UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

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

For the quarterly period ended September 30, 2021

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

For the transition period from_____ to_____

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)

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

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 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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At November 2, 2021, DENTSPLY SIRONA Inc. had 218,607,026 shares of common stock outstanding.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

All statements in this Form 10-Q/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-Q/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-Q/A or to reflect the occurrence of unanticipated events.

You should carefully consider these and other relevant factors, including those risk factors in Part II, Item 1A, "Risk Factors" of this Form 10-Q/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 Quarterly Report on Form 10-Q (this "Form 10-Q/A") for the quarter ended September 30, 2021, originally filed with the Securities and Exchange Commission (the "SEC") on November 4, 2021 (the "Form 10-Q" 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Form 10-K"). The Audit and Finance Committee and management also discussed this conclusion with the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC").

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 below 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 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.

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 I, Item 1 of this Form 10-Q/A. For more information about the specific material weaknesses in internal control over financial reporting and the Company's remedial actions, please see Part I, Item 4 Controls and Procedures of this Form 10-Q/A.

Audit and Finance Committee's 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 I, Item 4 Controls and Procedures of this Form 10-Q/A.

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 I, Item 4 Controls and Procedures of this Form 10-Q/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 this 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 I, Item 1 of this Form 10-Q/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. 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 September 30, 2021, due to the material weaknesses described in Part I, Item 4 of this Form 10-Q/A. Accordingly, the Company is filing this Form 10-Q/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 September 30, 2021. Additionally, the Company is amending Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations to provide additional disclosure regarding the future impact of certain incremental incentive arrangements identified in the North America Investigation.

Amendment to Form 10-Q

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-Q/A:

Part I - Item 1.	Financial Statements (unaudited)
Part I - Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Part I - Item 4.	Controls and Procedures
Part II - Item 1A.	Risk Factors
Part II - Item 6.	Exhibits

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 10-Q/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-Q/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-Q/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 the Company's Amendment No. 1 on Form 10-K/A filed on November 7, 2022 (the "Form 10-K/A"), 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-Q/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-Q/A.

DENTSPLY SIRONA Inc.

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PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	As Restated		As Restated	
Net sales	$ 1,040	$ 883	$ 3,128	$ 2,263
Cost of products sold	471	451	1,385	1,174
Gross profit	569	432	1,743	1,089
Selling, general, and administrative expenses	395	313	1,174	929
Research and development expenses	39	29	122	85
Goodwill impairment	—	—	—	157
Restructuring and other costs	3	18	11	62
Operating income (loss)	132	72	436	(144)
Other income and expenses:				
Interest expense, net	14	14	43	31
Other expense (income), net	5	1	4	4
Income (loss) before income taxes	113	57	389	(179)
Provision (benefit) for income taxes	29	9	97	(1)
Net income (loss)	84	48	292	(178)
Less: Net income attributable to noncontrolling interest	—	1	—	—
Net income (loss) attributable to Dentsply Sirona	$ 84	$ 47	$ 292	$ (178)
Net income (loss) per common share attributable to Dentsply Sirona:				
Basic	$ 0.39	$ 0.22	$ 1.34	$ (0.81)
Diluted	$ 0.38	$ 0.22	$ 1.32	$ (0.81)
Weighted average common shares outstanding:				
Basic	218.6	218.5	218.6	219.4
Diluted	220.5	219.2	220.7	219.4

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	As Restated		As Restated	
Net income (loss)	$ 84	$ 48	$ 292	$ (178)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (loss) gain	(68)	84	(130)	40
Net gain (loss) on derivative financial instruments	10	(19)	19	(22)
Pension liability gain	2	2	8	5
Total other comprehensive (loss) income, net of tax	(56)	67	(103)	23
Total comprehensive income (loss)	28	115	189	(155)
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—
Total comprehensive income (loss) attributable to Dentsply Sirona	$ 28	$ 115	$ 189	$ (155)

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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

	September 30, 2021 As Restated	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 281	$ 438
Accounts and notes receivables-trade, net	732	667
Inventories, net	548	476
Prepaid expenses and other current assets	244	217
Total Current Assets	1,805	1,798
Property, plant, and equipment	771	791
Operating lease right-of-use assets, net	183	176
Identifiable intangible assets, net	2,402	2,504
Goodwill	4,000	3,986
Other noncurrent assets	128	95
Total Assets	$ 9,289	$ 9,350
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 271	$ 302
Accrued liabilities	725	712
Income taxes payable	52	59
Notes payable and current portion of long-term debt	151	299
Total Current Liabilities	1,199	1,372
Long-term debt	1,925	1,978
Operating lease liabilities	139	130
Deferred income taxes	401	381
Other noncurrent liabilities	562	554
Total Liabilities	4,226	4,415
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, and 264.5 million shares issued at September 30, 2021 and December 31, 2020		
218.6 million and 218.7 million shares outstanding at September 30, 2021 and December 31, 2020		
Capital in excess of par value	6,659	6,604
Retained earnings	1,419	1,198
Accumulated other comprehensive loss	(567)	(464)
Treasury stock, at cost, 45.9 million and 45.8 million shares at September 30, 2021 and December 31, 2020, respectively	(2,454)	(2,409)
Total Dentsply Sirona Equity	5,060	4,932
Noncontrolling interests	3	3
Total Equity	5,063	4,935
Total Liabilities and Equity	$ 9,289	$ 9,350

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Dentsply Sirona Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2020	$ 3	$ 6,604	$ 1,198	$ (464)	$ (2,409)	$ 4,932	$ 3	$ 4,935
Net income	—	—	112	—	—	112	—	112
Other comprehensive loss	—	—	—	(90)	—	(90)	—	(90)
Exercise of stock options	—	11	—	—	22	33	—	33
Stock based compensation expense	—	13	—	—	—	13	—	13
Funding of employee stock purchase plan	—	1	—	—	2	3	—	3
Treasury shares purchased	—	—	—	—	(90)	(90)	—	(90)
Restricted stock unit distributions	—	(11)	—	—	7	(4)	—	(4)
Cash dividends ($0.10 per share)	—	—	(22)	—	—	(22)	—	(22)
Balance at March 31, 2021	$ 3	$ 6,618	$ 1,288	$ (554)	$ (2,468)	$ 4,887	$ 3	$ 4,890
Net income	—	—	96	—	—	96	—	96
Other comprehensive income	—	—	—	43	—	43	—	43
Exercise of stock options	—	3	—	—	9	12	—	12
Stock based compensation expense	—	19	—	—	—	19	—	19
Restricted stock unit distributions	—	(2)	—	—	1	(1)	—	(1)
Cash dividends ($0.11 per share)	—	—	(25)	—	—	(25)	—	(25)
Balance at June 30, 2021	$ 3	$ 6,638	$ 1,359	$ (511)	$ (2,458)	$ 5,031	$ 3	$ 5,034
Net income	—	—	84	—	—	84	—	84
Other comprehensive (loss) income	—	—	—	(56)	—	(56)	—	(56)
Exercise of stock options	—	—	—	—	1	1	—	1
Stock based compensation expense	—	23	—	—	—	23	—	23
Funding of employee stock purchase plan	—	1	—	—	1	2	—	2
Restricted stock unit distributions	—	(4)	—	—	2	(2)	—	(2)
Restricted stock unit dividends	—	1	(1)	—	—	—	—	—
Cash dividends ($0.11 per share)	—	—	(23)	—	—	(23)	—	(23)
Balance at September 30, 2021, As Restated	$ 3	$ 6,659	$ 1,419	$ (567)	$ (2,454)	$ 5,060	$ 3	$ 5,063

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

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Dentsply Sirona Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2019	$ 3	$ 6,587	$ 1,359	$ (602)	$ (2,301)	$ 5,046	$ 2	$ 5,048
Net loss	—	—	(134)	—	—	(134)	—	(134)
Other comprehensive loss	—	—	—	(112)	—	(112)	—	(112)
Exercise of stock options	—	—	—	—	4	4	—	4
Stock based compensation expense	—	9	—	—	—	9	—	9
Funding of employee stock purchase plan	—	1	—	—	1	2	—	2
Treasury shares purchased	—	(28)	—	—	(112)	(140)	—	(140)
Restricted stock unit distributions	—	(15)	—	—	9	(6)	—	(6)
Cash dividends ($0.10 per share)	—	—	(22)	—	—	(22)	—	(22)
Balance at March 31, 2020	$ 3	$ 6,554	$ 1,203	$ (714)	$ (2,399)	$ 4,647	$ 2	$ 4,649
Net loss	—	—	(91)	—	—	(91)	(1)	(92)
Other comprehensive income	—	—	—	68	—	68	—	68
Exercise of stock options	—	—	—	—	1	1	—	1
Stock based compensation expense	—	10	—	—	—	10	—	10
Treasury shares purchased	—	28	—	—	(28)	—	—	—
Restricted stock unit distributions	—	(16)	—	—	10	(6)	—	(6)
Cash dividends ($0.10 per share)	—	—	(22)	—	—	(22)	—	(22)
Balance at June 30, 2020	$ 3	$ 6,576	$ 1,090	$ (646)	$ (2,416)	$ 4,607	$ 1	$ 4,608
Net income	—	—	47	—	—	47	1	48
Other comprehensive income	—	—	—	67	—	67	—	67
Stock based compensation expense	—	17	—	—	—	17	—	17
Funding of employee stock purchase plan	—	1	—	—	2	3	—	3
Restricted stock unit distributions	—	(2)	—	—	1	(1)	—	(1)
Cash dividends ($0.10 per share)	—	—	(22)	—	—	(22)	—	(22)
Balance at September 30, 2020	$ 3	$ 6,592	$ 1,115	$ (579)	$ (2,413)	$ 4,718	$ 2	$ 4,720

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2021	2020
	As Restated	
Cash flows from operating activities:		
Net income (loss)	$ 292	$ (178)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	94	104
Amortization of intangible assets	167	143
Goodwill impairment	—	157
Indefinite-lived intangible asset impairment	—	39
Deferred income taxes	(11)	(53)
Stock based compensation expense	54	36
Other non-cash expense	13	7
(Gain) loss on sale of non-strategic businesses and product lines	(14)	—
Changes in operating assets and liabilities, net of acquisitions:		
Accounts and notes receivable-trade, net	(89)	150
Inventories, net	(88)	73
Prepaid expenses and other current assets	(24)	50
Other noncurrent assets	(12)	8
Accounts payable	(45)	(62)
Accrued liabilities	70	(66)
Income taxes	6	(9)
Other noncurrent liabilities	22	(14)
Net cash provided by operating activities	435	385
Cash flows from investing activities:		
Capital expenditures	(101)	(60)
Cash paid for acquisitions of businesses and equity investments, net of cash acquired	(248)	(2)
Cash received on sale of non-strategic businesses or product lines	27	—
Cash received on derivative contracts	1	58
Cash paid on derivative contracts	—	(1)
Proceeds from sale of property, plant, and equipment	2	—
Net cash used in investing activities	(319)	(5)
Cash flows from financing activities:		
Proceeds (repayments) on short-term borrowings, net	147	(1)
Cash paid for treasury stock	(90)	(140)
Cash dividends paid	(68)	(66)
Cash paid for acquisition of noncontrolling interest of consolidated subsidiary	—	(2)
Proceeds from long-term borrowings, net of deferred financing costs	15	1,449
Repayments on long-term borrowings, net	(297)	(701)
Deferred financing costs	—	(6)
Proceeds from exercised stock options	47	6
Cash paid on derivative contracts	—	(31)
Other financing activities, net	(11)	(17)
Net cash (used in) provided by financing activities	(257)	491
Effect of exchange rate changes on cash and cash equivalents	(16)	(4)
Net (decrease) increase in cash and cash equivalents	(157)	867
Cash and cash equivalents at beginning of period	438	405
Cash and cash equivalents at end of period	$ 281	$ 1,272

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND RESTATEMENT

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the rules of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of the results for interim periods have been included. Results for interim periods should not be considered indicative of results for a full year. These financial statements and related notes contain the accounts of DENTSPLY SIRONA Inc. and subsidiaries ("Dentsply Sirona" or the "Company") on a consolidated basis and should be read in conjunction with the consolidated financial statements and notes included in the Company's Amendment No. 1 on Form 10-K/A filed on November 7, 2022 (the "Form 10-K/A") to amend its Annual Report on Form 10-K for the fiscal year ended December 31, 2021, originally filed with the Securities and Exchange Commission on March 1, 2022, to make certain changes described below.

The accounting policies of the Company, as applied in the interim consolidated financial statements presented herein, are substantially the same as presented in the Company's Form 10-K/A, except as may be indicated below. Certain prior period amounts within the Consolidated Statements of Operations have been reclassified in order to conform with the current year presentation of separately reported Research and development expenses.

Restatement and Other Corrections of Previously Issued Consolidated Financial Statements

Subsequent to the issuance of the Company's consolidated financial statements as of September 30, 2021 and for each of the three and nine months periods ended therein, and also the consolidated financial statements as of December 31, 2021 and 2020 and for each of the three fiscal years in the period ended December 31, 2021 (collectively, the "previously issued financial statements"), management identified errors related to certain customer 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. Additionally, the Company identified an error related to a failure to appropriately account for certain returns and/or exchanges specific to sales transactions in China as a result of an investigation by the Company's Audit and Finance Committee. 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. 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 nine month period ended September 30, 2021 by approximately $35 million and $27 million, respectively, with errors to both Net sales and Net income (loss) for the three months ended September 30, 2021 and 2020 as shown in the tables below. Additionally, the correction of errors pertaining to periods prior to 2020 required an adjustment to opening retained earnings at January 1, 2020 of $45 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 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.

Management has therefore restated for the three and nine months ended September 30, 2021 and revised for the three and nine months ended September 30, 2020, the accompanying consolidated financial statements and related notes included herein to correct these accounting errors for all periods presented, as well as the accompanying footnotes affected by the accounting errors, 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, Comprehensive Income (Loss), Note 5, Earnings Per Common Share, Note 7, Segment Information, Note 8, Inventories, Net, and Note 11, Income Taxes.

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

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
(in millions, except per share amounts)	As Previously Issued	Adjustment	As Restated	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
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

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
(in millions, except per share amounts)	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Net sales	$ 3,163	$ (35)	$ 3,128	$ 2,260	$ 3	$ 2,263
Cost of products sold	1,395	(10)	1,385	1,174	—	1,174
Gross profit	1,768	(25)	1,743	1,086	3	1,089
Selling, general and administrative expenses	1,177	(3)	1,174	935	(6)	929
Research and development expenses	112	10	122	79	6	85
Operating income (loss)	468	(32)	436	(147)	3	(144)
Interest expense, net	43	—	43	32	(1)	31
Income (loss) before income taxes	421	(32)	389	(183)	4	(179)
Provision (benefit) for income taxes	102	(5)	97	(1)	—	(1)
Net income (loss)	319	(27)	292	(182)	4	(178)
Net income (loss) attributable to Dentsply Sirona	$ 319	$ (27)	$ 292	$ (182)	$ 4	$ (178)
Net income (loss) per common share attributable to Dentsply Sirona:						
Basic	$ 1.46	$ (0.12)	$ 1.34	$ (0.83)	$ 0.02	$ (0.81)
Diluted	$ 1.45	$ (0.13)	$ 1.32	$ (0.83)	$ 0.02	$ (0.81)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
(in millions)	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

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
(in millions)	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Net income (loss)	$ 319	$ (27)	$ 292	$ (182)	$ 4	$ (178)
Total comprehensive income (loss)	216	(27)	189	(159)	4	(155)
Comprehensive income (loss) attributable to Dentsply Sirona	$ 216	$ (27)	$ 189	$ (159)	$ 4	$ (155)

CONSOLIDATED BALANCE SHEETS

	September 30, 2021			December 31, 2020		
(in millions)	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Accounts and notes receivable-trade, net	$ 748	$ (16)	$ 732	$ 673	$ (6)	$ 667
Inventories, net	532	16	548	466	10	476
Prepaid expenses and other current assets	243	1	244	214	3	217
Total Current Assets	1,804	1	1,805	1,791	7	1,798
Other noncurrent assets	128	—	128	94	1	95
Total Assets	9,288	1	9,289	9,342	8	9,350
Accounts payable	276	(5)	271	305	(3)	302
Accrued liabilities	641	84	725	653	59	712
Income taxes payable	58	(6)	52	60	(1)	59
Total Current Liabilities	1,126	73	1,199	1,317	55	1,372
Deferred income taxes	413	(12)	401	393	(12)	381
Other noncurrent liabilities	560	2	562	554	—	554
Total Liabilities	4,163	63	4,226	4,372	43	4,415
Retained earnings	1,481	(62)	1,419	1,233	(35)	1,198
Total Dentsply Sirona Equity	5,122	(62)	5,060	4,967	(35)	4,932
Total Equity	5,125	(62)	5,063	4,970	(35)	4,935
Total Liabilities and Equity	9,288	1	9,289	9,342	8	9,350

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	As Previously Issued	Adjustment	As Restated	As Previously Issued	Adjustment	As Revised
Cash flows from operating activities:						
Net income (loss)	$ 319	$ (27)	$ 292	$ (182)	$ 4	$ (178)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Other non-cash expense (income)	12	1	13	9	(2)	7
Changes in operating assets and liabilities, net of acquisitions:						
Accounts and notes receivable-trade, net	(98)	9	(89)	149	1	150
Inventories, net	(82)	(6)	(88)	74	(1)	73
Prepaid expenses and other current assets, net	(27)	3	(24)	50	—	50
Accounts payable	(39)	(6)	(45)	(65)	3	(62)
Accrued liabilities	41	29	70	(73)	7	(66)
Income taxes	11	(5)	6	(10)	1	(9)
Other noncurrent liabilities	20	2	22	(14)	—	(14)
Net cash provided by operating activities	435	—	435	372	13	385
Cash flows from financing activities:						
Other financing activities, net	(11)	—	(11)	(4)	(13)	(17)
Net cash (used in) provided by financing activities	(257)	—	(257)	504	(13)	491

Use of Estimates

The preparation of financial statements in conformity with 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 Net sales and expense during the reporting period. Actual results could differ materially from those estimates.

Specifically, for the nine months ended September 30, 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.

Inventory

As of September 30, 2021, all of the Company's inventories were determined by the first-in, first-out ("FIFO") or average cost methods. As of the end of the first quarter of 2021, the Company had $1 million of inventories accounted for under the last-in first-out ("LIFO") method of inventory costing. Effective as of the beginning of the second quarter, 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, it allows for a more consistent methodology to be utilized across the Company, and provides improved comparability with industry peers. The change in accounting principle was recognized during the second quarter of 2021 by adjusting these inventories to cost as determined using the FIFO method, resulting in an increase in inventories of $4 million and a corresponding reduction to Cost of products sold in the Company's Consolidated Statements of Operations. The impact of this change was not material to the Company's financial position as of December 31, 2020, or the Company's results of operations for any previously reported prior periods nor is the cumulative effect of the change material to the results of operations for the six months ended June 30, 2021. Therefore, prior period amounts have not been retrospectively adjusted.

Goodwill & 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.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU No. 2020-04 "Reference Rate Reform (Topic 848): 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 is currently assessing the impact that this standard will have on its financial position, results of operations, cash flows, and disclosures.

NOTE 2 - REVENUE

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.

Net sales disaggregated by product category for the three and nine months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	2021	2020	2021	2020
Equipment & Instruments	$ 176	$ 152	$ 523	$ 373
CAD/CAM	147	97	403	296
Orthodontics	63	52	212	119
Implants	150	126	461	329
Healthcare	76	70	225	210
Technology & Equipment segment net sales	$ 612	$ 497	$ 1,824	$ 1,327
Endodontic & Restorative	$ 313	$ 268	$ 953	$ 642
Other Consumables	115	118	351	294
Consumables segment net sales	$ 428	$ 386	$ 1,304	$ 936
Total net sales	$ 1,040	$ 883	$ 3,128	$ 2,263

Net sales disaggregated by geographic region for the three and nine months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	2021	2020	2021	2020
United States	$ 384	$ 312	$ 1,094	$ 758
Europe	393	346	1,239	934
Rest of World	263	225	795	571
Total net sales	$ 1,040	$ 883	$ 3,128	$ 2,263

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. The Company had $59 million and $53 million of deferred revenue recorded in Accrued liabilities in the Consolidated Balance Sheets at September 30, 2021 and December 31, 2020, respectively. Prior year deferred revenue of approximately $35 million was recognized in the current year. The Company expects to recognize significantly all of the remaining deferred revenue within the next twelve months.

Allowance for Doubtful Accounts

Accounts and notes receivables-trade, net are stated net of allowances for doubtful accounts and trade discounts, which were $14 million at September 30, 2021 and $18 million at December 31, 2020. For the three months and nine months ended September 30, 2021, changes to the provision for doubtful accounts including write-offs of accounts receivable that were previously reserved were insignificant. For the three months ended September 30, 2020 changes to the provision were insignificant. For the nine months ended September 30, 2020, the Company wrote-off $10 million of accounts receivable that were previously reserved and increased the provision for doubtful accounts by $2 million. Changes to this provision are included in Selling, general, and administrative expenses in the Consolidated Statements of Operations.

NOTE 3 – STOCK COMPENSATION

The amounts of stock compensation expense recorded in the Company's Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	2021	2020	2021	2020
Cost of products sold	$ 2	$ —	$ 4	$ 1
Selling, general, and administrative expense	19	15	48	33
Research and development expense	1	1	2	1
Total stock based compensation expense	$ 22	$ 16	$ 54	$ 35
Related deferred income tax benefit	$ 2	$ 2	$ 6	$ 4

NOTE 4 – COMPREHENSIVE INCOME (LOSS)

Changes in Accumulated other comprehensive income (loss) ("AOCI"), net of tax, by component for the nine months ended September 30, 2021 and 2020 were as follows:

(in millions)	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Cash Flow Hedges	Gain (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	(74)	(6)	9	3	(68)
Tax (expense) benefit	(25)	2	(2)	(1)	(26)
Other comprehensive (loss) income, net of tax, before reclassifications	(99)	(4)	7	2	(94)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	2	—	2	4
Net (decrease) increase in other comprehensive loss	(99)	(2)	7	4	(90)
Balance, net of tax, at March 31, 2021	$ (286)	$ (27)	$ (112)	$ (129)	$ (554)
Other comprehensive income before reclassifications and tax impact	31	3	1	—	35
Tax benefit (expense)	6	(2)	(1)	—	3
Other comprehensive income, net of tax, before reclassifications	37	1	—	—	38
Amounts reclassified from accumulated other comprehensive income, net of tax	—	3	—	2	5
Net increase in other comprehensive income	37	4	—	2	43
Balance, net of tax, at June 30, 2021	$ (249)	$ (23)	$ (112)	$ (127)	$ (511)
Other comprehensive (loss) income before reclassifications and tax impact	(59)	6	3	—	(50)
Tax expense	(9)	(1)	(1)	—	(11)
Other comprehensive (loss) benefit, net of tax, before reclassifications	(68)	5	2	—	(61)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	3	—	2	5
Net increase in other comprehensive (loss) income	(68)	8	2	2	(56)
Balance, net of tax, at September 30, 2021	$ (317)	$ (15)	$ (110)	$ (125)	$ (567)

(in millions)	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Cash Flow Hedges	Gain (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 (loss) income before reclassifications and tax impact	(117)	(16)	25	—	(108)
Tax (expense) benefit	(2)	4	(8)	—	(6)
Other comprehensive (loss) income, net of tax, before reclassifications	(119)	(12)	17	—	(114)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	—	—	2	2
Net (decrease) increase in other comprehensive income	(119)	(12)	17	2	(112)
Balance, net of tax, at March 31, 2020	$ (489)	$ (23)	$ (84)	$ (118)	$ (714)
Other comprehensive income (loss) before reclassifications and tax impact	77	—	(15)	—	62
Tax (expense) benefit	(2)	—	7	—	5
Other comprehensive income (loss), net of tax, before reclassifications	75	—	(8)	—	67
Amounts reclassified from accumulated other comprehensive income, net of tax	—	—	—	1	1
Net increase (decrease) in other comprehensive income	75	—	(8)	1	68
Balance, net of tax, at June 30, 2020	$ (414)	$ (23)	$ (92)	$ (117)	$ (646)
Other comprehensive income (loss) before reclassifications and tax impact	67	(3)	(17)	—	47
Tax benefit (expense)	17	(2)	2	—	17
Other comprehensive income (loss), net of tax, before reclassifications	84	(5)	(15)	—	64
Amounts reclassified from accumulated other comprehensive income, net of tax	—	1	—	2	3
Net increase (decrease) in other comprehensive income	84	(4)	(15)	2	67
Balance, net of tax, at September 30, 2020	$ (330)	$ (27)	$ (107)	$ (115)	$ (579)

At September 30, 2021 and December 31, 2020, the cumulative tax adjustments were $182 million and $216 million, respectively, primarily related to foreign currency translation gains and losses.

The cumulative foreign currency translation adjustments included translation losses of $113 million and $25 million at September 30, 2021 and December 31, 2020, respectively, and cumulative losses on loans designated as hedges of net investments of $204 million and $162 million, respectively. These foreign currency translation losses were partially offset by movements on derivative financial instruments.

Reclassifications out of AOCI to the Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020 were insignificant.

NOTE 5 – EARNINGS PER COMMON SHARE

The computation of basic and diluted earnings per common share for the three and nine months ended September 30, 2021 and 2020 were as follows:

Basic Earnings (Loss) Per Common Share	Three Months Ended		Nine Months Ended	
(in millions, except per share amounts)	2021	2020	2021	2020
Net income (loss) attributable to Dentsply Sirona	$ 84	$ 47	$ 292	$ (178)
Weighted average common shares outstanding	218.6	218.5	218.6	219.4
Earnings (loss) per common share - basic	$ 0.39	$ 0.22	$ 1.34	$ (0.81)

Diluted Earnings (Loss) Per Common Share	Three Months Ended		Nine Months Ended	
(in millions, except per share amounts)	2021	2020	2021	2020
Net income (loss) attributable to Dentsply Sirona	$ 84	$ 47	$ 292	$ (178)
Weighted average common shares outstanding	218.6	218.5	218.6	219.4
Incremental weighted average shares from assumed exercise of dilutive options from stock-based compensation awards	1.9	0.7	2.1	—
Total weighted average diluted shares outstanding	220.5	219.2	220.7	219.4
Earnings (loss) per common share - diluted	$ 0.38	$ 0.22	$ 1.32	$ (0.81)

For the three and nine months ended September 30, 2021, the Company excluded from the computation of weighted average diluted shares outstanding 0.9 million and 0.9 million, respectively, of equivalent shares of common stock from stock options and RSUs because their effect would be antidilutive. For the three and nine months ended September 30, 2020, the Company excluded 3.5 million and 3.2 million, respectively, of equivalent shares of common stock outstanding 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 the nine months ended September 30, 2020.

During the nine months ended September 30, 2021, the Company repurchased approximately 1.5 million shares pursuant to its open market shares repurchase plan for a net cost of $90 million at an average price of $60.62.

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, up to $1.0 billion. 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.

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 and $1 million of Other long-term liabilities. The purchase price 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 $5 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. 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.

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
Total	$ 3	

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 three months ended September 30, 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
Total	$ 66	

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 preliminary 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 preliminary 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 first nine months of 2021 were immaterial to the financial statements, resulting in an increase to goodwill of $6 million. 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.

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 preliminary 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	17
Intangible assets	416
Current liabilities	(28)
Net assets acquired	419
Goodwill	626
Purchase consideration	$ 1,045

The purchase price has been allocated on the basis of the preliminary estimates of fair values of assets acquired and liabilities assumed, which resulted in the recording of $626 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 first nine months of 2021 were immaterial to the financial statements, resulting in a reduction to goodwill of $5 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 periods ended September 30, 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.

Investments 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 Company records this investment and subsequent profit or losses under equity method accounting within Other noncurrent assets.

Divestitures

On April 1, 2021, the Company disposed of certain orthodontics businesses based in Japan previously included as part of the Technologies and 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 nine months ended September 30, 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 nine months ended September 30, 2021.

NOTE 7 – SEGMENT INFORMATION

The Company's two operating segments are organized primarily by product and generally have overlapping geographical presence, customer bases, distribution channels, and regulatory oversight. These operating segments also comprise 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 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, net, 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 Consumable Products. These products include dental implants, CAD/CAM systems, orthodontic clear aligner products, imaging systems, treatment centers, instruments, as well as consumable medical device products.

Consumables

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

The Company's segment information for the three and nine months ended September 30, 2021 and 2020 was as follows:

Net Sales

	Three Months Ended		Nine Months Ended	
(in millions)	2021	2020	2021	2020
Technologies & Equipment	$ 612	$ 497	$ 1,824	$ 1,327
Consumables	428	386	1,304	936
Total net sales	$ 1,040	$ 883	$ 3,128	$ 2,263

Segment Adjusted Operating Income

(in millions)	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
Technologies & Equipment (a)	$ 134	$ 122	$ 391	$ 231
Consumables (a)	123	114	426	166
Segment adjusted operating income (loss)	257	236	817	397
Reconciling items expense (income):				
All other (b)	67	95	199	174
Goodwill impairment	—	—	—	157
Restructuring and other costs	3	18	11	62
Interest expense, net	14	14	43	31
Other expense (income), net	5	1	4	4
Amortization of intangible assets	56	49	167	143
Depreciation and other adjustments resulting from the fair value step-up of property, plant, and equipment from business combinations	(1)	2	4	5
Income (loss) before income taxes	$ 113	$ 57	$ 389	$ (179)

(a) Certain charges related to discontinuance of product lines which were previously reported in adjusted operating income for the reportable segments, $33 million and $34 million for the three and nine months ended September 30, 2020, respectively, have been reclassified to the “All other” category to conform to current year presentation and the Company’s internal reporting in the Chief Operating Decision Maker package. 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.

NOTE 8 – INVENTORIES

Inventories, net were as follows:

(in millions)	September 30, 2021	December 31, 2020
Finished goods	$ 343	$ 274
Work-in-process	73	68
Raw materials and supplies	132	134
Inventories, net	$ 548	$ 476

The Company's inventory reserve was $89 million and $117 million at September 30, 2021 and December 31, 2020, respectively. Inventories are stated at the lower of cost and net realizable value.

NOTE 9 – RESTRUCTURING AND OTHER COSTS

During the three and nine months ended September 30, 2021, the Company recorded net restructuring and other costs of $6 million and $14 million, respectively, which consists of severance and other restructuring costs of $6 million and $17 million, respectively, offset by adjustments to inventory reserves of $3 million for the nine months ended September 30, 2021.

During the three and nine months ended September 30, 2020, the Company recorded restructuring and other costs of $52 million and $96 million, respectively, which consists of inventory write-downs of $25 million for both the three and nine months ended, severance costs of $16 million and $21 million, respectively, accelerated depreciation of $9 million for both the three and nine months ended, and asset impairments of $2 million and $41 million, respectively.

The details of total restructuring and other costs for the three and nine months ended September 30, 2021 and 2020 were as follows:

Affected Line Item in the Consolidated Statements of Operations	Three Months Ended		Nine Months Ended	
(in millions)	2021	2020	2021	2020
Cost of products sold	$ —	$ 33	$ (3)	$ 33
Selling, general, and administrative expenses	3	1	6	1
Restructuring and other costs	3	18	11	62
Total restructuring and other costs	$ 6	$ 52	$ 14	$ 96

Restructuring Programs and Accruals

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 "2020 Plan"). The traditional orthodontics business is part of the Technologies & Equipment segment and the laboratory business is part of the Consumables segment. The Company is exiting several of its facilities and reducing its workforce by approximately 4% to 5%. The Company expects to record 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 recorded total expenses of approximately $58 million related to these actions which consists primarily of inventory write-downs of approximately $28 million, accelerated depreciation of approximately $14 million, and severance costs of approximately $11 million. For the nine months ended September 30, 2021, the Company made a $3 million adjustment related to inventory reserves and recorded severance costs of $2 million. The Company expects nearly all of the remaining restructuring charges to be completed by the first quarter of 2022.

The Company's restructuring accruals at September 30, 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	2	4	7	13
Amounts applied	(8)	(11)	(3)	(22)
Change in estimates	(1)	(5)	—	(6)
Balance at September 30, 2021	$ 5	$ 5	$ 4	$ 14

(in millions)	Other Restructuring Costs			
	2019 and Prior Plans	2020 Plans	2021 Plans	Total
Balance at December 31, 2020	$ 3	$ 2	$ —	$ 5
Provisions	2	3	3	8
Amounts applied	(2)	(4)	(2)	(8)
Change in estimate	—	(1)	—	(1)
Balance at September 30, 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	Amounts Applied	Change in Estimates	September 30, 2021
Technologies & Equipment	$ 16	$ 6	$ (13)	$ (5)	$ 4
Consumables	17	12	(14)	(2)	13
All Other	1	3	(3)	—	1
Total	$ 34	$ 21	$ (30)	$ (7)	$ 18

The associated restructuring liabilities are recorded in Accrued liabilities and Other noncurrent liabilities in the Consolidated Balance Sheets.

NOTE 10 – 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 equity. 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 variable rate debt to fixed rate debt. The Company does not hold derivative instruments for trading or speculative purposes.

Derivative Instruments

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 September 30, 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	$ 323	$ 246
Total derivative instruments designated as cash flow hedges	$ 323	$ 246
Hedges of Net Investments		
Foreign exchange forward contracts	$ 185	$ 93
Cross currency basis swaps	309	—
Total derivative instruments designated as hedges of net investments	$ 494	$ 93
Fair Value Hedges		
Interest Rate Swaps	$ 250	$ —
Foreign exchange forward contracts	217	134
Total derivative instruments designated as fair value hedges	$ 467	$ 134
Derivative Instruments not Designated as Hedges		
Foreign exchange forward contracts	$ 342	$ 342
Total derivative instruments not designated as hedges	$ 342	$ 342

Cash Flow Hedges

Foreign Exchange Risk Management

The Company uses a program to hedge select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings. The Company accounts for the designated 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 infrequently as they are only used 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.

AOCI Release

Overall, the derivatives designated as cash flow hedges are considered to be highly effective for accounting purposes. At September 30, 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 3, 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 derivative and non-derivative financial 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 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 July 2, 2021, the Company entered into a cross currency basis swap totaling 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.

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.

On July 1, 2021, the Company entered into variable interest rate swaps with a notional amount of $250 million, which effectively converts 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 these instruments are included in cash from operating activities in the Consolidated Statements of Cash Flows.

Gains and (losses) recorded in the Company’s Consolidated Statements of Operations related to the economic hedges not designated as hedges for the three and nine months ended September 30, 2021 and 2020 were insignificant.

Derivative Instrument Activity

The amount of gains and losses recorded in the Company's Consolidated Balance Sheets and Consolidated Statements of Operations related to all derivative instruments for the three months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended September 30, 2021			
(in millions)	Gain (Loss) recognized in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges				
Foreign exchange forward contracts	$ 6	Cost of products sold	$ (2)	$ —
Interest rate swaps	—	Interest expense, net	(1)	—
Total for cash flow hedging	$ 6		$ (3)	$ —
Hedges of Net Investments				
Cross currency basis swaps	$ (1)	Interest expense, net	$ —	$ 1
Foreign exchange forward contracts	4	Other expense (income), net	—	—
Total for net investment hedging	$ 3		$ —	$ 1
Fair Value Hedges				
Interest rate swaps	$ —	Interest expense, net	$ —	$ 1
Foreign exchange forward contracts	—	Other expense (income), net	—	6
Total for fair value hedging	$ —		$ —	$ 7

	Three Months Ended September 30, 2020			
(in millions)	Gain (Loss) recognized in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges				
Foreign exchange forward contracts	$ (6)	Cost of products sold	$ 1	$ 1
Interest rate swaps	3	Interest expense, net	(2)	—
Total for cash flow hedging	$ (3)		$ (1)	$ 1
Hedges of Net Investments				
Cross currency basis swaps	$ (17)	Interest expense, net	$ —	$ 2
Total for net investment hedging	$ (17)		$ —	$ 2

The amount of gains and losses recorded in AOCI in the Consolidated Balance Sheets and Consolidated Statement of Operations related to all derivative instruments for the nine months ended September 30, 2021 and 2020 were as follows:

	Nine Months Ended September 30, 2021			
(in millions)	Gain (Loss) recognized in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges				
Foreign exchange forward contracts	$ 3	Cost of products sold	$ (4)	$ 1
Interest rate swaps	—	Interest expense, net	(4)	—
Total for cash flow hedging	$ 3		$ (8)	$ 1
Hedges of Net Investments				
Cross currency basis swaps	$ 6	Interest expense, net	$ —	$ 5
Foreign exchange forward contracts	7	Other expense (income), net	—	—
Total for net investment hedging	$ 13		$ —	$ 5
Fair Value Hedges				
Interest rate swaps	$ —	Interest expense, net	$ —	$ 1
Foreign exchange forward contracts	—	Other expense (income), net	—	18
Total for fair value hedging	$ —		$ —	$ 19

	Nine Months Ended September 30, 2020			
(in millions)	Gain (Loss) recognized in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Recognized in Income (Expense)
Cash Flow Hedges				
Foreign exchange forward contracts	$ (2)	Cost of products sold	$ 2	$ 2
Interest rate swaps	(17)	Interest expense, net	(3)	—
Total for cash flow hedging	$ (19)		$ (1)	$ 2
Hedges of Net Investments				
Cross currency basis swaps	$ (13)	Interest expense, net	$ —	$ 7
Foreign exchange forward contracts	6	Other expense (income), net	—	6
Total for net investment hedging	$ (7)		$ —	$ 13

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:

	September 30, 2021			
(in millions)	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Accrued Liabilities	Other Noncurrent Liabilities
Designated as Hedges:				
Foreign exchange forward contracts	$ 13	$ 11	$ 2	$ —
Interest rate swaps	3	—	—	5
Cross currency basis swaps	3	—	—	14
Total	$ 19	$ 11	$ 2	$ 19
Not Designated as Hedges:				
Foreign exchange forward contracts	$ 1	$ —	$ 2	$ —
Total	$ 1	$ —	$ 2	$ —

	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 September 30, 2021 were as follows:

(in millions)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received/Pledged	
Assets						
Foreign exchange forward contracts	$ 25	$ —	$ 25	$ (10)	$ —	$ 15
Interest rate swaps	3	—	3	(3)	—	—
Cross currency basis swaps	3	—	3	(3)	—	—
Total assets	$ 31	$ —	$ 31	$ (16)	$ —	$ 15
Liabilities						
Foreign exchange forward contracts	$ 4	$ —	$ 4	$ (3)	$ —	$ 1
Interest rate swaps	5	—	5	(3)	—	2
Cross currency basis swaps	14	—	14	(10)	—	4
Total liabilities	$ 23	$ —	$ 23	$ (16)	$ —	$ 7

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

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

NOTE 11 – FAIR VALUE MEASUREMENT

The estimated fair value and carrying value of the Company's total debt was $2,227 million and $2,076 million, respectively, at September 30, 2021. At December 31, 2020, the estimated fair value and carrying value were $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 September 30, 2021 and December 31, 2020 to companies with similar credit ratings for issues with similar terms and maturities. It is considered a Level 2 fair value measurement.

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:

	September 30, 2021			
(in millions)	Total	Level 1	Level 2	Level 3
Assets				
Interest rate swaps	$ 3	$ —	$ 3	$ —
Cross currency basis swaps	3	—	3	—
Foreign exchange forward contracts	25	—	25	—
Long-term debt	2	—	2	—
Total assets	$ 33	$ —	$ 33	$ —
Liabilities				
Interest rate swaps	$ 5	$ —	$ 5	$ —
Cross currency basis swaps	14	—	14	—
Foreign exchange forward contracts	4	—	4	—
Contingent considerations on acquisitions	11	—	—	11
Total liabilities	$ 34	$ —	$ 23	$ 11

	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 basis swaps	$ 20	$ —	$ 20	$ —
Foreign exchange forward contracts	15	—	15	—
Contingent considerations on acquisitions	5	—	—	5
Total liabilities	$ 40	$ —	$ 35	$ 5

There have been no transfers between levels during the nine months ended September 30, 2021.

NOTE 12 – INCOME TAXES

Uncertainties in Income Taxes

The Company recognizes the impact of a tax position in the interim consolidated financial statements if that position is more likely than not of being sustained on audit based on the technical merits of the position.

It is reasonably possible that certain amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date of the Company's quarterly consolidated financial statements. Final settlement and resolution of outstanding tax matters in various jurisdictions during the next 12 months are not expected to be significant.

Other Tax Matters

During the three months ended September 30, 2021, the Company recorded $4 million of tax expense for discrete tax matters.

During the three months ended September 30, 2020, the Company recorded $2 million of tax expense for discrete tax matters.

NOTE 13 – FINANCING ARRANGEMENTS

At September 30, 2021, the Company had $607 million of borrowing available under lines of credit, including lines available under its short-term arrangements and revolving credit facility.

The Company has a $500 million commercial paper program. The $700 million multi-currency revolving credit facility serves as a back-stop credit facility for the Company's commercial paper program. At September 30, 2021 and December 31, 2020, there were no outstanding borrowings under the multi-currency revolving credit facility. The Company had $139 million outstanding borrowings under the commercial paper facility at September 30, 2021 and no outstanding borrowings under the commercial paper facility at December 31, 2020. As of September 30, 2021, the weighted-average interest rate for this short-term debt was 0.2%.

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.

The Company's revolving credit facilities and senior unsecured notes contain certain affirmative and negative debt covenants relating to the Company's operations and financial condition. At September 30, 2021, the Company was in compliance with all affirmative and negative debt covenants.

NOTE 14 – 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 test as of April 1, 2021. Based on the Company's 2021 impairment test, it was determined that the fair values of its reporting units and indefinite-lived intangible assets more likely than not exceed their respective carrying values, resulting in no impairment.

The fair values of reporting units were computed using a discounted cash flow model with inputs developed using both internal and market-based data. Intangible assets were evaluated for impairment using an income approach, specifically a relief from royalty method, or using a qualitative assessment. A change in any of the estimates and assumptions used in the annual test, a decline in the overall markets or in the use of intangible assets among other factors, could have a material adverse effect to the fair value of either the reporting units or intangible assets and could result in a future impairment charge. There can be no assurance that the Company's future asset impairment testing will not result in a material charge to earnings.

Subsequent to the annual impairment test, as of September 30, 2021, the Company considered whether any events or changes in circumstances had resulted in the likelihood that the goodwill or indefinite-lived intangible assets may have become impaired during the course of the quarter, and concluded that there were no such indicators.

During the three months ended March 31, 2020, as a result of updating the estimates and assumptions pertaining to the impact of the ongoing COVID-19 pandemic, the Company recorded a goodwill impairment charge of $157 million related to the goodwill associated with the Technologies & Equipment segment. Additionally, during the three months ended March 31, 2020, the Company recorded an indefinite-lived intangible asset impairment charge of $39 million within the Technologies & Equipment segment which was driven by a decline in forecasted sales as a result of the COVID-19 pandemic and an unfavorable change in the discount rate.

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, 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)	107	—	107
Translation and other	(140)	47	(93)
Balance at September 30, 2021			
Goodwill	$ 5,952	$ 941	$ 6,893
Accumulated impairment losses	(2,893)	—	(2,893)
Goodwill, net	$ 3,059	$ 941	$ 4,000

(a) Refer to Note 5, "Business Combinations" for more information regarding recent acquisitions.

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

(in millions)	September 30, 2021 Gross Carrying Amount	September 30, 2021 Accumulated Amortization	September 30, 2021 Net Carrying Amount	December 31, 2020 Gross Carrying Amount	December 31, 2020 Accumulated Amortization	December 31, 2020 Net Carrying Amount
Developed technology and patents	$ 1,752	$ (743)	$ 1,009	$ 1,681	$ (677)	$ 1,004
Tradenames and trademarks	269	(76)	193	273	(70)	203
Licensing agreements	36	(31)	5	37	(30)	7
Customer relationships	1,105	(533)	572	1,142	(494)	648
Total definite-lived	$ 3,162	$ (1,383)	$ 1,779	$ 3,133	$ (1,271)	$ 1,862
Indefinite-lived tradenames and trademarks	$ 610	$ —	$ 610	$ 642	$ —	$ 642
In-process R&D [(a)]	13	—	13	—	—	—
Total indefinite-lived	$ 623	$ —	$ 623	$ 642	$ —	$ 642
Total identifiable intangible assets	$ 3,785	$ (1,383)	$ 2,402	$ 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.

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 September 30, 2021.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Litigation

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 September 30, 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 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 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 in 2021 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 $49 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 $12 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

From time to time, the Company enters into long-term inventory purchase commitments with minimum purchase requirements for raw materials and finished goods to ensure the availability of products for production and distribution. Future minimum annual payments for inventory purchase commitments were immaterial as of September 30, 2021.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Information included in or incorporated by reference in this Form 10-Q/A, and other filings with the SEC and the Company's press releases or other public statements, contains or may contain forward-looking statements. Furthermore, any forward-looking statements herein were as of the Original Filing, filed with the SEC on November 4, 2021, except for the additional risks arising in relation to the material weaknesses and restatement that are subject of this Form 10-Q/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-Q/A.

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-Q/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 re-evaluated the effectiveness of the Company's internal control over financial reporting and identified material weaknesses in the Company's disclosure controls and procedures as of September 30, 2021. For more information about the identified material weaknesses in internal control over financial reporting and the Company's remedial actions, please see Part I, Item 4 Controls and Procedures of this Form 10-Q/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 and 2020, including the restatement of the interim consolidated financial statements for the three and nine month periods ended September 30, 2021. For additional information and a detailed discussion of these error corrections, refer to the Explanatory Note and Note 1 Significant Accounting Policies and Restatement to the consolidated financial statements of the Company included in Part I, Item 1 of this Form 10-Q/A.

Company Profile

DENTSPLY SIRONA Inc. ("Dentsply Sirona" or the "Company"), is the world's largest manufacturer of professional dental products and technologies, with a 134-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 the Company's Dental Technology and Equipment Products and Healthcare Consumable Products. These products include dental implants, CAD/CAM systems, orthodontic clear aligner products, imaging systems, treatment centers, instruments, as well as consumable medical device products.

The Consumables segment is responsible for the design, manufacture, sales and distribution of the Company's Dental Consumable Products which include preventive, restorative, endodontic, and dental laboratory products.

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

Information pertaining to the impact of the COVID-19 pandemic on the Company's operations and financial results during the course of 2020 as well as the Company's overall response can be found in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. Updates to that summary of impact for the nine months ended September 30, 2021 are as follows:

- Continuing the trend from the last two quarters, the Company has seen customer demand and dental patient traffic normalize in major markets. Certain markets including regions of Southeast Asia and South America have experienced setbacks in demand in the second and third quarters 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 a resurgence of the virus may have an impact on demand in affected markets.

- The Company continues to monitor the impact of global supply chain issues related to the pandemic, including potential downside related to labor shortages, shipping disruption and inflation of material inputs. To date, there have been no significant disruptions to the Company's production, distribution network or ability to procure raw materials used in the development of its products. Although the Company has experienced an increase in supply chain related costs including freight and shipping rates during the first nine months of 2021, these have not yet resulted in a material impact to the results of operations.

- The Company's COVID-19 infection crisis management process implemented in 2020 remains in effect, and there have been no significant disruptions to operations as a result of infections. During the course of 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 financial impact to the results for the nine months ended September 30, 2021.

- The Company previously undertook various initiatives during the second quarter of 2020, to ensure its ongoing liquidity which included, among other actions, entering into a $310 million revolving credit facility on April 9, 2020, a 40 million euro revolving credit on May 5, 2020, a 30 million euro revolving credit facility on May 12, 2020 and 3.3 billion Japanese yen revolving credit facility on June 11, 2020. These additional short-term facilities were entered into in an abundance of caution and have all expired as planned as of June 30, 2021.

- During the third quarter 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.

Up through the date of the filing of our Form 10-Q, the Company's principal manufacturing facilities and other operations have remained operational at a more normalized level than during the preceding year. The Company continues to monitor the COVID-19 pandemic. As governmental authorities adjust restrictions globally, the Company plans to appropriately staff sales, manufacturing, and other functions to meet customer demand and deliver on continuing critical projects while also complying with all government requirements.

Restructuring Announcement

In November 2018, the Board of Directors of the Company approved a plan to restructure and simplify the Company's business. The goal of the restructuring is to drive annualized net sales growth of 3% to 4% and adjusted operating income margins of 22% by the end of 2022 as well as achieve net annual cost savings of $200 million to $225 million by 2021. In July 2020, the Board of Directors of the Company approved an expansion of this plan that is intended to further optimize the Company's product portfolio and reduces operating expenses. The product portfolio optimization has resulted in the divestiture or closure of certain underperforming businesses. The operating expense reductions will come as a result of additional leverage from continued integration and simplification of the business. The Company had initially anticipated one-time expenditures and charges of approximately $275 million yielding annual cost savings of $200 million to $225 million by 2021. The program expansion is expected to result in total charges of approximately $375 million and annual cost savings of approximately $250 million. The Company expects that these expanded actions will result in incremental global headcount reductions of 6% to 7% in addition to the original projections of 6% to 8%. Since November 2018, the Company has incurred expenditures of approximately $321 million under this program, of which, approximately $123 million were non-cash charges. These amounts include the charges for the portfolio shaping initiatives announced on August 6, 2020 which are further discussed below.

As part of this expanded plan, 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 is part of the Technologies & Equipment segment and the laboratory business is part of the Consumables segment. The Company is exiting several of its facilities and reducing its workforce by approximately 4% to 5%. The Company expects to record total 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 related to these actions. The Company estimates that $45 million to $55 million of these restructuring charges will be non-cash charges related to inventory write-downs and fixed asset write-offs. The Company has recorded expenses of approximately $58 million related to these actions, of which approximately $46 million were non-cash charges. For the nine months ended September 30, 2021, the Company made a $3 million adjustment related to inventory reserves and paid $2 million in severance costs. The Company expects nearly all of the remaining restructuring charges to be completed by the first quarter of 2022.

RESULTS OF OPERATIONS, THREE MONTHS ENDED SEPTEMBER 30, 2021 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2020

Net Sales

The Company presents net sales comparing the current year periods to the prior year periods. In addition, the Company also compares net sales on an organic sales basis, which is a Non-GAAP measure.

The Company defines "organic sales" as net sales excluding: (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 translation, which is calculated by comparing current-period sales to prior-period sales, with both periods converted to the U.S. dollar rate at local currency foreign exchange rates for each month of the prior period.

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. The Company's senior management receives 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.

	Three Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 1,040	$ 883	$ 157	17.8 %

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

A reconciliation of net sales to organic sales for the three months ended September 30, 2021 was as follows:

	% Change
Net sales	17.8 %
Foreign exchange impact	1.3 %
Acquisitions	4.4 %
Divestitures and discontinued products	(7.3 %)
Organic sales	19.4 %

The increase in organic sales was attributable to increased volumes in both the Technologies & Equipment and Consumables segments due to a recovery in demand from the impact of the COVID-19 pandemic, sales attributed to recent product launches, and a timing-related increase of sales to dealers in the United States in the third quarter. These increases in sales to dealers were due to incremental pricing incentives, as well as purchases ahead of annual price increases which previously occurred in the fourth quarter of 2020.

Segment Results

Net Sales

Technologies & Equipment

	Three Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Technologies & Equipment	$ 612	$ 497	$ 115	23.0 %

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

(a) As Restated

A reconciliation of net sales to organic sales for the three months ended September 30, 2021 was as follows:

	% Change
Net sales	23.0 %
Foreign exchange impact	1.2 %
Acquisitions	7.8 %
Divestitures and discontinued products	(9.3 %)
Organic sales	23.3 %

Consumables

	Three Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Consumables	$ 428	$ 386	$ 42	11.1 %

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

(a) As Restated

A reconciliation of net sales to organic sales for the three months ended September 30, 2021 was as follows:

	% Change
Net sales	11.1%
Foreign exchange impact	1.3%
Divestitures and discontinued products	(4.7%)
Organic sales	14.5%

Segment Adjusted Operating Income (b)

(in millions, except percentages)	Three Months Ended September 30, 2021[a]	2020	$ Change	% Change
Technologies & Equipment (c)	$ 134	$ 122	$ 12	9.8 %
Consumables (c)	123	114	9	7.9 %

(a) As Restated
(b) See Note 7, Segment Information, in the Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q/A for a reconciliation from segment adjusted operating income to a US GAAP measure of consolidated pre-tax income..
(c) Certain charges related to discontinuance of product lines which were previously reported in adjusted operating income for the reportable segments, $33 million for the three months ended September 30, 2020, have been reclassified to the "All other" category to conform to current year presentation and the Company's internal reporting to the Chief Operating Decision Maker package. These amounts are not material to the measure of segment results for the years presented.

Technologies & Equipment

The increase in organic sales occurred across all dental businesses and resulted from overall higher volumes during the three months ended September 30, 2021 due to a recovery in demand from the COVID-19 pandemic, timing of sales to dealers in the United States affected by incremental pricing incentives during the period, and sales attributed to recent product launches.

The adjusted operating income increase was primarily driven by the increase in net sales.

Consumables

The increase in organic sales occurred across all regions and resulted from overall higher volumes during the three months ended September 30, 2021 due to a recovery in demand from the COVID-19 pandemic primarily driven by the Endodontic, Restorative, and Preventive businesses, as well as an increase in sales to dealers in the third quarter ahead of annual price resets which previously occurred in the fourth quarter of 2020.

The adjusted operating income increase was primarily driven by the increase in net sales as well as favorable mix including increased volumes for higher margin products.

Net Sales by Region

United States

(in millions, except percentages)	Three Months Ended September 30, 2021[(a)]	2020	$ Change	% Change
United States	$ 384	$ 312	$ 72	23.8 %

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

(a) As Restated

A reconciliation of net sales to organic sales for the three months ended September 30, 2021 was as follows:

	% Change
Net sales	23.8 %
Foreign exchange impact	(0.1 %)
Acquisitions	11.5 %
Divestitures and discontinued products	(6.0 %)
Organic sales	18.4 %

The increase in organic sales was attributable to both the Technologies & Equipment and the Consumables segments and resulted from the overall higher volumes during the three months ended September 30, 2021 due to the recovery in demand from the COVID-19 pandemic, sales attributed to recent product launches, and a timing-related increase in sales to dealers in the third quarter. These increases in sales to dealers were due to incremental pricing incentives, as well as purchases ahead of annual price increases which previously occurred in the fourth quarter of 2020. The overall increase in sales to dealers during the period contributed to dealer inventory for the Company's CAD/CAM products at September 30, 2021 being higher than at the start of the year by approximately $80 million.

Europe

(in millions, except percentages)	Three Months Ended September 30, 2021[(a)]	2020	$ Change	% Change
Europe	$ 393	$ 346	$ 47	12.9 %

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

(a) As Restated

A reconciliation of net sales to organic sales for the three months ended September 30, 2021 was as follows:

	% Change
Net sales	12.9 %
Foreign exchange impact	1.8 %
Acquisitions	0.1 %
Divestitures and discontinued products	(6.1 %)
Organic sales	17.1%

The increase in organic sales was attributable to both the Technologies & Equipment and the Consumables segments and resulted from the overall higher volumes during the three months ended September 30, 2021 due to the recovery in demand from the COVID-19 pandemic.

Rest of World

(in millions, except percentages)	Three Months Ended September 30, 2021[(a)]	2020	$ Change	% Change
Rest of World	$ 263	$ 225	$ 38	17.0 %

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

A reconciliation of net sales to organic sales for the three months ended September 30, 2021 was as follows:

	% Change
Net sales	17.0 %
Foreign exchange impact	2.3 %
Acquisitions	1.1 %
Divestitures and discontinued products	(10.9 %)
Organic sales	24.5 %

The increase in organic sales was attributable to both the Technologies & Equipment and the Consumables segments and resulted from the overall higher volumes during the three months ended September 30, 2021 due to an ongoing recovery in demand from the COVID-19 pandemic.

Gross Profit

(in millions, except percentages)	Three Months Ended September 30, 2021[(a)]	2020	$ Change	% Change
Gross profit	$ 569	$ 432	$ 137	31.5%
Gross profit as a percentage of net sales	54.7%	49.0%		

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

For the three months ended September 30, 2021, the increase in the gross profit rate as a percentage of net sales was primarily driven by favorable mix including an increase in net sales for higher margin products, as compared to the period ended September 30, 2020.

Operating Expenses

(in millions, except percentages)	Three Months Ended September 30, 2021[(a)]	2020	$ Change	% Change
Selling, general and administrative expenses (“SG&A”)	$ 395	$ 313	$ 82	25.9 %
Research and development expenses (“R&D”)	39	29	10	35.6 %
Restructuring and other costs	3	18	(15)	NM
SG&A as a percentage of net sales	37.9 %	35.4 %		
R&D as a percentage of net sales	3.7 %	3.2 %		

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

SG&A Expenses

For the three months ended September 30, 2021, the increase in SG&A expenses as a percentage of net sales was primarily driven by the resumption of more normalized advertising and promotional expenses as well as increased investment in employee headcount and compensation relative to the comparative period ended September 30, 2020 which was impacted by cost-saving measures in response to COVID-19.

R&D Expenses

For the three months ended September 30, 2021, the increase in R&D expenses from the comparable quarter of the prior year was primarily driven by significant spend controls put in place in 2020 in response to the COVID-19 pandemic, as well as current year increased investment in digital workflow solutions and the non-capitalizable costs associated with software development including clinical application suite and cloud deployment. The Company intends to continue to increase its R&D investments over time.

Restructuring and Other Costs

The Company recorded restructuring and other costs of $3 million for the three months ended September 30, 2021 compared to $18 million for the three months ended September 30, 2020.

In connection with the various restructuring initiatives, as described earlier, the Company recorded $2 million of restructuring costs and $1 million in other costs for the three months ended September 30, 2021. For the three months ended September 30, 2020, the Company recorded $14 million of restructuring costs and $4 million in other costs.

Other Income and Expense

	Three Months Ended September 30,		
(in millions)	2021[(a)]	2020	$ Change
Net interest expense	$ 14	$ 14	$ —
Other expense (income), net	5	1	4
Net interest and other expense (income)	$ 19	$ 15	$ 4

(a) As Restated

The increase in other expense for the three months ended September 30, 2021 is primarily due to foreign exchange losses of $5 million as compared to a gain of $3 million in the prior year period.

Income Taxes and Net Income

	Three Months Ended September 30,		
(in millions, except percentages)	2021[(a)]	2020	$ Change
Provision for income taxes	$ 29	$ 9	$ 20
Effective income tax rate	25.8 %	16.4 %	
Net income attributable to Dentsply Sirona	$ 84	$ 47	$ 37

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

(a) As Restated

Provision for income taxes

For the three months ended September 30, 2021, the provision for income taxes was $29 million as compared to $9 million during the three months ended September 30, 2020.

During the three months ended September 30, 2021, the Company recorded $4 million of tax expense for discrete tax matters.

During the three months ended September 30, 2020, the Company recorded $2 million of tax expense for discrete tax matters.

The increase in the effective tax rate is primarily from an increase in miix 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.

RESULTS OF OPERATIONS, NINE MONTHS ENDED SEPTEMBER 30, 2021 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2020

Net Sales

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Net sales	$ 3,128	$ 2,263	$ 865	38.2 %

(a) As Restated

A reconciliation of net sales to organic sales for the nine months ended September 30, 2021 was as follows:

	% Change
Net sales	38.2 %
Foreign exchange impact	4.8 %
Acquisitions	6.3 %
Divestitures and discontinued products	(6.9 %)
Organic sales	34.0 %

The increase in organic sales was attributable to both the Technologies & Equipment and Consumables segments which were affected by overall higher volumes primarily due to a recovery in demand from the impact of the COVID-19 pandemic, as well as sales attributed to recent product launches. During the nine months ended September 30, 2020, the Company saw normal sales levels for the months of January and February and started to experience a decline in sales volume beginning in March and extending through September due to the onset of the pandemic.

Segment Results

Net Sales

Technologies & Equipment

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Technologies & Equipment	$ 1,824	$ 1,327	$ 497	37.4%

(a) As Restated

A reconciliation of net sales to organic sales for the nine months ended September 30, 2021 was as follows:

	% Change
Net sales	37.4%
Foreign exchange impact	5.1%
Acquisitions	10.8%
Divestitures and discontinued products	(8.0%)
Organic sales	29.5%

Consumables

(in millions, except percentages)	Nine Months Ended September 30, 2021[a]	2020	$ Change	% Change
Consumables	$ 1,304	$ 936	$ 368	39.3%

(a) As Restated

A reconciliation of net sales to organic sales for the nine months ended September 30, 2021 was as follows:

	% Change
Net sales	39.3%
Foreign exchange impact	4.5%
Divestitures and discontinued products	(5.3%)
Organic sales	40.1%

Segment Adjusted Operating Income (a)

(in millions, except percentages)	Nine Months Ended September 30, 2021[a]	2020	$ Change	% Change
Technologies & Equipment (b)	$ 391	$ 231	$ 160	NM
Consumables (b)	426	166	260	NM

NM - Not meaningful

(a) As Restated

(a) See Note 6, Segment Information, in the Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q/A for a reconciliation from segment adjusted operating income to a US GAAP measure of consolidated pre-tax income.

(b) Certain charges related to discontinuance of product lines which were previously reported in adjusted operating income for the reportable segments, $34 million for the nine months ended September 30, 2020, have been reclassified to the "All other" category to conform to current year presentation and the Company's internal reporting to the Chief Operating Decision Maker package. These amounts are not material to the measure of segment results for the years presented.

Technologies & Equipment

The increase in organic sales occurred across all dental businesses and was the result of overall higher volumes during the nine months ended primarily due to demand recovery from the impact of the COVID-19 pandemic, as well as sales attributed to recent product launches.

The adjusted operating income increase was primarily driven by the increase in net sales as well as expense discipline during the nine months of 2021 relative to the comparative period.

Consumables

The increase in organic sales occurred across all regions and was the result of overall higher volumes during the nine months ended primarily due to demand recovery from the impact of the COVID-19 pandemic driven by the Endodontic, Restorative, and Preventive businesses.

The adjusted operating income increase was primarily driven by favorable mix including increased volumes for higher margin products, and expense discipline during the nine months of 2021 relative to the comparative period.

Net Sales by Region

United States

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
United States	$ 1,094	$ 758	$ 336	44.5 %

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

A reconciliation of net sales to organic sales for the nine months ended September 30, 2021 was as follows:

	% Change
Net sales	44.5 %
Foreign exchange impact	0.8 %
Acquisitions	18.1 %
Divestitures and discontinued products	(6.6 %)
Organic sales	32.2 %

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 nine months ended September 30, 2021 following periods of lower demand resulting from the COVID-19 pandemic as well as sales attributed to recent product launches.

Europe

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Europe	$ 1,239	$ 934	$ 305	32.4 %

(a) As Restated

A reconciliation of net sales to organic sales for the nine months ended September 30, 2021 was as follows:

	% Change
Net sales	32.4 %
Foreign exchange impact	7.6 %
Divestitures and discontinued products	(5.8 %)
Organic sales	30.6 %

The increase in organic sales was attributable to both the Consumables and the Technologies & Equipment segments and was primarily due to overall higher volumes during the nine months ended September 30, 2021 following periods of lower demand resulting from the COVID-19 pandemic.

Rest of World

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Rest of World	$ 795	$ 571	$ 224	39.4 %

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

A reconciliation of net sales to organic sales for the nine months ended September 30, 2021 was as follows:

	% Change
Net sales	39.4 %
Foreign exchange impact	5.6 %
Acquisitions	1.0 %
Divestitures and discontinued products	(9.2 %)
Organic sales	42.0 %

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 nine months ended September 30, 2021 following periods of lower demand resulting from the COVID-19 pandemic. During the nine months ended September 30, 2020, the Company experienced a decline in sales volume beginning in March due to the COVID-19 pandemic, particularly in China and other Asian markets.

Gross Profit

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Gross profit	$ 1,743	$ 1,089	$ 654	60.0 %
Gross profit as a percentage of net sales	55.7 %	48.1 %		

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

(a) As Restated

For the nine months ended September 30, 2021, the increase in the gross profit rate as a percentage of net sales was primarily driven by favorable mix including the increase in net sales for higher margin products, as compared to the same period ended September 30, 2020.

Operating Expenses

	Nine Months Ended September 30,			
(in millions, except percentages)	2021[(a)]	2020	$ Change	% Change
Selling, general and administrative expenses (“SG&A”)	$ 1,174	$ 929	$ 245	26.3 %
Research and development expenses (“R&D”)	122	85	37	43.8 %
Goodwill impairment	—	157	(157)	NM
Restructuring and other costs	11	62	(51)	NM
SG&A as a percentage of net sales	37.5 %	41.1 %		
R&D as a percentage of net sales	3.9 %	3.7 %		

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

(a) As Restated

NM - Not meaningful

SG&A Expenses

For the nine months ended September 30, 2021, 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, as compared to the same period ended September 30, 2020.

R&D Expenses

For the nine months ended September 30, 2021, the increase in R&D expenses from the comparable quarter of the prior year was primarily driven by significant spend controls put in place in 2020 in response to the COVID-19 pandemic, as well as current year increased investments in digital workflow solutions and other product development initiatives, and the non-capitalizable costs associated with software development including clinical application suite and cloud deployment. The Company also has additional spend in the current year associated with our recent acquisitions and the opening of a new innovation center in Charlotte, North Carolina. The Company intends to continue to increase its R&D investments over time.

Goodwill Impairment

There were no impairments recorded in the nine months ended September 30, 2021. During the nine months ended September 30, 2020, as a result of updating the estimates and assumptions pertaining to the impact of the ongoing 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.

Restructuring and Other Cost

The Company recorded restructuring and other costs of $11 million for the nine months ended September 30, 2021 compared to $62 million for the nine months ended September 30, 2020.

In connection with the various restructuring initiatives, as described earlier, the Company recorded $14 million of restructuring costs and a benefit of $3 million in other costs for the nine months ended September 30, 2021.

During the nine months ended September 30, 2020, the Company recorded $19 million of restructuring costs and $43 million in other costs, which consisted primarily of impairment charges of $39 million related to indefinite-lived intangible assets within the Technologies & Equipment segment driven by a decline in forecasted sales as a result of the COVID-19 pandemic as well as an unfavorable change in the discount rate.

Other Income and Expense

	Nine Months Ended September 30,		
(in millions)	2021[(a)]	2020	Change
Net interest expense	$ 43	$ 31	$ 12
Other expense (income), net	4	4	—
Net interest and other expense	$ 47	$ 35	$ 12

(a) As Restated

The increase in net interest expense was due to higher average debt levels particularly during the first six months of 2021 compared to the prior year period. As noted in Part I, Item 1, Note 10, Financial Instruments, in July 2021 the Company entered into a cross currency basis swap which effectively converts a portion of the Company's $750 million bond coupon from 3.3% to 1.7%. Also in July 2021, the Company entered into variable interest rate swaps which convert a portion of the $750 million Senior Notes from a fixed rate of 3.3% into a variable interest rate. Together, these instruments are expected to continue to result in a net reduction of interest expense for the second half of 2021.

Income Taxes and Net Income (Loss)

	Nine Months Ended September 30,		
(in millions, except percentages)	2021[(a)]	2020	$ Change
Provision (benefit) for income taxes	$ 97	$ (1)	$ 98
Effective income tax rate	24.9 %	0.5 %	
Net income (loss) attributable to Dentsply Sirona	$ 292	$ (178)	$ 470

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

(a) As Restated

Provision (benefit) for income taxes

For the nine months ended September 30, 2021, the provision for income taxes was $97 million as compared to a tax benefit of $1 million during the nine months ended September 30, 2020.

During the nine months ended September 30, 2021, the Company recorded $7 million of tax expense for discrete tax matters. The Company also recorded a $4 million tax expense as a discrete item related to business divestitures.

During the nine months ended September 30, 2020, the Company recorded $9 million of tax expense for discrete matters. The Company also recorded a $11 million tax benefit as a discrete item related to the indefinite-lived intangible asset impairment charge.

The increase in the effective tax rate is primarily from an increase in 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes to the critical accounting policies as disclosed in the Company's Form 10-K for the year ended December 31, 2020 other than those changes explained in Part I, Item 1, Note 1, Significant Accounting Policies and Restatement, in the Notes of the Unaudited Consolidated Financial Statements of this Form 10-Q/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. 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.

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 on 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. The Company does not believe this change resulted 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.

For the fiscal year 2021, the Company performed its goodwill impairment test as of April 1, 2021 and elected to bypass the qualitative assessment and performed a quantitative assessment. The Company did not record any goodwill impairment during the first nine months of 2021. During the comparative first nine months of 2020, the Company recorded a goodwill impairment charge of $157 million associated with one reporting unit within the Technologies & Equipment segment.

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.

To determine the fair value of the reporting units, the Company used a discounted cash flow model which utilizes both internal and market-based data as its valuation technique. The discounted cash flow model uses five-to-ten year forecasted cash flows plus a terminal value based on a multiple of earnings or by capitalizing the last period's cash flows using a perpetual growth rate. The Company's significant assumptions in the discounted cash flow model include, but are not limited to, the weighted average cost of capital, 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 Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions.

Indefinite-Lived Intangible Asset Impairment

Indefinite-lived intangible assets consist of tradenames and trademarks and are not subject to amortization; instead, 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. The Company performed this annual impairment test as of April 1, 2021 in conjunction with the goodwill impairment annual test.

The Company did not record any indefinite-lived intangible asset impairment during the first nine months of 2021. During the comparative first nine months of 2020, the Company recorded an indefinite-lived intangible asset impairment charge of $39 million within the Technologies & Equipment segment.

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.

The Company also applied a hypothetical sensitivity analysis as part of the annual impairment test of indefinite-lived intangibles. 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 as of April 1st, 2021, the fair value of these assets would still exceed their book value and none of the indefinite-lived intangible assets were considered at-risk based on the sensitivity analysis.

The determination of fair value involves uncertainties around the forecasted cash flows as it requires management to make assumptions and apply judgement 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 development changes for these reporting units. 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 the indefinite-lived tangible assets and could result in a future impairment charge. There can be no assurance that the Company's future goodwill and indefinite-lived assets impairment testing will not result in a material adverse impact to the Company's results of operations.

Refer to Part I, Item 1, Note 14, Goodwill and Intangible Assets, in the Notes of the Unaudited Consolidated Financial Statements of this Form 10-Q/A for further discussion of the Company's annual goodwill and indefinite-lived intangible asset impairment testing.

LIQUIDITY AND CAPITAL RESOURCES

(in millions, except percentages)	Nine Months Ended September 30, 2021[(a)]	2020	$ Change
Cash provided by (used in):			
Operating activities	$ 435	$ 385	$ 50
Investing activities	(319)	(5)	(314)
Financing activities	(257)	491	(748)
Effect of exchange rate changes on cash and cash equivalents	(16)	(4)	(12)
Net (decrease) increase in cash and cash equivalents	$ (157)	$ 867	$ (1,024)

(a) As Restated

The increase in cash provided by operating activities was driven primarily by the higher cash receipts in the current period as a result of higher sales, offset by changes in working capital including a build-up in inventory during the current period to meet recovered demand.

At September 30, 2021, the number of days of sales outstanding in accounts receivable after adjusting for the impact of foreign currency translation increased by 10 days to 64 days as compared to 54 days at December 31, 2020. The number of days of sales in inventory increased by 11 days to 116 days at September 30, 2021 as compared to 105 days at December 31, 2020. The Company removes the impact of foreign currency translation in these ratios by comparing current-period sales, accounts receivables, and inventory to prior-period sales, accounts receivable, and inventory, with both periods converted to the U.S. dollar rate at local currency foreign exchange rates for each month of the prior period.

Cash used in investing activities during the first nine months of 2021 included net cash paid for acquisitions of $248 million and capital expenditures of $101 million, offset by the receipt of $27 million in net cash from the sale of a non-core business. The Company expects critical capital expenditures to be in the range of approximately $150 million to $170 million for the full year 2021.

Cash used in financing activities for the nine months ended September 30, 2021 was primarily driven by the repayment of fixed senior notes totaling $296 million, offset by the partial financing of this repayment through the Company's commercial paper program which resulted in proceeds of $147 million from short-term borrowings. Primarily as a result of this activity, combined with an a decrease of $66 million due to exchange rate fluctuations on debt denominated in foreign currencies, the Company's total borrowings decreased by a net $201 million during the nine months ended September 30, 2021. Other uses of cash for financing included net share repurchases of $90 million and dividend payments of $68 million, offset by proceeds from the exercise of stock options of $47 million.

During the nine months ended September 30, 2021, the Company repurchased approximately 1.5 million shares under its open market share repurchase plan for a cost of $90 million at a weighted average price of $60.62. 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, all of which is unused and available to be repurchased as of September 30, 2021. Additional share repurchases, if any, will 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.

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

(in millions, except percentages)	September 30, 2021[(a)]	December 31, 2020
Current portion of debt	$ 151	$ 299
Long-term debt	1,925	1,978
Less: Cash and cash equivalents	281	438
Net debt	$ 1,795	$ 1,839
Total equity	5,063	4,935
Total capitalization	$ 6,858	$ 6,774
Total net debt to total capitalization ratio	**26.2 %**	**27.1 %**

(a) As Restated

At September 30, 2021, the Company had a borrowing capacity of $607 million available under lines of credit, including lines available under its short-term arrangements and revolving credit facility. Through the date of the filing of this Form 10-Q/A, the Company has no outstanding borrowings under any of its credit facilities.

These agreements are unsecured and contain 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. At September 30, 2021, the Company was in compliance with these covenants and expects to remain in compliance with all covenants over the next twelve months.

At September 30, 2021, the Company held $44 million of precious metals on consignment from several financial institutions. The consignment agreements allow the Company to acquire the precious metals 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 in the required precious metal inventory levels.

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 additional funds 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 September 30, 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.

Except as stated above, there have been no material changes to the Company's scheduled contractual cash obligations disclosed in its Form 10-K for the year ended December 31, 2020.

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.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Part 1, Item 1, Note 1, Significant Accounting Policies and Restatement, to the Unaudited Interim Consolidated Financial Statements of this Form 10-Q/A for a discussion of recent accounting pronouncements.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

There have been no significant material changes to the market risks as disclosed in the Company's Form 10-K for the year ended December 31, 2020.

Item 4 – Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2021, the end of the period covered by the Original Filing. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer originally concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by the Original Filing were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed and submitted under the Securities Exchange Act of 1934, as amended, 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.

However, as a result of the matters described in the Explanatory Note to this Form 10-Q/A, the current Chief Executive Officer and current Chief Financial Officer re-evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by the Original Filing and concluded that such disclosure controls and procedures were not effective as of September 30, 2021, due to the material weaknesses identified and described below.

Material Weaknesses

Management identified the following material weaknesses in the Company's internal control over financial reporting as of September 30, 2022:

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 finacial 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.

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 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; and
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 control 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 consideration related to customer incentives, (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 exisiting 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 that 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-Q/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 were no changes in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2021 that materially affected, or were reasonably likely to materially affect, its internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

Reference to Part I, Item 1, Note 15 Commitments and Contingencies, in the Notes to Unaudited Interim Consolidated Financial Statements of this Form 10-Q/A.

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 the Company'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 below are identical to those included in the Form 10-K/A the Company is filing concurrently with this 10-Q/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-Q/A. The description of the material weaknesses in controls that were determined to exist as of September 30, 2021 is included under Item 4 of this Form 10-Q/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 on 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-Q/A, we 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. 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 15, Commitments and Contingencies, discussing the securities class action lawsuits, in the Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q.

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-Q/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 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 takes, 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 September 30, 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 September 30, 2021, the Company has $623 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's 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.

Item 2 – Unregistered Sales of Securities and Use of Proceeds

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, up to $1.0 billion. During the three months ended September 30, 2021, the Company had no repurchases of common shares under the program and therefore the newly authorized $1.0 billion remains available as of the end of the period.

Item 6 – Exhibits

Exhibit Number	Description
31.1	Section 302 Certification Statement Chief Executive Officer
31.2	Section 302 Certification Statement Chief Financial Officer
32	Section 906 Certification Statements
101.INS	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)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DENTSPLY SIRONA Inc.

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

Exhibit 31.1

Section 302 Certifications Statement

I, Simon D. Campion, certify that:

1. I have reviewed this Form 10-Q/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.

Date: November 7, 2022

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

Exhibit 31.2

Section 302 Certifications Statement

I, Glenn G. Coleman, certify that:

1. I have reviewed this Form 10-Q/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.

Date: November 7, 2022

/s/ Glenn G. Coleman
Glenn G. Coleman
Executive Vice President and
Chief Financial Officer

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 Quarterly Report of DENTSPLY SIRONA Inc. (the "Company") on Form 10-Q/A for the period ended September 30, 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

November 7, 2022