

Final Report

Investors should consider this report as only a single factor in making their investment decision.

Zynex, Inc.

Dropping Coverage

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May 3, 2019

ZYXI \$6.68 — (NASDAQ)

	FY2016 A	2017 A	2018 A
Total Revenue (in millions)	\$13.3	\$23.4	\$31.9
Earnings (loss) per share	\$0.00	\$0.22	\$0.28

52-Week range	\$6.75 – \$2.40	Fiscal year ends:	December
Shares outstanding a/o 04/30/19	32.2 million	Revenue/shares (ttm)	\$1.01
Approximate float	16.7 million	Price/Sales (ttm)	6.6X
Market Capitalization	\$215 million	Price/Sales (2020) E	NA
Tangible Book value/shr	\$0.36	Price/Earnings (ttm)	23.0X
Price/Book	NMF	Price/Earnings (2020) E	NA

Zynex, Inc., headquartered in Lone Tree, Colorado, is a provider of FDA-cleared electrotherapy medical devices used for pain management and rehabilitation. The company is primarily focused on selling and marketing its NexWave and InWave electrotherapy products, as well as consumable supplies for electrotherapy products.

Key Investment Considerations:

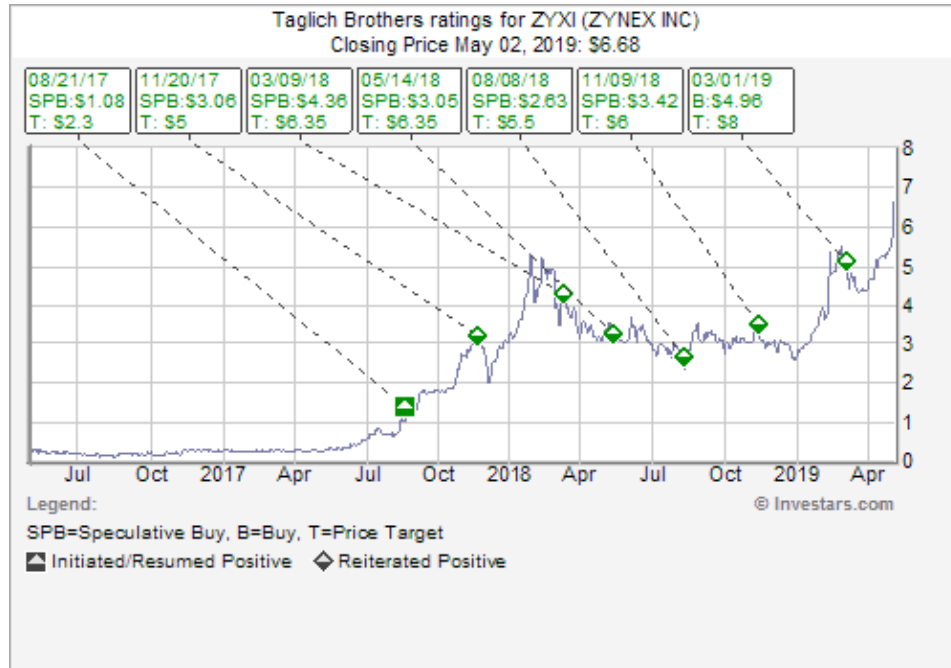
Dropping coverage due to termination of research services.

ZYXI reported (on April 30, 2019) 1Q19 EPS of \$0.07 on sales of \$9.2 million compared to EPS of \$0.06 on sales of \$6.9 million in 1Q18.

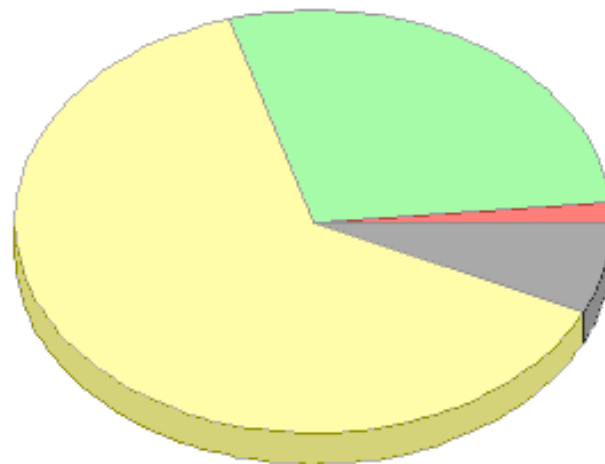
Please view our Disclosures on pages 2 – 4.

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Price Chart



Taglich Brothers Current Ratings Distribution



■ 28.17 % Buy ■ 63.38 % Hold ■ 7.04 % Not Rated ■ 1.41 % Sell

Investment Banking Services for Companies Covered in the Past 12 Months		
<u>Rating</u>	<u>#</u>	<u>%</u>
Buy	2	8
Hold		
Sell		
Not Rated	2	50

Important Disclosures

As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families own less than 1% of the stock of the company mentioned in this report. An employee of Taglich Brothers owns or has a controlling interest in ZYXI of 5,500 common shares. Taglich Brothers, Inc. does not currently have an Investment Banking relationship with the company mentioned in this report and was not a manager or co-manager of any offering for the company with in the last three years.

All research issued by Taglich Brothers, Inc. is based on public information. In July 2017, the company paid Taglich Brothers a monetary fee of \$4,500 (USD) representing payment for the creation and dissemination of research reports for three months. From December 2017 to April 2019, the company paid Taglich Brothers a monthly monetary fee of \$1,500 (USD) for the creation and dissemination of research reports.

General Disclosures

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Analyst Certification

I, Howard Halpern, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Public Companies mentioned in this report:

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long-term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Dropping Coverage – Research coverage discontinued due to the acquisition of the company, termination of research services, non-payment for such services, diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.