



## VAREX ANNOUNCES FINANCIAL RESULTS FOR SECOND QUARTER FISCAL YEAR 2025

**SALT LAKE CITY, May 8, 2025** – Varex Imaging Corporation (Nasdaq: VREX) today announced its unaudited financial results for the second quarter of fiscal year 2025.

### 2QFY25 Summary

- Revenues of \$213 million
- GAAP gross margin 36% | Non-GAAP gross margin\* 36%
- GAAP operating margin 10% | Non-GAAP operating margin\* 12%
- GAAP net earnings \$0.17 per diluted share | Non-GAAP net earnings\* \$0.26 per diluted share
- Cash flow from operations was \$17 million

Sunny Sanyal, Chief Executive Officer, stated, "Demand remained strong in the second quarter, driving year-over-year sales growth across both segments. Higher volumes, improved sales mix and productivity gains drove margin expansion, profitability and cash generation in the quarter." Sanyal added, "Due to high tariffs imposed by China on U.S. products, several of our China-based customers have paused purchases, causing us to reduce our outlook for the short term."

Varex's revenue of \$213 million was up 3% year-over-year. Medical segment revenue of \$154 million was up 3% year-over-year. Industrial segment revenue of \$59 million was up 3% year-over-year. Non-GAAP gross margin was 36% in the quarter compared to 33% in the second quarter of fiscal year 2024 and non-GAAP EPS increased to \$0.26 in the quarter from \$0.16 in the second quarter of fiscal year 2024.

### Balance Sheet & Cash Flow

Cash flow from operations was \$17 million in the second quarter of fiscal year 2025. Cash, cash equivalents, and marketable securities at the end of the second quarter of fiscal year 2025 was \$226 million, excluding the \$125 million of restricted cash related to the Senior Secured Note Add On, and compares to \$213 million at the end of fiscal year 2024.

### Convertible Debt Maturity

We plan to repay the outstanding principal of our Convertible Notes, due June 2025 upon maturity. Sam Maheshwari, Chief Financial Officer, stated, "Paying off convertible notes will reduce our overall debt burden and simplify our capital structure."

### Outlook

Our guidance for the third quarter of fiscal year 2025 is as follows:

- Revenues are expected to be between \$180 million and \$200 million, assuming sales in China of approximately \$10 million
- Non-GAAP net earnings per diluted share is expected to be between  $-\$0.05$  and  $\$0.10$

Guidance for the company's net earnings per diluted share is provided on a non-GAAP basis only. This non-GAAP financial measure is forward-looking, and the company is unable to provide a meaningful or accurate reconciliation to a GAAP forecast of net earnings per diluted share without unreasonable effort due to certain of these reconciling items being uncertain, out of our control, and the amount and timing of these items being unable to be reasonably predicted. The actual amounts of such reconciling items could have a significant impact on the company's GAAP net income (loss) per diluted share.

## **Non-GAAP Financial Measures**

\*Please refer to *"Reconciliation between GAAP and non-GAAP Financial Measures"* below for a reconciliation of non-GAAP items to the comparable GAAP measures.

## **Conference Call Information**

Varex will conduct its earnings conference call for the second quarter of fiscal year 2025 today at 3:00 p.m. Mountain Time. The conference call, including a supplemental slide presentation, will be webcast live and can be accessed at Varex's website at [www.vareximaging.com/investor-relations](http://www.vareximaging.com/investor-relations). Access will also be available by dialing 877-524-8416 from anywhere in the U.S. or by dialing 412-902-1028 from non-U.S. locations. The webcast and supplemental slide presentation will be archived on Varex's website at [www.vareximaging.com/financial-reports](http://www.vareximaging.com/financial-reports). A replay of the call will be available from today through May 22nd at 877-660-6853 from anywhere in the U.S. or 201-612-7415 from non-U.S. locations. The replay access code is 13753373. The webcast and accompanying slide presentation containing financial information can be accessed by visiting the investor section of the website at <https://www.vareximaging.com/news/>.

## **About Varex**

Varex Imaging Corporation is a leading innovator, designer, and manufacturer of X-ray imaging components, which include X-ray tubes, digital detectors, and other image processing solutions that are key components of X-ray imaging systems, as well as X-ray imaging systems for industrial applications. With a 70+ year history of successful innovation, Varex's products are used in medical imaging as well as in industrial and security imaging applications. Global OEM manufacturers incorporate the company's X-ray sources, digital detectors, connecting devices, and imaging software in their systems to detect, diagnose, protect, and inspect. Headquartered in Salt Lake City, Utah, Varex employs approximately 2,300 people located in North America, Europe, and Asia. For more information visit [vareximaging.com](http://vareximaging.com).

## **Forward Looking Statements**

This news release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements concerning unaudited financial results; earnings guidance; tariffs 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; and any statements using the terms "assume," "believe," "expect," "can," "will," "could," "may," "plan," and "potential" or similar statements are forward-looking statements that involve risks and uncertainties that could cause Varex's 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 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 risks 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, 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 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; non-compliance 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 news release speaks only as of the date on which it is made. Factors or events that could cause Varex's actual results to differ may emerge from time to time, and it is not possible to predict all of them. Varex assumes no obligation to update

or revise the forward-looking statements in this release because of new information, future events, or otherwise.

Varex has not filed its Form 10-Q for the second quarter of fiscal year 2025. All financial results described here should be considered preliminary and are subject to change to reflect any necessary adjustments or changes in accounting estimates that are identified prior to the time Varex files its Form 10-Q.

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**VAREX IMAGING CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

(In millions, except for per share amounts)	Three Months Ended		Six Months Ended	
	April 4, 2025	March 29, 2024	April 4, 2025	March 29, 2024
Revenues, net				
Medical	\$ 153.8	\$ 148.8	\$ 298.4	\$ 288.7
Industrial	59.1	57.4	114.3	107.5
Total revenues	212.9	206.2	412.7	396.2
Gross profit				
Medical	55.9	44.7	105.4	83.6
Industrial	20.8	21.1	39.8	39.3
Total gross profit	76.7	65.8	145.2	122.9
Operating expenses:				
Research and development	22.0	22.6	45.5	43.1
Selling, general, and administrative	32.6	35.5	66.4	67.9
Total operating expenses	54.6	58.1	111.9	111.0
Operating income	22.1	7.7	33.3	11.9
Interest income	2.9	1.8	5.0	3.7
Interest expense	(10.2)	(7.9)	(18.2)	(15.2)
Other (expense) income, net	(4.0)	0.7	(6.8)	1.3
Interest and other expense, net	(11.3)	(5.4)	(20.0)	(10.2)
Income before taxes	10.8	2.3	13.3	1.7
Income tax expense	3.7	0.7	6.3	0.5
Net income	7.1	1.6	7.0	1.2
Less: Net income attributable to noncontrolling interests	0.2	0.2	0.4	0.3
Net income attributable to Varex	\$ 6.9	\$ 1.4	\$ 6.6	\$ 0.9
<b>Net income per common share attributable to Varex</b>				
Basic	\$ 0.17	\$ 0.03	\$ 0.16	\$ 0.02
Diluted	\$ 0.17	\$ 0.03	\$ 0.16	\$ 0.02
<b>Weighted average common shares outstanding</b>				
Basic	41.4	40.7	41.2	40.6
Diluted	51.2	41.2	41.6	41.1

**VAREX IMAGING CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(In millions, except share and per share amounts)	April 4, 2025	September 27, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 205.1	\$ 168.7
Marketable securities	17.9	31.8
Accounts receivable, net of allowance for credit losses of \$1.3 million and \$1.0 million at April 4, 2025 and September 27, 2024, respectively	145.7	157.7
Inventories, net	284.7	264.8
Prepaid expenses and other current assets	30.4	26.9
Total current assets	683.8	649.9
Property, plant, and equipment, net	152.9	153.4
Goodwill	290.3	291.0
Intangible assets, net	15.3	16.1
Investments in privately-held companies	23.2	26.8
Deferred tax assets	3.0	4.7
Operating lease assets	24.7	28.3
Restricted cash	127.1	1.7
Other assets	37.3	45.1
<b>Total assets</b>	\$ 1,357.6	\$ 1,217.0
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 70.8	\$ 59.1
Accrued liabilities and other current liabilities	83.0	78.6
Current operating lease liabilities	3.9	4.0
Current maturities of long-term debt, net	1.4	46.3
Deferred revenues	9.7	7.9
Total current liabilities	168.8	195.9
Long-term debt, net	565.8	397.1
Deferred tax liabilities	—	1.4
Operating lease liabilities	19.6	23.0
Other long-term liabilities	39.5	50.4
<b>Total liabilities</b>	793.7	667.8
Stockholders' equity:		
Preferred stock, \$0.01 par value: 20,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value: 150,000,000 shares authorized		
Shares issued and outstanding: 41,512,831 and 41,094,179 at April 4, 2025 and September 27, 2024, respectively.	0.4	0.4
Additional paid-in capital	474.7	467.2
Accumulated other comprehensive loss	(2.4)	(2.9)
Retained earnings	77.0	70.4
Total Varex stockholders' equity	549.7	535.1
Noncontrolling interests	14.2	14.1
<b>Total stockholders' equity</b>	563.9	549.2
<b>Total liabilities and stockholders' equity</b>	\$ 1,357.6	\$ 1,217.0

**VAREX IMAGING CORPORATION**  
**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
<b>GROSS PROFIT RECONCILIATION</b>				
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 %

**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

**VAREX IMAGING CORPORATION**  
**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
<b>OPERATING INCOME RECONCILIATION</b>				
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 %
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**INCOME BEFORE TAXES RECONCILIATION**

Income before taxes	\$ 10.8	\$ 2.3	\$ 13.3	\$ 1.7
Total operating income 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

**VAREX IMAGING CORPORATION**  
**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
<b>NET INCOME AND DILUTED NET INCOME PER SHARE RECONCILIATION</b>				
Net income attributable to Varex	\$ 6.9	\$ 1.4	\$ 6.6	\$ 0.9
Total income before tax 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
<b>ADJUSTED EBITDA RECONCILIATION</b>				
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

## 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.