Risk Factors Comparison 2023-11-16 to 2022-11-18 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in ~~our~~ **Varex Imaging Corporation** common stock involves risks **and the following** ~~. See Item 1A. " Risk~~ **risk** ~~Factors~~ **factors and other information included in** ~~" beginning on page 13 of~~ this Annual Report ~~for a~~ **on Form 10- K under Item 1" Business", Item 7" Management' s** ~~discussion~~ **Discussion and Analysis** of **Financial Condition and Results of Operations" and Item 7A" Quantitative and Qualitative Disclosures about Market Risk" should be carefully considered. Although** the ~~following principal~~ **risk factors described below are the ones management deems significant, additional** risks and ~~other risks~~ **uncertainties not presently known to us or** that ~~make an investment in Varex speculative or risky: • Current economic conditions, including supply chain disruptions and logistical challenges, as well as uncertainty caused by the military conflict between Russia and Ukraine, have increased our costs, impacted our ability to obtain materials needed to manufacture products, and caused product delivery delays. These challenges and disruptions~~ are ~~likely~~ **presently known** to ~~continue throughout~~ **us that we presently deem not material may also adversely affect** our **business operations** ~~2023 fiscal year~~ . ~~•~~ **Risks Relating to** Our ~~business~~ **Business** ~~and financial results may be adversely affected by the effects of inflation and the strong U. S. Dollar. • It has become more difficult to attract and retain employees, which has impacted, and is likely to continue to impact, our ability to manufacture products. •~~ We sell **our** products and services to a limited number of original equipment manufacturer (~~" "~~ OEM ~~" "~~) customers, many of which are also **our** competitors, and a reduction in or loss of business of one or more of these customers may materially reduce our sales. ~~•~~ **We** had one customer during fiscal year ~~2022~~ **2023** that accounted for 17 % of our revenue.Our ten largest customers as a group accounted for approximately **51 %,** 52 % ~~,~~ **and** 51 ~~% and 52~~ % of our revenue for fiscal years **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ ,respectively ~~.Although we seek to broaden our customer base,we will continue to depend on sales to a relatively small number of major customers~~ .Because we often take significant time to replace lost business,it is likely that our operating results would be materially and adversely affected if one or more of our major OEM customers were to cancel,delay,or reduce orders in the future.Furthermore,we generate significant accounts receivables from the sale of our products and the provision of services directly to our major customers. **We had one customer that accounted for 13.8 % of our accounts receivables as of September 29,2023.** If one or more of these customers were to cancel a product order or service contract ~~(whether in accordance with its terms or otherwise)~~ ,become insolvent **,** or otherwise be unable or fail to pay for our products and **/ or** services **in a timely manner** ,our operating results and financial condition could be **materially and adversely affected.** We may not be able to accurately predict **the demand or delivery schedules for our products. End- user product demand, economic uncertainties, the impact of pandemic diseases, natural disasters, armed conflict, geopolitical tensions, government actions (for example, the Chinese government initiated anti- corruption investigation related to its healthcare industry), and other matters beyond our control, make it difficult for our** ~~customer~~ **customers to accurately forecast and plan future business activities, which makes it difficult for us to accurately predict** demand for our products **. Because the manufacture of our products requires some lead- time, changes in customer purchasing forecasts have previously resulted in excess inventory and slowdowns in sales** , which ~~is subject~~ **are likely** to ~~result~~ **occur again** in **the future.** ~~changes~~ **Changes** ~~in~~ **to customer** forecasts ~~.The~~ **can occur on short notice,as our customers face inherent competitive issues,new product introduction delays,and** market and regulatory risks ~~faced by our customers also ultimately impact our ability to forecast future business~~ .Our agreements for imaging components ~~,such as our pricing agreement with Canon Medical Systems,may~~ contain purchasing estimates that are **typically** based on our customers' ~~historical purchasing patterns~~ **forward- looking forecasts** rather than firm commitments,and actual purchasing volumes under the agreements may vary significantly from these estimates.The variation from forecasted purchasing volume may be due,in part,to the increasing life of X- ray tubes,which can result in reduced demand for replacement X- ray tubes in ways we may not be able to accurately forecast.Reductions in purchasing ~~matters~~ **patterns** ~~beyond~~ **have in the past, and may in the future, materially and adversely affect** our ~~control~~ **operating results** . ~~•~~ We compete in highly competitive markets, and we ~~may industrial products~~ **are subject to pricing pressures** and ~~a similar impact~~ **other factors that** could ~~occur again~~ **result in margin erosion** .We compete in ~~a market~~ **markets** characterized by rapidly- evolving technology,intense competition and pricing pressure.We often compete with companies that have greater financial,marketing and other resources than us.Some of the major diagnostic imaging systems companies,which are the primary OEM customers for our X- ray **imaging** components,also manufacture X- ray **imaging** components,including X- ray tubes,for use in their own imaging systems products ~~.We must compete with these in- house manufacturing operations for business~~ .If these customers manufacture a greater percentage of their components in- house or otherwise decrease purchases from external sources, ~~which may occur~~ **we could experience reductions in purchasing volume by,or** ~~lose~~ **loss of, one or more of these customers, which may have a material and adverse effect on our** business **. In addition, we compete against other stand- alone, independent X- ray tube manufacturers for both the OEM business of major diagnostic imaging equipment manufacturers and the independent servicing business for X- ray tubes. The market for flat panel detectors is also very competitive, and we face intense competition from over a dozen smaller competitors. We have in the past made price and other concessions** to ~~our~~ **maintain existing** customers **and attract new customers, and may have to make additional price concessions in the future. In** ~~or~~ **our Industrial segment, we compete with** other ~~companies with greater~~ **OEM suppliers primarily outside of the United States. Some of our competitors outside of the United States may have** resources **and support from their governments that we do not, such as preferences** ~~or~~ **for local manufacturers, and may not be subject to the same trade compliance regulations as us. Our competitors are not all subject to the same standards, regulatory and / or other legal**

requirements to which we are subject and, therefore, ~~the~~ **they could have a competitive advantage in developing, manufacturing, and marketing products and services. Any inability to develop, gain regulatory approval for, and supply commercial quantities of competitive products to the market as quickly and effectively as our competitors could limit market acceptance of our products and negatively and materially affect our pricing, sales, revenues, market share, and gross margins and our** ability to **maintain** ~~develop more effective technologies, or we could be forced to reduce our~~ **or** ~~prices~~ **increase our operating margins** . ~~•~~ Our success depends on ~~the~~ **meeting our customers' needs and demands. To be** successful ~~development~~ , **we must anticipate** ~~introduction, and commercialization of new generations of products and enhancements to or~~ **our customers' needs** ~~simplifications of existing product lines. • Changes in import / export regulatory regimes~~ and **demands** ~~tariffs could continue to negatively impact our business. • A disruption at our manufacturing facilities~~ , as well as ~~fluctuating manufacturing~~ **potential shifts in market preferences. If we are unable to anticipate these needs and demands, or the mix of products requested by our customers changes from what we expect, our revenue, margins, and financial results could be adversely affected. When the U. S. Dollar is strong compared to the operating currencies of our international customers, our ability to meet such customers' pricing expectations is particularly challenging and may result in erosion of revenues, product margin, and / or market share or other concessions on business terms. In addition, certain** costs, ~~could~~ **including installation and warranty costs, associated with new products may be proportionately greater than the costs associated with other products and may therefore disproportionately,** materially **,** and adversely affect our ~~business~~ **gross and operating margins** . ~~•~~ **We may also experience lower margins due to increased commodities prices, and inadequate transfer pricing favoring sales to third parties over internal sales. If we are unable to lower these costs over time, our operating results could be materially and adversely affected. Some of the electronic components and integrated circuits used in our flat panel detectors are susceptible to discontinuance and obsolescence risks, which may force us to incorporate newer generations of these components, resulting in unplanned additional R & D expenses, delays in the launch of new products, supply disruptions, or inventory write- downs. Further, using aging production equipment might hamper our capacity to innovate to meet customers' needs and demands and stay competitive. Failure to develop and adopt artificial intelligence (" AI") technology could also hinder competitiveness and growth potential in a rapidly evolving market. We may also experience challenges in developing and implementing effective market strategies, leading to missed opportunities and customer dissatisfaction. We may not be able to successfully develop, manufacture, or introduce new products or enhancements to existing products, the roll- out of which involves compliance with complex quality assurance processes, including the Quality System Regulation (" QSR ") of the U. S. Food and Drug Administration (" FDA "). Failure to complete these processes timely and efficiently could result in delays that could affect our ability to attract and retain customers or cause customers to delay or cancel orders, which would materially and adversely affect our revenues and operating results. More than half of our revenue is generated from customers located outside the United States, and is subject to global, regional, and country- specific economic instability, shifting political environments, changing tax treatment, and other risks associated with international manufacturing, operations and sales. Revenues generated from customers located outside the United States accounted for approximately 69 %, 69 %, and 68 % of our total revenues during fiscal years 2023, 2022, and 2021, respectively. We intend to continue to expand our presence in international markets and expect to expend significant resources in doing so.** Our ~~operations, cash flow, and financial position have been adversely impacted, and in the~~ future **results** could ~~continue to~~ be ~~adversely~~ impacted by **a variety of factors, including: • currency fluctuations, and in particular the strength of the U. S. Dollar (which is our functional and reporting currency); • political and economic instability, including the possibility of civil unrest, terrorism, mass violence or armed conflict, which may among** ~~the~~ **other** ~~COVID- 19 pandemic~~ **things, impact our operations** and **business access; • difficulties in staffing and managing employee relations in foreign operations, particularly in attracting and retaining personnel qualified to design, test, sell and support our products; • difficulties in coordinating our operations globally and in maintaining uniform standards, controls, procedures, and policies across our operations; • the longer payment cycles** associated **with many customers located outside the United States; • difficulties in interpreting or enforcing agreements and collecting receivables through many foreign countries' legal systems; • imposition of burdensome governmental regulations, including changing laws and regulations with respect to collection and maintenance of personally identifiable data; • the imposition by governments of additional taxes, tariffs, global** economic ~~disruptions.~~ **sanctions programs, or other restrictions on foreign trade; and** • **compliance with export laws and requirements.** Our international **locations expose** ~~manufacturing operations subject~~ us to ~~volatility and other risks, including high~~ **higher** security risks **compared to our United States locations** , which could result in **both** harm to our employees and contractors or substantial costs. ~~result in both harm to our employees and contractors or substantial costs.~~ Some of our services are performed in or adjacent to high- risk locations where the country or location and surrounding area is suffering from political,social,or economic turmoil,war or civil unrest,or has a high level of criminal or terrorist activity.In those locations where we have employees or operations,we may incur substantial costs to maintain the safety of our personnel ~~. Despite these precautions,the safety of our personnel in these locations may continue to be at risk~~ ,and we may ~~in the future~~ suffer the loss of employees and contractors,which could harm our business reputation and operating results. **We may be unable to complete future acquisitions or realize expected benefits from acquisitions of or investments in new businesses,products,or technologies,which could harm our business.** Our **ability** ~~operations are vulnerable~~ to ~~interruption or loss due to natural~~ **identify and take advantage of attractive acquisitions** or other **business development opportunities is** ~~disasters,power loss,strikes,and~~ - **an** ~~other events beyond~~ **important component in implementing** our ~~control~~ **overall business strategy** . ~~We conduct some~~ **Such transactions involve a number** of **risks** ~~our activities~~ ,including **the following:** • ~~Warranty claims~~ **we may incur substantial costs, including advisory fees and diversion of management attention, in evaluating a potential transaction; • we may be unable to achieve the anticipated benefits from the transaction, including a return on**

our investment; • we may have difficulty integrating organizations, products, technologies, or employees of an acquired business into our operations and may have difficulty retaining the key personnel of the acquired business; • we may find that we need to restructure or divest acquired businesses or assets of the acquired business; and • if we fail to achieve the anticipated growth from an acquisition, or if we decide to sell assets or a business, we may be required to recognize an impairment loss on the write- down of our assets and goodwill. Legal proceedings may materially and adversely affect our business **, results of operations, or cash flows** . ~~•~~ **From time to time, we are a party to or otherwise involved in legal proceedings, claims, government inspections, audits or investigations, and other legal matters, both inside and outside the United States, arising in the ordinary course of our business or otherwise. Such proceedings are often lengthy, subject to significant uncertainty and may be expensive, time consuming, and disruptive to our operations. For these and other reasons, we may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding were ultimately resolved against us, we may be required to pay damages or fines, some of which may be in excess of our insurance coverage, or may require us to change our business practices, which could materially and adversely impact our business, results of operations, or cash flows. Our subsidiary Varex Imaging Deutschland AG holds a 50 % interest in VEC Imaging GmbH & Co. KG, (" VEC ") a joint venture formed to develop technology for use in X- ray imaging components. In August 2023, the partners to the VEC joint venture filed judicial proceedings in Germany against one another disputing the validity of shareholder resolutions passed in January 2023. Each party is seeking to have the other party' s managing director (s) removed and to exclude the other party from the joint venture. If either party is successful, the prevailing party would be required to purchase the non- prevailing party' s interest in the joint venture for an amount equal to 75 % of the fair market value thereof, which amount is in dispute.** Product defects or misuse may result in material product **or other** liability or professional errors and omissions claims, litigation, investigation by regulatory authorities, or product recalls **. Our business exposes us to potential product and other liability claims** that ~~could harm~~ **are inherent in the manufacture, sale, installation, servicing, and support of components that are used in medical devices and other devices that deliver radiation. Because our products, through incorporation into OEMs' systems, are involved in the intentional delivery of radiation to the human body and other situations where people may come into contact with radiation, the possibility for significant personal injury** ~~our~~ **or loss of life exists. Furthermore, if our x- ray inspection systems fail to detect the presence of bombs, explosives, weapons, contraband, or other threats to personal safety, this may lead to personal injury, loss of life, and extensive property damage. We may also be subject to warranty and damage claims for property damage, personal injury, or economic loss related to or resulting from any errors or defects in our products or the installation, servicing, or support of our products. Any accident or mistreatment could subject us to legal costs, litigation, adverse publicity, and damage to our reputation, whether or not our products or services were a factor. We are currently a party to certain products liability litigation which, if adversely determined, could have an adverse material impact on our financial results. If a product we design or manufacture were defective, we may be required to correct or recall the product and notify regulatory authorities. We may choose to settle product liability claims against us regardless of their actual merit. A product liability action determined against us could result in adverse publicity or significant damages, including the possibility of punitive damages, and our combined financial position, results of operations, or cash flows could be materially and adversely affected. We maintain limited product liability insurance coverage. Our product liability insurance policies are expensive and have high deductible amounts and self- insured retentions. Our insurance coverage may prove to be inadequate, and** future ~~revenues These practices~~ **policies may not be available on acceptable terms or in sufficient amounts** , ~~policies~~ **if at all.If a material claim is not insured or is in excess of our insurance coverage** , ~~provisions~~ **we could have to pay substantial damages** , **which could have a material** and **adverse effect on our financial position** ~~initiatives are under active development,subject to change,can be unpredictable~~ and **/** ~~conflicting,and may prove difficult and expensive for us to comply with and could negatively affect our reputation,business,~~ or ~~financial condition~~ **results of operations** .Risks Relating to the Manufacture of our Products Supply chain disruptions,including the loss of a supplier,and any inability to obtain **raw materials or** supplies of important components **due to inflation** have impacted our ability to manufacture products,have caused delays in our ability to deliver products,and have increased our costs and may continue to do so. **Inflation and** ~~As discussed under the heading" Risks Related to our Business" above,~~ supply chain disruptions have had, **are currently having,** and **could** ~~will likely~~ continue to have, ~~an impact on our ability to manufacture our products and~~ **an impact on our ability to manufacture certain products. Inflation has the potential to increase our overall cost structure, and sustained inflation has resulted in, and may continue to result in, higher interest rates and capital costs, increased shipping costs, supply shortages, increased costs of labor, weakening exchange rates, and other similar effects. Material shortages and delays due to inflation and other market constraints have caused, and could in the future cause, us to temporarily stop production of certain products or miss opportunities to pursue additional sales of some products. We require certain raw materials, such as copper, nickel, silver, gold, lead, tungsten, iridium, rhenium, molybdenum, rhodium, niobium, zirconium, beryllium, and various high grades of steel alloy for X- ray tubes and industrial products. Worldwide demand, availability, and pricing of these raw materials have been volatile. If we are unable to obtain the materials necessary to make certain products without unreasonable delay, those customers may seek alternative suppliers or decide to in- source certain products or if we must pay more for certain materials, it could reduce our profit margin or otherwise have a material adverse effect on our business and financial results. Further, our competitors with greater financial resources may be better able to restructure their manufacturing and supply chains in response to geopolitical and economic trends and thereby have a competitive advantage over us. We obtain some of the components included in our products from a limited group of suppliers or from sole- source suppliers, such as transistor arrays, cesium iodide coatings and specialized integrated circuits for flat panel detectors, X- ray tube targets, housings, glass frames, high- voltage cable, bearings, and various other components. If current suppliers cease producing these or**

other components, fail to provide products on our delivery timelines, or become insufficiently solvent to continue operations, there can be no assurance that the components will be available from other suppliers on reasonable terms or at all, and this could materially and adversely affect our business and financial results. Furthermore, we may be required to obtain and qualify one or more replacement suppliers or to manufacture the components internally. Such an event (1) may then also require us to ~~pay~~ **redesign or modify our products to incorporate new parts and / or further require us to obtain clearance, qualification, or certification of these products, including by the FDA, or obtain other applicable regulatory approvals in other countries, (2) could significantly increase costs for the affected products, (3) cause** material ~~uninsured claims~~ **delays in delivery of affected and other related products, or (4) could prevent us from meeting our delivery obligations to our customers** . ~~•~~ **If we are not able to match our manufacturing capacity with demand for our products, our financial results may suffer. Many of our products have a long production cycle, and we must anticipate demand for our products to ensure adequate manufacturing and testing capacity. If we are unable to anticipate demand, and our manufacturing or testing capacity does not keep pace with product demand, we will not be able to fulfill orders in a timely manner, which may negatively impact our financial results and overall business. Conversely, if demand for our products decreases, the fixed costs associated with excess manufacturing capacity may harm our financial results, including by decreasing gross margins and increasing research and development costs as a percentage of revenue. Delivery schedules for our security, industrial, and inspection products tend to be unpredictable. The demand for our security and inspection products is heavily influenced by United States and foreign governmental policies on national and homeland security, border protection, and customs activities, which depend upon government budgets and appropriations that are subject to economic conditions, as well as political changes and oil prices. As economic growth remains sluggish in various jurisdictions and appears to be deteriorating in others, and as concerns about levels of government employment and government debt continue, this could cause volatility in our revenues and earnings. Our operations are vulnerable to interruption or loss due to natural or other disasters, the effects of climate change, power loss, strikes, and other events beyond our control. We conduct some of our activities, including manufacturing, research and development, administration, and data processing at facilities located in areas that have in the past experienced or may in the future experience natural disasters. A major disaster (such as a major fire, hurricane, earthquake, flood, tsunami, volcanic eruption, or terrorist attack) or a climate change- related event affecting our facilities, or those of our suppliers, could significantly disrupt our operations and delay or prevent product manufacture and shipment during the time required to repair, rebuild, or replace our or our suppliers' damaged manufacturing facilities. These delays could be lengthy and costly. If any of our customers' facilities are adversely affected by such a disaster or event, shipments of our products could be delayed. Additionally, customers may delay purchases of our products until our or their operations return to normal. Even if our suppliers or customers are able to quickly respond to such a disaster or event, the ongoing effects could create some uncertainty in the operations of our business. In addition, concerns about terrorism, the effects of a terrorist attack, political turmoil, or an outbreak of epidemic diseases have in the past had, and could in the future have, a negative effect on our business operations, those of our suppliers and customers, and the ability to travel, resulting in adverse consequences on our revenues and financial performance. Risks Relating to our Intellectual Property and Information Systems** Our competitive position would be harmed if we are not able to maintain **or defend** our intellectual property rights **,** and protecting our intellectual property **and defending against infringement claims** can be costly. ~~•~~ **We file** applications as appropriate for patents covering new products and manufacturing processes.We cannot be sure,however,that patents will be issued from any of our pending or future patent applications **or** ~~.We also cannot be sure~~ that our current patents,the claims allowed under our current patents,or patents for technologies licensed to us will be sufficiently broad to protect our technology position against competitors. ~~Issued patents owned by,~~ **We also jointly develop intellectual property with third parties and seek to protect** ~~or~~ **our** ~~licensed to,us may be challenged,invalidated,or circumvented,or the~~ rights **to such intellectual property through licenses and** ~~granted under the patents may not provide us with competitive advantages.Asserting our patent rights against others~~ **other contractual arrangements** ~~in litigation or other legal proceedings is costly and diverts managerial resources.An adverse finding in patent infringement litigation could adversely impact our competitive position.In addition,we may not be able to detect patent infringement by others or may lose our competitive position in the market before we are able to do so~~ .We also rely on a combination of copyright,trade secret,and other laws,and contractual restrictions on disclosure,copying and transferring title (including confidentiality agreements with vendors,strategic partners,co- developers,employees,consultants,and other third parties),to protect our proprietary,and other confidential rights. ~~These protections may prove to be inadequate,since agreements may still be breached,and we may not have adequate remedies for a breach.~~ Our trade secrets may become known to or be independently developed by others,including as a result of misappropriation by unauthorized access to our technology systems ~~.If our proprietary or confidential information is misappropriated~~ , **and** our business and financial results could be materially and adversely impacted.We have trademarks,both registered and unregistered,that are maintained and enforced to provide customer recognition for our products in the marketplace,but unauthorized parties may still use them.We also license certain patented or proprietary technologies from others.In some cases,products with substantial revenues may depend on these license rights.If we were to lose the rights to license these technologies,or our costs to license these technologies were to materially increase,our business would suffer. ~~As we expand our manufacturing capabilities outside of the United States,more of our intellectual property may be held in jurisdictions that do not have robust intellectual property protections,which may make it harder for us to adequately protect our Intellectual Property.Third parties may claim that we are infringing upon their intellectual property,and we could suffer significant litigation or licensing expenses or be prevented from selling our products.~~ There is a substantial amount of litigation over patent and other intellectual property rights in the industries in which we compete.Our competitors,like companies in many high technology businesses,continually review other companies' activities for possible conflicts with their own intellectual property rights.In

addition,non- practicing entities may review our activities for conflicts with their patent rights ~~. Determining whether a product infringes on a party' s intellectual property rights involves complex legal and factual issues,and the outcome of this type of litigation is often uncertain.Parties may claim that we are infringing upon their intellectual property rights.We may not be aware of intellectual property rights of others that relate to our products,services,or technologies~~ .From time to time,we have received notices from parties asserting infringement,and we have been subject to lawsuits alleging infringement of patent or other intellectual property rights. **In addition,from time to time we have,and in the future may,enter into agreements that require us to indemnify our customers for intellectual property infringement,which agreements could subject us to liability.One of our subsidiary' s customers has been named as a defendant in a lawsuit alleging that the customer' s system (which incorporates our subsidiary' s products) infringes upon the plaintiff' s patent.Under the contract with the customer,our subsidiary has an obligation to indemnify the customer for damages resulting from that lawsuit,which if determined adversely could have a negative impact of our results of operations.Legal disputes relating to intellectual property have occurred,are occurring,and may occur in the future.** Any dispute regarding patents or other intellectual property **,including with respect to breaches of licensing agreements or other contractual arrangements,** could be costly and time consuming and could divert our management and key personnel from our business operations.We may not prevail in a dispute.We do not maintain insurance for intellectual property infringement,so costs of defense,whether or not we are successful in defending an infringement claim,will be borne by us and could be significant.If we are unsuccessful in defending or appealing an infringement claim **or claims alleging other contractual breaches** , ~~We~~ **we** may be subject to **significant damages,and our combined financial position,results of operations,or cash flows could be materially and adversely affected.We may also be subject to injunctions against development and sale of our products,the effect of which could be to materially reduce our revenues.As we expand our manufacturing capabilities outside of the United States,more of our intellectual property may be held in jurisdictions that do not have robust intellectual property protections,which may make it harder for us to adequately protect our intellectual property.** Disruption of critical information systems or material breaches in the security of our systems may materially and adversely affect our business and customer relations. ~~• Compliance~~ **Information technology (including technology from third- party providers) helps us operate efficiently, interface** with ~~laws~~ and **support** ~~regulations across the globe applicable to the marketing, manufacture, and distribution of~~ our **customers, maintain financial accuracy and efficiency, and** ~~products~~ **produce our financial statements. In** ~~may be costly, and failure to comply may result in significant penalties and other~~ -- **the** ~~harm to~~ **ordinary course of** our business **, we collect, process, and store sensitive data, including intellectual property, proprietary** ~~. • Conversion of our Convertible Notes may dilute the ownership interest of our stockholders or may otherwise depress the market price of our common stock. • We have significant debt obligations that could adversely affect our~~ business **information** , ~~profitability~~ and **information of customers** ~~ability to meet our obligations. • Our Asset- Based Loan credit facility and our indentures impose significant operating and financial restrictions that may limit current and future operating flexibility~~ , **suppliers** ~~and make it difficult to respond to economic or industry changes or to take certain actions~~ , ~~which could harm our long- term interest. • Potential indemnification liabilities to Varian Medical Systems, Inc., a Siemens Healthineers Company (" Varian"), could materially~~ and ~~adversely affect our~~ business **partners** , ~~financial condition~~ **third parties accessing our website** , **patient data** ~~results of operations~~ , ~~and cash flows. PART I Item 1. Business Overview Varex Imaging Corporation is a leading innovator, designer and manufacturer of X- ray components including tubes, digital detectors, linear accelerators, image software processing solutions and stand~~ -- **and personally identifiable information of customers** ~~- alone x- ray based systems in select application areas. Our components are used in medical diagnostic imaging, security inspection systems,~~ and ~~industrial quality inspection systems~~ **employees, in our data centers and on our networks** , as well as ~~process and store sensitive data,including intellectual property,proprietary business information and that of customers,suppliers and business partners,third parties accessing our website,patient data and personally identifiable information of customers and employees,in our data centers and on our networks,as well as~~ in third **-** party off- site data centers.Despite security measures,there is an increasing threat of information security attacks,including from computer viruses or other malicious codes,unauthorized access attempts,and cyber- attacks that pose risks to companies,including us.Because the techniques used to obtain unauthorized access,or to sabotage systems,change frequently,have become increasingly sophisticated **,** and generally are not recognized until launched against a target,we may be unable to anticipate these techniques or to implement adequate preventative measures,which could result in data leaks or otherwise compromise our confidential or proprietary information and **materially** disrupt our operations. **Such security breaches could expose us to a risk of loss of information and intellectual property,litigation,and possible liability to employees,customers,shareholders,and / or regulatory authorities.** If ~~we~~ **our data management systems** do not ~~allocate~~ **effectively collect,secure,store,process,** and **report relevant data** for **the operation of our business, whether due to equipment malfunction** ~~analysis and measurement applications in industrial manufacturing applications. Global OEMs incorporate our~~ - **or** ~~X~~ **constraints, software deficiencies, or human error, our ability to effectively plan, forecast, and execute our business plan and comply with applicable laws and regulations will be impaired, perhaps materially. Any such impairment could materially and adversely affect our financial condition, results of operations, cash flows, and the timeliness with which we report our operating results internally and externally. We use certain cloud** - ~~ray imaging components in their~~ **based software. A security breach, whether of our products, of our customers' network security and** systems ~~to detect~~ , **or of third** ~~diagnose, protect, irradiate and inspect. Varex has approximately 2, 300 full~~ - **party hosting services could disrupt access to our customers' stored information and could lead to the loss of, damage to, or public disclosure of our customers' stored information, including patient health information. Such an event could have serious negative consequences, including possible patient injury, regulatory action, fines, penalties and damages, reduced demand for our solutions, an unwillingness of our customers to use our solutions, harm to our reputation and brand, and** time **- consuming** ~~employees located at engineering, manufacturing~~ and **expensive litigation** ~~service center sites in North America~~ , ~~Europe,~~ **any of which could have a material**

and ~~Asia~~ **adverse effect on our financial results** . **Risks Relating to** Our **Legal and Regulatory Environment Changes in import / export regulatory regimes, tariffs, and national policies could continue to negatively impact our business. As a component manufacturer, our** products are ~~sold in~~ **integrated into** ~~three~~ -- **the systems** ~~geographic regions: the Americas, EMEA,~~ and ~~APAC~~ **products of our OEM customers** . **If** ~~The Americas includes North America (primarily~~ the United States ~~) and Latin America. EMEA includes Europe~~ , **China or** ~~Russia, the Middle East, India and Africa. APAC includes Asia (~~other **countries levy tariffs, import restrictions, duties or other additional taxes or restrictions on our customer' s products, the demand for such products, and our components included in such products, could decrease, which could have a material adverse effect on our business. Uncertainty over tariffs and trade wars could also cause our customers to delay or cancel orders for our products. In the past, the United States has imposed tariffs on items imported from China and other countries** ~~than~~ **that** ~~India) and Australia. Revenues by region~~ are ~~based~~ **incorporated into our products. Tariffs** on ~~the~~ **these** ~~known final destination~~ **items have increased our costs and prices and lowered gross margins on some** of **our** products ~~sold. Our success depends~~ , ~~among other things,~~ **thereby having a direct adverse impact** on our **business** ~~ability to anticipate~~ and **results** ~~respond to changes in our markets, the direction~~ of **operations** ~~technological innovation and the demand from our customers~~ . **China has also imposed retaliatory tariffs that impact a number of** ~~We continually invest in research and development and employ approximately 300 individuals in product development related activities. Our focus on innovation and product performance along with strong and long- term customer relationships allows us to collaborate with~~ our ~~customers to bring industry- leading~~ products ~~to the X- ray imaging market. We continue to work to improve the life and quality of our imaging components and leverage our scale as one of the largest independent X- ray imaging component suppliers to provide cost- effective solutions for our customers. Operating Segments and Products We have two reportable operating segments: Medical and Industrial. The segments align our products and service offerings with customer use in medical and industrial markets. In our Medical segment, we design, manufacture, sell and service X- ray imaging components~~ , including **United States origin** X- ray tubes, ~~digital~~ **heat exchange units, and certain flat panel** detectors **. These tariffs have increased our customers' costs for products imported into China** , ~~high voltage connectors~~ **which has caused us to make price concessions on some products and has caused some customers to stop purchasing our products. Tariffs could limit our ability to compete for increased market share in China** , ~~image~~ **which could cause our long** - **term prospects in China to suffer** ~~processing software and workstations, 3D reconstruction software, computer- aided diagnostic software, collimators, automatic exposure control devices, generators, and heat exchangers~~ . ~~These~~ -- **The imposition** ~~components are used in a range~~ of ~~medical imaging applications including CT, mammography, oncology, cardiac, surgery, dental,~~ **additional tariffs by the United States could result in the adoption of additional tariffs by China** and other **countries** ~~diagnostic radiography uses. Our X- ray imaging components are primarily sold to OEM customers. These OEM customers then design- in our products into their X- ray imaging systems for a variety of medical modalities. A substantial majority of medical X- ray imaging OEMs globally are our customers~~ , ~~and many of these have been our customers for over 25 years. We believe one of the reasons for customer loyalty is that our hardware and software products are tightly integrated with our customers' systems. We work very closely with our customers to create custom built components for their systems based on technology platforms that we have developed. Because our products are often customized for our customers' specific equipment, it can be costly and complex for our customers to switch to another provider. Once our components are designed into our customers' equipment, our customers will typically continue to buy from us for any replacement components and for service and support for that equipment. Some of our products are also included in product registrations for our customers' equipment that require regulatory approval to change. In addition to sales to OEM customers, we sell our products to independent service companies and distributors~~ as well as **further retaliatory actions by any affected country, which could negatively impact** ~~directly to end- users for replacement purposes. We are one of~~ the ~~largest~~ global **market** ~~manufacturers of X- ray imaging components and each year we produce over 28, 000 X- ray tubes and 20, 000 X- ray detectors. We estimate that our world- wide installed base of products includes more than 160, 000 X- ray tubes, 170, 000 X- ray detectors, 600, 000 connect and control components and 16, 000 software instances. Replacement and service of our existing installed base makes up a significant portion of our revenue. Many of our components need to be replaced regularly depending upon usage and other factors. For example, CT X- ray tubes generally need to be replaced every 2 to 6 years. In China, the replacement cycle for CT X- ray tubes currently can be as frequent as every 10 to 20 months due to high utilization of imaging equipment. Other products such as X- ray detectors have a useful life of as much as 7 years or more, but can require more frequent service and repairs during their useful life. In addition, our detector customers often elect to upgrade products to newer technology before the end of a current product' s useful life. X- ray imaging software is a relatively small part of our business and includes maintenance revenue for software licenses. The COVID- 19 pandemic had a significant effect on hospitals, clinics and outpatient imaging centers as they encountered declines in elective procedures volume. As a result, they reduced the capital purchases of imaging equipment from OEMs, which led to lower demand for X- ray imaging components for us. Additionally, equipment installations were delayed, due to reduced access to healthcare institutions. Partially offsetting this was an increased demand~~ for imaging equipment ~~used to diagnose respiratory diseases, such as radiographic X- ray imaging systems~~ and **could** ~~CT imaging systems. The Company has experienced growth in demand for its products as health systems globally~~ have **a significant adverse effect** ~~continued to address healthcare services gaps. However, the Company has not been able to convert all the demand into sales due to~~ on ~~- going supply chain related interruptions and uncertainties, particularly with the availability of micro- controller chips and other electronic components. As a result, uncertainty in overall sales volume is expected to continue at least through the fiscal year 2023. In China, the government is broadening the availability of healthcare services. As a result, the number of diagnostic X- ray imaging systems, including CT, has grown significantly. We are developing CT X- ray tubes and related subsystems for Chinese OEMs as they introduce new systems in China. Over the long- term, our objective is to become the partner of choice both for OEMs and in the replacement market as CT systems become more widely adopted throughout the Chinese market. In recent years~~ our business ~~in China has~~

been impacted by the trade war with the United States in three principal ways: (1) importing raw materials from China to the United States has become more expensive, (2) importing raw materials and sub- assemblies from the United States to China has become more expensive, and (3) importing finished U. **Both** S. manufactured products into China has become more difficult and expensive. While the governments of both the United States and China have granted tariff exclusions that temporarily eliminate the additional duties payable for specific commodities, providing partial relief **from such tariffs** , **but they** these exclusions are temporary and / or must be solicited and approved on a shipment- by- shipment basis. There is no guarantee that such exclusions will be granted or extended by either government **, and** . In order to mitigate the impact of **United States** tariffs - **tariff exclusions are set to expire** on **December 31** materials imported from China , **2023** we have implemented changes to secure more non- China sources of materials used to manufacture our X- ray imaging products. To help mitigate the impact of tariffs on materials imported to China , **unless extended** and to be closer to our global customer base, we continue to expand manufacturing capabilities at our facilities in China, Germany, the Netherlands and the Philippines. We have also implemented local sourcing strategies to offer local content. This local- for- local strategy has been well received by both our local customers as well as global OEMs, and acts as a natural hedge against trade wars and other potential supply chain disruptions. In our Industrial segment, we design, develop, manufacture, sell and service X- ray imaging products for use in a number of markets, including security applications for cargo screening at ports and borders and baggage screening at airports, and nondestructive testing, irradiation and inspection applications used in a number of other vertical markets. Our industrial products include Linatron ® X- ray linear accelerators, X- ray tubes, digital detectors and high voltage connectors . In addition , we license proprietary image- processing and detection software designed to **tariffs, China' s stated policy** work with other Varex products to provide packaged sub- assembly solutions to our industrial customers. Our Industrial business benefits from the research and development investment and manufacturing economies of scale **reducing its dependence** on **foreign manufacturers and** the Medical side of our business, as we continue to find new applications for our technology **companies** . Along with more favorable pricing dynamics, this allows us to generally achieve higher gross profit for industrial products relative to our Medical business. In addition, our Industrial business benefits from our long- term service agreements for our Linatron ® products. The security market primarily consists of cargo security for the screening of trucks, trains, and cargo containers at ports and borders as well as airport security for carry- on baggage, checked baggage and palletized cargo. The end customers for border protection systems are typically government agencies, many - **may result** of which are in oil- based economies and war zones where there can be significant variation in buying patterns. Non- destructive testing and inspection verticals utilize X- ray imaging to scan items for inspection of manufacturing defects and product integrity in a wide range of industries including the aerospace, automotive, electronics, oil and gas, food packaging, metal castings and 3D printing industries. In addition, new applications for X- ray sources are being developed, such as sterilization of food and its packaging. We provide X- ray sources, digital detectors, high voltage connectors and image processing software to OEM customers, system integrators and manufacturers in a variety of these verticals. We believe that the non- destructive testing market represents a significant growth opportunity for our business, and we are actively pursuing new potential applications for our products. The economic downturn triggered by the COVID- 19 pandemic reduced the demand for X- ray imaging equipment utilized in the non- destructive testing market as manufacturers focused on cash preservation and reduced spending for capital equipment. However, we have seen improved conditions in this market, which continued during the twelve months ended September 30, 2022. Customers Our customers are primarily large OEMs. Our top five customers, measured by revenue, are Canon Medical Systems Corporation (" Canon "), United Imaging Healthcare, General Electric Company, Siemens Healthineers AG, and Elekta AB, which collectively accounted for approximately 40 % of total revenue in fiscal year 2022. Our largest customer, Canon, accounted for approximately 17 %, 18 % and 21 % of our total revenue for fiscal years 2022, 2021, and 2020, respectively, while our ten largest customers as a group accounted for approximately 52 %, 51 % and 52 % of our revenue for fiscal years 2022, 2021 and 2020, respectively. Competition The imaging components market is highly competitive. OEMs may choose to develop and manufacture X- ray imaging components in- house or **our** they may choose to out- source to a supplier such as Varex or our competitors. Our success depends upon our ability to anticipate changes in our markets, the direction of technological innovation and the demand from our customers. To remain competitive, we must continually invest in research and development focused on innovation, improve product performance and quality, and continue to reduce the cost of our imaging components. Significant capital investment is required to manufacture imaging components. We believe we have sufficient manufacturing scale to leverage our high volume to reduce overall costs by spreading fixed costs over more units. We often compete with the in- house X- ray tube manufacturing operations of major diagnostic imaging systems companies, which are the primary OEM customers for our Medical products . To effectively compete with these in- house capabilities, we must have a competitive advantage in one or more significant areas, such as innovative technology and greater product performance, better product quality, better product availability or lower product price. We sell a significant volume of our X- ray tubes to OEM customers that have in- house X- ray tube production capability. In addition, we compete with some OEM customers, such as Canon, Philips Healthcare and other companies who sell X- ray tubes to smaller OEMs and other manufacturers, such as Industria Applicazioni Elettroniche S. p. A, as well as emerging X- ray tube manufacturers in China . High capital costs and mastery of complex manufacturing processes that drive production yield and product life are significant characteristics of the X- ray tube business. The market for digital detectors is highly competitive. We sell our digital detectors to a number of OEM customers that incorporate our detectors into their medical diagnostic , oncology, 3D dental and veterinary imaging systems. Our amorphous silicon based digital detector technology, our photon counting technology and our complementary metal- oxide- semiconductor technology compete with other detector technologies, such as amorphous selenium, charge- coupled devices and variations of amorphous silicon scintillators. We believe that our products provide a competitive advantage due to product quality and performance and lower total cost of ownership over the product lifecycle. In the digital flat panel detector market, we primarily compete against Trixell S. A. S., Canon, Vieworks Co., Ltd., Hamamatsu Corporation, iRay Technology

(Shanghai) Limited and Jiangsu CareRay Medical Systems Co., Ltd. In the low- energy market of the Industrial segment, we compete with other OEM suppliers, such as iRay, Teledyne and Comet AG. While there are other manufacturers of low- energy X- ray tubes and digital detectors for specialized and niche industrial applications, our products are designed for a broad range of applications in inspection, analysis, and non- destructive testing. In the high- energy market, we compete against technologies from Nuctech Company Limited, Siemens AG, ETM Electromatic Inc., and PMB Alcen, whose X- ray sources are used in applications that include cargo and container scanning, border security, aerospace applications, castings and pressure vessel inspections. Customer Services and Support We generally warrant our products for 12 to 24 months. In certain cases, the warranty is specified by usage metrics such as number of scans. We provide technical advice and consultation to major OEM customers from our U. S. offices in Utah, California, Nevada, New York and Illinois; and internationally in the Philippines, China, the Netherlands, Germany, France, Sweden, Switzerland, Finland, the United Kingdom, Italy and Japan. Our application specialists and engineers make recommendations to meet the customer' s technical requirements within the customer' s budgetary constraints. We often develop specifications for a unique product that will be designed and manufactured to meet a specific customer' s requirements. Manufacturing and Supplies We manufacture our products at facilities in Salt Lake City, Utah; Las Vegas, Nevada; Liverpool, New York; Franklin Park, Illinois; Doetinchem, the Netherlands; Walluf and Bremen, Germany; Espoo, Finland; Calamba City, Philippines; and Wuxi, China. These facilities employ state- of- the- art manufacturing techniques and several have been recognized by the press, governments and trade organizations for their commitment to quality improvement. Each of these manufacturing facilities are certified by the International Standards Organization (" ISO ") under ISO 9001 (for industrial products) or ISO 13485 (for medical devices). In addition, we have a regional service center in Willich, Germany. The combined medical and industrial manufacturing infrastructure enables us to leverage production scale to achieve productivity and low cost advantage as well as research and development synergies. Manufacturing processes at our various facilities include machining, fabrication, subassembly, system assembly and final testing. We have invested in various automated and semi- automated equipment for the fabrication and machining of the parts and assemblies that we incorporate into our products. We may, from time to time, invest further in such equipment. Our quality assurance program includes various quality control measures from inspection of raw materials, purchased parts and assemblies through in- line inspection. In some cases, we outsource the manufacturing of sub- assemblies while still performing system design, final assembly and testing in- house. In such cases, we believe outsourcing enables us to reduce or maintain fixed costs and capital expenditures, while also providing the flexibility to increase production capacity. We purchase material and components from various suppliers that are either standard products or customized to our specifications. Some of the components included in our products may be sourced from a limited group of suppliers or from a single source supplier, such as the wave guides for linear accelerators; transistor arrays and cesium iodide coatings for digital detectors and specialized integrated circuits, X- ray tube targets, housings, bearings and various other components. We require certain raw materials, such as copper, nickel, silver, gold, lead, tungsten, iridium, rhenium, molybdenum, rhodium, niobium, zirconium, and various high grades of steel alloy for X- ray tubes and industrial products. Worldwide demand, availability and pricing of these raw materials have been volatile, and we expect that availability and pricing will continue to fluctuate in the future. Research and Development Innovation and developing products, systems and services based on advanced technology is essential to our ability to compete effectively in the marketplace. We maintain a research and development and engineering staff responsible for product design and engineering. Research and development are primarily conducted domestically at our facilities in Salt Lake City, Utah; San Jose, California; Las Vegas, Nevada; Liverpool, New York; and Franklin Park, Illinois and internationally at our facilities in the Netherlands, UK, Sweden, Finland and Germany. Our research and development activities are primarily focused on developing and improving imaging component technology. Current X- ray source development areas include smaller footprint linear accelerators, improvements to tube life and tube stability, reductions of tube noise and tube designs that will enable OEMs to continue to reduce dose delivered, and improve image resolution, cost effectively. Research in digital detector imaging technology is aimed at developing new panel technologies (such as photon counting) with better dose utilization, improved image quality and materials discrimination, lower product costs and new image processing tools for advanced applications. Industrial products share some of the same base technology competencies and platforms as medical products and our medical and industrial development teams are therefore co- located in Salt Lake City, Utah; San Jose, California; Doetinchem, Netherlands; Danderyd, Sweden; Espoo, Finland and Walluf, Germany. One of our competitive advantages is that some of the foundational technologies and software components developed for medical applications may also be applicable in industrial components, and vice versa. In addition to these product development synergies, we are also able to realize sourcing, production, service center, and logistics synergies across the different products and market sectors. Product and Other Liabilities Our business exposes us to potential product liability claims that are inherent in the manufacture, sale, installation, servicing and support of X- ray imaging devices, related software and other devices that contain hazardous material or deliver radiation. Because our products are involved in the intentional delivery of radiation to the human body and other situations where people may come in contact with radiation (for example, when our Industrial products are being used to scan cargo) as well as the detection, planning and treatment of medical problems, the possibility for significant injury or death exists if our products fail to work or are not used properly. We may face substantial liability to patients, our customers and others for damages resulting from the faulty, or allegedly faulty, design, manufacture, installation, servicing, support, testing or interoperability of our products and our customers' products, or their misuse or failure. We may also be subject to claims for property damages or economic loss related to or resulting from any errors or defects in our products, or the installation, servicing and support of our products. Any accident or mistreatment could subject us to legal costs, litigation, adverse publicity and damage to our reputation, whether or not our products or services were a factor. In addition, if a product we design or manufacture were defective (whether due to design, labeling or manufacturing defects, improper use of the product or other reasons), or found to be so by a regulatory authority, we may be required to correct or recall the product and notify other regulatory authorities. We maintain limited

product liability, professional liability and omissions liability insurance coverage. Government Regulation U. S. Regulations Laws governing marketing a medical device. In the United States, as a manufacturer and seller of medical devices and devices emitting radiation or utilizing radioactive by- product material, we and some of our suppliers and distributors are subject to extensive regulation by federal governmental authorities, such as the U. S. Food and Drug Administration (the " FDA "), the Nuclear Regulatory Commission (" NRC "), and state and local regulatory agencies, to ensure the devices are safe and effective and comply with laws governing products that emit, produce or control radiation. Similar international regulations apply overseas. These regulations, which include the U. S. Food, Drug and Cosmetic Act (the " FDC Act ") and regulations promulgated by the FDA, govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import / export, sale and marketing and disposal of medical devices, post market surveillance and reporting of serious injuries and death, repairs, replacements, recalls and other matters relating to medical devices, radiation emitting devices and devices utilizing radioactive by- product material. State regulations are extensive and vary from state to state. Our X- ray tube products, imaging workstations and flat panel detectors are considered medical devices. Under the FDC Act, each medical device manufacturer must comply with quality system regulations that are strictly enforced by the FDA. Unless an exception applies, the FDA requires that the manufacturer of a new medical device or a new indication for use of, or other significant change in, an existing currently marketed medical device obtain 510 (k) pre- market notification clearance before it can market or sell those products in the United States. The 510 (k) clearance process is applicable when the device introduced into commercial distribution is substantially equivalent to a legally marketed device. Obtaining the 510 (k) clearance generally takes at least six months from the date an application is filed, but could take significantly longer, and generally requires submitting supporting testing data. After a product receives 510 (k) clearance, any modifications or enhancements to a product that could significantly affect its safety or effectiveness, or that would constitute a major change in the intended use of the device, technology, materials, labeling, packaging, or manufacturing process, may require a new 510 (k) clearance. The FDA requires each manufacturer to make this determination in the first instance, but the FDA can review any such decision. If the FDA disagrees with the manufacturer' s decision, it may retroactively require the manufacturer to submit a request for 510 (k) pre- market notification clearance and may require the manufacturer to cease marketing and recall the product until 510 (k) clearance is obtained. The FDA adopted guidance in September 2019 that we expect will increase the number and frequency of clearances for changes made to legally marketed devices. Most of our products are non- classified or Class I medical devices, which do not require 510 (k) clearance. Quality systems. Our manufacturing operations for medical devices, and those of our third- party manufacturers, are required to comply with the FDA' s Quality System Regulation (" QSR "), which addresses a company' s responsibility for product design, testing, and manufacturing quality assurance, and the maintenance of records and documentation. The QSR requires that each manufacturer establish a quality systems program by which the manufacturer monitors the manufacturing process and maintains records that show compliance with FDA regulations and the manufacturer' s written specifications and procedures relating to the devices. QSR compliance is necessary to receive and maintain FDA clearance or approval to market new and existing products. The FDA makes announced and unannounced periodic and ongoing inspections of medical device manufacturers to determine compliance with the QSR. If in connection with these inspections the FDA believes the manufacturer has failed to comply with applicable regulations and / or procedures, it may issue observations that would necessitate prompt corrective action. If FDA inspection observations are not addressed and / or corrective action is not taken in a timely manner and to the FDA' s satisfaction, the FDA may issue a warning letter (which would similarly necessitate prompt corrective action) and / or proceed directly to other forms of enforcement action. Failure to respond timely to FDA inspection observations, a warning letter or other notice of noncompliance and to promptly come into compliance could result in the FDA bringing enforcement action against us, which could include the total shutdown of our production facilities, denial of importation rights to the United States for products manufactured in overseas locations and denial of export rights for U. S. products and criminal and civil fines. The FDA and the Federal Trade Commission (the " FTC ") regulate advertising and promotion of our products to ensure that the claims we make are consistent with our regulatory clearances, that we have adequate and reasonable scientific data to substantiate the claims and that our promotional labeling and advertising is neither false nor misleading. We may not promote or advertise our products for uses not within the scope of our intended use statement in our clearances or approvals or make unsupported safety and effectiveness claims. It is also important that our products comply with electrical safety and environmental standards, such as those of Underwriters Laboratories (" UL "), the Canadian Standards Association (" CSA "), and the International Electrotechnical Commission (" IEC "). In addition, the manufacture and distribution of medical devices utilizing radioactive material requires a specific radioactive material license. For the United States, manufacture and distribution of these radioactive sources and devices also must be in accordance with a model- specific certificate issued by either the NRC or by an Agreement State. In essentially every country and state, installation and service of these products must be in accordance with a specific radioactive materials license issued by the applicable radiation control agency. Service of these products must be in accordance with a specific radioactive materials license. We are also subject to a variety of additional environmental laws regulating our manufacturing operations and the handling, storage, transport and disposal of hazardous substances, and which impose liability for the cleanup of any contamination from these substances. Other applicable U. S. regulations. As a participant in the healthcare industry, we are also subject to extensive laws and regulations protecting the privacy and integrity of patient medical information that we receive, including the Health Insurance Portability and Accountability Act of 1996 (" HIPAA "), new state privacy laws, " fraud and abuse " laws and regulations, including physician self- referral prohibitions, and false claims laws. From time to time, these laws and regulations may be revised or interpreted in ways that could make it more difficult for our customers to conduct their businesses, such as recent proposed revisions to the laws prohibiting physician self- referrals, and such revisions could have an adverse effect on the demand for our products, and therefore our business and results of operations. We also must comply with numerous federal, state and local laws of more general applicability relating to such matters as environmental protection, safe working conditions, manufacturing

practices, fire hazard control and other matters. The laws and regulations and their enforcement are constantly undergoing change, and we cannot predict what effect, if any, changes to these laws and regulations may have on our business. For example, national and state laws regulate privacy and may regulate our use of data. Furthermore, HIPAA was amended by the Health Information Technology for Economic and Clinical Health Act to provide that business associates who have access to patient health information provided by hospitals and healthcare providers are now directly subject to HIPAA, including the associated enforcement scheme and inspection requirements. Medicare and Medicaid Reimbursement The federal and state governments of the United States establish guidelines and pay reimbursements to hospitals and free- standing clinics for diagnostic examinations and therapeutic procedures under Medicare at the federal level and Medicaid at the state level. Private insurers often establish payment levels and policies based on reimbursement rates and guidelines established by the government. The federal government and Congress review and adjust rates annually, and from time to time consider various Medicare and other healthcare reform proposals that could significantly affect both private and public reimbursement for healthcare services in hospitals and free- standing clinics. In the past, we have seen demand for our customers' systems (in which our products are incorporated) negatively impacted by the uncertainties surrounding reimbursement rates in the United States. State government reimbursement for services is determined pursuant to each state' s Medicaid plan, which is established by state law and regulations, subject to requirements of federal law and regulations. Various healthcare reform proposals have also emerged at the state level, and we are unable to predict which, if any, of these proposals will be enacted. In addition, it is possible that changes in federal health care law and policy could result in additional proposals and / or changes to health care system legislation which could have a material adverse effect **impact** on our business . Uncertainty created by healthcare reform complicates our customers' decision- making process and , therefore, may impact our business **results of operations and financial position** . The **There** sale of medical devices, the referral of patients for diagnostic examinations and treatments utilizing such devices, and the submission of claims to third- party payors (including Medicare and Medicaid) seeking reimbursement for such services, are **risks** subject to various federal and state laws pertaining to healthcare " fraud and abuse. " Anti- kickback laws make it illegal to solicit, induce, offer, receive or pay any remuneration in exchange for the referral of business, including the purchase of medical devices from a particular manufacturer or the referral of patients to a particular supplier of diagnostic services utilizing such devices. False claims laws prohibit anyone from knowingly and willfully presenting, or causing to be presented, claims for payment to third- party payors (including Medicare and Medicaid) that are false or fraudulent, for services not provided as claimed, or for medically unnecessary services. The Office of the Inspector General prosecutes violations of fraud and abuse laws and any violation may result in criminal and / or civil sanctions, including, in some instances, imprisonment and exclusion from participation in federal healthcare programs such as Medicare and Medicaid, which may negatively impact the demand for our products. Foreign Regulations Our operations, sales and service of our products outside the United States are subject to regulatory requirements that vary from country to country and may differ significantly from those in the United States. In general, our products are regulated outside the United States as medical devices by foreign governmental agencies similar to the FDA. Marketing a medical device internationally. For us to market our products internationally, we must obtain clearances or approvals for products and product modifications. We are required to affix the CE mark to our products to sell them in **the Chinese** in member countries of the European Union (" EU "). The CE mark is an international symbol of adherence to certain essential principles of safety and effectiveness, which once affixed enables a product to be sold in member countries of the European Economic Area (" EEA"). The CE mark is also recognized in many countries outside the EU and can assist in the clearance process. To receive permission to affix the CE mark to our medical device products, we must obtain approvals and Quality System certification, e. g., ISO 13485, through an accredited Notified Body and must otherwise have a quality management system that complies with the EU Medical Device Directive, which was superseded by the EU MDR- Medical Device Regulations in May 2021. The ISO promulgates standards for certification of quality assurance operations. We are certified as complying with the ISO 9001 for our security and inspection products and ISO 13485 for our medical devices. Several Asian countries, including Japan and China, have adopted regulatory schemes that are comparable, and in some cases more stringent, than the EU scheme. To import medical devices into Japan, the requirements of the Japanese Pharmaceutical and Medical Device Act must be met and an approval to sell medical products in Japan, must be obtained. Similarly, a registration certification issued by the National Medical Products Administration and a China Compulsory Certification mark for certain products are required to sell medical devices in China. Obtaining such certifications on our products can be time- consuming and can cause us to delay marketing or sales of certain products in such countries. Similarly, prior to selling a device in Canada, manufacturers of Class II devices must obtain a medical device license from Health Canada. Additionally, many countries have laws and regulations relating to radiation and radiation safety that apply to our products. In most countries, radiological regulatory agencies require some form of licensing or registration by the facility prior to acquisition and operation of an X- ray generating device or a radiation source. The handling, transportation and recycling of radioactive metals and source materials are also highly regulated. A number of countries, including the members of the EU, have implemented or are implementing regulations that would require manufacturers to dispose, or bear certain disposal costs, of products at the end of a product' s useful life and restrict the use of some hazardous substances in certain products sold in those countries. While these regulations could impose a future cost on the Company, compliance programs are in place to anticipate or establish best estimates of what the potential exposure of such costs could be should they arise. Manufacturing and selling a device internationally. We are subject to laws and regulations outside the United States applicable to manufacturers of radiation- producing devices and products utilizing radioactive materials, and laws and regulations of general applicability relating to matters such as environmental protection, safe working conditions, manufacturing practices and other matters, in each case that are often comparable to, if not more stringent than, regulations in the United States. In addition, our sales of products in foreign countries are subject to regulation of matters such as product standards, packaging requirements, labeling requirements, import restrictions, environmental and product recycling requirements, tariff regulations, and duties and tax requirements. In some

countries, we rely on our foreign distributors and agents to assist us in complying with foreign regulatory requirements. Other applicable international regulations. In addition to the U. S. laws regarding the privacy and integrity of patient medical information, we are subject to similar or stricter laws and regulations in foreign countries covering data privacy and other protection of health and employee information. Particularly within Europe, data protection legislation is comprehensive and complex and there has been a recent trend toward more stringent enforcement of requirements regarding protection and confidentiality of personal data, as well as enactment of stricter legislation. We are also subject to international " fraud and abuse " laws and regulations, as well as false claims and misleading advertisement laws. We also must comply with numerous international laws of more general applicability relating to such matters as environmental protection, safe working conditions, manufacturing practices, fire hazard control and other matters. Anti- Corruption Laws and Regulations We are subject to the U. S. Foreign Corrupt Practices Act and anti- corruption laws, and similar laws in foreign countries, such as the U. K. Bribery Act of 2010 and the law " On the Fundamentals of Health Protection in the Russian Federation ". In general, there is a worldwide trend to strengthen anti- corruption laws and their enforcement, and the healthcare industry and medical equipment manufacturers have been particular targets of these investigation and enforcement efforts. Any violation of these laws by us or our agents or distributors could create substantial liability for us, subject our officers and directors to personal liability and also cause a loss of reputation in the market. Transparency International' s 2021 Corruption Perceptions Index measured the degree to which public sector corruption is perceived to exist in 180 countries / territories around the world and found that two- thirds of the countries in the index, including many that we consider to be high- growth areas for our products, such as China and India, scored below 50, on a scale from 100 (very clean) to 0 (highly corrupt). We currently operate in many countries where the public sector is perceived as being more or highly corrupt and our strategic business plans include expanding our business in regions and countries that are rated as higher risk for corruption activity by Transparency International. Increased business in higher- risk countries could subject us and our officers and directors to increased scrutiny and increased liability. In addition, becoming familiar with and implementing the infrastructure necessary to comply with laws, rules and regulations applicable to new business activities and mitigating and protecting against corruption risks could be quite costly. Failure by us or our agents or distributors to comply with these laws, rules and regulations could delay our expansion into high- growth markets and could materially and adversely affect our business. Competition and Trade Compliance Laws We are subject to various competition and trade compliance laws in the jurisdictions where we operate. Regulatory or government authorities where we operate may have enforcement powers that can subject us to sanctions and can impose changes or conditions in the way we conduct our business. For example, local authorities may disagree with how we classify our products, and we may be required to change our classifications, which could increase our operating costs or subject us to increased taxes or fines and penalties. In addition, an increasing number of jurisdictions also provide private rights of action for competitors or consumers to seek damages asserting claims of anti- competitive conduct. Increased government scrutiny of our actions or enforcement or private rights of action could materially and adversely affect our business or damage our reputation. In addition, we may conduct, or we may be required to conduct, internal investigations or face audits or investigations by one or more domestic or foreign government or regulatory agencies, which could be costly and time- consuming, and could divert our management and key personnel from our business operations. An adverse outcome under any such investigation or audit could subject us to increased costs, fines or criminal or other penalties, which could materially and adversely affect our business and financial results. Furthermore, competition laws may prohibit or increase the cost of future acquisitions that we may desire to undertake. International sales of certain of our Linatron ® X- ray accelerators are subject to U. S. export licenses that are issued at the discretion of the U. S. government. Orders and revenues for our security and inspection products have been and may continue to be unpredictable as governmental agencies may place large orders with us or with our customers over a short period of time and then may not place additional orders until complete deployment and installation of previously ordered products. Furthermore, tender awards in this business may be subject to challenge by third parties, as we have previously encountered, which can make the conversion of orders to revenues unpredictable for some security and inspection products. The market for border protection systems has slowed significantly and end customers, particularly in oil- based economies and war zones in which we have a significant customer base, are delaying system deployments or tenders and have considered moving to alternative sources. Intellectual Property We place considerable importance on obtaining and maintaining patent, copyright and trade secret protection for significant new technologies, products and processes, because of the length of time and expense associated with bringing new products through the development process and to the marketplace. We generally rely on a combination of patents, copyrights, trademarks, trade secret and other laws, and contractual restrictions on disclosure, copying and transferring title, including confidentiality agreements with vendors, strategic partners, co- developers, employees, consultants and other third parties, to protect our proprietary rights in the developments, improvements and inventions that we have originated and which are incorporated in our products or that fall within our fields of interest. As of September 30, 2022, we own approximately 260 patents issued in the United States, approximately 400 patents issued throughout the rest of the world and have approximately 130 patent applications pending with various patent agencies worldwide. The patents issued or issuing from the pending applications generally expire between 2022 and 2040. We intend to file additional patent applications as appropriate. We have trademarks, both registered and unregistered, that are maintained and enforced to provide customer recognition for our products in the marketplace. We also have agreements with third parties that provide for licensing of patented or proprietary technology, including royalty- bearing licenses and technology cross- licenses. These licenses generally can only be terminated for breach. See Item 1A. " Risk Factors- Risks Relating to our Intellectual Property and Information Systems. " In conjunction with the January 2017 separation from Varian Medical Systems, Inc. (" Varian"), we entered into an Intellectual Property Matters Agreement with Varian, pursuant to which , among other things, **require** we each granted the other -- **the** licenses to use certain intellectual property. Varian was subsequently acquired **of local suppliers, compel companies that do business in China to partner with local companies to conduct business, or provide incentives to government- backed local customers to** by **buy**

Siemens in April **from local suppliers rather than companies like ours, all** of 2021. Environmental Matters Our **which could adversely impact our business, results of** operations and **financial position** facilities, past and present, are subject to environmental laws, including laws that regulate the handling, storage, transport and disposal of hazardous substances. Certain of those laws impose cleanup liabilities under certain circumstances **The Chinese government recently initiated investigations into corruption in its healthcare industry**. **This has had** In connection with those laws and certain of our past and present operations and facilities, we are obligated to indemnify Varian for 20 % of the cleanup liabilities related to prior corporate restructuring activities while a **broad** division of Varian and fully indemnify Varian..... our stockholders, we have an equity - based incentive plan that provides for the grant of nonqualified stock options and restricted stock units to directors, officers and other eligible employees. Additionally, to create performance incentives and to encourage share ownership by our employees, we have implemented an employee stock purchase plan, which enables eligible employees to purchase our common stock at a discount through payroll contributions. During fiscal year 2020, due to the impact of COVID- 19 on our business, it was necessary to modify or freeze certain benefits historically provided to our employees, such as 401 (k) plan matching contributions and tuition reimbursements. During the second half of fiscal year 2021, we reinstated both the 401 (k) matching contributions and tuition reimbursement program. Safety and Wellness The health and safety of our workforce is fundamental to the success of our business. We provide our employees upfront and ongoing safety training to ensure that safety policies and procedures are effectively communicated and implemented. Personal protective equipment is provided to those employees where needed for the employee to safely perform their job function. We have experienced personnel on site at each of our manufacturing locations that are tasked with environmental, health and personal safety education and compliance and, in Salt Lake City, we have an onsite nurse practitioner available to our employees for medical needs. The COVID- 19 pandemic presented challenges for our workplace. Because our business involves the manufacture of physical products, many of our employees were unable to work from home. In an effort to keep our employees safe and to maintain operations during the COVID- 19 pandemic, we implemented a number of health- related measures and incentivized our employees to become vaccinated. In addition, we implemented a hybrid- office work program where certain employees could work a portion of the workweek from a home office if approved by their leadership. Diversity and Inclusion As one of our values states, " we embrace equality, " and we are committed to a diverse and inclusive workplace that is respectful to all. Some of our initiatives include providing scholarships to the Society of Women Engineers (" SWE") and science, technology, engineering, and mathematics (" STEM") programs, regularly analyzing pay equity, and engaging in on- campus events that increase our exposure to diverse populations to promote diversity in our hiring. We do not tolerate discrimination and harassment, and we expect our teams to conduct themselves ethically at all times in accordance with Varex' s Code of Conduct. Information Available to Investors The Securities and Exchange Commission (" SEC ") maintains an internet site, www. sec. gov, that contains reports, proxy and information statements, and other information regarding the Company and other issuers that file electronically with the SEC. As soon as reasonably practicable after filing with or furnishing to the SEC, we also make the following reports and information available free of charge on the Investors page of our website www. vareximaging. com: • our annual reports on Form 10- K; • quarterly reports on Form 10- Q; • current reports on Form 8- K (including any amendments to those reports); • proxy statements; and • Section 16 ownership reports. Additionally, our Code of Conduct, Corporate Governance Guidelines and the charters of the Audit Committee, Compensation and Management Development Committee, and Nominating and Corporate Governance Committee are also available on the Investors page of our website. Investors and others should note that we announce material financial and operational information to our investors using our investor relations website (https: / / www. vareximaging. com / investors /), press releases, SEC filings and public conference calls and webcasts. Please note that information on, or that can be accessed through, our website is not deemed " filed " with the SEC and is not to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended (the " Securities Act "), or the Securities Exchange Act of 1934, as amended (the " Exchange Act "). Executive Officers of the Registrant The biographical summaries of our executive officers are as follows: Sunny S. Sanyal, 58, has served as President, Chief Executive Officer, and Director since January 2017. Prior to the separation of Varex from Varian, Sunny served as senior vice president and president of Varian' s Imaging Components business for Varian since February 2014. Prior to joining Varian in 2014, Sunny was chief executive officer of T- System, a privately held company providing information technology solutions and services to hospitals and urgent care facilities. He also served as president of McKesson Provider Technologies, where he led the company to significant market expansion with its clinical software, medical imaging technology, and services solutions. Sunny has held executive positions at GE Healthcare, Accenture, and IDX Systems. He received a Master of Business Administration (" MBA") from Harvard Business School, a Master of Science in industrial engineering from Louisiana State University, and a Bachelor of Engineering in electrical engineering from the University of Bombay. Shubham Maheshwari, 51, has served as Chief Financial Officer (" CFO") since July 2020. Shubham (Sam) joined Varex from SiFive, Inc., a leading provider of hardware and software solutions for developing RISC- V based processors and semiconductor chips, where he served as CFO. Before SiFive, Sam served for six years as CFO, and later as CFO and COO, of Veeco Instruments Inc. (Nasdaq: VECO), a manufacturer of semiconductor process equipment. Previous notable positions include Senior Vice President, Finance for semiconductor company Spansion, Inc., where he helped lead the company through its restructuring and IPO in 2010, and more than 10 years in various senior positions, including Vice President of M & A and Corporate Controller, at KLA- Tencor Corp., a global semiconductor equipment company. Sam holds an MBA in Finance from Wharton, and a bachelor' s degree in chemical engineering from the Indian Institute of Technology, Delhi. Kimberley E. Honeysett, 51, has served as Chief Legal Officer since February 2022 and as Senior Vice President, General Counsel, and Corporate Secretary since January 2017. Prior to the separation of Varex from Varian, Kim served as vice president and assistant general counsel and assistant corporate secretary for Varian, where she advised Varian' s Board of Directors, executive management and corporate functions, including business development, investor relations, human resources, information technology and was responsible for corporate governance,

general compliance matters, litigation and global subsidiary governance. Prior to joining Varian in 2005, Kim served as group director, legal affairs at Siebel Systems, Inc., an enterprise software company, and as an associate with the law firm Brobeck, Phleger & Harrison LLP. Kim holds a juris doctor degree from Cornell Law School and a bachelor' s degree in communications from the University of California, Los Angeles. Brian W. Giambattista, 63, has served as Senior Vice President, and General Manager- X- ray Detectors since May 2017 and joined Varex after the acquisition of the PerkinElmer Medical Imaging business. He has over 30 years of experience in the industry, having held various management and engineering roles at PerkinElmer and General Electric Company, and received his doctorate degree in physics from the University of Virginia. Andrew Hartmann, 60, has served as Senior Vice President, Medical Sales & Marketing since July 2018. Prior to joining Varex he worked for a number of leading OEMs in various leadership roles, most recently as General Manager of the X- ray and Ultrasound Business for Carestream Health, Inc., a worldwide provider of X- ray imaging systems, from April 2012 to June 2018. Prior to Carestream, Andrew worked for Siemens Medical Solutions USA, Inc. (Siemens Healthineers), a leading medical technology company, in sales and marketing roles both domestically in the United States and internationally for Siemens' ultrasound business. Prior to Siemens, he held leadership roles at Acuson Corp. (subsequently acquired by Siemens), including General Manager for Acuson' s Australia and New Zealand business. Andrew received a Master of Business Administration (" EMBA ") from Ashridge Business School in London, United Kingdom, and received a diploma in electronics from Sydney Technical College in Australia. Mark S. Jonaitis, 61, has served as Senior Vice President and General Manager- X- Ray Sources since January 2017. Prior to the separation of Varex from Varian, Mark served in various management positions at Varian, including most recently as vice president and general manager, X - ray Tube Products and global manufacturing. Mark joined Varian' s predecessor, Varian Associates, in 1983, where he served in various product and engineering positions. Mark received his Bachelor of Science in physics from the University of Utah. Item 1A. Risk Factors The following risk factors and other information included in this Annual Report on Form 10- K should be carefully considered. Although the risk factors described below are the ones management deems material, additional risks and uncertainties not presently known to us or that we presently deem not material may also adversely affect our business operations. If any of the following risks or additional risks and uncertainties actually occur, our business, operating results, and financial condition could be adversely affected. Risks Relating to Our Business Current economic conditions, including supply chain disruptions and logistical challenges, as well as the military conflict between Russia and Ukraine, have increased our costs, and have impacted, and may in the future impact, our ability to obtain materials needed to manufacture our products, to deliver those products to our customers, and otherwise adversely impact our financial condition and results of operations. Current economic conditions have had, and we believe will continue to have, an adverse impact on **the healthcare industry** our manufacturing capacity, supply chain and distribution systems. We have experienced, and continue to experience, difficulties in obtaining materials used to build our **China and slowed sales of healthcare** products and these difficulties have impacted our ability to deliver finished products to our customers. We believe that it will continue to be difficult to obtain certain materials throughout fiscal year 2023. We have used more of our inventory on hand than we have used historically and are purchasing materials that are critical to our processes, often at higher costs. Shortages of materials, particularly micro- controller chips and associated electronic components, have caused and may continue to cause, delays in manufacturing products for our customers. In some cases, raw material shortages and delivery delays from our suppliers are communicated to us with very little advanced warning, which has caused operational and customer order fulfillment challenges. During fiscal year 2022, inventory levels increased due to uneven component flow, impacting our ability to finish products and resulting in a higher inventory count. If our actions to mitigate such challenges are not successful, material shortages could cause us to temporarily stop production of certain products. Production delays have had and could continue to have a material adverse effect on our business and results of operations. For example, if we are unable to deliver products to our customers without unreasonable delay, those customers may seek alternative suppliers or decide to in- source certain products. Further, our competitors with greater financial resources may be better able to restructure their manufacturing and supply chains in response to geopolitical and economic trends and thereby have a competitive advantage over us. In addition to material shortages, supply chain logistics have become more challenging, could remain challenging, and result in higher costs and efforts. Our ability to move unfinished goods and finished products around the world has been impacted by the decreased availability of global transportation networks. We have been subject to price increases on both the components used to make our products, and for moving unfinished goods and finished products across the globe. Increased freight charges and shipping delays have also become more common during the pandemic and are expected to continue into the foreseeable future. If we are not able to mitigate these price increases and / or raise prices for our products, our operations, cash flow, and financial position could be adversely impacted. See Management' s Discussion and Analysis of Financial Condition and Results of Operations for more information regarding the risks related to supply chain disruptions and logistical challenges on our business. The escalation of geopolitical tensions and the military conflict between Russia and Ukraine have introduced further uncertainty into the economic environment, which could impact our business. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. Poor relations between the United States and Russia; sanctions by the United States, European Union, and other countries against Russia; the response by Russia and other countries to these sanctions; and any escalation of political tensions or economic instability in the area could have an adverse impact on our business, our customers, and our suppliers. Further, our customers, suppliers, and other third parties with whom we do business may have staff, operations, materials or equipment located in Ukraine or Russia, which could impact our supply chain, the services being provided to us, or our financial condition or results of operations. Our business and financial results may be adversely affected by the effects of sustained inflation and increased interest rates. Inflation has the potential to adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of sustained inflation in the

economy has resulted in, and may continue to result in, higher interest rates and capital costs, increased shipping costs, supply shortages, increased costs of labor, weakening exchange rates and other similar effects. As interest rates rise to address inflation or otherwise, we may experience further increases in capital and other costs. Further, changes in monetary or other policies here **there** and abroad to combat inflation may lead..... competition from over a dozen smaller competitors . As a result of **, our sales in China have also slowed. We expect** these -- **the investigations** competitive dynamics, to effectively retain the **continue into fiscal year 2024, and this could continue to adversely impact revenues in our China** business **. Increasing tensions between China** of our customers and compete with our competitors we must have an **and Taiwan** advantage in one or more significant areas, such as lower product cost, better product quality and / or superior technology and / or performance. We have made price concessions to maintain existing customers and attract new customers, and may **cause** have to make additional price concessions in the future. In our Industrial segment, we compete with other OEM suppliers primarily outside of the United States . The **and / or China to impose higher tariffs, commence trade wars, move more quickly to reduce their dependence on each other' s goods, or enact boycotts against each other' s goods, and this could cause significant disruptions in the** market **markets and industries we serve, and in our supply chain, decrease demand from customers** for **the ultimate** our X- ray tube and flat panel products **using** used for nondestructive testing in industrial applications is small and highly fragmented. Some of our competitors outside **solutions, and materially harm our business, financial condition and results** of **operations. In response to Russia' s ongoing aggression against Ukraine, as substantially enabled by Belarus,** the United States may have resources and support from **Department of Commerce strengthened its existing sanctions under** their -- **the** governments that we do not **Export Administration Regulations against Russia and Belarus. The enhanced sanctions would require Bureau of Industry and Security export licenses in order to export our products , including** such as preferences for **medical** local manufacturers , **health** and may not **safety, or humanitarian purposes, to Russia and Belarus. Applications for the export of products to Russia or Belarus will** be **reviewed under a policy of denial and reviewed on a case** subject to the same trade compliance regulations as us. Therefore, our ability to compete in certain high - **by- case basis** growth markets may be limited compared to our competitors . Our competitors could develop technologies and **If licenses for the export of our** products - **product** that are **denied** more effective than those we currently use or produce or that could render our products obsolete or noncompetitive. In addition , **it** the timing of our competitors' introduction of products into the market could affect the market acceptance and sales of our products. Some competitors offer specialized products that provide, or may be perceived by customers to provide, an advantage over our products. Also, some of our non- U. S. competitors may not be subject to the same standards, regulatory and / or other legal requirements to which we are subject and, therefore, they could have a competitive advantage in developing, manufacturing and marketing products and services. Any inability to develop, gain regulatory approval for and supply commercial quantities of competitive products to the market as quickly and effectively as our competitors could limit market acceptance of our products and reduce our sales. Any of these competitive factors could negatively and materially affect our pricing, sales, revenues, market share and gross margins and our ability to maintain or increase our operating margins. We operate in a market characterized by rapid change and technological innovation, particularly with respect to flat panel technology. Our customers use our products in their medical diagnostic, security, and industrial imaging systems, and we must continually introduce new products at competitive costs while also improving existing products with higher quality, lower costs, and increased features. To be successful, we must anticipate our customers' needs and demands, as well as potential shifts in market preferences. Our failure to do so has in the past resulted, and may in the future result, in the loss of customers and an adverse impact to our financial performance. With a relatively strong U. S. Dollar, our ability to meet our international customers' pricing expectations is particularly challenging and may result in erosion of product margin and market share. We have in the past spent, and in the future may need to spend, more time and money than we expect to develop, market and introduce new products or enhancements, and, even if we succeed, we may not be able to recover all or a meaningful part of our investment. Once introduced, new products may materially and adversely impact sales of our existing products or make them less desirable or even obsolete, which could materially and adversely impact our revenues and operating results. In addition, certain costs, including installation and warranty costs, associated with new products may be proportionately greater than the costs associated with other products and may therefore disproportionately, materially, and adversely affect our gross **business** and operating margins. If we are unable to lower these costs over time, our operating results could be materially and adversely affected. Some of the electronic components and integrated circuits used in our flat panel detectors are susceptible to discontinuance and obsolescence risks, which may force us to incorporate newer generations of these components, resulting in unplanned additional R & D expenses, delays in the launch of new products, supply disruptions, or inventory write downs. Our ability to successfully develop and introduce new products and product enhancements and simplifications, and the revenues and costs associated with these efforts, are affected by our ability to, among other things: • properly identify customer needs or long- term customer demands; • prove the feasibility of new products; • properly manage and control research and development costs; • limit the time required from proof of feasibility to routine production; • timely and efficiently comply with internal quality assurance systems and processes; • limit the timing and cost of regulatory approvals; • accurately predict and control costs associated with inventory overruns caused by the phase- in of new products and the phase- out of old products; • price our products competitively and profitably, which can be particularly difficult with a strong U. S. Dollar; • manufacture, deliver, and install our products in sufficient volumes on time and accurately predict and control costs associated with manufacturing installation, warranty, and maintenance of the products; • appropriately manage our supply chain; • manage customer acceptance and payment for products; and • anticipate, respond to, and compete successfully with competitors. Furthermore, as discussed in greater detail elsewhere in this " Risk Factors " section, we cannot be sure that we will be able to successfully develop, manufacture, or introduce new products or enhancements, the roll- out of which involves compliance with complex quality assurance processes, including the Quality System Regulation of the U. S. Food and Drug Administration (" FDA "). Failure to complete these processes timely and efficiently could result in delays that could affect our ability to attract and retain

~~customers or cause customers to delay or cancel orders, which would materially and adversely affect our revenues and operating results. More than half of our revenues are generated from customers located outside the United States, and economic, political, and other risks associated with international sales and~~ operations ~~could materially and adversely affect our sales or make them less predictable. We conduct business globally. Revenues generated from customers located outside the United States accounted for approximately 69 %, 68 % and 66 % of our total revenues during fiscal years 2022, 2021, and 2020, respectively. As a result, we must provide significant service and support globally. We intend to continue to expand our presence in international markets and expect to expend significant resources in doing so. We cannot be sure that we will be able to meet our sales, service, and support objectives or obligations in these international markets or recover our investment in these international markets. Our future results could be harmed by a variety of factors, including: • currency fluctuations, and in particular the strength of the U. S. Dollar (which is our functional and reporting currency) relative to many currencies, which have and may in the future adversely affect our financial results and cause some customers to delay purchasing decisions, move to in- sourcing supply, migrate to lower cost alternatives, or ask for additional discounts; • the longer payment cycles associated with many customers located outside the United States; • difficulties in interpreting or enforcing agreements and collecting receivables through many foreign countries' legal systems; • changes in restrictions on trade between the United States and other countries or unstable regional political and economic conditions; • changes in the political, regulatory, safety or economic conditions in a country or region; • the imposition by governments of additional taxes, tariffs, global economic sanctions programs, or other restrictions on foreign trade such as the tariffs put into place by both China and the United States; • conflicts between countries, including the current military conflict between Russia and Ukraine, and related sanctions; • any inability to obtain required export or import licenses or approvals, including the inability to obtain required export licenses during a U. S. government shutdown; • natural disasters and pandemics; • failure to comply with export laws and requirements, which may result in civil or criminal penalties and restrictions on our ability to export our products, particularly our industrial linear accelerator products; • risks unique to the Chinese market, including import barriers and preferences for local manufacturers; • failure to obtain proper business licenses or other documentation or to otherwise comply with local laws and requirements regarding marketing, sales, service, or any other business we conduct in a foreign jurisdiction, which may result in civil or criminal penalties and restrictions on our ability to conduct business in that jurisdiction; and • difficulties in protecting our intellectual property in foreign countries. Although our sales fluctuate from period to period, in recent years our international operations have represented a larger share of our business. The more we depend on international sales, the more vulnerable we become to these factors. COVID- 19 has adversely impacted our operations, cash flow, and financial position, and in the future we could continue to be adversely impacted by the aftermath of the COVID- 19 pandemic and continuing economic disruptions. The pandemic caused by the spread of COVID- 19 adversely impacted our operations, cash flow, and financial position. The pandemic created significant volatility, uncertainty and economic disruption that could continue into the future. In addition, in part due to the COVID- 19 pandemic, we have observed an overall tightening and increasingly competitive labor market, which has resulted in increased wages offered by other employers and voluntary attrition of employees in the industry, making it more difficult to recruit, hire, and retain talent. New or continuing outbreaks of COVID- 19 could have a negative impact on our business, future operating results, cash flows and financial condition. Local government lockdowns or prohibitions on travel could adversely affect our ability to manufacture or sell our products or to provide service to our customers or to meet and build relationships with customers, suppliers, or other third parties. For example, the Chinese government has closed, and may in the future close, our factory in China for extended periods of time to combat COVID- 19 infection rates in the region. Even though the effects of COVID- 19 have been lessening, a resurgence of COVID- 19 or other infections variants could have an adverse impact on our operating results, cash flows and financial condition. See Management' s Discussion and Analysis of Financial Condition and Results of Operations for more information regarding the risks related to COVID- 19 on our business. Our business may suffer if we are not able to hire and retain qualified personnel. Our future success depends, to a great degree, on our ability to retain, attract, expand, integrate, and train our management team and other key personnel, such as qualified engineering, service, sales, marketing, and other staff. We compete for key personnel with other medical equipment and software manufacturers and technology companies, as well as universities and research institutions. Competition for qualified personnel has increased over the past years. Because this competition is intense, particularly in Utah, where unemployment rates are relatively low, compensation- related costs could increase significantly. If we are unable to hire and train qualified personnel, we may not be able to maintain or expand our business. Additionally, if we are unable to retain key personnel, we may not be able to replace them readily or on terms that are reasonable, which also could hurt our business~~ . A change in the percentage of our total earnings from international sales or additional changes in tax laws could increase our effective tax rate ~~. Our effective tax rate is impacted by tax laws in both the United States and in foreign countries~~ . Earnings from our international subsidiaries are generally taxed at rates that differ from **United States** ~~U. S.~~ rates. A change in the percentage of our total earnings from ~~the~~ **our** international subsidiaries, a change in the mix of particular tax jurisdictions between ~~the~~ **our** international subsidiaries, or a change in currency exchange rates could cause our effective tax rate to increase. Furthermore, while **United States** ~~U. S.~~ tax reform imposed a current tax on cumulative undistributed earnings, these earnings could also become subject to incremental foreign withholding or **United States** ~~U. S.~~ state taxes should they actually be remitted to the United States, in which case our financial results could be materially and adversely affected. Statutory changes included in proposed **United States** ~~U. S.~~ legislation, if passed, including interpretive guidance, could have a material impact on income tax expense, the effective tax rate, or the value of deferred tax assets and liabilities. Changes in the valuation of our deferred tax assets or liabilities, additional changes in tax laws or rates, changes in the interpretation of tax laws in other jurisdictions, or other changes beyond our control could materially and adversely affect our financial position and results of operations. We have entities in certain jurisdictions with cumulative net operating losses for which no income tax benefit can be recorded due to full valuation allowance positions. There could be additional future losses in these and other jurisdictions that would negatively impact our effective tax rate. We may face additional risks from the.....

results of operations and financial position. Compliance with foreign laws and regulations applicable to the marketing, ~~manufacture~~ **manufacturing**, and distribution of our products may be costly, and failure to comply may result in **unfavorable legal proceedings, in** significant penalties and other harm to our business. ~~Regulatory requirements affecting our operations and sales outside~~ **Outside** ~~the United States vary from country to country, often differing significantly from those in the United States. In general, outside~~ the United States, some of our products are regulated as medical devices by foreign governmental agencies similar to the FDA. For us to market our products internationally, we must obtain clearances or approvals for products and product modifications ~~. These processes (including~~, **which** ~~for example, the processes in the EU, the European Economic Area (" EEA "), Switzerland, Brazil, Australia, China, Japan and Canada)~~ can be time consuming, expensive ~~and~~ **,** uncertain, **and** which can delay our ability to market products ~~in those countries~~. Delays in the receipt of or failure to receive regulatory approvals, the inclusion of significant limitations on the indicated uses of a product, the loss of previously obtained approvals or failure to comply with existing or future regulatory requirements could restrict or prevent us from doing business in a country or subject us to a variety of enforcement actions and civil or criminal penalties, which would materially and adversely affect our business. In addition, compliance with changing regulatory schemes may add additional complexity, cost **,** and delays in marketing **,** or selling our products. Within the **European Union ("** EU ~~/~~**") and the European Economic Area ("** EEA **")**, we must obtain, and in turn affix, a CE mark certification, ~~which is a European marking of conformity~~ that indicates that a product meets the essential requirements of the **EU'** ~~European Union's~~ Medical Device Directive ~~. Compliance with~~ **(" MDD ") and** the **EU** Medical Device **Regulations** ~~Directive is done through a self- certification process that is then verified by an independent certification body called a " Notified Body, " which is an organization empowered by the legislature to conduct this verification. Once the CE mark is affixed, the Notified Body will regularly audit us to ensure that we remain in compliance with the applicable European laws and Medical Device Directive~~. By affixing the CE mark to our product, we are certifying that our products comply with the laws and regulations required by the EU / EEA countries, thereby allowing the free movement of our products within these countries and others that accept CE mark standards. If we cannot support our performance claims and demonstrate compliance with the applicable European laws and the **MDD** ~~Medical Device Directive~~, we would lose our right to affix the CE mark to our products, which would prevent us from selling our products within the EU / EEA / Switzerland territory and in other countries that recognize the CE mark ~~. In April 2017, the European Commission adopted two regulations on medical devices that impose stricter requirements for placing medical devices in the EU market, as well as for Notified Bodies. These regulations have resulted in the limited availability of recognized Notified Bodies, which could delay our ability to obtaining CE marks. We may be subject to risks associated with additional testing, modification, certification, or amendment of our existing market authorizations, or we may be required to modify products already installed at our customers' facilities to comply with the official interpretations of these revised regulations~~. We are also subject to international laws and regulations of general applicability relating to matters such as environmental protection, safe working conditions, and manufacturing practices, as well as others. These are often comparable to, if not more stringent than, the equivalent regulations in the United States. Sales overseas are also affected by regulation of matters such as product standards, packaging, labeling, environmental and product recycling requirements, import and export restrictions, tariffs, duties, and taxes. In addition, we are required to timely file various reports with international regulatory authorities similar to the reports we are required to timely file with **United States** ~~U. S.~~ regulatory authorities, including reports required by international adverse event reporting regulations. If these reports are not timely filed, regulators may impose sanctions, including temporarily suspending our market authorizations or CE mark, and sales of our products may suffer. **As** ~~Further, as~~ we enter new businesses or pursue new business opportunities internationally, or as regulatory schemes change, we may become subject to additional laws, rules, and regulations **,** ~~. Becoming familiar with~~ and ~~implementing the infrastructure necessary~~ **compliance can be costly. The failure by us or our agents** to comply with these laws, rules, and regulations ~~is costly. Additionally, in some countries, we rely or may rely in the future on foreign distributors and agents to assist in complying with foreign regulatory requirements, and we cannot be sure that they will always do so. The failure of us or our agents to comply with these laws, rules, and regulations~~ could delay the introduction of new products, cause reputational harm, or result in investigations, fines, injunctions, civil penalties, criminal prosecution, or an inability to sell our products in or to import our products into certain countries, which could materially and adversely affect our business. Compliance with **United States** ~~U. S.~~ laws and regulations applicable to the marketing, ~~manufacture~~ **manufacturing**, and distribution of our products may be costly, and failure or delays in obtaining regulatory clearances or approvals **,** or failure to comply with applicable laws and regulations could ~~prevent us from distributing our products, require us to recall our products, or result in significant penalties or other~~ harm to our business. Some of our..... products and could materially and adversely affect our business. If we or any of our suppliers, distributors, agents, or customers fail to comply with FDA, Federal Trade Commission, or other applicable **United States** ~~U. S.~~ regulatory requirements or are perceived to have failed to comply with regulations, we may face: • adverse publicity affecting both us and our customers; • increased pressures from competitors; • investigations by governmental authorities; • fines, injunctions, civil penalties, and criminal prosecution; • partial suspension or total shutdown of production facilities or the imposition of operating restrictions; • increased difficulty in obtaining required clearances or approvals or losses of clearances or approvals already granted; • seizures or recalls of our products or those of our customers; • delays in purchasing decisions by customers or cancellation of existing orders; • the inability to sell our products; and • difficulty in obtaining product liability or operating insurance at a reasonable cost, or at all. ~~We are also subject to federal and state laws and regulations of general~~ **Generally** ~~applicability relating to matters such as environmental protection~~ , **our** ~~safe working conditions,~~ manufacturing **operations** ~~practices, and other matters. Insurance coverage is not commercially available~~ for ~~violations of law, including the fines, penalties, or investigatory costs that we may incur as the consequence of regulatory violations. Consequently, we do not have insurance that would cover this type of liability. We sell certain X- ray tube products as replacements which are subject to~~ medical ~~device~~ **devices** ~~certification and product registration laws and regulations~~ , ~~which vary by country~~ and **those of** ~~are subject to change, and we may be unable to receive registration approval or~~ **our** ~~renewal of~~

existing registrations if we fail to meet regulatory approval requirements or if the approval process becomes commercially infeasible or impractical. We market and distribute certain X- ray tubes through distributors and third- party **manufacturers,** / multi- vendor service organizations that are **required** used as equivalent replacements for specific OEM tubes. We are subject to medical device certification and product registration laws, which vary by country and are subject to periodic reviews and changes by regulatory authorities in those countries. For example, to sell X- ray tubes for replacement applications in China, product registrations must be approved by the new National Medical Products Administration (" NMPA "). We must comply with the requirements **QSR** of the NMPA, and we may not be able to receive registration approval or renewal of existing registrations if we fail to meet regulatory approval requirements or if the process of gaining approval becomes commercially infeasible or impractical. Certain of these -- **the FDA** local laws and regulations have the effect..... Practices Act and anti- corruption laws , as well as similar laws in foreign countries, such as the U. K. Bribery Act and the Law on the Fundamentals of Health Protection in the Russian Federation. In general, there - **other federal** is a worldwide trend to strengthen anti- corruption laws and **state regulations** their enforcement, and the healthcare industry and medical equipment manufacturers have been particular targets of these investigation and enforcement efforts. Any violation of these laws by us or our agents or distributors could create substantial liability for us, subject our officers and directors..... As a manufacturer and seller of medical devices and devices emitting radiation or utilizing radioactive by- product material, we and some of our suppliers and distributors are subject to extensive regulation by United States governmental authorities, such as the FDA, the Nuclear Regulatory Commission (" NRC "), and state and local regulatory agencies, which is intended to ensure the devices are safe and effective and comply with laws governing products which emit, produce, or control radiation. These regulations govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import / export, sale, and marketing and disposal of our products. We are also subject to international laws and regulations that apply to manufacturers of radiation- emitting devices and products utilizing radioactive materials . **Failure** These are often comparable to , if not more stringent than, **respond in a timely manner to a warning letter or any** the **other** equivalent **notice of noncompliance with applicable** regulations **and / or procedures and to promptly come into compliance could result** in **the FDA bringing an enforcement action, which could include the total shutdown of our production facilities, denial of importation rights to** the United States States for products manufactured in overseas locations,adverse publicity,and criminal and civil fines.The expense and costs of any corrective actions that we may take,which may include product recalls,correction and removal of products from customer sites,or changes to our product manufacturing and quality systems,could materially and adversely impact our financial results and may also divert management resources,attention,and time.Additionally,if a warning letter were issued,customers could delay purchasing decisions or cancel orders,and we could face increased pressure from our competitors,who could use the warning letter against us in competitive sales situations,either of which could materially and adversely affect our reputation,business,and stock **price** . Our industrial and medical devices utilizing radioactive material are subject to NRC clearance and approval requirements, and the manufacture and sale of these products are subject to extensive federal and state regulation that varies from state to state and among regions. Our manufacture, distribution, installation, service, and removal of industrial devices utilizing radioactive material or emitting radiation also requires us to obtain a number of licenses and certifications for these devices and materials. Service of these products must also be performed in accordance with a specific radioactive materials license. Obtaining licenses and certifications may be time consuming, expensive, and uncertain. The handling and disposal of radioactive materials resulting from the manufacture, use, or disposal of our products may impose significant costs and requirements. Disposal sites for the lawful disposal of materials generated by the manufacture, use, or decommissioning of our products may no longer accept these substances in the future or may accept them on unfavorable terms. If we are unable to obtain required FDA clearances or approvals for a product or are unduly delayed in doing so, or the uses of that product are limited, our business could suffer. Typically, our OEM customers are responsible for obtaining 510 (k) pre- market notification clearance on their systems that integrate our products. A substantial majority of our products are " Class I " devices that do not require 510 (k) clearance, but we do produce software that is classified as a Class II device subject to 510 (k) clearance. Unless an exception applies, we may be required by FDA regulations to obtain a 510 (k) pre- market notification clearance in connection with the manufacture of a new medical device or a new indication for use of, or other significant change in, an existing currently marketed medical device before we can market or sell those products in the United States . **or in connection with** Modifications **modifications** or enhancements to a product that could significantly affect its safety or effectiveness, or that would constitute a major change in the intended use of the device, technology, materials, labeling, packaging, or manufacturing process also require a new 510 (k) clearance . **We** Although manufacturers make the initial determination whether a change to a cleared device requires a new 510 (k) clearance, we cannot ensure that the FDA will agree with our decisions not to seek additional approvals or clearances for particular modifications to our products or that we will be successful in obtaining new 510 (k) clearances for modifications. Obtaining clearances or approvals is time consuming, expensive, and uncertain. We may not be able to obtain the necessary clearances or approvals or may be unduly delayed in doing so, which could harm our business. Furthermore, even if we are granted regulatory clearances or approvals, they may include significant limitations on the indicated uses of the product, which may limit the market for the product. If we are unable to obtain required FDA clearance or approval for a product or is **are** unduly delayed in doing so, or the uses of that product were limited, our business could suffer. Unfavorable results **We are required to timely file various reports with the FDA, including reports required by the medical device reporting regulations (" MDRs "), that require we report to regulatory authorities if our devices may have caused or contributed to a death or serious injury, or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur. If we initiate a correction or removal** of legal proceedings or removal of a device to reduce a risk to health posed by the device,we would be required to submit a publicly- available correction and removal report to the FDA and,in many cases,similar reports to other regulatory agencies.This report could be classified by the FDA as a device recall,which could lead to increased scrutiny by the FDA,other

international regulatory agencies,and our customers regarding the quality and safety of our devices.If these MDRs or correction and removal reports are not filed on a timely basis,regulators may impose sanctions,sales of our products may suffer,and we may be subject to product liability or regulatory enforcement actions,all of which could harm our business.Government regulation may also cause significant delays or ~~even~~ prevent the marketing and full commercialization of future products or services that we may develop and / or may impose costly requirements on our business. **As** ~~Further,as~~ we enter new businesses or pursue new business opportunities,we will become subject to additional laws,rules,and regulations,including FDA and foreign rules and regulations ~~.Becoming familiar with~~ and ~~implementing the infrastructure necessary~~ **compliance can be costly.Failure** to comply with these laws,rules ~~,~~ and **regulations could delay the introduction of new products and** could materially and adversely affect our ~~distribute certain X- ray tubes through distributors and third- party / multi- vendor service organizations that are used as equivalent replacements for specific OEM tubes.We are subject to medical device certification and product registration laws,which vary by country and are subject to periodic reviews and changes by regulatory authorities in those countries.Certain of these~~ local laws and regulations have the effect of serving as a barrier to trade and can be difficult to navigate predictably.In addition,certain countries in which our products are sold require products to undergo re- registration if the product is altered in any significant way.These registration processes can be costly and time consuming,and customers may decide to purchase products from our competitors that do not have to be involved in a re- registration process.In addition,our inability to receive or renew product registrations may prevent us from marketing and / or distributing those particular products for replacement applications in the specific country.Existing and future healthcare reforms **,** and changes to reimbursement rates,may indirectly have a material adverse effect on our business and results of operations.Sales of our products to OEMs in the medical sector indirectly depend on whether adequate reimbursement is available for our customers' products from a variety of sources,such as government healthcare insurance programs,including U.S.Medicare and Medicaid programs,foreign government programs,private insurance plans,health maintenance organizations,and preferred provider organizations.Without adequate reimbursement,the demand for our customers' products,and therefore indirectly our products,may be limited ~~,which could harm our business,results of operations,financial condition,and prospects~~ .Healthcare reform proposals and medical cost containment measures in the United States and in many foreign countries could limit the use of both ours and our customers' products,reduce reimbursement available for such use,further tax the sale or use of our products,and further increase the administrative and financial burden of compliance. ~~Any~~ **These reforms and measures,including the uncertainty in the medical community regarding their nature and effect,could have a material and adverse effect on us and our customers' purchasing decisions regarding our products and treatments and could harm our business,results of operations,financial condition,and prospects.We cannot predict the specific healthcare programs and regulations that will be ultimately implemented by local,regional,and national governments globally.However,any** changes that lower reimbursements for us or our customers' products and / or procedures using these products,including,for example,existing reimbursement incentives to convert from analog to digital X- ray systems,or changes that reduce medical procedure volumes or increase cost containment pressures on us or others in the healthcare sector could materially and adversely affect our business and results of operations.We are subject to federal,state,and foreign laws governing our business practices which,if violated,could result in substantial penalties.Additionally,challenges to or investigations into our practices could cause adverse publicity and be costly to respond to and thus could harm our business.Anti- corruption laws and regulations.We are subject to the U.S.Foreign Corrupt Practices Act and anti- corruption laws ~~,as~~ financial results. **Furthermore** ~~From time to time~~ , **competition laws may prohibit or increase the cost of future acquisitions that** we may desire to undertake.Laws and ethical rules governing interactions with healthcare providers.We ~~do not generally sell our products directly to healthcare providers,but~~ may occasionally sell our products to healthcare providers through distributors or otherwise engage healthcare providers to provide services.The U.S.Medicare and Medicaid " anti- kickback " laws,and similar state laws,prohibit payments or other remuneration that is intended to induce hospitals,physicians,or others either to refer patients or to purchase,lease,or order,or to arrange for or recommend the purchase,lease,or order of healthcare products or services for which payment may be made under federal and state healthcare programs,such as Medicare and Medicaid.These laws affect our sales,marketing,and other promotional activities by limiting the kinds of financial arrangements we may have with hospitals,physicians,or other potential purchasers of our products.They particularly impact how we structure our sales offerings,including discount practices,customer support,education and training programs,physician consulting,research grants **,and other fee- for- service arrangements.These laws** are **broadly** written,and it is often difficult to determine precisely how these laws will be applied to specific circumstances.Federal and state " false claims " laws generally prohibit knowingly presenting,or causing to be presented,claims for payment from Medicare,Medicaid,or other government payors that are false or fraudulent,or for items or services that were not provided as claimed.Although we do not submit claims directly to payors,manufacturers can be,and have been,held liable under these laws if they are deemed to " cause " the submission of false or fraudulent claims by providing inaccurate billing or coding information to customers or through certain other activities,including promoting products for uses not approved or cleared by the FDA,which is called off- label promotion.Violating " anti- kickback " and " false claims " laws can result in civil and criminal penalties,which can be substantial,as well as potential mandatory or discretionary exclusion from healthcare programs for noncompliance.Even an unsuccessful challenge or investigation into our practices could cause adverse publicity and be costly to defend and thus could harm our business and results of operations.Additionally,several recently- enacted state and federal laws,including laws in Massachusetts and Vermont,and the federal Physician Payment Sunshine Act,now require,among other things,extensive tracking and maintenance of databases regarding the disclosure of equity ownership and payments to physicians,healthcare providers,and hospitals.These laws may require us to implement the necessary and costly infrastructure to track and report certain payments to healthcare providers.Failure to comply with these tracking and reporting laws could subject us to significant civil monetary penalties.Other Laws. ~~From time~~ **We are subject** to **other** ~~time,new~~ laws **in foreign countries where we conduct business** ~~or regulations may be adopted and compliance with these laws or regulations could be costly or~~

~~time consuming~~ .For example, **within the EU,the control of unlawful marketing activities is** a ~~party to or otherwise involved in legal proceedings, claims, government inspections, audits or investigations, and other legal matters~~ **matter of national law in each of the member states. The member states of the EU closely monitor perceived unlawful marketing activity by companies. We could face civil** , ~~both inside~~ **criminal,** and ~~outside~~ **administrative sanctions if any member state determines that we have breached our obligations under such state' s national laws. Industry associations also closely monitor the activities of member companies. If** ~~the~~ **these** ~~if any member state determines that we have breached our obligations under such state' s national laws.Industry associations also closely monitor the activities of member companies.If these~~ organizations or authorities name us as having breached our obligations under their regulations,rules,or standards,our reputation would suffer,and our business and financial condition could be materially and adversely affected.Certain of our products are subject to regulations relating to use of radioactive material,compliance with which may be costly,and a failure to comply with these regulations may materially and adversely affect our business.As a **manufacturer and seller of medical devices and devices emitting radiation or utilizing radioactive by- product material,we and some of our suppliers and distributors are subject to extensive regulation by** United States **governmental authorities** , ~~arising in~~ **such as** the ~~ordinary course of~~ **FDA, the Nuclear Regulatory Commission (" NRC "), and state and local regulatory agencies, which is intended to ensure the devices are safe and effective and comply with laws governing products which emit, produce,** ~~our~~ **or** ~~business~~ **control radiation. These regulations govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import / export, sale, marketing, and disposal of** ~~or~~ **our** ~~otherwise~~ **products** . ~~Legal proceedings~~ **We are also subject to international laws and regulations that apply to manufacturers of radiation- emitting devices and products utilizing radioactive materials. These** are often **comparable** ~~lengthy, taking place over a period of years with interim motions or judgments subject~~ to **, if not more stringent than,** ~~multiple levels of review (such as appeals or rehearings) before the outcome is final. Litigation and other~~ **the** ~~legal proceedings, claims, government inspections, audits~~ **equivalent regulations in the United States. Our industrial** and ~~investigations~~ **medical devices utilizing radioactive material** are subject to ~~significant uncertainty~~ **NRC clearance** and ~~may~~ **approval requirements, and the manufacture and sale of these products are subject to extensive federal and state regulation that varies from state to state and among regions. Our manufacture, distribution, installation, service, and removal of industrial devices utilizing radioactive material or emitting radiation also requires us to obtain a number of licenses and certifications for these devices and materials. Service of these products must also** be ~~expensive,~~ **performed in accordance with specific radioactive materials licenses. Obtaining licenses and certifications may be** time consuming, **expensive,** and ~~disruptive to~~ **uncertain. The handling and disposal of radioactive materials resulting from the manufacture, use,** ~~our~~ **or** ~~operations~~ **disposal of our products may impose significant costs and requirements** . **Disposal sites for the lawful disposal of materials generated by the manufacture, use,** ~~For~~ **or decommissioning of our products may no longer accept** these ~~and~~ **substances in** ~~other~~ **the future** ~~reasons, we may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding were ultimately resolved against us, it could result in significant compensatory damages, and, in certain circumstances, punitive damages, disgorgement of revenue~~ or **may accept them** ~~profits, remedial corporate measures, or injunctive relief imposed~~ on **unfavorable terms** ~~us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of such legal proceeding were to restrain our ability to market one or more of our material products or services, our combined financial position, results of operations, or cash flows could be materially and adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to our reputation, which could materially and adversely impact our business~~ . Environmental laws impose compliance costs on our business and may also result in liability. ~~We are subject to environmental~~ **Environmental** ~~laws around the world. These~~ laws regulate many aspects of our operations, including our handling, storage, transport, and disposal of hazardous substances, such as the chemicals and materials that we use in the course of our manufacturing operations. They can also impose cleanup liabilities, including with respect to discontinued operations. ~~As a consequence, we can incur significant environmental costs and liabilities, some recurring and others not recurring. Although we follow procedures intended to comply with existing environmental laws, we, like~~ **Like** other businesses, **we** may mishandle or inadequately manage hazardous substances used in our manufacturing operations and can never completely eliminate the risk of contamination or injury from certain materials that we use in our business and, therefore, we cannot completely eliminate the prospect of resulting claims and damage payments. We may also be assessed fines and / or other penalties for failure to comply with environmental laws and regulations. Insurance has provided coverage for portions of cleanup costs resulting from historical occurrences, but we do not expect to maintain insurance coverage for costs or claims that might result from any future contamination. **Pursuant to the Separation and Distribution Agreement we entered into with Varian when we spun off from Varian,we are obligated to** indemnify Varian for **20 % of** ~~other~~ **the cleanup** liabilities **related** ~~arising from the operations of the business transferred~~ to **prior corporate restructuring** ~~it as part of those~~ activities **undertaken while we were a division of Varian** . ~~Those~~ **This** ~~include~~ **includes** facilities sold as part of Varian' s electron devices business in 1995 and thin film systems business in 1997.The U.S.Environmental Protection Agency (" EPA ") or third parties have named Varian as a potentially responsible party under the amended Comprehensive Environmental Response Compensation and Liability Act of 1980 (" CERCLA "),at sites to which Varian or the facilities of the businesses sold in 1995 and 1997 were alleged to have shipped waste for recycling or disposal (the " CERCLA sites ").We anticipate that we will be obligated to reimburse Varian for 20 % of the liabilities of Varian related to these CERCLA sites (after adjusting for any insurance proceeds or tax benefits received by Varian). ~~In connection~~ **We assess this indemnification obligation quarterly** with ~~the CERCLA sites,to date~~ Varian ~~has~~ **and make accruals accordingly.These accruals have historically** been ~~required to pay only a~~ small ~~portion of the total cleanup costs and we anticipate that any reimbursement to Varian in the future will not be material.As of September 30~~ , **but can sometimes fluctuate significantly from period to period.For example,during the second quarter of fiscal year** ~~2022~~ **2023** , ~~we had~~ **Varian informed us of** an ~~existing environmental~~ **adjustment to their**

estimate of their liability,which resulted in an increase in our liability of approximately $ ~~1~~ **2** . ~~1~~ **9** million,net of expected insurance proceeds ~~,related to the CERCLA sites~~ . ~~Working Capital Our working capital needs and our credit practices are comparable to those of other companies manufacturing and selling similar products in similar markets.We endeavor to carry~~ Future changes in environmental laws could also increase our costs of doing business, perhaps significantly. Several countries, including some in the EU, now require medical equipment manufacturers to bear certain disposal costs of products at the end of the product' s useful life, thereby increasing its costs. The EU has also adopted directives that may lead to restrictions on the use of certain hazardous substances or other regulated substances in some of our products sold there. These directives, along with another that requires substance information to be provided upon request, could increase our operating costs in order to maintain our access to certain markets. All of these costs, and any future violations or liabilities under environmental laws or regulations, could have a material adverse effect on our business. ~~Failure~~ **Environmental, Social, Governance Risks Our business is subject** to ~~maintain effective internal controls~~ **evolving Environmental, Social,** and ~~procedures~~ **Governance (" ESG ") requirements and stakeholder expectations that could expose us to numerous risks. Regulators, customers, investors, and other stakeholders are increasingly focusing on ESG issues and related disclosures. Changing ESG requirements and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. We may also communicate certain ESG initiatives and goals in our SEC filings or in other public disclosures. If our ESG- related data, processes, and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our ESG goals on a timely basis, or at all, our reputation, business, financial performance, and growth could be adversely affected. In addition, our customers have adopted, and may continue to adopt, procurement policies that require us to comply with social and environmental provisions. An increasing number of investors have adopted, and may continue to adopt, ESG policies for their portfolio companies, and various voluntary sustainability initiatives and organizations have promulgated different social and environmental and sustainability guidelines. These practices, policies, provisions, and initiatives are under active development, subject to change, can be unpredictable and conflicting, and may prove difficult and expensive for us to comply with and** could negatively **affect our reputation** ~~impact us. We must~~ , ~~among~~ **business, or financial condition. If we are unable to retain, attract, expand, integrate, and train our management team and** other **key personnel** ~~things, maintain effective internal controls and procedures for financial reporting and disclosure purposes. In the past~~ , we ~~have not always been successful in maintaining effective internal controls and procedures. Internal control over financial reporting is complex and~~ may ~~be revised over time to adapt to changes in our business or changes in applicable accounting rules. We cannot assure that our internal control over financial reporting will be effective in the future or that material weaknesses will~~ not be ~~discovered~~ **able to maintain or expand our business. Our future success depends on our ability to retain, attract, expand, integrate, and train our management team and other key personnel, such as qualified engineering, service, sales, marketing, manufacturing, and other staff. We compete for key personnel** with ~~respect~~ **other medical equipment and software manufacturers and technology companies, as well as universities and research institutions. We have observed an overall tightening and increasingly competitive labor market over the past years, which has resulted in increased wages offered by other employers and voluntary attrition of employees in the industry, making it more difficult** to ~~a prior~~ **recruit, hire, and retain talent. Because competition is intense, particularly in Utah, where unemployment rates are relatively low, compensation- related costs have increased and could continue to increase, significantly. Additionally, our United States- based employees, including our senior management team, work for us on an at- will basis, and there is no assurance that any such employees will remain with us. Replacing key employees may take an extended** period **of time, and to the extent we hire employees from competitors, we also may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information. Freezing new positions or terminating existing ones could hinder our ability to execute our strategic plan and achieve growth targets, resulting in long- term sacrifices** for ~~which it had previously believed that internal controls were~~ **short- term gains. Further, potential employee turnover resulting from work from home policy changes, limited growth opportunities and competitive market conditions could lead to knowledge loss and decreased productivity. If we are unable to retain or hire and train qualified personnel, we may not be able to maintain or expand our business. Similarly, if we fail to adequately invest in leadership training and career development resources this could limit employee growth, lead to shortages of skilled personnel, hinder** effective **management** ~~. If our internal controls~~ and **decision making** ~~procedures are not effective~~ , ~~our financial statements may not accurately reflect the results of our business~~ and **hamper overall organizational success** ~~operations. In addition, there could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements, which could affect our stock price~~ . Risks Relating to Our Indebtedness **The ABL Facility and the indenture governing our Senior Secured Notes impose significant operating and financial restrictions that may limit our current and future operating flexibility, particularly our ability to respond to changes in the economy or our industry or to take certain actions, which could harm our long- term interests and may limit our ability to make payments on the notes.** As of September ~~30~~ **29** , ~~2022~~ **2023** , our total combined indebtedness was approximately $ ~~449~~ **448** . ~~7~~ **0** million ~~. The borrowings under~~ **of principal, including** our ~~unsecured~~ **4. 00 %** ~~convertible~~ **Convertible** ~~senior~~ **Senior Unsecured** ~~notes~~ **Notes** due 2025 (the ~~"~~ **"** Convertible Notes ~~"~~ **"**) **and our 7** ~~bear interest at a fixed rate of 4~~ . ~~00~~ **875** % ~~and borrowings under our~~ Senior Secured Notes due 2027 (the " Senior Secured Notes ") ~~bear interest at a fixed rate of 7~~ . ~~875 %~~ **For more information regarding our borrowings, see Note 9, Borrowings of the Notes to Consolidated Financial Statements of this report** . Our debt could potentially have important consequences to..... 30, 2022, we had approximately $ 100 million ~~of additional available borrowing capacity (subject to borrowing base availability) under the~~ revolving credit **facility** ~~agreement that we entered into on September 30, 2020~~ (the " Asset- Based Loan **,** " ~~,~~ or" ABL Facility") ~~. In addition to any amounts that might be available to us for borrowing under the ABL Facility, subject to certain~~

~~conditions, we will have the right to request an increase of aggregate commitments under the ABL Facility by an aggregate amount of up to $ 75 million by obtaining additional commitments either from one or more of the lenders under the ABL Facility or other lending institutions. Although the ABL Facility and the indenture governing our Senior Secured Notes contain restrictions on our and our subsidiaries' ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Furthermore, the covenants in the indenture governing our Convertible Notes do not restrict the incurrence of indebtedness by the company or any of its subsidiaries, and the covenants that may be contained in any future debt instruments could allow us to incur a significant amount of additional indebtedness. The more leveraged we become, the more we, and in turn holders of our notes, will be exposed to certain risks described above under " Risks Relating to Our Indebtedness — We have significant debt obligations that could adversely affect our business, profitability and ability to meet our obligations. " The ABL Facility~~ and the indenture governing our Senior Secured Notes impose significant ~~operating~~ **operational** ~~and financial restrictions that may limit our current and future operating flexibility, particularly our ability to respond to changes in the economy or our industry or to take certain actions, which could harm our long- term interests and may limit our ability to make payments on the notes. Our ABL Facility and the indenture governing our Senior Secured Notes impose significant operating~~ and financial restrictions on us **that include, but are not** ~~limit~~ **limited to** our ability ~~, among other things,~~ to: • incur, assume **,** or permit to exist additional indebtedness (including guarantees thereof); • pay dividends or certain other distributions on our capital stock or repurchase our capital stock or prepay subordinated indebtedness; • prepay, redeem **,** or repurchase certain debt; • issue certain preferred stock or similar equity securities; • incur liens on assets; • make certain loans, investments **,** or other restricted payments; • allow to exist certain restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us; • engage in transactions with affiliates; • alter the business that we conduct; and • sell certain assets or merge or consolidate with or into other companies. As a result of these restrictions, we may be: • limited in how we conduct our business; • unable to raise additional debt or equity financing to operate during general economic or business downturns; **• limited in our ability to borrow** additional funds as needed or increasing the ~~costs~~ **cost** of ~~any~~ such borrowing;• **challenged in** ~~make it more difficult for us to satisfy~~ **satisfying** our obligations,including our debt obligations;• ~~increase our vulnerability~~ **vulnerable** to adverse economic and general industry conditions,including interest rate fluctuations,because a portion of our borrowings are and will continue to be at variable rates of interest;• ~~require~~ **required** ~~us~~ to dedicate a substantial portion of our cash flow from operations to payments on our debt,which would reduce the availability of our cash flow from operations to fund working capital,capital expenditures **,** or other general corporate purposes;• ~~place us~~ at a disadvantage compared to competitors that may have proportionately **less debt;** or • unable to compete effectively or to take advantage of new business opportunities. A breach of the covenants under the indenture governing our Senior Secured Notes or the ABL Facility could result in an event of default under the applicable indebtedness. Such a default, if not cured or waived, may allow the creditors to accelerate the related debt ~~and~~ **,** may result in the acceleration of any other debt that is subject to an applicable cross- acceleration or cross- default provision ~~. In addition~~ , ~~an~~ **and** ~~event of default under the ABL Facility~~ would permit the lenders under the ABL Facility to terminate all commitments to extend further credit under the ABL Facility. Furthermore, if we were unable to repay the amounts due and payable under the ABL Facility, those lenders could proceed against the collateral securing such indebtedness. In the event our lenders or holders of the notes ~~offered hereby~~ accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness **.If our cash requirements in the future are greater than expected,our cash flow from operations may not** be ~~required~~ **sufficient** to ~~dispose~~ **repay all** of **the outstanding** ~~material assets or operations to meet our~~ debt ~~service~~ **as it becomes due,** and **we** ~~other obligations.We~~ may not be able to ~~consummate those dispositions~~ **borrow money,sell assets,** or **otherwise raise funds on acceptable terms,or at all,** to **refinance our** ~~obtain the proceeds that we could realize from them,and these proceeds may not be adequate to meet any~~ debt ~~service obligations then due~~ .Any future refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants which could further restrict our business operations.Additionally,the ~~indenture~~ **indentures** relating to our notes ~~will~~ limit the use of the proceeds from any disposition of our assets.As a result,the ~~indenture~~ **indentures** may prevent us from using the proceeds from such dispositions to satisfy our debt service obligations ~~.Our credit rating and ability to access~~ . Our ability to continue to have the necessary liquidity to operate our business may be adversely impacted by a number of factors, ~~including uncertain conditions in the credit~~ and **a** ~~financial markets, which could limit the availability and increase the cost of financing. A~~ deterioration of our results of operations and cash flow resulting from decreases in consumer spending, could, among other things, impact our ability to comply with the fixed charge coverage ratio contained in our ABL Facility. Our historical sources of liquidity to fund ongoing cash requirements include cash flows from operations, cash and cash equivalents, borrowings through our previous credit facility **,** and ~~convertible~~ debt offerings. The sufficiency and availability of credit may be adversely affected by a variety of factors, including, without limitation, the tightening of the credit markets, including lending by financial institutions who are sources of credit for our borrowing and liquidity; an increase in the cost of capital; the reduced availability of credit; our ability to execute our strategy; the level of our cash flows, which will be impacted by customer demand for our products; compliance with a fixed charge coverage ratio that is included in our ABL Facility ~~,~~ **; and** interest rate fluctuations ~~and the adverse impact of the COVID- 19 outbreak on the U. S. and world- wide economies and on our business~~ . We cannot predict the future level of interest rates or the effect of any increase in interest rates on the availability or aggregate cost of our borrowings. We cannot be certain that any additional required financing, whether debt or equity, will be available in amounts needed or on terms acceptable to us, if at all. The ABL Facility contains a minimum Fixed Charge Coverage Ratio of 1. 00 to 1. 00 that is tested when excess availability under the ABL is less than the greater of (i) 10. 0 % of the Loan Cap (the lesser of (a) the aggregate commitments under the ABL Facility and (b) the aggregate borrowing base) and (ii) $ 7. 5 million. ~~If we~~ **Adverse developments in the economy in the past** have **led** ~~to borrow in excess of 10. 0 % of the Loan Cap~~ and **in the future** ~~$ 7. 5 million, and we do not increase our earnings, we also would~~ **could** ~~be at risk of not being in compliance~~ **lead to reduced**

spending by our customers and end- users which could adversely impact our net sales and cash flow, which could affect our ability to comply with the ~~ABL Facility' s~~ fixed charge coverage ratio . Compliance with the fixed charge coverage..... on the market price of our securities . We entered into certain hedging positions that may affect the value of the Convertible Notes and the volatility and value of our common stock. In connection with the issuance of the Convertible Notes, we entered into certain convertible note hedge transactions. These hedge transactions are expected generally to reduce potential dilution of our common stock on any conversion of the Convertible Notes or offset any cash payments we are required to make in excess of the principal amount of such converted Convertible Notes, as the case may be, with such reduction or offset subject to a cap. The counterparties to these hedging positions or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock or purchasing or selling our common stock in secondary market transactions prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of Convertible Notes or following any repurchase of Convertible Notes by us on any fundamental change repurchase date or otherwise) **which** ~~. This activity~~ could cause or avoid an increase or a decrease in the market price of our common stock or the Convertible Notes **and** ~~. In addition, if any such hedging positions fail to become effective, the counterparties to these hedging positions or their respective affiliates may unwind their hedge positions, which~~ could adversely affect the value of our common stock. Risks Relating to Our Common Stock ~~The trading price of our common stock may decline or fluctuate significantly and fluctuations in our operating results, including quarterly revenues, and margins, may cause our stock price to be volatile, which could cause losses for our stockholders. In the past year, our stock price has ranged from a low of $ 18. 90 to a high of $ 32. 65. We cannot guarantee that an active trading market will be sustained for our common stock. Nor can we predict the prices at which shares of our common stock may trade. We have experienced and expect in the future to experience fluctuations in our operating results, including revenues and margins, from period to period. These fluctuations may cause our stock price to be volatile, which could cause losses for our stockholders. Our quarterly and annual operating results, including our revenues and margins, may be affected by a number of other factors, including: • the introduction and timing of announcement of new products or product enhancements by us and our competitors; • changes in our or our competitors' pricing or discount levels; • changes in foreign currency exchange rates and other economic uncertainty; • changes in import / export regulatory regimes including the imposition of tariffs on our products or those of our customers; • changes in the relative portion of our revenues represented by our various products, including the relative mix between higher margin and lower- margin products; • changes in the relative portion of our revenues represented by our international region as a whole and by regions within the overall region, as well as by individual countries (notably, those in emerging markets); • fluctuation in our effective tax rate, which may or may not be known to us in advance; • the availability of economic stimulus packages or other government funding, or reductions thereof; • disruptions in the supply or changes in the costs of raw materials, labor, product components or transportation services; • changes to our organizational structure, which may result in restructuring or other charges; • disruptions in our operations, including our ability to manufacture products, caused by events such as earthquakes, fires, floods, terrorist attacks or the outbreak of epidemic diseases; • the unfavorable outcome of any litigation or administrative proceeding or inquiry, including governmental audits, as well as ongoing costs associated with legal proceedings and governmental audits; and • accounting changes and adoption of new accounting pronouncements. Because many of our operating expenses are based on anticipated capacity levels, and a high percentage of these expenses are fixed for the short term, a small variation in the timing of revenue recognition can cause significant variations in operating results from quarter to quarter. If our gross margins fall below the expectation of securities analysts and investors, the trading price of our common stock may decline. Conversion of the Convertible Notes may dilute the ownership interest of our stockholders or may otherwise depress the market price of our common stock. The conversion of the Convertible Notes may dilute the ownership interests of our stockholders. On conversion of the Convertible Notes, we have the option to pay or deliver, as the case may be, cash, shares of common stock, or a combination of cash and shares of common stock. If we elect to settle our conversion obligation in shares of common stock or a combination of cash and shares of common stock, any sales of our common stock issuable on such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Notes into shares of our common stock, any of which could depress the market price of our common stock.~~ The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results. In the event the conditions for optional conversion of the Convertible Notes by holders are met before the close of business on the business day immediately preceding June 1, 2025, holders of the Convertible Notes will be entitled to convert the Convertible Notes at any time during specified periods at their option. If we elect to satisfy our conversion obligation by settling all or a portion of our conversion obligation in cash, it could adversely affect our liquidity. In addition, even if holders do not elect to convert their Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long- term liability, which would result in a material reduction of our net working capital and may seriously harm our business. **If we elect to settle** ~~Certain provisions in our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws, our Indenture, and of Delaware law, may prevent or~~ **our** ~~delay an acquisition~~ **conversion obligation in shares** of ~~our, which could decrease the trading price of our~~ common stock ~~. Our Amended and Restated Certificate of Incorporation, our~~ - **or** ~~Amended~~ **a combination of cash** and ~~Restated Bylaws~~ **shares of common stock** , **any sales of our common stock issuable on** ~~and Delaware law contain, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making~~ such **conversion could adversely affect prevailing market** ~~practices~~ --- **prices of** ~~or~~ **our common** ~~bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others: • the inability of our stockholders to call a special meeting; • the inability of our stockholders to act without a meeting of stockholders; • rules regarding how~~

~~stockholders may present proposals or nominate directors for election at stockholder meetings; • the right of our board of directors to issue preferred~~ stock ~~without stockholder approval; and, • the ability of our directors, and not stockholders, to fill vacancies on our board of directors~~ . In addition, ~~because we did not elect to be exempt from Section 203 of the Delaware General Corporation Law (the " DGCL "), this provision could also delay or prevent a change of control that stockholders may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or who are affiliated with a person that acquires, more than 15 % of the outstanding voting stock of a Delaware corporation (an " interested stockholder ") shall not engage in any business combination with that corporation, including by merger, consolidation, or acquisitions of additional shares, for a three~~ -- **the existence** ~~- year period following the date on which the person became an interested stockholder, unless: (1) prior to such time, the board~~ of ~~directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of the voting stock of such corporation at the time the transaction commenced; or (3) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders by the affirmative vote of at least two- thirds of the outstanding voting stock of such corporation not owned by the interested stockholder. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of us and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. Furthermore, certain provisions in our indenture governing~~ the Convertible Notes may **encourage short selling by** ~~make~~ **market participants because** ~~it more difficult or expensive for a third party to acquire us. For example, our indenture requires us, at~~ the **conversion of** ~~holders' election, to repurchase~~ the Convertible Notes **could be used to satisfy short positions,** ~~for~~ -- **or anticipated** ~~cash on the occurrence of a fundamental change and, in certain circumstances, to increase the~~ conversion **of the** ~~rate for a holder that converts our~~ Convertible Notes ~~in connection with a~~ **into shares of our common stock, any of which could depress the** ~~make~~ **market price of our common stock. Risks Relating to Our Spin** - **Off** ~~whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Convertible Notes or increase the conversion rate, which could make it costlier for a third party to acquire us. Our Indenture also prohibits us from engaging in a merger or acquisition unless, among other things, the surviving entity assumes the obligations under the Convertible Notes and our Indenture. These and other provisions in our indenture could deter or prevent a third party from acquiring us even when the acquisition may be favorable to holders of the Convertible Notes or our stockholders.~~ Liabilities related to our operations when we were part of Varian, or liabilities associated with ~~our~~ **the** spin- off from Varian, could materially and adversely affect our business, financial condition, results of operations, and cash flows. We entered into a Separation and Distribution Agreement when we spun off from Varian. ~~The~~ **This** agreement provides for, among other things, indemnification obligations designed to make ~~Varian~~ **Varex** financially responsible ~~for liabilities allocable to Varian before the spin- off, and to make us financially responsible for liabilities allocable to us before the spin- off and~~ for information contained in our registration statement that describes ~~the~~ **Varex, our** separation **from Varian** , ~~we, and~~ the transactions contemplated by the Separation and Distribution Agreement **, and liabilities that were allocable to Varex before the spin- off** . We may be subject to substantial liabilities if ~~it is~~ **we were** required to indemnify Varian or if Varian ~~is~~ **were** required, but unable, to indemnify us. Either of these could negatively affect our business, financial position, results of operations, and / or cash flows. **General Risks Failure to maintain effective internal controls and procedures could negatively impact us. In the past, we have not always been successful in maintaining effective internal controls and procedures. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business or changes in applicable accounting rules. We cannot assure that our internal control over financial reporting will be effective in the future or that material weaknesses will not be discovered with respect to a prior period for which we had previously believed that internal controls were effective. If our internal controls and procedures are not effective, our financial statements may not accurately reflect the results of our business and operations. In addition, there could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements, which could affect our stock price.**