VAREX IMAGING CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

		Three Months Ended				Six Months Ended			
(In millions, except for per share amounts)	April	1, 2022	Apri	l 2, 2021	April	1, 2022	Арі	il 2, 2021	
Revenues, net									
Medical	\$	170.4	\$	156.6	\$	326.1	\$	295.8	
Industrial		44.3		46.9		87.4		84.8	
Total revenues		214.7		203.5		413.5		380.6	
Gross profit									
Medical		53.4		45.7		99.4		89.8	
Industrial		17.4		18.9		36.2		32.0	
Total gross profit		70.8		64.6		135.6		121.8	
Operating expenses:									
Research and development		18.9		18.2		36.6		34.9	
Selling, general and administrative		25.3		30.6		58.4		65.0	
Total operating expenses		44.2		48.8		95.0		99.9	
Operating income		26.6		15.8		40.6		21.9	
Interest income		0.1		_		0.1		_	
Interest expense		(11.1)		(10.4)		(21.0)		(20.7)	
Other expense, net		(2.0)		(2.2)		(2.8)		(2.7)	
Interest and other expense, net		(13.0)		(12.6)		(23.7)		(23.4)	
Income (loss) before taxes		13.6		3.2		16.9		(1.5)	
Income tax expense		6.0				7.7		1.6	
Net income (loss)		7.6		3.2		9.2		(3.1)	
Less: Net income attributable to noncontrolling interests				0.1		0.2		0.2	
Net income (loss) attributable to Varex	\$	7.6	\$	3.1	\$	9.0	\$	(3.3)	
Net income (loss) per common share attributable to Varex									
Basic	\$	0.19	\$	0.08	\$	0.23	\$	(0.09)	
Diluted	\$	0.18	\$	0.08	\$	0.21	\$	(0.09)	
Weighted average common shares outstanding									
Basic		39.7		39.2		39.6		39.2	
Diluted		42.2		40.0		43.2		39.2	

VAREX IMAGING CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

Accounts receivable, net of allowance for credit losses of \$0.7 million and \$1.0 million at April 1, 2022 and October 1, 2021, respectively 154.3 155.3 Inventories 269.2 224.8 Prepaid expenses and other current assets 30.6 29.5 Total current assets 569.2 554.2 Property, plant and equipment, net 136.4 140.2 Goodwill 289.9 292.2 Intangible assets, net 42.1 50.7 Investments in privately-held companies 47.9 49.3 Deferred tax assets 1.2 4.0 Operating lease assets 23.0 24.3 Other assets 32.9 32.6 Total assets 7.1 4.0 Current fliabilities 5.78.8 5.8.8 Accrued fliabilities and stockholders' equity 72.8 5.8.8 Current maturities of long-term debt 7.6 9.1 Deferred revenues 7.6 9.1 Total current liabilities 16.7 10.6 Long-term debt, net 40.4 431.7 Operating lease l	(In millions, except share and per share amounts)	April 1, 2022	October 1, 2021
Cash and cash equivalents \$ 115.1 \$ 144.6 Accounts receivable, net of allowance for credit losses of \$0.7 million and \$1.0 million at April 1, 2022 and October 1, 2021, respectively 154.3 155.3 Inventories 269.2 224.8 Prepaid expenses and other current assets 30.6 29.5 Total current assets 569.2 554.2 Property, plant and equipment, net 136.4 140.2 Goodwill 289.9 292.2 Investments in privately-held companies 47.1 24.1 Deferred tax assets 1.1 4.0 Operating lease assets 2.3 2.2 Other assets 3.2 3.2 Total assets 3.2 3.2 Corrent assets 5.1,142.6 1,147.5 Liabilities and stockholders' equity 5.8 8.8 Accounts payable \$ 78.8 \$ 8.8 Accrued liabilities and other current liabilities 7.8 \$ 8.7 Accrued liabilities and other current liabilities 5.3 6.2 Current operating lease liabilities 5.3 6.2	Assets		
Accounts receivable, net of allowance for credit losses of \$0.7 million and \$1.0 million at \$pril 1, 2022 and October 1, 2021, respectively 154.3 155.3 Inventories 269.2 224.8 Prepaid expenses and other current assets 30.6 29.5 Total current assets 569.2 554.2 Property, plant and equipment, net 136.4 140.2 Goodwill 289.9 292.2 Intagible assets, net 42.1 50.7 Investments in privately-held companies 47.9 49.3 Deferred tax assets 2.3 2.4 Operating lease assets 2.3 2.4 Other assets 3.2 3.2 Total assets \$ 1,14.5 \$ 1,147.5 Labilities and stockholders' equity \$ 78.8 \$ 8.7 Current liabilities 7.8 \$ 8.7 Accounts payable \$ 78.8 \$ 78.8 Accounts payable \$ 78.8 \$ 8.7 Current operating lease liabilities 2.8 6.2 Deferred revenues 7.6 9.1 Total current liabilities	Current assets:		
St.0 million at April 1, 2022 and October 1, 2021, respectively 154.3 155.3 Inventories 269.2 224.8 Prepaid expenses and other current assets 30.6 29.5 Total current assets 569.2 554.2 Property, plant and equipment, net 136.4 140.2 Goodwill 289.9 292.2 Intangible assets, net 42.1 50.7 Investments in privately-held companies 47.9 49.3 Deferred tax assets 1.2 4.0 Operating lease assets 32.0 23.3 Other assets 32.0 32.6 Total assets 32.0 32.6 Total assets 32.0 32.6 Total assets 32.0 32.6 Total assets 5 1,142.6 5 1,147.5 Liabilities and stockholders' equity Current liabilities 72.8 89.7 Current operating lease liabilities 72.8 89.7 Current operating lease liabilities 72.8 89.7 Current perating lease liabilities 53.3 6.2 Current atturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 107.1 166.6 Current perating lease liabilities 7.2 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 19.0 18.7 Other lon	Cash and cash equivalents	\$ 115.1	\$ 144.6
Prepaid expenses and other current assets 30.6 29.5 Total current assets 569.2 554.2 Property, plant and equipment, net 136.4 140.2 Goodwill 289.9 292.2 Intangible assets, net 42.1 50.7 Investments in privately-held companies 47.9 49.3 Deferred tax assets 1.2 4.0 Operating lease assets 32.9 32.6 Other assets 32.9 32.6 Total assets 32.9 32.6 Current disablitites 32.9 32.6 Current inabilitites 78.8 5.88 Accounts payable \$ 78.8 5.88 Accrued liabilities and other current liabilities 7.8 89.7 Current operating lease liabilities 7.8 9.7 Current operating lease liabilities 4.0 4.0 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.5 Long-term debt, net 40.4 431.7 Deferred tax liab		154.3	155.3
Total current assets 569.2 554.2 Property, plant and equipment, net 136.4 140.2 Goodwill 289.9 292.2 Intangible assets, net 47.9 49.3 Investments in privately-held companies 47.9 49.3 Deferred tax assets 1.2 4.0 Operating lease assets 23.0 24.3 Other assets \$ 1,142.6 \$ 1,147.5 Total assets \$ 1,142.6 \$ 1,147.5 Liabilities \$ 1,142.6 \$ 1,147.5 Current liabilities 78.8 \$ 58.8 Accrued liabilities and other current liabilities 78.8 \$ 58.8 Accrued liabilities and other current liabilities 5.3 6.2 Current operating lease liabilities 5.3 6.2 Current perent devenues 7.6 2.8 Deferred revenues 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities 9.0 18.7 Total liabilities 628.2 651.0	Inventories	269.2	224.8
Property, plant and equipment, net 136.4 140.0 Goodwill 289.9 292.2 Intangible assets, net 42.1 50.7 Investments in privately-held companies 47.9 49.3 Deferred tax assets 1.2 4.0 Operating lease assets 23.0 24.3 Other assets 32.9 32.6 Total assets \$ 1,142.6 \$ 1,147.5 Itabilities and stockholders' equity Total asset \$ 1,147.5 Current liabilities 78.8 \$ 8.8 Accounts payable \$ 78.8 \$ 8.8 Accrued liabilities and other current liabilities 5.3 6.2 Current operating lease liabilities 5.7 9.1 Total current liabilities 16.7 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total larent liabilities 62.2 651.0 Other long-term liabilities 9.0 18.7	Prepaid expenses and other current assets	30.6	29.5
Goodwill 289.9 292.2 Intangible assets, net 42.1 50.7 Investments in privately-held companies 47.9 49.3 Deferred tax assets 23.0 24.3 Operating lease assets 23.0 24.3 Other assets 32.9 32.6 Total assets \$ 1,142.6 \$ 1,147.5 Liabilities and stockholders' equity Verrent liabilities 72.8 89.7 Current parating lease liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Operating lease liabilities 3.3 31.8 Other long-term liabilities 628.2 651.0 Stockholders' equity: - - Preferred tax liabilities 0.2 651.0 Stockholders' equity: 0.2 651.0 <t< td=""><td>Total current assets</td><td>569.2</td><td>554.2</td></t<>	Total current assets	569.2	554.2
Managible assets, net	Property, plant and equipment, net	136.4	140.2
Deferred tax assets	Goodwill	289.9	292.2
Deferred tax assets 1.2 4.0 Operating lease assets 23.0 24.3 Other assets 32.9 32.6 Total assets \$ 1,142.6 \$ 1,147.5 Liabilities and stockholders' equity Urrent liabilities: Current payable \$ 78.8 \$ 58.8 Accounts payable \$ 78.8 \$ 89.7 Current operating lease liabilities 5.3 6.2 Current operating lease liabilities 5.3 6.2 Current operating lease liabilities 7.6 9.1 Total current liabilities 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 <td< td=""><td>Intangible assets, net</td><td>42.1</td><td>50.7</td></td<>	Intangible assets, net	42.1	50.7
Operating lease assets 23.0 24.3 Other assets 32.9 32.6 Total assets \$ 1,142.6 \$ 1,147.5 Liabilities and stockholders' equity Current liabilities Accounts payable \$ 78.8 \$ 58.8 Accrued liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.3 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities 7.2 2.2 Operating lease liabilities 7.2 2.2 Operating lease liabilities 6.28.2 651.0 Stockholders' equity: 8.7 31.8 Total liabilities 6.28.2 651.0 Stockholders' equity: 8.7 6.2 Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued 9. 4.9 Shares issued and outstanding:	Investments in privately-held companies	47.9	49.3
Other assets 32.9 32.6 Total assets \$ 1,142.6 \$ 1,147.5 Liabilities and stockholders' equity Urrent liabilities Accounts payable \$ 78.8 \$ 88.7 Accrued liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities 19.0 18.7 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: Preferred stock, \$.01 par value: 150,000,000 shares authorized, none issued — — Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 40.4 40.4 Accumulated other comprehensive (loss) income 4.7 4.9 Retained earnings 4.2	Deferred tax assets	1.2	4.0
Interest (abilities and stockholders' equity) \$ 1,142.6 \$ 1,147.5 Current liabilities: Accounts payable \$ 78.8 \$ 88.8 Accorned liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: - - Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) -	Operating lease assets	23.0	24.3
Liabilities and stockholders' equity Current liabilities: 7.8.8 \$ 5.8.8 Accounts payable \$ 78.8 \$ 5.8.8 Accrued liabilities and other current liabilities 72.8 \$ 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 18.7 Other long-term liabilities 33.7 31.8 31.8 Total liabilities 628.2 651.0 651.0 Stockholders' equity: - - Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Common stock, \$.01 par value: 150,000,000 shares authorized - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 449.4 Accumulated other comprehensive (loss) income (1.7)	Other assets	32.9	32.6
Current liabilities: 78.8 \$ 58.8 Accounts payable \$ 78.8 \$ 58.8 Accrued liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: - 628.2 651.0 Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued	Total assets	\$ 1,142.6	\$ 1,147.5
Accounts payable \$ 78.8 \$ 88.8 Accrued liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities — 2.2 Operating lease liabilities — 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 33.7 31.8 Total liabilities 682.2 651.0 Stockholders' equity: — — Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued — — Common stock, \$.01 par value: 150,000,000 shares authorized — — Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) — Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2	Liabilities and stockholders' equity		
Accrued liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: - - Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Common stock, \$.01 par value: 150,000,000 shares authorized - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) - Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests	Current liabilities:		
Accrued liabilities and other current liabilities 72.8 89.7 Current operating lease liabilities 5.3 6.2 Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: - - Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Common stock, \$.01 par value: 150,000,000 shares authorized - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) - Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests	Accounts payable	\$ 78.8	\$ 58.8
Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: - - Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Common stock, \$.01 par value: 150,000,000 shares authorized - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) - Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2 Total stockholders' equity 514.4 496.5	• •		89.7
Current maturities of long-term debt 2.6 2.8 Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities - 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: - - Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued - - Common stock, \$.01 par value: 150,000,000 shares authorized - - Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) - Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2 Total stockholders' equity 514.4 496.5	Current operating lease liabilities	5.3	6.2
Deferred revenues 7.6 9.1 Total current liabilities 167.1 166.6 Long-term debt, net 408.4 431.7 Deferred tax liabilities — 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: — — Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued — — Common stock, \$.01 par value: 150,000,000 shares authorized — — Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) — Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2 Total stockholders' equity 514.4 496.5	· -	2.6	2.8
Long-term debt, net 408.4 431.7 Deferred tax liabilities — 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued — — Common stock, \$.01 par value: 150,000,000 shares authorized — — Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) — Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2 Total stockholders' equity 514.4 496.5	-	7.6	9.1
Long-term debt, net 408.4 431.7 Deferred tax liabilities — 2.2 Operating lease liabilities 19.0 18.7 Other long-term liabilities 33.7 31.8 Total liabilities 628.2 651.0 Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued — — Common stock, \$.01 par value: 150,000,000 shares authorized — — Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. 0.4 0.4 Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) — Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2 Total stockholders' equity 514.4 496.5	Total current liabilities	167.1	166.6
Deferred tax liabilities — 2.2.2 Operating lease liabilities — 19.0 Other long-term liabilities — 33.7 Total liabilities — 628.2 Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued — —— Common stock, \$.01 par value: 150,000,000 shares authorized Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. Additional paid-in capital 459.9 Accumulated other comprehensive (loss) income (1.7) — Retained earnings 42.5 Total Varex stockholders' equity 501.1 Noncontrolling interests 13.3 Total stockholders' equity 514.4 Total stockholders' equity 514.4	Long-term debt, net	408.4	431.7
Other long-term liabilities33.731.8Total liabilities628.2651.0Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued Common stock, \$.01 par value: 150,000,000 shares authorized——Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively.0.40.4Additional paid-in capital459.9449.4Accumulated other comprehensive (loss) income(1.7)—Retained earnings42.533.5Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5	-	_	2.2
Other long-term liabilities33.731.8Total liabilities628.2651.0Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued Common stock, \$.01 par value: 150,000,000 shares authorized——Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively.0.40.4Additional paid-in capital459.9449.4Accumulated other comprehensive (loss) income(1.7)—Retained earnings42.533.5Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5	Operating lease liabilities	19.0	18.7
Total liabilities628.2651.0Stockholders' equity: Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued Common stock, \$.01 par value: 150,000,000 shares authorized——Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively.0.40.4Additional paid-in capital459.9449.4Accumulated other comprehensive (loss) income(1.7)—Retained earnings42.533.5Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5		33.7	31.8
Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued Common stock, \$.01 par value: 150,000,000 shares authorized Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. Additional paid-in capital Accumulated other comprehensive (loss) income Retained earnings Total Varex stockholders' equity Total stockholders' equity Total stockholders' equity Total stockholders' equity Common issued			651.0
Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued Common stock, \$.01 par value: 150,000,000 shares authorized Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. Additional paid-in capital Accumulated other comprehensive (loss) income Retained earnings Total Varex stockholders' equity Noncontrolling interests Total stockholders' equity	Stockholders' equity:		
Shares issued and outstanding: 39,823,331 and 39,435,830 at April 1, 2022 and October 1, 2021, respectively. Additional paid-in capital 459.9 449.4 Accumulated other comprehensive (loss) income (1.7) — Retained earnings 42.5 33.5 Total Varex stockholders' equity 501.1 483.3 Noncontrolling interests 13.3 13.2 Total stockholders' equity 514.4 496.5	Preferred stock, \$.01 par value: 20,000,000 shares authorized, none issued	_	_
and October 1, 2021, respectively. Additional paid-in capital Accumulated other comprehensive (loss) income Retained earnings Total Varex stockholders' equity Noncontrolling interests Total stockholders' equity Total stockholders' equity 10.4 459.9 449.4 459.9 42.5 33.5 33.5 33.5 Total Varex stockholders' equity 501.1 483.3 13.2 Total stockholders' equity 514.4 496.5	Common stock, \$.01 par value: 150,000,000 shares authorized		
Accumulated other comprehensive (loss) income(1.7)—Retained earnings42.533.5Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5		0.4	0.4
Accumulated other comprehensive (loss) income(1.7)—Retained earnings42.533.5Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5	Additional paid-in capital	459.9	449.4
Retained earnings42.533.5Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5	·	(1.7)	_
Total Varex stockholders' equity501.1483.3Noncontrolling interests13.313.2Total stockholders' equity514.4496.5	· · · · · · · · · · · · · · · · · · ·		33.5
Noncontrolling interests13.313.2Total stockholders' equity514.4496.5			483.3
Total stockholders' equity 514.4 496.5			13.2
			496.5
-1,17/.J	Total liabilities and stockholders' equity	\$ 1,142.6	\$ 1,147.5

VAREX IMAGING CORPORATION RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL MEASURES (Unaudited)

	,0	maduited							
		Three Moi	nded	Six Months Ended					
(In millions, except per share amounts)	April 1, 2022		Ар	April 2, 2021		April 1, 2022		April 2, 2021	
GROSS PROFIT RECONCILIATION									
Revenues, net	\$	214.7	\$	203.5	\$	413.5	\$	380.6	
Gross profit	\$	70.8	\$	64.6	\$	135.6	\$	121.8	
Amortization of intangible assets		1.8		2.2		3.6		4.4	
Restructuring charges		_		0.1		_		0.2	
Other non-operational costs		_		3.5		_		3.5	
Non-GAAP gross profit	\$	72.6	\$	70.4	\$	139.2	\$	129.9	
Gross margin %		33.0 %		31.7 %		32.8 %		32.0 %	
Non-GAAP gross margin %		33.8 %		34.6 %		33.7 %		34.1 %	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE RECONCILIATION									
Selling, general and administrative	\$	25.3	\$	30.6	\$	58.4	\$	65.0	
Amortization of intangible assets		1.9		2.1		3.8		4.1	
Restructuring charges		1.1		0.2		4.3		0.4	
Acquisition and integration related costs		_		0.3		_		1.2	
Other non-operational costs		0.1		1.7		1.9		4.2	
Non-GAAP selling, general and administrative expense	\$	22.2	\$	26.3	\$	48.4	\$	55.1	
OPERATING EXPENSE RECONCILIATION									
Other expense, net	\$	44.2	\$	48.8	\$	95.0	\$	99.9	
Amortization of intangible assets		1.9		2.1		3.8		4.1	
Restructuring charges		1.1		0.2		4.3		0.4	
Acquisition and integration related costs		_		0.3		_		1.2	
Other non-operational costs		0.1		1.7		1.9		4.2	
Non-GAAP operating expense	\$	41.1	\$	44.5	\$	85.0	\$	90.0	
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VAREX IMAGING CORPORATION RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL MEASURES (Unaudited)

Operating income \$ 26.6 \$ 15.8 \$ 40.6 \$ 26.6 \$ Amortization of intangible assets (includes amortization impacts to cost of revenues) 3.7 4.3 7.4 Restructuring charges (includes restructuring impact to cost of revenues) 1.1 0.3 4.3 Acquisition and integration related costs — 0.3 — Other non-operational costs (includes other non-operational impacts to cost of revenues) 0.1 5.2 1.9 Total operating income adjustments \$ 4.9 \$ 10.1 \$ 13.6 \$ 7.4 Solution in the content of t	hree Months Ended Six Months Ended	nths Ende	Three Mon		
Operating income\$ 26.6\$ 15.8\$ 40.6\$ 2Amortization of intangible assets (includes amortization impacts to cost of revenues)3.74.37.4Restructuring charges (includes restructuring impact to cost of revenues)1.10.34.3Acquisition and integration related costs—0.3—Other non-operational costs (includes other non-operational impacts to cost of revenues)0.15.21.9Total operating income adjustments\$ 4.9\$ 10.1\$ 13.6\$ 3Non-GAAP operating income\$ 31.5\$ 25.9\$ 54.2\$ 3Operating margin12.4 %7.8 %9.8 %	, 2022 April 2, 2021 April 1, 2022 April 2, 2021	April	April 1, 2022	Apr	(In millions, except per share amounts)
Amortization of intangible assets (includes amortization impacts to cost of revenues) Restructuring charges (includes restructuring impact to cost of revenues) 1.1 O.3 Acquisition and integration related costs Other non-operational costs (includes other non-operational impacts to cost of revenues) Total operating income adjustments Non-GAAP operating income \$ 31.5 \$ 25.9 \$ 54.2 \$ 30.00 Operating margin					OPERATING INCOME (LOSS) RECONCILIATION
amortization impacts to cost of revenues) Restructuring charges (includes restructuring impact to cost of revenues) 1.1 O.3 Acquisition and integration related costs Other non-operational costs (includes other non-operational impacts to cost of revenues) Total operating income adjustments Non-GAAP operating income Solution and integration related costs O.1 Solution and integration related costs O.3 Total operating income adjustments Aug \$ 10.1 \$ 13.6 \$ 10.0 \$ 1	26.6 \$ 15.8 \$ 40.6 \$ 21.9	\$	26.6	\$	Operating income
impact to cost of revenues) 1.1 0.3 4.3 Acquisition and integration related costs Other non-operational costs (includes other non-operational impacts to cost of revenues) Total operating income adjustments Non-GAAP operating income \$ 31.5 \$ 25.9 \$ 54.2 \$ 30.3 Operating margin	3.7 4.3 7.4 8.5		3.7		
Other non-operational costs (includes other non-operational impacts to cost of revenues) Total operating income adjustments Non-GAAP operating income \$ 31.5 \$ 25.9 \$ 54.2 \$ 30.00 Operating margin	1.1 0.3 4.3 0.6		1.1		
operational impacts to cost of revenues) Total operating income adjustments Non-GAAP operating income Operating margin Onl 5.2 1.9 1.0 \$ 13.6 \$ 25.9 \$ 54.2 \$ 30 \$ 31.5 \$ 25.9 \$ 34.2 \$ 30 \$	- 0.3 - 1.2		_		Acquisition and integration related costs
Non-GAAP operating income \$ 31.5 \$ 25.9 \$ 54.2 \$ 31.5 Operating margin 12.4 % 7.8 % 9.8 %	0.1 5.2 1.9 7.7		0.1		
Non-GAAP operating income \$ 31.5 \$ 25.9 \$ 54.2 \$ 31.5 Operating margin 12.4 % 7.8 % 9.8 %	4.9 \$ 10.1 \$ 13.6 \$ 18.0	\$	4.9	\$	Total operating income adjustments
- 1	31.5 \$ 25.9 \$ 54.2 \$ 39.9	\$	31.5		Non-GAAP operating income
Non-GAAP operating margin 14.7 % 12.7 % 13.1 %	12.4 % 7.8 % 9.8 % 5.8 %		12.4 %		Operating margin
	14.7 % 12.7 % 13.1 % 10.5 %		14.7 %		Non-GAAP operating margin
INCOME (LOSS) BEFORE TAXES RECONCILIATION					INCOME (LOSS) BEFORE TAXES RECONCILIATION
Income (loss) before taxes \$ 13.6 \$ 3.2 \$ 16.9 \$	13.6 \$ 3.2 \$ 16.9 \$ (1.5)	\$	13.6	\$	Income (loss) before taxes
Total operating income adjustments 4.9 10.1 13.6	4.9 10.1 13.6 18.0		4.9		Total operating income adjustments
Convertible notes non-cash interest expense 2.2 1.9 4.3	2.2 1.9 4.3 3.8		2.2		Convertible notes non-cash interest expense
Other non-operational costs 1.2 — 1.2	1.2		1.2		Other non-operational costs
Total income before tax adjustments \$ 8.3 \$ 12.0 \$ 19.1 \$	8.3 \$ 12.0 \$ 19.1 \$ 21.8	\$	8.3	\$	Total income before tax adjustments
Non-GAAP income before taxes \$ 21.9 \$ 15.2 \$ 36.0 \$	21.9 \$ 15.2 \$ 36.0 \$ 20.3	\$	21.9	\$	Non-GAAP income before taxes
INCOME TAX EXPENSE RECONCILIATION					INCOME TAX EXPENSE RECONCILIATION
Income tax expense \$ 6.0 \$ — \$ 7.7 \$	6.0 \$ - \$ 7.7 \$ 1.6	\$	6.0	\$	Income tax expense
Tax effect on non-GAAP adjustments (0.8) (1.0) (2.6)	(0.8) (1.0) (2.6) (1.1)		(0.8)		Tax effect on non-GAAP adjustments
Non-GAAP income tax expense \$ 6.8 \$ 1.0 \$ 10.3 \$	6.8 \$ 1.0 \$ 10.3 \$ 2.7	\$	6.8	\$	Non-GAAP income tax expense

VAREX IMAGING CORPORATION RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL MEASURES (Unaudited)

	Three Months Ended				Six Months Ended			
(In millions, except per share amounts)	Α	pril 1, 2022	Ap	ril 2, 2021	Арі	ril 1, 2022	Арі	ril 2, 2021
NET INCOME (LOSS) AND DILUTED NET INCOME (LOSS) PER SHARE RECONCILIATION								
Net income (loss) attributable to Varex	\$	7.6	\$	3.1	\$	9.0	\$	(3.3)
Total earnings before taxes adjustments	\$	8.3	\$	12.0	\$	19.1	\$	21.8
Effective tax rate on non-GAAP adjustments		9.6 %		8.3 %		13.6 %		5.0 %
Tax effect on non-GAAP adjustments	\$	(8.0)	\$	(1.0)	\$	(2.6)	\$	(1.1)
Non-operational tax adjustments								
Non-GAAP net income	\$	15.1	\$	14.1	\$	25.5	\$	17.4
Diluted net income (loss) per share	\$	0.18	\$	0.08	\$	0.21	\$	(0.09)
Non-GAAP diluted net income (loss) per share	\$	0.37	\$	0.36	\$	0.62	\$	0.44
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING RECONCILIATION								
GAAP weighted average common shares - dilutive		42.2		40.0		43.2	-	39.2
Dilution offset from convertible notes hedge transaction		(1.7)		(0.3)		(2.2)		_
Dilutive shares not included for GAAP due to net loss		_		_		_		0.3
Non-GAAP dilutive shares		40.5		39.7		41.0		39.5
ADJUSTED EBITDA RECONCILIATION								
Net income (loss) attributable to Varex	\$	7.6	\$	3.1	\$	9.0	\$	(3.3)
Interest expense		9.9		10.4		19.8		20.7
Income tax expense		6.0		_		7.7		1.6
Depreciation		4.8		5.3		9.6		10.5
Amortization		3.7		4.3		7.5		8.5
Stock based compensation		3.9		3.6		7.3		7.2
Restructuring charges		1.1		0.3		4.3		0.6
Acquisition and integration related costs		_		0.3		_		1.2
Other non-operational costs		1.3		5.2		3.1		7.7
Adjusted EBITDA	\$	38.3	\$	32.5	\$	68.3	\$	54.7

Discussion of Non-GAAP Financial Measures

This press release includes non-GAAP financial measures derived from our Condensed Consolidated Statements of Earnings. These measures are not presented in accordance with, nor are they a substitute for U.S. generally accepted accounting principles, or GAAP. These measures include: non-GAAP gross profit; non-GAAP gross margin; non-GAAP operating expense; non-GAAP operating earnings; non-GAAP operating earnings margin; non-GAAP earnings before taxes; non-GAAP net earnings; non-GAAP net earnings per diluted share, non-GAAP dilutive shares; and non-GAAP EBITDA. We are providing a reconciliation above of each non-GAAP financial measure used in this earnings release to the most directly comparable GAAP financial measure. We are unable to provide without unreasonable effort a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential significant variability and limited visibility of the excluded items discussed.

We utilize a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of our business, in making operating decisions, and forecasting and planning for future periods. We consider the use of the non-GAAP measures to be helpful in assessing the performance of the ongoing operation of our business by excluding unusual and one-time costs. We believe that disclosing non-GAAP financial measures provides useful supplemental data that allows for greater transparency in the review of our financial and operational performance. We also believe that disclosing non-GAAP financial measures provides useful information to investors and others in understanding and evaluating our operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

Non-GAAP measures include the following items:

<u>Amortization of intangible assets:</u> We do not acquire businesses and assets on a predictable cycle. The amount of purchase price allocated to intangible assets and the term of amortization can vary significantly and are unique to each acquisition or purchase. We believe that excluding amortization of intangible assets allows the users of our financial statements to better review and understand the historic and current results of our operations, and also facilitates comparisons to peer companies.

<u>Purchase price accounting charges to cost of revenues</u>: We may incur charges to cost of revenues as a result of acquisitions. We believe that excluding these charges allows the users of our financial statements to better understand the historic and current cost of our products, our gross margin, and also facilitates comparisons to peer companies.

<u>Restructuring charges</u>: We incur restructuring charges that result from events, which arise from unforeseen circumstances and/or often occur outside of the ordinary course of our on-going business. Although these events are reflected in our GAAP financials, these unique transactions may limit the comparability of our on-going operations with prior and future periods.

<u>Acquisition and integration related costs</u>: We incur expenses or benefits with respect to certain items associated with our acquisitions, such as transaction costs, changes in fair value of acquisition related hedges, changes in the fair value of contingent consideration liabilities, gain or expense on settlement of pre-existing relationships, etc. We exclude such expenses or benefits as they are related to acquisitions and have no direct correlation to the operation of our on-going business. We also incur expenses or benefits with respect to certain items associated with our acquisitions, such as integration costs relating to acquisitions for any costs incurred prior to closing and up to 12 months after the closing date of the acquisition.

<u>Impairment charges:</u> We may incur impairment charges that result from events, which arise from unforeseen circumstances and/or often occur outside of the ordinary course of our on-going business and such charges may limit the comparability of our on-going operations with prior and future periods.

<u>Other non-operational costs</u>: Certain items may be non-recurring, unusual, infrequent and directly related to an event that is distinct and non-reflective of the Company's ongoing business operations. These may include such items as non-ordinary course litigation, legal settlements, inventory write-downs for discontinued products, cost of facilities no longer in use, extinguishment of debt and hedge costs, environmental settlements, governmental settlements including tax settlements, and other items of similar nature.

<u>Convertible notes non-cash interest expense</u>: We issued convertible notes in June 2020 at a discount related to the conversion feature of the notes and capitalized certain costs related to the issuance of these notes. The discount and capitalized issuance costs are amortized into interest expense over the term of the convertible notes. The amortization recognized for the convertible notes will be greater than the cash interest payments for the notes. We believe that excluding the convertible

notes non-cash interest expense allows the users of our financial statements to better understand the historic and current results of our operations. This also facilitates comparisons to peer companies.

<u>Non-operational tax adjustments</u>: Certain tax items may be non-recurring, unusual, infrequent and directly related to an event that is distinct and non-reflective of the Company's normal business operations. These may include such items as the retroactive impact of significant changes in tax laws, including changes to statutory tax rates and one-time tax charges.

<u>Tax effects of operating earnings adjustments</u>: We apply our non-GAAP adjustments to the GAAP pretax income to calculate the non-GAAP effective tax rate. This application of our non-GAAP effective tax rate excludes any discrete items, as defined in the guidance for accounting for income taxes in interim periods, or any other non-operational tax adjustments.

Dilution offset from convertible notes hedge transaction: In connection with the issuance of the Company's Convertible Senior Unsecured Notes (the Convertible Notes) in June 2020, the Company entered into convertible note hedge transactions (the Hedge Transactions) to reduce the potential dilutive effect on common shares upon the eventual conversion of the Convertible Notes. GAAP diluted shares outstanding includes the incremental dilutive shares from the Company's Convertible Notes. Under GAAP, the anti-dilutive impact of the Convertible Note Hedge Transactions is not reflected in GAAP diluted shares outstanding. In periods in which the average stock price per share exceeds \$20.81 and the Company has GAAP net income, the non-GAAP diluted share count includes the anti-dilutive impact of the Company's Hedge Transactions, which reduces the potential dilution that otherwise would occur upon conversion of the Company's Convertible Notes. We believe non-GAAP diluted shares is a useful non-GAAP metric because it provides insight into the offsetting economic effect of the Hedge Transactions against potential conversion of the Convertible Notes.