Risk Factors Comparison 2024-11-19 to 2023-11-16 Form: 10-K

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Investing in Varex Imaging Corporation common stock involves risks and the following risk factors and other information included in this Annual Report on Form 10- K under Item 1" Business", Item 7" Management' s 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 risk factors described below are the ones management deems significant, additional risks and uncertainties not presently known to us or that are presently known to us that we presently deem not material may also adversely affect our business operations. Risks Relating to Our Business 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 **delay in an order to a future period, as well as a** reduction in or loss of business of one or more of these customers **has in the past and** may **in the future** materially reduce our sales. We had one customer during fiscal year ~~2023~~ **2024** that accounted for ~~17~~ **18** % of our revenue. Our ten largest customers as a group accounted for approximately **53 %,** 51 % ~~,~~ **and** 52 ~~% and 51~~ % of our revenue for fiscal years **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~, respectively. Because we often take significant time to replace lost business, **in the past our operating results have been, and in the future** 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 **these** ~~our major~~ customers. **One** ~~We had one~~ customer ~~that~~ accounted for ~~13~~ **9** . ~~8~~ **5** % of our accounts receivables as of September ~~29~~ **27** , ~~2023~~ **2024** . If one or more of these customers were to cancel a product order or service contract, 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~~ **Customer- driven changes in order forecasts is a frequent occurrence that has created and continues** to **create challenges for us in** accurately ~~predict~~ **predicting** 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 **, possible legislative, tariffs, and policy reforms as a result of the recent U. S. elections, including reactionary responses to such changes from other nations, particularly China, potential social unrest and uncertainty resulting therefrom** , government actions (for example, the Chinese government initiated anti- corruption ~~investigation~~ **investigations** related to its healthcare industry), and other matters beyond our control, make it difficult for our customers to accurately forecast and plan future business activities, which makes it difficult for us to accurately predict demand **or delivery schedules** 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 are likely to occur again in the future. Changes to customer forecasts can occur on short notice, as our customers face inherent competitive issues, new product introduction delays, and ~~market~~ **our business** and regulatory risks. Our agreements for imaging components contain purchasing estimates that are typically based on our customers' 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 patterns have in the past, and may in the future, materially and adversely affect our operating results. We compete in highly competitive ~~markets~~ **industries** , and we are subject to pricing pressures and other factors that ~~could~~ **have in the past and may in the future** result in margin erosion **and loss of customers** . We compete in ~~markets~~ **industries** 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 **and flat panel detectors** , for use in their own imaging systems products. ~~If~~ **We have experienced, and may in the future experience, decreased sales of our products to** these customers **if they** manufacture a greater percentage of their components in- house or ~~otherwise decrease purchases~~ **purchase components** from external sources **other than us** ~~, we could experience reductions in purchasing volume by, or loss of, one or more of these customers~~ , which **has had and** may **in the future** have ~~a material and~~ **an** adverse effect on our business **and results of operations. We have in the past made price and other concessions to maintain existing customers and attract new customers, and may have to make additional price concessions in the future** . 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 **industry** 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 maintain existing customers and attract new customers, and may have to make additional price concessions in the future.~~ In our Industrial ~~segment~~ **industry** , we **also** compete with other 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 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, 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~~ **existing and potential customers** 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 or increase our operating margins. Our success depends on meeting our customers' needs and demands. To be successful, we must anticipate our customers' needs and demands, as well as 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, including installation and warranty costs, associated with new products **have been, currently are, and** may **in the future** be proportionately greater than the costs associated with ~~other~~ **existing** products and **have or** may therefore disproportionately, materially, and adversely affect our 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 **our** competitiveness and growth potential ~~in a rapidly evolving market~~. We may also experience challenges in developing and implementing effective ~~market~~ **product and sales** strategies, leading to missed opportunities and customer dissatisfaction. **Our success depends on the successful development, introduction, and commercialization of new generations of products and enhancements to or simplifications of existing product lines.** We **operate in business segments characterized by rapid change and technological innovation. Our customers use our products in their medical diagnostic, security, and industrial imaging systems, and we must continually introduce new products at competitive prices while also improving existing products with higher quality, lower costs, and increased features. We and our joint ventures 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, product enhancements, and technologies. Even if we succeed in introducing new products, enhancements, or technologies as soon as expected, if at all, potential customers may not accept or purchase these new products, enhancements, or technologies, and 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. Furthermore, 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 **currently** 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 **68 %,** 69 %, **and** 69 ~~%, and 68~~ % of our total revenues during fiscal years **2024,** 2023, **and** 2022 ~~, and 2021~~, respectively. We intend to continue to expand our presence ~~in international~~ **internationally** ~~markets~~ and expect to expend significant resources in doing so. Our future results could be 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 **, or pandemic diseases** , which may among other things, impact our operations and business access; • difficulties in staffing and managing employee relations in foreign operations **, including in foreign joint ventures** , 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~~ **collecting** and **maintaining** ~~maintenance of~~ personally identifiable data; • ~~the~~ **governmental** imposition ~~by governments~~ of additional taxes, tariffs, global economic sanctions programs, or other restrictions on foreign trade; and • compliance with export laws and requirements. ~~Our international~~ **Some of our** locations expose us to higher security risks ~~compared to our United States locations~~, which could 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 **experience** ~~is suffering from~~ political, social, or economic turmoil, war or civil unrest, or ~~has a~~ high ~~level~~ **levels** of criminal or terrorist ~~activity~~ **activities** . In those locations where we have employees or operations, we may incur substantial costs to maintain the safety of our personnel, and we may 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 joint ventures** or realize expected benefits from acquisitions of or investments in new businesses **and joint ventures** , products, or technologies, which could harm our business. Our ability to identify and take advantage of attractive acquisitions or other business development opportunities **(including through joint ventures)** is an important component in implementing our overall business strategy. Such transactions involve a number of risks, including the following: **• we may not be able to identify suitable candidates or successfully complete or finance identified acquisitions;** • 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; • **acquisitions, investments, and joint ventures could result in increased risks, including from potential litigation; •** 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 joint venture** , or if we decide to sell assets or a business, we may be required **to dispose of a business at a lower price or on less advantageous terms, or** to recognize an impairment loss on the write- down of our assets and goodwill. **We participate in joint ventures and other investments in privately held and publicly traded companies. For example, we hold a 40 % ownership interest in dpiX LLC, our major supplier of our amorphous silicon- based thin film transistor arrays for flat panels used in our digital image detectors, a 50 % interest in VEC Imaging GmbH & Co. KG (" VEC"), a joint venture formed to develop technology for use in X- ray imaging components, a 75 % interest in Varex Imaging Arabia LLC, a joint venture in Saudi Arabia and a minority interest in another X- ray imaging components technology company. These and other investments are subject to risk of loss of investment capital as well as losses associated with contributed or jointly developed intellectual property, or intellectual property developed at or about the same time as these investments. These types of investments are inherently risky, in some instances because customer demand and sales for the technologies or products under development may never materialize, may develop more slowly than expected, or may underperform relative to our expectations. If these companies do not succeed, we could lose or be required to write down some or all of our investment in these companies. As discussed in the risk factor" Legal proceedings may materially and adversely affect our business, results of operations, or cash flows", we may incur significant time, management resources, and costs to enforce our rights, protect our intellectual property and other assets, address disputes or legal claims that have arisen, are ongoing, or may arise in the future, and / or unwind, dispose of or terminate our arrangements with respect to these joint ventures and / or investments. There is no guarantee that the time and money invested by us in developing these projects, intellectual property, or product or product enhancements, will yield the expected returns on the anticipated timeline or at all.** 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 **to be** 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 **(" Varex Germany")** 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 **, February 2024, and August 2024** , 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 **, January 2024, and August 2024, respectively** . Each party is **, in effect,** 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. **In addition, in June 2024, Varex Germany filed an action in Germany for a (negative) declaratory judgment and an injunction against business damaging statements made by certain third parties, and in August 2024 and October 2024 Varex Germany and Varex Imaging Corporation filed additional lawsuits in Germany and the United States relating to intellectual property matters, breach of contracts and other matters. These disputes, including any determinations not in Varex Germany' s favor, have diverted, are diverting, and could in the future divert management' s attention, increase our costs, and otherwise adversely impact our business, results of operations, or cash flows. Our subsidiary Varex Imaging International AG holds a 75 % interest in Varex Imaging Arabia LLC. We currently have an ongoing dispute with our joint venture partner relative to the operation of the joint venture. This dispute could divert management' s time, attention, increase our costs, and otherwise adversely impact our business, results of operations, or cash flows.** 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 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 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 policies may not be available on acceptable terms or in sufficient amounts, if at all. If a material claim is not insured or is in excess of our insurance coverage, we ~~could~~ **may** have to pay substantial damages, which could have a material and adverse effect on our financial position and / or 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 supply chain disruptions have had, ~~are currently having,~~ and could ~~continue to~~ **in the future** have, an impact on our ability to manufacture certain products. **Any rise in future** ~~Inflation~~ **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~~ **our** 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 **and windows**, housings, glass frames, high- voltage cable, bearings, and various other components **, from a limited group of suppliers or from sole-source suppliers**. If ~~current~~ **our** suppliers cease producing these or other components, **prioritize other customers,** fail to provide products on our delivery timelines, or become **unable** ~~insufficiently solvent~~ to continue operations, ~~there can~~ **we may** be ~~no assurance that~~ **unable to obtain** 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 **could** (1) ~~may then also~~ require us to 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 delays in **the** 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~~ **unable** 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. **Demand** ~~Delivery schedules~~ for our security, industrial, and inspection products tend to be unpredictable **, leading to volatility in our revenues and earnings**. 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 **levels of government employment, government debt, and** government budgets and appropriations that are subject to economic conditions, ~~as well as~~ political changes **,** and oil prices. ~~As~~ **Even when government budgets and appropriations levels,** economic ~~growth remains sluggish in various jurisdictions~~ and **political conditions** ~~appears to be deteriorating in others~~, and ~~as concerns about levels of~~ **oil prices are favorable it is difficult to predict when** ~~government~~ **governments** ~~employment and government debt continue~~ **may issue requests for bids**, ~~this could cause~~ **complete their bid process and award tenders, which tends to lead to** 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~~ **provide assurance**, however, that patents will be issued from any of our pending or future patent applications or 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. We also jointly develop intellectual property with third parties and seek to protect our rights to such intellectual property through licenses and other contractual arrangements. 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. 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, 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. 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. 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 **entered** , and in the future **we** 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 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~~ **a** ~~materially~~ -- **material** ~~reduce~~ **reduction of** our revenues. ~~As~~ **Additionally, as** we expand our manufacturing capabilities outside of the United States, more of our intellectual property may be held in jurisdictions that **lack** ~~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. Information technology (including technology from third- party providers) helps us operate efficiently, interface with and support our customers, maintain financial accuracy and efficiency, and produce our financial statements. In the ordinary course of our business, we collect, process, and store sensitive data, including intellectual property, proprietary business information, and information of customers, suppliers, ~~and~~ business partners, **and** 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 **breaches and** attacks, including from computer viruses or other malicious codes, unauthorized access attempts **, employee misuse, human error** , 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 our data management **or other** systems do not effectively collect, secure, store, process, ~~and~~ **or** report relevant data for the operation of our business, whether due to equipment malfunction or constraints **, service interruptions** , 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- based software. A security breach, whether of our products, of our customers' network security and systems, or of third- 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 and expensive litigation, any of which could have a material and adverse effect on our financial results. Risks Relating to Our Legal and Regulatory Environment Changes in import / export regulatory regimes, tariffs, and national policies **have in the past and** could continue to negatively impact our business. As a component manufacturer, our products are integrated into the systems and products of our OEM customers. If the United States, China or other countries levy **new or increase existing** tariffs, import restrictions, duties or other additional taxes or restrictions on our ~~customer~~ **customers ' ' 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 that are incorporated into our products. Tariffs on these items have increased our costs and prices and lowered gross margins on some of our products, thereby having a direct adverse impact on our business and results of operations. China has also imposed retaliatory tariffs that impact a number of our products, including United States origin X- ray tubes, heat exchange units, and certain flat panel detectors. These tariffs have increased our customers' costs for products imported into China, which has caused us to make **, and may in the future require us to make,** price concessions on some products and has caused **, and may in the future cause,** some customers to stop purchasing our products. Tariffs could limit our ability **and our customers' ability** to compete ~~for increased market share~~ in China, which could cause our long- term prospects in China to suffer. The imposition of additional tariffs by the United States could result in the adoption of additional tariffs by China and other countries, as well as further retaliatory actions by any affected country, which could negatively impact ~~the~~ global ~~market for~~ imaging equipment **sales** and could have a significant adverse effect on our business. Both the governments of the United States and China have granted tariff exclusions that temporarily eliminate duties payable for specific commodities, providing partial relief from such tariffs, but **with certain exceptions,** they 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 the United States tariff exclusions are set to expire on ~~December~~ **May** 31, ~~2023~~ **2025**, unless extended. In addition to tariffs, China' s stated policy of reducing its dependence on foreign manufacturers and technology companies may result in reduced demand for our **products and our customers'** products in China, which could have a material adverse impact on our business, results of operations and financial position. There are risks that the Chinese government may, among other things, require the use 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 buy from local suppliers rather than companies like ours, all of which could adversely impact our business, results of operations and financial position. **Any of the foregoing factors could require us to reconsider our current operating model, including whether we can continue to operate in specifically impacted locations, or if we need to relocate or otherwise restructure existing operations. Such changes may require us to invest significant additional capital we had anticipated using for other purposes such as expanding existing operations, entering new markets, or paying down debt. Diversion of these funds from their anticipated uses could adversely impact our business, results of operations, financial position, and our ability to pay down or restructure our existing debt.** The Chinese government ~~recently initiated~~ investigations into corruption in its healthcare industry **is ongoing**. This has had a broad- based impact on the healthcare industry in China and slowed sales of healthcare products there. As a result, our sales in China have also slowed. We ~~expect~~ **currently anticipate** the ~~investigations~~ **campaign** to continue ~~into~~ **at least through the end of** fiscal year ~~2024~~ **2025**, and this could continue to adversely impact revenues in our China business. Increasing tensions between **countries, such as** China and Taiwan **, as well as local conflicts including the Ukraine- Russia war and the ongoing conflict in Israel and Gaza** may ~~cause~~ **lead** the United States and / or ~~China~~ **other countries** to impose ~~higher~~ **new** tariffs **and sanctions** ~~, commence trade wars, move more quickly to reduce their dependence on each other' s goods,~~ or **strengthen existing tariffs and sanctions,** enact boycotts ~~against each~~ **and embargoes, and otherwise seek to limit or stop** ~~other~~ -- **the ' s flow of** goods ~~,~~ **to or from involved countries. In the past such actions both in China** and ~~this~~ **Russia, have caused, and** could **in the future** cause **,** significant disruptions in the ~~markets~~ **regions** and industries we serve ~~,~~ and in our supply chain, **as well as** decrease demand from customers for the ultimate products using our solutions ~~,~~ and materially harm our business, financial condition **,** and ~~results~~ -- **result** of ~~operations~~ -- **operation**. ~~In response to~~ **We have experienced this both in China and** Russia **'** ~~s ongoing aggression against Ukraine, as substantially enabled by Belarus, the United States Department of Commerce strengthened its existing sanctions under the 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 for medical, health and 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- by- case basis. If licenses for the export of our product are denied, it could adversely affect our business and results of operations~~. A change in the percentage of our total earnings from international sales or additional changes in tax laws could increase our effective tax rate. Earnings from our international subsidiaries are generally taxed at rates that differ from United States rates. A change in the percentage of our total earnings from our international subsidiaries, a change in the mix of particular tax jurisdictions between our international subsidiaries, or a change in currency exchange rates could cause our effective tax rate to increase. Furthermore, while United States tax reform imposed a current tax on cumulative undistributed earnings, these earnings could also become subject to incremental foreign withholding or United States 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 legislation, if passed, including interpretive guidance, could ~~have a material~~ **materially** impact ~~on~~ **our** 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. Compliance with foreign laws and regulations applicable to the marketing, 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. 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, which can be time consuming, expensive, uncertain, and which can delay our ability to market products. 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, that indicates that a product meets the essential requirements of the EU' s Medical Device Directive (" MDD ") and the EU Medical Device Regulations. 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, 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. 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, **or** ~~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 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 a result** . 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, and compliance can be costly. The failure by 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 laws and regulations applicable to the marketing, 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 harm 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 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. Generally, our manufacturing operations for medical devices, and those of our third- party manufacturers, are required to comply with the QSR of the FDA, as well as other federal and state regulations for medical devices and radiation- emitting products. Failure to respond in a timely manner to a warning letter or any other 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 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, **product** 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 OEM customers~~ **We produce some products that** are ~~responsible for obtaining~~ **classified as" Class II" devices subject to** 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~~ **any** ~~existing currently marketed medical~~ **such products, or the development of a new Class II** device **would require us to obtain a new 501 (k) clearance** before we ~~can~~ **could** market or sell those products in the United States ~~or in connection with 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~~ . 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 **new products or for** modifications **to existing products** . Obtaining clearances or approvals is time consuming, expensive, and uncertain. 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~~ **potential customers** for the product. If we are unable to obtain required FDA clearance or approval for a product or are unduly delayed in doing so, or the uses of that product were limited, our business could suffer. 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 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 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 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 and 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 business. We are also subject to federal and state laws and regulations of general applicability relating to matters such as environmental protection, safe working conditions, manufacturing 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 certification and product registration laws and regulations **that** ~~, which~~ vary by country and are subject to change, and we may be unable to receive registration approval or renewal of existing registrations. We market and 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~~ **that** 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~~ **where we sell** 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 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, **and** ~~as well as~~ similar laws in foreign countries, such as the U. K. Bribery Act. 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 cause a loss of reputation ~~in the market~~. We operate in many countries, including India and China, where the public sector is perceived as being corrupt. Our strategic business plans include expanding our business in regions and countries that are rated as higher risk for corruption activity by Transparency International e. V., an international non- profit that publishes an annual corruption perception index, which could subject us and our officers and directors to increased scrutiny and increased liability from our business operations. 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 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~~ **areas** 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 throughout the world. Regulatory authorities in those jurisdictions may have the power to subject us to sanctions and impose changes or conditions in the way we conduct our business. An increasing number of jurisdictions provide private rights of action for competitors or consumers to assert claims of anti- competitive conduct and seek damages. Increased government scrutiny of our actions or enforcement or private rights of action could materially and adversely affect our business or damage our reputation. We may be required to conduct internal investigations or face audits or investigations by one or more domestic or foreign government 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 fines and 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. Laws and ethical rules governing interactions with healthcare providers. We 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~~ **laws** . We are subject to other laws in foreign countries where we conduct business. For example, within the EU, the control of unlawful marketing activities is a matter of national law in each of the member states. The member states of the EU closely monitor perceived unlawful marketing ~~activity~~ **activities** ~~by companies~~ . We could face civil, criminal, and 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 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, 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, 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. These are often comparable to, if not more stringent than, the equivalent regulations in the United States. 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 specific radioactive materials licenses. 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. Environmental laws impose compliance costs on our business and may also result in liability. Environmental 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. 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 **Medical Systems, Inc. (" Varian")** when we spun off from Varian, we are obligated to indemnify Varian for 20 % of the cleanup liabilities related to prior corporate restructuring activities undertaken while we were a division of Varian. This 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). We assess this indemnification obligation quarterly with Varian and make accruals accordingly. These

accruals have historically been small, but can sometimes fluctuate significantly from period to period. For example, during the second quarter of fiscal year 2023, Varian informed us of an adjustment to their estimate of their liability, which resulted in an increase in our liability of approximately $ 2. 9 million, net of expected insurance proceeds. 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~~ **by increasing the cost of** ~~maintain~~ **maintaining** our access to certain ~~markets~~ **customers**. All of these costs, and any future violations or liabilities under environmental laws or regulations, could have a material adverse effect on our business. ~~Environmental, Social, Governance Risks Our business is subject to evolving Environmental, Social, and 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, business, or financial condition. If we are unable to retain, attract, expand, integrate, and train our management team and other key personnel, we may not be 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 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 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 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 and decision making, and hamper overall organizational success.~~ Risks Relating to Our Indebtedness The ~~ABL~~ **Revolving Credit** Facility **, Equipment Credit 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. **Because our Convertible Notes mature in June 2025, failure to maintain sufficient liquidity and / or to refinance our Convertible Notes could result in a material adverse effect on our results of operations and financial position.** As of September ~~29~~ **27**, ~~2023~~ **2024**, our total combined indebtedness was approximately $ ~~448~~ **446. 6 million of principal, including $ 200**. 0 million of ~~principal, including our~~ 4. 00 % Convertible Senior Unsecured Notes due 2025 (the" Convertible Notes") and ~~our~~ **$ 243. 0 million of** 7. 875 % Senior Secured Notes due 2027 (the " Senior Secured Notes "). For more information regarding our borrowings, see Note 9, Borrowings of the Notes to **the** Consolidated Financial Statements of this report. **The** ~~Our $ 100 million revolving credit~~ **Credit Agreement** ~~facility (the " Asset- Based Loan~~, **Equipment Credit Agreement,** ~~" or" ABL Facility")~~ and the indenture governing our Senior Secured Notes impose significant operational and financial restrictions on us that include, but are not limited to our ability 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 cost of such borrowing; • challenged in satisfying our obligations, including our debt obligations; • 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; • required 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; • ~~at a disadvantage~~ **disadvantaged** 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~~ **Revolving Credit Facility, or Equipment Credit** 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, may result in the acceleration of any other debt that is subject to an applicable cross- acceleration or cross- default provision, and would permit the **respective** lenders under the ~~ABL~~ **Revolving Credit Facility and the Equipment Credit** Facility to terminate all commitments to extend further credit under ~~the~~ **those** ~~ABL Facility~~ **credit facilities** . Furthermore, if we were unable to repay the amounts due and payable under the ~~ABL~~ **Revolving Credit Facility or the Equipment Credit** Facility, those lenders could proceed against the collateral securing such indebtedness. In the event our lenders or holders of the notes 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 or our cash flow from operations is less** than expected, our cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets, or otherwise raise funds on acceptable terms, or at all, to refinance our debt **. Our Convertible Notes mature in June 2025, and the conversion price is currently significantly above the trading price of our common stock, so we currently anticipate we will need to refinance the Convertible Notes through a combination of borrowings under our Revolving Credit Facility and cash** . 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 ~~indentures~~ **indenture** relating to our **Senior Secured** ~~notes~~ **Notes** ~~limit~~ **limits** the use of the proceeds from any disposition of our assets. As a result, the ~~indentures~~ **indenture** may prevent us from using the proceeds from such dispositions to satisfy our debt service obligations. Our ability to continue to have the necessary liquidity to operate our business may be adversely impacted by a number of factors, and a deterioration of our results of operations and cash flow resulting from decreases in ~~consumer~~ **customer** spending, could, among other things, impact our ability to comply with the **consolidated** fixed charge coverage ratio **and the consolidated total net leverage ratio** contained in our ~~ABL~~ **Revolving Credit Facility and Equipment Credit** 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 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~~ **Revolving Credit Facility and our Equipment Credit** Facility; and interest rate fluctuations. 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~~ **Revolving Credit** Facility **and Equipment Credit Facility each** ~~contains~~ **contain** a minimum **consolidated** ~~Fixed~~ **fixed** ~~Charge~~ **charge** ~~Coverage~~ **coverage ratio of 1. 25 to 1. 00 and a maximum consolidated total net leverage ratio (the " CTNL** Ratio ~~of~~ **"). For the period from March 26, 2024 to the fiscal quarter ending June 27, 2025, the CTNL Ratio may not exceed 4. 25:** 1. 00 **, for the period from the fiscal quarter ending September 26, 2025** to **June 26, 2026, the CTNL Ratio may not exceed 3. 75:** 1. 00 ~~that~~ **, and for the period from the fiscal quarter ending September 25, 2026 and thereafter, the CTNL Ratio may not exceed 3. 50: 1. 00. Each ratio** is tested **on** ~~when excess availability under~~ the **last day** ~~ABL is less than the greater~~ of **each fiscal quarter** ~~(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~~ . Adverse developments in the economy in the past have led **,** and in the future could 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 **one or both of** ~~the~~ **these** ~~fixed charge coverage ratio~~ **ratios** . 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 could cause or avoid an increase or a decrease in the market price of our common stock or the Convertible Notes and could adversely affect the value of our common stock. Risks Relating to 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 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 ~~. Risks Relating to Our Spin- Off Liabilities related to our operations when we were part of Varian, or liabilities associated with 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. This agreement provides for, among other things, indemnification obligations designed to make Varex financially responsible for information contained in our registration statement that describes Varex, our separation from Varian, 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 we were required to indemnify Varian or if Varian 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. **Our business is subject to evolving Environmental, Social, and 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, business, or financial condition. If we are unable to retain, attract, expand, integrate, and train our management team and other key personnel, we may not be 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 other medical equipment and software manufacturers and technology companies, as well as universities and research institutions. We have observed a competitive labor market over the past several years, particularly in Utah, where unemployment rates are relatively low. As a result, compensation- related costs have increased and could continue to increase. 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 short- term gains. 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 and decision making, and hamper overall organizational success.**