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Q2 FY25 Earnings Presentation
May 8, 2025

Forward Looking Statements / Non-GAAP Measures



Forward Looking Statements

This supplement contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements concerning financial results; earnings guidance; tariffs and trade wars and their impact on our customers; industry or business outlook, including for our business in China; product demand; payoff of our convertible debt; expected future financial results or performance; supply chain and logistics challenges; cost increases and expense management; changes in U.S. and worldwide economic conditions, such as the impact of inflation, and fluctuations in foreign currency exchange rates; geopolitical tensions; customer acceptance of or transition to new products or technologies such as advanced X-ray tube and digital flat panel detector products; growth drivers; future orders, revenues, market share, backlog, earnings or other financial results; and any statements using the terms “assume,” “believe,” “expect,” “anticipate,” “can,” “will,” “should,” “would,” “could,” “estimate,” “expand,” “drive,” “may,” “intend,” “potential,” and “possible” or similar statements are forward-looking statements that involve risks and uncertainties that could cause our actual results and the outcome and timing of certain events to differ materially from those anticipated.

While forward-looking statements are based on assumptions and analyses made by the management of Varex that it believes to be reasonable under the circumstances, whether actual results and developments will meet such expectations depends on a number of risk and uncertainties which could cause actual results, performance, and financial condition to differ materially from such expectations. Such risks and uncertainties include: reduction in or loss of business of one or more of our limited OEM customers; changes in import/export regulatory regimes, tariffs, trade wars, and national policies; loss of business to, and an inability to effectively compete with, competitors; pricing pressures and other factors that could result in market erosion or loss of customers; failure to meet customers' needs and demands; global, regional, and country-specific economic instability, shifting political environments, changing tax treatment, reactionary import/export regulatory, tariff and trade policy regimes, and other risks associated with international manufacturing, operations and sales;; supply chain disruptions; inability to maintain or defend our intellectual property rights, and the high cost of protecting such rights and defending against infringement claims; disruption of critical information systems or material breaches in the security of such systems; noncompliance with regulations applicable to marketing, manufacturing, labeling, and distributing our products and delays in obtaining regulatory clearances or approvals; limitations imposed by operating and financial restrictions of our debt financing agreements; and the other risks listed from time to time in our filings with the U.S. Securities and Exchange Commission, which by this reference are incorporated herein. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We assume no obligation to update or revise the forward-looking statements in this presentation because of new information, future events, or otherwise.

Non-GAAP Measures

Certain information provided in this presentation includes financial measurements that are not required by, or presented in accordance with, generally accepted accounting principles in the United States (GAAP). These non-GAAP measures, such as non-GAAP gross margin, non-GAAP operating expense, non-GAAP operating margin, and non-GAAP net earnings per diluted share, should not be considered as alternatives to GAAP measures and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used at other companies. For a reconciliation to the most directly comparable GAAP financial measures, please refer to our Q2FY25 earnings release at www.vareximaging.com and the reconciliation contained at the end of this presentation.

Q2 FY25 Results



Revenue
\$213M

Non-GAAP
Gross Margin¹
36%

Non-GAAP
EPS¹
\$0.26

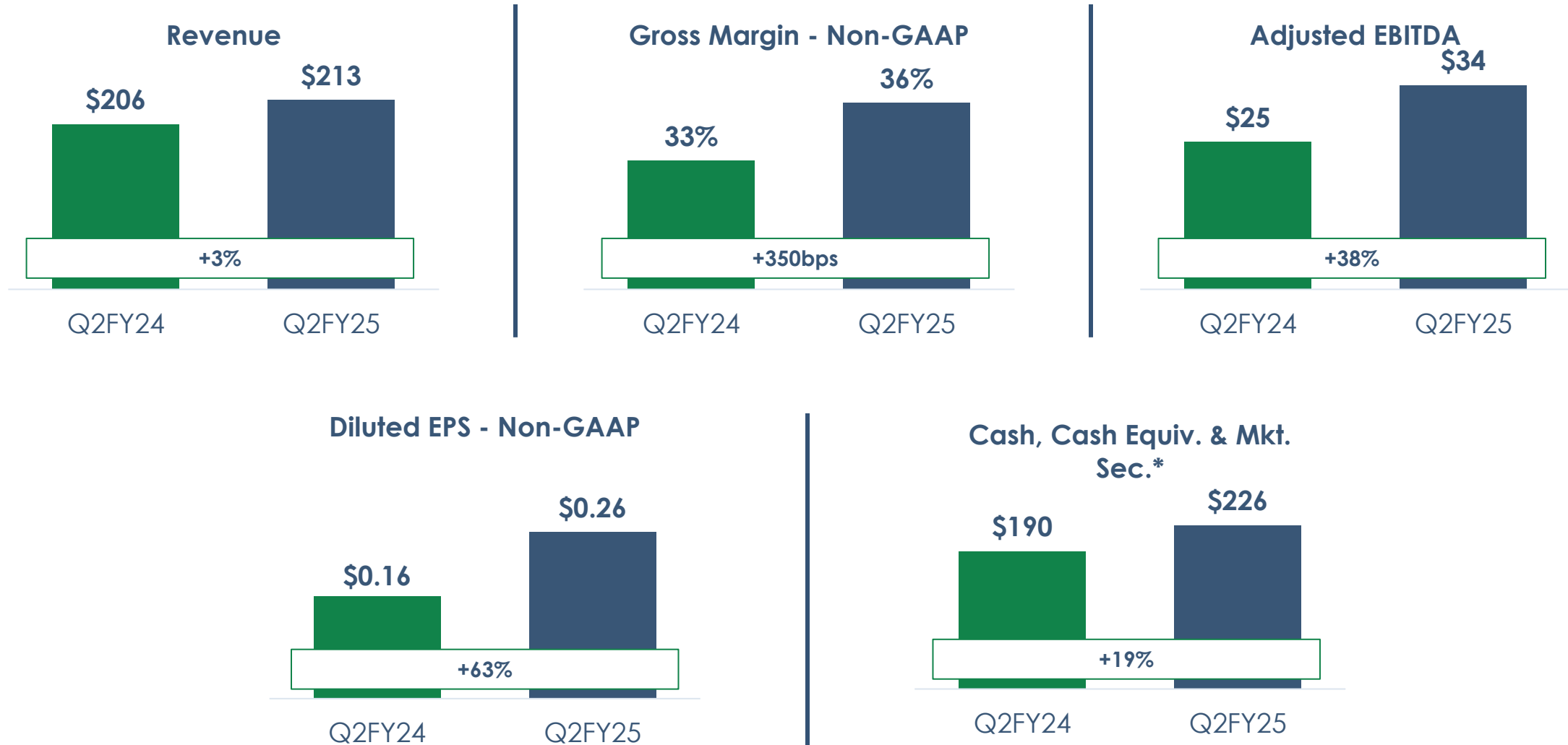
Cash, Cash Equiv.,
& Mkt. Sec.²
\$226M

- Both segments saw strong demand in the quarter
- Gross margin expansion due to positive Medical sales mix
- Cash generation remained strong

¹ Non-GAAP. For a reconciliation to the most directly comparable GAAP financial measure please refer to the reconciliation at the end of this supplement.

² Q2 FY25 Cash & cash equivalents (\$205M) + Marketable securities (\$21M). Cash, cash equivalents and marketable securities balance excludes restricted cash of \$125M raised from the Senior Secured debt offering in December 2024

Q2 FY25 Year-over-Year Performance



Note: \$millions except for per share data

* Q2FY25 Cash, cash equivalents and marketable securities balance excludes restricted cash of \$125M raised from the Senior Secured debt offering in December 2024.

5/8/2025

Q2 FY25 Sales Performance¹



CT	
Fluoroscopy	
Oncology	
Dental	

Mammography	
Radiography & Others	
Industrial	



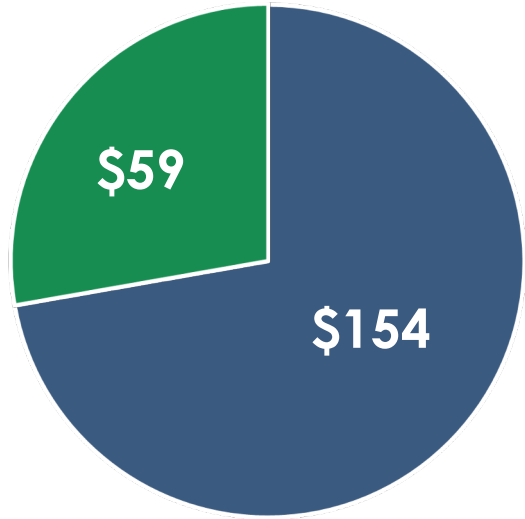
¹Sales performance is Q2FY25 sales compared to five quarter average trend

Q2 FY25 Revenue Details



Segment Mix

(\$ in millions)

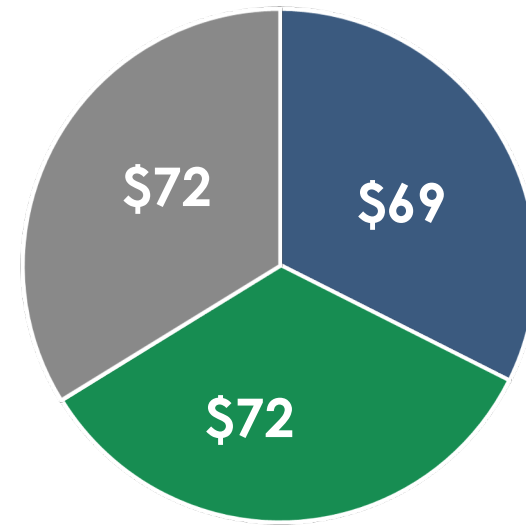


■ Medical ■ Industrial

Revenue, \$M	Q2 25	Q1 25	Q4 24	Q3 24	Q2 24
Medical	154	145	144	149	149
Industrial	59	55	61	60	57

Geographic Mix

(\$ in millions)



■ Americas ■ EMEA ■ APAC

Revenue, \$M	Q2 25	Q1 25	Q4 24	Q3 24	Q2 24
Americas	69	65	66	70	68
EMEA	72	60	72	71	72
APAC	72	75	68	68	66



Quarterly Results - GAAP



\$ in Millions, except per share data	Q2 FY25	Q1 FY25	Q2 FY24
Revenue	\$213	\$200	\$206
Gross Margin	36%	34%	32%
Operating Expenses	\$55 26%	\$57 29%	\$58 28%
Operating Income	\$22 10%	\$11 6%	\$8 4%
Net Earnings	\$7	(\$0)	\$1
EPS, diluted Avg. shares, diluted	\$0.17 51.2	(\$0.01) 41.1	\$0.03 41.2



Quarterly Results – Non-GAAP¹



\$ in Millions, except per share data	Q2 FY25	Q1 FY25	Q2 FY24
Revenue	\$213	\$200	\$206
Gross Margin (Non-GAAP)	36%	35%	33%
Operating Expenses (Non-GAAP)	\$51 24%	\$55 27%	\$54 26%
Operating Income (Non-GAAP)	\$26 12%	\$14 7%	\$13 6%
Net Earnings (Non-GAAP)	\$12	\$3	\$7
EPS, diluted (Non-GAAP)	\$0.26	\$0.07	\$0.16
Avg. shares, diluted	51.2	41.1	41.2

¹Please see slide 14-18 for a reconciliation of Q2FY25 non-GAAP financials. Prior quarters can be found on our website at www.vareximaging.com/financial-reports



Select Balance Sheet Data



\$ in Millions	Q2 FY25	Q1 FY25	Q2 FY24
Assets			
Cash, Cash Equiv., & Mkt. Sec. ¹	\$226	\$219	\$190
Accounts Receivable, net	\$146	\$138	\$152
Inventories, net	\$285	\$280	\$286
Total Assets	\$1,358	\$1,332	\$1,252
Liabilities			
Accounts Payable	\$71	\$66	\$69
Total Debt, net	\$567	\$567	\$443
Total Liabilities & Equity	\$1,358	\$1,332	\$1,252

Working Capital Performance	Q2 FY25	Q1 FY25	Q2 FY24
DSO (in days)	62	68	67
DOI	190	209	185
DPO	47	49	45

¹Q2FY25 Cash, cash equivalents and marketable securities balance excludes restricted cash of \$125M raised from the Senior Secured debt offering in December 2024



Select Debt and Cash Flow Statement Data

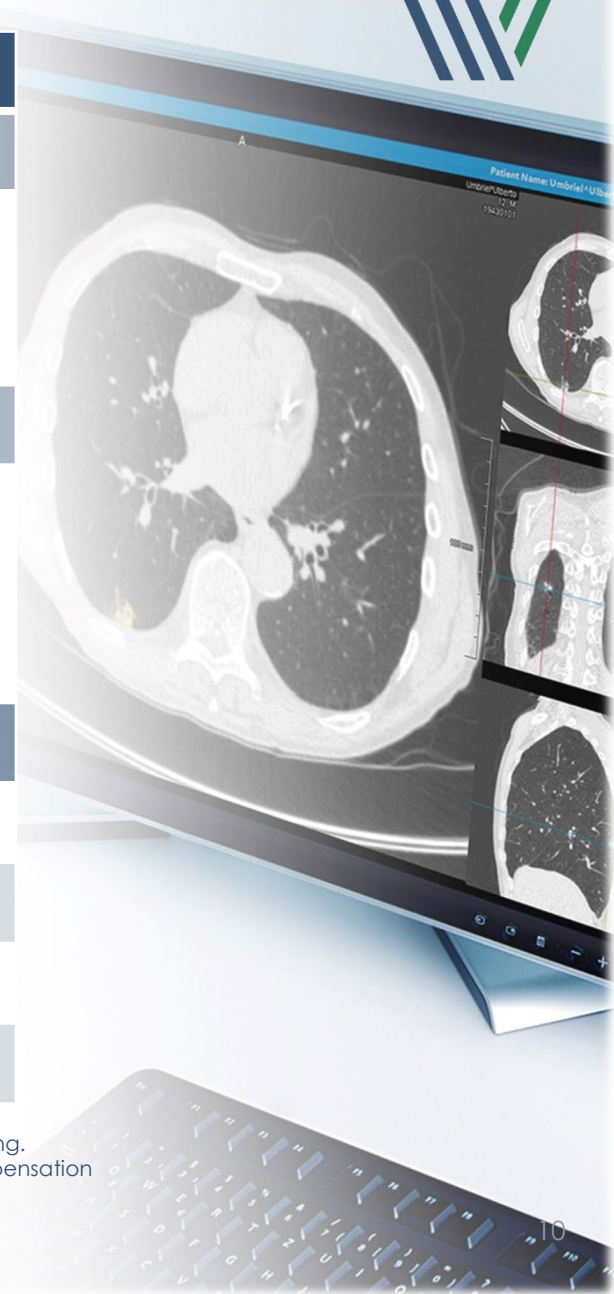


\$ in Millions	Q2 FY25	Q1 FY25	Q2 FY24
Debt			
Gross Debt ¹ (Ratings: Moody's B2 / S&P BB-)	\$570	\$571	\$447
Net Debt ²	\$219	\$228	\$257
Adjusted EBITDA³			
Adjusted EBITDA	\$34	\$24	\$25
Adjusted EBITDA (TTM)	\$103	\$94	\$120
Net debt leverage (TTM)	2.1x	2.4x	2.1x
Cash Flow Statement Summary			
Cash Flow from Operations	\$17	\$10	\$3
Capital Expenditures	(\$7)	(\$4)	(\$6)
Cash Interest	-	(\$14)	-
Cash Taxes	(\$8)	(\$6)	(\$10)

¹Gross Debt includes Total Debt, net of \$567m + unamortized debt issuance cost of \$3m in Q2FY25, \$4m in Q1FY25, & \$4m in Q2FY24.

²Net Debt is defined as gross debt less cash & cash equivalents, and marketable securities, as well as \$125M of restricted cash from the December 2024 Senior Secured debt offering.

³Adjusted EBITDA is defined as non-GAAP net earnings plus non-GAAP interest expense, non-GAAP taxes, non-GAAP depreciation, non-GAAP amortization and share-based compensation



Guidance Q3 FY25



Revenue	Non-GAAP EPS, diluted
\$180 - \$200M	(\$0.05) - \$0.10

Assumptions

Gross Margin: 32% – 33%

Operating Expense: ~\$51M

Interest & Other Expense, net: (\$9M) – (\$10M)

Tax rate: ~25%

Share count, diluted: ~41M shares



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Non – GAAP
Reconciliation

Reconciliation between GAAP and Non-GAAP Financial Measures (Unaudited)



(In millions, except per share amounts)	Three Months Ended		Six Months Ended	
	April 4, 2025	March 29, 2024	April 4, 2025	March 29, 2024
GROSS PROFIT RECONCILIATION				
Revenues, net	\$ 212.9	\$ 206.2	\$ 412.7	\$ 396.2
Gross profit	76.7	65.8	145.2	122.9
Amortization of intangible assets	0.6	1.9	1.1	3.7
Non-GAAP gross profit	\$ 77.3	\$ 67.7	\$ 146.3	\$ 126.6
Gross margin %	36.0 %	31.9 %	35.2 %	31.0 %
Non-GAAP gross margin %	36.3 %	32.8 %	35.4 %	32.0 %

Reconciliation between GAAP and Non-GAAP Financial Measures (Unaudited)



(In millions, except per share amounts)	Three Months Ended		Six Months Ended	
	April 4, 2025	March 29, 2024	April 4, 2025	March 29, 2024
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE RECONCILIATION				
Selling, general, and administrative	\$ 32.6	\$ 35.5	\$ 66.4	\$ 67.9
Amortization of intangible assets	0.4	1.7	0.8	3.5
Restructuring charges	1.0	(0.1)	1.7	1.6
Non-ordinary course litigation	2.2	1.7	3.4	2.2
Other non-operational costs	(0.4)	0.3	—	0.1
Non-GAAP selling, general, and administrative expense	\$ 29.4	\$ 31.9	\$ 60.5	\$ 60.5
OPERATING EXPENSE RECONCILIATION				
Total operating expenses	\$ 54.6	\$ 58.1	\$ 111.9	\$ 111.0
Amortization of intangible assets	0.4	1.7	0.8	3.5
Restructuring charges	1.0	(0.1)	1.7	1.6
Non-ordinary course litigation	2.2	1.7	3.4	2.2
Other non-operational costs	(0.4)	0.3	—	0.1
Non-GAAP operating expense	\$ 51.4	\$ 54.5	\$ 106.0	\$ 103.6

Reconciliation between GAAP and Non-GAAP Financial Measures (Unaudited)



(In millions, except per share amounts)	Three Months Ended		Six Months Ended	
	April 4, 2025	March 29, 2024	April 4, 2025	March 29, 2024
OPERATING INCOME RECONCILIATION				
Operating income	\$ 22.1	\$ 7.7	\$ 33.3	\$ 11.9
Amortization of intangible assets (includes amortization impacts to cost of revenues)	1.0	3.6	1.9	7.2
Restructuring charges (includes restructuring impacts to cost of revenues)	1.0	(0.1)	1.7	1.6
Non-ordinary course litigation	2.2	1.7	3.4	2.2
Other non-operational costs (includes other non-operational impacts to cost of revenues)	(0.4)	0.3	—	0.1
Total operating income adjustments	3.8	5.5	7.0	11.1
Non-GAAP operating income	\$ 25.9	\$ 13.2	\$ 40.3	\$ 23.0
Operating margin %	10.4 %	3.7 %	8.1 %	3.0 %
Non-GAAP operating margin %	12.2 %	6.4 %	9.8 %	5.8 %

Reconciliation between GAAP and Non-GAAP Financial Measures (Unaudited)



	Three Months Ended		Six Months Ended	
	April 4, 2025	March 29, 2024	April 4, 2025	March 29, 2024
(In millions, except per share amounts)				
INCOME BEFORE TAXES RECONCILIATION				
Income before taxes	\$ 10.8	\$ 2.3	\$ 13.3	\$ 1.7
Total operating earnings adjustments	3.8	5.5	7.0	11.1
Gain on purchase of business	—	—	—	(2.1)
Other non-operational costs	0.3	0.5	0.4	0.6
Total income before tax adjustments	4.1	6.0	7.4	9.6
Non-GAAP income before taxes	\$ 14.9	\$ 8.3	\$ 20.7	\$ 11.3
INCOME TAX EXPENSE RECONCILIATION				
Income tax expense	\$ 3.7	\$ 0.7	\$ 6.3	\$ 0.5
Tax effect on non-GAAP adjustments	0.5	(0.8)	0.4	(1.6)
Non-GAAP income tax expense	\$ 3.2	\$ 1.5	\$ 5.9	\$ 2.1
NET INCOME AND DILUTED NET INCOME PER SHARE RECONCILIATION				
Net income attributable to Varex	\$ 6.9	\$ 1.4	\$ 6.6	\$ 0.9
Total earnings before taxes adjustments	4.1	6.0	7.4	9.6
Effective tax rate on non-GAAP adjustments %	(12.2)%	13.3 %	(5.4)%	16.7 %
Tax effect on non-GAAP adjustments	0.5	(0.8)	0.4	(1.6)
Non-GAAP net income	11.5	6.6	14.4	8.9
Interest expense on Convertible Notes, net of tax	1.6	—	—	—
Diluted non-GAAP net income	13.1	6.6	14.4	8.9
Diluted net income per share	0.17	0.03	0.16	0.02
Non-GAAP diluted net income per share	\$ 0.26	\$ 0.16	\$ 0.35	\$ 0.22

Reconciliation between GAAP and Non-GAAP Financial Measures (Unaudited)



(In millions, except per share amounts)	Three Months Ended		Six Months Ended	
	April 4, 2025	March 29, 2024	April 4, 2025	March 29, 2024
ADJUSTED EBITDA RECONCILIATION				
Net income attributable to Varex	\$ 6.9	\$ 1.4	\$ 6.6	\$ 0.9
Interest expense	10.2	7.3	18.1	14.6
Income tax expense	3.7	0.7	6.3	0.5
Depreciation	5.6	5.2	11.8	10.3
Amortization of intangible assets	1.0	3.6	1.9	7.2
Share-based compensation	3.8	4.2	7.9	7.9
Restructuring charges	1.0	(0.1)	1.7	1.6
Gain on purchase of business	—	—	—	(2.1)
Non-ordinary course litigation	2.2	1.7	3.4	2.2
Other non-operational costs	(0.1)	0.8	0.4	0.7
Adjusted EBITDA	\$ 34.3	\$ 24.8	\$ 58.1	\$ 43.8

Effect of Convertible Note Hedge and Warrants on Non-GAAP Diluted Share Count



<u>Impact of Warrants and Convertible Note Hedge at Various Share Prices</u>		
Share Price*	Impact of Warrants on GAAP Diluted Shares	Shares added back for non-GAAP related to convertible note hedge Non-GAAP Diluted Shares
\$20.00	—	—
\$20.81	—	—
\$21.00	—	85,790
\$22.00	—	518,691
\$23.00	—	913,948
\$24.00	—	1,276,267
\$24.98	—	1,601,592
\$25.00	9,610	1,609,600
\$26.00	378,840	1,917,292
\$27.00	720,720	2,202,193
\$28.00	1,038,180	2,466,743
\$29.00	1,333,746	2,713,048
\$30.00	1,609,608	2,942,933
\$31.00	1,867,672	3,157,987
\$32.00	2,109,608	3,359,600
\$33.00	2,336,880	3,548,994
\$34.00	2,550,784	3,727,247
\$35.00	2,752,464	3,895,314



Illustrative Impact of ASU 2020-06



Quarterly ASU 2020-06 Share Count Illustration

GAAP			NON-GAAP*		
Net Income before effect of Convertible Notes (\$M)	Add-back of After-tax Interest Expense	Incremental Dilutive Shares for EPS Calculation	Net Income before effect of Convertible Notes (\$M)	Add-back of After-tax Interest Expense	Incremental Dilutive Shares for EPS Calculation
\$1	\$0.0	0	\$7	\$0.0	0
\$4	\$0.0	0	\$10	\$0.0	0
\$5	\$0.0	0	\$11	\$0.0	0
\$6	\$0.0	0	\$12	\$0.0	0
\$7	\$1.5	10	\$13	\$1.5	10
\$8	\$1.5	10	\$14	\$1.5	10
\$9	\$1.5	10	\$15	\$1.5	10
\$10 and above	\$1.5	10	\$16	\$1.5	10

Annual ASU 2020-06 Share Count Illustration

GAAP			NON-GAAP*		
Net Income before effect of Convertible Notes (\$M)	Add-back of After-tax Interest Expense	Incremental Dilutive Shares for EPS Calculation	Net Income before effect of Convertible Notes (\$M)	Add-back of After-tax Interest Expense	Incremental Dilutive Shares for EPS Calculation
\$0	\$0.0	0	\$22	\$0.0	0
\$10	\$0.0	0	\$32	\$0.0	0
\$20	\$0.0	0	\$42	\$0.0	0
\$30	\$6.2	10	\$52	\$6.2	10
\$40	\$6.2	10	\$62	\$6.2	10
\$50 and above	\$6.2	10	\$72	\$6.2	10

Note: The table above assumes 41 million diluted shares for GAAP earnings per share as a starting point and various other estimates. The tables above are illustrative only and actual results may differ from those presented above.

* Non-GAAP shares include the benefit of call option issued by the company in association with its convertible notes issued June 2020

Discussion of Non-GAAP Financial Measures



This press release includes non-GAAP financial measures derived from our Condensed Consolidated Statements of Operations. 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:

Amortization of intangible assets: 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.

Purchase price accounting charges to cost of revenues: 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.

Restructuring charges: 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.

Acquisition and integration related costs: 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 acquisition costs incurred prior to closing and up to 12 months after the closing date of the acquisition.

Impairment charges: 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.

Non-ordinary course litigation: We may incur charges that result from non-ordinary course litigation matters such as certain intellectual property disputes and joint venture litigation. Litigation matters that are part of the ordinary course of the Company's business, such as product liability claims, employment related matters and commercial contract disputes, are not excluded.

Other non-operational costs: 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 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.

Non-operational tax adjustments: 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.

Tax effects of operating earnings adjustments: 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 potential 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.



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