022 A Dec-22	2023 A Dec-23	Q1-24 A Mar-24	Q2-24 E Jun-24	Q3-24 E Sep-24	2024 E Dec-24	2025 E Dec-25
Assets								
Current Assets								
Cash and cash equivalents	42.61	20.14	44.58	32.86	38.59	36.53	44.93	49.80
Short-term investments								
Accounts receivable	28.63	35.06	26.84	25.44	23.00	24.00	25.00	24.00
Inventories, net	10.76	13.48	13.11	15.48	14.33	14.19	15.00	16.00
Income taxes receivable								
Prepaid expenses and other current assets	0.69	0.87	3.33	4.21	4.00	4.00	3.00	2.50
Total Current Assets	82.69	69.56	87.86	77.99	79.92	78.72	87.93	92.30
Property and equipment, net	2.19	2.18	3.11	3.23	3.30	3.40	3.50	4.00
Operating lease asset	16.34	12.84	12.52	11.86	11.00	11.00	11.00	12.00
Financing lease asset	0.39	0.27	0.59	0.54	0.21	0.64	0.10	0.10
Deposits and other assets	0.59	0.59	0.41	0.41	0.68	0.41	0.77	0.81
Deferred income taxes	0.71	1.56	3.87	3.87	1.80	3.04	1.00	1.00
Long term deferred income taxes								
Intangible assets, net of accumulated amortization	9.98	9.07	8.16	7.93	8.62	8.39	9.00	6.00
Goodwill	20.40	20.40	20.40	20.40	20.40	20.40	20.00	14.00
Total assets	133.27	116.47	136.90	126.23	125.93	125.99	133.30	130.21
Liabilities and Stockholders' Equity (Deficit)								
Current liabilities								
Line credit								
Current portion of unsecured subordinated promissory notes								
Current portion of capital lease								
Deferred rent								
Accounts payable and accrued expenses	4.74	5.60	8.43	10.33	6.00	8.00	8.00	8.00
Cash dividends payable	3.63	0.02	0.00	0.00	0.01	0.00	1.00	1.00
Lease liability- operating leases	2.86	2.48	3.73	3.88	4.00	4.00	4.00	4.00
Lease liability-financing leases	0.12	0.13	0.20	0.18	0.12	0.21	0.50	0.50
Income taxes payable	2.30	2.00	0.63	0.64	0.60	0.60	0.60	1.00
Current portion of debt	5.33	5.33	0.00	0.00	0.00	0.00	0.00	0.00
Accrued payroll and related taxes	3.90	5.54	5.54	6.73	6.11	6.52	5.50	6.00
Deferred insurance reimbursement								
Dividends payable								
Deferred revenue								
Total Current Liabilities	22.87	21.09	18.53	21.76	16.84	19.33	19.60	20.50
Long term liabilities								
Long-term portion of unsecured subordinated promissory note								
Convertible senior notes, less issuance costs			57.61	57.84	58.00	58.00	58.00	51.00
Obligation to issue common stock to private placement noteholders								
Capital leases, less current portion								
Long-term portion of debt, less issuance costs	10.61	5.29	0.00	0.00	0.00	0.00	2.50	2.50
Contingent consideration	9.70	10.00	0.00	0.00	6.90	0.00	0.00	0.00
Lease liability- operating leases	15.86	13.54	14.18	13.18	12.02	15.15	14.00	15.00
Lease liability- financing leases	0.32	0.19	0.46	0.35	0.13	0.48	0.15	0.15
Deferred rent								
Deferred income tax								
Warranty liability								
Total liabilities	59.35	50.11	90.78	93.13	93.90	92.95	94.25	89.15
Commitments and Contingencies								
Preferred stock, \$0.0001 par value; 10m auth., none issued								
Common stock \$0.001 par, 10m auth. 32.8m issued 31.3m issued	0.04	0.04	0.03	0.03	0.04	0.03	0.05	0.06
Additional paid in capital	80.40	82.43	90.88	91.26	92.00	93.00	94.00	96.00
Treasury stock 86.8k 0 shares	(6.51)	(33.16)	(71.56)	(84.98)	(88.00)	(92.00)	(105.00)	(130.00)
Retained earnings	0.00	17.05	26.78	26.79	28.00	32.00	50.00	75.00
Total Zynex, Inc. Stockholders Equity	73.93	66.36	46.13	33.10	32.04	33.03	39.05	41.06
Non-controlling interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Stockholders Equity	73.93	66.36	46.13	33.10	32.04	33.03	39.05	41.06
Total Liabilities and Stockholders Equity	133.27	116.47	136.90	126.23	125.93	125.99	133.30	130.21

Source: Ladenburg Thalmann & Co. Company reports

Exhibit 13: Consolidated Statement of Cash Flows

Zynex, Inc. - Consolidated Statement of Cash Flows (\$MM)	2021 A	2022 A	2023 A	Q1-24 A	Q2-24 E	Q3-24 E	2024 E	2025 E
<i>All figures are denominated into U.S. Dollars (\$ in Millions)</i>	Dec-21	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-25
Operating Activities								
Net gain (loss)	17.10	17.05	9.73	0.01	0.02	8.52	16.94	32.66
Adjustments for reconciliation - operating activities								
Depreciation expense	2.26	2.20	2.68	0.64	1.31	1.98	3.00	4.00
Amortization		0.93	1.54	0.46	0.62	1.08	2.00	2.50
Non-cash reserve (recoveries)	(0.11)	0.08	(0.09)	0.00	(0.09)	(0.09)	(0.16)	(0.15)
Noncore inventory write-off								
Write-off rental units								
Net gain on lease termination								
Provision for losses on accounts receivable								
Amortization of intangible assets	0.03							
Amortization of financing fees								
Issuance of common stock for services								
Provision for obsolete inventory								
Gain on disposal of property								
Deferred rent								
Interest expense related to common stock issued in connection with private placement								
Stock-based compensation expense	1.63	2.34	2.30	0.72	0.97	1.62	3.50	4.00
Non-cash lease expense	1.40	0.80	0.90	(0.19)	(0.16)	0.57	1.00	1.00
Gain on sale of fixed assets			(0.04)	0.00	(0.00)	(0.04)		
Gain on fair value of contingent consideration		0.30	(2.85)	0.00	0.00	0.00	0.00	(3.00)
Benefit for deferred income taxes	(0.15)	(0.85)	(2.30)	(0.00)	(0.24)	(1.47)	(2.00)	(2.00)
Purchase of property and equipment								
Change in operating assets and liabilities								
Accounts receivable	(14.78)	(6.43)	8.23	1.40	2.11	1.78	(2.00)	(3.00)
Short-term investments						(0.11)		
Inventory	(3.78)	(4.32)	(1.45)	(2.88)	(1.74)	(2.07)	(2.00)	(3.00)
Prepaid and other assets	0.69	(0.18)	(1.15)	(0.81)	(0.66)	(0.83)	1.00	1.00
Income tax receivable								
Deposits and other assets	(0.24)	(0.01)	0.18	0.00	(0.09)	0.18	0.00	0.00
Deferred revenue								
Accounts payable	2.89	1.83	0.27	2.71	(1.17)	3.31	(2.00)	(4.00)
Accrued payroll								
Accrued liabilities								
Income taxes payable								
Other long-term obligations								
Net cash and cash equivalents used in operating activities	<u>6.95</u>	<u>13.75</u>	<u>17.76</u>	<u>2.06</u>	<u>0.87</u>	<u>14.42</u>	<u>19.28</u>	<u>30.01</u>
Investing Activities								
Net disposals of equipment								
Purchases used for rental								
Purchase of property plant and equipment	(0.61)	(0.42)	(1.21)	(0.15)	(0.39)	(0.63)	(1.50)	(2.00)
Purchase of short-term investments			(9.81)			(9.81)	(10.00)	(15.00)
Maturity of short term investments			10.00				10.00	15.00
Proceeds on sale of fixed assets			0.05		0.01	0.05		
Business acquisition, net of cash acquired	(16.00)							
Change in inventory used for rental								
Payments on contingent consideration								
Net cash and cash equivalent used in investing activities	<u>(16.61)</u>	<u>(0.42)</u>	<u>(0.97)</u>	<u>(0.15)</u>	<u>(0.38)</u>	<u>(10.39)</u>	<u>(1.50)</u>	<u>(2.00)</u>
Financing Activities								
Payments on line of credit								
Principal payments on subordinated								
Proceeds from unsecured subordinated promissory notes								
Common stock cash dividends								
Payment of commission and placement agent fees and related expenses								
Payments on capital lease obligation	(0.10)	(0.12)	(0.13)	(0.12)	(0.06)	(0.10)	(0.05)	(0.05)
Cash dividends paid	(0.00)	(3.61)	(0.00)	(0.00)	(0.00)	(0.01)		
Purchase of treasury stock	(2.67)	(26.43)	(37.92)	(13.28)	(9.47)	(24.40)	(20.00)	(20.00)
Debt issuance costs	(0.02)							
Proceeds from the issuance of convertible senior notes, net of issuance costs			57.02					
Proceeds from the issuance of stock	0.00	0.05	0.09	0.01	0.03	0.03	2.00	3.00
Proceeds from options and warrant exercises	0.16							
Proceeds from debt	15.95							
Principal payments on long term debt		(5.33)	(10.67)	0.00	(10.67)	(10.67)	(2.00)	(2.00)
Taxes withheld and paid on employees' equity awards	(0.24)	(0.35)	(0.74)	(0.24)	(0.55)	(0.69)	(0.50)	(0.50)
Net cash and cash equivalents provided by financing activities	<u>13.10</u>	<u>(35.80)</u>	<u>7.65</u>	<u>(13.63)</u>	<u>(20.71)</u>	<u>(35.84)</u>	<u>(20.55)</u>	<u>(19.55)</u>
Net increase (decrease) in cash and cash equivalents	3.44	(22.47)	24.44	(11.73)	(20.22)	(31.80)	(2.77)	8.46
Cash and Cash equivalents - beginning of year	39.17	42.61	20.14	44.58	44.58	44.58	44.58	41.81
Cash and Cash equivalents - end of year	42.61	20.14	44.58	32.85	24.36	12.78	41.81	50.27
Source: Ladenburg Thalmann & Co. Company reports								

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES

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I, Jeffrey S. Cohen, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report, provided, however, that:

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COMPANY BACKGROUND

Zynex, Inc., a medical technology company, designs, manufactures, and markets electrotherapy medical devices used for pain management and rehabilitation. Its products include NexWave, NeuroMove, and InWave. The company also distributes private labeled products. In addition, it develops non-invasive blood volume monitors for use in hospitals and surgery centers. The company offers its products for pain management and control and stroke and spinal cord injury rehabilitation. It sells its products through direct and independent sales representatives primarily in the United States.

VALUATION METHODOLOGY

We believe that Zynex, Inc. should be valued in comparison with other micro and small-cap technologically advanced medical device companies within the healthcare equipment sector. Our Comparable Company Valuation table provides a comprehensive list of similar companies and measures their current revenue multiple valuations compared to anticipated revenues out four years.

Based on our Comparable Company Valuation table, we believe it is appropriate to value the company based on its representative peers. As such, we have determined that the company's valuation should be an average of two metrics: enterprise value/revenues and price/earnings. We are using EV/Revenue of 3.5 times and P/E of 30 times for 2025 revenue and EPS which yields a price target of \$27.00.

RISKS

In addition to normal economic and market risk factors that impact most all equities, we believe that the primary risks to our recommendation and price target of an investment in Zynex, Inc. shares include, but are not limited to:

Management and Board Stability: Significant loss of key personnel could prove to be damaging toward the operational efficiencies and further growth of the company. The departure of key personnel could materially affect the overall performance and strategy of the company going forward. The company is highly dependent on the services of its current management team and board. Key to the company's progress over the past 22 years is Thomas Sandgaard, who currently serves as the company's CEO, President and Chairman of the Board.

Commercialization: Although it is likely the company will maintain its existing commercialization channels, there is no guarantee the company will be successful in its efforts to expand into alternative international markets or business segments. The commercialization strategy may limit the company's ability to generate estimated revenues henceforth. The company's products are sold in highly competitive markets and could be outdone by a superior competitor thus disrupting projected revenues.

Competition and Adoption: As is the case within the healthcare industry, there exist various innovative and highly competitive corporations. The company could be negatively impacted from current and future competitive products into the marketplace. There can be no assurances that Zynex will continue to provide attractive products as compared with other technologies that exist or are developed. Clinicians and users may find that there are alternative solutions which could potentially offer better performance or outcomes. Potential current and future market share and market acceptance of the company's technologies will depend on its ability to demonstrate that its products represent an attractive alternative as compared with other offerings.

Regulatory / Development Risks: Modifications or future iterations of the company's currently approved, and products under development, are subject to FDA and other regulatory body requirements in the United States and similar agencies in other countries. Products under current development may require extensive testing, studies, data submission and/or clinical evaluation prior to granting proper licenses to sell in various geographies. If the company fails to comply with applicable regulatory requirements the FDA and other regulatory bodies could deny marketing clearance or approval, withdraw approvals, or impose civil penalties, including fines, product seizures or product recalls and, in extreme cases, criminal sanctions. There can be no assurances that the product will be available for sale or that anticipated revenues coincide

with our current estimates. If or when approved there can be no assurances that clinicians will adopt usage of the product as compared with our current estimates.

Other: ZYXI's business is subject to economic, political, regulatory and other risks associated with international sales and operations.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.

Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.

Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS AS OF (May 1, 2024)

Rating	%	IB %
BUY	74.4	59.0
NEUTRAL	25.0	35.6
SELL	0.6	0.0

COMPANIES UNDER JEFFREY'S COVERAGE

- | | |
|--|---------------------------------------|
| CARMAT SA (ALCAR) | Artivion, Inc. (AORT) |
| Bionano Genomics, Inc. (BNGO) | BrainsWay Ltd. (BWAY) |
| CareCloud, Inc. (CCLD) | ChromaDex Corporation (CDXC) |
| Celsius Holdings, Inc. (CELH) | Alpha Tau Medical Ltd. (DRTS) |
| electroCore, Inc. (ECOR) | Harrow, Inc. (HROW) |
| Helius Medical Technologies, Inc. (HSDT) | Intelligent Bio Solutions Inc. (INBS) |
| Jaguar Health, Inc. (JAGX) | Motus GI Holdings, Inc. (MOTS) |
| NovaBay Pharmaceuticals, Inc. (NBV) | Nano-X Imaging Ltd. (NNOX) |
| enVveno Medical Corporation (NVNO) | Orthofix Medical Inc. (OFIX) |
| OPKO Health, Inc. (OPK) | Sonoma Pharmaceuticals, Inc. (SNOA) |
| STRATA Skin Sciences, Inc. (SSKN) | Vericel Corporation (VCEL) |
| Venus Concept Inc. (VERO) | Catheter Precision, Inc. (VTAK) |
| Windtree Therapeutics, Inc. (WINT) | Zynex, Inc. (ZYXI) |

OTHER COMPANIES MENTIONED

Orthofix Medical Inc. (OFIX, \$13.00, BUY)

INVESTMENT RATING AND PRICE TARGET HISTORY



Orthofix Medical Inc. Rating History as of 04/30/2024

powered by: BlueMatrix



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