UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number **0-16211**

DENTSPLY SIRONA Inc.

(Exact name of registrant as specified in its charter)

Delaware	**39-1434669**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
13320 Ballantyne Corporate Place, Charlotte, North Carolina	**28277-3607**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(844) 848-0137**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $.01 per share	**XRAY**	**The Nasdaq Stock Market LLC**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☐ No ☒
Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐
Emerging Growth Company ☐	If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐		

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the registrant's most recently completed second quarter ended June 30, 2021, was $13,791,201,522. Based on the closing price on June 30, 2021. For purpose of this calculation only, without determining whether the following are affiliates of the registrant, the registrant has assumed that (i) its directors and executive officers are affiliates, and (ii) no party who has filed a Schedule 13D or 13G is an affiliate.

The number of shares of the registrant's common stock outstanding as of the close of business on February 21, 2022 was 217,554,303.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2022 Annual Meeting are incorporated by reference into Part III of this Form 10-K/A.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

All statements in this Form 10-K/A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" and include statements related to our ability to successfully remediate the material weaknesses in our internal control over financial reporting disclosed in this Form 10-K/A in the manner currently anticipated. These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, many of which are outside of our control. Furthermore, many of these risks and uncertainties are currently amplified by and may continue to be amplified by the novel coronavirus ("COVID-19") pandemic and the impact of varying private and governmental responses that affect our customers, employees, vendors and the economies and communities where they operate. No assurance can be given that any expectation, belief, goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date they are made. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this Form 10-K/A or to reflect the occurrence of unanticipated events.

You should carefully consider these and other relevant factors, including those risk factors in Item 1A, "Risk Factors" of this Form 10-K/A and any other information included or incorporated by reference in this report, and information which may be contained in the Company's other filings with the SEC, when reviewing any forward-looking statement. Investors should understand it is impossible to predict or identify all such factors or risks. As such, you should not consider either foregoing lists, or the risks identified in the Company's SEC filings, to be a complete discussion of all potential risks or uncertainties associated with an investment in the Company.

EXPLANATORY NOTE

Dentsply Sirona Inc. ("Dentsply Sirona" or the "Company") is filing this Amendment No. 1 to the Annual Report on Form 10-K (this "Form 10-K/A") for the fiscal year ended December 31, 2021, originally filed with the Securities and Exchange Commission (the "SEC") on March 1, 2022 (the "2021 Form 10-K" or "Original Filing"), to make certain changes described below.

Restatement

On October 29, 2022, the Company, in consultation with the Audit and Finance Committee of its Board of Directors (the "Audit and Finance Committee"), reached a determination that the Company's consolidated financial statements and related disclosures for the three and nine months ended September 30, 2021 and for the fiscal year ended December 31, 2021 should no longer be relied upon because of certain misstatements contained in those financial statements. The Company has determined that it is appropriate to correct the misstatements in the Company's previously issued financial statements by amending the Original Filing and its Quarterly Report on Form 10-Q for the period ended September 30, 2021.

As first disclosed in the Company's Form 12b-25 filed on May 10, 2022, the Audit and Finance Committee has been conducting an internal investigation into certain financial reporting matters. That investigation has been completed, and the results are discussed in this Explanatory Note. As a result of a separate but concurrent review by the Company of the accounting for various customer incentive arrangements unrelated to the transactions subject to the internal investigation (the "Accounting Review"), management identified errors related to certain customer incentive programs. During the Accounting Review, it was also determined that the Company utilized incorrect accounting and assumptions in the determination of estimates related to its sales returns provisions, warranty reserve provisions and variable consideration. Management identified misstatements for the three and nine months ended September 30, 2021 and for the fiscal year ended December 31, 2021, in each case, that the Company deemed to be material when considered together with certain quantitative and qualitative considerations such as the fact that the misstatements masked a failure to meet internal financial targets and external financial analyst expectations for the three months ended September 30, 2021 and due to the material weaknesses identified through the course of the Audit and Finance Committee's investigation.

For a more detailed discussion of the correction of these accounting errors, refer to Note 1 Significant Accounting Policies and Restatement included in Part II, Item 8, Notes to the Consolidated Financial Statement, of this Form 10-K/A. For more information about the specific material weaknesses in internal control over financial reporting and the Company's remedial actions, please see Management's Report on Internal Control Over Finanical Reporing within Part II, Item 8 Financial Statements and Supplementary Data of this Form 10-K/A.

Audit and Finance Committee Investigation

North America Investigation

On May 10, 2022, the Company announced that the Audit and Finance Committee, assisted by independent legal counsel and forensic accountants, commenced an internal investigation in March 2022 of allegations regarding certain financial reporting matters submitted by current and former employees of the Company. The Audit and Finance Committee's investigation was focused on the Company's use of incentives to sell products to certain distributors in North America in the third and fourth quarters of 2021, whether those incentives were appropriately accounted for, and whether the impact of the sales to which they were applied were adequately disclosed in the Company's periodic reports filed with the SEC. The Audit and Finance Committee also investigated allegations that certain former members of senior management may have directed the Company's use of these incentives and other actions to achieve executive compensation targets in 2021. We refer to this portion of the Audit and Finance Committee's investigation as the North America Investigation.

In the North America Investigation, the Audit and Finance Committee concluded that there was no evidence of intentional wrongdoing or fraud. The Audit and Finance Committee determined that certain former members of senior management, including the Company's former Chief Executive Officer and former Chief Financial Officer, violated provisions of the Company's Code of Ethics and Business Conduct. In addition, these former members of senior management did not maintain and promote an appropriate control environment focused on compliance in areas of the Company's business, nor did they sufficiently promote, monitor or enforce adherence to the Code of Ethics and Business Conduct. The North America Investigation found that certain former members of senior management, including the former Chief Executive Officer and the former Chief Financial Officer, created a culture where employees did not feel comfortable raising concerns without fear of retaliation. In addition, the North America Investigation substantiated certain allegations regarding inappropriate tone at the top by the former Chief Executive Officer and the former Chief Financial Officer.

The North America Investigation identified instances in which the Company's distributors in North America were offered incremental incentives, including extended payment terms, to purchase products in order for the Company to attempt to meet certain internal sales targets in the third and fourth quarters of 2021. These incentives were offered in conjunction with Net sales transactions amounting to approximately \$38 million and \$70 million in the third and fourth quarters of 2021, respectively, which in turn contributed to higher levels of distributor inventory at the end of such periods, and lower sales to these distributors in the first and second quarters of 2022. The North America Investigation's analysis of the incremental incentives and related sales, which included examination of documents supporting the accounting and revenue recognition for both the incentives and related sales, identified two insignificant accrual errors. However, these incremental incentives and the sales to which they applied contributed to the Company's ability to meet external financial analyst expectations in the third quarter of 2021. The North America Investigation also found that there were inadequate processes in place for approval of these incentives and that the Company also had inadequate processes for maintaining or providing copies of agreements or arrangements with distributors to the accounting department. The North America Investigation noted potential omissions in public disclosures made by the Company regarding the use of these incentives or their potential future impacts in the third and fourth quarters of 2021. However, the North America Investigation did not find evidence that the former Chief Executive Officer and former Chief Financial Officer specifically directed the Company's use of incentives to achieve executive compensation targets in 2021. Additionally, the investigation noted that the Company's independent registered accounting firm was not informed of these incremental incentive arrangements in conjunction with the 2021 audit of the consolidated financial statements. Finally, the North America Investigation also identified findings regarding potential control deficiencies. For more information about these material weaknesses and other identified material weaknesses in internal control over financial reporting and the Company's remedial actions, please see Part II, Item 8 Management's Report on Internal Control Over Financial Reporting.

Based on the results of the North America Investigation, the Company further analyzed these product shipments and corresponding incentive arrangements between the Company and its distributors and determined that, with the exception of the errors pertaining to the Accounting Review described above, sales were properly recorded in each of the respective periods in accordance with ASC 606, Revenue from Contracts with Customers ("ASC 606").

China Investigation

While the North America Investigation was ongoing, the Audit and Finance Committee was informed in June 2022 that the Company had identified higher returns of products from distributors in China during the fourth quarter of 2021 that did not align with historical trends identified through an operational audit executed by the Company's Corporate Audit department. Accordingly, the Audit and Finance Committee determined that the scope of the internal investigation should be expanded to analyze the increase in returns of products in China during the fourth quarter of 2021. We refer to this portion of the Audit and Finance Committee's investigation as the China Investigation.

The China Investigation found that the Company processed returns and/or exchanges that were not in accordance with the return and/or exchange provisions contained in existing distributor agreements and sales contracts in China. The China Investigation also found that members of the Company's local commercial team in China failed to provide information requested by the Company's local accounting organization in connection with the return and/or exchange of products in China during the fourth quarter of 2021. The China Investigation concluded that these employees, as well as the head of the Company's Asia-Pacific commercial organization, committed intentional wrongdoing by failing to provide requested information to the Company's local accounting organization, by obstructing the work of the accounting team, and by lacking truthfulness in providing information to the Company and to the Audit and Finance Committee as part of the China Investigation. The China Investigation also determined that these actions by certain members of the Company's local commercial team in China, as well as the former Chief Financial Officer and the head of the Company's Asia-Pacific commercial organization violated the Company's Code of Ethics and Business Conduct. These employees, including the head of the Company's Asia-Pacific commercial organization, also did not maintain and promote an appropriate control environment in certain areas of the Company's business focused on compliance, nor did they sufficiently promote, monitor or enforce adherence to the Company's Code of Ethics and Business Conduct. The China Investigation also identified concerns regarding control deficiencies, including ineffective communication among the China commercial operations, financial planning & analysis ("FP&A") and accounting teams, resulting in a heightened risk of incomplete or insufficient information required to maintain accurate books and records related to incentive provisions, specifically concerning expanded concessions regarding the return or exchange of products from distributors. For more information about the specific material weaknesses in internal control over financial reporting and the Company's remedial actions, please see Part II, Item 8 Management's Report on Internal Control Over Financial Reporting within this Form 10-K/A.

The failure to appropriately account for these returns and/or exchanges and allowing for the product exchanges referred to above resulted in an overstatement of Net sales in the third quarter of 2021 of approximately $4 million which should have been recorded in the fourth quarter of 2021, and is reflected in the restated interim financial statements for the three and nine month periods ended September 30, 2021 included in the Company's Amendment No. 1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "Form 10-Q/A"). For a more detailed discussion of the correction of these accounting errors, refer to Note 1, Significant Accounting Policies and Restatement, to the consolidated financial statements of the Company included in Part II, Item 8 of this Form 10-K/A.

Controls and Procedures

In connection with the restatement of the financial statements and related disclosures for the three and nine months ended September 30, 2021 and for the fiscal year ended December 31, 2021, management re-evaluated the effectiveness of the Company's internal control over financial reporting and identified material weaknesses in the Company's internal control over financial reporting as of September 30, 2021 described in Part II, Item 8 Management's Report on Internal Control Over Financial Reporting of this Form 10-K/A. These material weaknesses remained in place as of December 31, 2021. The Company's current Chief Executive Officer and current Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2021, due to the material weaknesses described in Part II, Item 8 Management's Report on Internal Control Over Financial Reporting of this Form 10-K/A. Accordingly, the Company is filing this Form 10-K/A to amend management's assessment of the Company's disclosure controls and procedures to conclude that they were not effective due to the identification of material weaknesses as of December 31, 2021. Additionally, PwC is amending its Report of Independent Registered Public Accounting Firm to reflect the identification of these material weaknesses in the Company's internal control over financial reporting as of December 31, 2021.

Amendment to Form 10-K

In accordance with Rule 12b-15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the following Items of the Original Filing have been amended and restated and the complete text of those is set out in this Form 10-K/A:

Part I - Item 1A.	Risk Factors
Part II - Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations
Part II - Item 8.	Financial Statements and Supplementary Data
Part II - Item 9A.	Controls and Procedures
Part IV - Item 15.	Exhibits and Financial Statement Schedules

Please note that the only changes to the Original Filing are those related to the matters described herein and only in the Items listed above. Item 1A “Risk Factors” has been updated to reflect risks as of the date of this amended filing. Except as described above, no changes have been made to the Original Filing, and this Form 10K/A does not modify, amend or update any of the other financial information or other information contained in the Original Filing. In addition, in accordance with SEC rules, this Form 10-K/A includes updated certifications from our Chief Executive Officer and Chief Financial Officer as Exhibits 31.1, 31.2 and 32. Otherwise, the information contained in this Form 10-K/A is as of the date of the Original Filing and does not reflect any information or events occurring after the date of the Original Filing. Such subsequent information or events include, among others, the information and events described in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2022 and June 30, 2022, each of which are being filed concurrently with this Form 10-K/A, and the information and events described in our Current Reports on Form 8-K filed subsequent to the date of the Original Filing. For a description of such subsequent information and events, please read our reports filed pursuant to the Exchange Act subsequent to the date of the Original Filing, which update and supersede certain information contained in the Original Filing and this Form 10-K/A.

DENTSPLY SIRONA Inc.
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PART I

Item 1A. Risk Factors

Summary

The following is a summary of the significant risk factors that could materially impact the Company's business, financial condition or future results, including risks related to COVID-19, risks related to our businesses, risks related to our international operations, risks related to our regulatory environments, risks related to ownership of our common stock, and general risks:

- The Company's revenue, results of operations, cash flow, and liquidity may be materially adversely impacted by the ongoing COVID-19 outbreak.
- Management identified material weaknesses in the Company's internal control over financial reporting that resulted in errors in financial statements. If the Company fails to remediate these material weaknesses or experiences additional material weaknesses in the future, it may be unable to accurately and timely report financial results or comply with the requirements of being a public company, which could cause the price of the Company's common stock to decline and harm its business.
- We reached a determination to restate certain of our previously issued consolidated financial statements, which resulted in unanticipated costs and may affect investor confidence and raise reputational issues.
- The Company may be subject to litigation and regulatory examinations, investigations, proceedings or orders as a result of or relating to our internal investigation and our failure to timely file our Quarterly Reports with the SEC and if any of these items are resolved adversely against us, it could harm our business, financial condition and results of operations.
- We were not timely in filing our Quarterly Reports on Form 10-Q with the SEC for the periods ended March 31, 2022 and June 30, 2022, and, as a result, are not in compliance with the listing standards of the Nasdaq Stock Market. We cannot assure you that we will be able to continue to comply with Nasdaq's listing standards and the liquidity of our common stock could be adversely affected if we are delisted from the Nasdaq Stock Market.
- Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital, and restricts our ability to issue equity securities.
- Lack of global standardized processes and/or centralization of transaction management and/or execution could result in control deficiencies and impact management's assertions and financial reporting.
- The Company may be unable to execute key strategic activities due to competing priorities and strategies of its distribution partners and other factors, which may result in financial loss and operational inefficiencies.
- The Company relies heavily on information and technology to operate its businesses, and any cyber incidents with respect to its information and technology infrastructure, whether by deliberate attacks or unintentional events, could harm theCompany's operations.
- Privacy concerns and laws, evolving regulation of cross-border data transfer restrictions and other regulations may adversely affect our business.
- The success of our business depends in part on achieving our strategic objectives, including through acquisitions and dispositions, and strategic investments.
- The Company may be unable to develop innovative products or stimulate customer demand.
- The Company's ongoing business operations may be disrupted for a significant period of time, resulting in material operating costs and financial losses.
- The Company may fail to realize the expected benefits of its strategic initiatives, including its announced cost reduction and restructuring efforts.
- The Company has recognized substantial goodwill impairment charges, most recently in 2020, and may be required to recognize additional goodwill and indefinite-lived intangible asset impairment charges in the future.
- The Company's failure to obtain issued patents and, consequently, to protect the Company's proprietary technology could hurt the Company's competitive position.
- The Company's profitability could suffer if third parties infringe upon the Company's intellectual property rights or if the Company's products are found to infringe upon the intellectual property rights of others.
- Changes in the Company's credit ratings or macroeconomic impacts on credit markets may increase our cost of capital and limit financing options.
- The Company has a significant amount of indebtedness. A breach of the covenants under the Company's debt instruments outstanding from time to time could result in an event of default under the applicable agreement.
- The Company may not be able to repay its outstanding debt in the event that it does not generate sufficient cash flow to service its debts and cross default provisions may be triggered due to a breach of loan covenants.
- The Company's hedging and cash management transactions may expose the Company to loss or limit the Company's potential gains.
- Certain of the Company's products are dependent on consumer discretionary spending.
- Due to the Company's international operations, the Company is exposed to the risk of changes in foreign exchange rates.

- Due to the international nature of our business, including increasing exposure to markets outside of the U.S. and Europe, political or economic changes or other factors could harm our business and financial performance.
- Changes in or interpretations of tax rules, operating structures, transfer pricing regulations, country profitability mix and regulations may adversely affect the Company's effective tax rates.
- The Company may be unable to obtain necessary product approvals and marketing clearances.
- Inadequate levels of reimbursement from governmental or other third-party payers for procedures using the Company's products may cause the Company's revenue to decline.
- Challenges may be asserted against the Company's products due to real or perceived quality, health or environmental issues.
- If we fail to comply with laws and regulations relating to health care fraud, we could suffer penalties or be required to make significant changes to the Company's operations, which could adversely affect the Company's business.
- The Company's business is subject to extensive, complex and changing domestic and foreign laws, rules, regulations, self-regulatory codes, directives, circulars and orders that failure to comply with which, if not complied with, could subject us to civil or criminal penalties or other liabilities.
- The Company's quarterly operating results and market price for the Company's common stock may continue to be volatile.
- Certain provisions in the Company's governing documents, and of Delaware law, may make it more difficult for a third party to acquire the Company.
- The loss of members of our senior management and the resulting management transition might harm our future operating results.
- Talent gaps and failure to manage and retain top talent may impact the Company's ability to grow the business.
- The Company faces the inherent risk of litigation and claims.
- Climate change and related natural disasters could negatively impact the Company's business and financial results.

Below is a full description of each of such significant risk factors. The risk factors included are identical to those included in the Form 10-Q/A the Company is filing concurrently with this 10-K/A and are as of the date of the amended filings.

RISKS RELATED TO COVID-19

The Company's revenue, results of operations, cash flow and liquidity may be materially adversely impacted by the ongoing COVID-19 outbreak.

The Company continues to closely monitor the global impacts of the COVID-19 pandemic, including the recent resurgence of infections and associated COVID-19 variants, which may have a significant negative effect on, revenue, results of operations, cash flow, and liquidity. Governmental authorities and private enterprises globally are continuing to implement actions to mitigate the COVID-19 pandemic, including restrictions on public gatherings, travel and commercial operations, temporary closures or decreased operations of dental offices, as well as certain government mandates to limit certain dental procedures to those that could be considered emergency only. These measures and the impact of COVID-19 generally, may result in, or continue to result in:

- supply chain disruptions for products we sell, including the inability to obtain raw materials, the inflated price of inputs, disruptions of the operations of our logistics, service providers and the resulting delays in shipments;
- continuing or new partial or country-wide business lockdowns in various markets;
- temporary closures or significantly reduced operations at most of the Company's principal manufacturing and distribution locations, including furloughing employees related to these locations, which could reduce the Company's ability to manufacture and deliver products to customers;
- global reductions in customer demand for certain of the Company's products and services;
- a shift in service delivery options and customer expectations in regard to service delivery options;
- decreased financial viability of the Company's suppliers, which could cause them to change the terms on which they are willing to provide products;
- the inability or failure of customers to timely meet payment obligations or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties, which may have a negative material impact on the Company's cash flow, liquidity and statements of operations;
- fear of exposure to or actual effects of the COVID-19 pandemic in countries where operations or customers are located and may lead to decreased procedures at dental offices. The impacts include, but are not limited to, significant reductions or volatility in demand and increased pricing pressures for one or more of the Company's products;
- a recession or prolonged period of economic slowdown, which may significantly reduce the Company's cash flow and negatively impact the cost and access to capital and funding sources for the Company;
- the Company's inability to maintain compliance with covenants under the revolving credit facilities; or

- the reduced availability of key employees or members of management due to quarantine or illness as a result of COVID-19 may temporarily affect the financial performance and results of operations. If the Company is unable to mitigate these or other similar risks, its business, results of operations, and financial condition may be adversely affected.

The Company does not yet know the full extent of the ultimate impact of the continued COVID-19 pandemic on its business, operations, or the global economy. Given the dynamic nature of the COVID-19 outbreak, it is very difficult to predict the severity of the impact on the Company's business. The extent of such impact will depend on future developments, which are highly uncertain and cannot be predicted with certainty, including new information which may emerge concerning the spread and severity of outbreak, including COVID-19 variants, and actions taken to address the impacts, among others. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19. To the extent that the COVID-19 outbreak continues to adversely affect the business and financial performance, it also could heighten many of the other risks described in this report.

RISKS RELATED TO OUR RESTATEMENT AND INTERNAL CONTROLS

Management identified material weaknesses in the Company's internal control over financial reporting that resulted in errors in financial statements. If the Company fails to remediate these material weaknesses or experiences additional material weaknesses in the future, it may be unable to accurately and timely report financial results or comply with the requirements of being a public company, which could cause the price of the Company's common stock to decline and harm its business.

Management identified material weaknesses in internal controls over financial reporting in conjunction with the Audit and Finance Committee's investigation described in the Explanatory Note of this Form 10-K/A. The description of the material weaknesses that were determined to exist as of December 31, 2021 is included under Item 8 of this Form 10-K/A.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected in a timely basis.

While we are taking steps to address the identified material weaknesses and prevent additional material weaknesses from occurring, it cannot be assured that the measures the Company has taken to date, and is continuing to implement, will be sufficient to remediate these material weaknesses or to avoid potential future material weaknesses. Accordingly, there could continue to be a reasonable possibility that the material weaknesses identified, or other material weaknesses or deficiencies identified in the future, could result in a misstatement of accounts or disclosures that would result in a material misstatement of the Company's financial statements that would not be prevented or detected on a timely basis or cause us to fail to meet our obligations under securities laws, stock exchange listing rules, or debt instrument covenants to file periodic financial reports on a timely basis. Any of these failures could result in adverse consequences that could materially and adversely affect the Company's business, including an adverse impact on the market price of its common stock, potential action by the SEC, shareholder lawsuits, delisting of the Company's stock, and general damage to its reputation. The Company has incurred and expects to incur additional costs to rectify the material weaknesses or new issues that may emerge, and the existence of these issues could adversely affect its reputation or investor perceptions. The Company maintains director and officer liability insurance, for which it must pay substantial premiums. The additional reporting and other obligations resulting from these material weaknesses, including any litigation or regulatory inquires that may result therefrom, increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities.

We reached a determination to restate certain of our previously issued consolidated financial statements, which resulted in unanticipated costs and may affect investor confidence and raise reputational issues.

As discussed in the Explanatory Note, in Note 1, Significant Accounting Policies and Restatement in this Form 10-K/A, we also reached a determination to restate our consolidated financial statements and related disclosures for the three and nine months ended September 30, 2021 and for the year ended December 31, 2021 following the identification of certain misstatements contained in those financial statements, which resulted in an overstatement of Net sales for the fiscal year ended December 31, 2021 by approximately $20 million. We have determined that it is appropriate to correct the misstatements in our previously issued financial statements by amending and restating the Original Filing. The restatement also included corrections for additional identified out-of-period and uncorrected misstatements in the impacted periods. As a result, we have incurred unanticipated costs for accounting and legal fees in connection with or related to the restatement, and have become subject to a number of additional risks and uncertainties, which may affect investor confidence in the accuracy of our financial disclosures and may raise reputational issues for our business.

The Company may be subject to litigation and regulatory examinations, investigations, proceedings or orders as a result of or relating to our internal investigation and our failure to timely file our Quarterly Reports with the SEC and if any of these items are resolved adversely against us, it could harm our business, financial condition and results of operations.

As previously disclosed, we voluntarily contacted the SEC to advise that the Audit and Finance Committee was conducting an independent investigation regarding certain financial reporting matters, and we are continuing to cooperate with the SEC. The SEC's investigation is ongoing and was not resolved when the Audit and Finance Committee completed the internal investigation or when the 2021 Form 10-K/A was filed. We intend to fully cooperate with the SEC regarding this matter. Additionally, several securities class action lawsuits were filed against us following our announcement on May 10, 2022 of the Audit and Finance Committee's internal investigation. Our failure to timely file our Quarterly Reports on Form 10-Q with the SEC, as well as our reported material weaknesses in internal control over financial reporting, may subject us to additional litigation and regulatory examinations, investigations, proceedings or orders, including additional cease and desist orders, the suspension of trading of our securities, delisting of our securities, the assessment of civil monetary penalties, and other equitable remedies. Our management has devoted and may be required to devote significant time and attention to these matters. If any of these matters are resolved adversely against us, it could harm our business, financial condition and results of operations. Additionally, while we cannot estimate our potential exposure to these matters at this time, we have already expended a significant amount of time and resources investigating the claims underlying and defending these matters and expect to continue to need to expend our resources to conclude these matters. For further information, see Note 22, Commitments and Contingencies, discussing the securities class action lawsuits, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A.

We were not timely in filing our Quarterly Reports on Form 10-Q with the SEC for the periods ended March 31, 2022 and June 30, 2022, and, as a result, are not in compliance with the listing standards of the Nasdaq Stock Market. We cannot assure you that we will be able to continue to comply with Nasdaq's listing standards and the liquidity of our common stock could be adversely affected if we are delisted from the Nasdaq Stock Market.

On May 12, 2022, the Company received notice from The NASDAQ Stock Market LLC ("Nasdaq") that, because the Company had not yet filed its Quarterly Report on Form 10-Q for the period ended March 31, 2022 (the "First Quarter 10-Q") with the SEC, the Company was no longer in compliance with the continued listing requirements under Nasdaq Listing Rule 5250(c)(1), which requires Nasdaq-listed companies to timely file all periodic reports with the SEC.

As previously disclosed by the Company and further discussed in this Form 10-K/A, the Company had been unable to file the First Quarter 10-Q for the period ended March 31, 2022 because the Company's Audit and Finance Committee, together with independent outside counsel, was conducting an investigation concerning the Company's use of incentives to sell products to distributors in the third and fourth quarters of 2021, whether those incentives were appropriately accounted for and whether the impact of those sales was adequately disclosed in the Company's periodic reports filed with the SEC. This investigation remained ongoing during the period ended June 30, 2022, and resulted in the Company being unable to timely file its Quarterly Report on Form 10-Q for the period ended June 30, 2022 (the "Second Quarter 10-Q").

On August 12, 2022, the Company received a notice from Nasdaq regarding its continued non-compliance with Nasdaq Listing Rule 5250(c)(1). In response, on August 13, 2022, the Company submitted an updated plan for compliance with a request to Nasdaq for additional time to demonstrate compliance with the listing rules. Nasdaq has granted the Company an extension of time until November 7, 2022 to regain compliance with the listing rules by filing the First Quarter 10-Q and the Second Quarter 10-Q with the SEC by the extension date.

There is no assurance, however, that we will regain compliance during the extension grace period or be able to maintain compliance with Nasdaq's listing requirements in the future. If we are not able to regain compliance during the extension grace period, Nasdaq will notify us that our common stock will be suspended and subject to delisting. If we are subject to delisting, we may appeal Nasdaq's determination to delist to a hearings panel. During any appeal process, shares of our common stock would continue to trade on Nasdaq.

If our common stock were delisted from Nasdaq, we and our shareholders could face significant material adverse consequences, including those involving:

- the liquidity of our common stock;
- the market price of our common stock;
- changes in our credit ratings;
- our ability to raise additional capital;
- our ability to refinance existing debt or obtain additional financing to support operations;
- our ability to maintain compliance with covenants in our existing debt instruments, including a breach of the covenants under our debt instruments outstanding that could result in an event of default under the applicable agreement;
- the number of institutional and general investors that will consider investing in our common stock;
- the number of market makers in our common stock;
- the availability of information concerning the trading prices and volume of our common stock; and
- the number of broker-dealers willing to execute trades in shares of our common stock.

Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital and restricts our ability to issue equity securities.

We did not timely file our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2022 and June 30, 2022 within each respective timeframe required by the SEC, meaning we have not remained current in our reporting requirements with the SEC. This limits our ability to access the public markets to raise debt or equity capital, which could prevent us from pursuing transactions or implementing business strategies that we might otherwise believe are beneficial to our business. We are not currently eligible to use a registration statement on Form S-3 that allows us to continuously incorporate by reference our SEC reports into the registration statement, or to use "shelf" registration statements to conduct offerings, until approximately one year from the date we regain and maintain status as a current filer. If we wish to pursue a public offering now, we would be required to file a registration statement on Form S-1 and have it reviewed and declared effective by the SEC. Doing so would take significantly longer than using a registration statement on Form S-3 and increase our transaction costs, and the necessity of using a Form S-1 for a public offering of registered securities could, to the extent we are not able to conduct offerings using alternative methods, adversely impact our ability to raise capital or complete acquisitions of other companies in a timely manner.

Lack of global standardized processes and/or centralization of transaction management and/or execution have resulted and could continue to result in control deficiencies and could impact management's assertions and financial reporting.

The Company's implementation of its business plans, restructuring plans and compliance with regulations requires that the Company effectively manage its financial infrastructure, including standardizing processes, maintaining proper financial reporting and internal controls. The Company continues to focus on standardizing its processes, improving its financial systems, maintaining effective internal controls and centralizing transaction management and/or execution so as to provide continued assurance with respect to the Company's financial reports, support the continued growth of the business, and prevent financial misstatement or fraud. Non-standardized processes and ineffective controls could result in an inability to aggregate and analyze data in a timely and accurate manner and may lead to inaccurate or incomplete financial and management reporting and delays in financial reporting to management, regulators and/or shareholders. Inaccurate or incomplete financial reporting and disclosures could also result in noncompliance with applicable business and regulatory requirements and the incurring of related penalties.

Additionally, internal control over financial reporting may not prevent or detect all misstatements or omissions because of certain limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. As a result, even effective internal controls may not provide reasonable assurances with respect to the preparation and presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become either obsolete or inadequate as a result of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If the Company fails to maintain adequate internal controls, including any failure to implement required new or improved controls, or if the Company experiences difficulties in implementing new or revised controls, the Company's business and operating results could be harmed and the Company could fail to meet the Company's reporting obligations.

Further, the Company currently has disparate systems, including enterprise resource planning systems, across the organization which may result in the potential inability to obtain and analyze business data and increases in budgets due to higher costs stemming from system upgrades, and may pose business partner connection challenges. As a result, the data required to manage the business may not be complete, accurate or consistent, resulting in the potential for misleading or inaccurate reporting for key business decisions.

RISKS RELATED TO OUR BUSINESSES

The Company may be unable to execute key strategic activities due to competing priorities and strategies of its distribution partners and other factors, which may result in financial loss and operational inefficiencies.

As part of the restructuring plan adopted in November 2018, the Company announced that it intends to grow revenues, expand margins and simplify the business. The Company continues to generate a substantial portion of its revenue through a limited number of distributors which provide important sales, distribution and service support to the end-user customers. Together, the Company's two largest distributors, Patterson and Henry Schein, accounted for approximately 13% of the Company's annual revenue for the year ended December 31, 2021, and it is anticipated that they will continue to be the largest distribution contributors to the Company's revenue through 2022. The Company may be unable to execute its key strategic activities and investments due to the competing priorities of its distribution partners which may introduce competing private label, generic, or low-cost products that compete with the Company's products at lower price points, particularly in the Technologies & Equipment segment products that are sold and serviced through distributor channels. If these competing products capture significant market share or result in a decrease in market prices overall, this could have a negative impact on the Company's results of operations and financial condition.

Additionally, some parts of the dental market continue to be impacted by price competition that is driven in part by the consolidation of dental practices, innovation and product advancements, and the price sensitivity of end-user customers. There can be no assurance that the Company's distribution partners will purchase any specified minimum quantity of products from the Company or that they will continue to purchase any products at all. If Patterson or Henry Schein ceases to purchase a significant volume of products from the Company, or if changes in the Company's promotional strategies and investments result in changes in the Company's distributor relationships or short-term uneven growth, it could have a material adverse effect on the Company's results of operations and financial condition.

The Company relies in part on its dealer and customer relationships and predictions of dealer and customer inventory levels in projecting future demand levels and financial results. These inventory levels may fluctuate, and may differ from the Company's predictions, resulting in the Company's projections of future results being different than expected. These changes may be influenced by changing relationships with the dealers and customers, economic conditions and customer preference for particular products. There can be no assurance that the Company's dealers and customers will maintain levels of inventory in accordance with the Company's predictions or past history, or that the timing of customers' inventory build-up or liquidation will be in accordance with the Company's predictions or past history. Additionally, the Company periodically upgrades or replaces its various software systems, including its customer relationship management systems. If the Company encounters unforeseen problems with new systems or in migrating away from our existing applications and systems, our operations and our ability to manage our business could be negatively impacted.

The Company relies heavily on information and technology to operate its businesses, and any cyber incidents with respect to its information and technology infrastructure, whether by deliberate attacks or unintentional events, could harm the Company's operations.

The Company is exposed to the risk of cyber incidents, which can result from deliberate attacks or unintentional events, in the normal course of business. The Company uses web-enabled and other integrated information and technology systems in delivering its services and expects that the breadth and complexity of the Company's information and technology systems will increase as the Company expands its products offerings to utilize artificial intelligence and analytics. As a result, the Company will increasingly be exposed to risks inherent in the development, integration and operation of its evolving information and technology infrastructure, including:

- security breaches, viruses, cyberattacks, ransomware or other malware or other failures or malfunctions;
- disruption, impairment or failure of data centers, telecommunications facilities or other infrastructure platforms
- failures during the process of upgrading or replacing software, databases or components contained in the information and technology infrastructure;
- the compromise or unauthorized disclosure of sensitive or proprietary information related to the Company's business and customers;
- excessive costs, excessive delays or other deficiencies in systems development and deployment;
- an unintentional event that involves a third-party gaining unauthorized access to the Company's systems or proprietary information; and
- power outages, damage or interruption from fires or other natural disasters, hardware failures.

Any disruptions to or impairment in the Company's or its service providers' information and technology infrastructures could pose a threat to the Company's operations and harm its business.

The Company continues to observe an increased levels of cyber threats focused on gaining unauthorized access to its information and technology infrastructure for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Although the Company takes measures designed to protect such information from unauthorized access, use or disclosure, the Company's and its service providers' infrastructures and storage applications may be impaired due to unauthorized access by hackers, ransomware, phishing attacks, human error, malfeasance, natural disasters, telecommunications and electrical failures and other disruptions. For example, the Company may be the victim of cyber-attacks, targeted at the theft of financial assets, intellectual property, employee information, personal information of individuals and customers, or other sensitive information. Cyber threats are rapidly evolving and are becoming increasingly sophisticated. Like other large, global companies, the Company has experienced and expects to continue to experience cyber threats from time to time. The Company cannot provide assurances that, despite the Company's efforts to ensure the integrity of the Company's systems and the measures that the Company or its service providers take to anticipate, detect, avoid or mitigate such threats, a future cyber-attack would not result in material harm to the Company or its business and results of operations. For example, certain techniques used to obtain unauthorized access, introduce malicious software, disable or degrade service, or sabotage systems may be designed to remain dormant until a triggering event and the Company may be unable to anticipate these techniques or implement adequate preventative measures since techniques change frequently or are not recognized until launched, and because cyber attacks can originate from a wide variety of sources. These data breaches and any unauthorized access or disclosure of the Company's information could compromise intellectual property and expose sensitive business information. The Company's policies, employee training (including phishing prevention training), procedures and technical safeguards may be insufficient to prevent or detect improper access to confidential, proprietary or sensitive data, including personal data. Cyber attacks could also cause the Company to incur significant remediation costs, disrupt key business operations and divert attention of management and key information technology resources.

The Company also faces the ongoing challenge of managing access controls to its information and technology infrastructure. The Company has experienced various types of cyber incidents in the past and as the result of such incidents, the Company has implemented new controls, governance, technical protections and other procedures. If the Company does not successfully manage these access controls it could expose the Company to risk of security breaches or disruptions. Any such security breaches or disruptions could compromise the security or integrity of the Company's networks or result in the loss, misappropriation, and/or unauthorized access, use, modification or disclosure of, or the prevention of access to, sensitive data or confidential information (including trade secrets or other intellectual property, proprietary business information, and personal information). If the Company's information systems are breached, sensitive and proprietary data is compromised, surreptitiously modified, rendered inaccessible for any period of time or made public, or if the Company fails to make adequate or timely disclosures to affected individuals, appropriate state and federal regulatory authorities or law enforcement agencies, it could result in significant fines, penalties, orders, sanctions and proceedings or actions against the Company by governmental or other regulatory authorities, customers or third parties. The Company may incur substantial costs and suffer other negative consequences such as liability, reputational harm and significant remediation costs and experience material harm to the Company's business and financial results if the Company experiences cyber incidents in the future.

The materialization of any of these risks may impede the utilization of Company product offerings, the processing of data and the day-to-day management of the Company's business and could result in the corruption, loss or unauthorized disclosure of proprietary, confidential or other data. Disaster recovery plans, where in place, might not adequately protect the Company in the event of a system failure. Further, the Company currently does not have excess or standby computer processing or network capacity everywhere in the world to avoid disruption in the receipt, processing and delivery of data in the event of a system failure. Despite any precautions the Company take, damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins, human error and similar events at the Company's various computer facilities could result in interruptions in the flow of data to the Company's servers.

The legislative and regulatory framework for privacy and data protection issues worldwide continues to evolve. The Company collects personally identifiable information ("PII") and other data as part of the Company's business processes and activities. This data is subject to a variety of U.S. and foreign laws and regulations, including oversight by various regulatory or other governmental bodies. Many foreign countries and governmental bodies have laws and regulations concerning the collection and use of PII and other data obtained from their residents or by businesses operating within their jurisdictions. The European Union General Data Protection Regulation, for example, imposes stringent data protection requirements and provides significant penalties for noncompliance. Any inability, or perceived inability, to adequately address privacy and data protection concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations (including at newly acquired companies) could result in additional cost and liability to the Company or Company officials, damage its reputation, inhibit sales, and otherwise adversely affect its business.

Any of the foregoing incidents could also subject the Company to liability, expose the Company to significant expense, or cause significant harm to the Company's reputation, all of which could result in lost revenues. While the Company has invested and continues to invest in information technology risk management and disaster recovery plans, these measures cannot fully insulate the Company from cyber incidents, technology disruptions or data loss and the resulting adverse effect on the Company's operations and financial results.

Privacy concerns and laws, evolving regulation of cross-border data transfer restrictions and other regulations may adversely affect our business.

Global regulation related to the provision of services on the Internet is increasing, as federal, state and foreign governments continue to adopt new laws and regulations addressing data privacy and the collection, processing, storage and use of personal information. Such laws and regulations are subject to new and differing interpretations and may be inconsistent among jurisdictions. These and other requirements could reduce demand for the Company's services or restrict the Company's ability to store and process data or, in some cases, impact our ability to offer future digital dentistry services in certain locations or our ability to deploy our solutions globally. The costs of compliance with and other burdens imposed by these types of laws, regulations and standards may limit the use and adoption of our services, reduce overall demand for our services, lead to significant fines, penalties or liabilities for noncompliance, any of which could harm our business.

The success of our business depends in part on achieving our strategic objectives, including through acquisitions and dispositions, and strategic investments.

With respect to acquisitions and dispositions of assets and businesses, and strategic investments, the Company may not achieve expected returns and benefits as a result of various factors, including integration and collaboration challenges, such as personnel and technology. In addition, the Company may not achieve anticipated synergies from related integration activities.

Further, acquisitions, dispositions and strategic investments may distract the Company's management's time and attention and disrupt our ongoing business operations or relationships with customers, employees, suppliers or other parties. However, the Company continues to evaluate the potential disposition of assets and businesses that may no longer help the Company achieve its strategic objectives, and to view acquisitions as a key part of its growth strategy.

After reaching an agreement with a buyer or seller for the acquisition or disposition of a business, the transaction may remain subject to necessary regulatory and governmental approvals on acceptable terms as well as the satisfaction of pre-closing conditions, which may prevent the Company from completing the transaction in a timely manner, or at all. From a workforce perspective, risks associated with acquisitions and dispositions include, among others, delays in anticipated workforce reductions, additional unexpected costs, changes in restructuring plans that increase or decrease the number of employees affected, negative impacts on the Company's relationship with labor unions, adverse effects on employee morale, and the failure to meet operational targets due to the loss of employees, any of which may impair the Company's ability to achieve anticipated cost reductions or may otherwise harm its business, and could have a material adverse effect on its competitive position, results of operations, cash flows or financial condition.

When the Company decides to sell assets or a business, the Company may encounter difficulty in finding buyers or executing alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of its strategic objectives. Alternatively, the Company may dispose of a business at a price or on terms that are less than the Company had anticipated, or with the exclusion of assets that must be divested or run off separately. Dispositions may also involve continued financial involvement in a divested business, such as through continuing equity ownership, transition service agreements, guarantees, indemnities or other current or contingent financial obligations. Under these arrangements, performance by the acquired or divested business, or other conditions outside the Company's control, could affect its future financial results.

In the context of acquisitions, there can be no assurance that the Company will achieve any of the benefits that it might anticipate from such an acquisition and the attention and effort devoted to the integration of an acquired business could divert management's attention from normal business operations. The Company may not achieve the full revenue growth expectations and cost synergies anticipated to result from an acquisition.

Additionally, if the Company makes acquisitions, it may incur debt, assume contingent liabilities and/or additional risks, or create additional expenses, any of which might adversely affect its financial results. Any financing that the Company might need for acquisitions may only be available on terms that restrict its business or that impose additional costs that reduce its operating results.

The Company may be unable to develop innovative products or stimulate customer demand.

The worldwide markets for dental and medical products is highly competitive and is driven by rapid and significant technological change, change in consumer preferences, new intellectual property associated with that technological change, evolving industry standards, and new product introductions. Additionally, some markets for products are also subject to significant negative price pressures. The Company's patent portfolio continues to change with patents expiring through the normal course of their life. There can be no assurance that the Company's products will not lose their competitive advantage or become noncompetitive or obsolete as a result of such factors, or that we will be able to generate any economic return on the Company's investment in product development. If product demand decreases, our revenue and profit could be negatively impacted. Important factors that could cause demand for our products to decrease include changes in:

- business conditions, including downturns in the dental industry, regional economies, and the overall economy;
- the level of customers' inventories;
- competitive and pricing pressures, including actions taken by competitors; and
- customer product needs and customer/patient lifecycle.

If the Company fails to further develop its innovation efforts or if the Company's research and development does not effectively respond to changes in consumer preferences or market competition leading to technology or product obsolescence, the Company may lose market share and revenue. Additionally, if the Company's products or technologies lose their competitive advantage or become noncompetitive or obsolete, the Company's business could be negatively affected. The Company has identified new products as an important part of its growth opportunities. Additionally, there is no assurance that entirely new technology or approaches to dental treatment or competitors' new products will not be introduced that could render the Company's products obsolete.

The Company's ongoing business operations may be disrupted for a significant period of time, resulting in material operating costs and financial losses.

The Company operates in more than 150 countries and the Company's and its suppliers' manufacturing facilities are located in multiple locations around the world. Potential events such as extreme weather, natural disasters, worker strikes and social and political actions, such as trade wars, or other events beyond our control, could impact the Company's ongoing business operations, including potential critical third-party vendor disruptions or failure to adhere to contractual obligations affecting our supply chain and manufacturing needs or the loss of critical information technology and telecommunications systems. Although the Company maintains multiple manufacturing facilities, a large number of the products manufactured by the Company are manufactured in facilities that are the sole source of such products. As there are a limited number of alternative suppliers for these products, any disruption at a particular Company manufacturing facility could lead to delays, increased expenses, and may damage the Company's business and results of operations. If our incident response, disaster recovery and business continuity plans do not resolve these issues in an effective and timely manner, such events could result in an interruption in our operations and could cause material negative impacts to our product availability and sales, the efficiency of our operations and our financial results.

Additionally, a significant portion of the Company's injectable anesthetic products, orthodontic products, certain dental cutting instruments, catheters, nickel titanium products and certain other products and raw materials are purchased from a limited number of suppliers and in certain cases single source suppliers pursuant to agreements that are subject to periodic renewal, some of which may also compete with the Company. As there are a limited number of suppliers for these products, there can be no assurance that the Company will be able to obtain an adequate supply of these products and raw materials in the future. Any delays in delivery of or shortages in these products could interrupt and delay manufacturing of the Company's products and result in the cancellation of orders for these products. In addition, these suppliers could discontinue the manufacture or supply of these products to the Company at any time or supply products to competitors. The Company may not be able to identify and integrate alternative sources of supply in a timely fashion or at all. Any transition to alternate suppliers may result in delays in shipment and increased expenses and may limit the Company's ability to deliver products to customers.

The Company may fail to realize the expected benefits of its strategic initiatives, including its announced cost reduction and restructuring efforts.

In order to operate more efficiently and control costs, the Company has announced in the past, and may announce in the future, restructuring plans or other major initiatives from time to time, including workforce reductions, global facility consolidations and other cost reduction initiatives that are intended to generate operating expense or cost of goods sold savings through direct and indirect overhead expense reductions as well as other savings. The failure to efficiently execute such initiatives as part of the Company's business strategy could minimize the expected benefits to the organization resulting in potential impacts to ongoing operations and cost overruns.

Additionally, the Company's ability to achieve the benefits from these initiatives within the expected time frame is subject to many estimates and assumptions and other factors that we may not be able to control. The Company may also incur significant charges related to restructuring plans, which would reduce our profitability in the periods such charges are incurred.

Due to the complexities inherent in implementing these types of cost reduction and restructuring activities, and the quarterly phasing of related investments, the Company may fail to realize expected efficiencies and benefits, such as the goals for net sales growth, or may experience a delay in realizing such efficiencies and benefits, and its operations and business could be disrupted. Company management may be required to divert their focus to managing these disruptions, and implementation may require the agreement of third parties, such as labor unions or works councils. Risks associated with these actions and other workforce management issues include delays in implementation of anticipated workforce reductions, additional unexpected costs, changes in restructuring plans that increase or decrease the number of employees affected, negative impact on the Company's relationship with labor unions or works councils, adverse effects on employee morale, and the failure to meet operational targets due to the loss of employees, any of which may impair the Company's ability to achieve anticipated cost reductions or may otherwise harm its business, and could have a material adverse effect on its sales growth and other results of operations, cash flows or financial condition, or competitive position.

The Company has recognized substantial goodwill impairment charges, most recently in 2020, and may be required to recognize additional goodwill and indefinite-lived intangible asset impairment charges in the future.

The Company acquires other companies and intangible assets and may not realize all the economic benefit from those acquisitions, which could cause an impairment of goodwill or intangibles. The Company reviews amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The Company tests goodwill and indefinite-lived intangibles for impairment at least annually. The valuation models used to determine the fair value of goodwill or indefinite-lived intangible assets are dependent upon various assumptions and reflect management's best estimates.

Following the recording of $3.5 billion in charges for impairment of certain businesses during 2017, 2018, and 2020, the Company had an aggregate amount of $4.0 billion in goodwill on its balance sheet as of December 31, 2021. In preparing the financial statements for the quarter ended March 31, 2020, the Company identified a triggering event and recorded a $157 million non-cash goodwill impairment charge associated with one reporting unit within the Technologies & Equipment segment. In addition, the Company tested the indefinite-lived intangible assets related to this business and determined that certain tradenames and trademarks were impaired, resulting in the recording of an impairment charge of $39 million for the three months ended March 31, 2020. At December 31, 2021, the Company has $612 million in indefinite-lived intangible assets recorded on its balance sheet.

The goodwill and indefinite-lived intangible asset impairment analyses are sensitive to changes in key assumptions used, such as discount rates, revenue growth rates, perpetual revenue growth rates, royalty rates, and operating margin percentages of the business as well as current market conditions affecting the dental and medical device industries in both the U.S. and globally. If the assumptions and projections used in the analyses are not realized, it is possible that an additional impairment charge may need to be recorded in the future. Given the uncertainty in the marketplace and other factors affecting management's assumptions underlying the Company's discounted cash flow model, the Company's current estimates could vary significantly in the future, which may result in a goodwill or indefinite-lived intangible asset impairment charge at that time. Additionally, valuations and impairments that are not complete, accurate, timely or appropriately recorded could result in potential financial misstatements and delays in impairment analysis.

The Company's failure to obtain issued patents and, consequently, to protect the Company's proprietary technology could hurt the Company's competitive position.

The Company's success will depend in part on the Company's ability to obtain and enforce claims in our patents directed to the Company's products, technologies and processes, both in the United States and in other countries. Risks and uncertainties that the Company faces with respect to the Company's patents and patent applications include the following:

- the pending patent applications that the Company has filed, or to which the Company has exclusive rights, may not result in issued patents or may take longer than the Company expects to result in issued patents;
- the allowed claims of any patents that are issued may not provide meaningful protection;
- the Company may be unable to develop additional proprietary technologies that are patentable;
- the patents licensed or issued to the Company may not provide a competitive advantage;
- other companies may challenge patents licensed or issued to the Company;
- disputes may arise regarding inventions and corresponding ownership rights in inventions and know-how resulting from the joint creation or use of intellectual property by the Company and the Company's respective licensors; and
- other companies may design around the technologies patented by the Company.

The Company's profitability could suffer if third parties infringe upon the Company's intellectual property rights or if the Company's products are found to infringe upon the intellectual property rights of others.

The Company's profitability could suffer if third parties infringe upon Dentsply Sirona's intellectual property rights or misappropriate Dentsply Sirona's technologies and trademarks for their own businesses. To protect Dentsply Sirona's rights to Dentsply Sirona's intellectual property, Dentsply Sirona relies on a combination of patent and trademark law, trade secret protection, confidentiality agreements and contractual arrangements with Dentsply Sirona's employees, strategic partners and others. Dentsply Sirona cannot assure you that any of Dentsply Sirona's patents, any of the patents of which Dentsply Sirona are a licensee or any patents which may be issued to Dentsply Sirona or which the Company may license in the future, will provide Dentsply Sirona with a competitive advantage or afford Dentsply Sirona protection against infringement by others, or that the patents will not be successfully challenged or circumvented by third parties, including Dentsply Sirona's competitors. The protective steps that the Company has taken may be inadequate to deter misappropriation of its proprietary information. The Company may be unable to detect or protect against the unauthorized use or misappropriation of, or take appropriate steps to enforce, its intellectual property rights. Effective patent, trademark and trade secret protection may not be available in every country in which Dentsply Sirona will offer, or intend to offer, its products. Any failure to adequately protect Dentsply Sirona's intellectual property could devalue Dentsply Sirona's proprietary content and impair Dentsply Sirona's ability to compete effectively. Further, defending Dentsply Sirona's intellectual property rights could result in the expenditure of significant financial and managerial resources.

Litigation may also be necessary to enforce Dentsply Sirona's intellectual property rights or to defend against any claims of infringement of rights owned by third parties that are asserted against Dentsply Sirona. In addition, Dentsply Sirona may have to participate in one or more interference proceedings declared by the United States Patent and Trademark Office, the European Patent Office or other foreign patent governing authorities, to determine the priority of inventions, which could result in substantial costs. Acquisitions by Dentsply Sirona of products or businesses that are found to infringe upon the intellectual property rights of others and the resulting changes to the competitive landscape of the industry could further increase this risk.

If Dentsply Sirona becomes involved in litigation or interference proceedings, Dentsply Sirona may incur substantial expense, and the proceedings may divert the attention of Dentsply Sirona's technical and management personnel, even if Dentsply Sirona ultimately prevails. An adverse determination in proceedings of this type could subject the Company to significant liabilities, allow Dentsply Sirona's competitors to market competitive products without obtaining a license from Dentsply Sirona, prohibit Dentsply Sirona from marketing Dentsply Sirona's products or require the Company to seek licenses from third parties that may not be available on commercially reasonable terms, if at all. If Dentsply Sirona cannot obtain such licenses, Dentsply Sirona may be restricted or prevented from commercializing Dentsply Sirona's products.

The enforcement, defense and prosecution of intellectual property rights, including the United States Patent and Trademark Office's, the European Patent Office's and other foreign patent offices' interference proceedings, and related legal and administrative proceedings in the United States and elsewhere, involve complex legal and factual questions. As a result, these proceedings are costly and time-consuming, and their outcome is uncertain. Litigation may be necessary to:

- assert against others or defend Dentsply Sirona against claims of patent or trademark infringement;
- enforce patents owned by, or licensed to Dentsply Sirona from, another party;
- protect Dentsply Sirona's trade secrets or know-how; or
- determine the enforceability, scope and validity of Dentsply Sirona's proprietary rights or the proprietary rights of others.

Changes in the Company's credit ratings or macroeconomic impacts on credit markets may increase our cost of capital and limit financing options.

The Company utilizes the short and long-term debt markets to obtain capital from time to time. The Company's continued access to sources of liquidity depends on multiple factors, including global economic conditions, the condition of global credit markets, the availability of sufficient amounts of financing, operating performance, and credit ratings. Macroeconomic conditions, such as the COVID-19 pandemic, may result in significant disruption in the credit markets, which may adversely affect the Company's ability to refinance existing debt or obtain additional financing to support operations or to fund new acquisitions or capital-intensive internal initiatives.

Any adverse changes in our credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities which may in turn limit financing options, including access to the unsecured borrowing market. There is no guarantee that additional debt financing will be available in the future to fund obligations, or that it will be available on commercially reasonable terms, in which case we may need to seek other sources of funding. In addition, the terms of future debt agreements could include additional restrictive covenants that would reduce flexibility.

Events related to the Audit and Finance Committee's internal investigation may expose us to higher interest rates for additional indebtedness, whether as a result of credit rating downgrades or otherwise, and could restrict our ability to obtain additional or replacement financing on acceptable terms or at all.

The Company has a significant amount of indebtedness. A breach of the covenants under the Company's debt instruments outstanding from time to time could result in an event of default under the applicable agreement.

The Company has debt securities outstanding of approximately $1.9 billion. The Company also has the ability to incur up to $700 million of indebtedness under the revolving credit facility ("2018 Credit Facility"), as discussed below, and may incur significantly more indebtedness in the future.

The Company's current debt agreements contain a number of covenants and financial ratios, which the Company is required to satisfy. Under the Note Purchase Agreement dated December 11, 2015, the Company is required to maintain ratios of debt outstanding to total capital not to exceed the ratio of 0.6 to 1.0, and operating income excluding depreciation and amortization to interest expense of not less than 3.0 times, in each case, as such terms are defined in the Note Purchase Agreement. All of the Company's outstanding debt agreements have been amended to reflect these covenants. The Company may need to reduce the amount of its indebtedness outstanding from time to time in order to comply with such ratios, though no assurance can be given that the Company will be able to do so. The Company's failure to maintain such ratios or a breach of the other covenants under its debt agreements outstanding from time to time could result in an event of default under the applicable agreement. Such a default may allow the creditors to accelerate the related indebtedness and may result in the acceleration of any other indebtedness.

In addition, the requisite lenders under its revolving credit facility and the applicable noteholders have agreed to an extension of time for delivery of certain of the Company's financial statements and the related certificates, until November 14, 2022. While we have obtained all necessary consents to date, any future violations of the covenants under our debt agreements may hurt our reputation and credibility with our stockholders and our debt holders and may compromise our future ability to finance our operations through the public equity or debt markets.

Breach of covenants could have additional negative consequences including, but not limited to the following:

- making it more difficult for the Company to satisfy its obligations with respect to its indebtedness;
- requiring the Company to dedicate significant cash flow from operations to the payment of principal and interest on its indebtedness, which would reduce the funds the Company has available for other purposes, including working capital, capital expenditures, research and development and acquisitions; and
- reducing the Company's flexibility in planning for or reacting to changes in its business and market conditions.

The Company may not be able to repay its outstanding debt in the event that it does not generate sufficient cash flow to service its debts and cross default provisions may be triggered due to a breach of covenants under our existing indebtedness.

Dentsply Sirona's ability to make payments on its indebtedness and contractual obligations, and to fund its operations depends on its future performance and financial results, which, to a certain extent, are subject to general economic, financial, competitive, regulatory and other factors and the interest rate environment that are beyond its control. Although management believes that the Company has and will continue to have sufficient liquidity, there can be no assurance that Dentsply Sirona's business will generate sufficient cash flow from operations in the future to service its debt, pay its contractual obligations and operate its business.

Additionally, Dentsply Sirona's existing borrowing documentation contains a number of covenants and financial ratios, which it is required to satisfy. Any breach of any such covenants or restrictions, the most restrictive of which pertain to asset dispositions, maintenance of certain levels of net worth, and prescribed ratios of indebtedness to total capital and operating income excluding depreciation and amortization of interest expense, would result in a default under the existing borrowing documentation that would permit the lenders to declare all borrowings under such documentation to be immediately due and payable and, through cross-default provisions, would entitle Dentsply Sirona's other lenders to accelerate their loans. Dentsply Sirona may not be able to meet its obligations under its outstanding indebtedness in the event that any cross-default provisions are triggered or to the extent that no other parties are willing to extend financing.

The Company hedging and cash management transactions may expose the Company to loss or limit the Company's potential gains.

As part of Dentsply Sirona's risk management program, we use foreign currency exchange forward contracts. While intended to reduce the effects of exchange rate fluctuations, these transactions may limit Dentsply Sirona's potential gains or expose Dentsply Sirona to loss. Should Dentsply Sirona's counterparties to such transactions or the sponsors of the exchanges through which these transactions are offered fail to honor their obligations due to financial distress or otherwise, we would be exposed to potential losses or the inability to recover anticipated gains from these transactions.

We enter into foreign currency exchange forward contracts as economic hedges of trade commitments or anticipated commitments denominated in currencies other than the functional currency to mitigate the effects of changes in currency rates. Although we do not enter into these instruments for trading purposes or speculation, and although Dentsply Sirona's management believes all of these instruments are economically effective for accounting purposes as hedges of underlying physical transactions, these foreign exchange commitments are dependent on timely performance by Dentsply Sirona's counterparties. Their failure to perform could result in Dentsply Sirona having to close these hedges without the anticipated underlying transaction and could result in losses if foreign currency exchange rates have changed.

We enter into interest rate swap agreements from time to time to manage some of Dentsply Sirona's exposure to interest rate volatility. These swap agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing Dentsply Sirona's exposure to changes in interest rates. If such events occur, Dentsply Sirona's results of operations may be adversely affected.

Most of Dentsply Sirona's cash deposited with banks is not insured and would be subject to the risk of bank failure. Dentsply Sirona's total liquidity also depends in part on the availability of funds under Dentsply Sirona's 2018 Credit Facility. The failure of any bank in which we deposit Dentsply Sirona's funds or that is part of Dentsply Sirona's 2018 Credit Facility could reduce the amount of cash we have available for operations and additional investments in Dentsply Sirona's business.

Certain of the Company's products are dependent on consumer discretionary spending.

Certain dental specialty products and dental equipment and related products that support discretionary dental procedures may be susceptible to unfavorable changes in economic conditions. Decreases in consumer discretionary spending could negatively affect the Company's business and result in a decline in sales and financial performance.

RISKS RELATED TO OUR INTERNATIONAL OPERATIONS

Due to the Company's international operations, the Company is exposed to the risk of changes in foreign exchange rates.

Due to the international nature of Dentsply Sirona's business, movements in foreign exchange rates may impact the consolidated statements of operations, consolidated balance sheets and cash flows of the Company. With approximately two-thirds of the Company's sales located outside the U.S., the Company's consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar as compared to certain foreign currencies. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity as a number of the Company's manufacturing and distribution operations are located outside of the U.S. Although the Company currently uses and may in the future use certain financial instruments to attempt to mitigate market fluctuations in foreign exchange rates, there can be no assurance that such measures will be effective or that they will not create additional financial obligations on the Company.

Due to the international nature of the Company's business, including increasing exposure to markets outside of the U.S. and Europe, political or economic changes or other factors could harm our business and financial performance.

Approximately two-thirds of the Company's sales are located in regions outside the United States. In addition, we anticipate that sales outside of the U.S. and Europe will continue to expand and account for a significant portion of Dentsply Sirona's revenue. Operating internationally is subject to a number of uncertainties, including, but not limited to, the following:

- economic and political instability;
- import or export licensing requirements;
- additional compliance-related risks;
- trade restrictions and tariffs;

- product registration requirements;
- longer payment cycles;
- changes in regulatory requirements and tariffs;
- potentially adverse tax consequences; and
- trade policy changes

Specifically, changes in or the imposition of tariffs could make it more difficult or costly for us to export our products to other countries. These measures could also result in increased costs for goods imported into the United States. This in turn could require us to increase prices to our customers which may reduce demand, or, if we are unable to increase prices, result in lowering our margin on products sold. We cannot predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers and our suppliers, which in turn could adversely impact our business, financial condition and results of operations.

Certain of these risks may be heightened as a result of changing political climates which may lead to changes in areas such as trade restrictions and tariffs, regulatory requirements and exchange rate fluctuations, which may adversely affect our business and financial performance. For example, as a result of escalating tensions and the subsequent invasion of Ukraine by Russia, the U.S. and other countries have imposed sanctions on Russia, including its major financial institutions and certain other businesses and individuals. Russia may respond in kind, and the continuation of the conflict may result in additional sanctions being enacted by the U.S., other North Atlantic Treaty Organization member states, or other countries. The impact of these sanctions, along with the spillover effect of ongoing civil, political and economic disturbances on surrounding areas, may significantly devalue currencies utilized by the Company or have other adverse impacts including increased costs of raw materials and inputs, or manufacturing or shipping delays. Export controls implemented as part of sanctions could also restrict the sale of equipment or products containing U.S. developed software and technology into Russia.

For the year ended December 31, 2021, net sales in Russia and Ukraine were approximately 3% of the Company’s consolidated net sales, and assets in these countries were $63 million. The impact of these events on economic conditions in the region is currently unknown and could have a material adverse effect on our results of operations, cash flows or financial condition.

RISKS RELATED TO OUR REGULATORY ENVIRONMENTS

Changes in or interpretations of tax rules, operating structures, transfer pricing regulations, country profitability mix and regulations may adversely affect the Company’s effective tax rates.

As a company with international operations, we are subject to income taxes, as well as non-income-based taxes, in the U.S. and various foreign jurisdictions. Significant judgment is required in determining our worldwide tax liabilities. Although we believe our estimates are reasonable at the time made, the actual outcome could differ from the amounts recorded in our financial statements (and such differences may be material). If the IRS, or other taxing authority, disagrees with the positions we take, we could have additional tax liability, and this could have a material impact on our results of operations and financial position. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations, and changes in interpretations of tax laws. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change.

Our corporate structure is intended to enhance our operational and financial efficiency and increase our overall profitability. The tax authorities of the countries in which we operate may challenge our methodologies for transfer pricing which could increase our effective tax rate (and such increase may be material). In addition, certain governments are considering, and may adopt, tax reform measures that could significantly increase our worldwide tax liabilities. The Organization for Economic Co-operation and Development and other government bodies have focused on issues related to the taxation of multinational corporations, including, in the area of “base erosion and profit shifting,” where payments are made from affiliates in jurisdictions with high tax rates to affiliates in jurisdictions with lower tax rates. It is possible that these reform measures could increase our effective tax rate (and such increase may be material) and impact our financial position.

Dentsply Sirona may be unable to obtain necessary product approvals and marketing clearances.

Dentsply Sirona must obtain certain approvals by, and marketing clearances from, governmental authorities, including the FDA and similar health authorities in foreign countries to market and sell Dentsply Sirona's products in those countries. These agencies regulate the marketing, manufacturing, labeling, packaging, advertising, sale and distribution of medical devices. The FDA enforces additional regulations regarding the safety of X-ray emitting devices. Dentsply Sirona's products are currently regulated by such authorities and Dentsply Sirona's new products require approval by, or marketing clearance from, various governmental authorities, including the FDA. Various U.S. states also impose manufacturing, licensing, and distribution regulations.

The FDA review process typically requires extended proceedings pertaining to the safety and efficacy of new products. A 510(k) application is required in order to market certain classes of new or modified medical devices. If specifically required by the FDA, a pre-market approval, or PMA, may be necessary. Such proceedings, which must be completed prior to marketing a new medical device, are potentially expensive and time consuming. They may delay or hinder a product's timely entry into the marketplace. Moreover, there can be no assurance that the review or approval process for these products by the FDA or any other applicable governmental authority will occur in a timely fashion, if at all, or that additional regulations will not be adopted or current regulations amended in such a manner as will adversely affect us. The FDA also oversees the content of advertising and marketing materials relating to medical devices which have received FDA clearance. Failure to comply with the FDA's advertising guidelines may result in the imposition of penalties.

The Company is also subject to other federal, state and local laws, regulations and recommendations relating to safe working conditions, laboratory and manufacturing practices. The extent of government regulation that might result from any future legislation or administrative action cannot be accurately predicted and inadequate employee training for critical compliance and regulatory requirements may result in the failure to adhere to applicable laws, rules and regulations.

Similar to the FDA review process, the European Union ("EU") review process typically requires extended proceedings pertaining to the safety and efficacy of new products. Such proceedings, which must be completed prior to marketing a new medical device, are potentially expensive and time consuming and may delay or prevent a product's entry into the marketplace.

The Company's products that fall into the category of Class I as classified by EU Medical Device Directive were mandated to be certified under the new European Union Medical Device Regulation ("MDR"). These regulations as well applied to all medical device manufacturers who market their medical devices in EU and all had to perform significant upgrades to quality systems and processes including technical documentation and subject them to new certification under MDR in order to continue to sell those products in the European Union ("EU"). Although all medical device manufacturers were required to certify their Class I products by May 2021, the EU MDR regulations for additional Classes of medical devices is mandated to be fully enforceable by May 2024. This also includes completion of certified quality management systems to manufacturers quality management systems. Dentsply Sirona remains focused on ensuring that all its products that are considered to be medical device will be fully certified as required by the EU MDR dates and timelines. Additionally, the United Kingdom ("UK") has negotiated an exit from the EU, "Brexit" and, as a result, the EU CE marking will be recognized in the UK through June 2023. Following June 2023, the UK may impose its own differing regulatory requirements for products being imported from the EU into the UK.

Failure to comply with these rules, regulations, self-regulatory codes, circulars and orders could result in significant civil and criminal penalties and costs, including the loss of licenses and the ability to participate in federal and state health care programs, and could have a material adverse impact on the Company's business. Also, these regulations may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require the Company to make changes in operations or incur substantial defense and settlement expenses. Even unsuccessful challenges by regulatory authorities or private regulators could result in reputational harm and the incurring of substantial costs. In addition, many of these laws are vague or indefinite and have not been interpreted by the courts, and have been subject to frequent modification and varied interpretation by prosecutorial, regulatory authorities, increasing compliance risks.

Inadequate levels of reimbursement from governmental or other third-party payors for procedures using Dentsply Sirona's products may cause Dentsply Sirona's revenue to decline.

Third-party payors, including government health administration authorities, private health care insurers and other organizations regulate the reimbursement of fees related to certain diagnostic procedures or medical treatments. Third-party payors are increasingly challenging the price and cost-effectiveness of medical products and services. While Dentsply Sirona cannot predict what effect the policies of government entities and other third-party payors will have on future sales of our products, there can be no assurance that such policies would not cause Dentsply Sirona's revenue to decline.

Challenges may be asserted against the Company's products due to real or perceived quality, health or environmental issues.

The Company manufactures and sells a wide portfolio of dental and medical device products. While the Company endeavors to ensure that its products are safe and effective, there can be no assurance that there may not be challenges from time to time regarding the real or perceived quality, health or environmental impact of the Company's products or certain raw material components of the Company's products. Dentsply Sirona manufactures and sells dental filling materials that may contain bisphenol-A, commonly called BPA. BPA is found in many everyday items, such as plastic bottles, foods, detergents and toys, and may be found in certain dental composite materials or sealants either as a by-product of other ingredients that have degraded, or as a trace material left over from the manufacture of other ingredients used in such composites or sealants. The FDA currently allows the use of BPA in dental materials, medical devices, and food packaging. Nevertheless, public reports and concerns regarding the potential hazards of BPA could contribute to a perceived safety risk for the Company's products that contain mercury or BPA. Adverse publicity about the quality or safety of our products, whether or not ultimately based on fact, may have an adverse effect on our brand, reputation and operating results and legal and regulatory developments in this area may lead to litigation and/or product limitations or discontinuation.

If we fail to comply with laws and regulations relating to health care fraud, we could suffer penalties or be required to make significant changes to Dentsply Sirona's operations, which could adversely affect Dentsply Sirona's business.

Dentsply Sirona is subject to federal, state, local and foreign laws, rules, regulations, self-regulatory codes, circulars and orders relating to health care fraud, including, but not limited to, the U.S. Federal Anti-Kickback Statute, the United Kingdom's Bribery Act 2010 (c.23), Brazil's Clean Company Act 2014 (Law No. 12,846) and China's National Health and Family Planning Commission ("NHFPC") circulars No. 49 and No. 50. Some of these laws, referred to as "false claims laws," prohibit the submission or causing the submission of false or fraudulent claims for reimbursement to federal, state and other health care payors and programs. Other laws, referred to as "anti-kickback laws," prohibit soliciting, offering, receiving or paying remuneration in order to induce the referral of a patient or ordering, purchasing, leasing or arranging for or recommending ordering, purchasing or leasing, of items or services that are paid for by federal, state and other health care payors and programs.

The U.S. government has expressed concerns about financial relationships between suppliers on the one hand and physicians and dentists on the other. As a result, we regularly review and revise Dentsply Sirona's marketing practices as necessary to facilitate compliance. In addition, under the reporting and disclosure obligations of the U.S. Physician Payment Sunshine Act and similar foreign laws, rules, regulations, self-regulatory codes, circulars and orders, such as France's Loi Bertrand and rules issued by Denmark's Health and Medicines Authority, the general public and government officials will be provided with access to detailed information with regard to payments or other transfers of value to certain practitioners (including physicians, dentists and teaching hospitals) by applicable drug and device manufacturers subject to such reporting and disclosure obligations, which includes us. This information may lead to greater scrutiny, which may result in modifications to established practices and additional costs.

Failure to comply with health care fraud laws, rules, regulations, self-regulatory codes, circulars and orders could result in significant civil and criminal penalties and costs, including the loss of licenses and the ability to participate in federal and state health care programs, and could have a material adverse impact on Dentsply Sirona's business. Also, these laws may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require Dentsply Sirona to make changes in Dentsply Sirona's operations or incur substantial defense and settlement expenses. Even unsuccessful challenges by regulatory authorities or private relators could result in reputational harm and the incurring of substantial costs. In addition, many of these laws are vague or indefinite and have not been interpreted by the courts, and have been subject to frequent modification and varied interpretation by prosecutorial, regulatory authorities, increasing compliance risks.

We cannot predict whether changes in applicable laws, rules, regulations, self-regulatory codes, circulars and orders, or the interpretation thereof, or changes in Dentsply Sirona's services or marketing practices in response, could adversely affect Dentsply Sirona's business.

Dentsply Sirona's business is subject to extensive, complex and changing domestic and foreign laws, rules, regulations, self-regulatory codes, directives, circulars and orders that failure to comply with which, if not complied with, could subject us to civil or criminal penalties or other liabilities.

Dentsply Sirona is subject to extensive domestic and foreign laws, rules, regulations, self-regulatory codes, circulars and orders which are administered by various international, federal and state governmental authorities, including, among others, the FDA, the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC"), the Bureau of Industry and Security of the United States Department of Commerce ("BIS"), the United States Federal Trade Commission, the United States Department of Justice, the Environmental Protection Agency ("EPA"), and other similar domestic and foreign authorities. These laws, rules, regulations, self-regulatory codes, circulars and orders include, but are not limited to, the United States Food, Drug and Cosmetic Act, the European Council Directive 93/42/EEC on Medical Devices ("MDD") (1993) (and implementing and local measures adopted thereunder), the Federal Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), the Federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), France's Data Protection Act of 1978 (rev. 2004), the U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.S. Federal Anti-Kickback Statute and similar international anti-bribery and anti-corruption laws, the Physician Payments Sunshine Act, regulations concerning the supply of conflict minerals, various environmental regulations such as the Federal Water Pollution Control Act (the "Clean Water Act"), the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the "Health Care Reform Law"), and regulations relating to trade, import and export controls and economic sanctions. Such laws, rules, regulations, self-regulatory codes, circulars and orders are complex and are subject to change.

On December 31, 2020, the Company acquired Byte, a leading provider in the direct-to-consumer, doctor-directed clear aligner market. Byte's business in the U.S. is subject to various state laws, rules and policies which govern the practice of dentistry within such state. Byte contracts with an expansive nationwide network of independent licensed dentists and orthodontists for the provision of clinical services, including the oversight and control of each customer's clinical treatment; however, there can be no assurance that such business model will not be challenged as the corporate practice of dentistry by state governmental authorities, trade associations, or others. Additionally, future legislative or regulatory changes within such states may have a negative impact on Byte's business model.

Compliance with the numerous applicable existing and new laws, rules, regulations, self-regulatory codes, circulars and orders could require us to incur substantial regulatory compliance costs. There can be no assurance that governmental authorities will not raise compliance concerns or perform audits to confirm compliance with such laws, rules, regulations, self-regulatory codes, circulars and orders. For example, most of the Company's products are classified as medical devices or pharmaceuticals which are subject to extensive regulations promulgated by the U.S. federal government, state governments and comparable regulatory agencies in other countries, including the requirement to obtain licenses for the manufacture or distribution of such products. Failure to comply with applicable laws, rules, regulations, self-regulatory codes, circulars or orders could result in a range of governmental enforcement actions, including fines or penalties, injunctions and/or criminal or other civil proceedings. Any such actions could result in higher than anticipated costs or lower than anticipated revenue and could have a material adverse effect on the Company's reputation, business, financial condition and results of operations.

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK

The Company's quarterly operating results and market price for the Company's common stock may continue to be volatile.

Dentsply Sirona experiences significant fluctuations in quarterly sales and earnings due to a number of factors, some of which are substantially outside of the Company's control, including but not limited to:

- the impact of COVID-19;
- the execution of the Company's restructuring plan;
- the complexity of the Company's organization;
- the timing of new product introductions by Dentsply Sirona and its competitors;
- the timing of industry trade shows;
- changes in customer inventory levels;
- developments in government or third party payor reimbursement policies;
- changes in customer preferences and product mix;
- the Company's ability to supply products to meet customer demand;
- fluctuations in manufacturing costs;
- changes in income tax laws and incentives which could create adverse tax consequences;
- competitors' sales promotions;

- fluctuations in currency exchange rates; and
- general economic conditions, as well as those specific to the healthcare industry and related industries.

As a result, the Company may fail to meet the expectations of investors and securities analysts, which could cause its stock price to decline. Quarterly fluctuations generally result in net sales and operating profits historically being higher in the second and fourth quarters. The Company typically implements most of its price changes early in the fourth quarter or beginning of the year. These price changes, other marketing and promotional programs, which are offered to customers from time to time in the ordinary course of business, the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period. Net sales and operating profits generally have been lower in the first and third quarters, primarily due not only to increased sales in the quarters preceding these quarters, but also due to the impact of holidays and vacations, particularly throughout Europe.

Certain provisions in the Company's governing documents, and of Delaware law, may make it more difficult for a third party to acquire Dentsply Sirona.

Certain provisions of Dentsply Sirona's Certificate of Incorporation and By-laws and of Delaware law could have the effect of making it difficult for a third party to acquire control of Dentsply Sirona. Such provisions include, among others, a provision allowing the Board of Directors to issue preferred stock having rights senior to those of the common stock and certain requirements which make it difficult for stockholders to amend Dentsply Sirona's By-laws and prevent them from calling special meetings of stockholders. Delaware law imposes some restrictions on mergers and other business combinations between the Company and any "interested stockholder" with beneficial ownership of 15% or more of the Company's outstanding common stock.

GENERAL RISKS

The loss of members of our senior management and the resulting management transition might harm our future operating results.

On April 11, 2022, the Company announced that its Executive Vice President, Chief Financial Officer had resigned from his position effective May 6, 2022. Additionally, on April 19, 2022, the Company announced that it had terminated its Chief Executive Officer, effective immediately. The Board of Directors appointed an Interim Chief Executive Officer, effective as of April 19, 2022, and Interim Chief Financial Officer which became effective on May 6, 2022. On August 25th, the Company announced the appointment of its new Chief Executive Officer, which became effective on September 12, 2022, and on September 22, 2022 the Company announced the appointment of its new Chief Financial Officer, which became effective on September 26, 2022. These leadership transitions along with other senior management changes may be inherently difficult to manage and cause operational and administrative inefficiencies, added costs, decreased employee morale, uncertainty and decreased productivity among our employees, increased likelihood of turnover, and the loss of personnel with deep institutional knowledge, which could result in significant disruptions to our operations. In addition, we must successfully integrate the new management team members within our organization in order to achieve our operating objectives, and changes in key management positions may temporarily affect our financial performance and results of operations as new management becomes familiar with our business. These changes could also increase the volatility of our stock price. If we are unable to mitigate these or other similar risks, our business, results of operations and financial condition may be adversely affected.

Talent gaps and failure to manage and retain top talent may impact the Company's ability to grow the business.

The Company's success is dependent on our ability to successfully manage its human capital through talent acquisition, engagement, development, and retention. To achieve the Company's strategic initiatives, the Company needs to attract, manage, and retain employees with the right skills, competencies and experiences to support the growth of the business and the failure to attract and retain such employees to fill key roles may adversely affect our business performance, competitive position and future prospects. The Company also must retain a pipeline of team members to provide for continuity of succession for senior executive positions. In order to attract and retain qualified employees, the Company must offer competitive compensation and effectively manage employee performance and development. Our inability to attract and retain talent may negatively impact business continuity, new product launches, and innovation initiatives. Further, such organizational challenges may make it difficult to maintain the Company's culture, resulting in employees not adhering to the desired values of the organization.

The Company faces the inherent risk of litigation and claims.

The Company faces the risk of purported securities class actions, investigations by governmental agencies, product liability and other types of legal actions or claims, including possible recall actions affecting the Company's products. The Company has insurance policies, including directors' and officers' insurance and product liability insurance, covering these risks in amounts that are considered adequate; however, the Company cannot provide assurance that the maintained coverage is sufficient to cover future claims or that the coverage will be available in adequate amounts or at a reasonable cost. Also, other types of claims asserted against the Company may not be covered by insurance. A successful claim brought against the Company in excess of available insurance, or another type of claim which is uninsured or that results in significant adverse publicity against the Company, could harm its business and overall cash flows of the Company.

Various parties, including the Company, own and maintain patents and other intellectual property rights applicable to the dental and medical device fields. Although the Company believes it operates in a manner that does not infringe upon any third-party intellectual property rights, it is possible that a party could assert that one or more of the Company's products infringe upon such party's intellectual property and force the Company to pay damages and/or discontinue the sale of certain products.

Additionally, Dentsply Sirona generally warrants each of the Company's products against defects in materials and workmanship for a period of one year from the date of shipment or installation plus any extended warranty period purchased by the customer. The future costs associated with providing product warranties could be material. Successful product warranty claims brought against Dentsply Sirona could reduce its profits and/or impair its financial condition, and damage the Company's reputation.

Climate change and related natural disasters could negatively impact the Company's business and financial results.

The Company operates in more than 150 countries and its suppliers' manufacturing facilities are located in multiple locations around the world. Any natural or other disaster in such a location or the increased frequency of extreme weather could disrupt the production and distribution of our products in these locations. Increasing natural disasters in connection with climate change could also impact our third-party vendors, service providers or other stakeholders, including disruptions on supply chains or information technology or other necessary services for our Company.

Federal, state, and local governments are beginning to respond to climate change issues. This increased focus on sustainability may result in new legislation or regulations and customer requirements that could negatively affect us as we may incur additional costs or be required to make changes to our operations in order to comply with any new regulations or customer requirements. Legislation or regulations that potentially impose restrictions, caps, taxes, or other controls on emissions of greenhouse gases such as carbon dioxide, could adversely affect our operations and financial results.

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") is intended to help the reader understand the Company's operations and business environment. MD&A is provided as a supplement to, and should be read in conjunction with, the Consolidated Financial Statements and Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K/A. The following discussion includes forward-looking statements that involve certain risks and uncertainties. Furthermore, any forward-looking statements herein were as of the Original Filing, filed with the SEC on March 1, 2022, except for the additional risks arising in relation to the material weaknesses and restatement that are subject of this Form 10-K/A. See Part I, Item 1, "Business- Forward-Looking Statements and Associated Risks" in the beginning of this Form 10-K/A. Additionally, certain risks in Item 1A "Risk Factors" have been updated to reflect the Company's risks as of the date of this amended filing. Please refer to a discussion of the Company's forward-looking statements and associated risks in Part II, Item 1A, "Risk Factors" of this Form 10-K/A. The MD&A includes the following sections:

- Business - a general description of Dentsply Sirona's business and how performance is measured;
- Results of Operations - an analysis of the Company's consolidated results of operations for the years ended December 31, 2021 and 2020;
- Critical Accounting Policies and Estimates - a discussion of accounting policies that require critical judgments and estimates; and
- Liquidity and Capital Resources - an analysis of cash flows; debt and other obligations; off-balance sheet arrangements; and aggregate contractual obligations.

2021 Operational Highlights

For the year ended December 31, 2021,

- Net sales increased 26.7% compared to the prior year. On an organic basis (a Non-GAAP measure as defined under the heading "Key Performance Measurements" below) net sales increased 24.1% for the year ended December 31, 2021 compared to prior year. Net sales were positively impacted by approximately 2.9% due to the weakening of the U.S. dollar over the prior year period.

- Net income increased to $411 million as compared to the net loss of $73 million for the prior year. Diluted earnings per share was $1.87 per share compared to a net loss per share of $0.33 in the prior year.

- Cash from operations was $657 million, as compared to $649 million in the prior year.

Material Weaknesses in Internal Control Over Financial Reporting Identified During the Recent Investigation

As previously disclosed, the Audit and Finance Committee, assisted by independent legal counsel and forensic accountants, commenced an internal investigation in March 2022 of allegations regarding certain financial reporting matters submitted by current and former employees of the Company. Refer to the Explanatory Note to this Form 10-K/A for more information on the internal investigation and the related findings of the Audit and Finance Committee.

In connection with the findings of the Audit and Finance Committee's investigation, as well as management's own findings with regards to the Accounting Review, management has re-evaluated the effectiveness of the Company's internal control over financial reporting and identified material weaknesses in the Company's internal control over financial reporting as of December 31, 2021. For more information about the identified material weaknesses in internal control over financial reporting and the Company's remedial actions, please see Part II, Item 8 Management's Report on Internal Control Over Financial Reporting and Part II, Item 9A Controls and Procedures of this Form 10-K/A.

Restatement and Other Corrections of Previously Issued Financial Statements

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the correction of errors in our previously reported consolidated financial statements for the fiscal years ended December 31, 2021, 2020, and 2019, including the restatement of the consolidated financial statements for fiscal year ended December 31, 2021. For additional information and a detailed discussion of these error corrections, refer to the Explanatory Note and Part II, Item 8, Notes to the Consolidated Financial Statements, Note 1, Significant Accounting Policies and Restatement.

Company Profile

DENTSPLY SIRONA Inc. ("Dentsply Sirona" or the "Company"), is the world's largest manufacturer of professional dental products and technologies, with a 135-year history of innovation and service to the dental industry and patients worldwide. Dentsply Sirona develops, manufactures, and markets a comprehensive solutions offering including dental equipment and dental consumable products under a strong portfolio of world class brands. The Company also manufactures and markets healthcare consumable products. As The Dental Solutions Company, Dentsply Sirona's products provide innovative, high-quality and effective solutions to advance patient care and deliver better, safer and faster dentistry. Dentsply Sirona's worldwide headquarters is located in Charlotte, North Carolina. The Company's shares of common stock are listed in the United States on Nasdaq under the symbol XRAY.

BUSINESS

The Company operates in two operating segments, Technologies & Equipment and Consumables.

The Technologies & Equipment segment is responsible for the design, manufacture, sales and distribution of products including dental implants, CAD/CAM systems, orthodontic clear aligner products, imaging systems, treatment centers, instruments, as well as certain healthcare device products, primarily catheters.

The Consumables segment is responsible for the design, manufacture, sales and distribution of dental consumable products which include categories of preventive, restorative, endodontic, and dental laboratory application.

The impacts of COVID-19 and the Company's response

The COVID-19 pandemic has created significant volatility and uncertainty in the overall markets particularly in the year that followed the initial outbreak late in 2019, leading to changes in consumer behavior, government restrictions on individuals and businesses, and significant disruption to supply chains in several sectors, including dental equipment and medical supplies.

The Company's 2020 results were materially impacted by this disruption at the outset of the pandemic, including the closure or reduced operations of dental practices. During 2021, demand for the Company's products has largely recovered, although impacts from the pandemic continue to be experienced as evidenced by the more recent shortages and higher prices of raw materials such as electronic components, transportation and shipping services, and labor.

The impacts of COVID-19 on the Company's operations during 2021 were as follows:

- The Company has seen customer demand and dental patient traffic normalize in major markets. Despite the resurgence of cases late in 2021 due to variants of the COVID-19 virus, public and private dental practices largely remain open, although many continue to operate at less than pre-pandemic capacities. Certain of the Company's markets including regions of Southeast Asia have experienced setbacks in demand in the second half of the year as a result of renewed COVID-19 infections from recent variants of the virus. While most government authorities have lifted many of their restrictions, the end dates for all restrictions being lifted are still unknown, and it is uncertain when customer demand will fully return to pre-COVID-19 levels upon lifting these restrictions, or whether future variants of the virus may have an adverse impact on demand in affected markets.

- During 2021, the Company has experienced supply chain constraints, which has impacted its ability to timely produce and deliver certain products, and has also resulted in increases in shipping rates. To address these issues, the Company has taken steps to mitigate the impact of these trends, including continued emphasis on cost reduction and supply chain efficiencies. The Company continues to monitor the impact of global supply chain issues, including shipping disruption and inflation of material inputs, as well as labor shortages.

- The Company's COVID-19 infection crisis management process implemented in 2020 remains in effect during 2021. During the pandemic, the Company has utilized this process to manage several incidents of exposure at facilities. All potential and actual cases have been reviewed to ensure that the Company managed exposed employees appropriately, consistently and safely. None of these incidents have resulted in a material loss of production or adverse impact to the Company's operating results. The Company has continued to prioritize employee safety, and preventing the possible spread of COVID-19 by encouraging ongoing work-from-home where possible and maintaining travel restrictions.

As an ongoing consequence of the public's response to the global pandemic, including the restrictive measures imposed to contain its spread, it is noted that dental practices have adapted to potentially long-term conventions of social distancing and remote working. It is expected that the new conditions will continue to increase demand in dental care markets for the efficiencies and benefits that come from digital solutions. In response to this trend which began before the pandemic, the Company has continued to make investments to promote the transformation of dentistry with advancements in digital workflows, software upgrades, 3D printing and other offerings such as clinical education that are allowing the Company to quickly respond to increased demand for digital dentistry. As uncertainty surrounding the pandemic continues, as part of the strategic response to its longer-term implications including the increase in demand for digital solutions, the Company intends to continue targeting investments in this area including the related R&D and sales and marketing investments that will bring these innovations to customers.

The impact of recent developments in Ukraine

In February 2022, as a result of the invasion of Ukraine by Russia, economic sanctions were imposed by the U.S., the European Union, and certain other countries on Russian financial institutions and businesses. While it is difficult to estimate the impact of current or future sanctions on the Company's business and financial position, these sanctions could adversely impact the Company's sales, cost of procuring raw materials, or distribution costs in future periods. Refer to Part I, Item 1A, "Risk Factors" - *Risks Related to Our International Operations*.

As of December 31, 2021, the net assets of the Company's subsidiaries in Russia and Ukraine were $63 million, and for the year ended December 31, 2021, the Company's net sales in Russia and Ukraine were approximately 3% of its consolidated net sales.

Key Performance Measurements

The principal measurements used by the Company in evaluating its business performance are: (1) organic sales by segment and geographic region; and (2) adjusted operating income and margins of each reportable segment, which excludes the impacts of purchase accounting, corporate expenses, and certain other items to enhance the comparability of results period to period.

The Company defines "organic sales" as the reported net sales adjusted for: (1) net sales from acquired and divested businesses recorded prior to the first anniversary of the acquisition or divestiture; (2) net sales attributable to discontinued product lines in both the current and prior year periods; and (3) the impact of foreign currency changes, which is calculated by translating current-period net sales using the comparable prior period's currency exchange rates.

The "organic sales" measure is not calculated in accordance with US GAAP; therefore, this item represents a Non-GAAP measure. This Non-GAAP measure may differ from those used by other companies and should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP. Organic sales is an important internal measure for the Company, and its senior management who receive a monthly analysis of operating results that includes organic sales. The performance of the Company is measured on this metric along with other performance metrics.

The Company discloses organic sales to allow investors to evaluate the performance of the Company's operations exclusive of certain items that impact the comparability of results from period to period and may not be indicative of past or future performance of the normal operations of the Company. The Company believes that this information is helpful in understanding underlying net sales trends.

Business Drivers

The primary drivers of organic sales include macroeconomic factors, global dental market demand, innovation and new product launches by the Company, as well as continued investments in sales and marketing resources to drive demand creation, including clinical education. Management believes that the Company's ability to execute its strategies should allow it to grow faster than the underlying dental market over time. On a short-term basis, sudden changes in the macroeconomic environment such as those caused by the impacts of COVID-19, supply chain challenges, changes in strategy, or distributor inventory levels can and have impacted the Company's sales.

The Company has a focus on maximizing operational efficiencies on a global basis. The Company has expanded the use of technology as well as process improvement initiatives to enhance global efficiency. In addition, management continues to evaluate the worldwide consolidation of operations and functions to further reduce costs. While the Company continues consolidation initiatives which can have an adverse impact on reported results in the short term, the Company expects that the continued benefits from these global efficiency efforts will improve its cost structure.

Subject to the pace of the post-pandemic recovery, the Company intends to continue pursuing opportunities to expand the Company's product offerings, technologies, and sales and service infrastructure through partnerships and acquisitions. Although the professional dental market has experienced consolidation, it remains fragmented. Management believes that there will continue to be adequate opportunities to participate as a consolidator in the industry for the foreseeable future.

The Company's business is subject to quarterly fluctuations in net sales and operating income. Price increases, promotional activities, as well as changes in inventory levels at distributors contribute to this fluctuation. The Company typically implements most of its price increases in January or October of a given year across most of its businesses. Distributor inventory levels tend to increase in the period leading up to a price increase and decline in the period following the implementation of a price increase. Required minimum purchase commitments under agreements with key distributors may increase inventory levels in excess of retail demand. Changes in dealer inventory levels have impacted the Company's consolidated net sales in the past, and may continue to do so in the future. In addition, the Company may from time to time, engage in new distributor relationships that could cause fluctuations of consolidated net sales and operating income. Distributor inventory levels may fluctuate, and may differ from the Company's projections, resulting in the Company's forecast of future results being different than expected.

There can be no assurance that the Company's dealers and customers will maintain levels of inventory or patterns of build and liquidation timing in accordance with the Company's predictions or past history. As of December 31, 2021, certain dealers' inventory of the Company's CAD/CAM products in the United States was higher than at the end of the prior year, by approximately $50 million. These higher levels of dealer inventory are due to lower-than-expected retail sales in the fourth quarter, as well as timing-related purchases by dealers due primarily to incremental pricing incentives in the second half of the year, and are likely to pose headwinds to the Company's net sales for these products in 2022.

The Company anticipates that inventory levels may continue to fluctuate as dealers and customers manage the effects of COVID-19 and supply chain constraints on their businesses. Any of these fluctuations could be material to the Company's consolidated financial statements. For more information about the drivers of our business and related risks, see Part I, Item 1, "Business" and Part I, Item 1A, "Risk Factors."

Restructuring Programs

In 2018, the Board of Directors approved a plan to restructure and simplify the Company's business, which was expanded in 2020 for certain portfolio optimization objectives including the exit of the Company's traditional orthodontics business as well as portions of its laboratory business. A primary goal of the restructuring has been to drive annualized net sales growth of 4% to 5% and adjusted operating income margins of 22% by the fourth quarter of 2022. The operating expense reductions have come as a result of additional leverage from continued integration and simplification of the business. The expanded program is expected to result in total charges of approximately $345 million and annual cost savings of approximately $250 million. Since 2018, the Company has incurred expenditures of approximately $321 million under these programs, of which approximately $123 million were non-cash charges. The Company expects most of the remaining charges will be recorded during the first quarter of 2022. The Company has not seen and does not expect a significant impact to net sales as a result of these actions. The businesses being exited as part of the portfolio optimization have been experiencing declining sales and were dilutive to the Company's operating income margin. The Company's traditional orthodontics business, which includes brackets, bands, tubes and wires, had net sales of $92 million in 2020 and $132 million in 2019. The portion of the laboratory business the Company is exiting manufactures removable dentures and related products and had net sales of $30 million in 2020 and $44 million in 2019. The net income of these businesses is not material to the Company's consolidated results.

Impact of Foreign Currencies

Due to the Company's global footprint, movements in foreign currency exchange rates may have a material impact on its reported net sales and pre-tax income. With approximately two-thirds of the Company's net sales originating from regions outside the United States, the Company's net sales and results from operation are negatively impacted by the strengthening, or positively impacted by the weakening of the U.S. dollar, compared to the primary currencies in which the Company operates.

RESULTS OF OPERATIONS

Net Sales

A reconciliation of net sales to organic sales for the year ended December 31, 2021 was as follows:

	Year Ended December 31,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 4,231	$ 3,339	$ 892	26.7 %
Favorable foreign exchange impact				2.9 %
Acquisitions				5.4 %
Divestitures and discontinued products				(5.7 %)
Organic sales				24.1 %

* Percentages are based on actual values and may not recalculate due to rounding.

(a) As Restated

The increase in organic sales was attributable to both the Technologies & Equipment and Consumables segments and was primarily due to a recovery in demand from the prior year impact of the COVID-19 pandemic on volumes. In addition to the overall increases due to more normalized demand across the product lines, the Company achieved additional topline growth as a result of successful product launches during 2021 and geographic expansion in the Implants, Orthodontics, and Endodontic & Restorative Consumables businesses.

Net Sales by Segment

Technologies & Equipment

A reconciliation of net sales to organic sales for the year ended December 31, 2021 was as follows:

	Year Ended December 31,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 2,504	$ 1,954	$ 550	28.2 %
Favorable foreign exchange impact				2.9 %
Acquisitions				9.2 %
Divestitures and discontinued products				(6.4 %)
Organic sales				22.5 %

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated

The increase in organic sales occurred across all product categories and was primarily due to the easing of the adverse impact of the COVID-19 pandemic, as well as new product launches and geographic expansion of existing products. These increases in organic sales were partly offset by supply chain issues that delayed shipments of certain products to customers until the following year.

Consumables

A reconciliation of net sales to organic sales for the year ended December 31, 2021 was as follows:

	Year Ended December 31,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 1,727	$ 1,385	$ 342	24.6 %
Favorable foreign exchange impact				2.8 %
Divestitures and discontinued products				(4.5 %)
Organic sales				26.3 %

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated

The increase in organic sales occurred across all regions and was the result of overall higher volumes during the year ended December 31, 2021, primarily due to demand recovery from the impact of the COVID-19 pandemic. The segment also benefited from successful launches of new Endodontic and Restorative products, and favorable price increases.

Net Sales by Region

United States

A reconciliation of net sales to organic sales for the year ended December 31, 2021 was as follows:

	Year Ended December 31,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 1,480	$ 1,115	$ 365	32.6 %
Favorable foreign exchange impact				0.3 %
Acquisitions				15.3 %
Divestitures and discontinued products				(4.8 %)
Organic sales				21.8 %

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated

The increase in organic sales was attributable to both the Technologies & Equipment and the Consumables segments and was primarily due to overall higher volumes during the year ended December 31, 2021, following periods of lower demand resulting from the COVID-19 pandemic. In addition to the overall increases due to more normalized demand across the product lines, the Company achieved additional topline growth domestically as a result of successful product launches in the Implants, Orthodontics, and Endodontic & Restorative Consumables businesses. Sales were also affected by a build in dealer inventory during the year, partly as a result of incremental pricing incentives in the second half of the year. These increases were partly offset by delays in shipments of some products late in the year due to supply chain constraints.

Europe

A reconciliation of net sales to organic sales for the year ended December 31, 2021 was as follows:

	Year Ended December 31,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 1,675	$ 1,381	$ 294	21.3 %
Favorable foreign exchange impact				4.7 %
Divestitures and discontinued products				(4.8 %)
Organic sales				21.4 %

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated

The increase in organic sales was attributable to both the Technologies & Equipment and Consumables segments and was primarily due to overall higher volumes during the year ended December 31, 2021, following periods of lower demand resulting from the COVID-19 pandemic. In addition to the overall increases due to more normalized demand across the product lines, the Company achieved additional topline growth in Europe as a result of increased sales volumes of CAD/CAM units, as well as successful product launches and geographic expansion in the Implants, Orthodontics, and Restorative Consumables businesses, partly offset by delays in shipments of some Equipment & Instruments products late in the year due to supply chain constraints.

Rest of World

A reconciliation of net sales to organic sales for the year ended December 31, 2021 was as follows:

	Year Ended December 31,			
(in millions, except percentages)	2021(a)	2020	$ Change	% Change
Net sales	$ 1,076	$ 843	$ 233	27.7 %
Favorable foreign exchange impact				3.3 %
Acquisitions				1.0 %
Divestitures and discontinued products				(8.5 %)
Organic sales				31.9 %

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated

The increase in organic sales was attributable to both the Technologies & Equipment and the Consumables segments and was primarily due to overall higher volumes during the year ended December 31, 2021, following periods of lower demand resulting from the COVID-19 pandemic, particularly in Asia-Pacific markets. In addition to the overall increases due to more normalized demand across the product lines, the Company achieved additional topline growth in the Rest of World markets as a result of increased sales volumes of Implants, CAD/CAM units and the Company's Orthodontics products.

Gross Profit

	Year Ended December 31,			
(in millions, except percentages)	2021(a)	2020	$ Change	% Change
Gross profit	$ 2,347	$ 1,656	$ 691	41.8 %
Gross profit as a percentage of net sales	55.5 %	49.6 %	590 bps	

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated

The increase in the gross profit rate as a percentage of net sales was primarily driven by the increase in net sales for higher margin products, including those related to new product launches. Mix relative to prior year has benefited from portfolio optimization including the discontinuation of certain lower margin products associated with the traditional orthodontic and laboratory businesses, and the strategic investments in higher margin products such as specialized implants solutions and clear aligners. These favorable increases to gross profit as a percentage of sales were offset by pricing incentives for certain products and increased supply chain related expenses including distribution costs in the current year.

Operating Expenses

	Year Ended December 31,			
(in millions, except percentages)	2021(a)	2020	$ Change	% Change
Selling, general and administrative expenses ("SG&A")	$ 1,551	$ 1,302	$ 249	19.1 %
Research and development expenses ("R&D")	171	123	48	38.9 %
Goodwill impairment	—	157	(157)	NM
Restructuring and other costs	17	77	(60)	NM
SG&A as a percentage of net sales	36.6 %	39.0 %	(240) bps	
R&D as a percentage of net sales	4.1 %	3.7 %	40 bps	

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated
NM - Not meaningful

SG&A Expenses

SG&A expenses increased primarily due to strategic investments in sales and marketing resources in key growth areas, as well as a decrease in COVID-19 related relief from foreign governments. The decrease in SG&A expenses as a percentage of net sales was primarily driven by greater absorption of expenses due to higher sales, as well as expense discipline.

R&D Expenses

The increase in R&D expenses was primarily due to an increase in spend within the T&E segment driven by increased investments in digital workflow solutions, product development initiatives, software development including clinical application suite and cloud deployment. Additionally, the Company made investments in a new Consumables innovation center in Charlotte, North Carolina. The Company expects to continue to maintain an expanded level of investment in research and development that is at least 4% of annual net sales.

Goodwill Impairment

There were no impairments recorded in the year ended December 31, 2021. During the year ended December 31, 2020, as a result of the impact of the COVID-19 pandemic, the Company determined that the goodwill associated with the Equipment & Instruments reporting unit within the Technologies & Equipment segment was impaired. As a result, the Company recorded a goodwill impairment charge of $157 million. For further details see Item 8, Note 12, Goodwill and Intangible Assets, in the Notes to the Audited Consolidated Financial Statements of this Form 10-K/A.

Restructuring and Other Costs

During the year ended December 31, 2021, the Company recorded net expense of $17 million of restructuring costs in connection with the various restructuring initiatives. For further details see Item 8, Note 19, Restructuring and Other Costs, in the Notes to the Audited Consolidated Financial Statements of this Form 10-K/A.

During the year ended December 31, 2020, the Company recorded $26 million of restructuring costs primarily related to the expansion of the restructuring plan announced in August 2020. The Company also recorded $51 million of other costs, which consist primarily of impairment charges of $39 million related to indefinite-lived intangible assets and other impairments of $8 million.

The Company announced on August 6, 2020 that it will exit its traditional orthodontics business as well as both exit and restructure certain portions of its laboratory business. The traditional orthodontics business has been part of the Technologies & Equipment segment and the laboratory business has been part of the Consumables segment. The Company expects to record total ending restructuring charges in a range of $60 million to $70 million for inventory write-downs, severance costs, fixed asset write-offs, and other facility closure costs. The Company estimates that $45 million to $55 million of the total final restructuring charges will be non-cash charges related to inventory write-downs and fixed asset write-offs. To date through December 31, 2021, the Company recorded expenses of approximately $58 million related to these actions, of which approximately $46 million were non-cash charges.

Segment Adjusted Operating Income

	Year Ended December 31,			
(in millions, except percentages)(b)	2021(a)	2020	$ Change	% Change
Technologies & Equipment	$ 543	$ 382	$ 161	42.1 %
Consumables	539	316	223	70.6 %

* Percentages are based on actual values and may not recalculate due to rounding.

(a) As Restated

(b) See Note 7, Segment and Geographic Information, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A for a reconciliation from segment adjusted operating income to consolidated US GAAP income.

The increase in adjusted operating income for both Technologies & Equipment and Consumables was primarily driven by the increase in net sales, favorable mix including increased volumes for higher margin products, and continued expense discipline during 2021, offset by higher supply chain related expenses, including distribution costs.

Other Income and Expenses

(in millions, except percentages)	Year Ended December 31, 2021(a)	2020	$ Change	% Change
Interest expense, net	$ 55	$ 46	$ 9	18.4 %
Other expense (income), net	8	1	7	NM
Net interest and other expense	$ 63	$ 47	$ 16	

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated
NM - Not meaningful

Interest expense, net

Net interest expense for the year ended December 31, 2021 increased by $9 million as compared to the year ended December 31, 2020, driven primarily by higher average debt levels in 2021 relative to the prior year period.

Other expense (income), net

Other expense (income), net for the year ended December 31, 2021 compared to the year ended December 31, 2020 was as follows:

(in millions, except percentages)	Year Ended December 31, 2021(a)	2020	$ Change
(Gain) loss on sales of non-core businesses	$ (7)	$ 2	$ (9)
Foreign exchange gains (b)	(6)	(13)	7
Loss from equity method investments	10	—	10
Defined benefit pension plan expenses	10	9	1
Other non-operating loss (gain)	1	2	(1)
Other expense (income), net	$ 8	$ —	$ 8

(a) As Restated
(b) Foreign exchange gains are primarily related to the revaluation of intercompany payables and loans.

Income Taxes and Net Income (Loss)

(in millions, except per share data and percentages)	Year Ended December 31, 2021(a)	2020	$ Change
Provision for income taxes	$ 134	$ 23	$ 111
Effective income tax rate	24.6 %	(46.0 %)	
Net income (loss) attributable to Dentsply Sirona	$ 411	$ (73)	$ 484
Net income (loss) per common share - diluted (b)	$ 1.87	$ (0.33)	

* Percentages are based on actual values and may not recalculate due to rounding.
(a) As Restated
(b) For the year ended December 31, 2020, the Company's net loss per share was calculated on a non-diluted basis.

Provision for income taxes

For the year ended December 31, 2021, income taxes were a net expense of $134 million. During the year ended December 31, 2021, the Company recorded discrete tax expense items of $10 million related to statutory rate changes and $4 million for other discrete tax matters. The Company also recorded $5 million of tax expense as a discrete item related to business divestitures.

The increase in the effective tax rate is due to the overall improvement in the Company’s performance and its corresponding mix of higher-taxed foreign income. The Company continues to reassess the realizability of its deferred tax assets and, after weighing all positive and negative evidence, continues to maintain a valuation allowance on certain deferred tax assets.

For the year ended December 31, 2020, income taxes were a net expense of $23 million. During the year ended December 31, 2020, the Company recorded $9 million of tax expense for other discrete tax matters. The Company also recorded an $11 million tax benefit as a discrete item related to the indefinite-lived intangible asset impairment charge and $2 million related to the asset impairment charge.

Further information regarding the details of income taxes is presented in Note 17, Income Taxes, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company’s consolidated financial statements in conformity with US GAAP requires the Company to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements. The process of determining significant estimates is fact specific and takes into account factors such as historical experience, current and expected economic conditions, product mix and in some cases, actuarial techniques. The Company evaluates these significant factors as facts and circumstances dictate. Some events as described below could cause results to differ significantly from those determined using estimates. The Company has identified the following accounting estimates as those which are critical to its business and results of operations.

Business Acquisitions

The Company acquires businesses as well as partial interests in businesses. Acquired businesses are accounted for using the acquisition method of accounting which requires the Company to record assets acquired and liabilities assumed at their respective fair values with the excess of the purchase price over estimated fair values recorded as goodwill. The assumptions made in determining the fair value of acquired assets and assumed liabilities as well as asset lives can materially impact the results of operations.

The Company obtains information during due diligence and through other sources to get respective fair values. Examples of factors and information that the Company uses to determine the fair values include: tangible and intangible asset evaluations and appraisals, and evaluations of existing contingencies, liabilities, and product line integration information. If the initial valuation for an acquisition is incomplete by the end of the reporting period in which the acquisition occurred, the Company will record a provisional estimate in the financial statements. The provisional estimate will be finalized as soon as information becomes available but will only occur up to one year from the acquisition date. More information on the assumptions used to estimate the fair values of acquired intangible assets is included in Note 1, Significant Accounting Policies and Restatement, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A.

Goodwill and Indefinite-Lived Intangible Assets

The Company follows the accounting standards for goodwill and indefinite-lived intangibles, which require an annual test for impairment to goodwill using a fair value approach. In addition to minimum annual impairment tests, the Company also performs impairment assessments more frequently if events or changes in circumstances indicate that the goodwill or indefinite-lived assets might be impaired. If the carrying value of a reporting unit with goodwill exceeds the implied fair value of that reporting unit, an impairment charge is recognized for the excess amount. Similarly, if the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized on the intangible.

Impairment Assessment

Assessment of the potential impairment of goodwill and indefinite-lived intangible assets is an integral part of the Company's normal ongoing review of operations. Testing for potential impairment of these assets is dependent on significant assumptions and reflects management's best estimates at a particular point in time. The dynamic economic environments in which the Company's businesses operate and key economic and business assumptions with respect to projected selling prices, increased competition and introductions of new technologies can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments, as well as the time at which such impairments are recognized. If there are unfavorable changes in these assumptions, particularly changes in the Company's discount rates, revenue growth rates, and operating margins, the Company may be required to recognize impairment charges.

In particular, the determination of fair value involves uncertainties around the forecasted cash flows as it requires management to make assumptions and apply judgment to estimate future business expectations. Those future expectations include, but are not limited to, the current and ongoing impact of the COVID-19 pandemic and new product developments. The Company also considers the current and projected market and economic conditions amid the ongoing pandemic for the dental industry, both in the U.S. and globally, when determining its assumptions.

A change in any of these estimates and assumptions used in the annual test, as well as unfavorable changes in the ongoing COVID-19 pandemic, or in the overall markets served by these reporting units, among other factors, could have a negative material impact to the fair value of the reporting units and indefinite-lived intangible assets and could result in a future impairment charge. There can be no assurance that the Company's future goodwill and indefinite-lived impairment testing will not result in a material adverse impact to the Company's results of operations.

Information with respect to the Company's significant accounting policies on goodwill and indefinite-lived intangible assets are included in Note 1, Significant Accounting Policies and Restatement, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A.

Goodwill Impairment

Goodwill represents the excess cost over the fair value of the identifiable net assets of business acquired. Goodwill is not amortized; instead, it is tested for impairment annually or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired, or if a decision is made to sell a business. Judgment is involved in determining if an indicator of impairment has occurred during the course of the year. Such indicators may include a decline in expected cash flows, unanticipated competition or slower growth rates, among others. When testing goodwill for impairment, the Company may assess qualitative factors for its reporting units to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount including goodwill. Alternatively, the Company may bypass this qualitative assessment and perform the quantitative goodwill impairment test. It is important to note that fair values which could be realized in an actual transaction may differ from those used to evaluate the impairment of goodwill.

Goodwill is allocated among reporting units and evaluated for impairment at that level. The Company's reporting units are either an operating segment or one level below its operating segments, as determined in accordance with ASC 350.

Effective 2021 and prospectively, the Company is performing its required annual goodwill impairment test as of April 1 rather than as of April 30 which was the Company's previous practice. The Company believes this change is preferable as it more closely aligns with the timing of the Company's strategic business planning process. This change did not result in any delay, acceleration or avoidance of impairment. Furthermore, a retrospective application to prior periods is impracticable as the Company is unable to objectively determine, without the use of hindsight, the assumptions which would be used in earlier periods.

The quantitative evaluation of impairment involves comparing the current fair value of each reporting unit to its net book value, including goodwill. The Company uses a discounted cash flow model ("DCF model") as its valuation technique to measure the fair value for its reporting units when testing for impairment, as management believes forecasted operating cash flows are the best indicator of such fair value. The discounted cash flow model uses five- to ten- year forecasted cash flows plus a terminal value based on capitalizing the last period's cash flows using a perpetual growth rate. The significant assumptions and estimates involved in the application of the DCF model to forecast operating cash flows include, but are not limited to the discount rates, revenue growth rates (including perpetual growth rates), and future operating margin percentages of the reporting unit's business. These assumptions may vary significantly among the reporting units. Operating cash flow forecasts are based on approved business-unit operating plans for the early years and historical relationships and projections in later years. In the development of the forecasted cash flows, the Company applies revenue, gross profit, and operating expense assumptions taking into consideration historical trends as well as future expectations. The revenue growth rate assumptions were developed in consideration of future expectations which included, but were not limited to, the current and ongoing impact of the COVID-19 pandemic, distribution channel changes, impact from competition, and new product developments for these reporting units. The Company also considers the current and projected market conditions for dental and medical device industries, both in the U.S. and globally, when determining its assumptions. Operating cash flow assumptions may also be impacted by assumptions regarding benefits from restructuring initiatives, tax rates, capital spending and working capital changes. Discount rates are estimated for geographic regions and applied to the reporting units located within the regions. These rates are developed based on market participant data, which included assumptions regarding the Company's weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. The Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. The Company has not materially changed its methodology for goodwill impairment testing for the years presented.

Indefinite-Lived Intangible Asset Impairment

Indefinite-lived intangible assets consist of tradenames, trademarks and in-process research and development and are not subject to amortization; instead, they are tested for impairment annually or more frequently if events or circumstances indicate that the carrying value of indefinite-lived intangible assets may be impaired or if a decision is made to sell a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred during the course of the year. Such indicators may include a decline in expected cash flow, unanticipated competition or slower growth rates, among others. It is important to note that fair values that could be realized in an actual transaction may differ from those used to evaluate the impairment of indefinite-lived assets. The Company performed this annual impairment test as of April 1, 2021, in conjunction with the goodwill impairment annual test.

The fair value of acquired tradenames and trademarks is estimated by the use of a relief from royalty method, which values an indefinite-lived intangible asset by estimating the royalties saved through the ownership of an asset. Under this method, an owner of an indefinite-lived intangible asset determines the arm's length royalty that likely would have been charged if the owner had to license the asset from a third party. The royalty rate, which is based on the estimated rate applied against forecasted sales, is tax-effected and discounted at present value using a discount rate commensurate with the relative risk of achieving the cash flow attributable to the asset. Management judgment is necessary to determine key assumptions, including revenue growth rates, perpetual revenue growth rates, royalty rates, and discount rates. Other assumptions are consistent with those applied to goodwill impairment testing.

Goodwill and Indefinite-Lived Intangible Asset Impairment Results

No goodwill or indefinite-lived intangible impairment was identified at April 1, 2021 in conjunction with the annual test and no subsequent triggering events were identified. For further information, see Note 12, Goodwill and Intangible Assets, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A.

During the three months ended March 31, 2020, prior to performance of the annual impairment test, the Company concluded that due to the negative effects of the COVID-19 pandemic on revenue and profitability, a triggering event existed for four of the Company's five reporting units containing a goodwill balance and all but two of the Company's indefinite-lived intangible assets as of March 31, 2020. The first quarter goodwill impairment test resulted in an impairment charge of $157 million in the Equipment & Instruments reporting unit, and an impairment charge of $39 million related to certain tradenames and trademarks related to the Equipment & Instruments reporting unit. The intangible asset impairment charge was recorded in Restructuring and other costs in the Consolidated Statements of Operations. The Company further performed the required annual impairment tests of goodwill and indefinite-lived intangible assets at April 30, 2020, which did not result in any additional impairment in 2020.

During the twelve months ended December 31, 2019, the Company impaired $5 million of product tradenames and trademarks within the Technologies & Equipment segment. The impaired indefinite-lived intangible assets are tradenames and trademarks held within the Equipment and Instrument reporting unit. The impairment was the result of a change in forecasted sales related to divestitures of non-strategic product lines.

Income Taxes

Income taxes are determined using the liability method of accounting for income taxes. The Company's tax expense includes U.S. and international income taxes plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested.

The Company applies a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in the consolidated financial statements the impact of a tax position if that position is more likely than not of being sustained upon examination by the taxing authorities based on the technical merits of the position.

Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not likely. At December 31, 2021, the Company has a valuation allowance of $267 million against the benefit of certain deferred tax assets of foreign and domestic subsidiaries.

The Company's tax positions are subject to ongoing examinations by the tax authorities. The Company operates within multiple taxing jurisdictions throughout the world and in the normal course of business is examined by taxing authorities in those jurisdictions. Adjustments to the uncertain tax positions are recorded when taxing authority examinations are completed, statutes of limitation are closed, changes in tax laws occur or as new information comes to light with regard to the technical merits of the tax position.

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended December 31,		
(in millions)	2021[a]	2020	$ Change
Cash (used in) provided by:			
Operating activities	$ 657	$ 649	$ 8
Investing activities	(358)	(1,106)	748
Financing activities	(379)	476	(855)
Effect of exchange rate changes on cash and cash equivalents	(19)	14	(33)
Net (decrease) increase in cash and cash equivalents	$ (99)	$ 33	$ (132)

(a) As Restated

The increase in cash provided by operating activities was driven primarily by higher sales in the current period, partially offset by unfavorable changes in working capital including a slower trend in collections relative to the prior year, timing of payments to vendors, and a build-up in inventory during the current period to meet recovered demand for the Company's products. For the year ended December 31, 2021, the number of days for sales outstanding in accounts receivable increased by 6 days to 60 days as compared to 54 days at December 31, 2020, and the number of days of sales in inventory increased by 5 days to 110 days at December 31, 2021 as compared to 105 days at December 31, 2020.

The decrease in cash used in investing activities was primarily due to lower cash paid for acquisitions by $830 million, partially offset by higher capital expenditures of $55 million, and less cash proceeds from liquidation of net investment hedges of $56 million. The Company estimates capital expenditures to be in the range of approximately $150 million to $170 million for the full year 2022 and expects these investments to include expansion of facilities to provide incremental space for growth and to consolidate operations for enhanced efficiencies.

The increase in cash used in financing activities was primarily driven by lower net borrowings of $851 million during 2021 compared to prior year, higher stock repurchases of $60 million, partially offset by greater proceeds from exercises of stock options of $40 million. Primarily as a result of this activity, combined with a decrease of $76 million due to exchange rate fluctuations on debt denominated in foreign currencies, the Company's total borrowings decreased by a net $182 million during the year ended December 31, 2021.

During the year ended December 31, 2021, the Company repurchased approximately 3.5 million shares under its open market share repurchase plan for a cost of $200 million at a volume-weighted average price of $57.47. On July 28, 2021, the Board of Directors of the Company approved an increase in the value of shares of common stock that may be repurchased under the share repurchase program to $1 billion. At December 31, 2021, $890 million of authorization remains available for future share repurchases. Additional share repurchases, if any, may be made through open market purchases, Rule 10b5-1 plans, accelerated share repurchases, privately negotiated transactions, or other transactions in such amounts and at such times as the Company deems appropriate based upon prevailing market and business conditions and other factors. At December 31, 2021, the Company held 47.1 million shares of treasury stock.

The Company's ratio of total net debt to total capitalization was as follows:

	Year Ended December 31,	
(in millions, except percentages)	2021[(a)]	2020
Current portion of debt	$ 182	$ 299
Long-term debt	1,913	1,978
Less: Cash and cash equivalents	339	438
Net debt	$ 1,756	$ 1,839
Total equity	4,997	4,935
Total capitalization	$ 6,753	$ 6,774
Total net debt to total capitalization ratio	**26.0 %**	**27.1 %**

(a) As Restated

At December 31, 2021, the Company had a total remaining borrowing capacity of $560 million under lines of credit, including lines available under its short-term arrangements and revolving credit facility. The Company's borrowing capacity includes a $700 million credit facility from 2018 available through July 28, 2024. The Company also has available an aggregate $500 million under a U.S. dollar commercial paper facility. The $700 million revolver serves as a back-up to the commercial paper facility, thus the total available credit under the commercial paper facility and the multi-currency revolving credit facility in the aggregate is $700 million. The Company had $170 million outstanding borrowings under the commercial paper facility at December 31, 2021 resulting in $530 million remaining available under the revolving credit and commercial paper facilities. The Company also has access to $41 million in uncommitted short-term financing under lines of credit from various financial institutions. The lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institutions. At December 31, 2021, the Company has $11 million outstanding under short-term borrowing arrangements.

The Company's revolving credit facility, term loans and senior notes contain certain covenants relating to the Company's operations and financial condition. The most restrictive of these covenants are: a ratio of total debt outstanding to total capital not to exceed 0.6, and a ratio of operating income excluding depreciation and amortization to interest expense of not less than 3.0 times, in each case, as such terms are defined in the relevant agreement. Any breach of any such covenants would result in a default under the existing debt agreements that would permit the lenders to declare all borrowings under such debt agreements to be immediately due and payable and, through cross default provisions, would entitle the Company's other lenders to accelerate their loans. At December 31, 2021, the Company was in compliance with these covenants.

The Company expects on an ongoing basis to be able to finance operating cash requirements, capital expenditures, and debt service from the current cash, cash equivalents, cash flows from operations and amounts available under its existing borrowing facilities. The Company's credit facilities are further discussed in Note 15, Financing Arrangements, to the Consolidated Financial Statements in Item 8 of this Form 10-K/A.

The cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries' operating activities and future foreign investments. The Company has the ability to repatriate cash to the U.S., which could result in an adjustment to the tax liability for foreign withholding taxes, foreign and/or U.S. state income taxes, and the impact of foreign currency movements. At December 31, 2021, management believed that sufficient liquidity was available in the United States and expects this to remain for the next twelve months. The Company has repatriated and expects to continue repatriating certain funds from its non-U.S. subsidiaries that are not needed to finance local operations, however, these particular repatriation activities have not and are not expected to result in a significant incremental tax liability to the Company.

The Company continues to review its debt portfolio and may refinance additional debt or add debt in the near-term as interest rates remain at historically low levels. The Company believes there is sufficient liquidity available for the next twelve months.

Off Balance Sheet Arrangements

At December 31, 2021, the Company held $43 million of precious metals on consignment from several financial institutions. Under these consignment arrangements, the financial institutions own the precious metal, and, accordingly, the Company does not report this consigned inventory as part of its inventory on the Consolidated Balance Sheets. These consignment agreements allow the Company to acquire the precious metal at market rates at a point in time, which is approximately the same time, and for the same price as alloys are sold to the Company's customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position to maintain precious metal inventory at operational levels. For additional details, see Item 7A "Quantitative and Qualitative Disclosure About Market Risk - Consignment Arrangements" of the Original Filing.

Contractual Obligations

The Company's scheduled contractual cash obligations at December 31, 2021 were as follows:

(in millions)	Within 1 Year	Years 2-3	Years 4-5	Greater Than 5 Years	Total
Long-term borrowings, including finance leases	$ 3	$ 95	$ 351	$ 1,473	$ 1,922
Operating leases*	58	82	42	38	220
Purchase commitments	161	111	83	—	355
Interest on long-term borrowings, net of interest rate swap agreements	36	71	64	96	267
Postemployment obligations	23	48	50	127	248
Precious metal consignment agreements	43	—	—	—	43
	$ 324	$ 407	$ 590	$ 1,734	$ 3,055

*As Restated

Due to the uncertainty with respect to the timing of future cash flows associated with the Company's unrecognized tax benefits at December 31, 2021, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority; therefore, $42 million of the unrecognized tax benefit has been excluded from the contractual obligations table above. See Note 17, Income Taxes, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 1, Significant Accounting Policies and Restatement, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K/A for a discussion of recent accounting guidance and pronouncements.

Item 8. Financial Statements and Supplementary Data

1. Financial Statements

The following consolidated financial statements of the Company are filed as part of this Form 10-K/A:

2. Financial Statement Schedule for the Years Ended December 31, 2021, 2020, and 2019.

The following financial statement schedule is filed as part of this Form 10-K/A and is covered by the Report of Independent Registered Public Accounting Firm

Management's Report on Internal Control Over Financial Reporting (As Restated)

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making its assessment, management used the criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In management's Report on Internal Control Over Financial Reporting in the Company's original Annual Report on Form 10-K for the year ended December 31, 2021 filed on March 1, 2022, management previously concluded that the Company's internal control over financial reporting was effective as of December 31, 2021. Management subsequently concluded that the material weaknesses described herein existed as of December 31, 2021. As a result, management has concluded that the Company's internal control over financial reporting was not effective as of December 31, 2021 based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO. Accordingly, management has restated its report on the Company's internal control over financial reporting.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified the following material weaknesses in the Company's internal control over financial reporting:

a. The Company did not design and maintain an effective internal control environment as former management failed to set an appropriate tone at the top. Specifically, certain members of senior management, including the Company's former Chief Executive Officer and former Chief Financial Officer, engaged in conduct that was inconsistent with the Company's culture of compliance and Code of Ethics and Business Conduct.

b. The Company did not maintain a sufficient complement of personnel with an appropriate level of knowledge about accounting for variable consideration related to customer incentive arrangements in a manner commensurate with our financial reporting requirements.

These material weaknesses contributed to the following additional material weakness:

c. The Company did not design and maintain effective controls associated with approving, communicating, and accounting for incentive arrangements with customers, impacting the completeness and accuracy of revenues, including variable consideration.

These material weaknesses resulted in the restatement of our consolidated financial statements for the year ended December 31, 2021, and the unaudited interim financial information for the three and nine months ended September 30, 2021. These material weaknesses also resulted in adjustments to substantially all of our accounts and disclosures for the interim and annual periods related to 2019, 2020, and 2021. Additionally, each of these material weaknesses could result in a misstatement of substantially all of our account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

In conducting management’s evaluation as described above, the operations of the Propel Orthodontics and Datum Dental businesses acquired June 1, 2021 and January 21, 2021 respectively, which were excluded from management’s assessment of internal control over financial reporting, together represent less than 1% of consolidated total assets, excluding the preliminary value of goodwill and intangible assets related to these acquisitions, and less than 1% of the Company’s consolidated revenues and operating income for the fiscal year ended December 31, 2021.

The Company’s independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company’s internal control over financial reporting as of December 31, 2021, as stated in their report, which appears herein.

/s/	*Simon D. Campion*	*/s/*	*Glenn G. Coleman*
	Simon D. Campion President and Chief Executive Officer November 7, 2022		Glenn G. Coleman Executive Vice President and Chief Financial Officer November 7, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
of DENTSPLY SIRONA Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of DENTSPLY SIRONA Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO because material weaknesses in internal control over financial reporting existed as of that date related to lack of an effective internal control environment as former management failed to set an appropriate tone at the top, lack of a sufficient complement of personnel with an appropriate level of knowledge about accounting for variable consideration related to customer incentive arrangements in a manner commensurate with the Company's financial reporting requirements, and lack of effective controls over approving, communicating, and accounting for incentive arrangements with customers, impacting the completeness and accuracy of revenues, including variable consideration.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in the accompanying Management's Report on Internal Control Over Financial Reporting. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2021 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Restatement of Previously Issued Financial Statements and Management's Conclusion Regarding Internal Control over Financial Reporting

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2021 financial statements to correct misstatements.

Management and we previously concluded that the Company maintained effective internal control over financial reporting as of December 31, 2021. However, management has subsequently determined that material weaknesses in internal control over financial reporting existed as of that date related to lack of an effective internal control environment as former management failed to set an appropriate tone at the top, lack of a sufficient complement of personnel with an appropriate level of knowledge about accounting for variable consideration related to customer incentive arrangements in a manner commensurate with the Company's financial reporting requirements, and lack of effective controls over approving, communicating, and accounting for incentive arrangements with customers, impacting the completeness and accuracy of revenues, including variable consideration. Accordingly, management's report has been restated and our present opinion on internal control over financial reporting, as presented herein, is different from that expressed in our previous report.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Propel Orthodontics and Datum Dental from its assessment of internal control over financial reporting as of December 31, 2021, because they were acquired by the Company in purchase business combinations during 2021. We have also excluded Propel Orthodontics and Datum Dental from our audit of internal control over financial reporting. Propel Orthodontics and Datum Dental are wholly-owned subsidiaries whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 1% of the related consolidated financial statement amounts as of and for the year ended December 31, 2021.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessments – Certain Reporting Units

As described in Notes 1 and 12 to the consolidated financial statements, the Company's consolidated goodwill balance was $3,976 million as of December 31, 2021. Management conducts an impairment test as of April 1 of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Management performs impairment tests by comparing the fair value of each reporting unit to its carrying amount to determine if there is a potential impairment. Management uses a discounted cash flow model as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model uses five- to ten- year forecasted cash flows plus a terminal value based on capitalizing the last period's cash flows using a perpetual growth rate. Management's significant assumptions in the discounted cash flow models include, but are not limited to, the discount rates, revenue growth rates, perpetual revenue growth rates, and operating margin percentages of the reporting unit's business.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of certain reporting units is a critical audit matter are the significant judgment by management when developing the fair value of the reporting units, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the discount rates, revenue growth rates, perpetual revenue growth rates, and operating margin percentages. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of certain reporting units. These procedures also included, among others, testing management's process for developing the fair value of certain reporting units; evaluating the appropriateness of the discounted cash flow models; testing the completeness and accuracy of underlying data used in the discounted cash flow models; and evaluating the reasonableness of significant assumptions used by management related to the discount rates, revenue growth rates, perpetual revenue growth rates, and operating margin percentages. Evaluating management's assumptions related to revenue growth rates, perpetual revenue growth rates, and operating margin percentages involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting units; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's discounted cash flow models and the reasonableness of the assumptions related to the discount rates and perpetual revenue growth rates.

Uncertain Tax Position Related to a Worthless Stock Deduction

As described in Notes 1 and 22 to the consolidated financial statements, management applies a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management recognizes in the consolidated financial statements the impact of a tax position if that position is more likely than not of being sustained upon examination by the taxing authorities based on the technical merits of the position. Management has recorded the full benefit of the tax deduction taken associated with a worthless stock deduction. As a result of an audit by the Internal Revenue Service (IRS) for 2013, the Company's worthless stock deduction of $546 million has been disallowed. In March 2019, the Company submitted a formal protest disputing on multiple grounds the proposed taxes and have not accrued a liability relating to the proposed tax adjustments. If the worthless stock deduction was ultimately disallowed, the Company would be subject to additional income tax expense.

The principal considerations for our determination that performing procedures relating to the uncertain tax position related to a worthless stock deduction is a critical audit matter are the significant judgment by management when determining the uncertain tax position, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's accurate measurement of the uncertain tax position. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the recognition and measurement of the uncertain tax position related to the worthless stock deduction. These procedures also included, among others, evaluating the appropriateness of management's assessment by reviewing the technical merits of the tax position taken; evaluating the tax documentation provided by management; and evaluating the status and results of the income tax audit, and correspondence with the IRS. Professionals with specialized skill and knowledge were used to assist in the evaluation of management's interpretation and application of relevant tax laws in the United States and in evaluating the reasonableness of management's assessment of whether the tax position will be sustained.

/s/ *PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Charlotte, North Carolina

March 1, 2022 except for the effects of the restatement discussed in Note 1 to the consolidated financial statements and the matter discussed in the fourth paragraph of Management's Report on Internal Control Over Financial Reporting, as to which the date is November 7, 2022

We have served as the Company's auditor since 2000.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Year Ended December 31,		
	2021 As Restated	2020	2019
Net sales	$ 4,231	$ 3,339	$ 4,022
Cost of products sold	1,884	1,683	1,858
Gross profit	2,347	1,656	2,164
Selling, general, and administrative expenses	1,551	1,302	1,587
Research and development expenses	171	123	143
Goodwill impairment	—	157	—
Restructuring and other costs	17	77	81
Operating income (loss)	608	(3)	353
Other income and expenses:			
Interest expense, net	55	46	27
Other expense (income), net	8	1	(12)
Income (loss) before income taxes	545	(50)	338
Provision for income taxes	134	23	82
Net income (loss)	411	(73)	256
Less: Net income (loss) attributable to noncontrolling interests	—	—	—
Net income (loss) attributable to Dentsply Sirona	$ 411	$ (73)	$ 256
Net income (loss) per common share attributable to Dentsply Sirona:			
Basic	$ 1.88	$ (0.33)	$ 1.15
Diluted	$ 1.87	$ (0.33)	$ 1.14
Weighted average common shares outstanding:			
Basic	218.4	219.2	223.1
Diluted	220.2	219.2	224.4

The accompanying notes are an integral part of these consolidated financial statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Year Ended December 31,		
	2021 As Restated	2020	2019
Net income (loss)	$ 411	$ (73)	$ 256
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(181)	184	(83)
Net gain (loss) on derivative financial instruments	25	(32)	(1)
Pension liability adjustments	26	(13)	(26)
Total other comprehensive (loss) income	(130)	139	(110)
Total comprehensive income	281	66	146
Less: Comprehensive (loss) income attributable to noncontrolling interests	(2)	1	1
Comprehensive income attributable to Dentsply Sirona	$ 283	$ 65	$ 145

The accompanying notes are an integral part of these consolidated financial statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

	December 31, 2021 As Restated	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 339	$ 438
Accounts and notes receivable-trade, net	750	667
Inventories, net	515	476
Prepaid expenses and other current assets	248	217
Total Current Assets	1,852	1,798
Property, plant and equipment, net	773	791
Operating lease right-of-use assets, net	198	176
Identifiable intangible assets, net	2,319	2,504
Goodwill, net	3,976	3,986
Other noncurrent assets	121	95
Total Assets	$ 9,239	$ 9,350
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 262	$ 302
Accrued liabilities	760	712
Income taxes payable	57	59
Notes payable and current portion of long-term debt	182	299
Total Current Liabilities	1,261	1,372
Long-term debt	1,913	1,978
Operating lease liabilities	149	130
Deferred income taxes	391	381
Other noncurrent liabilities	528	554
Total Liabilities	4,242	4,415
Commitments and contingencies (Note 22)		
Equity:		
Preferred stock, $1.00 par value; 0.25 million shares authorized; no shares issued	—	—
Common stock, $0.01 par value;	3	3
400.0 million shares authorized at December 31, 2021 and 2020		
264.5 million shares issued at December 31, 2021 and 2020		
217.4 million and 218.7 million shares outstanding at December 31, 2021 and 2020, respectively		
Capital in excess of par value	6,606	6,604
Retained earnings	1,514	1,198
Accumulated other comprehensive loss	(592)	(464)
Treasury stock, at cost, 47.1 million and 45.8 million shares at December 31, 2021 and 2020, respectively	(2,535)	(2,409)
Total Dentsply Sirona Equity	4,996	4,932
Noncontrolling interests	1	3
Total Equity	4,997	4,935
Total Liabilities and Equity	$ 9,239	$ 9,350

The accompanying notes are an integral part of these consolidated financial statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions, except per share amounts)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Dentsply Sirona Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 3	$ 6,522	$ 1,188	$ (491)	$ (2,151)	$ 5,071	$ 12	$ 5,083
Net income	—	—	256	—	—	256	—	256
Other comprehensive (loss) income	—	—	—	(111)	—	(111)	1	(110)
Divestiture of noncontrolling interest	—	—	—	—	—	—	(11)	(11)
Exercise of stock options	—	13	—	—	96	109	—	109
Stock based compensation expense	—	66	—	—	—	66	—	66
Funding of employee stock purchase plan	—	1	—	—	4	5	—	5
Treasury shares purchased	—	—	—	—	(260)	(260)	—	(260)
Restricted stock unit distributions	—	(16)	—	—	10	(6)	—	(6)
Restricted stock unit dividends	—	1	(1)	—	—	—	—	—
Cash dividends declared ($0.38 per share)	—	—	(84)	—	—	(84)	—	(84)
Balance at December 31, 2019	$ 3	$ 6,587	$ 1,359	$ (602)	$ (2,301)	$ 5,046	$ 2	$ 5,048
Net loss	—	—	(73)	—	—	(73)	—	(73)
Other comprehensive income	—	—	—	138	—	138	1	139
Exercise of stock options	—	1	—	—	10	11	—	11
Stock based compensation expense	—	47	—	—	—	47	—	47
Funding of employee stock purchase plan	—	2	—	—	3	5	—	5
Treasury shares purchased	—	—	—	—	(140)	(140)	—	(140)
Restricted stock unit distributions	—	(34)	—	—	19	(15)	—	(15)
Restricted stock units dividends	—	1	(1)	—	—	—	—	—
Cash dividends declared ($0.40 per share)	—	—	(87)	—	—	(87)	—	(87)
Balance at December 31, 2020	$ 3	$ 6,604	$ 1,198	$ (464)	$ (2,409)	$ 4,932	$ 3	$ 4,935
Net income	—	—	411	—	—	411	—	411
Other comprehensive loss	—	—	—	(128)	—	(128)	(2)	(130)
Exercise of stock options	—	15	—	—	37	52	—	52
Stock based compensation expense	—	49	—	—	—	49	—	49
Funding of employee stock purchase plan	—	2	—	—	3	5	—	5
Treasury shares purchased	—	—	—	—	(200)	(200)	—	(200)
Restricted stock unit distributions	—	(65)	—	—	34	(31)	—	(31)
Restricted stock units dividends	—	1	(1)	—	—	—	—	—
Cash dividends declared ($0.43 per share)	—	—	(94)	—	—	(94)	—	(94)
Balance at December 31, 2021, As Restated	$ 3	$ 6,606	$ 1,514	$ (592)	$ (2,535)	$ 4,996	$ 1	$ 4,997

The accompanying notes are an integral part of these consolidated financial statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2021	2020	2019
	As Restated		
Cash flows from operating activities:			
Net income (loss)	$ 411	$ (73)	$ 256
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	124	142	133
Amortization of intangible assets	222	192	190
Fixed asset impairment	—	3	33
Goodwill impairment	—	157	—
Indefinite-lived intangible asset impairment	—	39	9
Deferred income taxes	(25)	(62)	(40)
Stock based compensation expense	48	47	66
Other non-cash (income) expense	34	3	6
(Gain) loss on sale on non-strategic businesses and product lines	(14)	1	2
Changes in operating assets and liabilities, net of acquisitions:			
Accounts and notes receivable-trade, net	(117)	131	(90)
Inventories, net	(64)	123	11
Prepaid expenses and other current assets, net	(32)	39	12
Other noncurrent assets	(10)	1	(9)
Accounts payable	(49)	(28)	27
Accrued liabilities	100	(10)	59
Income taxes	17	(41)	(14)
Other noncurrent liabilities	12	(15)	(12)
Net cash provided by operating activities	657	649	639
Cash flows from investing activities:			
Cash paid for acquisitions of businesses and equity investments, net of cash acquired	(248)	(1,078)	(3)
Cash received on sale of non-strategic businesses or product lines	28	1	11
Capital expenditures	(142)	(87)	(123)
Cash received on derivative contracts	2	58	40
Other investing activities, net	2	—	6
Net cash used in investing activities	(358)	(1,106)	(69)
Cash flows from financing activities:			
Proceeds from long-term borrowings, net of deferred financing costs	16	1,448	120
Repayments on long-term borrowings	(297)	(701)	(251)
Net borrowings (repayments) on short-term borrowings	179	2	(69)
Payments on terminated derivative instruments	—	(30)	—
Proceeds from exercised stock options	51	11	109
Cash paid for treasury stock	(200)	(140)	(260)
Cash dividends paid	(92)	(88)	(81)
Other financing activities, net	(36)	(26)	(40)
Net cash (used in) provided by financing activities	(379)	476	(472)
Effect of exchange rate changes on cash and cash equivalents	(19)	14	(3)
Net (decrease) increase in cash and cash equivalents	(99)	33	95
Cash and cash equivalents at beginning of period	438	405	310
Cash and cash equivalents at end of period	$ 339	$ 438	$ 405
Supplemental disclosures of cash flow information:			
Interest paid, net of amounts capitalized	$ 64	$ 45	$ 30
Income taxes paid, net of refunds	148	82	112
Non-cash investing activities:			
Property, plant and equipment in accounts payable at end of period	$ 33	$ 14	$ 14
Exchange of inventory for naming rights	2	4	3

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND RESTATEMENT

Description of Business

DENTSPLY SIRONA Inc. (“Dentsply Sirona” or the “Company”), is the world’s largest manufacturer of dental products and technologies, with a 134-year history of innovation and service to the dental industry and patients worldwide. The Company’s principal product categories include dental consumable products, dental equipment, dental technologies and certain healthcare consumable products. The Company sells its products in over 150 countries under some of the most well-established brand names in the industry.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ materially from those estimates.

Specifically, for the year ended December 31, 2021, some of these estimates and assumptions continue to be based on an ongoing evaluation of expected future impacts from the COVID-19 pandemic. The full extent to which the COVID-19 pandemic will directly or indirectly have a negative material impact on the Company’s financial condition, liquidity, or results of operations in future periods is highly uncertain and difficult to predict. More specifically, the demand for the Company’s products has been, and continues to be, affected by social distancing guidelines, dental practice safety protocols which reduce patient traffic, and some lingering patient reluctance to seek dental care. The Company’s 2020 results were materially impacted by the preventative measures implemented at the outset of the pandemic, including the closure or reduced operations of dental practices. During 2021, demand for the Company’s products has largely recovered, although impacts from the pandemic continue to be experienced as evidenced by the more recent shortages and higher prices of raw materials such as electronic components, higher related transportation costs, and labor shortages. In the current year, the Company has experienced supply chain constraints, which has impacted its ability to timely produce and deliver certain products, and has also resulted in increases in shipping rates. To address these issues, the Company has taken steps to mitigate the impact of these trends, including continued emphasis on cost reduction and supply chain efficiencies. However, uncertainties remain regarding how long these impacts will continue, whether customer demand will fully return to pre-COVID-19 levels upon lifting of remaining government restrictions, or whether future variants of the virus may have an adverse impact on demand in affected markets.

Basis of Presentation

The consolidated financial statements include the results of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

The consolidated financial statements include corrections of previously issued statements which are presented below for annual periods and in Note 23 for quarterly periods. Additionally, research and development (“R&D”) expenses for the years ended December 31, 2020 and 2019 have been separately presented on the Consolidated Statement of Operations to conform to the current year presentation.

Restatement and Other Corrections of Previously Issued Consolidated Financial Statements

Subsequent to the issuance of the Company's consolidated financial statements as of December 31, 2021 and 2020 and for each of the three fiscal years in the period ended therein (the "previously issued financial statements"), management identified errors related to certain incentive programs. It was also determined that the Company utilized incorrect accounting and assumptions in the determination of certain estimates related to its sales return provisions, warranty reserve provisions and variable consideration. In conjunction with making these corrections, the Company has also made certain other restatements and revisions for previously identified errors. As a result of these collective errors, Net sales and Net Income were overstated in the Company's financial statements for the fiscal year ended December 31, 2021 by approximately $20 million, and $10 million, respectively with errors to both Net sales and Net income (loss) for the fiscal years ended December 31, 2020 and 2019 as shown in the tables below. Additionally, the correction of errors pertaining to periods prior to 2019 required an adjustment to opening retained earnings at January 1, 2019 of $38 million as reflected in the Consolidated Statements of Equity. Those errors related primarily to the timing, recognition, and estimation of variable consideration associated with certain sales orders in the historical periods.

These errors in the previously issued financial statements were deemed to be material when considered together with certain qualitative and quantitative considerations such as the fact that the misstatements masked a failure to meet internal financial targets and external financial analyst expectations for the three months ended September 30, 2021 and due to the material weaknesses identified through the course of the Audit and Finance Committee's investigation. In conjunction with correcting these errors, management has therefore restated the accompanying financial statements for the year ended December 31, 2021 and has revised the financial statements for the years ended December 31, 2020 and 2019, as shown below. The Company has also updated all accompanying footnotes and disclosures affected by the restatements and revisions, respectively, within Note 2, Revenue, Note 4, Earnings Per Common Share, Note 5, Comprehensive Income (Loss), Note 7, Segment and Geographic Information, Note 9, Inventories, Note 11, Leases, Note 13, Prepaids and Other Current Assets, Note 14, Accrued Liabilities and Note 17, Income Taxes. Additionally, the Company has provided Note 23 Correction of Previously Issued Quarterly Financial Information in order to present the corresponding restatements and revisions to each of the quarters of 2021 and 2020.

The following tables present the effect of correcting these accounting errors on the Company's previously issued financial statements:

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2021			Year Ended December 31, 2020			Year Ended December 31, 2019		
(in millions, except per share amounts)	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Net sales	$ 4,251	$ (20)	$ 4,231	$ 3,342	$ (3)	$ 3,339	$ 4,029	$ (7)	$ 4,022
Cost of products sold	1,890	(6)	1,884	1,685	(2)	1,683	1,864	(6)	1,858
Gross profit	2,361	(14)	2,347	1,657	(1)	1,656	2,165	(1)	2,164
Selling, general, and administrative expenses	1,551	—	1,551	1,312	(10)	1,302	1,580	7	1,587
Research and development expenses	171	—	171	123	—	123	143	—	143
Goodwill impairment	—	—	—	157	—	157	—	—	—
Restructuring and other costs	17	—	17	77	—	77	81	—	81
Operating income (loss)	622	(14)	608	(12)	9	(3)	361	(8)	353
Other income and expenses:									
Interest expense, net	55	—	55	47	(1)	46	28	(1)	27
Other expense (income), net	8	—	8	1	—	1	(12)	—	(12)
Income (loss) before income taxes	559	(14)	545	(60)	10	(50)	345	(7)	338
Provision for income taxes	138	(4)	134	23	—	23	82	—	82
Net income (loss)	421	(10)	411	(83)	10	(73)	263	(7)	256
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—
Net income (loss) attributable to Dentsply Sirona	$ 421	$ (10)	$ 411	$ (83)	$ 10	$ (73)	$ 263	$ (7)	$ 256
Net income (loss) per common share attributable to Dentsply Sirona:									
Basic	$ 1.93	$ (0.05)	$ 1.88	$ (0.38)	$ 0.05	$ (0.33)	$ 1.18	$ (0.03)	$ 1.15
Diluted	$ 1.91	$ (0.04)	$ 1.87	$ (0.38)	$ 0.05	$ (0.33)	$ 1.17	$ (0.03)	$ 1.14

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2021			Year Ended December 31, 2020			Year Ended December 31, 2019		
(in millions)	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Net income (loss)	$ 421	(10)	$ 411	$ (83)	10	$ (73)	$ 263	(7)	$ 256
Pension liability adjustments	26	—	26	(13)	—	(13)	(36)	10	(26)
Total other comprehensive (loss) income	(130)	—	(130)	137	2	139	(120)	10	(110)
Total comprehensive income	291	(10)	281	54	12	66	143	3	146
Comprehensive income attributable to Dentsply Sirona	293	(10)	283	53	12	65	142	3	145

CONSOLIDATED BALANCE SHEETS

	December 31, 2021			December 31, 2020		
(in millions)	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Accounts and notes receivable-trade, net	$ 747	$ 3	$ 750	$ 673	$ (6)	$ 667
Inventories, net	504	11	515	466	10	476
Prepaid expenses and other current assets	247	1	248	214	3	217
Total Current Assets	1,837	15	1,852	1,791	7	1,798
Operating lease right-of-use assets, net	193	5	198	176	—	176
Other noncurrent assets	122	(1)	121	94	1	95
Total Assets	9,220	19	9,239	9,342	8	9,350
Accounts payable	268	(6)	262	305	(3)	302
Accrued liabilities	679	81	760	653	59	712
Income taxes payable	57	—	57	60	(1)	59
Total Current Liabilities	1,186	75	1,261	1,317	55	1,372
Operating lease liabilities	145	4	149	130	—	130
Deferred income taxes	408	(17)	391	393	(12)	381
Total Liabilities	4,177	65	4,242	4,372	43	4,415
Retained earnings	1,560	(46)	1,514	1,233	(35)	1,198
Total Dentsply Sirona Equity	5,042	(46)	4,996	4,967	(35)	4,932
Total Equity	5,043	(46)	4,997	4,970	(35)	4,935
Total Liabilities and Equity	9,220	19	9,239	9,342	8	9,350

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	Year Ended December 31, 2021 As Previously Issued	Year Ended December 31, 2021 Adjustment	Year Ended December 31, 2021 As Restated	Year Ended December 31, 2020 As Previously Issued	Year Ended December 31, 2020 Adjustment	Year Ended December 31, 2020 As Revised	Year Ended December 31, 2019 As Previously Issued	Year Ended December 31, 2019 Adjustment	Year Ended December 31, 2019 As Revised
Cash flows from operating activities:									
Net income (loss)	$ 421	$ (10)	$ 411	$ (83)	$ 10	$ (73)	$ 263	$ (7)	$ 256
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Deferred income taxes	(20)	(5)	(25)	(64)	2	(62)	(37)	(3)	(40)
Other non-cash (income) expense	34	—	34	2	1	3	(6)	12	6
Changes in operating assets and liabilities, net of acquisitions:									
Accounts and notes receivable-trade, net	(109)	(8)	(117)	126	5	131	(91)	1	(90)
Inventories, net	(63)	(1)	(64)	124	(1)	123	14	(3)	11
Prepaid expenses and other current assets, net	(35)	3	(32)	42	(3)	39	13	(1)	12
Accounts payable	(46)	(3)	(49)	(23)	(5)	(28)	26	1	27
Accrued liabilities	78	22	100	(17)	7	(10)	45	14	59
Income taxes	17	—	17	(39)	(2)	(41)	(16)	2	(14)
Other noncurrent liabilities	10	2	12	(15)	—	(15)	(2)	(10)	(12)
Net cash provided by operating activities	657	—	657	635	14	649	633	6	639
Cash flows from financing activities:									
Other financing activities, net	(36)	—	(36)	(12)	(14)	(26)	(34)	(6)	(40)
Net cash (used in) provided by financing activities	(379)	—	(379)	490	(14)	476	(466)	(6)	(472)

Cash and Cash Equivalents

Cash and cash equivalents include deposits with banks as well as highly liquid time deposits with original maturities of ninety days or less.

Short-term Investments

Short-term investments are highly liquid time deposits with original maturities greater than ninety days and with remaining maturities of one year or less.

Accounts Receivable

The Company recognizes a receivable when it has an unconditional right to payment, which represents the amount the Company expects to collect in a transaction. Payment terms are typically 30 days in the U.S. but may be longer in international markets. In general, contracts containing significant financing components are not material to the Company’s financial statements.

The Company establishes an allowance for doubtful accounts based on an estimate of current expected credit losses resulting from the inability of its customers to make required payments. The allowance is determined based on a combination of factors, including the length of time that the receivable is past due, history of write-offs, and the Company’s knowledge of circumstances relating to specific customers’ ability to meet their financial obligations. Provision for doubtful accounts are included in Selling, general and administrative expenses in the Consolidated Statements of Operations. For customers on credit terms, the Company performs ongoing credit evaluation of those customers’ financial condition and generally does not require collateral from them.

Accounts receivable are stated net of allowances for doubtful accounts of $13 million and $18 million at December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Company wrote-off $2 million and $12 million, respectively, of accounts receivable that were previously reserved. The Company increased the provision for doubtful accounts by $2 million and $1 million during 2021 and 2020, respectively.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based upon the First In First Out Method ("FIFO") or average cost methods, except for $3 million and $5 million of inventories that was determined by the last-in, first-out ("LIFO") method as of December 31, 2020 and 2019, respectively. During the current fiscal year 2021, the method of accounting for these inventories was changed from LIFO to FIFO. This change in accounting is preferable as the value of inventory for which cost was previously determined using a LIFO cost flow assumption has declined from prior years due to changes in the business, and it also allows for a more consistent methodology being utilized across the Company, and provides improved comparability with industry peers.

This change in accounting principle was effected during the second quarter, and resulted in an increase in inventories of $4 million and a corresponding reduction to Cost of products sold. The impact of this change was not material to the Company's financial position as of December 31, 2020, the Company's results of operations for any previously reported prior year nor is the cumulative effect of the change material to the results of operations for the year ended December 31, 2021. Therefore, prior year amounts have not been retrospectively adjusted.

The Company establishes reserves for inventory estimated to be excess, obsolete or unmarketable based upon assumptions about future demand, market conditions, and expiration of products.

Valuation of Goodwill and Indefinite-Lived and Definite-Lived Intangible Assets

Effective 2021 and prospectively, the Company is performing its required annual goodwill impairment test as of April 1 rather than as of April 30 which was the Company's previous practice. The Company believes this change is preferable as it more closely aligns with the timing of the Company's strategic business planning process. This change did not result in any delay, acceleration or avoidance of impairment. Furthermore, a retrospective application to prior periods is impracticable as the Company is unable to objectively determine, without the use of hindsight, the assumptions which would be used in earlier periods.

The following information outlines the Company's significant accounting policies on long-lived assets by type.

Goodwill

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired and liabilities assumed in a business combination. Goodwill is not amortized. The Company conducts an impairment test as of April 1 of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. This impairment assessment includes an evaluation of reporting units, which the Company has determined are either an operating segment or one level below its operating segments, as determined in accordance with ASC 350. The Company performs impairment tests by comparing the fair value of each reporting unit to its carrying amount to determine if there is a potential impairment. If the carrying value of a reporting unit with goodwill exceeds its fair value, an impairment charge is recognized for the excess amount. To determine the fair value of the Company's reporting units, the Company uses a discounted cash flow model as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model uses five- to ten-year forecasted cash flows plus a terminal value based on capitalizing the last period's cash flows using a perpetual growth rate. The Company's significant assumptions in the discounted cash flow models include, but are not limited to, the discount rates, revenue growth rates, perpetual revenue growth rates, and operating margin percentages of the reporting unit's business. The Company considers the current market conditions when determining its assumptions. Lastly, the Company reconciles the aggregate fair values of its reporting units to its market capitalization, which include a reasonable control premium based on market conditions. Additional information related to the testing for goodwill impairment including results of the annual test performed at April 1, 2021 is provided in Note 12, Goodwill and Intangible Assets.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets consists primarily of tradenames and trademarks and in-process research and development acquired during business combinations, and these are not subject to amortization. Valuations of indefinite life intangibles assets acquired are based on information and assumptions available at the time of their acquisition, using income and market approaches to determine fair value. The Company conducts an impairment test as of April 1 of each year, or more frequently if events or circumstances indicate that the carrying value of indefinite-lived intangible assets may be impaired. Potential impairment is identified by comparing the fair value of an intangible asset to its carrying value. For most indefinite-lived intangible assets, the Company performs impairment tests using an income approach, more specifically a relief from royalty method. In the development of the forecasted cash flows, the Company applies significant judgment to determine key assumptions, including revenue growth rates, perpetual revenue growth rates, royalty rates, and discount rates. For certain indefinite-lived intangible assets, the Company performs a qualitative assessment. If the carrying value exceeds the fair value, an impairment loss in the amount equal to the excess is recognized. Additional information related to the testing for indefinite-lived intangible asset impairment including results of the annual test performed at April 1, 2021 is provided in Note 12, Goodwill and Intangible Assets.

Definite-Lived Intangible Assets

Definite-lived intangible assets primarily consist of patents, tradenames, trademarks, licensing agreements, developed technology, and customer relationships. Valuation of definite-lived intangibles assets acquired in business combinations are based on information and assumptions available at the time of acquisition, using income and market model approaches to determine fair value.

Identifiable definite-lived intangible assets are amortized on a basis that best reflects how their economic benefits are utilized over the life of the asset or on a straight-line basis if not materially different from actual utilization. The useful life is the period over which the asset is expected to contribute to the future cash flows of the Company. The Company uses the following useful lives for its definite-lived intangible assets:

Definite-lived Intangible Asset Type	Useful Life
Patents	Up to date patent expires
Tradenames and trademarks	Up to 20 years
Licensing agreements	Up to 20 years
Customer relationships	Up to 15 years
Developed technology	Up to 15 years

When the expected useful life of an intangible is not known, the Company will estimate its useful life based on similar asset or asset groups, any legal, regulatory, or contractual provision that limits the useful life, the effect of economic factors, including obsolescence, demand, competition, and the level of maintenance expenditures required to obtain the expected future economic benefit from the asset.

These assets are reviewed for impairment whenever events or circumstances suggest that the carrying amount of the asset may not be recoverable. The Company closely monitors all intangible assets, including those related to new and existing technologies, for indicators of impairment as these assets have more risk of becoming impaired. Impairment is based upon an initial evaluation of the identifiable undiscounted cash flows. If the initial evaluation identifies a potential impairment, a fair value of the asset is determined by using a discounted cash flows valuation. If impaired, the resulting charge reflects the excess of the asset’s carrying cost over its fair value.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Assets acquired through acquisitions are recorded at fair value. The Company capitalizes costs incurred in the development or acquisition of software, whether for internal or external use. The Company expenses costs incurred in the preliminary project planning stage. Except for leasehold improvements, depreciation and amortization is computed by the straight-line method over the assets’ estimated useful lives:

Property, Plant, and Equipment Assets Type	Useful Life
Buildings	40 years
Machinery and Equipment	4 to 15 years
Capitalized Software	2 to 10 years
Leasehold Improvements	Shorter of the estimated useful life or the term of the lease

Maintenance and repairs are expensed as incurred; replacements and major improvements are capitalized. If events or circumstances exist which suggest that the carrying amount of the asset group may not be recoverable, the identifiable undiscounted cash flows of the asset group are compared to the carrying value of the asset. If the carrying value is in excess of the identifiable undiscounted cash flows, the excess of the asset group's carrying cost over its fair value is recorded as an impairment charge.

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) with subsequent amendments (collectively, "ASC 842"). The Company adopted the new leasing standards on January 1, 2019 using the modified retrospective approach transition method. The Company leases real estate, automobiles and equipment under various operating and finance leases. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable in most of the Company's lease agreements, the Company uses its estimated secured incremental borrowing rate, based on the information available, at commencement of the lease to determine the present value of lease payments. Lease expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Beginning January 1, 2019, any new real estate and equipment operating lease agreements with lease and non-lease components, were accounted for as a single lease component; auto leases were accounted for as separate lease components.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company's leases have remaining lease terms of approximately 1 year to 10 years. Many of the Company's real estate and equipment leases have one or more options to renew, with terms that can extend primarily from 1 year to 3 years, which are not included in the initial lease term until deemed probable of renewal. The Company does not have lease agreements with residual value guarantees, sale-and-leaseback terms, or material restrictive covenants. The Company does not have any material sublease arrangements. See Note 11, Leases for additional information.

Derivative Financial Instruments

The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, and assets and liabilities denominated in foreign currencies. Additionally, the Company manages exposures to changes in interest rates by utilizing interest rate swaps that have the effect of converting floating rate debt to fixed rate, or vice versa.

The Company records all derivative instruments at fair value and changes in fair value are recorded each period in the consolidated statements of operations or accumulated other comprehensive income ("AOCI"). The Company classifies derivative assets and liabilities as current when the remaining term of the derivative contract is one year or less. The Company has elected to classify the cash flow from derivative instruments in the same category as the cash flows from the items being hedged. Should the Company enter into a derivative instrument that included an other-than-insignificant financing element then all cash flows will be classified as financing activities in the Consolidated Statements of Cash Flows as required by US GAAP. See Note 20, Financial Instruments for additional information on derivative instruments.

Pension and Other Postemployment Benefits

Some of the employees of the Company and its subsidiaries are covered by government or Company-sponsored defined benefit plans and defined contribution plans. Additionally, certain union and salaried employee groups in the United States are covered by postemployment healthcare plans. Projected benefit obligations and net periodic costs for Company-sponsored defined benefit and postemployment benefit plans are based on an annual actuarial valuation that includes assessment of key assumptions relating to expected return on plan assets, discount rates, employee compensation increase rates and health care cost trends. Expected return on plan assets, discount rates and health care cost trend assumptions are particularly important when determining the Company's benefit obligations and net periodic benefit costs associated with postemployment benefits. Changes in these assumptions can impact the Company's earnings. In determining the cost of postemployment benefits, certain assumptions are established annually to reflect market conditions and plan experience to appropriately reflect the expected costs as determined by actuaries. These assumptions include medical inflation trend rates, discount rates, employee turnover and mortality rates. The Company predominantly uses liability durations in establishing its discount rates, which are observed from indices of high-grade corporate bond yields in the respective economic regions of the plans. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations. The Company reports the funded status of its defined benefit pension and other postemployment benefit plans on its consolidated balance sheets as a net liability or asset. Additional information related to the impact of changes in these assumptions is provided in Note 18, Benefit Plans.

Accruals for Self-Insured Losses

The Company maintains insurance for certain risks, including workers' compensation, and is self-insured for employee related healthcare benefits. The Company accrues for the expected costs associated with these risks by considering historical claims experience, demographic factors, severity factors and other relevant information. Costs are recognized in the period the claim is incurred, and the financial statement accruals include an estimate of claims incurred but not yet reported. The Company has stop-loss coverage to limit its exposure to any significant exposure on a per claim basis.

Litigation

The Company and its subsidiaries, from time to time, are parties to lawsuits arising from operations. The Company records liabilities when a loss is probable and can be reasonably estimated. If these estimates are in the form of ranges, the Company records the liabilities at the most likely outcome within the range. If no point within the range represents a better estimate of the probable loss, then the low point in the range is accrued. The ranges established by management are based on analysis made by internal and external legal counsel who considers the best information known at the time. If the Company determines that a contingency is reasonably possible, it considers the same information to estimate the possible exposure and discloses any material potential liability. These loss contingencies are monitored regularly for a change in fact or circumstance that would require an accrual adjustment. Legal costs related to these lawsuits are expensed as incurred.

Foreign Currency Translation

The local currency of foreign operations, except for those in highly inflationary economies, generally are considered to be their functional currency.

Assets and liabilities of foreign subsidiaries are translated at foreign exchange rates on the balance sheet date; revenue and expenses are translated at the monthly average foreign exchange rates. The effects of these translation adjustments are reported within AOCI in the Consolidated Balance Sheets. During the year ended December 31, 2021, the Company had translation loss of $225 million and a gain of $46 million on its loans designated as hedges of net investments. During the year ended December 31, 2020, the Company had translation gains of $235 million and losses of $54 million on its loans designated as hedges of net investments.

Foreign currency gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included within Other expense (income), net in the Consolidated Statements of Operations. During the years ended December 31, 2021, 2020, 2019, net foreign currency gains were $6 million, $13 million and $27 million, respectively.

Revenue Recognition

Revenues are derived primarily from the sale of dental equipment and dental and healthcare consumable products. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services in accordance with ASC 606-10, *Revenues from Contracts with Customers*. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied; this occurs with the transfer of control of products and services to its customers, which for products generally occurs when title and risk of loss transfers to the customer, and for services generally occurs as the customer receives and consumes the benefit. Sales, value-added, and other taxes collected concurrent with revenue-producing activities are excluded from revenue.

Certain of our contracts with customers include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately may require significant judgment. The Company generally uses an observable price, typically average selling price, to determine the stand-alone selling price for separate performance obligations. The Company determines the stand-alone selling price, based on Company geographic sales locations' database of pricing and discounting practices for the specific product or service when sold separately, and utilizes this data to arrive at average selling prices by product. In cases where an average selling price is not observable, the Company determines the stand-alone selling price using relevant information and applies suitable estimation methods including, but not limited to, the cost plus a margin approach. Revenue is then allocated proportionately, based on the determined stand-alone selling price, to each distinct performance obligation.

The Company exercises judgment in estimating variable consideration, which primarily includes volume discounts, sales rebates, and product returns. The Company adjusts the estimate of revenue at the earlier of when the most likely amount of consideration can be estimated, the amount expected to be received changes, or when the consideration becomes fixed. The Company estimates volume discounts by evaluating specific inputs and assumptions, including the individual customer's historical and estimated future product purchases. Discounts are deducted from revenue at the time of sale or when the discount is offered, whichever is later. In estimating sales rebates, the Company evaluates inputs such as customer-specific trends, terms of the customers' contracted rebate program, historical experience, and the forecasted performance of a customer and their expected level of achievement within the rebate programs. The accruals for these rebate programs are updated as actual results and updated forecasts impact the estimated achievement for customers within the rebate programs. When the Company gives customers the right to return eligible products and receive credit, returns are estimated based on an analysis of historical experience. However, returns of products, excluding warranty-related returns, are not material.

To the extent the transaction price includes variable consideration, the Company applies judgment in constraining the estimated variable consideration due to factors that may cause reversal of revenue recognized. The Company evaluates constraints based on its historical and projected experience with similar customer contracts.

For most of its products, the Company transfers control and recognizes revenue when products are shipped from the Company's manufacturing facility or warehouse to the customer. For contracts with customers that contain destination shipping terms, revenue is not recognized until the goods are delivered to the agreed upon destination. As such, the Company's performance obligations related to product sales are satisfied at a point in time as this is when the customer obtains the use of and substantially all of the benefit of the product.

The Company recognizes revenue from support and maintenance contracts, extended warranties, and other certain contract performance obligations over time based on the period of the contracts or as the services are performed, as the customer simultaneously receives and consumes the benefits provided by the Company's performance of the services. In general, the total amount of revenue recognized over time is not material to the Company's financial statements.

Depending on the terms of its contracts, the Company may defer the recognition of a portion of revenue on a relative stand-alone selling price basis when certain performance obligations are not yet satisfied. Consideration received from customers in advance of revenue recognition is classified as deferred revenue.

The Company has elected to account for shipping and handling activities as a fulfillment cost within the cost of products sold, and records shipping and handling costs collected from customers in net sales. The Company has adopted one practical expedient: relief from considering the existence of a significant financing component when the payment for the good or service is expected to be one year or less.

Additional information and disclosure regarding revenue recognition is provided in Note 2, Revenue.

Cost of Products Sold

Cost of products sold represents costs directly related to the manufacture and distribution of the Company's products, and include costs of raw materials, packaging, direct labor, overhead, shipping and handling, warehousing and the depreciation of manufacturing, warehousing and distribution facilities and amortization of intangible assets. Overhead and related expenses include salaries, wages, employee benefits, utilities, lease costs, maintenance and property taxes.

Warranties

The Company provides manufacturer's warranties on certain equipment products. Estimated warranty costs are accrued when sales are made to customers. Estimates for warranty costs are based primarily on historical warranty claim experience. Warranty costs are included in Cost of products sold in the Consolidated Statements of Operations. The Company's warranty expense and warranty accrual were as follows:

	December 31,		
(in millions)	2021	2020	2019
Warranty Expense	$ 44	$ 27	$ 30
Warranty Accrual	28	18	18

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") represent indirect costs associated with generating revenues and in managing the business of the Company. Such costs include advertising and marketing expenses, salaries, employee benefits, incentive compensation, travel, office expenses, lease costs, amortization of capitalized software developed for internal use, and depreciation of administrative facilities. Advertising cost are expensed as incurred.

Research and Development Costs

Research and development ("R&D") costs primarily include costs associated with developing products, including software. These costs include internal labor costs, material costs, consulting expenses, and certain overheads, such as facilities and information technology costs. In addition, the Company contracts with outside vendors to conduct R&D activities. All costs incurred prior to feasibility of technology are expensed. The Company capitalizes the costs of equipment that have general R&D uses and expenses any equipment that is solely for specific R&D projects. The depreciation expense related to capitalized equipment, including any software directly supporting R&D activities is included in the Company's R&D costs. Software development costs related to software to be sold, leased, or otherwise marketed incurred prior to the attainment of technological feasibility are considered R&D and are expensed as incurred. Once technological feasibility is established, the cost of software developed for external use is capitalized until the product is available for general release to customers. Amortization of these costs are included in Cost of products sold over the estimated life of the products.

Stock Compensation

Stock-based compensation is measured at the grant date at fair value, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity awards). The compensation cost is only recognized for the portion of the awards that are expected to vest.

Stock options granted become exercisable as determined by the grant agreement and expire ten years after the date of grant under these plans. Restricted Stock Units ("RSU") vest as determined by the grant agreement and are subject to a service condition, which requires grantees to remain employed by the Company during the period following the date of grant. Under the terms of the RSUs, the vesting period is referred to as the restricted period. In addition to the service condition, certain granted RSUs are subject to performance requirements that can vary between the first year and up to the final year of the RSU award. If targeted performance is not met the RSU granted is adjusted to reflect the achievement level. Upon the expiration of the applicable restricted period and the satisfaction of all conditions imposed, the restrictions on RSUs will lapse, and shares of common stock will be issued as payment for each vested RSU. Upon death, disability or qualified retirement all awards become immediately exercisable for up to one year. Awards are expensed as compensation over their respective vesting periods or to the eligible retirement date if shorter. The Company records forfeitures on stock-based compensation as the participant terminates rather than estimating forfeitures.

During 2019, the Company granted certain performance-based RSUs issued under the 2016 Omnibus Incentive Plan to provide performance targets for the Company’s previously disclosed three year restructuring program announced in November 2018. The adjusted operating income margin performance target approximates the adjusted operating income margin targets previously disclosed by the Company as part of its effort to support revenue growth and margin expansion. The performance period began on January 1, 2019 and concludes on December 31, 2022. Under this program the Company could issue up to 3 million shares of common stock if all performance targets are met within the period. See Note 16 Equity for more information.

Income Taxes

The Company’s tax expense includes U.S. and international income taxes plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested. Tax credits and other incentives reduce tax expense in the year the credits are claimed. Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not likely.

The Company applies a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in the consolidated financial statements the impact of a tax position if that position is more likely than not of being sustained upon examination by the taxing authorities based on the technical merits of the position.

The Company’s tax positions are subject to ongoing examinations by the tax authorities. The Company operates within multiple taxing jurisdictions throughout the world and in the normal course of business is examined by taxing authorities in those jurisdictions. Adjustments to the uncertain tax positions are recorded when taxing authority examinations are completed, statutes of limitation are closed, changes in tax laws occur or as new information comes to light with regard to the technical merits of the tax position.

Earnings Per Share

Basic earnings per share are calculated by dividing net earnings attributable to Company’s shareholders by the weighted average number of shares outstanding for the period. Diluted earnings per share is calculated by dividing net earnings attributable to Company’s shareholders by the weighted average number of shares outstanding for the period, adjusted for the effect of an assumed exercise of all dilutive options outstanding at the end of the period, unless the impact of including these options is anti-dilutive.

Business Acquisitions

The Company acquires businesses as well as partial interests in businesses. Acquired businesses are accounted for using the acquisition method of accounting which requires the Company to record assets acquired and liabilities assumed at their respective fair values with the excess of the purchase price over estimated fair values recorded as goodwill.

The Company obtains information during due diligence and through other sources to establish respective fair values. Examples of factors and information that the Company uses to determine the fair values include: tangible and intangible asset valuations and appraisals, and evaluations of existing contingencies, liabilities, and product line information. If the initial valuation for an acquisition is incomplete by the end of the reporting period in which the acquisition occurred, the Company will record provisional estimates in the financial statements. The provisional estimates will be finalized as soon as information becomes available, but not later than one year from the acquisition date.

As part of purchase accounting for acquisitions, the Company values identified intangible assets using an income approach. Technology know-how is valued using an excess earnings method. Tradename and trademark assets are valued using a relief-from-royalty method. Non-compete agreements are valued using a with-and-without method. The Company applies judgment in estimating the fair value of intangible assets acquired, which involves the use of estimates and assumptions with respect to revenue growth rates, EBITDA margin percentages, royalty rate, technology obsolescence factors, useful lives of the assets and discount rates used in computing present values. In addition, the estimates of useful lives of these acquired intangibles are used to calculate depreciation and amortization expense. For additional information related to accounting for acquisitions, see Note 6, Business Combinations.

Investments in Unconsolidated Affiliates

Investments in non-consolidated affiliates, joint ventures and partnerships where the Company maintains significant influence over an entity, but does not have control are accounted for using the equity method. The Company records the carrying value of these investments within Other noncurrent assets in the Consolidated Balance Sheets, and records the Company's proportional share of the investees' net earnings or losses within Other expense (income). Investments in which the Company does not exercise significant influence are recorded at cost, and assessed for any other-than-temporary impairment when events or changes in circumstances indicate the carrying amount of the investment might not be recoverable.

The Company's equity-method net losses were $10 million and $1 million, for the years ended December 31, 2021 and 2020, respectively and negligible for the year ended December 31, 2019.

Noncontrolling Interests

The Company reports noncontrolling interest ("NCI") in a subsidiary as a separate component of Equity in the Consolidated Balance Sheets. Additionally, the Company reports the portion of net income (loss) and comprehensive income (loss) attributed to the Company and NCI separately in the Consolidated Statements of Operations, and in the Consolidated Statements of Comprehensive Income.

Segment Reporting

The Company has numerous operating businesses covering a wide range of products and geographic regions, primarily serving the professional dental market and to a lesser extent the consumable medical device market. The Company has two reportable segments and a description of the activities within these segments is included in Note 7, Segment and Geographic Information.

Fair Value Measurement

Recurring Basis

The Company records certain financial assets and liabilities at fair value in accordance with the accounting guidance, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date in current markets. The accounting guidance establishes a hierarchical disclosure framework associated with the level of pricing observability utilized in measuring financial instruments at fair value. The three broad levels defined by the fair value hierarchy are as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. These financial instruments include derivative instruments whose fair value have been derived using a model where inputs to the model are directly observable in the market or can be derived principally from, or corroborated by observable market data.

Level 3 - Instruments that have little to no pricing observability as of the reported date. These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The degree of judgment utilized in measuring the fair value of certain financial assets and liabilities generally correlates to the level of pricing observability. Pricing observability is impacted by a number of factors, including the type of financial instrument. Financial assets and liabilities with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of pricing observability and a lesser degree of judgment utilized in measuring fair value. Conversely, financial assets and liabilities rarely traded or not quoted will generally have less, or no pricing observability and a higher degree of judgment utilized in measuring fair value.

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Company considers its credit risks and its counterparties' credit risks when determining the fair values of its financial assets and liabilities. The Company records its derivatives and contingent considerations on a recurring fair value basis.

The Company believes the carrying amounts of cash and cash equivalents, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company has presented the required disclosures in Note 21, Fair Value Measurement.

Non-Recurring Basis

When events or circumstances require an asset or liability to be measured at fair valued that otherwise is generally recorded based on another valuation method, such as, net realizable value, the Company will utilize the valuation techniques described above. The Company records its business combinations and impairments on a non-recurring basis.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This newly issued accounting standard changes the recognition and measurement of credit losses, including trade accounts receivable. Under current accounting standards, a loss is recognized when loss becomes probable of occurring. The new standard broadens the information that an entity must consider when developing expected credit loss estimates. The amendments in this update are effective for the fiscal years and interim periods ending after December 15, 2019. Early adoption is permitted. The amendments in this update should be applied on a prospective basis for all periods presented with a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company adopted this accounting standard on January 1, 2020. The adoption of this standard did not materially impact the Company's consolidated financial statements or related disclosures.

In August 2018, the FASB issued ASU No. 2018-14 "Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans." This newly issued accounting standard changes disclosure requirements for defined benefit plans, including removal and modification of existing disclosures. The amendments in this update are effective for the fiscal years ending after December 15, 2020. Early adoption is permitted. The amendments in this update should be applied on a retrospective basis for all periods presented. The Company adopted this accounting standard on January 1, 2020. The adoption of this standard did not materially impact the Company's disclosures.

In December 2019, the FASB issued ASU No. 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This newly issued accounting standard simplifies key provisions for accounting for income taxes, as part of the FASB's initiative to reduce complexity in accounting standards. The amendments eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The amendments also clarify and simplify other aspects of the accounting for income taxes. The amendments in this update are effective for interim and fiscal period beginning after December 31, 2020. The Company adopted this accounting standard on January 1, 2020. The adoption of this standard did not materially impact the Company's consolidated financial statements or related disclosures.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU No. 2020-04 "Reference Rate Reform (Topic 828), Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which was subsequently amended by ASU No. 2021-01 "Reference Rate Reform (Topic 848): Scope" in January 2021. The new standard provides optional expedients and exceptions to contracts, hedging relationships, and other transactions that reference the London Interbank Offer Rate ("LIBOR") or another rate expected to be discontinued due to the reference rate reform. This standard is permitted to be adopted any time through December 31, 2022, and does not apply to contract modifications made or hedging relationships entered into or evaluated after December 31, 2022. The Company does not expect this standard to have a material impact on its consolidated financial statements and related disclosures.

In October 2021, the FASB issued ASU No. 2021-08, “Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers” (Topic 805), which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*, as if it had originated the contracts. The current requirement to measure contract assets and contract liabilities acquired in a business combination at fair value differs from the current approach. This standard is effective for the fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, and early adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

NOTE 2 - REVENUE

Net sales disaggregated by product category were as follows:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Equipment & Instruments	$ 728	$ 577	$ 686
CAD/CAM	574	455	523
Orthodontics	273	160	190
Implants	626	475	592
Healthcare	303	287	280
Technology & Equipment segment net sales	$ 2,504	$ 1,954	$ 2,271
Endodontic & Restorative	$ 1,261	$ 961	$ 1,203
Other Consumables	466	424	548
Consumables segment net sales	$ 1,727	$ 1,385	$ 1,751
Total net sales	$ 4,231	$ 3,339	$ 4,022

Technologies & Equipment Segment

Equipment & Instruments

The Equipment & Instruments product category consists of basic and high-tech dental equipment such as treatment centers, imaging equipment, motorized dental handpieces, and other instruments for dental practitioners and specialists. Imaging equipment serves as the starting point for the Company's digital workflow offerings and consists of a broad range of diagnostic imaging systems for 2D or 3D, panoramic, and intra-oral applications. Treatment centers comprise a broad range of products from basic dentist chairs to sophisticated chair-based units with integrated diagnostic, hygiene and ergonomic functionalities, as well as specialist centers used in preventive treatment and for training purposes. This product group also includes other lab equipment such as amalgamators, mixing machines and porcelain furnaces.

CAD/CAM

Dental CAD/CAM technologies are products designed for dental offices to support numerous digital dental procedures including dental restorations. This product category includes a full-chairside economical restoration of aesthetic ceramic dentistry offering called CEREC, as well as stand-alone CAD/CAM, digital impressions ("DI") intraoral scanners, mills, and services. The full-chairside offering enables dentists to practice same day or single visit dentistry.

Orthodontics

The company's orthodontic product group primarily includes a dentist-directed clear aligner solution, SureSmile, and a direct-to-consumer clear aligner solution, Byte. The orthodontics product category also includes a High Frequency Vibration ("HFV") technology device known as VPro or as HyperByte within Byte's product offering. The clear aligners offerings include software technology that enables clear aligner treatment planning and for SureSmile seamless connectivity of a digital workflow from diagnostics through treatment delivery.

Implants

The Implants product offering includes technology to support signature digital workflows for implant systems, a portfolio of innovative dental implant products, bone regenerative and restorative solutions, and educational programs, all of which provide dental professionals with a completely new way of practicing implantology. The Implants business is supported by key technologies including custom abutments, advanced tapered immediate load screws and regenerative bone growth factor.

Healthcare

This category consists mainly of urology catheters and other healthcare-related consumable products.

Consumables Segment

Dental consumable products consist of value-added dental supplies and small equipment used in dental offices for the treatment of patients. It also includes specialized treatment products used within the dental office and laboratory settings including products used in the preparation of dental appliances by dental laboratories.

Endodontic & Restorative Products

The Company's Endodontic and Restorative products frequently work together to provide a tandem solution in high-tech dental procedures. The Endodontic products include drills, filers, sealers, irrigation needles and other tools or single-use solutions which support root canal procedures. Restorative products include dental prosthetics, such as artificial teeth, dental ceramics, digital dentures, precious metal dental alloys, and crown and bridge porcelain products.

Other Consumables

The remaining consumables products include small equipment products such as intraoral curing light systems, dental diagnostic systems and ultrasonic scalers and polishers, as well as other dental supplies including dental anesthetics, prophylaxis paste, dental sealants, impression materials, tooth whiteners and topical fluoride.

Net sales disaggregated by geographic region were as follows:

	Year Ended December 31,		
(in millions)	2021	2020	2019
United States	$ 1,480	$ 1,115	$ 1,374
Europe	1,675	1,381	1,609
Rest of World	1,076	843	1,039
Total net sales	$ 4,231	$ 3,339	$ 4,022

Contract Assets and Liabilities

The Company normally does not have contract assets in the course of its business. Contract liabilities, which represent billings in excess of revenue recognized, are primarily related to advanced billings for customer aligner treatment where the performance obligation has not yet been fulfilled. At December 31, 2021, the Company had $68 million of deferred revenue recorded in Accrued liabilities in the Consolidated Balance Sheets. The Company expects to recognize significantly all of the deferred revenue within the next twelve months. Prior year deferred revenue of $53 million was recognized in the current year.

NOTE 3 - STOCK COMPENSATION

The Company maintains the 2016 Omnibus Incentive Plan (the "Plan") under which it may grant non-qualified stock options ("NQSOs"), incentive stock options, restricted stock, RSUs and stock appreciation rights, collectively referred to as "Awards." Awards are granted at exercise prices that are equal to the closing stock price on the date of grant. The Company authorized grants under the Plan of 25 million shares of common stock, plus any unexercised portion of canceled or terminated stock options granted under the legacy DENTSPLY International Inc. 2010 and 2002 Equity Incentive Plans, as amended, and under the legacy Sirona Dental Systems, Inc. 2015 and 2006 Equity Incentive Plans, as amended. Each restricted stock and RSU issued is counted as a reduction of 3.09 shares of common stock available to be issued under the Plan. No key employee may be granted awards in excess of 1 million shares of common stock in any calendar year. The number of shares available for grant under the 2016 Plan at December 31, 2021 is 20 million.

The amounts of stock compensation expense recorded in the Company's Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019 were as follows:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Cost of products sold	$ 3	$ 1	$ 2
Selling, general, and administrative expense	44	44	61
Research and development expense	2	1	2
Total stock based compensation expense	$ 49	$ 46	$ 65
Related deferred income tax benefit	$ 6	$ 5	$ 8

The Company uses the Black-Scholes option-pricing model to estimate the fair value of each option awarded. The average assumptions used to determine compensation cost for the Company's NQSOs issued were as follows:

	Year Ended December 31,		
	2021	2020	2019
Weighted average fair value per share	$ 15.90	$ 10.03	$ 12.20
Expected dividend yield	0.68 %	0.84 %	0.71 %
Risk-free interest rate	0.79 %	0.77 %	2.36 %
Expected volatility	31.5 %	24.0 %	22.6 %
Expected life (years)	5.08	5.49	6.00

The total intrinsic value of options exercised for the years ended December 31, 2021, 2020 and 2019 was $16 million, $3 million and $37 million, respectively.

The total fair value of shares vested for the years ended December 31, 2021, 2020 and 2019 was $76 million, $54 million and $44 million, respectively.

The NQSO transactions for the year ended December 31, 2021 were as follows:

	Outstanding			Exercisable		
(in millions, except per share amounts)	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
December 31, 2020	4.0	$ 50.01	$ 17	2.7	$ 50.28	$ 12
Granted	0.5	58.85				
Exercised	(1.1)	46.81				
Forfeited	(0.2)	53.03				
December 31, 2021	3.2	$ 52.44	$ 15	2.2	$ 52.05	$ 11

There were 1.0 million NQSOs unvested at December 31, 2021. The remaining unamortized compensation cost related to NQSOs is $9 million, which will be expensed over the weighted average remaining vesting period of the options, or 1.8 years.

The weighted average remaining contractual term of all outstanding options is 5.6 years and the weighted average remaining contractual term of exercisable options is 4.2 years.

Information about NQSOs outstanding for the year ended December 31, 2021 were as follows:

	Outstanding			Exercisable	
Range of Exercise Prices (in millions, except per share amounts and life)	Number Outstanding at December 31, 2021	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable at December 31, 2021	Weighted Average Exercise Price
30.01 - 40.00	0.1	1.4	$ 37.29	0.1	$ 37.29
40.01 - 50.00	1.4	5.9	47.31	0.8	46.73
50.01 - 60.00	1.4	6.0	56.32	0.9	55.05
60.01 - 70.00	0.3	4.3	62.37	0.4	62.24
	3.2			2.2	

The unvested RSU transactions for the year ended December 31, 2021 were as follows:

	Unvested Restricted Stock Units	
(in millions, except per share amounts)	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	4.2	$ 47.29
Granted	1.0	63.61
Vested	(1.5)	45.08
Forfeited	(0.6)	50.01
Unvested at December 31, 2021	3.1	$ 53.52

The unamortized compensation cost related to RSUs is $42 million, which will be expensed over the remaining weighted average restricted period of the RSUs, or 2.0 years.

NOTE 4 - EARNINGS PER COMMON SHARE

The computation of basic and diluted earnings (loss) per common share for the years ended December 31 were as follows:

Basic Earnings (Loss) Per Common Share (in millions, except per share amounts)	2021	2020	2019
Net income (loss) attributable to Dentsply Sirona	$ 411	$ (73)	$ 256
Weighted average common shares outstanding	218.4	219.2	223.1
Earnings (loss) per common share - basic	$ 1.88	$ (0.33)	$ 1.15

Diluted Earnings (Loss) Per Common Share (in millions, except per share amounts)	2021	2020	2019
Net income (loss) attributable to Dentsply Sirona	$ 411	$ (73)	$ 256
Weighted average common shares outstanding	218.4	219.2	223.1
Incremental weighted average shares from assumed exercise of dilutive options from stock-based compensation awards	1.8	—	1.3
Total weighted average diluted shares outstanding	220.2	219.2	224.4
Earnings (loss) per common share - diluted	$ 1.87	$ (0.33)	$ 1.14

For the years ended December 31, 2021, 2020, and 2019, the Company excluded from the computation of weighted average diluted shares outstanding of 1.0 million, 3.1 million, and 3.1 million, respectively of equivalent shares of common stock from stock options and RSUs because their effect would be antidilutive.

The calculation of weighted average diluted common shares outstanding excluded 0.9 million of potentially diluted common shares because the Company reported a net loss for year ended December 31, 2020.

NOTE 5 - COMPREHENSIVE (LOSS) INCOME

AOCI includes cumulative foreign currency translation adjustments related to consolidation of the Company’s foreign subsidiaries, fair value adjustments related to the Company’s derivative financial instruments, and actuarial gains and losses related to the Company’s pension plans. These changes are recorded in AOCI net of any related tax adjustments. For the years ended December 31, 2021, 2020 and 2019, these tax adjustments were $168 million, $216 million and $173 million, respectively, primarily related to foreign currency translation adjustments.

The cumulative foreign currency translation adjustments included translation losses of $250 million and $25 million at December 31, 2021 and 2020, respectively, and which included losses of $116 million and $162 million, at December 31, 2021 and 2020, respectively, on inter-company loans designated as hedges of net investments.

Changes in AOCI, net of tax, by component for the years ended December 31, 2021 and 2020 were as follows:

(in millions)	Foreign Currency Translation Gain (Loss)	Gain and (Loss) on Cash Flow Hedges	Gain and (Loss) on Net Investment and Fair Value Hedges	Pension Liability Gain (Loss)	Total
Balance, net of tax, at December 31, 2020	$ (187)	$ (25)	$ (119)	$ (133)	$ (464)
Other comprehensive (loss) income before reclassifications and tax impact	(156)	3	22	26	(105)
Tax expense	(23)	(1)	(6)	(8)	(38)
Other comprehensive (loss) income, net of tax, before reclassifications	$ (179)	$ 2	$ 16	$ 18	$ (143)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	7	—	8	15
Net (decrease) increase in other comprehensive income	(179)	9	16	26	(128)
Balance, net of tax, at December 31, 2021	$ (366)	$ (16)	$ (103)	$ (107)	$ (592)

(in millions)	Foreign Currency Translation Gain (Loss)	Gain and (Loss) on Cash Flow Hedges	Gain and (Loss) on Net Investment and Fair Value Hedges	Pension Liability Gain (Loss)	Total
Balance, net of tax, at December 31, 2019	$ (370)	$ (11)	$ (101)	$ (120)	$ (602)
Other comprehensive income (loss) before reclassifications and tax impact	153	(17)	(23)	(26)	87
Tax benefit	30	1	5	7	43
Other comprehensive income (loss), net of tax, before reclassifications	$ 183	$ (16)	$ (18)	$ (19)	$ 130
Amounts reclassified from accumulated other comprehensive income, net of tax	—	2	—	6	8
Net increase (decrease) in other comprehensive income	183	(14)	(18)	(13)	138
Balance, net of tax, at December 31, 2020	$ (187)	$ (25)	$ (119)	$ (133)	$ (464)

Reclassification out of AOCI to the Consolidated Statements of Operations for the years ended December 31, 2021, 2020, and 2019 were as follows:

(in millions)	Amounts Reclassified from AOCI Year Ended December 31, 2021	2020	2019	Affected Line Item in the Consolidated Statements of Operations
Loss on derivative financial instruments:				
Interest rate swaps	$ (4)	$ (4)	$ (2)	Interest expense, net
Foreign exchange forward contracts	(3)	2	1	Cost of products sold
Net loss before tax	$ (7)	$ (2)	$ (1)	
Tax impact	—	—	—	Provision for income taxes
Net loss after tax	$ (7)	$ (2)	$ (1)	
Amortization of defined benefit pension and other postemployment benefit items:				
Amortization of prior service benefits	$ 1	$ 1	$ 1	(a)
Amortization of net actuarial losses	(12)	(9)	(6)	(a)
Net loss before tax	$ (11)	$ (8)	$ (5)	
Tax impact	3	2	1	Provision for income taxes
Net loss after tax	$ (8)	$ (6)	$ (4)	
Total reclassifications for the period	$ (15)	$ (8)	$ (5)	

(a) These AOCI components are included in the computation of net periodic benefit cost for the years ended December 31, 2021, 2020, and 2019, respectively.

NOTE 6 - BUSINESS COMBINATIONS

Acquisitions

2021 Transactions

On July 1, 2021, the effective date of the transaction, the Company paid $7 million to acquire the remaining interest in the dental business of a partially owned affiliate based in Switzerland that primarily develops highly specialized software with a focus on CAD/CAM systems. The acquisition is expected to further accelerate the development of the Company's specialized software related to CAD/CAM systems.

The preliminary fair values of the assets acquired and liabilities assumed in connection with the acquisition of the affiliate included $4 million of Other current assets, $3 million of Intangible assets, $2 million of Current Liabilities and $1 million of Other long-term liabilities. The cash paid and the $4 million fair value of the previously-held interest in the entity prior to the acquisition has been allocated on the basis of the preliminary estimates of fair values of assets acquired and liabilities assumed, resulting in the recording of $7 million in goodwill. This goodwill is considered to represent the value associated with the acquired workforce and synergies the two companies anticipate realizing as a combined company and is not expected to be deductible for tax purposes. Measurement period adjustments made to the fair values of the assets acquired and liabilities assumed during the year ended December 31, 2021 were immaterial to the financial statements, resulting in an increase to goodwill of $2 million. Management is continuing to finalize its valuation of certain assets and liabilities including other intangible assets and will conclude its valuation no later than one year from the acquisition date.

Identifiable intangible assets acquired were as follows:

(in millions, except for useful life)	Amount	Weighted Average Useful Life (in years)
In-process R&D	$ 3	Indefinite

On June 1, 2021, the effective date of the transaction, the Company paid $132 million to acquire substantially all of the assets of Propel Orthodontics LLC, a privately-held company based in New York and California. Propel Orthodontics manufactures and sells orthodontic devices and provides in-office and at-home orthodontic accessory devices to orthodontists and their patients primarily within the clear aligner market. The acquisition is expected to further accelerate the growth and profitability of the Company's combined clear aligners business.

The preliminary fair values of the assets acquired and liabilities assumed in connection with the Propel Orthodontics acquisition were as follows:

(in millions)	
Other current assets	$ 4
Intangible assets	66
Current liabilities	(1)
Net assets acquired	69
Goodwill	63
Purchase consideration	$ 132

The purchase price has been allocated on the basis of the preliminary estimates of fair values of assets acquired and liabilities assumed, resulting in the recording of $63 million in goodwill, which is considered to represent the value associated with the acquired workforce and synergies the two companies anticipate realizing as a combined company. The goodwill is expected to be deductible for tax purposes. Management is continuing to finalize its valuation of certain assets including other intangible assets and will conclude its valuation no later than one year from the acquisition date. Measurement period adjustments made to the fair values of the assets acquired and liabilities assumed during the year ended December 31, 2021 were immaterial to the financial statements, resulting in a reduction to goodwill of $2 million.

Identifiable intangible assets acquired were as follows:

(in millions, except for useful life)	Amount	Weighted Average Useful Life (in years)
Developed technology	$ 66	10

On January 21, 2021, the effective date of the transaction, the Company paid $94 million with the potential for additional earn-out provision payments of up to $10 million, to acquire 100% of the outstanding shares of Datum Dental, Ltd., a privately-held producer and distributor of specialized regenerative dental material based in Israel. The fair value of the earn-out provision has been valued at $9 million as of the transaction date, resulting in a total purchase price of $103 million.

The fair values of the assets acquired and liabilities assumed in connection with the Datum acquisition were as follows:

(in millions)	
Cash and cash equivalents	$ 2
Other current assets	2
Intangible assets	76
Current liabilities	(2)
Other long-term assets (liabilities), net	(14)
Net assets acquired	64
Goodwill	39
Purchase consideration	$ 103

The purchase price has been allocated on the basis of the estimates of fair values of assets acquired and liabilities assumed, resulting in the recording of $39 million in goodwill, which is considered to represent the value associated with the acquired workforce and synergies the two companies anticipate realizing as a combined company. The goodwill is not deductible for tax purposes. Measurement period adjustments made to the fair values of the assets acquired and liabilities assumed during the year ended December 31, 2021 were immaterial to the financial statements, resulting in an increase to goodwill of $6 million.

Identifiable intangible assets acquired were as follows:

(in millions, except for useful life)	Amount	Weighted Average Useful Life (in years)
Developed technology	$ 66	15
In-process R&D	10	Indefinite
Total	$ 76	

2020 Transactions

On December 31, 2020, the effective date of the transaction, the Company acquired 100% of the outstanding interests of Straight Smile, LLC ("Byte"), a privately-held company, for approximately $1.0 billion using cash on hand. Byte is a doctor-directed, direct-to-consumer, clear aligner business. The acquisition is expected to enhance scale and accelerate the growth and profitability of the Company's combined clear aligners business.

The fair values of the assets acquired and liabilities assumed in connection with the Byte acquisition for the year ended December 31, 2020 were as follows:

(in millions)		
Cash and cash equivalents	$	14
Current assets		16
Intangible assets		416
Current liabilities		(28)
Net assets acquired		418
Goodwill		627
Purchase consideration	$	1,045

The purchase price has been allocated on the basis of the estimates of fair values of assets acquired and liabilities assumed, which resulted in the recording of $627 million in goodwill. The amount of goodwill is considered to represent the value associated with the acquired workforce and synergies the two companies anticipate realizing as a combined company, including alignment with the Company's existing clear aligner business, and is deductible for tax purposes. Measurement period adjustments made to the fair values of the assets acquired and liabilities assumed during the year ended December 31, 2021 were immaterial to the financial statements, resulting in a reduction to goodwill of $4 million.

Intangible assets acquired were as follows:

(in millions, except for useful life)		Amount	Weighted Average Useful Life (in years)
Non-compete agreements	$	16	5
Technology know-how		210	10
Tradenames and trademarks		190	20
Total	$	416	

The results of operations for each of the acquired businesses above upon the effective date of each transaction have been included in the accompanying financial statements. These results, as well as the historical results for the above acquired businesses for the years ended December 31, 2021, and 2020 are not material in relation to the Company's net sales and earnings for those periods. The Company therefore does not believe these acquisitions represent material transactions either individually or in the aggregate requiring the supplemental pro-forma information prescribed by ASC 805 and accordingly, this information is not presented.

Acquisition-related costs incurred for the year ended December 31, 2021 and 2020 were $8 million and $16 million, respectively, consisting primarily of legal and professional fees in relation to the Propel and Byte acquisitions, for their respective year of acquisition, and are recorded in SG&A expenses in the Consolidated Statements of Operations.

Investment in Affiliates

On June 4, 2021, the effective date of the transaction, the Company paid $16 million to acquire a minority interest in a U.K. based, privately-held provider of healthcare consumables. The investment is recorded as an equity method investment within Other noncurrent assets in the Consolidated Balance Sheets.

During the three months ended December 31, 2020, the Company paid $45 million for interest in a privately-held dental services company. The investment is recorded as an equity-method investment and recorded in Other noncurrent assets in the Consolidated Balance Sheets.

Divestitures

On April 1, 2021, the Company disposed of certain orthodontics businesses based in Japan previously included as part of the Technologies & Equipment segment in exchange for a cash receipt of $8 million. The divestiture resulted in an immaterial loss recorded in Other expense (income), net in the Consolidated Statements of Operations for the year ended December 31, 2021.

On February 1, 2021, the Company disposed of an investment casting business previously included as part of the Consumables segment in exchange for a cash receipt of $19 million. The divestiture resulted in a pre-tax gain of $13 million recorded in Other expense (income), net in the Consolidated Statements of Operations for the year ended December 31, 2021.

NOTE 7 - SEGMENT AND GEOGRAPHIC INFORMATION

The Company has two operating segments that are organized primarily by product and generally have overlapping geographical presence, customer bases, distribution channels, and regulatory oversight. These operating segments are also the Company's reportable segments in accordance with how the Company's chief operating decision-maker regularly reviews financial results and uses this information to evaluate the Company's performance and allocate resources.

The Company evaluates performance of the segments based on the net sales and adjusted operating income. Segment adjusted operating income is defined as operating income before income taxes and before certain corporate headquarters unallocated costs, restructuring and other costs, interest expense, interest income, other expense (income), net, amortization of intangible assets and depreciation resulting from the fair value step-up of property, plant, and equipment from acquisitions.

A description of the products and services provided within each of the Company's two reportable segments is provided below.

Technologies & Equipment

This segment is responsible for the design, manufacture, and sales of the Company's dental technology and equipment products and healthcare products. These products include dental implants, CAD/CAM systems, orthodontic clear aligners, imaging systems, treatment centers, instruments, as well as medical devices.

Consumables

This segment is responsible for the design, manufacture, and sales of the Company's consumable products which include various preventive, restorative, endodontic, and dental laboratory products.

The Company's segment information for the years ended December 31 was as follows:

Net Sales	Year Ended December 31,		
(in millions)	2021	2020	2019
Technologies & Equipment	$ 2,504	$ 1,954	$ 2,271
Consumables	1,727	1,385	1,751
Total net sales	$ 4,231	$ 3,339	$ 4,022

Depreciation and Amortization	Year Ended December 31,		
(in millions)	2021	2020	2019
Technologies & Equipment	$ 280	$ 261	$ 258
Consumables	52	61	54
All Other (a)	15	12	11
Total	$ 347	$ 334	$ 323

(a) Includes amounts recorded at Corporate headquarters.

Segment Adjusted Operating Income (in millions)	Year Ended December 31, 2021	2020	2019
Technologies & Equipment (a)	$ 543	$ 382	$ 460
Consumables (a)	539	316	447
Segment adjusted operating income	$ 1,082	$ 698	$ 907
Reconciling items (income) expense:			
All other (a) (b)	229	269	277
Goodwill impairment	—	157	—
Restructuring and other costs	17	77	81
Interest expense, net	55	46	27
Other expense (income), net	8	1	(12)
Amortization of intangible assets	222	192	189
Depreciation resulting from the fair value step-up of property, plant, and equipment from business combinations	6	6	7
Income (loss) before income taxes	$ 545	$ (50)	$ 338

(a) $38 million of charges related to discontinuance of product lines, incurred in 2019, which were previously reported in adjusted operating income for the reportable segments, have been reclassified to the "All other" category to conform to current year presentation and our internal reporting to our Chief Operating Decision Maker package ("CODM"). These amounts are not material to the measure of segment results for the years presented.
(b) Includes the results of unassigned Corporate headquarters costs and inter-segment eliminations.

Capital Expenditures (in millions)	Year Ended December 31, 2021	2020	2019
Technologies & Equipment	$ 100	$ 50	$ 73
Consumables	37	26	34
All Other (a)	22	11	16
Total	$ 159	$ 87	$ 123

(a) Includes capital expenditures of Corporate headquarters.

Assets (in millions)	Year Ended December 31, 2021	2020
Technologies & Equipment	$ 6,902	$ 7,014
Consumables	2,123	2,170
All Other (a)	214	166
Total	$ 9,239	$ 9,350

(a) Includes the results of unassigned Corporate headquarters costs and inter-segment eliminations.

Geographic Information

The following tables set forth information about the Company's significant operations by geographic areas, for the years ended December 31, 2021, 2020, and 2019. Net Sales reported below represent revenues from external customers in those respective countries based on the destination of shipments.

	Year Ended December 31,		
(in millions)	2021	2020	2019
Net sales			
United States	$ 1,484	$ 1,116	$ 1,377
Germany	482	432	472
Other Foreign	2,265	1,791	2,173
Total net sales	$ 4,231	$ 3,339	$ 4,022

Property, plant and equipment, net, represents those long-lived assets held by the operating businesses located in the respective geographic areas.

	Year Ended December 31,		
(in millions)	2021	2020	2019
Property, plant, and equipment, net			
United States	$ 166	$ 145	$ 168
Germany	309	337	327
Sweden	107	110	99
Other Foreign	191	199	208
Total property, plant, and equipment, net	$ 773	$ 791	$ 802

Product and Customer Information

For information on the Company's net sales by product category, including a description of the revenue streams comprising each of the reportable segments, see Note 2, Revenue.

Concentration Risk

For the year ended December 31, 2021, no customer accounted for 10% or more of consolidated net sales or consolidated accounts receivable balance. Customers that accounted for 10% or more of net sales and accounts receivable for the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,			
	2020		2019	
	% of net sales	% of accounts receivable	% of net sales	% of accounts receivable
Henry Schein, Inc.	14 %	N/A	13 %	12 %
Patterson Companies, Inc.	10 %	18 %	N/A	17 %

For the years ended December 31, 2021, 2020, and 2019, third party export sales from the U.S. were less than ten percent of consolidated net sales.

NOTE 8 - OTHER EXPENSE (INCOME), NET

Other expense (income), net, were as follows:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Foreign exchange transaction (gain) loss	$ (6)	$ (13)	$ (27)
Other expense (income), net	14	14	15
Total other expense (income), net	$ 8	$ 1	$ (12)

NOTE 9 - INVENTORIES, NET

Inventories, net were as follows:

	Year Ended December 31,	
(in millions)	2021	2020
Raw materials and supplies	$ 139	$ 134
Work-in-process	72	68
Finished Goods	304	274
Inventories, net	$ 515	$ 476

The Company’s inventory reserve was $86 million and $117 million at December 31, 2021 and 2020, respectively. Inventories are stated at the lower of cost and net realizable value.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, were as follows:

(in millions)	Year Ended December 31, 2021	Year Ended December 31, 2020
Land	$ 51	$ 54
Buildings and improvements	561	595
Machinery and equipment	982	1,075
Capitalized Software	353	339
Construction in progress	134	120
	$ 2,081	$ 2,183
Less: Accumulated depreciation and amortization	1,308	1,392
Property, plant and equipment, net	$ 773	$ 791

NOTE 11 - LEASES

The net present value of finance and operating lease right-of-use assets and liabilities were as follows:

(in millions, except percentages)	Location in the Consolidated Balance Sheets	Year Ended December 31, 2021	Year Ended December 31, 2020
Assets			
Finance leases	Property, plant, and equipment, net	$ 2	$ 1
Operating leases	Operating lease right-of-use assets, net	198	176
Total right-of-use assets		$ 200	$ 177
Liabilities			
Current liabilities			
Finance leases	Notes payable and current portion of long-term debt	$ 1	$ —
Operating leases	Accrued liabilities	50	48
Noncurrent liabilities			
Finance leases	Long-term debt	1	1
Operating leases	Operating lease liabilities	149	130
Total lease liabilities		$ 201	$ 179
Supplemental information:			
Weighted-average discount rate			
Finance leases		3.2 %	3.7 %
Operating leases		3.3 %	3.0 %
Weighted-average remaining lease term in years			
Finance leases		4.3	6.5
Operating leases		5.3	5.2

The lease cost recognized in the Consolidated Statements of Operations for the year ended December 31, 2021 and 2020 were as follows:

(in millions)	2021	2020
Operating lease cost	$ 67	$ 57
Short-term lease cost	1	1
Variable lease cost	10	9
Total lease cost	$ 78	$ 67

The contractual maturity dates of the remaining lease liabilities for the year ended December 31, 2021 were as follows:

(in millions)	Finance Leases	Operating Leases	Total
2022	$ 1	$ 58	$ 59
2023	1	46	47
2024	—	36	36
2025	—	24	24
2026	—	18	18
2027 and beyond	—	38	38
Total lease payments	$ 2	$ 220	$ 222
Less imputed interest	—	21	21
Present value of lease liabilities	$ 2	$ 199	$ 201

The supplemental cash flow information for the year ended December 31, 2021 and 2020 were as follows:

(in millions)	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	$ 65	$ 56
Right-of-use assets obtained in exchange for new lease liabilities:		
Finance leases	$ 1	$ —
Operating leases	79	43

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS

The Company assesses both goodwill and indefinite-lived intangible assets for impairment annually during the second quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. The Company conducted its annual goodwill and indefinite-lived intangible assets impairment tests as of April 1, 2021.

2021 Annual Goodwill Impairment Testing

The fair values of the Company's five reporting units were computed using a discounted cash flow model with inputs developed using both internal and market-based data. The discounted cash flow model uses five- to ten- year forecasted cash flows plus a terminal value based on capitalizing the last period's cash flows using a perpetual growth rate. The Company's significant assumptions in the discounted cash flow models include, but are not limited to, the discount rates, revenue growth rates (including perpetual growth rates), and operating margin percentages of the reporting unit's business. These assumptions were developed in consideration of current market conditions. The total forecasted cash flows for each of the reporting units were discounted using rates ranging between 8.0% to 9.5%. Further, the Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. The revenue growth rate assumptions were developed in consideration of future expectations which include, but were not limited to, distribution channel changes, impact from competition, and new product developments for these reporting units. The Company also considered the current and projected market and economic conditions amid the ongoing COVID-19 pandemic for the dental industry both in the U.S. and globally, when determining its assumptions. As a result of the annual tests of goodwill performed as of April 1, 2021, no impairment was identified.

The use of estimates and the development of assumptions results in uncertainties around forecasted cash flows. For this reason, in conjunction with the annual test, the Company applied a hypothetical sensitivity analysis to its reporting units. In conjunction with its annual goodwill impairment test, the Company applied a hypothetical sensitivity analysis to each of its reporting units by increasing the discount rate of these reporting units by 100 basis points and, in a separate test, reducing by 10% the fair value of those reporting units. All of the Company's reporting units passed the hypothetical tests without the fair value being reduced below carrying value, and therefore it was noted that there were currently no reporting units deemed at risk of being impaired based on the sensitivity analysis.

During the time subsequent to the annual evaluation, and at December 31, 2021, the Company considered whether any events or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. It is management's assessment that no such events have occurred. A change in any of the estimates and assumptions used in the annual test, as well as further unfavorable changes in the ongoing COVID-19 pandemic, a decline in the overall markets served by these reporting units, among other factors, could have a negative material impact to the fair value of the reporting units and could result in a future impairment charge. There can be no assurance that the Company's future goodwill impairment testing will not result in a material charge to earnings.

2021 Annual Indefinite-Lived Intangibles Impairment Testing

The Company also assessed the annual impairment of indefinite-lived intangible assets at April 1, 2021, which largely consists of acquired tradenames and trademarks, in conjunction with the annual impairment tests of goodwill. The fair value of acquired tradenames and trademarks is estimated by the use of a relief from royalty method, which values an indefinite-lived intangible asset by estimating the royalties saved through ownership of an asset. Management judgment is necessary to determine key assumptions, including revenue growth rates, perpetual revenue growth rates, royalty rates, and discount rates. The Company utilized discount rates ranging from 8.5% to 10.0%. As a result of the annual impairment test of indefinite-lived intangible assets, no impairment was identified. The Company applied a hypothetical sensitivity analysis. It was noted that if the fair value of each of these indefinite-lived intangibles assets had been hypothetically reduced by 10% or the discount rate had been hypothetically increased by 100 basis points at April 1, 2021, the fair value of these assets would still exceed their book value.

Should the Company's analysis in the future indicate additional unfavorable impacts related to the ongoing COVID-19 pandemic, an increase in discount rates, or a decline in the use of the tradenames and trademarks, any of which could have a negative material impact to the implied fair values and could result in a future impairment to the carrying value of the indefinite-lived intangible assets. There can be no assurance that the Company's future indefinite-lived intangible asset impairment testing will not result in a material charge to earnings.

2020 Annual Goodwill and Indefinite-Lived Intangibles Impairment and Testing

During the three months ended March 31, 2020, the Company recorded an impairment charge of $157 million related to the goodwill associated with the Equipment & Instruments reporting unit. The impairment was a result of changes in forecasted revenues, operating margins, and discount rates due to the negative impacts of the COVID-19 pandemic on customer demand for the Company’s products, which caused a decline in revenue and profitability in the first quarter of 2020. To determine the fair value of each of the reporting units for which a triggering event was concluded to exist as of March 31, 2020, the Company utilized a discounted cash flow model consistent with the valuation approach described above for the annual impairment test, and utilized discount rates for each of the reporting units which ranged between 9.5% to 11.5%. As a result of these models which included updates to the estimates and assumptions resulting from the ongoing COVID-19 pandemic, the Company determined the goodwill associated with the Equipment & Instruments reporting unit was impaired. The impairment charge was recorded as a separate line in the Consolidated Statements of Operations.

The Company also concluded in the first quarter of 2020 that due to the negative effects of the COVID-19 pandemic on revenue and profitability, a triggering event also existed for all but two of the Company’s indefinite-lived intangible assets as of March 31, 2020. The Company performed impairment tests for the indefinite-lived intangible assets using an income approach, more specifically a relief from royalty method. In the development of the forecasted cash flows, the Company applied significant judgment to determine key assumptions, including royalty rates, and discount rates, which ranged from 10.0% to 17.5%. The impairment test resulted in an impairment charge of $39 million related to certain tradenames and trademarks related to the Equipment & Instruments reporting unit during the three months ended March 31, 2020. The impairment charge was driven by a decline in forecasted sales as a result of the COVID-19 pandemic as discussed above, as well as an unfavorable change in the discount rates. The impairment charge was recorded in Restructuring and other costs in the Consolidated Statements of Operations.

The Company further performed the required annual impairment tests of goodwill and indefinite-lived intangibles at April 30, 2020 consistent with the valuation approaches described above, which did not result in any additional impairment in 2020.

2019 Annual Goodwill and Indefinite-Lived Intangibles Impairment and Testing

Effective January 1, 2019, the Company realigned certain businesses between segments resulting in a change from eleven reporting units to five. As a result, the Company transferred goodwill between segments due to these changes. Affected reporting units, including the CAD/CAM and Treatment Center reporting units in the Technologies & Equipment segment, were tested for potential impairment of goodwill before the transfers. No goodwill impairment was identified due to the realignment. The Company further performed the required annual impairment tests of goodwill at April 30, 2019 on all five reporting units. The performance of the Company’s annual impairment test did not result in any impairment of the Company’s goodwill.

During the three months ended March 31, 2019, the Company impaired $5 million of product tradenames and trademarks within the Technologies & Equipment segment. The impairment was the result of a change in forecasted sales related to the divestitures of non-strategic product lines. The Company further assessed the annual impairment of the remaining indefinite-lived intangible assets at April 30, 2019, which largely consists of acquired tradenames and trademarks, in conjunction with the annual impairment tests of goodwill. The performance of the Company’s annual impairment test did not result in any impairment of the Company’s indefinite-lived intangible assets.

A reconciliation of changes in the Company's goodwill by reportable segment were as follows:

(in millions)	Technologies & Equipment	Consumables	Total
Balance at December 31, 2019			
Goodwill	$ 5,253	$ 881	$ 6,134
Accumulated impairment losses	(2,737)	—	(2,737)
Goodwill, net	$ 2,516	$ 881	$ 3,397
Acquisition related additions (a)	631	—	631
Impairment	(157)	—	(157)
Translation and other	102	13	115
Balance at December 31, 2020			
Goodwill	$ 5,985	$ 894	$ 6,879
Accumulated impairment losses	(2,893)	—	(2,893)
Goodwill, net	$ 3,092	$ 894	$ 3,986
Acquisition related additions (a)	109	—	109
Translation and other	(105)	(14)	(119)
Balance at December 31, 2021			
Goodwill	$ 5,989	$ 880	$ 6,869
Accumulated impairment losses	(2,893)	—	(2,893)
Goodwill, net	$ 3,096	$ 880	$ 3,976

(a) Refer to Note 6, Business Combinations, for more information regarding recent acquisitions.

Identifiable definite-lived and indefinite-lived intangible assets at were as follows:

	Year Ended December 31,					
	2021			2020		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and patents	$ 1,729	$ (762)	$ 967	$ 1,681	$ (677)	$ 1,004
Tradenames and trademarks	269	(79)	190	273	(70)	203
Licensing agreements	36	(32)	4	37	(30)	7
Customer relationships	1,091	(545)	546	1,142	(494)	648
Total definite-lived	$ 3,125	$ (1,418)	$ 1,707	$ 3,133	$ (1,271)	$ 1,862
Indefinite-lived tradenames and trademarks	598	—	598	642	—	642
In-process R&D (a)	14	—	14	—	—	—
Total indefinite-lived	612	—	612	642	—	642
Total identifiable intangible assets	$ 3,737	$ (1,418)	$ 2,319	$ 3,775	$ (1,271)	$ 2,504

(a) Intangible assets acquired in a business combination that are in-process and used in research and development ("R&D") activities are considered indefinite-lived until the completion or abandonment of the R&D efforts. The useful life and amortization of those assets will be determined once the R&D efforts are completed.

Amortization expense for identifiable definite-lived intangible assets for the years ended December 31, 2021, 2020 and 2019 was $222 million, $192 million and $190 million, respectively. The annual estimated amortization expense related to these intangible assets for each of the five succeeding calendar years is $214 million, $216 million, $219 million, $224 million and $146 million for 2022, 2023, 2024, 2025 and 2026, respectively.

During the second quarter of 2021, the Company purchased certain developed technology rights for an initial payment of $3 million. The purchase consideration also includes contingent payments of $17 million to be made upon reaching certain regulatory and commercial milestones, which were not yet deemed probable at December 31, 2021.

NOTE 13 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets were as follows:

	Year Ended December 31,	
(in millions)	2021	2020
Prepaid expenses	$ 89	$ 78
Value-added tax receivable	53	39
Deposits	22	33
Other current assets	84	67
Prepaid expenses and other current assets	$ 248	$ 217

NOTE 14 - ACCRUED LIABILITIES

Accrued liabilities were as follows:

	Year Ended December 31,	
(in millions)	2021	2020
Payroll, commissions, bonuses, other cash compensation and employee benefits	$ 172	$ 142
Sales and marketing programs	66	56
Reserve for dealer rebates	209	134
Restructuring costs	11	31
Accrued vacation and holidays	40	41
Professional and legal costs	19	33
Current portion of derivatives	3	32
General insurance	12	12
Warranty liabilities	28	18
Third party royalties	7	11
Deferred income	68	53
Accrued interest	8	13
Accrued property taxes	6	13
Current operating lease liabilities	50	48
Other	61	75
Accrued liabilities	$ 760	$ 712

NOTE 15 - FINANCING ARRANGEMENTS

Short-Term Debt

Short-term debt was as follows:

	Year Ended December 31,			
	2021		2020	
(in millions except percentages)	Principal Balance	Interest Rate	Principal Balance	Interest Rate
Corporate commercial paper facility	$ 170	0.3 %	$ —	— %
Other short-term borrowings	11	4.8 %	3	1.9 %
Add: Current portion of long-term debt	1		296	
Total short-term debt	$ 182		$ 299	
Maximum month-end short-term debt outstanding during the year	$ 380		$ 299	
Average amount of short-term debt outstanding during the year	$ 265		$ 95	
Weighted-average interest rate on short-term debt at year-end		0.6 %		1.9 %

Short-Term Borrowings

The Company has access to a $700 million multi-currency revolving credit facility (“2018 Credit Facility”) through July 28, 2024. The facility is unsecured and contains certain affirmative and negative covenants relating to the operations and financial condition of the Company. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income, plus depreciation and amortization to interest expense. The credit facility serves as a back-stop facility for the Company’s commercial paper program.

The Company has a $500 million commercial paper facility. At December 31, 2021, the Company had borrowings of $170 million outstanding under this facility. The average balance outstanding for the commercial paper facility during the year ended December 31, 2021 was $16 million. At December 31, 2020, the Company had no outstanding borrowings under this commercial paper facility. The Company also has access to $41 million in uncommitted short-term financing under lines of credit from various financial institutions, the availability of which is reduced by other short-term borrowings of $11 million.

On July 2, 2021 the Company pre-paid the fixed rate Senior Notes totaling $296 million that were scheduled to mature on August 16, 2021 using cash and short-term commercial paper.

Long-Term Debt

Long-term debt was as follows:

(in millions except percentages)	Year Ended December 31, 2021 Principal Balance	2021 Interest Rate	2020 Principal Balance	2020 Interest Rate
Fixed rate senior notes $450 million due August 2021	$ —	— %	$ 296	4.1 %
Private placement notes 70 million euros due October 2024	79	1.0 %	85	1.0 %
Private placement notes 25 million Swiss franc due December 2025	27	0.9 %	28	0.9 %
Private placement notes 97 million euros due December 2025	110	2.1 %	118	2.1 %
Private placement notes 26 million euros due February 2026	30	2.1 %	32	2.1 %
Private placement notes 58 million Swiss franc due August 2026	64	1.0 %	65	1.0 %
Private placement notes 106 million euros due August 2026	121	2.3 %	129	2.3 %
Private placement notes 70 million euros due October 2027	80	1.3 %	85	1.3 %
Private placement notes 8 million Swiss franc due December 2027	8	1.0 %	8	1.0 %
Private placement notes 15 million euros due December 2027	17	2.2 %	18	2.2 %
Private placement notes 140 million Swiss franc due August 2028	153	1.2 %	158	1.2 %
Private placement notes 70 million euros due October 2029	79	1.5 %	85	1.5 %
Fixed rate senior notes 750 million due June 2030	750	3.3 %	750	3.3 %
Private placement notes 70 million euros due October 2030	80	1.6 %	85	1.6 %
Private placement notes 45 million euros due February 2031	51	2.5 %	55	2.5 %
Private placement notes 65 million Swiss franc due August 2031	71	1.3 %	73	1.3 %
Private placement notes 12.6 billion Japanese yen due September 2031	109	1.0 %	122	1.0 %
Private placement notes 70 million euros due October 2031	80	1.7 %	85	1.7 %
Other borrowings, various currencies and rates	13		7	
	$ 1,922		$ 2,284	
Less: Current portion				
(included in “Notes payable and current portion of long-term debt” in the Consolidated Balance Sheets)	1		296	
Less: Long-term portion of deferred financing costs	8		10	
Long-term portion	$ 1,913		$ 1,978	

At December 31, 2021, the Company had $560 million borrowings available under unused lines of credit, including lines available under its short-term arrangements and revolving credit agreement.

The Company’s revolving credit facility, term loans and senior notes contain certain affirmative and negative covenants relating to the Company’s operations and financial condition. At December 31, 2021, the Company was in compliance with all debt covenants.

The table below reflects the contractual maturity dates of the various long-term borrowings as follows:

(in millions)	December 31, 2021
2022	$ 3
2023	11
2024	84
2025	138
2026	213
2027 and beyond	1,473
	$ 1,922

NOTE 16 - EQUITY

On July 28, 2021, the Board of Directors of the Company approved an increase to $1.0 billion in the value of shares of common stock that may be repurchased under the share repurchase program. Share repurchases may be made through open market purchases, Rule 10b5-1 plans, accelerated share repurchases, privately negotiated transactions or other transactions in such amounts and at such times as the Company deems appropriate based upon prevailing market and business conditions and other factors.

For the years ended December 31, 2021, 2020 and 2019, the Company repurchased outstanding shares of common stock at a cost of $200 million, $140 million and $260 million, respectively. At December 31, 2021, the Company had authorization to repurchase $890 million in shares of common stock remaining under the share repurchase program.

For the years ended December 31, 2021, 2020 and 2019, the Company received proceeds of $51 million, $11 million and $109 million, respectively, primarily as a result of stock options exercised in the amount of 1.1 million, 0.3 million and 2.7 million in each of the years, respectively. It is the Company's practice to issue shares from treasury stock when options are exercised.

Total outstanding shares of common stock and treasury stock were as follows:

(in millions)	Shares of Common Stock	Shares of Treasury Stock	Outstanding Shares
Balance at December 31, 2018	264.5	(41.5)	223.0
Shares of treasury stock issued	—	3.1	3.1
Repurchase of common stock at an average cost of $54.18	—	(4.8)	(4.8)
Balance at December 31, 2019	264.5	(43.2)	221.3
Shares of treasury stock issued	—	1.1	1.1
Repurchase of common stock at an average cost of $38.25	—	(3.7)	(3.7)
Balance at December 31, 2020	264.5	(45.8)	218.7
Shares of treasury stock issued	—	2.2	2.2
Repurchase of common stock at an average cost of $57.47	—	(3.5)	(3.5)
Balance at December 31, 2021	264.5	(47.1)	217.4

NOTE 17 - INCOME TAXES

The components of income (loss) before income taxes were as follows:

(in millions)	Year Ended December 31, 2021	2020	2019
United States	$ 51	$ (91)	$ (115)
Foreign	494	41	453
Total income (loss) before income taxes	$ 545	$ (50)	$ 338

The components of the provision (benefit) for income taxes from operations were as follows:

(in millions)	Year Ended December 31, 2021	2020	2019
Current:			
U.S. federal	$ 1	$ (5)	$ (11)
U.S. state	4	1	2
Foreign	154	89	131
Total	$ 159	$ 85	$ 122
Deferred:			
U.S. federal	$ 10	$ 4	$ (3)
U.S. state	2	(1)	1
Foreign	(37)	(65)	(38)
Total	$ (25)	$ (62)	$ (40)
Total provision for income taxes	$ 134	$ 23	$ 82

The reconciliation of the U.S. federal statutory tax rate to the effective rate were as follows:

	Year Ended December 31, 2021	2020	2019
Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
Effect of:			
State income taxes, net of federal benefit	0.8	1.1	0.7
Federal benefit of R&D and foreign tax credits	(0.9)	18.9	(2.0)
US other permanent differences	0.4	(6.1)	0.8
Tax effect of international operations	0.3	10.0	0.9
Global Intangible Low Taxed Income (GILTI)	2.4	(13.0)	3.8
Foreign Derived Intangible Income (FDII)	(1.3)	11.8	(0.1)
Net effect of tax audit activity	1.6	(8.2)	0.4
Tax effect of enacted statutory rate changes on Non-U.S. jurisdictions	1.9	(0.2)	0.1
Federal tax on unremitted earnings of certain foreign subsidiaries	(0.2)	(5.4)	0.1
Valuation allowance adjustments	(1.7)	(15.3)	(1.4)
Tax effect of impairment of goodwill and intangibles	—	(60.8)	(0.1)
Other	0.3	0.2	0.1
Effective income tax rate on operations	24.6 %	(46.0 %)	24.3 %

The tax effect of significant temporary differences giving rise to deferred tax assets and liabilities were as follows:

	Year Ended December 31,			
	2021		2020	
(in millions)	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Commission and bonus accrual	$ 6	$ —	$ 8	$ —
Employee benefit accruals	51	—	58	—
Inventory	16	—	25	—
Identifiable intangible assets	—	569	—	613
Insurance premium accruals	3	—	3	—
Miscellaneous accruals	27	—	24	—
Other	17	—	10	—
Unrealized losses included in AOCI	47	—	98	—
Property, plant and equipment	—	47	—	50
Lease right-of-use asset	—	47	—	42
Lease right-of-use liability	47	—	42	—
Product warranty accruals	1	—	1	—
Foreign tax credit and R&D carryforward	49	—	60	—
Restructuring and other cost accruals	5	—	9	—
Sales and marketing accrual	14	—	7	—
Taxes on unremitted earnings of foreign subsidiaries	—	5	—	6
Tax loss carryforwards and other tax attributes	275	—	280	—
Subtotal	$ 558	$ 668	$ 625	$ 711
Valuation allowances	(267)	—	(287)	—
Total	$ 291	$ 668	$ 338	$ 711

Deferred tax assets and liabilities are included in the following Consolidated Balance Sheets line items at December 31 were as follows:

(in millions)	2021	2020
Assets		
Other noncurrent assets	$ 14	$ 8
Liabilities		
Deferred income taxes	$ 391	$ 381

The Company has $45 million of foreign tax credit carryforwards at December 31, 2021, of which $36 million will expire in 2025, $3 million will expire in 2027, and $6 million will expire at various times from 2028 through 2031.

The Company has tax loss carryforwards related to certain foreign and domestic subsidiaries of approximately $1,278 million at December 31, 2021, of which $1,017 million expires at various times through 2041 and $261 million may be carried forward indefinitely. Included in deferred income tax assets at December 31, 2021 are tax benefits totaling $228 million, before valuation allowances, for the tax loss carryforwards. In addition, the Company has recorded a deferred tax asset of $48 million, related to tax attributes.

The Company has recorded $210 million of valuation allowance to offset the tax benefit of net operating losses, $45 million to offset the tax benefit of foreign tax credits, and $12 million of valuation allowance for other deferred tax assets. The Company has recorded these valuation allowances due to the uncertainty that these assets can be realized in the future.

The Company has provided $5 million of withholding taxes on certain undistributed earnings of its foreign subsidiaries that the Company anticipates will be repatriated.

Tax Contingencies

The total amount of gross unrecognized tax benefits at December 31, 2021 is approximately $42 million, of this total, approximately $41 million represents the amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate. It is reasonably possible that certain amounts of unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date of the Company's consolidated financial statements. Expiration of statutes of limitation in various jurisdictions during the next twelve months could include unrecognized tax benefits of approximately $1 million. Of this approximately $1 million represents the amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate.

The total amount of accrued interest and penalties were $8 million and $4 million at December 31, 2021 and 2020, respectively. The Company has consistently classified interest and penalties recognized in its consolidated financial statements as income taxes based on the accounting policy election of the Company. During the years ended December 31, 2021 and 2020, the Company recognized income tax expense of $2 million each year, related to interest and penalties. During the year ended December 31, 2019, the Company recognized income tax benefit of $2 million, related to interest and penalties.

The Company is subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The significant jurisdictions include the U.S., Germany, Sweden and Switzerland. The Company has substantially concluded all U.S. federal income tax matters for years through 2011. The Company is currently under audit for the tax years 2012, 2013, 2015 and 2016. For further information on the Internal Revenue Service ("IRS") Audit, see Note 22, Commitments and Contingencies. The tax years 2014 through 2020 are subject to future potential tax audit adjustments. The Company has concluded audits in Germany through the tax year 2013 and is currently under audit for the years 2014 through 2017. The tax years 2018 through 2020 are subject to future potential audit adjustments in Germany. The taxable years that remain open for Sweden are 2013 through 2020. For information related to Sweden, see Note 22, Commitments and Contingencies. The taxable years that remain open for Switzerland are 2011 through 2020.

The activity recorded for unrecognized tax benefits were as follows:

(in millions)	2021	2020	2019
Unrecognized tax benefits at beginning of period	$ 27	$ 24	$ 28
Gross change for prior-period positions	6	1	—
Gross change for current year positions	2	1	—
Decrease due to settlements and payments	—	—	(4)
Decrease due to statute expirations	—	—	—
Increase due to effect of foreign currency translation	—	1	—
Decrease due to effect from foreign currency translation	(1)	—	—
Unrecognized tax benefits at end of period	$ 34	$ 27	$ 24

U.S. Federal Legislative Changes

Undistributed earnings of foreign subsidiaries and related companies that are deemed to be permanently invested amounted to $1,771 million at December 31, 2021 and $1,807 million at December 31, 2020. The Tax Cuts and Jobs Act (the "act" or "U.S. tax reform") imposed U.S. tax on all post-1986 foreign unrepatriated earnings accumulated through December 31, 2017. Unrepatriated earnings generated after December 31, 2017, are now subject to tax in the current year. All undistributed earnings are still subject to certain taxes upon repatriation, primarily where foreign withholding taxes apply. It is not practicable to calculate the unrecognized deferred tax liability on undistributed earnings.

For the Global Intangible Low Taxed Income (GILTI) provision of the Act, the Company has made the policy election to record any liability associated with GILTI in the period in which it is incurred.

In March 2020, in response to the impact of the COVID-19 pandemic in the U.S. and across the globe, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act. In December 2020, the U.S. Congress passed a second relief package, Consolidated Appropriations Act, 2021. The enactment period impacts to the Company were immaterial to income tax expense.

NOTE 18 - BENEFIT PLANS

Defined Contribution Plans

The Company maintains both U.S. and non-U.S. employee defined contribution plans. The primary U.S. plan, the Dentsply Sirona Inc. 401(k) Savings Plan (the "Plan"), allows eligible employees to contribute a portion of their cash compensation to the plan on a tax-deferred basis, and in most cases, the Company provides a matching contribution. The Plan includes various investment funds. The Company makes a discretionary cash contribution that is initially targeted to be 3% of compensation. Each eligible participant who elects to defer to the Plan will receive a matching contribution of 100% on the first 1% contributed and 50% on the next 5% contributed for a total maximum matching contribution of 3.5%. In addition to the primary U.S. plan, the Company also maintains various other U.S. and non-U.S. defined contribution and non-qualified deferred compensation plans. The annual expenses, net of forfeitures, were $39 million, $36 million and $35 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Defined Benefit Plans

The Company maintains defined benefit pension plans for certain employees in Austria, France, Germany, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, Taiwan, and the United States. These plans provide benefits based upon age, years of service and remuneration. Substantially all of the German and Swedish plans are unfunded book reserve plans. Most employees and retirees outside the U.S. are covered by government health plans.

The Company predominantly derives its discount rates by applying the specific spot rates along the yield curve to the relevant projected cash flows; or, in markets where there is an absence of a sufficiently deep corporate bond market, it uses liability durations in establishing its discount rates, which are observed from indices of high-grade corporate or government bond yield in the respective economic regions of the plan. For the large defined benefits pension plans, the Company uses a spot rate approach for the estimation of the Service Cost and Interest Cost components of benefit cost by applying the specific spot rates along the yield curve to the relevant projected cash flows.

Significant changes in the retirement plan benefit obligations for the year ended December 31, 2021 include a $26 million actuarial gain primarily attributable to the increase in discount rates, the effect of which is slightly offset by the change in inflation and salary increase assumptions in some plans. The changes also include a $6 million actuarial gain due to demographic assumption changes and a $16 million actuarial loss due to plan experience different than anticipated.

Significant changes in the retirement plan benefit obligations for the year ended December 31, 2020 include a $31 million actuarial loss primarily attributable to the change in discount rates, the effect of which is slightly offset by the change in inflation and salary increase assumptions in some plans.

Defined Benefit Pension Plan Assets

The primary investment strategy is to ensure that the assets of the plans, along with anticipated future contributions, will be invested in order that the benefit entitlements of employees, pensioners and beneficiaries covered under the plan can be met when due with high probability. Pension plan assets consist mainly of common stock and fixed income investments. The target allocations for defined benefit plan assets are 30% to 65% equity securities, 30% to 65% fixed income securities, 0% to 15% real estate, and 0% to 25% in all other types of investments. Equity securities include investments in companies located both in and outside the U.S. Equity securities in the defined benefit pension plans do not include Company common stock contributed directly by the Company. Fixed income securities include corporate bonds of companies from diversified industries, government bonds, mortgage notes and pledge letters. Other types of investments include investments in mutual funds, insurance contracts, hedge funds and real estate. These plan assets are not recorded in the Company's Consolidated Balance Sheet as they are held in trust or other off-balance sheet investment vehicles.

The defined benefit pension plan assets maintained in Austria, Germany, Norway, the Netherlands, Switzerland and Taiwan all have separate investment policies but generally have an objective to achieve a long-term rate of return in excess of 2% while at the same time mitigating the impact of investment risk associated with investment categories that are expected to yield greater than average returns. In accordance with the investment policies, the plans' assets were invested in the following investment categories: interest-bearing cash, U.S. and foreign equities, foreign fixed income securities (primarily corporate and government bonds), insurance company contracts, real estate and hedge funds.

Reconciliation of changes in the defined benefit obligations, fair value of assets and statement of funded status were as follows:

	Year Ended December 31,	
(in millions)	2021	2020
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 675	$ 578
Service cost	17	16
Interest cost	3	5
Participant contributions	4	4
Actuarial losses (gains)	(16)	31
Plan amendments	(1)	—
Acquisitions/Divestitures	(2)	—
Effect of exchange rate changes	(41)	59
Plan curtailments and settlements	(1)	(1)
Benefits paid	(19)	(17)
Benefit obligation at end of year	$ 619	$ 675
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 213	$ 185
Actual return on assets	10	9
Plan settlements	(1)	—
Acquisitions/Divestitures	(3)	—
Effect of exchange rate changes	(7)	17
Employer contributions	15	15
Participant contributions	4	4
Benefits paid	(19)	(17)
Fair value of plan assets at end of year	$ 212	$ 213
Funded status at end of year	$ (407)	$ (462)

The amounts recognized in the accompanying Consolidated Balance Sheets, net of tax effects, were as follows:

	Location In The	Year Ended December 31,	
(in millions)	Consolidated Balance Sheets	2021	2020
Other noncurrent assets, net	Other noncurrent assets	$ 2	$ —
Deferred tax asset	Other noncurrent assets	36	49
Total assets		$ 38	$ 49
Current liabilities	Accrued liabilities	(9)	(10)
Other noncurrent liabilities	Other noncurrent liabilities	(400)	(452)
Deferred tax liability	Deferred income taxes	(1)	(1)
Total liabilities		$ (410)	$ (463)
Accumulated other comprehensive income	Accumulated other comprehensive loss	105	139
Net amount recognized		$ (267)	$ (275)

Amounts recognized in AOCI were as follows:

(in millions)	Year Ended December 31, 2021	2020
Net actuarial loss	$ 144	$ 191
Net prior service cost	(4)	(4)
Before tax AOCI	$ 140	$ 187
Less: Deferred taxes	35	48
Net of tax AOCI	$ 105	$ 139

Information for pension plans with a projected or accumulated benefit obligation in excess of plan assets were as follows:

(in millions)	Year Ended December 31, 2021	2020
Projected benefit obligation	$ 427	$ 484
Accumulated benefit obligation	403	455
Fair value of plan assets	17	26

Components of net periodic benefit cost were as follows:

(in millions)	Year Ended December 31, 2021	2020	2019	Location in Consolidated Statements of Operations
Service cost	$ 7	$ 6	$ 6	Cost of products sold
Service cost	10	10	8	Selling, general and administrative expenses
Interest cost	3	5	8	Other expense (income), net
Expected return on plan assets	(4)	(4)	(5)	Other expense (income), net
Amortization of prior service credit	(1)	(1)	(1)	Other expense (income), net
Amortization of net actuarial loss	12	9	6	Other expense (income), net
Acquisitions/Divestitures	1	—	—	Other expense (income), net
Curtailment and settlement (gains) loss	(1)	—	6	Other expense (income), net
Net periodic benefit cost	$ 27	$ 25	$ 28	

Other changes in plan assets and benefit obligations recognized in AOCI were as follows:

(in millions)	Year Ended December 31, 2021	2020	2019
Net actuarial loss (gain)	$ (36)	$ 43	$ 53
Amortization	(11)	(9)	(5)
Total recognized in AOCI	$ (47)	$ 34	$ 48
Total recognized in net periodic benefit cost and AOCI	$ (20)	$ 59	$ 76

Assumptions

The weighted average assumptions used to determine benefit obligations for the Company's plans, principally in foreign locations were as follows:

	Year Ended December 31,		
	2021	2020	2019
Interest crediting rate	1.3 %	1.3 %	1.3 %
Discount rate	1.1 %	0.6 %	1.0 %
Rate of compensation increase	2.6 %	2.4 %	2.5 %

The weighted average assumptions used to determine net periodic benefit cost for the Company's plans, principally in foreign locations were as follows:

	Year Ended December 31,		
	2021	2020	2019
Interest crediting rate	1.3 %	1.3 %	1.3 %
Discount rate	0.6 %	1.0 %	1.8 %
Expected return on plan assets	2.2 %	2.3 %	2.9 %
Rate of compensation increase	2.4 %	2.5 %	2.5 %
Measurement date	12/31/2021	12/31/2020	12/31/2019

To develop the assumptions for the expected long-term rate of return on assets, the Company considered the current level of expected returns on risk free investments (primarily U.S. government bonds), the historical level of the risk premium associated with the other asset classes in which the assets are invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocations to develop the assumptions for the expected long-term rate of return on assets.

Fair Value Measurements of Plan Assets

The fair value of the Company's pension plan assets at December 31, 2021 and 2020 is presented in the table below by asset category. Approximately 78% of the total plan assets are categorized as Level 1, and therefore, the values assigned to these pension assets are based on quoted prices available in active markets. For the other category levels, a description of the valuation is provided in Note 1, Significant Accounting Policies and Restatement, under the "Fair Value Measurement" heading.

	December 31, 2021			
(in millions)	Total	Level 1	Level 2	Level 3
Assets Category				
Cash and cash equivalents	$ 17	$ 17	$ —	$ —
Equity securities:				
International	65	65	—	—
Fixed income securities:				
Fixed rate bonds (a)	66	66	—	—
Other types of investments:				
Mutual funds (b)	18	18	—	—
Insurance contracts	34	—	—	34
Hedge funds	11	—	—	11
Real estate	1	—	—	1
Total	$ 212	$ 166	$ —	$ 46

(in millions)	December 31, 2020 Total	Level 1	Level 2	Level 3
Assets Category				
Cash and cash equivalents	$ 16	$ 16	$ —	$ —
Equity securities:				
International	58	58	—	—
Fixed income securities:				
Fixed rate bonds (a)	65	65	—	—
Other types of investments:				
Mutual funds (b)	20	20	—	—
Common trusts (c)	5	—	5	—
Insurance contracts	37	—	—	37
Hedge funds	12	—	—	12
Total	$ 213	$ 159	$ 5	$ 49

(a) This category includes fixed income securities invested primarily in Swiss bonds, foreign bonds denominated in Swiss francs, foreign currency bonds, mortgage notes and pledged letters.
(b) This category includes mutual funds balanced between moderate-income generation and moderate capital appreciation with investment allocations of approximately 50% equities and 50% fixed income investments.
(c) This category includes common/collective funds with investments in approximately 65% equities and 35% in fixed income investments.

A reconciliation from December 31, 2020 to December 31, 2021 for the plan assets categorized as Level 3 were as follows:

(in millions)	December 31, 2021 Insurance Contracts	Hedge Funds	Real Estate	Total
Balance at December 31, 2020	$ 37	$ 12	$ —	$ 49
Actual return on plan assets:				
Relating to assets still held at the reporting date	(2)	1	1	—
Purchases, sales and settlements, net	(1)	(2)	—	(3)
Transfers in and/or (out)	2	—	—	2
Effect of exchange rate changes	(2)	—	—	(2)
Balance at December 31, 2021	$ 34	$ 11	$ 1	$ 46

(in millions)	December 31, 2020 Insurance Contracts	Hedge Funds	Real Estate	Total
Balance at December 31, 2019	$ 30	$ 9	$ —	$ 39
Actual return on plan assets:				
Relating to assets still held at the reporting date	3	—	—	3
Purchases, sales and settlements, net	—	2	—	2
Effect of exchange rate changes	4	1	—	5
Balance at December 31, 2020	$ 37	$ 12	$ —	$ 49

Fair values for Level 3 assets are determined as follows:

Insurance Contracts: The value of the asset represents the mathematical reserve of the insurance policies and is calculated by the insurance firms using their own assumptions.

Hedge Funds: The investments are valued using the net asset value provided by the administrator of the fund, which is based on the fair value of the underlying securities.

Real Estate: Investment is stated by its appraised value.

Cash Flows

In 2022, the Company expects to make employer contributions of $17 million to its defined benefit pension plans.

Estimated Future Benefit Payments

Total benefits expected to be paid from the plans in the future were as follows:

(in millions)	Pension Benefits
2022	$ 23
2023	24
2024	24
2025	25
2026	25
2027-2031	127

NOTE 19 - RESTRUCTURING AND OTHER COSTS

During the year ended December 31, 2021, the Company recorded net restructuring and other costs of $20 million, which consists primarily of severance and other restructuring costs of $23 million, offset by adjustments to inventory reserve of $3 million.

During the year ended December 31, 2020, the Company recorded restructuring and other costs of $123 million which consists primarily of inventory write-downs of $31 million, accelerated depreciation of $14 million, severance costs of $23 million, indefinite-lived intangible asset impairment of $39 million, and other impairments of $8 million.

During the year ended December 31, 2019, the Company recorded restructuring and other costs of $128 million, which consists primarily of inventory write-downs of $20 million, accelerated depreciation of $3 million, severance costs of $37 million, fixed asset impairments of $33 million, and $9 million related to impairments of both definite-lived and indefinite-lived intangible assets.

The details of total restructuring and other costs for the years ended 2021, 2020 and 2019 were as follows:

Affected Line Item in the Consolidated Statements of Operations	Year Ended December 31,		
(in millions)	2021	2020	2019
Cost of products sold	$ (3)	$ 44	$ 25
Selling, general, and administrative expenses	6	2	23
Restructuring and other costs	17	77	81
Other income and expenses	—	—	(1)
Total restructuring and other costs	$ 20	$ 123	$ 128

Restructuring Programs and Accruals

In 2018, the Board of Directors of the Company approved a plan to restructure and simplify the Company’s business, which was expanded in 2020 for certain portfolio optimization objectives including the exit of the Company’s traditional orthodontics business as well as portions of its laboratory business. These plans are nearing completion as of the end of 2021 and are expected to result in total charges of approximately $345 million, of which $321 million has been incurred as of December 31, 2021. For the year ended December 31, 2021, the Company made a $3 million adjustment related to inventory reserves and recorded severance costs of $2 million related to these plans. Remaining expenses in 2021 pertain to minor restructuring actions taken during the year. These expenses are included in the above table.

The Company’s restructuring accruals at December 31, 2021 were as follows:

	Severance			
(in millions)	2019 and Prior Plans	2020 Plans	2021 Plans	Total
Balance at December 31, 2020	$ 12	$ 17	$ —	$ 29
Provisions and adjustments	3	3	13	19
Amounts applied	(10)	(11)	(4)	(25)
Change in estimates	(2)	(7)	—	(9)
Balance at December 31, 2021	$ 3	$ 2	$ 9	$ 14

(in millions)	Other Restructuring Costs 2019 and Prior Plans	2020 Plans	2021 Plans	Total
Balance at December 31, 2020	$ 3	$ 2	$ —	$ 5
Provisions and adjustments	2	5	3	10
Amounts applied	(2)	(5)	(3)	(10)
Balance at December 31, 2021	$ 3	$ 1	$ —	$ 4

The cumulative amounts for the provisions and adjustments and amounts applied for all the plans by segment were as follows:

(in millions)	December 31, 2020	Provisions and Adjustments	Amounts Applied	Change in Estimates	December 31, 2021
Technologies & Equipment	$ 16	$ 9	$ (14)	$ (4)	$ 7
Consumables	17	15	(16)	(5)	11
All Other	1	5	(5)	(1)	—
Total	$ 34	$ 29	$ (35)	$ (10)	$ 18

The Company's restructuring accruals at December 31, 2020 were as follows:

(in millions)	Severances 2018 and Prior Plans	2019 Plans	2020 Plans	Total
Balance at December 31, 2019	$ 7	$ 20	$ —	$ 27
Provisions and adjustments	2	2	28	32
Amounts applied	(4)	(8)	(9)	(21)
Change in estimates	—	(7)	(2)	(9)
Balance at December 31, 2020	$ 5	$ 7	$ 17	$ 29

(in millions)	Other Restructuring Costs 2018 and Prior Plans	2019 Plans	2020 Plans	Total
Balance at December 31, 2019	$ 3	$ —	$ —	$ 3
Provisions and adjustments	—	1	3	4
Amounts applied	—	(1)	(1)	(2)
Balance at December 31, 2020	$ 3	$ —	$ 2	$ 5

The cumulative amounts for the provisions and adjustments and amounts applied for all the plans by segment were as follows:

(in millions)	December 31, 2019	Provisions and Adjustments	Amounts Applied	Change in Estimates	December 31, 2020
Technologies & Equipment	$ 19	$ 16	$ (12)	$ (7)	$ 16
Consumables	11	16	(8)	(2)	17
All Other	—	4	(3)	—	1
Total	$ 30	$ 36	$ (23)	$ (9)	$ 34

NOTE 20 - FINANCIAL INSTRUMENTS AND DERIVATIVES

Derivative Instruments and Hedging Activities

The Company's activities expose it to a variety of market risks, which primarily include the risks related to the effects of changes in foreign currency exchange rates and interest rates. These financial exposures are monitored and managed by the Company as part of its overall risk management program. The objective of this risk management program is to reduce the volatility that these market risks may have on the Company's operating results and cash flows. The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, or assets and liabilities denominated in foreign currencies. Additionally, the Company utilizes interest rate swaps to convert fixed rate debt into variable rate debt or vice versa. The Company does not hold derivative instruments for trading or speculative purposes.

The following summarizes the notional amounts of cash flow hedges, hedges of net investments, fair value hedges, and derivative instruments not designated as hedges for accounting purposes, by derivative instrument type at December 31, 2021 and the notional amounts expected to mature during the next 12 months:

(in millions)	Aggregate Notional Amount	Aggregate Notional Amount Maturing within 12 Months
Cash Flow Hedges		
Foreign exchange forward contracts	$ 311	$ 235
Total derivative instruments designated as cash flow hedges	$ 311	$ 235
Hedges of Net Investments		
Foreign exchange forward contracts	$ 182	$ 91
Cross currency basis swaps	303	—
Total derivative instruments designated as hedges of net investments	$ 485	$ 91
Fair Value Hedges		
Foreign exchange forward contracts	$ 217	$ 87
Interest rate swaps	250	—
Total derivative instruments designated as fair value hedges	$ 467	$ 87
Derivative Instruments not Designated as Hedges		
Foreign exchange forward contracts	$ 301	$ 301
Total derivative instruments not designated as hedges	$ 301	$ 301

Cash Flow Hedges

Foreign Exchange Risk Management

The Company hedges select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings. The Company designates certain foreign exchange forward contracts as cash flow hedges. As a result, the Company records the fair value of the contracts primarily through AOCI based on the assessed effectiveness of the foreign exchange forward contracts. The Company measures the effectiveness of cash flow hedges of anticipated transactions on a spot-to-spot basis rather than on a forward-to-forward basis. Accordingly, the spot-to-spot change in the derivative fair value will be deferred in AOCI and released and recorded in the Consolidated Statements of Operations in the same period that the hedged transaction is recorded. The time-value component of the fair value of the derivative is reported on a straight-line basis in Cost of products sold in the Consolidated Statements of Operations in the period which it is applicable. Any cash flows associated with these instruments are included in operating activities in the Consolidated Statements of Cash Flows.

These foreign exchange forward contracts generally have maturities up to 18 months, which is the period over which the Company is hedging exposures to variability of cash flows and the counterparties to the transactions are typically large international financial institutions.

Interest Rate Risk Management

The Company enters into interest rate swap contracts to manage interest rate risk on long-term debt instruments and not for speculative purposes. Any cash flows associated with these instruments are included in operating activities in the Consolidated Statements of Cash Flows.

On May 26, 2020, the Company paid $31 million to settle the $150 million notional T-Lock contract, which partially hedged the interest rate risk of the $750 million senior unsecured notes. This loss is amortized over the ten-year life of the notes. At December 31, 2021, $25 million of this loss is remaining to be amortized from AOCI in future periods.

AOCI Release

Overall, the derivatives designated as cash flow hedges are considered to be highly effective for accounting purposes. At December 31, 2021, the Company expects to reclassify $1 million of deferred net losses on cash flow hedges recorded in AOCI in the Consolidated Statements of Operations during the next 12 months. For the rollforward of derivative instruments designated as cash flow hedges in AOCI see Note 5, Comprehensive (Loss) Income.

Hedges of Net Investments in Foreign Operations

The Company has significant investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. The Company employs both derivative and non-derivative financial instruments to hedge a portion of this exposure. The derivative instruments consist of foreign exchange forward contracts and cross-currency basis swaps. The non-derivative instruments consist of foreign currency denominated debt held at the parent company level. Translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in the aforementioned instruments, which are designated as hedges of net investments and are included in AOCI. The time-value component of the fair value of the derivative is reported on a straight-line basis in Other expense (income), net in the Consolidated Statements of Operations in the applicable period. Any cash flows associated with these instruments are included in investing activities in the Consolidated Statements of Cash Flows except for derivative instruments that include an other-than-insignificant financing element, for which all cash flows are classified as financing activities in the Consolidated Statements of Cash Flows.

The fair value of the foreign exchange forward contracts and cross-currency basis swaps is the estimated amount the Company would receive or pay at the reporting date, taking into account the effective interest rates, cross-currency swap basis rates and foreign exchange rates. The effective portion of the change in the value of these derivatives is recorded in AOCI, net of tax effects.

On July 2, 2021, the Company entered into a cross-currency basis swap of a notional amount of $300 million, which matures on June 3, 2030. The cross-currency basis swap is designated as a hedge of net investments. This contract effectively converts a portion of the $750 million bond coupon from 3.3% to 1.7%, which will result in a net reduction of interest expense in 2021.

On May 25, 2021, the Company re-established its euro net investment hedge portfolio by entering into eight foreign exchange forward contracts, each with a notional amount of 10 million euro. The contracts have quarterly maturity dates through March 31, 2023.

On April 7, 2020, the Company terminated its entire foreign exchange forward contracts net investment hedge portfolio early which resulted in a $48 million cash receipt. The Company elected to enter into this transaction to convert the favorable gain position into additional liquidity.

Fair Value Hedges

Foreign Exchange Risk Management

The Company has intercompany loans denominated in Swedish kronor that are exposed to volatility in currency exchange rates. The Company employs derivative financial instruments to hedge these exposures. The Company accounts for these designated foreign exchange forward contracts as fair value hedges. The Company measures the effectiveness of fair value hedges of anticipated transactions on a spot-to-spot basis rather than on a forward-to-forward basis. Accordingly, the spot-to-spot change in the derivative fair value will be recorded in the Consolidated Statements of Operations. The time-value component of the fair value of the derivative is reported on a straight-line basis in Other expense (income), net in the Consolidated Statements of Operations in the applicable period. Any cash flows associated with these instruments are included in operating activities in the Consolidated Statements of Cash Flows.

On January 6, 2021 the Company entered into foreign exchange forward contracts with a notional value of SEK 1.3 billion as a result of an increase in intercompany loans denominated in Swedish kronor. The foreign exchange forwards are designated as fair value hedges.

Interest Rate Risk Management

On July 1, 2021, the Company entered into variable interest rate swaps with a notional amount of $250 million, which effectively converted a portion of the underlying fixed rate of 3.3% on the $750 million Senior Notes due June 2030 to a variable interest rate. Of the $250 million notional amount, $100 million has a term of five-years maturing on June 1, 2026 and $150 million has a term of nine years maturing on March 1, 2030.

Derivative Instruments Not Designated as Hedges

The Company enters into derivative instruments with the intent to partially mitigate the foreign exchange revaluation risk associated with recorded assets and liabilities that are denominated in a non-functional currency. The Company primarily uses foreign exchange forward contracts to hedge these risks. The gains and losses on these derivative transactions offset the gains and losses generated by the revaluation of the underlying non-functional currency balances and are recorded in Other expense (income), net in the Consolidated Statements of Operations. Any cash flows associated with the foreign exchange forward contracts and interest rate swaps not designated as hedges are included in operating activities in the Consolidated Statements of Cash Flows.

Derivative Instrument Activity

The amount of gains (losses) recorded in the Company’s Consolidated Balance Sheets and Consolidated Statements of Operations related to all derivative instruments were as follows:

(in millions)	Year Ended December 31, 2021 Gain (Loss) in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Ineffective Portion Recognized in Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges					
Foreign exchange forward contracts	$ 3	Cost of products sold	$ (3)	$ 2	$ —
Interest rate swaps	—	Interest expense, net	(4)	—	—
Total for cash flow hedging	$ 3		$ (7)	$ 2	$ —
Hedges of Net Investments					
Cross currency basis swaps	$ 13	Interest expense, net	$ —	$ —	$ 6
Foreign exchange forward contracts	10	Other expense (income), net	—	1	—
Total for net investment hedging	$ 23		$ —	$ 1	$ 6
Fair Value Hedges					
Foreign exchange forward contracts	$ (1)	Other expense (income), net	$ —	$ 1	$ 23
Interest rate swap	—	Interest expense, net	—	—	1
Total for fair value hedging	$ (1)		$ —	$ 1	$ 24

(in millions)	Year Ended December 31, 2020 Gain (Loss) in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Ineffective Portion Recognized in Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges					
Foreign exchange forward contracts	$ (2)	Cost of products sold	$ 2	$ 4	$ —
Interest rate swaps	(16)	Interest expense, net	(4)	—	—
Total for cash flow hedging	$ (18)		$ (2)	$ 4	$ —
Hedges of Net Investments					
Cross currency basis swaps	$ (26)	Interest expense, net	$ —	$ —	$ 9
Foreign exchange forward contracts	6	Other expense (income), net	—	6	—
Total for net investment hedging	$ (20)		$ —	$ 6	$ 9
Fair Value Hedges					
Foreign exchange forward contracts	$ (3)	Interest expense, net	$ —	$ 3	$ —
Total for fair value hedging	$ (3)		$ —	$ 3	$ —

(in millions)	Year Ended December 31, 2019 Gain (Loss) in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Ineffective Portion Recognized in Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges					
Foreign exchange forward contracts	$ (6)	Cost of products sold	$ 1	$ 2	$ —
Interest rate swaps	(11)	Interest expense, net	(2)	—	—
Total for cash flow hedging	$ (17)		$ (1)	$ 2	$ —
Hedges of Net Investments					
Cross currency basis swaps	$ 9	Interest expense, net	$ —	$ —	$ 8
Foreign exchange forward contracts	9	Other expense (income), net	—	22	—
Total for net investment hedging	$ 18		$ —	$ 22	$ 8
Fair Value Hedges					
Foreign exchange forward contracts	$ 3	Interest expense, net	$ —	$ 3	$ —
Total for fair value hedging	$ 3		$ —	$ 3	$ —

(in millions)	Consolidated Statements of Operations Location	Gain (Loss) Recognized December 31, 2021	2020	2019
Derivative Instruments not Designated as Hedges				
Foreign exchange forward contracts	Other expense (income), net	$ (9)	$ 7	$ (3)
Total for instruments not designated as hedges		$ (9)	$ 7	$ (3)

Consolidated Balance Sheets Location of Derivative Fair Values

The fair value and the location of the Company's derivatives in the Consolidated Balance Sheets were as follows:

	Year Ended December 31, 2021			
(in millions)	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Accrued Liabilities	Other Noncurrent Liabilities
Designated as Hedges:				
Foreign exchange forward contracts	$ 18	$ 11	$ 2	$ 1
Interest rate swaps	5	—	—	9
Cross currency basis swaps	4	—	—	7
Total	$ 27	$ 11	$ 2	$ 17
Not Designated as Hedges:				
Foreign exchange forward contracts	$ 1	$ —	$ 1	$ —
Total	$ 1	$ —	$ 1	$ —

	Year Ended December 31, 2020			
(in millions)	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Accrued Liabilities	Other Noncurrent Liabilities
Designated as Hedges:				
Foreign exchange forward contracts	$ 5	$ 2	$ 10	$ 3
Cross currency basis swaps	—	—	20	—
Total	$ 5	$ 2	$ 30	$ 3
Not Designated as Hedges:				
Foreign exchange forward contracts	$ 3	$ —	$ 2	$ —
Total	$ 3	$ —	$ 2	$ —

Balance Sheet Offsetting

Substantially all of the Company's derivative contracts are subject to netting arrangements; whereby the right to offset occurs in the event of default or termination in accordance with the terms of the arrangements with the counterparty. While these contracts contain the enforceable right to offset through netting arrangements with the same counterparty, the Company elects to present them on a gross basis in the Consolidated Balance Sheets.

Offsetting of financial assets and liabilities under netting arrangements at December 31, 2021 were as follows:

				Gross Amounts Not Offset in the Consolidated Balance Sheets		
(in millions)	Gross Amounts Recognized	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Financial Instruments	Cash Collateral Received/Pledged	Net Amount
Assets						
Foreign exchange forward contracts	$ 31	$ —	$ 31	$ (9)	$ —	$ 22
Total assets	$ 31	$ —	$ 31	$ (9)	$ —	$ 22
Liabilities						
Foreign exchange forward contracts	$ 4	$ —	$ 4	$ (4)	$ —	$ —
Interest rate swaps	4	—	4	(2)	—	2
Cross currency basis swaps	4	—	4	(3)	—	1
Total liabilities	$ 12	$ —	$ 12	$ (9)	$ —	$ 3

Offsetting of financial assets and liabilities under netting arrangements at December 31, 2020 were as follows:

				Gross Amounts Not Offset in the Consolidated Balance Sheets		
(in millions)	Gross Amounts Recognized	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Financial Instruments	Cash Collateral Received/Pledged	Net Amount
Assets						
Foreign exchange forward contracts	$ 9	$ —	$ 9	$ (9)	$ —	$ —
Cross currency basis swaps	—	—	—	—	—	—
Total assets	$ 9	$ —	$ 9	$ (9)	$ —	$ —
Liabilities						
Foreign exchange forward contracts	$ 15	$ —	$ 15	$ —	$ —	$ 15
Cross currency basis swaps	20	—	20	(7)	—	13
Total liabilities	$ 35	$ —	$ 35	$ (7)	$ —	$ 28

NOTE 21 - FAIR VALUE MEASUREMENT

The estimated fair value and carrying value of the Company's total long-term debt, including current portion, was $2,239 million and $2,095 million, respectively, at December 31, 2021. At December 31, 2020, the estimated the fair value and carrying value was $2,509 million and $2,281 million, respectively. The fair value of long-term debt is based on recent trade information in the financial markets of the Company's public debt or is determined by discounting future cash flows using interest rates available at December 31, 2021 to companies with similar credit ratings for issues with similar terms and maturities. It is considered a Level 2 fair value measurement for disclosure purposes.

The interest rate on the outstanding principal of the $750 million Senior Notes is a fixed rate of 3.3%. The fair value of the Senior Notes is based on interest rates at December 31, 2021. For additional details on interest rates of long-term debt, please see Note 15, Financing Arrangements.

Assets and liabilities measured at fair value on a recurring basis

The Company's financial assets and liabilities set forth by level within the fair value hierarchy that were accounted for at fair value on a recurring basis were as follows:

	Year Ended December 31, 2021			
(in millions)	Total	Level 1	Level 2	Level 3
Assets				
Interest rate swaps	$ 5	$ —	$ 5	$ —
Long-term debt	4	—	4	—
Cross currency interest rate swaps	4	—	4	—
Foreign exchange forward contracts	30	—	30	—
Total assets	$ 43	$ —	$ 43	$ —
Liabilities				
Interest rate swaps	$ 9	$ —	$ 9	$ —
Cross currency basis swaps	7	—	7	—
Foreign exchange forward contracts	4	—	4	—
Contingent considerations on acquisitions	10	—	—	10
Total liabilities	$ 30	$ —	$ 20	$ 10

	Year Ended December 31, 2020			
(in millions)	Total	Level 1	Level 2	Level 3
Assets				
Foreign exchange forward contracts	$ 10	$ —	$ 10	$ —
Total assets	$ 10	$ —	$ 10	$ —
Liabilities				
Cross currency interest rate swaps	$ 20	$ —	$ 20	$ —
Foreign exchange forward contracts	15	—	15	—
Contingent considerations on acquisitions	5	—	—	5
Total liabilities	$ 40	$ —	$ 35	$ 5

Derivative valuations are based on observable inputs to the valuation model including interest rates, foreign currency exchange rates, and credit risks. The Company utilizes interest rates swaps and foreign exchange forward contracts that are considered cash flow hedges. In addition, the Company at times employs certain cross currency interest rate swaps and forward exchange contracts that are considered hedges of net investment in foreign operations. Both types of designated derivative instruments are further discussed in Note 20, Financial Instruments and Derivatives.

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

The Company's Level 3 liabilities at December 31, 2021 are related to earn-out obligations from acquisitions and licensing arrangements. The following table presents a reconciliation of the Company's Level 3 holdings measured at fair value on a recurring basis using unobservable inputs:

(in millions)		Level 3
Balance, December 31, 2019	$	9
Issuance of new contingent consideration		—
Loss (gain) in Other expense (income), net		—
Payments		(4)
Balance, December 31, 2020	$	5
Issuance of contingent consideration from business acquisition (a)		9
Loss (gain) in Other expense (income), net		—
Payments		(4)
Balance, December 31, 2021	$	10

(a) Refer to Note 6, "Business Combinations" for more information regarding recent acquisitions

There were no additional purchases or transfers of Level 3 financial instruments in 2021 and 2020.

NOTE 22 - COMMITMENTS AND CONTINGENCIES

Contingencies

On January 25, 2018, Futuredontics, Inc., a former wholly-owned subsidiary of the Company, received service of a purported class action lawsuit brought by Henry Olivares and other similarly situated individuals in the Superior Court of the State of California for the County of Los Angeles. In January 2019, an amended complaint was filed adding another named plaintiff, Rachael Clarke, and various claims. The plaintiff class alleges several violations of the California wage and hours laws, including, but not limited to, failure to provide rest and meal breaks and the failure to pay overtime. The parties have engaged in written and other discovery. On February 5, 2019, Plaintiff Calethia Holt (represented by the same counsel as Mr. Olivares and Ms. Clarke) filed a separate representative action in Los Angeles Superior Court alleging a single violation of the Private Attorneys' General Act that is based on the same underlying claims as the Olivares/Clarke lawsuit. On April 5, 2019, Plaintiff Kendra Cato filed a similar action in Los Angeles Superior Court alleging a single violation of the Private Attorneys' General Act that is based on the same underlying claims as the Olivares/Clarke lawsuit. The Company has agreed to resolve all three actions (Olivares, Holt, and Cato). The court in Cato approved the settlement in that case, the settlement payment has been made, and the court dismissed the lawsuit. The parties to Olivares and Holt are in the process of seeking court approval of that settlement. The expected settlement amount, which is immaterial to the financial statements, has been recorded as an accrued liability within the Company's consolidated balance sheet as of December 31, 2021.

On June 7, 2018, and August 9, 2018, two putative class action suits were filed, and later consolidated, in the Supreme Court of the State of New York, County of New York claiming that the Company and certain individual defendants, violated U.S. securities laws (the "State Court Action") by making material misrepresentations and omitting required information in the December 4, 2015 registration statement filed with the SEC in connection with the 2016 merger of Sirona Dental Systems Inc. ("Sirona") with DENTSPLY International Inc. (the "Merger"). The amended complaint alleges that the defendants failed to disclose, among other things, that a distributor had purchased excessive inventory of legacy Sirona products and that three distributors of the Company's products had been engaging in anticompetitive conduct. The plaintiffs seek to recover damages on behalf of a class of former Sirona shareholders who exchanged their shares for shares of the Company's stock in the Merger. On September 26, 2019, the Court granted the Company's motion to dismiss all claims and a judgment dismissing the case was subsequently entered. On February 4, 2020, the Court denied plaintiffs' post-judgment motion to vacate or modify the judgment and to grant them leave to amend their complaint. The plaintiffs appealed the dismissal and the denial of the post-judgment motion to the Supreme Court of the State of New York, Appellate Division, First Department, and the Company cross-appealed select rulings in the Court's decision dismissing the action. The plaintiffs' appeals and the Company's cross-appeal were consolidated and argued on January 12, 2021. On February 2, 2021, the Appellate Division issued its decision upholding the dismissal of the State Court Action with prejudice on statute of limitations grounds. The Plaintiffs did not appeal the Appellate Division decision.

On December 19, 2018, a related putative class action was filed in the U.S. District Court for the Eastern District of New York against the Company and certain individual defendants (the "Federal Class Action"). The plaintiff makes similar allegations and asserts the same claims as those asserted in the State Court Action. In addition, the plaintiff alleges that the defendants violated U.S. securities laws by making false and misleading statements in quarterly and annual reports and other public statements between February 20, 2014, and August 7, 2018. The plaintiff asserts claims on behalf of a putative class consisting of (a) all purchasers of the Company's stock during the period February 20, 2014 through August 7, 2018 and (b) former shareholders of Sirona who exchanged their shares of Sirona stock for shares of the Company's stock in the Merger. The Company moved to dismiss the amended complaint on August 15, 2019. The plaintiff filed its second amended complaint on January 22, 2021, and the Company filed a motion to dismiss the second amended complaint on March 8, 2021. Briefing on the motion to dismiss was fully submitted on May 21, 2021, and that motion is currently pending before the Court.

The Company intends to defend itself vigorously in these actions.

As a result of an audit by the IRS for the fiscal years 2012 through 2013, on February 11, 2019, the IRS issued to the Company a “30-day letter” and a Revenue Agent’s Report (“RAR”), relating to the Company’s worthless stock deduction in 2013 in the amount of $546 million. The RAR disallows the deduction and, after adjusting the Company’s net operating loss carryforward, asserts that the Company is entitled to a refund of $5 million for 2012, has no tax liability for 2013, and owes a deficiency of $17 million in tax for 2014, excluding interest. In accordance with ASC 740, the Company recorded the tax benefit associated with the worthless stock deduction in the Company’s 2012 financial statements. In March 2019, the Company submitted a formal protest disputing on multiple grounds the proposed taxes. The Company and its advisors discussed its position with the IRS Appeals Office Team on October 28, 2020 and, on November 13, 2020, submitted a supplemental response to questions raised by the Appeals Team. The Company’s position continues to be reviewed by the IRS Appeals Office team. The Company believes the IRS’ position is without merit and believes that it is more likely-than-not the Company’s position will be sustained upon further review by the IRS Appeals Office Team. The Company has not accrued a liability relating to the proposed tax adjustments. However, the outcome of this dispute involves a number of uncertainties, including those inherent in the valuation of various assets at the time of the worthless stock deduction, and those relating to the application of the Internal Revenue Code and other federal income tax authorities and judicial precedent. Accordingly, there can be no assurance that the dispute with the IRS will be resolved favorably. If determined adversely, the dispute would result in a current period charge to earnings and could have a material adverse effect in the consolidated results of operations, financial position, and liquidity of the Company.

The Swedish Tax Agency has disallowed certain of the Company’s interest expense deductions for the tax years from 2013 to 2018. If such interest expense deductions were disallowed, the Company would be subject to an additional $44 million in tax expense. The Company has appealed the disallowance to the Swedish Administrative Court. With respect to such deductions taken in the tax years from 2013 to 2014, the Court ruled against the Company on July 5, 2017. On August 7, 2017, the Company appealed the unfavorable decision of the Swedish Administrative Court. On November 5, 2018, the Company delivered its final argument to the Administrative Court of Appeals at a hearing. The European Union Commission has taken the view that Sweden’s interest deduction limitation rules are incompatible with European Union law and supporting legal opinions, and therefore the Company has not paid the tax or made provision in its financial statements for such potential expense. This view has now been confirmed by the European Union Court of Justice in a preliminary ruling requested by the Swedish Supreme Administrative Court. Subsequently, the Swedish Tax Authority has conceded in pending court proceedings that the Company should be granted further interest expense deductions, but still claims that interest expense deductions incurring a maximum additional tax expense of $11 million should be disallowed on grounds not relating to European Union law. The Company intends to vigorously defend its position and pursue related appeals.

In addition to the matters disclosed above, the Company is, from time to time, subject to a variety of litigation and similar proceedings incidental to its business. These legal matters primarily involve claims for damages arising out of the use of the Company’s products and services and claims relating to intellectual property matters including patent infringement, employment matters, tax matters, commercial disputes, competition and sales and trading practices, personal injury, and insurance coverage. The Company may also become subject to lawsuits as a result of past or future acquisitions or as a result of liabilities retained from, or representations, warranties or indemnities provided in connection with, divested businesses. Some of these lawsuits may include claims for punitive and consequential, as well as compensatory damages. Based upon the Company’s experience, current information, and applicable law, it does not believe that these proceedings and claims will have a material adverse effect on its consolidated results of operations, financial position, or liquidity. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company’s business, financial condition, results of operations, or liquidity.

While the Company maintains general, product, property, workers’ compensation, automobile, cargo, aviation, crime, fiduciary and directors’ and officers’ liability insurance up to certain limits that cover certain of these claims, this insurance may be insufficient or unavailable to cover such losses. In addition, while the Company believes it is entitled to indemnification from third parties for some of these claims, these rights may also be insufficient or unavailable to cover such losses.

Commitments

Purchase Commitments

The Company has certain non-cancelable future commitments primarily related to long-term supply contracts for key components and raw materials. At December 31, 2021, non-cancelable purchase commitments are as follows:

(in millions)		
2022	$	161
2023		73
2024		38
2025		41
2026		42
Thereafter		—
Total	$	355

Off-Balance Sheet Arrangements

As of December 31, 2021, we had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources other than certain items disclosed in the sections above.

Indemnification

In the normal course of business to facilitate sale of our products and services, we indemnify certain parties: customers, vendors, lessors, and other parties with respect to certain matters, including, but not limited to, services to be provided by us and intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and our executive officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. Several of these agreements limit the time within which an indemnification claim can be made and the amount of the claim.

It is not possible to make a reasonable estimate of the maximum potential amount under these indemnification agreements due to the unique facts and circumstances involved in each particular agreement. Additionally, we have a limited history of prior indemnification claims and the payments we have made under such agreements have not had a material effect on our results of operations, cash flows or financial position. As of December 31, 2021, we did not have any material indemnification claims that were probable or reasonably possible. However, to the extent that valid indemnification claims arise in the future, future payments by us could be significant and could have a material adverse effect on our results of operations or cash flows in a particular period.

Other Commitments

At December 31, 2021, we were obligated under various operating lease agreements. Please refer to Note 11, Leases, for additional details.

At December 31, 2021, we were obligated under various defined benefit pension plans in the U.S. and other countries that cover employees who meet eligibility requirements. Please refer to Note 18, Benefit Plans, for additional details.

NOTE 23 - CORRECTION OF PREVIOUSLY ISSUED QUARTERLY FINANCIAL INFORMATION

The following tables present the effect of correcting the Company's previously issued quarterly financial statements for the accounting errors described in Note 1, Significant Accounting Policies and Restatement:

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
(in millions, except per share amounts)	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Net sales	$ 1,027	$ (1)	$ 1,026	$ 874	$ 7	$ 881
Cost of products sold	448	(1)	447	406	—	406
Gross profit	579	—	579	468	7	475
Selling, general, and administrative expenses	385	1	386	359	(2)	357
Research and development expenses	37	3	40	34	2	36
Goodwill impairment	—	—	—	157	—	157
Restructuring and other costs	3	—	3	43	(1)	42
Operating income (loss)	154	(4)	150	(125)	8	(117)
Other income and expenses:						
Interest expense, net	14	—	14	7	(1)	6
Other expense (income), net	(9)	—	(9)	(2)	1	(1)
Income (loss) before income taxes	149	(4)	145	(130)	8	(122)
Provision for income taxes	32	1	33	10	2	12
Net income (loss)	117	(5)	112	(140)	6	(134)
Less: Net income (loss) attributable to noncontrolling interest	—	—	—	—	—	—
Net income (loss) attributable to Dentsply Sirona	$ 117	$ (5)	$ 112	$ (140)	$ 6	$ (134)
Net income (loss) per common share attributable to Dentsply Sirona:						
Basic	$ 0.53	$ (0.02)	$ 0.51	$ (0.63)	$ 0.02	$ (0.61)
Diluted	$ 0.53	$ (0.02)	$ 0.51	$ (0.63)	$ 0.02	$ (0.61)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Three Months Ended June 30, 2021 As Previously Issued	Adjustment	As Revised	Three Months Ended June 30, 2020 As Previously Issued	Adjustment	As Revised
Net sales	$ 1,067	$ (5)	$ 1,062	$ 491	$ 8	$ 499
Cost of products sold	469	(2)	467	315	2	317
Gross profit	598	(3)	595	176	6	182
Selling, general, and administrative expenses	398	(5)	393	261	(2)	259
Research and development expenses	40	3	43	18	2	20
Restructuring and other costs	5	—	5	1	1	2
Operating income (loss)	155	(1)	154	(104)	5	(99)
Other income and expenses:						
Interest expense, net	16	(1)	15	11	—	11
Other expense (income), net	5	3	8	5	(1)	4
Income (loss) before income taxes	134	(3)	131	(120)	6	(114)
Provision (benefit) for income taxes	35	—	35	(24)	2	(22)
Net income (loss)	99	(3)	96	(96)	4	(92)
Less: Net income (loss) attributable to noncontrolling interest	—	—	—	(1)	—	(1)
Net income (loss) attributable to Dentsply Sirona	$ 99	$ (3)	$ 96	$ (95)	$ 4	$ (91)
Net income (loss) per common share attributable to Dentsply Sirona:						
Basic	$ 0.45	$ (0.01)	$ 0.44	$ (0.44)	$ 0.02	$ (0.42)
Diluted	$ 0.45	$ (0.02)	$ 0.43	$ (0.44)	$ 0.02	$ (0.42)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Three Months Ended September 30, 2021 As Previously Issued	Adjustment	As Restated	Three Months Ended September 30, 2020 As Previously Issued	Adjustment	As Revised
Net sales	$ 1,069	$ (29)	$ 1,040	$ 895	$ (12)	$ 883
Cost of products sold	478	(7)	471	453	(2)	451
Gross profit	591	(22)	569	442	(10)	432
Selling, general, and administrative expenses	394	1	395	315	(2)	313
Research and development expenses	35	4	39	27	2	29
Restructuring and other costs	3	—	3	18	—	18
Operating income	159	(27)	132	82	(10)	72
Interest expense, net	13	1	14	14	—	14
Other expense (income), net	8	(3)	5	1	—	1
Income before income taxes	138	(25)	113	67	(10)	57
Provision for income taxes	35	(6)	29	13	(4)	9
Net income	103	(19)	84	54	(6)	48
Net income attributable to Dentsply Sirona	$ 103	$ (19)	$ 84	$ 53	$ (6)	$ 47
Net income per common share attributable to Dentsply Sirona:						
Basic	$ 0.47	$ (0.08)	$ 0.39	$ 0.25	$ (0.03)	$ 0.22
Diluted	$ 0.47	$ (0.09)	$ 0.38	$ 0.25	$ (0.03)	$ 0.22

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Three Months Ended December 31, 2021			Three Months Ended December 31, 2020		
	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Net sales	$ 1,088	$ 15	$ 1,103	$ 1,082	$ (6)	$ 1,076
Cost of products sold	495	4	499	511	(2)	509
Gross profit	593	11	604	571	(4)	567
Selling, general, and administrative expenses	374	3	377	377	(4)	373
Research and development expenses	59	(10)	49	44	(6)	38
Restructuring and other costs	6	—	6	15	—	15
Operating income	154	18	172	135	6	141
Other income and expenses:						
Interest expense, net	12	—	12	15	—	15
Other expense (income), net	4	—	4	(3)	—	(3)
Income before income taxes	138	18	156	123	6	129
Provision for income taxes	36	1	37	24	—	24
Net income	102	17	119	99	6	105
Less: Net income attributable to noncontrolling interest	—	—	—	—	—	—
Net income attributable to Dentsply Sirona	$ 102	$ 17	$ 119	$ 99	$ 6	$ 105
Net income per common share attributable to Dentsply Sirona:						
Basic	$ 0.47	$ 0.08	$ 0.55	$ 0.45	$ 0.03	$ 0.48
Diluted	$ 0.47	$ 0.07	$ 0.54	$ 0.45	$ 0.03	$ 0.48

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Net income (loss)	$ 117	$ (5)	$ 112	$ (140)	$ 6	$ (134)
Total comprehensive income	27	(5)	22	(252)	6	(246)
Comprehensive income attributable to Dentsply Sirona	$ 27	$ (5)	$ 22	$ (252)	$ 6	$ (246)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
	As Previously Issued	Adjustment	As Revised	As Previously Issued	Adjustment	As Revised
Net income (loss)	$ 99	$ (3)	$ 96	$ (96)	$ 4	$ (92)
Total comprehensive income	142	(3)	139	(28)	4	(24)
Comprehensive income attributable to Dentsply Sirona	$ 142	$ (3)	$ 139	$ (28)	$ 4	$ (24)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Net income	$ 103	$ (19)	$ 84	$ 54	$ (6)	$ 48
Total comprehensive income	47	(19)	28	121	(6)	115
Comprehensive income attributable to Dentsply Sirona	$ 47	$ (19)	$ 28	$ 121	$ (6)	$ 115

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Three Months Ended December 31, 2021			Three Months Ended December 31, 2020		
	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Net income (loss)	$ 102	$ 17	$ 119	$ 99	$ 6	$ 105
Total comprehensive income	75	17	92	213	8	221
Comprehensive income attributable to Dentsply Sirona	$ 75	$ 17	$ 92	$ 213	$ 8	$ 221

The correcting of these accounting errors on the Company’s previously issued Consolidated Statement of Cash Flows resulted in no changes to cash used in or provided by Operating, Investing and Financing activities for the quarterly periods of the year ended December 31, 2021. For the three months ended March 31, 2020, six months ended June 30, 2020 and nine months ended September 30, 2020 cash provided by operating activities and used in financing activities were increased by $6 million, $12 million, and $13 million, respectively.

2021	Net Sales	Gross Profit	Operating Income (Loss)	Net (Loss) Income attributable to Dentsply Sirona	Net (Loss) Income per Common Share - Basic	Net (Loss) Income per Common Share - Diluted	Cash Dividends Declared per Common Share
First Quarter							
As previously issued	$ 1,027	$ 579	$ 154	$ 117	$ 0.53	$ 0.53	$ 0.1000
Adjustment	(1)	—	(4)	(5)	(0.02)	(0.02)	—
As revised	$ 1,026	$ 579	$ 150	$ 112	$ 0.51	$ 0.51	$ 0.1000
Second Quarter							
As previously issued	$ 1,067	$ 598	$ 155	$ 99	$ 0.45	$ 0.45	$ 0.1100
Adjustment	(5)	(3)	(1)	(3)	(0.01)	(0.02)	—
As revised	$ 1,062	$ 595	$ 154	$ 96	$ 0.44	$ 0.43	$ 0.1100
Third Quarter							
As previously issued	$ 1,069	$ 591	$ 159	$ 103	$ 0.47	$ 0.47	$ 0.1100
Adjustment	(29)	(22)	(27)	(19)	(0.08)	(0.09)	—
As restated	$ 1,040	$ 569	$ 132	$ 84	$ 0.39	$ 0.38	$ 0.1100
Fourth Quarter							
As previously issued	$ 1,088	$ 593	$ 154	$ 102	$ 0.47	$ 0.47	$ 0.1100
Adjustment	15	11	18	17	0.08	0.07	—
As restated	$ 1,103	$ 604	$ 172	$ 119	$ 0.55	$ 0.54	$ 0.1100
Rounding, As previously issued	—	—	—	—	0.01	(0.01)	—
Rounding: Adjustment	—	—	—	—	(0.02)	0.02	—
Rounding, As revised	—	—	—	—	(0.01)	0.01	—
Total Year							
As previously issued	$ 4,251	$ 2,361	$ 622	$ 421	$ 1.93	$ 1.91	$ 0.4300
Adjustment	(20)	(14)	(14)	(10)	(0.05)	(0.04)	—
As revised	$ 4,231	$ 2,347	$ 608	$ 411	$ 1.88	$ 1.87	$ 0.4300

2020	Net Sales	Gross Profit	Operating Income (Loss)	Net (Loss) Income attributable to Dentsply Sirona	Net (Loss) Income per Common Share - Basic	Net (Loss) Income per Common Share - Diluted	Cash Dividends Declared per Common Share
First Quarter							
As previously issued	$ 874	$ 468	$ (125)	$ (140)	$ (0.63)	$ (0.63)	$ 0.1000
Adjustment	7	7	8	6	0.02	0.02	—
As revised	$ 881	$ 475	$ (117)	$ (134)	$ (0.61)	$ (0.61)	$ 0.1000
Second Quarter							
As previously issued	$ 491	$ 176	$ (104)	$ (95)	$ (0.44)	$ (0.44)	$ 0.1000
Adjustment	8	6	5	4	0.02	0.02	—
As revised	$ 499	$ 182	$ (99)	$ (91)	$ (0.42)	$ (0.42)	$ 0.1000
Third Quarter							
As previously issued	$ 895	$ 442	$ 82	$ 53	$ 0.25	$ 0.25	$ 0.1000
Adjustment	(12)	(10)	(10)	(6)	(0.03)	(0.03)	—
As revised	$ 883	$ 432	$ 72	$ 47	$ 0.22	$ 0.22	$ 0.1000
Fourth Quarter							
As previously issued	$ 1,082	$ 571	$ 135	$ 99	$ 0.45	$ 0.45	$ 0.1000
Adjustment	(6)	(4)	6	6	0.03	0.03	—
As revised	$ 1,076	$ 567	$ 141	$ 105	$ 0.48	$ 0.48	$ 0.1000
Rounding, As previously issued	—	—	—	—	(0.01)	(0.01)	—
Rounding, Adjustment	—	—	—	—	0.01	0.01	—
Total Year							
As previously issued	$ 3,342	$ 1,657	$ (12)	$ (83)	$ (0.38)	$ (0.38)	$ 0.4000
Adjustment	(3)	(1)	9	10	0.05	0.05	—
As revised	$ 3,339	$ 1,656	$ (3)	$ (73)	$ (0.33)	$ (0.33)	$ 0.4000

SCHEDULE II

DENTSPLY SIRONA INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, and 2019

Description (in millions)	Balance at Beginning of Period	Additions: Charged (Credited) To Costs And Expenses	Additions: Charged to Other Accounts	Write-offs Net of Recoveries	Translation Adjustment	Balance at End of Period
Allowance for doubtful accounts:						
For the Year Ended December 31,						
2019	$ 25	$ 10	$ 1	$ (6)	$ (1)	$ 29
2020	29	1	(2)	(12)	2	18
2021	18	2	(3)	(2)	(2)	13
Inventory valuation reserve:						
For the Year Ended December 31,						
2019	$ 93	$ 8	$ —	$ (16)	$ —	$ 85
2020	85	62	—	(33)	3	117
2021	117	17	—	(41)	(7)	86
Deferred tax asset valuation allowance:						
For the Year Ended December 31,						
2019	$ 288	$ 8	$ —	$ (6)	$ (2)	$ 288
2020	288	(5)	—	(2)	6	287
2021	287	(10)	—	(3)	(7)	267

Item 9A. Controls and Procedures

Internal Investigation

As described in the Explanatory Note to this Form 10-K/A, the Audit and Finance Committee, assisted by independent legal counsel and forensic accountants, commenced an internal investigation in March 2022 of allegations regarding certain financial reporting matters submitted by current and former employees of the Company. The Audit and Finance Committee's internal investigation is complete.

The findings of the Audit and Finance Committee in both the North America Investigation and the China Investigation are described in the Explanatory Note of this Form 10-K/A.

Accounting Errors

Distinct from the matters described in the North America Investigation and the China Investigation, and as a consequence of the Accounting Review, management identified certain errors in the manner in which it recognized variable consideration related to certain incentive programs. During the Accounting Review, it was also determined that the Company utilized incorrect accounting and assumptions in the determination of estimates related to its sales returns provisions, warranty reserve provisions, and variable consideration.

In connection with the North America Investigation, the China Investigation and the Accounting Review, management reevaluated the effectiveness of the Company's internal control over financial reporting and identified control deficiencies related to these matters, which the Company concluded represent material weaknesses in the Company's internal control over financial reporting as of December 31, 2021.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company has established disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, with the participation of the former Chief Executive Officer and the former Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2021. At the time the Original Filing for the year ended December 31, 2021 was filed on March 1, 2022, the former Chief Executive Officer and former Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021. Subsequent to that evaluation, the Company's current Chief Executive Officer and current Chief Financial Officer concluded the Company's disclosure controls and procedures were not effective as of December 31, 2021, due to the material weaknesses in internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting included under Item 8 of this Form 10-K/A.

Management's Report on Internal Control Over Financial Reporting

Management's report on the Company's internal control over financial reporting, including the description of the material weaknesses determined to exist as of December 31, 2021, is included under Item 8 of this Form 10-K/A.

Remediation Plan and Status

With oversight from the Audit and Finance Committee and input from the Board of Directors, management has begun designing and implementing changes in processes and controls to remediate the material weaknesses described in Management's Report on Internal Control Over Financial Reporting and to enhance our internal control over financial reporting as noted below. Management and the Board of Directors, including the Audit and Finance Committee, are working to remediate the material weaknesses identified herein. While the Company expects to take other remedial actions, actions taken to date include:

a. Appointment of a new Chief Executive Officer, a new Chief Financial Officer and a new Chief Accounting Officer;

b. Termination of certain members of senior management as well as non-executive employees for violations of the Code of Ethics and Business Conduct;

In addition to the remedial actions taken to date, the Company is taking, or plans to take, the following actions to remediate the material weaknesses identified herein:

a. Review and enhance the Company's Code of Ethics and Business Conduct to clarify responsibilities related to the Company's financial reporting and disclosures and provide incremental training to Company personnel on the updated Code of Ethics and Business Conduct;
b. Implement written policies and procedures to provide governance and establish responsibility for oversight of incentive arrangements provided to customers, including the appropriate delegation of authority for such approvals;
c. Formalize written policies and procedures to provide governance and establish responsibility for guidelines, documentation and oversight of product returns from customers when a contractual right to return exists in a customer agreement;
d. Require and provide trainings for employees who have a role in negotiating, assessing, agreeing, and accounting for customer incentive arrangements with distributors;
e. Provide training on new processes to individuals responsible for execution, oversight and review of customer incentive arrangements with customers;
f. Enhance processes to ensure all applicable terms and conditions for incentive-based programs and customer agreements are timely communicated to individuals responsible for accounting and financial reporting;
g. Strengthen internal controls over the accounting for customer incentive arrangements, including: (i) implementing formal controls to continuously review and document the methodology and assumptions used in estimating variable based incentives and (ii) formal controls to ensure the accuracy of the estimated accrued liability analysis;
h. Evaluate finance and commercial operations talent and address identified gaps; and
i. Enhance training programs on revenue recognition for commercial and finance personnel.

In addition, the Company took the following remedial actions to improve disclosure controls and procedures:

a. Enhanced existing Disclosure Committee responsibilities through a more formal charter, which identifies members and sets forth the roles and responsibilities of the Disclosure Committee, among other requirements; and
b. Implemented additional and enhance existing sub-certifications and internal management representation letters, including providing training on the purpose and execution of these processes.

Management developed a detailed plan and timetable for the implementation of the foregoing remediation efforts and will oversee the effective execution. In addition, under the direction of the Audit and Finance Committee, management will continue to identify and implement actions to improve the effectiveness of its disclosure controls and procedures and internal control over financial reporting, including plans to enhance its resources and training with respect to financial reporting and disclosure responsibilities and make necessary changes to policies and procedures to improve the overall effectiveness of such controls.

Management believes the foregoing efforts will effectively remediate the material weaknesses described above. As the Company continues to evaluate and work to improve its internal control over financial reporting and disclosure controls and procedures, management may determine to take additional measures to improve controls or determine to modify the remediation plan described above. The Company is working to remediate the material weaknesses as efficiently and effectively as possible and expects remediation will go beyond December 31, 2022. At this time, the Company cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in the Company incurring significant costs, and will place significant demands on financial and operational resources.

As of the filing of this Form 10-K/A, the material weaknesses described above have not been remediated. The material weaknesses described above cannot be considered remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. Accordingly, management will continue to monitor and evaluate the effectiveness of our internal control over financial reporting in the activities affected by the material weaknesses described above.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART IV

Item 15. Exhibits and Financial Statement Schedule

a. Documents filed as part of this Report

1. Financial Statements:

Management's Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)
Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019
Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019
Consolidated Balance Sheets as of December 31, 2021 and 2020
Consolidated Statements of Equity for the years ended December 31, 2021, 2020 and 2019
Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019
Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

The following financial statement schedule is included in this report: Schedule II - Valuation and Qualifying Accounts for the Years Ended December 31, 2021, 2020 and 2019.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required to be included herein under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

The Exhibits listed below are filed or incorporated by reference as part of the Company's Form 10-K/A.

Exhibit Number		Description
2.1		Agreement and Plan of Merger, dated as of September 15, 2015, by and among DENTSPLY International Inc., Sirona Dental Systems, Inc. and Dawkins Merger Sub Inc. (14)
2.2		Equity Purchase Agreement, dated as of December 31, 2020, by and among Dentsply Sirona Inc., Straight Smile, LLC, the members of Straight Smile, LLC and Member Representative SSB, LLC (37)
3.1	(a)	Second Amended and Restated Certificate of Incorporation (17)
	(b)	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation of Dentsply Sirona Inc., dated as of May 23, 2018 (22)
3.2		Fifth Amended and Restated By-Laws, dated as of February 14, 2018 (20)
4.1	(a)	United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Citigroup Global Markets Inc. (formerly known as Salomon Smith Barney Inc.) (formerly Exhibit 4.1(b)) (3)
	(b)	First Amendment to the United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Citigroup Global Markets Inc. (formerly known as Salomon Smith Barney Inc.) (13)
4.2	(a)	United States Commercial Paper Dealer Agreement dated as of August 18, 2011 between the Company and J.P. Morgan Securities LLC (13)
	(b)	First Amendment to the United States Commercial Paper Dealer Agreement dated as of August 18, 2011 between the Company and J.P. Morgan Securities LLC (13)
4.3		$700 Million Credit Agreement, dated as of July 27, 2018 final maturity in July 26, 2024, by and among the Company, the subsidiary borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A. as administrative agent, Citibank N.A. as Syndication Agent, and Wells Fargo Bank, N.A., Commerzbank AG, New York Branch, MUFG Bank, Ltd., Unicredit Bank AG New York Branch, and TD Bank, N.A. as co-documentation agents, and J.P. Morgan Chase Bank, N.A. and Citibank, N.A., as Joint Bookrunners and Joint Lead Arrangers (23)
4.4		Description of the Registrant's Securities (31)

Exhibit Number		Description
4.5		Form of Indenture (10)
4.6		Supplemental Indenture, dated August 23, 2011 between DENTSPLY International Inc., as Issuer and Wells Fargo, National Association, as Trustee (11)
4.7	(a)	12.55 Billion Japanese Yen Term Loan Agreement between the Company and Bank of Tokyo dated September 22, 2014 due September 28, 2019, between the Company, The Bank of Tokyo-Mitsubishi UFJ, LTD as Sole Lead Arranger, Development Bank of Japan, Inc. as Co-Arranger, The Bank of Tokyo-Mitsubishi UFJ, LTD, as Administrative Agent (13)
	(b)	First Amendment to 12.55 Billion Japanese Yen Term Loan Agreement dated December 18, 2015 between the Company and Bank of Tokyo-Mitsubishi UFJ, LTD (15)
4.8		United States Commercial Paper issuing and paying Agency Agreement dated as of November 4, 2014, between the Company and U.S. Bank N.A. (13)
4.9		Note Purchase Agreement, dated December 11, 2015, by and among the Company, Metropolitan Life Insurance Company, Prudential Retirement Insurance and Annuity Company, C.M. Life Insurance Company, The Northwestern Mutual Life Insurance Company, The Lincoln National Life Insurance Company, Manulife Life Insurance Company, Manufacturers Life Reinsurance Limited, Nationwide Life Insurance Company, United of Omaha Life Insurance Company and the other purchasers listed in Schedule A thereto (15)
4.10		Note Purchase Agreement, dated October 27, 2016, by and among the Company, Metropolitan Life Insurance Company, New York Life Insurance Company, Nationwide Life Insurance Company, The Northwestern Mutual Life Insurance Company, Massachusetts Mutual Life Insurance Company, Allianz Life Insurance Company of North America, Hartford Life and Accident Insurance Company, The Lincoln National Life Insurance Company, The Guardian Life Insurance Company of America, Great-West Life & Annuity Insurance Company, The Prudential Insurance Company of America, and the other purchasers listed in Schedule A thereto (17)
4.11		Note Purchase Agreement, dated June 24, 2019, by and among the Company and Brighthouse Life Insurance Company, Metlife Insurance K.K., The Northwestern Mutual Life Insurance Company, Hartford Fire Insurance Company, and Hartford Life and Accident Insurance Company. (28)
4.12		Indenture, dated as of May 26, 2020, between DENTSPLY SIRONA Inc. and Wells Fargo Bank, National Association. (34)
4.13		First Supplemental Indenture, dated as of May 26, 2020, between DENTSPLY SIRONA Inc. and Wells Fargo Bank, National Association. (34)
4.14		Form of 3.250% Notes due 2030 (included in Exhibit 4.13). (34)
5.1		Opinion of Skadden, Arps, Slate, Meagher & Flom LLP (34)
10.1		2002 Amended and Restated Equity Incentive Plan* (5)
10.2		Restricted Stock Unit Deferral Plan* (15)
10.3	(a)	Trust Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (1)
	(b)	Plan Recordkeeping Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (1)
10.4		DENTSPLY Supplemental Saving Plan Agreement dated as of December 10, 2007* (5)
10.5		DENTSPLY SIRONA Inc. Directors' Deferred Compensation Plan, as amended and restated January 1, 2019* (25)
10.6		DENTSPLY SIRONA Inc. Supplemental Executive Retirement Plan, as amended and restated January 1, 2019* (25)
10.7		Incentive Compensation Plan, amended and restated* (9)
10.8		AZ Trade Marks License Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (1)
10.9	(a)	Precious metal inventory Purchase and Sale Agreement dated November 30, 2001, as amended October 10, 2006 between Bank of Nova Scotia and the Company (4)
	(b)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company (2)
	(c)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company (2)

Exhibit Number		Description
	(d)	Precious metal inventory Purchase and Sale Agreement dated January 30, 2002 between Commerzbank AG (formerly known as Dresdner Bank AG), Frankfurt, and the Company (5)
	(e)	Precious metal inventory Purchase and Sale Agreement dated December 6, 2010, as amended February 8, 2013 between HSBC Bank USA, National Association and the Company (12)
	(f)	Precious metal inventory Purchase and Sale Agreement dated April 29, 2013 between The Toronto-Dominion Bank and the Company (12)
10.10		2010 Equity Incentive Plan, amended and restated* (15)
10.11		DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan, as amended and restated effective February 14, 2018* (21)
10.12		Amended and Restated U.S. Distributorship Agreement, dated May 31, 2012, by and between Patterson Companies, Inc. and Sirona Dental Systems, Inc. (16)
10.13		Amended and Restated U.S. CAD-CAM Distributorship Agreement, dated May 31, 2012, by and between Patterson Companies, Inc. and Sirona Dental Systems GmbH (16)
10.14		Sirona Dental Systems, Inc. Equity Incentive Plan, as Amended* (17)
10.15		Sirona Dental Systems, Inc. 2015 Long-Term Incentive Plan* (17)
10.16	(a)	Employment Agreement, dated October 10, 2017, between DENTSPLY SIRONA Inc. and Nicholas W. Alexos* (18)
	(b)	First Amendment dated as of March 5, 2019 to Employment Agreement by and between DENTSPLY SIRONA Inc. and Nicholas W. Alexos* (26)
	(c)	Separation and Release of Claims Agreement, between DENTSPLY SIRONA Inc. and Nicholas W. Alexos, dated May 24, 2019* (27)
10.17	(a)	Employment Agreement, dated October 10, 2017, between DENTSPLY SIRONA Inc. and Keith Ebling* (21)
	(b)	First Amendment dated as of March 5, 2019 to Employment Agreement by and between DENTSPLY SIRONA Inc. and Keith J. Ebling* (26)
10.18	(a)	Employment Agreement, dated February 12, 2018, between DENTSPLY SIRONA Inc. and Donald M. Casey Jr.* (19)
	(b)	First Amendment to Employment Agreement, dated August 3, 2018, by and between DENTSPLY SIRONA Inc. and Donald M. Casey Jr.* (25)
	(c)	Second Amendment dated as of March 5, 2019 to Employment Agreement by and between DENTSPLY SIRONA Inc. and Donald M. Casey, Jr.* (26)
10.19	(a)	Form of DENTSPLY SIRONA Inc. Indemnification Agreement* (20)
	(b)	Form of Amended and Restated DENTSPLY SIRONA Inc. Indemnification Agreement* (Filed herewith)
10.20		Form of Option Grant Notice Under the DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan as amended and restated* (20)
10.21		Form of Restricted Share Unit Grant Notice Under the DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan as amended and restated* (20)
10.22		Form of Performance Restricted Share Unit Grant Notice Under the DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan as amended and restated* (20)
10.23		Employee Stock Purchase Plan, dated May 23, 2018* (24)
10.24	(a)	Non-Employee Director Compensation Policy, effective March 27, 2019* (30)
	(b)	Non-Employee Director Compensation Policy, effective May 22, 2019* (29)
	(c)	Non-Employee Director Compensation Policy, effective January 1, 2020* (31)
	(d)	Non-Employee Director Compensation Policy, effective September 30, 2020* (36)
	(e)	Non-Employee Director Compensation Policy, effective February 23, 2022* (40)
10.25		Form of Performance Restricted Stock Unit Award Agreement* (26)
10.26		Form of Restricted Share Unit Grant Notice for Directors under the DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan as amended and restated* (29)
10.27		Amended and Restated Restricted Stock Unit Deferral Plan, effective July 31, 2019* (29)
10.28		Offer Letter, dated June 27, 2019, between DENTSPLY SIRONA Inc. and Jorge Gomez* (29)

Exhibit Number	Description
10.29	First Amendment to Employment Agreement, dated August 6, 2018, between DENTSPLY SIRONA Inc. and William E. Newell* (35)
10.30	Employment Agreement, dated May 27, 2017, between DENTSPLY SIRONA Inc. and William E. Newell* (35)
10.31	Separation Agreement with General Release, dated July 20, 2020, by and between William E. Newell and DENTSPLY SIRONA Inc* (35)
10.32	364-Day Credit Agreement, dated as of April 9, 2020, among DENTSPLY SIRONA Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, and the lenders party thereto (32)
10.33	Employment Agreement, dated October 28, 2019, between Dentsply Sirona Deutschland GmbH and Walter Petersohn (33)
10.34	Separation and Release of Claims Agreement, dated May 31, 2021, by and between DENTSPLY SIRONA Inc and Keith J. Ebling* (38)
18	Preferability letter of PricewaterhouseCoopers, LLP, Independent Registered Public Accounting Firm (39)
18.1	Preferability letter of PricewaterhouseCoopers, LLP, Independent Registered Public Accounting Firm (39)
21.1	Subsidiaries of the Company (40)
23.1	Consent of Independent Registered Public Accounting Firm - PricewaterhouseCoopers LLP (Filed herewith)
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1) (34)
31.1	Section 302 Certification Statements Chief Executive Officer (Filed herewith)
31.2	Section 302 Certification Statements Chief Financial Officer (Filed herewith)
32	Section 906 Certification Statement (Furnished herewith)
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Management contract or compensatory plan.

(1) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2000, File 0-16211.

(2) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2001, File 0-16211.

(3) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2002, File 0-16211.

(4) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2006, File no. 0-16211.

(5) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2007, File No. 0-16211.

(6) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2008, File No. 0-16211.

(7) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2009, File no. 0-16211.

(8) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2010, File no. 0-16211.

(9) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2011, File no. 0-16211.

(10) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-3 dated August 15, 2011 (No. 333-176307).

(11) Incorporated by reference to exhibit included in the Company's Form 8-K dated August 29, 2011, File no. 0-16211.

(12) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2013, File no. 0-16211.

(13) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2014, File no. 0-16211.

(14) Incorporated by reference to exhibit included in the Company's Form 8-K dated September 16, 2015, File no. 0-16211.

(15) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2015, File no. 0-16211.

(16) Incorporated by reference to exhibit included in the Form 8-K/A, filed by Sirona Dental Systems, Inc. on July 12, 2012 (File no 000-22673).

(17) Incorporated by reference to exhibit included in the Company’s Form 10-K for the fiscal year ended December 31, 2016, File no. 0-16211.

(18) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated November 3, 2017, File no.0-16211.

(19) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated January 17, 2018, File no.0-16211.

(20) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated February 15, 2018, File no.0-16211.

(21) Incorporated by reference to exhibit included in the Company’s Form 10-K for the fiscal year ended December 31, 2017, File no. 0-16211.

(22) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated May 23, 2018, File no.0-16211.

(23) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated July 30, 2018, File no.0-16211.

(24) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended June 30, 2018, File no. 0-16211.

(25) Incorporated by reference to exhibit included in the Company’s Form 10-K for the fiscal year ended December 31, 2018, File no. 0-16211.

(26) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated March 8, 2019, File no. 0-16211.

(27) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated May 31, 2019, File no. 0-16211.

(28) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated June 26, 2019, File no. 0-16211.

(29) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended June 30, 2019, File no. 0-16211.

(30) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended March 31, 2019, File no. 0-16211.

(31) Incorporated by reference to exhibit included in the Company’s Form 10-K for the fiscal year ended December 31, 2019, File no. 0-16211.

(32) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated April 9, 2020, File no. 0-16211.

(33) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended March 31, 2020, File no. 0-16211.

(34) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated May 26, 2020, File no. 0-16211.

(35) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended June 30, 2020, File no. 0-16211

(36) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended September 30, 2020, File no. 0-16211.

(37) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated January 4, 2021, File no. 0-16211.

(38) Incorporated by reference to exhibit included in the Company’s Form 8-K, dated June 1, 2021, File no. 0-16211.

(39) Incorporated by reference to exhibit included in the Company’s Form 10-Q for the quarterly period ended June 30, 2021, File no. 0-16211.

(40) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2021, File no. 0-16211.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DENTSPLY SIRONA Inc.

By:	/s/	*Glenn G. Coleman*
		Glenn G. Coleman
		Executive Vice President and Chief Financial Officer
Date:		November 7, 2022

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-238200) and Form S-8 (Nos. 333-225168 and 333-209791) of Dentsply Sirona Inc. of our report dated March 1, 2022, except for the effects of the restatement discussed in Note 1 to the consolidated financial statements and the matter discussed in the fourth paragraph of Management's Report on Internal Control Over Financial Reporting, as to which the date is November 7, 2022 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K/A.

/s/PricewaterhouseCoopers LLP
Charlotte, North Carolina
November 7, 2022

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Simon D. Campion, certify that:

1. I have reviewed this Form 10-K/A of DENTSPLY SIRONA Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Simon D. Campion*
Simon D. Campion
Chief Executive Officer

Date: November 7, 2022

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn G. Coleman, certify that:

1. I have reviewed this Form 10-K/A of DENTSPLY SIRONA Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Glenn G. Coleman

Glenn G. Coleman
Executive Vice President and
Chief Financial Officer

Date: November 7, 2022

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of DENTSPLY SIRONA Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Simon D. Campion, Chief Executive Officer of the Company and Glenn G. Coleman, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the date of the Report.

/s/ *Simon D. Campion*
Simon D. Campion
Chief Executive Officer

/s/ *Glenn G. Coleman*
Glenn G. Coleman
Executive Vice President and
Chief Financial Officer

Date: November 7, 2022