

Investor Newsletter

Symbol: ZYXI



Letter from the CEO

Zynex, Inc continued double digit growth in 2010, reporting a 29% increase in consolidated net revenue over 2009. Zynex Medical, Inc., our electrotherapy medical device subsidiary generated the majority of revenue in 2010. The geographic reach of our domestic sales force has expanded, and international exposure and revenue are growing. To date, we have contracted medical device distributors in Canada, Australia, Philippines, Malaysia, Vietnam, UAE, Holland, Germany and others, and have added an international sales manager.

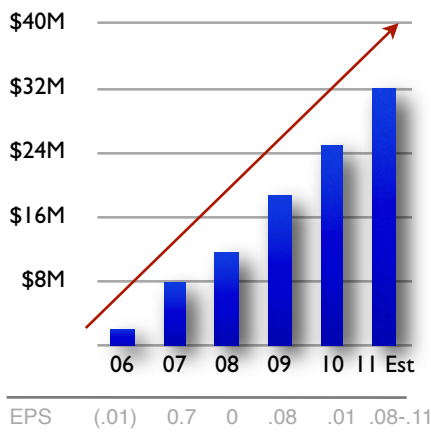
Also in 2010 we reported an increase in operating expenses primarily driven by the expansion of our sales force, improvements made to our billing and reimbursement department, and the relocation of our headquarters to accommodate our current and expected sales growth. These expenses were necessary to provide an infrastructure that allows Zynex to capture market share in geographic markets not yet penetrated, accelerate growth in existing markets, and increase cash flow through improved collection efforts.

In April 2010, we added two new wholly-owned subsidiaries: Zynex NeuroDiagnostics which develops and markets, EEG, EMG products and is also considering acquisitions, and Zynex Monitoring Solutions which develops and markets cardiac monitoring medical devices. Currently, Zynex Monitoring is focused on a non-invasive blood volume monitor used during surgery and patient recovery that we believe fills an un-met need in the marketplace. These business unit additions represent the future for Zynex, as they will allow us to diversify beyond the core electrotherapy business and will allow Zynex to enter and capitalize on multi-billion dollar markets.

Looking ahead, we will continue to expand our Zynex Medical sales force, in an effort to increase revenue, while focusing efforts on Zynex NeuroDiagnostics and Zynex Monitoring Solutions to expand our consolidated business, through new products and acquisitions.

Zynex has marked many milestones during our 15 years in business, but the most important is the fact that we experienced tremendous top line growth since 2005 without extensive leveraging. Our guidance for 2011 is to achieve net consolidated revenue between \$30 and \$32 million and net income per diluted share between \$0.08 and \$0.11.

REVENUE TREND



Deloitte Ranks Zynex as 8th Fastest Growing Company

Oct. 2, 2010

Zynex has been ranked number 132nd on Deloitte's 2010 Technology Fast 500 list for revenue growth between 2005 and 2009. Zynex ranked 8th in growth among all Medical Equipment companies in the US and Canada. The list also indicates that Zynex is the fastest growing medical equipment company in the Rocky Mountain region. The Deloitte Technology Fast 500 list can be found on www.fast500.com.

Zynex's revenue grew 790% during the period from 2005 to 2009 with revenue in 2009 of \$18,681,000 and net income of \$2,382,000.

Thomas Sandgaard, Zynex's CEO commented: "I am obviously very proud of this ranking especially having achieved it entirely through organic growth and in a rough economic climate. I am also very excited to see our growth in 2010 continue at a rapid rate."

2010 FINANCIALS

March, 10, 2011

Zynex announces a record number of orders and billed patients during 2010, which resulted in \$24,085,000 of net revenue for 2010 versus \$18,681,000 for 2009. The Company reported a gross profit of \$18,883,000 and SG&A expenses of \$17,322,000 for 2010, as compared to a gross profit of \$14,888,000 and SG&A expenses of \$11,074,000 for 2009. During 2010, the Company made specific investments in its infrastructure to expand its domestic and international sales force, improve its billing and reimbursement department and relocate its headquarters to accommodate the significant increase in orders generated by the growing Zynex sales organization. The Company believes that, although these investments increased the 2010 SG&A expenses, they were necessary to yield long-term net revenue and net income growth and to continue to increase the Company's cash collections. The Company generated 2010 income from operations of \$1,561,000, income before income taxes of \$1,335,000 and net income of \$350,000, versus income from operations of \$3,814,000, income before income taxes of \$3,823,000 and net income of \$2,382,000 for 2009. The Company anticipates net revenues of between \$30 million and \$32 million for 2011 and net income per diluted share of between \$0.08 and \$0.11 for 2011.

The information presented is from the Company's press releases and SEC filings as of the dates referenced:

www.zynexmed.com
www.sec.gov/edgar.shtml

Executive News

Mats Wahlstrom has joined the Board of Directors of Zynex. Mr. Wahlstrom currently serves as Senior Advisor to the CEO and Chairman of Fresenius Medical Care, a renal care company. From 2002 through December 2009, Mr. Wahlstrom was President and CEO of Fresenius Medical Services, which operates more than 1,700 dialysis clinics in the U.S. and served as co-CEO of Fresenius Medical Care North America between 2004 and 2009. Mr. Wahlstrom has 25 years of experience in the healthcare field. Prior to joining Fresenius Medical Care in 2002, he held various positions at Gambro AB in Sweden, including President and CEO of Gambro U.S. as well as CFO of the Gambro Group.

Anthony Scalese has been appointed as CFO. Mr. Scalese has over 15 years of experience in accounting, finance and operations and has spent the past 13 years of his career in the high-tech and healthcare industries. His most recent position was Chief Financial Officer for Qualmark Corporation, a publicly held global manufacturer of durability testing equipment. Mr. Scalese joined Qualmark in February 2000 as Corporate Controller and also served as President for various subsidiaries of Qualmark. He previously held positions at Coram Healthcare (now Apria Healthcare) as well as Foundation Health Systems (now Healthnet). Mr. Scalese is a Certified Public Accountant licensed in Colorado, received a Masters in Business Administration from the University of Colorado and a Bachelor of Science in Business Administration from Colorado State University.

Zynex has announced the retirement of **Birgitte Sandgaard** as vice president of billing. Sandgaard helped start Zynex over 15 years ago and has been in charge of all billing and collection activities of the company. Sandgaard was responsible for establishing the company's collection processes and procedures and played a primary role in the development and implementation of the company's billing system, which is still in place today. Sandgaard will remain as a consultant of the company to assist with any transition or business related issues.

Business Development

Zynex has formed two new business units: **Zynex Monitoring Solutions** and **Zynex NeuroDiagnostic**. The two new subsidiaries will leverage the proprietary core technology in Zynex' existing product portfolio to create, develop and market new products for hospitals and clinics. Zynex Monitoring Solutions and Zynex NeuroDiagnostic are intended to be part of a long-term path of continued growth both domestically and internationally while Zynex Medical, with its electrotherapy products for home-use, continues to serve an increasing number of patients in the rehabilitation, pain management and recovery markets.

Zynex announced **International Sales Initiative** with the hiring of James Leffel as International Sales Manager. In this position, Mr. Leffel, who has more than 25 years of sales and business development experience, will be responsible for driving a market presence in Asia and the Middle East by establishing a network of distributors. Mr. Leffel previously led Zynex Medical's NeuroMove sales efforts where he established product placement at some of the most prestigious physical rehab and spinal cord injury centers in the country.

New Product Development

Zynex Monitoring Solutions: Zynex has signed an agreement with OmniaVincit to conduct the first clinical evaluation for a blood volume monitor medical device, which is being developed by its subsidiary Zynex Monitoring Solutions. Zynex Monitoring Solutions blood volume monitor is a non-invasive medical device for monitoring central blood volume that would be used in operating and recovery rooms to detect blood loss during surgery and internal bleeding during recovery. Zynex CEO Thomas Sandgaard said they are starting the next phase of collecting data to further validate the algorithm used to non-invasively determine changes in central blood volume. "We expect to use the data for defining further clinical studies, as well as to provide substantiation for FDA submission and international regulatory clearance," Sandgaard said.

Zynex Medical: Zynex has developed a new product for its line of electrotherapy products. The product is based on the Company's existing hardware platform. The NexWave™ is capable of delivering both transcutaneous electrical nerve stimulation, interferential current as well as neuromuscular electrical stimulation.

<i>Annual Financial Data*</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
Net Revenue	\$24,085	\$18,681	\$11,764	\$8,048	\$2,557
Gross Profit	18,883	14,888	9,524	7,319	2,253
Net Income (loss)	350	2,382	111	2,131	(320)
Cash	602	863	0	0	265
EPS	0.01	0.08	0.00	0.07	(0.01)
Cash Flow from Operations	(665)	3,648	(715)	746	(483)
Total Stockholders Equity	8,182	7,486	4,774	3,618	1,287
Common Shares Outstanding	30,600	30,500	29,900	26,800	26,300

*All amounts are in 000s except per share data.

Safe Harbor

This news letter includes financial estimates and forward-looking statements. These estimates and forward-looking statements are based on present circumstances, information currently available, and assumptions about future revenues, industry growth, and general economic conditions. Estimates are inherently uncertain as they are based on assumptions concerning future events. No representations can be made as to the accuracy of such information or the reliability of such assumptions. Accordingly, actual results may vary significantly from the Company's estimates, for many reasons, including those described as "Risk Factors" in our Annual Reports on Form 10-K. Therefore, neither the Company's estimates nor the assumptions upon which they are based are to be interpreted as a guarantee or promise of the Company or management. The Company has no obligation to modify, amend, update, alter, or change the estimates contained herein.

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