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

# FORM 10-K

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

For the fiscal year ended **December 31, 2021**
Commission File Number **0-16211**

# DENTSPLY SIRONA Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No x

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 x No o

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes x No o

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 x Accelerated Filer o Non-Accelerated Filer o 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. o

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

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

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

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

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the definitive Proxy Statement of DENTSPLY SIRONA Inc. (the "Proxy Statement") to be used in connection with the 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K to the extent provided herein. Except as specifically incorporated by reference herein the Proxy Statement is not deemed to be filed as part of this Form 10-K.

**DENTSPLY SIRONA Inc.**
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**PART I**

## PART I

## FORWARD-LOOKING STATEMENTS

Information included in or incorporated by reference in this Form 10-K, and other filings with the U.S. Securities and Exchange Commission (the "SEC") and the Company's press releases or other public statements, contains or may contain forward-looking statements. Please refer to a discussion of our forward-looking statements and associated risks in Item 1 "Business- Forward-Looking Statements and Associated Risks" and Item 1A "Risk Factors" of this Form 10-K.

## GENERAL

Unless otherwise stated herein or the context otherwise indicates, reference throughout this Form 10-K to "Dentsply Sirona", or the "Company," "we," "us" or "our" refers to financial information and transactions of DENTSPLY SIRONA Inc., together with its subsidiaries on a consolidated basis.

## INDUSTRY AND MARKET DATA

Unless indicated otherwise, the information concerning our industry contained in this Form 10-K is based on our general knowledge of and expectations concerning the industry. The Company's market position, market share and industry market size are based on estimates using our internal data and estimates, based on data from various industry analyses, our internal research and adjustments and assumptions we believe to be reasonable. The Company has not independently verified data from industry analyses and cannot guarantee their accuracy or completeness. In addition, we believe that data regarding the industry, market size and its market position and market share within such industry provide general guidance but are inherently imprecise. Further, the Company estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in Item 1A "Risk Factors" of this Form 10-K. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

### Item 1. Business

### Overview

DENTSPLY SIRONA Inc. ("Dentsply Sirona" or the "Company"), is the world's largest manufacturer of professional dental products and technologies, with a 135-year history of innovation and service to the dental industry and patients worldwide. Dentsply Sirona develops, manufactures, and markets comprehensive solutions including technologically-advanced dental equipment as well as dental and healthcare consumable products under a strong portfolio of world class brands. Dentsply Sirona's products provide innovative, high-quality and effective solutions to advance patient care and deliver better, safer and faster dentistry. The Company introduced the first dental electric drill over 130 years ago, the first dental X-ray unit approximately 100 years ago, the first dental computer-aided design/computer-aided manufacturing ("CAD/CAM") system over 30 years ago, and numerous other significant innovations including pioneering ultrasonic scaling to increase the speed, effectiveness and comfort of cleaning and revolutionizing both file and apex locater technology to make root canal procedures easier and safer. Dentsply Sirona continues to make significant investments in research and development ("R&D"), and its track record of innovative and profitable new products continues today. Dentsply Sirona's worldwide headquarters is located in Charlotte, North Carolina and its shares of common stock are listed in the United States on Nasdaq under the symbol XRAY.

The Company conducts its business through two reportable segments: (1) Technologies & Equipment ("T&E") and (2) Consumables. For the year ended December 31, 2021, T&E net revenues represented approximately 59.4% of worldwide net revenues, while Consumables net revenues represented the remaining 40.6% of worldwide net revenues.

The business is conducted in the United States of America ("U.S."), as well as in over 150 foreign countries, principally through its foreign subsidiaries. Dentsply Sirona has a long-established presence in the European market, particularly in Germany, Sweden, France, the United Kingdom ("UK"), Switzerland and Italy. The Company also has a significant market presence in the Asia-Pacific region, Central and South America, the Middle-East region, and Canada.

**Principal Products and Product Categories**

The worldwide professional dental industry encompasses the diagnosis, treatment and prevention of disease and ailments of the teeth, gums and supporting bone. The Company offers a broad suite of products which together provide digital workflows for dental practitioners to make the highest use of technological advancements throughout each stage of patient care. Dentsply Sirona's principal product categories are dental technology and equipment products and dental consumable products. Additionally, the Company manufactures and sells healthcare consumable products for urological applications. These products are produced by the Company globally and are distributed throughout the world under some of the most well-established brand names and trademarks in these industries, including but not limited to: AH PLUS, ANKYLOS, AQUASIL ULTRA, ARTICADENT, ASTRA TECH, ATLANTIS, AXEOS, BYTE, CALIBRA, CAULK, CAVITRON, CELTRA, CERAMCO, CERCON, CEREC, CEREC MCX, CITANEST, CONFORM FIT, DELTON, DENTSPLY, DETREY, DYRACT, ESTHET.X, FRIOS, GALILEOS, INLAB, INTEGO, IPN, LOFRIC, LUCITONE, MAILLEFER, MIDWEST, MTM, NUPRO, OMNICAM, ORAQIX, ORIGO, ORTHOPHOS, OSSEOSPEED, PALODENT PLUS, PRIME & BOND, PROFILE, PRIMEMILL, PRIMESCAN, PROGLIDER, PROTAPER, RECIPROC, PUREVAC, RINN, SANI-TIP, SCHICK, SIMPLANT, SINIUS, SIROLASER, SIRONA, SLIMLINE, STYLUS, SULTAN, SUREFIL, SURESMILE, SYMBIOS, T1, T2, T3, T4, TENEO, THERMAFIL, TRIODENT, TRUBYTE, TRUNATOMY, VIPI, WAVEONE, WELLSPECT, XENO, XIVE, XYLOCAINE and ZHERMACK.

Technologies & Equipment Segment

*Equipment & Instruments*

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

*CAD/CAM*

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

*Orthodontics*

The Company's Orthodontic product group primarily includes a dentist-directed clear aligner solution, SureSmile, and a direct-to-consumer clear aligner solution, Byte. The Orthodontics product category also includes a High Frequency Vibration ("HFV") technology device known as VPro or as HyperByte within Byte's product offering. The clear aligners offerings include software technology that enables clear aligner treatment planning and for SureSmile seamless connectivity of a digital workflow from diagnostics through treatment delivery. Certain lower-margin products within the the Company's traditional Orthodontic business have been discontinued during the course of 2020 and 2021 as part of management's portfolio optimization restructuring actions as described further in Item 7, Management Discussion and Analysis.

*Implants*

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

*Healthcare*

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

Consumables Segment

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

*Endodontic & Restorative Products*

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

*Other Consumables*

The remaining consumables products include small equipment products such as intraoral curing light systems, dental diagnostic systems and ultrasonic scalers and polishers, as well as other dental supplies including dental anesthetics, prophylaxis paste, dental sealants, impression materials, teeth whiteners and topical fluoride. Certain lower-margin laboratory products within the Other Consumables category have been discontinued during the course of 2020 and 2021 as part of management’s portfolio optimization restructuring actions as described further in Item 7, Management Discussion and Analysis.

Net sales for each product category as a percent of the Company's total net sales for the year ended December 31, 2021, were as follows:

| | **% of Net Sales** |
|---|---|
| Equipment & Instruments | 17.3 % |
| CAD/CAM | 13.9 % |
| Orthodontics | 6.4 % |
| Implants | 14.7 % |
| Healthcare | 7.1 % |
| Technology & Equipment segment revenue | 59.4 % |
| | |
| Endodontic & Restorative | 29.7 % |
| Other consumables | 10.9 % |
| Consumables segment revenue | 40.6 % |
| | |
| Total net sales | 100.0 % |

**Markets, Sales and Distribution**

The Company believes that the market for its products will grow over the long-term based on the following factors:

- Increasing worldwide population, including a shift towards aging demographics, which will require greater dental care.
- Natural teeth are being retained longer - individuals with natural teeth are much more likely to visit a dentist than those without any natural teeth.
- Increasing demand for aesthetic dentistry and the appeal of clear aligners as an orthodontic treatment.
- Continued opportunities in emerging markets related to the rise in discretionary incomes making dental services an increasing priority.

- Increasing demand for single visit dentistry versus historical multi-visit procedure requirements, and for higher quality of patient care in terms of comfort and ease of product use and handling.
- Increasing demand for earlier preventive care - dentistry has evolved from a profession primarily dealing with pain, infections, and tooth decay to one with increased emphasis on earlier diagnosis, preventive care, and the role oral health plays in overall health.
- Increasing demand for more efficiency and better workflow in the dental office, including digital and integrated solutions such as the enhanced power of diagnostic equipment through 3D imaging. The rapid pace of digital technology adoption including the digitization of clinical workflows is becoming a category standard versus traditional manual processes.
- The Company's business is less susceptible than many other industries to general downturns in the economies in which it operates.
- The Company is well positioned to meet macroeconomic challenges and execute on a strategy of delivering value through digital workflows due to its leading market offerings in all key areas of dental procedures (implants, endodontic, restorative and aligners) as well as digital infrastructure (CAD/CAM and imaging) utilized in dental practices around the globe.

Dentsply Sirona employs approximately 5,000 highly-trained, product-specific sales and technical staff to provide comprehensive marketing, and services tailored to the sales and technical support requirements of its distributors, dealers and end-users.

Sales and Distribution

Dentsply Sirona distributes approximately two-thirds of its dental consumable and technology and equipment products through third-party distributors. Certain highly technical products such as dental technology equipment, dental ceramics, crown and bridge porcelain products, endodontic instruments and materials, orthodontic clear aligners and appliances, and dental implants are often sold directly to the dental laboratory or dental professionals in some markets. Additionally, the Company's Byte business produces aligners which are sold direct to consumers under doctor-directed, personalized treatment plans.

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

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

Although a significant portion of the Company's sales are made to distributors, dealers and importers, Dentsply Sirona focuses much of its marketing efforts on the dentists, dental hygienists, dental assistants, dental laboratories and dental schools which are the end-users of its products. As part of this end-user "pull through" marketing approach, the Company conducts extensive distributor, dealer and end-user marketing programs. Additionally, the Company trains laboratory technicians, dental hygienists, dental assistants and dentists in the proper use of its products and introduces them to the latest technological developments at its educational courses conducted throughout the world. The Company also maintains ongoing consulting and educational relationships with various dental associations and recognized worldwide opinion leaders in the dental field.

Operating Principles

The Company's focus includes the creation of more meaningful solutions for dentists built around the following five key operating principles:

- *Approach customers as one:* Put the customer at the center of how Dentsply Sirona is organized. The Company has an integrated approach to customer service, direct and indirect selling, and clinical education to strengthen the relationship with the customer and better serve the customers' needs.

- *Create innovative solutions that customers love to use: A* comprehensive R&D program that prioritizes strategic spending building the next generation of digital workflow technologies and service offerings, resulting in more impactful innovations each year.

- *Think and act with positive intent and the highest integrity:* Execute the business in a way that empowers our people, respects the communities in which we do business, and establishes trust with our partners and stakeholders.

- *Operate sustainably in everything the Company does:* Take a thoughtful, proactive approach to creating a sustainable company through investments in our employees, customers, and the environment.

- *Use size and global breadth to our advantage:* The Company is focused on integrating its dental product portfolios to unlock operational efficiencies, including performance improvements in procurement, logistics, manufacturing, sales force and marketing programs; and at the same time simplifying the business on a worldwide scale. In combination, these initiatives will improve organizational efficiency and better leverage the Company's selling, general and administrative infrastructure.

**Product Development**

While the Company enjoys market leadership in several of its product categories, continuous innovation and product development are critical for it to continue to grow its share of the dental markets it serves. Many of Dentsply Sirona's existing products are undergoing brand extensions, and the Company also continues to focus efforts on successfully launching innovative products that have a more significant impact on how dental and clinical professionals treat their patients. During 2021 the Company continued to prioritize investments supporting digitally enhanced workflows through each stage of patient care, including imaging and scanning technologies used in diagnosis, treatment planning software, and customized products to deliver treatment. The Company's position as an integrated global business allows for the rapid deployment of these innovations throughout the markets it serves to achieve rapid globalization and economies of scale. New products introduced within the past three years accounted for approximately 24% of 2021 sales.

New advances in technology are also anticipated to have a significant influence on future products in digital dentistry, including both equipment and consumables. Through investments in research and development, the Company has accelerated multiple new product development initiatives during the year, such as the rollout of software upgrades for CEREC; the user interface for SureSmile aligners; introduction of PrimeTaper, a self-tapping implant with a tapered design; and ProTaper Ultimate, the next generation of endodontic files. During 2020, the Company introduced Axeos, a new digital imaging product with a 3D wide field of view. During 2021, the Company acquired key supporting technologies in OSSIX bone regenerative collagen through the purchase of Datum Dental, and the new VPro aligner treatment devices through the acquisition of substantially all of the assets of Propel Orthodontics LLC ("Propel").

R&D investments include activities to accelerate product and clinical innovation and develop potential improvements to the manufacturing process. These investments also support engineering efforts that incorporate customer feedback into continuous improvement for current and next-generation products, with an objective to achieve more frequent development and release cycles. The Company also undertakes pre-commercialization trials and testing of technological improvements prior to inception of the manufacturing process. As is true across its other functions, the Company is continually transforming how R&D is conducted by identifying best practices, driving efficiencies, and optimizing cost structure to enable a more effective development process and faster concept-to-market timelines. The Company is undergoing a strategic shift away from a budget dedicated to specific products and deliverables to a focus on strategic market areas with more agile funding. Focused, cross-functional teams are being increasingly utilized to offer innovative products efficiently, to concentrate resources on the most viable and clinically relevant technologies and to maximize cost and time savings as they are brought into production.

In addition to internal product development, the Company also pursues external research and development opportunities, including acquisitions, licensing, or other arrangements with third parties. Initiatives to support technological development also include collaborations with research institutions and dental and medical schools. The Company annually supports the achievements of dental students conducting innovative research through its 2021 *Student Competition for Advancing Dental Research and its Application Awards* (SCADA) program. The Company is also committed to participation in clinical research demonstrating the efficacy of our products prior to market introduction, for example the success of the implant registry site utilized for research involvement in conjunction with the PrimeTaper launch. During 2021, the Company announced that it was opening a 70,000-square-foot innovation center close to its corporate office, which will house key functions such as 3D printing and complement its other flagship innovation centers in Germany and Sweden. Through these internal research centers as well as through its collaborations with external research institutions, dental and medical schools, the Company directly invests in the development of new products, improvement of existing products and advances in technology. These investments include an emphasis on research in digital data sharing technology, including the incorporation of long-term artificial intelligence and machine learning. The continued development of these areas is a critical step in meeting the Company's strategic goal as a leader in defining the future of dentistry. The Company's long-term plans for investment in product development include an objective to maintain a level of research and development spend that is at least 4% of annual net sales with a focus on innovation and expansion of digital, software, services, and other platform offerings.

**Acquisition Activities**

Dentsply Sirona believes that the dental technology and consumable products industries continue to experience consolidation with respect to both product manufacturing and distribution, although they remain fragmented thereby creating a number of acquisition opportunities.

The Company views acquisitions as a key part of its growth strategy. These acquisition activities are intended to supplement the Company's organic growth and assure ongoing expansion of its business to capitalize on significant growth drivers, including new technologies, additional products, organizational strength and geographic breadth. During the year ended December 31, 2021, the Company continued this trend, beginning with the first quarter purchase of Datum Dental, Ltd., a producer and distributor of specialized regenerative dental material based in Israel, which provided the Company with a key technology to serve the Implants markets. The Company followed in the second quarter with the purchase of substantially all of the assets of Propel, a domestic company which manufactures and sells orthodontic devices and provides in-office and at-home orthodontic accessory devices, an investment which is expected to further accelerate the growth and profitability of the Company's combined clear aligners business. In the third quarter, the Company completed its acquisition of a partially owned affiliate based in Switzerland that primarily develops highly specialized software, which is expected to further accelerate the development of the Company's specialized software related to CAD/CAM systems. During the year ended December 31, 2020, the Company made various investments, including the acquisition of Byte, a direct-to-consumer clear aligners business, which complements the Company's existing clear aligner product by adding a digital component and is expected to enhance scale and accelerate the growth and profitability of the Company's combined clear aligners business going forward. This acquisition is representative of the Company's strategy of matching technological advancement in digital dentistry with innovative marketing and delivery in order to reach areas of high-growth potential for customer demand. For more information regarding the Company's acquisition activity, refer to Note 6, Business Combinations, in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

**Operating and Technical Expertise**

Dentsply Sirona believes that its manufacturing capabilities are important to its success. The manufacturing processes of the Company's products require substantial and varied technical expertise. Complex materials technology and processes are necessary to manufacture the Company's products. Where it can improve quality and customer service and lower costs, the Company endeavors to automate its global manufacturing operations.

**Financing**

Information about Dentsply Sirona's working capital, liquidity and capital resources is provided in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

**Competition**

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental and healthcare consumable products and dental technology and equipment products industries is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by clinicians, technicians and patients. Dentsply Sirona believes that its principal strengths include its well-established brand names, its reputation for high quality and innovative products, its leadership in product development and manufacturing, its global sales force, the breadth of its product line and distribution network, its commitment to customer satisfaction and support of the Company's products by dental and medical professionals.

The size and number of the Company's competitors vary by product line and from region to region. There are many companies that produce some, but no competitor produces all of the same types of products as those produced by the Company.

**Regulation**

The development, manufacture, sale and distribution of the Company's products are subject to comprehensive governmental regulation both within and outside the United States. The following sections describe certain, but not all, of the significant regulations that apply to the Company. For a description of the risks related to the regulations that the Company is subject to, please refer to Item 1A. "Risk Factors" of this Form 10-K.

The majority of the Company's products are classified as medical devices and are subject to restrictions under domestic and foreign laws, rules, regulations, self-regulatory codes, circulars and orders, including, but not limited to, the United States Food, Drug, and Cosmetic Act (the "FDCA"), Council Directive 93/42/EEC on Medical Devices ("MDD") (1993) in the European Union, which will be updated to the European Union Medical Device Regulation ("MDR") in 2021 (and implementing and local measures adopted thereunder) and similar international laws and regulations. The FDCA requires these products, when sold in the United States, to be safe and effective for their intended use and to comply with the regulations administered by the United States Food and Drug Administration ("FDA"). Certain medical device products are also regulated by comparable agencies in non-U.S. countries in which they are produced or sold.

Dental and medical devices of the types sold by Dentsply Sirona are generally classified by the FDA into a category that renders them subject to the same controls that apply to all medical devices, including regulations regarding alteration, misbranding, notification, record-keeping and good manufacturing practices. In the European Union, Dentsply Sirona's products are subject to the medical device laws of the various member states, which are based on a Directive of the European Commission. Such laws generally regulate the safety of the products in a similar way to the FDA regulations. Dentsply Sirona products in Europe bear the CE mark showing that such products comply with European regulations. The Company's products that fall in 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 also applied to all medical device manufacturers who market their medical devices in the EU and all such manufacturers 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.

The Company is also subject to domestic and foreign laws, rules, regulations, self-regulatory codes, circulars and orders regarding anti-bribery and anti-corruption, including, but not limited to, the United States Foreign Corrupt Practices Act ("FCPA"), the U.S. Federal Anti-Kickback Statute ("AKS"), the United Kingdom's Bribery Act 2010 (c.23), Brazil's Clean Company Act 2014 (Law No. 12,846) China's National Health and Family Planning Commission ("NHFPC") circulars No. 40 and No. 50, and similar international laws and regulations. The FCPA and similar anti-bribery and anti-corruption laws applicable in non-U.S. jurisdictions generally prohibit companies and their intermediaries from improperly offering or paying anything of value to foreign government officials for the purpose of obtaining or retaining business. Some of the Company's customer relationships are with governmental entities and therefore may be subject to such anti-bribery laws. The AKS and similar fraud and abuse laws applicable in non-U.S. jurisdictions prohibit persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a health care program, such as, in the United States, Medicare or Medicaid.

The Company's production and sale of products is further subject to regulations concerning the supply of conflict minerals, various environmental regulations such as the Federal Water Pollution Control Act (the "Clean Water Act") and others enforced by the Environmental Protection Agency ("EPA") or equivalent state agencies, and the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act (the "Health Care Reform Law"). In the sale, delivery and servicing of the Company's products to other countries, it must also comply with various domestic and foreign export control and trade embargo laws and regulations, including those administered by the Department of Treasury's Office of Foreign Assets Control ("OFAC"), the Department of Commerce's Bureau of Industry and Security ("BIS") and similar international governmental agencies, which may require licenses or other authorizations for transactions relating to certain countries and/or with certain individuals identified by the respective government. Despite the Company's internal compliance program, policies and procedures may not always protect it from reckless or criminal acts committed by its employees or agents. Violations of these requirements are punishable by criminal or civil sanctions, including substantial fines and imprisonment. Due in part to its direct-to-consumer model, the Company's Byte aligner 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 in order to comply with these regulations and ensure that the business does not violate rules pertaining to the corporate practice of dentistry.

The Company is subject to domestic and foreign laws, rules, regulations, self-regulatory codes, circulars and orders governing data privacy and transparency, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act"), the California Consumer Privacy Act, China's Personal Information Protection Law, the Physician Payments Sunshine Provisions of the Patient Protection and Affordable Care Act, the European Union's General Data Production Regulation, the EU Directive 2002/58/EC (and implementing and local measures adopted thereunder), France's Data Protection Act of 1978 (rev. 2004) and France's Loi Bertrand, certain rules issued by Denmark's Health and Medicines Authority, and similar international laws and regulations. HIPAA, as amended by the HITECH Act, and similar data-privacy laws applicable in non-U.S. jurisdictions, restrict the use and disclosure of personal health information, mandate the adoption of standards relating to the privacy and security of individually identifiable health information and require us to report certain breaches of unsecured, individually identifiable health information. The Physician Payments Sunshine Provisions of the Patient Protection and Affordable Care Act require the Company to record all transfers of value to physicians and teaching hospitals and to report this data to the Centers for Medicare and Medicaid Services for public disclosure. Similar reporting requirements have also been enacted in several states, and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals.

The Company believes it is in substantial compliance with the laws and regulations that regulate its business. There are, however, significant uncertainties involving the application of various legal requirements, the violation of which could result in, among other things, sanctions. See Item 1A, "Risk Factors" of this Form 10-K for additional detail.

**Sources and Supply of Raw Materials and Finished Goods**

The Company manufactures the majority of the products that it sells. The Company sources the necessary raw materials from various suppliers, and no single supplier accounts for more than 10% of Dentsply Sirona's supply requirements.

**Intellectual Property**

Products manufactured by Dentsply Sirona are sold primarily under its own tradenames and trademarks. Dentsply Sirona also owns and maintains more than 5,000 patents throughout the world and has also licensed a number of patents owned by others.

Dentsply Sirona's policy is to protect its products and technology through patents and trademark registrations both in the U.S. and in significant international markets. The Company monitors trademark use worldwide and promotes enforcement of its patents and trademarks in a manner that is designed to balance the cost of such protection against obtaining the greatest value for the Company. Dentsply Sirona believes its patents and trademark properties are important and contribute to the Company's marketing position but it does not consider its overall business to be materially dependent upon any individual patent or trademark. Additional information regarding certain risks related to our intellectual property is included in Item 1A "Risk Factors" of this Form 10-K and is incorporated herein by reference.

**Human Capital**

We believe that our employees are true assets to our organization and contribute to the success of our business. On December 31, 2021, our organization and its subsidiaries employed approximately 15,000 employees across the globe who are relied on to accomplish the strategic objectives that enable us to lead the dental industry. Of these employees, approximately 3,600 were employed in the United States. Some employees outside of the United States are covered by collective bargaining, union contracts, worker councils or other similar programs. As an organization we value and invest in our talent which leads to our belief of a positive relationship with our employees. Our talent strategy focuses on attracting, engaging, developing and retaining talent to support our business strategy. We further strive to offer an inclusive environment where every employee can grow and perform.

Attract, Engage, Develop & Retain

In 2021, we continued to evolve our strategy for attracting, engaging, developing and retaining talent. Led by the feedback and engagement of our employees, we established a new Vision, Values, Mission and Operating Principles. We launched our first central emerging talent program focused on attracting early-career employees through strategic partnerships with core schools, Historically Black Colleges and Universities and local trade schools. The comprehensive program provides rotational assignments, on-the-job experiences, networking events, development sessions and executive interactions. We offer a global approach to learning and development through a partnership with LinkedIn Learning via thousands of on-demand learning modules in multiple languages. We deployed a custom leadership development framework to assess, develop and coach leaders at multiple levels. Our quarterly performance feedback, development planning and talent review processes have been automated for professional employees. A robust set of aids for goal setting and development planning has been designed to support future-focused growth. We are currently piloting employee-led experience mapping and virtual mentoring with the plan to launch globally. We continue to conduct virtual town halls and video chats, to keep our employees informed and to provide multiple opportunities for employees globally to ask questions of our leaders. We place an emphasis on employee feedback and evaluation, which are gathered through engagement surveys every 18 months to all employees in addition to pulse surveys strategically employed throughout the year.

Compensation and Benefits

As part of the Company’s total rewards philosophy, we offer competitive compensation and benefit programs designed to attract and retain top talent. We are committed to providing and administering these programs in a way that treats our employees at all levels fairly and equitably. Our total rewards offerings vary by country and include an array of programs that support our employees’ financial, physical and mental well-being, including annual performance incentive opportunities, pension and retirement savings programs, health and welfare benefits, paid time off, leave programs, flexible work schedules and employee assistance programs.

Diversity and Inclusion

We view diversity in our organization as a core source of strength and we seek to provide opportunities for all employees to bring their perspective, experience and whole self to the workplace. We believe our commitment to a diverse workforce drives innovation and customer-centricity. We have an established Diversity & Inclusion Council, helping create accountability for results, providing governance and oversight on diversity efforts and promoting organization-wide communication on progress. We have a Diversity & Inclusion functional leader who focuses on developing awareness through training, career coaching, networking and talent development. We measure our progress against key metrics using benchmarking data.

*Diversity & Inclusion Council*

Our Diversity & Inclusion Council is a group of demographically and functionally diverse employees from across the world dedicated to enabling the Diversity & Inclusion function and championing initiatives that support the organization internally and externally. A top priority of the Diversity & Inclusion Council is to increase the skills of our leaders on how to discuss and be accountable for driving sustained diversity, equity and inclusion goals.

*Employee Resource Groups*

The purpose of our Employee Resource Groups is to foster a diverse, equitable and inclusive environment enabling employees to fully participate in successfully executing our strategy. As of December 31, 2021, our employees have led the successful establishment of 7 Employee Resource Groups consisting of over 1,600 members. Our Employee Resource Groups have been focused on developing talent, increasing employee engagement and creating awareness. We consistently recognize high participation in Employee Resource Group-led events.

*Training and Awareness*

We offer a catalog of on-demand Diversity & Inclusion training options aimed at strengthening awareness. A standout option of our offerings is our ongoing Conversations of Understanding sessions. Employees are invited to register for these small group discussions where internal volunteers share experiences on varying diversity, equity and inclusion topics.

*Talent Acquisition*

Our organization has talent sourcing guidelines requiring diverse candidate interview slates for director-level and above roles. To increase internal mobility, we offer career development options and utilize our talent review processes to highlight diverse talent for open positions. We educate our hiring managers on inclusive hiring practices.

*Measuring Progress*

Executive management reviews our Diversity & Inclusion metrics regularly, including attraction, engagement, advancement and retention. We are actively partnering with an external consultancy to identify available talent pools in all our geographic markets and establish benchmarks throughout. All executive leaders have action plans in place and are accountable for progress.

**Environmental, Health & Safety Matters**

Dentsply Sirona believes that Environmental, Health & Safety ("EHS") is critical to the success of our customers and our Company. We are committed to environmental stewardship and to health and safety excellence in our global operations and distribution. As such, we have adopted policies that call for compliance with applicable laws and regulations governing the protection of the environment, health and safety of our employees, and neighboring communities. The Company believe that its operations comply in all material respects with applicable environmental laws and regulations.

Safety is integrated into the way we do business. Our safety program is structured on the foundation that every employee is engaged and committed to improving safe operating practices and eliminating or reducing the risk for injuries or illnesses. When health and safety incidents do occur, we strive to determine the causes and eliminate the potential for future similar incidents.

Our EHS policies and standards are a key element of the foundation upon which we develop, market, manufacture, and distribute products and services to our global customers. We operate our manufacturing facilities using a common set of internal standards. These standards support a consistent approach to EHS performance improvement.

**Other Factors Affecting the Business**

The Company’s business is subject to quarterly fluctuations of consolidated net sales, net income and cash flows. The Company typically implements most of its price changes in the beginning of the first or fourth quarter. Price changes, other marketing and promotional programs including trade shows, management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in any given period. In addition, major new product introductions may also impact net sales as older products become less desirable compared to the new products. Sales for the industry and the Company are generally strongest in the second and fourth calendar quarters and weaker in the first and third calendar quarters, due to the effects of the items noted above and due to the impact of holidays and vacations, particularly throughout Europe.

The Company tries to maintain short lead times within its manufacturing, as such, the backlog on products is generally not material to the financial statements.

**Securities Exchange Act Reports**

The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The public can obtain any documents that the Company files with the SEC at http://www.sec.gov. The Company files annual reports, quarterly reports, proxy statements and other documents with the SEC under the Securities Exchange Act of 1934, as amended ("Exchange Act").

Dentsply Sirona also makes available free of charge through its website at www.dentsplysirona.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such materials are filed with or furnished to the SEC. Information on the Company's website does not constitute part of this document.

**Forward-Looking Statements and Associated Risks**

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

You should carefully consider these and other relevant factors, including those risk factors in Item 1A, "Risk Factors" of this Form 10-K 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.

**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.
- 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 business networks, and any cyber-attacks or other disruption to its technology infrastructure or the Internet 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.
- Ineffective internal controls and 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 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 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.
- 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.

**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 the 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 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 which are 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 business networks, and any cyber-attacks or other disruption to its technology infrastructure or the Internet could harm the Company's operations.**

Due to the global nature of the Company's business and reliance on information systems to provide the Company's services, the Company uses web-enabled and other integrated information systems in delivering the Company's services. As the breadth and complexity of Company's information systems continue to grow, the Company will increasingly be exposed to the risks inherent in the development, integration and ongoing operation of evolving information systems, including:

- disruption, impairment or failure of data centers, telecommunications facilities or other key infrastructure platforms;
- security breaches of, cyberattacks on and other failures or malfunctions in our critical application systems or their associated hardware; and
- excessive costs, excessive delays or other deficiencies in systems development and deployment.

Any disruption to the Internet or to the Company's or its service providers' global technology infrastructure, including malware, insecure coding, "Acts of God," cyber-attacks and other attempts to penetrate networks, data leakage and human error, could pose a threat to the Company's operations. The Company's network and storage applications may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions and 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 in 2021 and expects to continue to experience cyber threats from time to time. Although no such cyber-attacks have had a material adverse effect on the Company to date, the Company cannot provide assurance that, despite the Company's efforts to ensure the integrity of the Company's systems and the measures that the Company or our vendors 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, particularly as cyber-threats evolve and become more difficult to detect and successfully defend against. 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. 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 materialization of any of these risks may impede the processing of data and the day-to-day management of the Company's business and could result in the corruption, loss or unauthorized disclosure of proprietary, confidential or other data. Disaster recovery plans, where in place, might not adequately protect the Company in the event of a system failure. Further, the Company currently does not have excess or standby computer processing or network capacity everywhere in the world to avoid disruption in the receipt, processing and delivery of data in the event of a system failure. Despite any precautions the Company take, damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins and similar events at our various computer facilities could result in interruptions in the flow of data to the Company's servers.

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-attacks, 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.

**Ineffective internal controls and 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'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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company’s profitability could suffer if third parties infringe upon Dentsply Sirona’s intellectual property rights or misappropriate Dentsply Sirona’s technologies and trademarks for their own businesses. To protect Dentsply Sirona’s rights to Dentsply Sirona’s intellectual property, Dentsply Sirona relies on a combination of patent and trademark law, trade secret protection, confidentiality agreements and contractual arrangements with Dentsply Sirona’s employees, strategic partners and others. Dentsply Sirona cannot assure you that any of Dentsply Sirona’s patents, any of the patents of which Dentsply Sirona are a licensee or any patents which may be issued to Dentsply Sirona or which we 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 we have taken may be inadequate to deter misappropriation of Dentsply Sirona’s proprietary information. Dentsply Sirona may be unable to detect the unauthorized use of, or take appropriate steps to enforce, Dentsply Sirona’s 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, Dentsply Sirona’s 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 us 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 us 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.

**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 will be 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.

Breach of covenants could have 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 loan covenants.**

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 senior management believes that the Company has and will continue to have sufficient liquidity, there can be no assurance that Dentsply Sirona's business will generate sufficient cash flow from operations in the future to service its debt, pay its contractual obligations and operate its business.

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

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

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

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

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

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

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

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

**RISKS RELATED TO OUR INTERNATIONAL OPERATIONS**

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

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

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

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

- economic and political instability;
- import or export licensing requirements;
- additional compliance-related risks;
- trade restrictions and tariffs;
- product registration requirements;
- longer payment cycles;
- changes in regulatory requirements and tariffs;
- potentially adverse tax consequences; and
- trade policy changes

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

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

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

**RISKS RELATED TO OUR REGULATORY ENVIRONMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK**

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

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

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

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

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

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

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

**GENERAL RISKS**

**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 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

The following is a listing of Dentsply Sirona's principal manufacturing and distribution locations:

| Location | Function | Leased or Owned |
|---|---|---|
| **United States:** | | |
| Milford, Delaware (2) | Manufacture of dental consumable products | Owned |
| Sarasota, Florida (1) | Manufacture of orthodontic accessory products | Owned |
| Waltham, Massachusetts (1) | Manufacture and distribution of dental implant products | Leased |
| Long Island City, New York (1) | Manufacture of dental equipment products | Leased |
| Lancaster, Pennsylvania (3) | Distribution of dental consumable and dental equipment products | Leased |
| York, Pennsylvania (2) | Manufacture of small dental equipment and preventive dental products | Owned |
| Johnson City, Tennessee (2) | Manufacture and distribution of endodontic instruments and materials | Leased |
| Richardson, Texas (1) | Manufacture of orthodontic products | Leased |
| Gardena, California (1) | Distribution of orthodontic products | Leased |
| | | |
| **Foreign:** | | |
| Pirassununga, Brazil (2) | Manufacture and distribution of artificial teeth | Owned |
| Bensheim, Germany (1) | Manufacture and distribution of dental equipment | Owned |
| Hanau, Germany (1) (2) | Manufacture and distribution of precious metal dental alloys, dental ceramics and dental implant products | Owned |
| Konstanz, Germany (2) | Manufacture and distribution of dental consumable products | Owned |
| Munich, Germany (2) | Manufacture and distribution of endodontic instruments and materials | Owned |
| Bar Lev Industrial Park, Israel (1) | Manufacture and distribution of dental implant products | Owned/Leas |
| Badia Polesine, Italy (2) | Manufacture and distribution of dental consumable products | Owned/Leas |
| Otawara, Japan (1) (2) | Manufacture and distribution of precious metal dental alloys, dental consumable products and orthodontic products | Owned |
| Venlo, Netherlands (3) | Distribution of dental consumable products | Leased |
| Mölndal, Sweden (1) | Manufacture and distribution of dental implant products and healthcare consumable products | Owned |
| Ballaigues, Switzerland (2) | Manufacture and distribution of endodontic instruments, plastic components and packaging material | Owned |
| Ankara, Turkey (1) | Manufacture and distribution of healthcare consumable products | Owned |
| Baja California, Mexicali (1) | Manufacture of orthodontic products | Leased |
| San Jose Province, Costa Rica (1) | Manufacture of orthodontic products | Leased |

(1) These properties are included in the Technologies & Equipment segment.
(2) These properties are included in the Consumables segment.
(3) These properties are a distribution warehouse not managed by named segments.

In addition, the Company maintains sales and distribution offices at certain of its foreign and domestic manufacturing facilities, as well as at various other U.S. and international locations. Most of these sites around the world that are used exclusively for sales and distribution are leased. Dentsply Sirona believes that its properties and facilities are well maintained and are generally suitable and adequate for the purposes for which they are used.

The Company also leases its worldwide headquarters located in Charlotte, North Carolina.

**Item 3. Legal Proceedings**

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. For additional details, see Part II, Item 8, Note 22, Commitments and Contingencies, in the Notes to Consolidated Financial Statements of this Form 10-K, which is incorporated by reference.

**Item 4. Mine Safety Disclosures**

Not Applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is traded on the Nasdaq National Market under the symbol "XRAY." Approximately 112,995 holders of the Company's common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions. In addition, the Company estimates, based on information supplied by its transfer agent, that there are 235 holders of record of the Company's common stock.

**Stock Repurchase Program**

At December 31, 2021, the Company had authorization to purchase $1.0 billion of common stock under the share repurchase program with $890 million remaining under this program. Share repurchases may be made through open market purchases, Rule 10b5-1 plans, accelerated share repurchase transactions and other structured 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.

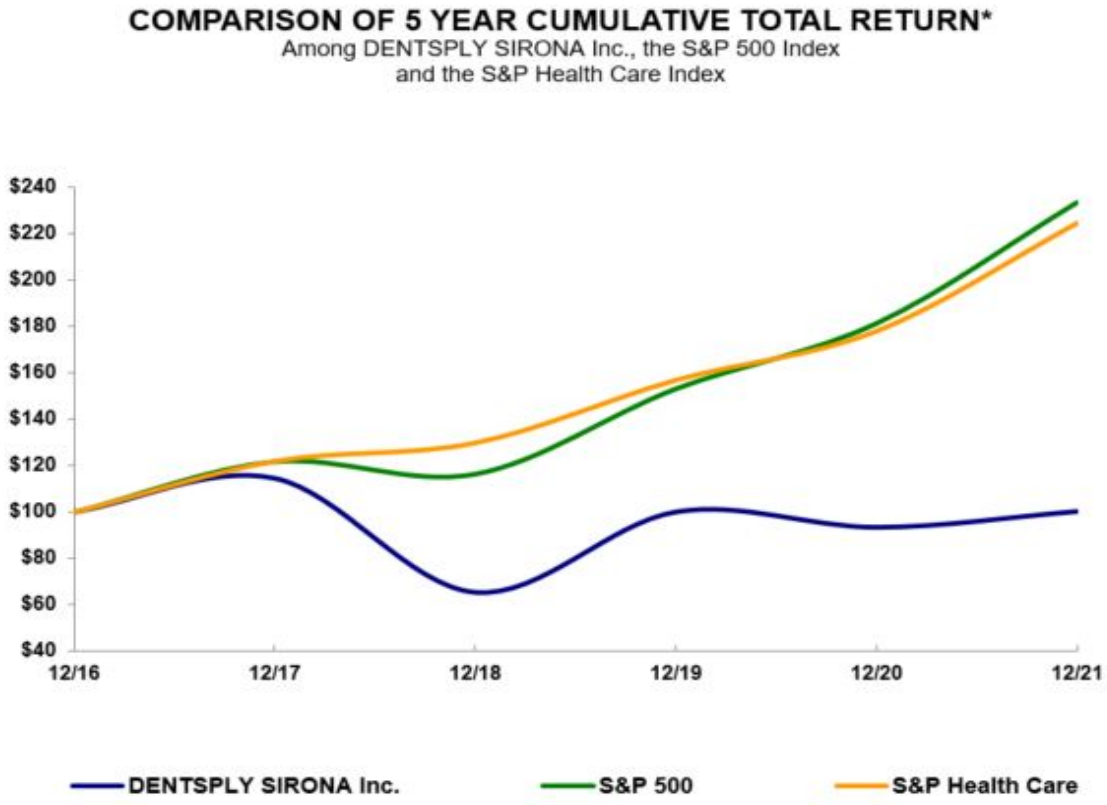
During the three months ended December 31, 2021, the Company had the following activity with respect to this repurchase program:

| (in millions, except per share amounts)<br>Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Cost of Shares Purchased | Dollar Value of Shares that May be Purchased Under the Stock Repurchase Program |
|---|---|---|---|---|
| October 1, 2021 to October 31, 2021 | — | $ — | $ — | $ 1,000 |
| November 1, 2021 to November 30, 2021 | 2.0 | 55.14 | 110 | 890 |
| December 1, 2021 to December 31. 2021 | — | — | — | 890 |
| | 2.0 | $ 55.14 | $ 110 | |

For the year ended December 31, 2021, the Company repurchased approximately 3.5 million shares at a cost of $200 million for an average price of $57.47.

**Performance Graph**

The graph below compares DENTSPLY SIRONA Inc.'s cumulative 5-year total shareholder return on common stock with the cumulative total returns of the S&P 500 Index and the S&P Health Care index. The graph tracks the performance of a $100 investment in DENTSPLY SIRONA's Inc.'s common stock and in each index (with the reinvestment of all dividends) from December 31, 2016 to December 31, 2021. The S&P 500 Index and the S&P Health Care Index are included for comparative purposes only. They do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of the stock involved, and they are not intended to forecast or be indicative of possible future performance of the Company's common stock.




| | 12/16 | 12/17 | 12/18 | 12/19 | 12/20 | 12/21 |
|---|---|---|---|---|---|---|
| **DENTSPLY SIRONA Inc.** | **100.00** | **114.66** | **65.36** | **100.09** | **93.46** | **100.30** |
| **S&P 500** | **100.00** | **121.83** | **116.49** | **153.17** | **181.35** | **233.41** |
| **S&P Health Care** | **100.00** | **122.08** | **129.97** | **157.04** | **178.15** | **224.70** |

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

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

### OVERVIEW

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") is intended to help the reader understand the Company's operations and business environment. MD&A is provided as a supplement to, and should be read in conjunction with, the Consolidated Financial Statements and Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K. The following discussion includes forward-looking statements that involve certain risks and uncertainties. See Part I, Item 1, "Business- Forward-Looking Statements and Associated Risks" in the beginning of this Form 10-K. The MD&A includes the following sections:

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

### 2021 Operational Highlights

For the year ended December 31, 2021,

- Net sales increased 27.2% compared to the prior year. On an organic basis (a Non-GAAP measure as defined under the heading "Key Performance Measurements" below) net sales increased 24.6% for the year ended December 31, 2021 compared to prior year. Net sales were positively impacted by approximately 2.9% due to the weakening of the U.S. dollar over the prior year period.

- Net income increased to $421 million as compared to the net loss of $83 million for the prior year. Diluted earnings per share was $1.91 per share compared to a net loss per share of $0.38 in the prior year.

- Cash from operations was $657 million, as compared to $635 million in the prior year.

### Company Profile

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

### BUSINESS

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

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

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

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

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

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

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

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

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

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

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

**The impact of recent developments in Ukraine**

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

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

**Key Performance Measurements**

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

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

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

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

**Business Drivers**

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

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

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

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

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

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

**Restructuring Programs**

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

**Impact of Foreign Currencies**

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

## RESULTS OF OPERATIONS

### Net Sales

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| **Net sales** | $ 4,251 | $ 3,342 | $ 909 | 27.2 % |
| Favorable foreign exchange impact | | | | 2.9 % |
| Acquisitions | | | | 5.4 % |
| Divestitures and discontinued products | | | | (5.7 %) |
| **Organic sales** | | | | 24.6 % |

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

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

**Net Sales by Segment**

Technologies & Equipment

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| **Net sales** | $ 2,524 | $ 1,961 | $ 563 | 28.7 % |
| Favorable foreign exchange impact | | | | 2.9 % |
| Acquisitions | | | | 9.0 % |
| Divestitures and discontinued products | | | | (6.4 %) |
| **Organic sales** | | | | 23.2 % |

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

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

Consumables

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| **Net sales** | $ 1,727 | $ 1,381 | $ 346 | 25.0 % |
| Favorable foreign exchange impact | | | | 2.8 % |
| Acquisitions | | | | — % |
| Divestitures and discontinued products | | | | (4.5 %) |
| **Organic sales** | | | | 26.7 % |

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

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

**Net Sales by Region**

United States

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| **Net sales** | $ 1,497 | $ 1,109 | $ 388 | 35.0 % |
| Favorable foreign exchange impact | | | | 0.3 % |
| Acquisitions | | | | 15.4 % |
| Divestitures and discontinued products | | | | (4.9 %) |
| **Organic sales** | | | | 24.2% |

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

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

Europe

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| **Net sales** | $ 1,685 | $ 1,387 | $ 298 | 21.5 % |
| Favorable foreign exchange impact | | | | 4.7 % |
| Acquisitions | | | | — % |
| Divestitures and discontinued products | | | | (4.7 %) |
| **Organic sales** | | | | 21.5% |

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

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

Rest of World

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| **Net sales** | $ 1,069 | $ 846 | $ 223 | 26.4 % |
| Favorable foreign exchange impact | | | | 3.2 % |
| Acquisitions | | | | 1.0 % |
| Divestitures and discontinued products | | | | (8.3 %) |
| **Organic sales** | | | | 30.5% |

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

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

**Gross Profit**

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| Gross profit | $ 2,361 | $ 1,657 | $ 704 | 42.5 % |
| Gross profit as a percentage of net sales | 55.5 % | 49.6 % | 590 bps | |

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

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

**Operating Expenses**

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| Selling, general and administrative expenses (“SG&A”) | $ 1,551 | $ 1,312 | $ 239 | 18.2 % |
| Research and development expenses ("R&D") | 171 | 123 | 48 | 38.9 % |
| Goodwill impairment | — | 157 | (157) | NM |
| Restructuring and other costs | 17 | 77 | (60) | NM |
| | | | | |
| SG&A as a percentage of net sales | 36.5 % | 39.3 % | (280) bps | |
| R&D as a percentage of net sales | 4.0 % | 3.7 % | 30 bps | |

* Percentages are based on actual values and may not recalculate due to rounding.
NM - Not meaningful

SG&A Expenses

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

R&D Expenses

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

Goodwill Impairment

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

Restructuring and Other Costs

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

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

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

**Segment Adjusted Operating Income**

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages)(a) | 2021 | 2020 | $ Change | % Change |
| Technologies & Equipment | $ 556 | $ 387 | $ 169 | 43.7 % |
| Consumables | 541 | 314 | 227 | 72.3 % |

* Percentages are based on actual values and may not recalculate due to rounding.
(a) See Note 7, Segment and Geographic Information, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for a reconciliation from segment adjusted operating income to consolidated US GAAP income.

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

**Other Income and Expenses**

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in millions, except percentages) | 2021 | 2020 | $ Change | % Change |
| Interest expense, net | $ 55 | $ 47 | $ 8 | 18.6 % |
| Other expense (income), net | 8 | 1 | 7 | NM |
| Net interest and other expense | $ 63 | $ 48 | $ 15 | |

* Percentages are based on actual values and may not recalculate due to rounding.
NM - Not meaningful

Interest expense, net

Net interest expense for the year ended December 31, 2021 increased by $8 million as compared to the year ended December 31, 2020, driven primarily by higher average debt levels in 2021 relative to the prior year period.

Other expense (income), net

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

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

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

**Income Taxes and Net Income (Loss)**

| (in millions, except per share data and percentages) | Year Ended December 31, 2021 | 2020 | $ Change |
|---|---|---|---|
| Provision for income taxes | $ 138 | $ 23 | $ 115 |
| Effective income tax rate | 24.7 % | (38.3 %) | |
| Net income (loss) attributable to Dentsply Sirona | $ 421 | $ (83) | $ 504 |
| Net income (loss) per common share - diluted (a) | $ 1.91 | $ (0.38) | |

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

Provision for income taxes

For the year ended December 31, 2021, income taxes were a net expense of $138 million. During the year ended December 31, 2021, the Company recorded discrete tax expense items of $10 million related to statutory rate changes and $4 million for other discrete tax matters. The Company also recorded $5 million of tax expense as a discrete item related to business divestitures.

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

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

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

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

**Business Acquisitions**

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

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

**Goodwill and Indefinite-Lived Intangible Assets**

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

Impairment Assessment

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

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

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

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

Goodwill Impairment

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

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

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

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

Indefinite-Lived Intangible Asset Impairment

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

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

Goodwill and Indefinite-Lived Intangible Asset Impairment Results

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

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

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

**Income Taxes**

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

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

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

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

## LIQUIDITY AND CAPITAL RESOURCES

| | Year Ended December 31, | | |
|---|---|---|---|
| (in millions) | 2021 | 2020 | $ Change |
| **Cash (used in) provided by:** | | | |
| Operating activities | $ 657 | $ 635 | $ 22 |
| Investing activities | (358) | (1,106) | 748 |
| Financing activities | (379) | 490 | (869) |
| Effect of exchange rate changes on cash and cash equivalents | (19) | 14 | (33) |
| Net (decrease) increase in cash and cash equivalents | $ (99) | $ 33 | $ (132) |

The increase in cash provided by operating activities was driven primarily by higher sales in the current period, partially offset by unfavorable changes in working capital including a slower trend in collections relative to the prior year, timing of payments to vendors, and a build-up in inventory during the current period to meet recovered demand for the Company's products. For the year ended December 31, 2021, the number of days for sales outstanding in accounts receivable increased by 7 days to 61 days as compared to 54 days at December 31, 2020, and the number of days of sales in inventory increased by 6 days to 108 days at December 31, 2021 as compared to 102 days at December 31, 2020.

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

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

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

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

| | Year Ended December 31, | |
|---|---|---|
| (in millions, except percentages) | 2021 | 2020 |
| Current portion of debt | $ 182 | $ 299 |
| Long-term debt | 1,913 | 1,978 |
| Less: Cash and cash equivalents | 339 | 438 |
| Net debt | $ 1,756 | $ 1,839 |
| | | |
| Total equity | 5,043 | 4,970 |
| Total capitalization | $ 6,799 | $ 6,809 |
| | | |
| **Total net debt to total capitalization ratio** | **25.8 %** | **27.0 %** |

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

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

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

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

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

Off Balance Sheet Arrangements

At December 31, 2021, the Company held $43 million of precious metals on consignment from several financial institutions. Under these consignment arrangements, the financial institutions own the precious metal, and, accordingly, the Company does not report this consigned inventory as part of its inventory on the Consolidated Balance Sheets. These consignment agreements allow the Company to acquire the precious metal at market rates at a point in time, which is approximately the same time, and for the same price as alloys are sold to the Company's customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position to maintain precious metal inventory at operational levels. For additional details, see Item 7A "Quantitative and Qualitative Disclosure About Market Risk - Consignment Arrangements" of this Form 10-K.

Contractual Obligations

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

| (in millions) | Within 1 Year | Years 2-3 | Years 4-5 | Greater Than 5 Years | Total |
|---|---|---|---|---|---|
| Long-term borrowings, including finance leases | $ 3 | $ 95 | $ 351 | $ 1,473 | $ 1,922 |
| Operating leases | 57 | 81 | 41 | 36 | 215 |
| Purchase commitments | 161 | 111 | 83 | — | 355 |
| Interest on long-term borrowings, net of interest rate swap agreements | 36 | 71 | 64 | 96 | 267 |
| Postemployment obligations | 23 | 48 | 50 | 127 | 248 |
| Precious metal consignment agreements | 43 | — | — | — | 43 |
| | $ 323 | $ 406 | $ 589 | $ 1,732 | $ 3,050 |

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

**NEW ACCOUNTING PRONOUNCEMENTS**

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

**Item 7A. Quantitative and Qualitative Disclosure About Market Risk**

**QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

The Company's major market risk exposures are changing interest rates, movements in foreign currency exchange rates and potential price volatility of commodities used by the Company in its manufacturing processes. The Company's policy is to manage risk of exposure to interest rates through the use of a combination of fixed and floating rate debt as well as interest rate swaps. The Company employs foreign currency denominated debt and currency swaps which serve to partially offset the Company's exposure on its net investments in subsidiaries denominated in foreign currencies. The Company's policy generally is to hedge major foreign currency transaction exposures through foreign exchange forward contracts. These contracts are entered into with major financial institutions thereby minimizing the risk of credit loss. In order to limit the unanticipated earnings fluctuations from volatility in commodity prices, the Company selectively enters into commodity swaps to convert variable raw material costs to fixed costs. The Company does not hold or issue derivative financial instruments for speculative or trading purposes. The Company is subject to other foreign exchange market risk exposure in addition to the risks on its financial instruments, such as possible impacts on its pricing and production costs, which are difficult to reasonably predict, and have therefore not been included below.

Foreign Exchange Risk Management

The Company enters into derivative financial instruments to hedge the foreign exchange revaluation risk associated with recorded assets and liabilities that are denominated in a non-functional currency. The Company hedges various currencies, primarily in euros, Swedish kronor, Canadian dollars, British pounds, Swiss francs and Japanese yen. The gains and losses on these derivative transactions offset the gains and losses generated by the revaluation of the underlying non-functional currency balances.

The Company primarily uses forward foreign exchange contracts and cross currency basis swaps to hedge these risks. The Company uses a layered hedging program to hedge select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings of the consolidated Company. These cash flow hedges have maturities of six to 18 months and do not change the underlying long-term foreign currency exchange risk. The Company accounts for the forward foreign exchange contracts as cash flow hedges. The Company has numerous investments in foreign subsidiaries the most significant of which are denominated in euros, Swiss francs, Japanese yen and Swedish kronor. The net assets of these subsidiaries are exposed to volatility in currency exchange rates.

Currently, the Company uses both derivative and non-derivative financial instruments, including foreign currency denominated debt held at the parent company level and foreign exchange forward contracts to hedge some of this exposure. Translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in the non-derivative and derivative financial instruments designated as hedges of net investment. At December 31, 2021, a 10% weakening of the U.S. dollar against all other currencies would decrease the net fair value associated with the forward foreign exchange contracts by approximately $63 million.

Interest Rate Risk Management

The Company enters into financial instruments, including derivatives, that expose the Company to market risk related to changes in interest rates. The Company uses a combination of financial instruments, including long-term and short-term financing, variable-rate commercial paper and derivative interest rate swaps to manage the interest rate mix of our total debt portfolio and related overall cost of borrowing.

At December 31, 2021, an increase of 1% in the interest rates on the variable interest rate instruments would decrease the Company's fair value associated with the derivative interest rate swaps by approximately $15 million.

Consignment Arrangements

The Company holds on a consignment basis, from various financials institutions, the precious metals used in the production of precious metal dental alloy products. Under these consignment arrangements, the financial institutions own the precious metal, and, accordingly, the Company does not report this inventory on consignment as part of its inventory on the Consolidated Balance Sheet. The consignment agreements allow the Company to take ownership of the metal at approximately the same time customer orders are received and to closely match the price of the metal acquired to the price charged to the customer (i.e., the price charged to the customer is largely a pass through). These agreements are cancellable by either party at the end of each consignment period, which typically run for a period of one to nine months; however, because the Company typically has access to numerous financial institutions with excess capacity, consignment needs created by cancellations can be shifted among the other institutions

As precious metal prices fluctuate, the Company evaluates the impact of the precious metal price fluctuation on its target gross margins for precious metal dental alloy products and may revise the prices customers are charged for precious metal dental alloy products accordingly. While the Company does not separately invoice customers for the precious metal content of precious metal dental alloy products, the underlying precious metal content is the primary component of the cost and sales price of the precious metal dental alloy products. For practical purposes, if the precious metal prices go up or down by a small amount, the Company will not immediately modify prices, as long as the cost of precious metals embedded in the Company's precious metal dental alloy price closely approximates the market price of the precious metal. If there is a significant change in the price of precious metals, the Company adjusts the price for the precious metal dental alloys, maintaining its margin on the products.

At December 31, 2021, the Company had approximately 31,000 troy ounces of precious metal, primarily gold, platinum, palladium and silver on consignment for periods of less than one year with a market value of $43 million. Under the terms of the consignment agreements, the Company also makes compensatory payments to the consignor banks based on a percentage of the value of the consigned precious metals inventory. At December 31, 2021, the average annual rate charged by the consignor banks was 1.1%. These compensatory payments are considered to be a cost of the metals purchased and are recorded as part of the cost of products sold.

**Item 8. Financial Statements and Supplementary Data**

1. Financial Statements

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



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

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

**Management's Report on Internal Control Over Financial Reporting**

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

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

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

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

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

| | | | |
|---|---|---|---|
| /s/ | *Donald M. Casey, Jr.* | /s/ | *Jorge M. Gomez* |
| | Donald M. Casey, Jr. | | Jorge M. Gomez |
| | Chief Executive Officer | | Executive Vice President and Chief Financial Officer |
| | March 1, 2022 | | March 1, 2022 |

**Report of Independent Registered Public Accounting Firm**

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

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

***Basis for Opinions***

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

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

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

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

***Definition and Limitations of Internal Control over Financial Reporting***

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

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

***Critical Audit Matters***

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

*Goodwill Impairment Assessments – Certain Reporting Units*

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

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

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

*Uncertain Tax Position Related to a Worthless Stock Deduction*

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

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

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

/s/ *PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP
Charlotte, North Carolina
March 1, 2022

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Net sales | $ 4,251 | $ 3,342 | $ 4,029 |
| Cost of products sold | 1,890 | 1,685 | 1,864 |
| Gross profit | 2,361 | 1,657 | 2,165 |
| Selling, general and administrative expenses | 1,551 | 1,312 | 1,580 |
| Research and development expenses | 171 | 123 | 143 |
| Goodwill impairment | — | 157 | — |
| Restructuring and other costs | 17 | 77 | 81 |
| Operating income (loss) | 622 | (12) | 361 |
| Other income and expenses: | | | |
| Interest expense, net | 55 | 47 | 28 |
| Other expense (income), net | 8 | 1 | (12) |
| Income (loss) before income taxes | 559 | (60) | 345 |
| Provision for income taxes | 138 | 23 | 82 |
| Net income (loss) | 421 | (83) | 263 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — |
| Net income (loss) attributable to Dentsply Sirona | $ 421 | $ (83) | $ 263 |
| Net income (loss) per common share attributable to Dentsply Sirona: | | | |
| Basic | $ 1.93 | $ (0.38) | $ 1.18 |
| Diluted | $ 1.91 | $ (0.38) | $ 1.17 |
| Weighted average common shares outstanding: | | | |
| Basic | 218.4 | 219.2 | 223.1 |
| Diluted | 220.2 | 219.2 | 224.4 |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Net income (loss) | $ 421 | $ (83) | $ 263 |
| Other comprehensive (loss) income, net of tax: | | | |
| Foreign currency translation adjustments | (181) | 182 | (83) |
| Net gain (loss) on derivative financial instruments | 25 | (32) | (1) |
| Pension liability adjustments | 26 | (13) | (36) |
| Total other comprehensive (loss) income | (130) | 137 | (120) |
| Total comprehensive income | 291 | 54 | 143 |
| Less: Comprehensive (loss) income attributable to noncontrolling interests | (2) | 1 | 1 |
| Comprehensive income attributable to Dentsply Sirona | $ 293 | $ 53 | $ 142 |

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

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 339 | $ 438 |
| Accounts and notes receivable-trade, net | 747 | 673 |
| Inventories, net | 504 | 466 |
| Prepaid expenses and other current assets | 247 | 214 |
| Total Current Assets | 1,837 | 1,791 |
| | | |
| Property, plant and equipment, net | 773 | 791 |
| Operating lease right-of-use assets, net | 193 | 176 |
| Identifiable intangible assets, net | 2,319 | 2,504 |
| Goodwill, net | 3,976 | 3,986 |
| Other noncurrent assets | 122 | 94 |
| Total Assets | $ 9,220 | $ 9,342 |
| | | |
| **Liabilities and Equity** | | |
| Current Liabilities: | | |
| Accounts payable | $ 268 | $ 305 |
| Accrued liabilities | 679 | 653 |
| Income taxes payable | 57 | 60 |
| Notes payable and current portion of long-term debt | 182 | 299 |
| Total Current Liabilities | 1,186 | 1,317 |
| | | |
| Long-term debt | 1,913 | 1,978 |
| Operating lease liabilities | 145 | 130 |
| Deferred income taxes | 408 | 393 |
| Other noncurrent liabilities | 525 | 554 |
| Total Liabilities | 4,177 | 4,372 |
| | | |
| Commitments and contingencies (Note 22) | | |
| | | |
| Equity: | | |
| Preferred stock, $1.00 par value; 0.25 million shares authorized; no shares issued | — | — |
| Common stock, $0.01 par value; | 3 | 3 |
| 400.0 million shares authorized at December 31, 2021 and 2020 | | |
| 264.5 million shares issued at December 31, 2021 and 2020 | | |
| 217.4 million and 218.7 million shares outstanding at December 31, 2021 and 2020, respectively | | |
| Capital in excess of par value | 6,606 | 6,604 |
| Retained earnings | 1,560 | 1,233 |
| Accumulated other comprehensive loss | (592) | (464) |
| Treasury stock, at cost, 47.1 million and 45.8 million shares at December 31, 2021 and 2020, respectively | (2,535) | (2,409) |
| Total Dentsply Sirona Equity | 5,042 | 4,967 |
| | | |
| Noncontrolling interests | 1 | 3 |
| Total Equity | 5,043 | 4,970 |
| Total Liabilities and Equity | $ 9,220 | $ 9,342 |

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

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

| | Common Stock | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total Dentsply Sirona Equity | Noncontrolling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2018** | $ 3 | $ 6,522 | $ 1,226 | $ (479) | $ (2,151) | $ 5,121 | $ 12 | $ 5,133 |
| Net income | — | — | 263 | — | — | 263 | — | 263 |
| Other comprehensive (loss) income | — | — | — | (121) | — | (121) | 1 | (120) |
| Divestiture of noncontrolling interest | — | — | — | — | — | — | (11) | (11) |
| Exercise of stock options | — | 13 | — | — | 96 | 109 | — | 109 |
| Stock based compensation expense | — | 66 | — | — | — | 66 | — | 66 |
| Funding of employee stock purchase plan | — | 1 | — | — | 4 | 5 | — | 5 |
| Treasury shares purchased | — | — | — | — | (260) | (260) | — | (260) |
| Restricted stock unit distributions | — | (16) | — | — | 10 | (6) | — | (6) |
| Restricted stock unit dividends | — | 1 | (1) | — | — | — | — | — |
| Cash dividends declared ($0.38 per share) | — | — | (84) | — | — | (84) | — | (84) |
| **Balance at December 31, 2019** | $ 3 | $ 6,587 | $ 1,404 | $ (600) | $ (2,301) | $ 5,093 | $ 2 | $ 5,095 |
| Net loss | — | — | (83) | — | — | (83) | — | (83) |
| Other comprehensive income | — | — | — | 136 | — | 136 | 1 | 137 |
| Exercise of stock options | — | 1 | — | — | 10 | 11 | — | 11 |
| Stock based compensation expense | — | 47 | — | — | — | 47 | — | 47 |
| Funding of employee stock purchase plan | — | 2 | — | — | 3 | 5 | — | 5 |
| Treasury shares purchased | — | — | — | — | (140) | (140) | — | (140) |
| Restricted stock unit distributions | — | (34) | — | — | 19 | (15) | — | (15) |
| Restricted stock units dividends | — | 1 | (1) | — | — | — | — | — |
| Cash dividends declared ($0.40 per share) | — | — | (87) | — | — | (87) | — | (87) |
| **Balance at December 31, 2020** | $ 3 | $ 6,604 | $ 1,233 | $ (464) | $ (2,409) | $ 4,967 | $ 3 | $ 4,970 |
| Net income | — | — | 421 | — | — | 421 | — | 421 |
| Other comprehensive loss | — | — | — | (128) | — | (128) | (2) | (130) |
| Exercise of stock options | — | 15 | — | — | 37 | 52 | — | 52 |
| Stock based compensation expense | — | 49 | — | — | — | 49 | — | 49 |
| Funding of employee stock purchase plan | — | 2 | — | — | 3 | 5 | — | 5 |
| Treasury shares purchased | — | — | — | — | (200) | (200) | — | (200) |
| Restricted stock unit distributions | — | (65) | — | — | 34 | (31) | — | (31) |
| Restricted stock units dividends | — | 1 | (1) | — | — | — | — | — |
| Cash dividends declared ($0.43 per share) | — | — | (93) | — | — | (93) | — | (93) |
| **Balance at December 31, 2021** | $ 3 | $ 6,606 | $ 1,560 | $ (592) | $ (2,535) | $ 5,042 | $ 1 | $ 5,043 |

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

**DENTSPLY SIRONA INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (in millions) | Year Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| **Cash flows from operating activities:** | | | |
| Net income (loss) | $ 421 | $ (83) | $ 263 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 124 | 142 | 133 |
| Amortization of intangible assets | 222 | 192 | 190 |
| Fixed asset impairment | — | 3 | 33 |
| Goodwill impairment | — | 157 | — |
| Indefinite-lived intangible asset impairment | — | 39 | 9 |
| Deferred income taxes | (20) | (64) | (37) |
| Stock based compensation expense | 48 | 47 | 66 |
| Other non-cash (income) expense | 34 | 2 | (6) |
| (Gain) loss on sale on non-strategic businesses and product lines | (14) | 1 | 2 |
| Changes in operating assets and liabilities, net of acquisitions: | | | |
| Accounts and notes receivable-trade, net | (109) | 126 | (91) |
| Inventories, net | (63) | 124 | 14 |
| Prepaid expenses and other current assets, net | (35) | 42 | 13 |
| Other noncurrent assets | (10) | 1 | (9) |
| Accounts payable | (46) | (23) | 26 |
| Accrued liabilities | 78 | (17) | 45 |
| Income taxes | 17 | (39) | (16) |
| Other noncurrent liabilities | 10 | (15) | (2) |
| **Net cash provided by operating activities** | 657 | 635 | 633 |
| **Cash flows from investing activities:** | | | |
| Cash paid for acquisitions of businesses and equity investments, net of cash acquired | (248) | (1,078) | (3) |
| Cash received on sale of non-strategic businesses or product lines | 28 | 1 | 11 |
| Capital expenditures | (142) | (87) | (123) |
| Cash received on derivative contracts | 2 | 58 | 40 |
| Other investing activities, net | 2 | — | 6 |
| **Net cash used in investing activities** | (358) | (1,106) | (69) |
| **Cash flows from financing activities:** | | | |
| Proceeds from long-term borrowings, net of deferred financing costs | 16 | 1,448 | 120 |
| Repayments on long-term borrowings | (297) | (701) | (251) |
| Net borrowings (repayments) on short-term borrowings | 179 | 2 | (69) |
| Payments on terminated derivative instruments | — | (30) | — |
| Proceeds from exercised stock options | 51 | 11 | 109 |
| Cash paid for treasury stock | (200) | (140) | (260) |
| Cash dividends paid | (92) | (88) | (81) |
| Other financing activities, net | (36) | (12) | (34) |
| **Net cash (used in) provided by financing activities** | (379) | 490 | (466) |
| **Effect of exchange rate changes on cash and cash equivalents** | (19) | 14 | (3) |
| **Net (decrease) increase in cash and cash equivalents** | (99) | 33 | 95 |
| **Cash and cash equivalents at beginning of period** | 438 | 405 | 310 |
| **Cash and cash equivalents at end of period** | $ 339 | $ 438 | $ 405 |
| Supplemental disclosures of cash flow information: | | | |
| Interest paid, net of amounts capitalized | $ 64 | $ 45 | $ 30 |
| Income taxes paid, net of refunds | 148 | 82 | 112 |
| Non-cash investing activities: | | | |
| Property, plant and equipment in accounts payable at end of period | $ 33 | $ 14 | $ 14 |
| Exchange of inventory for naming rights | 2 | 4 | 3 |

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

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

### Description of Business

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

### Use of Estimates

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

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

### Basis of Presentation

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

Amounts recorded in the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income reflect certain adjustments pertaining to prior periods, the impact of which are not material to the financial statements for the years presented. Research and development ("R&D") expenses for the years ended December 31, 2020 and 2019 have been separately presented on the Consolidated Statement of Operations to conform to the current year presentation. Additionally, results for the year ended December 31, 2020, included adjustments to accruals from prior years which resulted in a net $9 million and $7 million decrease to pre-tax income and net income respectively in that period.

### Cash and Cash Equivalents

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

**Short-term Investments**

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

**Accounts Receivable**

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

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

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

**Inventories**

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

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

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

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

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

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

Goodwill

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

Indefinite-Lived Intangible Assets

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

Definite-Lived Intangible Assets

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

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

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

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

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

**Property, Plant and Equipment**

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

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

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

**Leases**

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

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

**Derivative Financial Instruments**

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

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

**Pension and Other Postemployment Benefits**

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

**Accruals for Self-Insured Losses**

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

**Litigation**

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

**Foreign Currency Translation**

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

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

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

**Revenue Recognition**

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

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

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

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

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

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

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

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

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

**Cost of Products Sold**

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

**Warranties**

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

| | December 31, | | |
|---|---|---|---|
| (in millions) | 2021 | 2020 | 2019 |
| Warranty Expense | $ 50 | $ 29 | $ 36 |
| Warranty Accrual | 28 | 18 | 18 |

**Selling, General and Administrative Expenses**

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

**Research and Development Costs**

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

**Stock Compensation**

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

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

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

**Income Taxes**

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

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

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

**Earnings Per Share**

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

**Business Acquisitions**

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

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

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

**Investments in Unconsolidated Affiliates**

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

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

**Noncontrolling Interests**

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

**Segment Reporting**

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

**Fair Value Measurement**

Recurring Basis

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

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

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

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

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

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

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

Non-Recurring Basis

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

**Recently Adopted Accounting Pronouncements**

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

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

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

**Accounting Pronouncements Not Yet Adopted**

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

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

**NOTE 2 - REVENUE**

Net sales disaggregated by product category were as follows:

| (in millions) | Year Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Equipment & Instruments | $ 733 | $ 580 | $ 693 |
| CAD/CAM | 590 | 457 | 527 |
| Orthodontics | 274 | 161 | 191 |
| Implants | 624 | 476 | 592 |
| Healthcare | 303 | 287 | 280 |
| **Technology & Equipment segment revenue** | $ 2,524 | $ 1,961 | $ 2,283 |
| | | | |
| Endodontic & Restorative | $ 1,260 | $ 964 | $ 1,202 |
| Other Consumables | 467 | 417 | 544 |
| **Consumables segment revenue** | $ 1,727 | $ 1,381 | $ 1,746 |
| | | | |
| **Total net sales** | $ 4,251 | $ 3,342 | $ 4,029 |

**Technologies & Equipment Segment**

*Equipment & Instruments*

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

*CAD/CAM*

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

*Orthodontics*

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

*Implants*

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

*Healthcare*

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

**Consumables Segment**

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

*Endodontic & Restorative Products*

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

*Other Consumables*

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

Net sales disaggregated by geographic region were as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| (in millions) | 2021 | 2020 | 2019 |
| United States | $ 1,497 | $ 1,109 | $ 1,373 |
| Europe | 1,685 | 1,387 | 1,614 |
| Rest of World | 1,069 | 846 | 1,042 |
| Total net sales | $ 4,251 | $ 3,342 | $ 4,029 |

**Contract Assets and Liabilities**

The Company normally does not have contract assets in the course of its business. Contract liabilities, which represent billings in excess of revenue recognized, are primarily related to advanced billings for customer aligner treatment where the performance obligation has not yet been fulfilled. At December 31, 2021, the Company had $51 million of deferred revenue recorded in Accrued liabilities in the Consolidated Balance Sheets. The Company expects to recognize significantly all of the deferred revenue within the next twelve months. Prior year deferred revenue of $41 million was recognized in the current year.

**NOTE 3 - STOCK COMPENSATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE 4 - EARNINGS PER COMMON SHARE**

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

**Basic Earnings (Loss) Per Common Share**

| (in millions, except per share amounts) | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net income (loss) attributable to Dentsply Sirona | $ 421 | $ (83) | $ 263 |
| Weighted average common shares outstanding | 218.4 | 219.2 | 223.1 |
| Earnings (loss) per common share - basic | $ 1.93 | $ (0.38) | $ 1.18 |

**Diluted Earnings (Loss) Per Common Share**

| (in millions, except per share amounts) | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net income (loss) attributable to Dentsply Sirona | $ 421 | $ (83) | $ 263 |
| Weighted average common shares outstanding | 218.4 | 219.2 | 223.1 |
| Incremental weighted average shares from assumed exercise of dilutive options from stock-based compensation awards | 1.8 | — | 1.3 |
| Total weighted average diluted shares outstanding | 220.2 | 219.2 | 224.4 |
| Earnings (loss) per common share - diluted | $ 1.91 | $ (0.38) | $ 1.17 |

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

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

**NOTE 5 - COMPREHENSIVE (LOSS) INCOME**

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

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

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

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

| (in millions) | Foreign Currency Translation Gain (Loss) | Gain and (Loss) on Cash Flow Hedges | Gain and (Loss) on Net Investment and Fair Value Hedges | Pension Liability Gain (Loss) | Total |
|---|---|---|---|---|---|
| Balance, net of tax, at December 31, 2019 | $ (368) | $ (11) | $ (101) | $ (120) | $ (600) |
| Other comprehensive income (loss) before reclassifications and tax impact | 151 | (17) | (23) | (26) | 85 |
| Tax benefit | 30 | 1 | 5 | 7 | 43 |
| Other comprehensive income (loss), net of tax, before reclassifications | $ 181 | $ (16) | $ (18) | $ (19) | $ 128 |
| Amounts reclassified from accumulated other comprehensive income, net of tax | — | 2 | — | 6 | 8 |
| Net increase (decrease) in other comprehensive income | 181 | (14) | (18) | (13) | 136 |
| Balance, net of tax, at December 31, 2020 | $ (187) | $ (25) | $ (119) | $ (133) | $ (464) |

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

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

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

**NOTE 6 - BUSINESS COMBINATIONS**

**Acquisitions**

2021 Transactions

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

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

Identifiable intangible assets acquired were as follows:

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

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

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

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

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

Identifiable intangible assets acquired were as follows:

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

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

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

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

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

Identifiable intangible assets acquired were as follows:

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

2020 Transactions

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

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

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

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

Intangible assets acquired were as follows:

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

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

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

**Investment in Affiliates**

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

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

**Divestitures**

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

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

**NOTE 7 - SEGMENT AND GEOGRAPHIC INFORMATION**

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

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

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

**Technologies & Equipment**

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

**Consumables**

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

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

| Net Sales | Year Ended December 31, | | |
|---|---|---|---|
| (in millions) | 2021 | 2020 | 2019 |
| Technologies & Equipment | $ 2,524 | $ 1,961 | $ 2,283 |
| Consumables | 1,727 | 1,381 | 1,746 |
| Total net sales | $ 4,251 | $ 3,342 | $ 4,029 |

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

(a) Includes amounts recorded at Corporate headquarters.

| Segment Adjusted Operating Income (in millions) | Year Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Technologies & Equipment (a) | $ 556 | $ 387 | $ 467 |
| Consumables (a) | 541 | 314 | 440 |
| Segment adjusted operating income | $ 1,097 | $ 701 | $ 907 |
| **Reconciling items (income) expense:** | | | |
| All other (a) (b) | 230 | 281 | 269 |
| Goodwill impairment | — | 157 | — |
| Restructuring and other costs | 17 | 77 | 81 |
| Interest expense, net | 55 | 47 | 28 |
| Other expense (income), net | 8 | 1 | (12) |
| Amortization of intangible assets | 222 | 192 | 189 |
| Depreciation resulting from the fair value step-up of property, plant, and equipment from business combinations | 6 | 6 | 7 |
| Income (loss) before income taxes | $ 559 | $ (60) | $ 345 |

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

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

(a) Includes capital expenditures of Corporate headquarters.

| Assets (in millions) | Year Ended December 31, 2021 | 2020 |
|---|---|---|
| Technologies & Equipment | $ 6,894 | $ 7,014 |
| Consumables | 2,123 | 2,172 |
| All Other (a) | 203 | 156 |
| Total | $ 9,220 | $ 9,342 |

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

**Geographic Information**

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

| | Year Ended December 31, | | |
|---|---|---|---|
| (in millions) | 2021 | 2020 | 2019 |
| **Net sales** | | | |
| United States | $ 1,494 | $ 1,109 | $ 1,375 |
| Germany | 499 | 439 | 478 |
| Other Foreign | 2,258 | 1,794 | 2,176 |
| Total net sales | $ 4,251 | $ 3,342 | $ 4,029 |

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

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

**Product and Customer Information**

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

**Concentration Risk**

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

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

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

**NOTE 8 - OTHER EXPENSE (INCOME), NET**

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

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

**NOTE 9 - INVENTORIES, NET**

Inventories, net were as follows:

| (in millions) | Year Ended December 31, 2021 | 2020 |
|---|---|---|
| Raw materials and supplies | $ 139 | $ 134 |
| Work-in-process | 72 | 68 |
| Finished Goods | 293 | 264 |
| Inventories, net | $ 504 | $ 466 |

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

**NOTE 10 - PROPERTY, PLANT AND EQUIPMENT, NET**

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

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

**NOTE 11 - LEASES**

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

| (in millions, except percentages) | Location in the Consolidated Balance Sheets | Year Ended December 31, 2021 | 2020 |
|---|---|---|---|
| **Assets** | | | |
| Finance leases | Property, plant, and equipment, net | $ 2 | $ 1 |
| Operating leases | Operating lease right-of-use assets, net | 193 | 176 |
| Total right-of-use assets | | $ 195 | $ 177 |
| | | | |
| **Liabilities** | | | |
| Current liabilities | | | |
| Finance leases | Notes payable and current portion of long-term debt | $ 1 | $ — |
| Operating leases | Accrued liabilities | 50 | 48 |
| Noncurrent liabilities | | | |
| Finance leases | Long-term debt | 1 | 1 |
| Operating leases | Operating lease liabilities | 145 | 130 |
| Total lease liabilities | | $ 197 | $ 179 |
| | | | |
| **Supplemental information:** | | | |
| Weighted-average discount rate | | | |
| Finance leases | | 3.2 % | 3.7 % |
| Operating leases | | 3.3 % | 3.0 % |
| | | | |
| Weighted-average remaining lease term in years | | | |
| Finance leases | | 4.3 | 6.5 |
| Operating leases | | 5.3 | 5.2 |

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

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

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

| (in millions) | Finance Leases | Operating Leases | Total |
|---|---|---|---|
| 2022 | $ 1 | $ 57 | $ 58 |
| 2023 | 1 | 46 | 47 |
| 2024 | — | 35 | 35 |
| 2025 | — | 24 | 24 |
| 2026 | — | 17 | 17 |
| 2027 and beyond | — | 36 | 36 |
| Total lease payments | $ 2 | $ 215 | $ 217 |
| Less imputed interest | — | 20 | 20 |
| Present value of lease liabilities | $ 2 | $ 195 | $ 197 |

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

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

**NOTE 12 - GOODWILL AND INTANGIBLE ASSETS**

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

2021 Annual Goodwill Impairment Testing

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

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

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

2021 Annual Indefinite-Lived Intangibles Impairment Testing

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

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

2020 Annual Goodwill and Indefinite-Lived Intangibles Impairment and Testing

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

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

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

2019 Annual Goodwill and Indefinite-Lived Intangibles Impairment and Testing

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

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

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

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

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

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

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

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

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

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

**NOTE 13 - PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets were as follows:

| (in millions) | Year Ended December 31, 2021 | 2020 |
|---|---|---|
| Prepaid expenses | $ 89 | $ 79 |
| Value-added tax receivable | 53 | 36 |
| Deposits | 22 | 33 |
| Other current assets | 83 | 66 |
| Prepaid expenses and other current assets | $ 247 | $ 214 |

**NOTE 14 - ACCRUED LIABILITIES**

Accrued liabilities were as follows:

| (in millions) | Year Ended December 31, 2021 | 2020 |
|---|---|---|
| Payroll, commissions, bonuses, other cash compensation and employee benefits | $ 172 | $ 142 |
| Sales and marketing programs | 20 | 21 |
| Reserve for dealer rebates | 203 | 134 |
| Restructuring costs | 11 | 31 |
| Accrued vacation and holidays | 40 | 41 |
| Professional and legal costs | 19 | 33 |
| Current portion of derivatives | 3 | 32 |
| General insurance | 12 | 12 |
| Warranty liabilities | 28 | 18 |
| Third party royalties | 7 | 11 |
| Deferred income | 51 | 41 |
| Accrued interest | 8 | 13 |
| Accrued property taxes | 6 | 13 |
| Current operating lease liabilities | 50 | 48 |
| Other | 49 | 63 |
| Accrued liabilities | $ 679 | $ 653 |

**NOTE 15 - FINANCING ARRANGEMENTS**

**Short-Term Debt**

Short-term debt was as follows:

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

**Short-Term Borrowings**

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

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

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

**Long-Term Debt**

Long-term debt was as follows:

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

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

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

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

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

**NOTE 16 - EQUITY**

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

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

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

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

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

**NOTE 17 - INCOME TAXES**

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

| (in millions) | Year Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| United States | $ 58 | $ (109) | $ (110) |
| Foreign | 501 | 49 | 455 |
| | $ 559 | $ (60) | $ 345 |

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

| (in millions) | Year Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Current: | | | |
| U.S. federal | $ 1 | $ (5) | $ (11) |
| U.S. state | 4 | 1 | 1 |
| Foreign | 153 | 91 | 129 |
| Total | $ 158 | $ 87 | $ 119 |
| | | | |
| Deferred: | | | |
| U.S. federal | $ 11 | $ — | $ (2) |
| U.S. state | 2 | (2) | 2 |
| Foreign | (33) | (62) | (37) |
| Total | $ (20) | $ (64) | $ (37) |
| | $ 138 | $ 23 | $ 82 |

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

| | Year Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Statutory U.S. federal income tax rate | 21.0 % | 21.0 % | 21.0 % |
| Effect of: | | | |
| State income taxes, net of federal benefit | 0.8 | 2.3 | 0.7 |
| Federal benefit of R&D and foreign tax credits | (0.9) | 15.8 | (2.0) |
| US other permanent differences | 0.4 | (5.6) | 0.8 |
| Tax effect of international operations | 0.5 | 4.7 | 0.4 |
| Global Intangible Low Taxed Income (GILTI) | 2.3 | (10.9) | 3.7 |
| Foreign Derived Intangible Income (FDII) | (1.3) | 9.9 | (0.1) |
| Net effect of tax audit activity | 1.6 | (6.9) | 0.4 |
| Tax effect of enacted statutory rate changes on Non-U.S. jurisdictions | 1.9 | (0.2) | 0.1 |
| Federal tax on unremitted earnings of certain foreign subsidiaries | (0.2) | (4.6) | 0.1 |
| Valuation allowance adjustments | (1.7) | (12.9) | (1.3) |
| Tax effect of impairment of goodwill and intangibles | — | (51.0) | (0.2) |
| Other | 0.3 | 0.1 | 0.2 |
| Effective income tax rate on operations | 24.7 % | (38.3 %) | 23.8 % |

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

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| (in millions) | Deferred Tax Asset | Deferred Tax Liability | Deferred Tax Asset | Deferred Tax Liability |
| Commission and bonus accrual | $ 6 | $ — | $ 8 | $ — |
| Employee benefit accruals | 51 | — | 58 | — |
| Inventory | 17 | — | 25 | — |
| Identifiable intangible assets | — | 569 | — | 613 |
| Insurance premium accruals | 3 | — | 3 | — |
| Miscellaneous accruals | 11 | — | 11 | — |
| Other | 17 | — | 11 | — |
| Unrealized losses included in AOCI | 46 | — | 98 | — |
| Property, plant and equipment | — | 48 | — | 50 |
| Lease right-of-use asset | — | 47 | — | 42 |
| Lease right-of-use liability | 47 | — | 42 | — |
| Product warranty accruals | 1 | — | 1 | — |
| Foreign tax credit and R&D carryforward | 49 | — | 60 | — |
| Restructuring and other cost accruals | 5 | — | 9 | — |
| Sales and marketing accrual | 13 | — | 7 | — |
| Taxes on unremitted earnings of foreign subsidiaries | — | 5 | — | 6 |
| Tax loss carryforwards and other tax attributes | 276 | — | 280 | — |
| Subtotal | $ 542 | $ 669 | $ 613 | $ 711 |
| Valuation allowances | (267) | — | (287) | — |
| Total | $ 275 | $ 669 | $ 326 | $ 711 |

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

| (in millions) | 2021 | 2020 |
|---|---|---|
| Assets | | |
| Other noncurrent assets | $ 14 | $ 8 |
| Liabilities | | |
| Deferred income taxes | $ 408 | $ 393 |

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

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

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

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

**Tax Contingencies**

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

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

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

The activity recorded for unrecognized tax benefits were as follows:

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

**U.S. Federal Legislative Changes**

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

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

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

**NOTE 18 - BENEFIT PLANS**

**Defined Contribution Plans**

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

**Defined Benefit Plans**

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

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

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

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

Defined Benefit Pension Plan Assets

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

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

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

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

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

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

Amounts recognized in AOCI were as follows:

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

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

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

Components of net periodic benefit cost were as follows:

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

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

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

**Assumptions**

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

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

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

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

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

**Fair Value Measurements of Plan Assets**

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

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

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

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

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

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

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

Fair values for Level 3 assets are determined as follows:

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

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

Real Estate: Investment is stated by its appraised value.

**Cash Flows**

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

**Estimated Future Benefit Payments**

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

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

**NOTE 19 - RESTRUCTURING AND OTHER COSTS**

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

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

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

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

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

Restructuring Programs and Accruals

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

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

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

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

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

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

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

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

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

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

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

**NOTE 20 - FINANCIAL INSTRUMENTS AND DERIVATIVES**

**Derivative Instruments and Hedging Activities**

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

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

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

**Cash Flow Hedges**

Foreign Exchange Risk Management

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

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

Interest Rate Risk Management

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

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

AOCI Release

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

**Hedges of Net Investments in Foreign Operations**

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

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

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

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

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

**Fair Value Hedges**

Foreign Exchange Risk Management

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

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

Interest Rate Risk Management

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

**Derivative Instruments Not Designated as Hedges**

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

**Derivative Instrument Activity**

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

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

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

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

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

**Consolidated Balance Sheets Location of Derivative Fair Values**

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

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

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

**Balance Sheet Offsetting**

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

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

| (in millions) | Gross Amounts Recognized | Gross Amounts 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 | $ 31 | $ — | $ 31 | $ (9) | $ — | $ 22 |
| Total assets | $ 31 | $ — | $ 31 | $ (9) | $ — | $ 22 |
| **Liabilities** | | | | | | |
| Foreign exchange forward contracts | $ 4 | $ — | $ 4 | $ (4) | $ — | $ — |
| Interest rate swaps | 4 | — | 4 | (2) | — | 2 |
| Cross currency basis swaps | 4 | — | 4 | (3) | — | 1 |
| Total liabilities | $ 12 | $ — | $ 12 | $ (9) | $ — | $ 3 |

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

| (in millions) | Gross Amounts Recognized | Gross Amounts 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) | $ — | $ — |
| Cross currency basis swaps | — | — | — | — | — | — |
| Total assets | $ 9 | $ — | $ 9 | $ (9) | $ — | $ — |
| **Liabilities** | | | | | | |
| Foreign exchange forward contracts | $ 15 | $ — | $ 15 | $ — | $ — | $ 15 |
| Cross currency basis swaps | 20 | — | 20 | (7) | — | 13 |
| Total liabilities | $ 35 | $ — | $ 35 | $ (7) | $ — | $ 28 |

**NOTE 21 - FAIR VALUE MEASUREMENT**

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

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

Assets and liabilities measured at fair value on a recurring basis

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

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

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

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

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

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

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

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

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

**NOTE 22 - COMMITMENTS AND CONTINGENCIES**

Contingencies

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

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

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

The Company intends to defend itself vigorously in these actions.

As a result of an audit by the IRS for fiscal years 2012 through 2013, on February 11, 2019, the IRS issued to the Company a "30-day letter" and a Revenue Agent's Report ("RAR"), relating to the Company's worthless stock deduction in 2013 in the amount of $546 million. The RAR disallows the deduction and, after adjusting the Company's net operating loss carryforward, asserts that the Company is entitled to a refund of $5 million for 2012, has no tax liability for 2013, and owes a deficiency of $17 million in tax for 2014, excluding interest. In accordance with ASC 740, the Company recorded the tax benefit associated with the worthless stock deduction in the Company's 2012 financial statements. In March 2019, the Company submitted a formal protest disputing on multiple grounds the proposed taxes. The Company and its advisors discussed its position with the IRS Appeals Office Team on October 28, 2020 and, on November 13, 2020, submitted a supplemental response to questions raised by the Appeals Team. The Company's position continues to be reviewed by the IRS Appeals Office team. The Company

believes the IRS' position is without merit and believes that it is more likely-than-not the Company's position will be sustained upon further review by the IRS Appeals Office Team. The Company has not accrued a liability relating to the proposed tax adjustments. However, the outcome of this dispute involves a number of uncertainties, including those inherent in the valuation of various assets at the time of the worthless stock deduction, and those relating to the application of the Internal Revenue Code and other federal income tax authorities and judicial precedent. Accordingly, there can be no assurance that the dispute with the IRS will be resolved favorably. If determined adversely, the dispute would result in a current period charge to earnings and could have a material adverse effect in the consolidated results of operations, financial position, and liquidity of the Company.

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

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

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

Commitments

*Purchase Commitments*

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

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

*Off-Balance Sheet Arrangements*

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

*Indemnification*

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

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

*Other Commitments*

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

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

**SCHEDULE II**

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

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

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. 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 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 this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed 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 it is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management's report on the Company's internal control over financial reporting is included under Item 8 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

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

**Item 9B. Other Information**

Not Applicable

**Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections**

Not Applicable

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item will be included under the captions “Election of Directors” and “Corporate Governance” in our Proxy Statement for the 2022 Annual Meeting of Stockholders (the “2022 Proxy Statement”) and is incorporated herein by reference.

### Code of Ethics

The Company has a Code of Ethics and Business Conduct that applies to the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and the Board of Directors and substantially all of the Company’s management level employees. A copy of the Code of Ethics and Business Conduct is available in the Investor Relations section of the Company’s website at www.dentsplysirona.com. The Company intends to disclose any amendment to its Code of Ethics and Business Conduct that relates to any element enumerated in Item 406(b) of Regulation S-K, and any waiver from a provision of the Code of Ethics and Business Conduct granted to any director, principal executive officer, principal financial officer, principal accounting officer, or any of the Company’s other executive officers, in the Investor Relations section of the Company’s website at www.dentsplysirona.com, within four business days following the date of such amendment or waiver.

### Item 11. Executive Compensation

The information required under this item will be included under the captions “Directors’ Compensation,” “Executive Compensation” and “Human Resources Committee Interlocks and Insider Participation” in our 2022 Proxy Statement and is incorporated herein by reference.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item will be included under the caption “Principal Beneficial Owners of Shares” in our 2022 Proxy Statement and is incorporated herein by reference.

### Item 13. Certain Relationships and Related Transactions and Director Independence

The information required under this item will be included under the captions “Certain Relationships and Related Party Transactions” and “Corporate Governance” in our 2022 Proxy Statement and is incorporated herein by reference.

### Item 14. Principal Accounting Fees and Services

The information required under this item will be included under the caption “Ratification of Appointment of Independent Registered Public Accountants” in our 2022 Proxy Statement and is incorporated herein by reference.

## PART IV

**Item 15. Exhibits and Financial Statement Schedule**

a. Documents filed as part of this Report

1. Financial Statements:

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

2. Financial Statement Schedules:

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

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

3. Exhibits

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

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

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

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

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

*Management contract or compensatory plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Item 16. Form 10-K Summary**

None.

**SIGNATURES**

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

DENTSPLY SIRONA Inc.

By: /s/ *Donald M. Casey, Jr.*
Donald M. Casey, Jr.
Chief Executive Officer

Date: March 1, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|---|---|---|
| /s/ | *Donald M. Casey, Jr.*<br>Donald M. Casey, Jr.<br>Chief Executive Officer and Director<br>(Principal Executive Officer) | March 1, 2022<br>Date |
| /s/ | *Jorge M. Gomez*<br>Jorge M. Gomez<br>Executive Vice President and<br>Chief Financial Officer<br>(Principal Financial Officer) | March 1, 2022<br>Date |
| /s/ | *Ranjit S. Chadha*<br>Ranjit S. Chadha<br>Chief Accounting Officer<br>(Principal Accounting Officer) | March 1, 2022<br>Date |
| /s/ | *Eric K. Brandt*<br>Eric K. Brandt<br>Chairman of the Board of Directors | March 1, 2022<br>Date |
| /s/ | *Willie A. Deese*<br>Willie A. Deese<br>Director | March 1, 2022<br>Date |
| /s/ | *Betsy D. Holden*<br>Betsy D Holden<br>Director | March 1, 2022<br>Date |

| | | |
|---|---|---|
| /s/ | *Clyde R. Hosein* | March 1, 2022 |
| | Clyde R. Hosein<br>Director | Date |
| /s/ | *Harry M Jansen Kraemer, Jr.* | March 1, 2022 |
| | Harry M. Jansen Kraemer, Jr.<br>Director | Date |
| /s/ | *Arthur D. Kowaloff* | March 1, 2022 |
| | Arthur D. Kowaloff<br>Director | Date |
| /s/ | *Gregory T. Lucier* | March 1, 2022 |
| | Gregory T. Lucier<br>Director | Date |
| /s/ | *Leslie F. Varon* | March 1, 2022 |
| | Leslie F. Varon<br>Director | Date |
| /s/ | *Janet S. Vergis* | March 1, 2022 |
| | Janet S. Vergis<br>Director | Date |
| /s/ | *Dorothea Wenzel* | March 1, 2022 |
| | Dorothea Wenzel<br>Director | Date |

**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement, dated as of _____ __, 20__, is made by and between DENTSPLY SIRONA INC., a Delaware corporation (the "Corporation") and _____ (the "Indemnitee").

RECITALS

A. The Corporation recognizes that competent and experienced persons are increasingly reluctant to serve or to continue to serve as directors or officers of corporations unless they are protected by comprehensive liability insurance or indemnification, or both, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors and officers;

B. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors and officers with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take;

C. The Corporation and Indemnitee recognize that plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors and officers;

D. The Corporation believes that it is unfair for its directors and officers to assume the risk of judgments and other expenses which may occur in cases in which the director or officer received no personal profit and in cases where the director or officer was not culpable;

E. The Corporation, after reasonable investigation, has determined that the liability insurance coverage presently available to the Corporation may be inadequate in certain circumstances to cover all possible exposure for which Indemnitee should be protected. The Corporation believes that the interests of the Corporation and its stockholders would best be served by a combination of such insurance and the indemnification by the Corporation of the directors and officers of the Corporation;

F. The Corporation's By-laws require the Corporation to indemnify its directors and officers under certain circumstances and expressly provide that the indemnification provisions set forth therein are not exclusive, and contemplate that contracts may be entered into between the Corporation and its directors and officers with respect to indemnification;

G. Section 145 of the Delaware General Corporation Law ("Section 145"), under which the Corporation is organized, empowers the Corporation to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the request of the Corporation, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive;

H. The Board of Directors has determined that contractual indemnification as set forth herein is not only reasonable and prudent but also promotes the best interests of the Corporation and its stockholders;

I. The Corporation desires and has requested Indemnitee to serve or continue to serve as a director or officer of the Corporation and/or one or more subsidiaries or affiliates of the Corporation free from undue concern for unwarranted claims for damages arising out of or

related to such services to the Corporation and/or one or more subsidiaries or affiliates of the Corporation; and

J. Indemnitee is willing to serve, continue to serve or to provide additional service for or on behalf of the Corporation on the condition that he is furnished the indemnity and other rights provided for herein, in addition to the protections afforded by the Corporation's Certificate of Incorporation and By-laws, and the applicable policies of insurance maintained by the Corporation.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Indemnification Generally.

In accordance with and subject to the terms and conditions of this Agreement, to the fullest extent permitted by the laws of the State of Delaware:

(a) *Proceedings Other Than Proceedings by or in the Right of the Corporation.* The Corporation shall indemnify and hold harmless Indemnitee from any and all Expenses and Liabilities incurred by Indemnitee by reason of a Proceeding (other than a Proceeding by or in the right of the Corporation, which shall be addressed by Subsection 1(b) of this Agreement) to which Indemnitee was or is a party or is threatened to be made a party by reason of the fact of Indemnitee's Corporate Status if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action, suit or proceeding, if Indemnitee had no reasonable cause to believe Indemnitee's conduct was unlawful.

(b) *Proceedings by or in the Right of the Corporation*. The Corporation shall indemnify and hold harmless Indemnitee from any and all Expenses and Liabilities incurred by Indemnitee by reason of a Proceeding by or in the right of the Corporation if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, unless Indemnitee shall have been adjudged in such Proceeding to be liable to the Corporation, in which case no indemnification shall be made unless and to the extent (and only to the extent) that, the Delaware Court of Chancery or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 2. Successful Defense; Partial Indemnification.

(a) To the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(b) To the extent that Indemnitee is not wholly successful in the defense of a Proceeding but is successful, on the merits or otherwise, as to one or more but less than all constituent claims, charges, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses incurred by him or on his behalf in connection with each successfully resolved constituent claim, charge, issue or matter.

(c) For purposes of this Agreement and without limiting the foregoing, if any Proceeding (or, for purposes of Section 2(b) above, any constituent claim, charge, issue or matter with respect to such Proceeding) is disposed of in any manner (including by a dismissal without prejudice), without any of (i) the imposition of Liabilities on the Indemnitee, (ii) an adjudication that Indemnitee is liable to the Corporation, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith, (v) an adjudication that Indemnitee did not act in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or (vi) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful, Indemnitee shall be considered for the purposes of Section 2 hereof to have been wholly successful with respect thereto, and shall be entitled to indemnification hereunder.

(d) If Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Expenses or Liabilities incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such Expenses and Liabilities to which Indemnitee is entitled.

Section 3. Determination That Indemnification Is Proper; Presumptions.

(a) Any indemnification to which Indemnitee is entitled pursuant to Sections 1(a) or 1(b) of this Agreement shall (unless otherwise ordered by a court) be made by the Corporation unless a determination is made that indemnification of Indemnitee is not proper in the circumstances because Indemnitee failed to act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action, suit or proceeding, Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful. Any such determination shall be made, (i) by a majority vote of the Disinterested Directors, even if less than a quorum, (ii) by a majority vote of a committee of Disinterested Directors designated by majority vote of Disinterested Directors, even if less than a quorum, (iii) by a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote on the matter, voting as a single class, which quorum shall consist of stockholders who are not at that time parties to the Proceeding in question, (iv) by Independent Legal Counsel, or (v) by a court of competent jurisdiction; provided, however, that if a Change in Control shall have occurred or indemnification is sought in connection with a Company Authorized Proceeding, an indemnification determination hereunder shall be made by Independent Legal Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee.

(b) In making any determination with respect to whether Indemnitee has acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action, suit or proceeding, Indemnitee had no reasonable cause to believe Indemnitee's conduct was unlawful, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to Indemnification under this agreement unless clear and convincing evidence to the contrary is adduced.

(c) The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action was taken in good faith reliance on the records or books of account of the Corporation, including financial statements, or on information

supplied to Indemnitee by the officers of the Corporation in the course of their duties, or on the advice of legal counsel for the Corporation or on information or records given or reports made to the Corporation by an independent certified public accountant or by an appraiser or other expert selected by the Corporation. The provisions of this Section 3(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have acted in good faith for purposes of any determination under this Agreement.

(e) A person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

(f) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of the Corporation or any other enterprise shall not be imputed to Indemnitee for purposes of any determination made under this Agreement.

Section 4. Advance Payment of Expenses; Notification and Defense of Claim; Witness Expenses.

(a) Expenses incurred by Indemnitee in defending a threatened or pending civil, criminal, administrative or investigative action, suit or proceeding, or in connection with an action by Indemnitee pursuant to Section 5(b), shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding within thirty (30) days after receipt by the Corporation of (i) a statement or statements from Indemnitee requesting such advance or advances from time to time, and (ii) an executed undertaking by or on behalf of Indemnitee to repay such amount or amounts if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Corporation for such Expenses. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment. Advances shall be unsecured and interest-free.

(b) Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee shall, if a claim for indemnity or advancement of Expenses is to be made against the Corporation hereunder, notify the Corporation of the commencement thereof; provided, however, that any failure to promptly notify the Corporation of the commencement of the action, suit or proceeding, or Indemnitee's request for indemnification, will not relieve the Corporation from any liability that it may have to Indemnitee hereunder, except to the extent the Corporation is actually and materially prejudiced in its defense of such action, suit or proceeding as a result of such failure.

(c) In the event the Corporation shall be obligated pursuant to Section 4(a) to advance amounts of Expenses incurred by Indemnitee with respect to a Proceeding, and except as otherwise set forth in this Section 4(c), the Corporation shall be entitled to assume the defense of such action, suit or proceeding, with counsel reasonably acceptable to Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Corporation, the Corporation will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (1) Indemnitee shall have the right to employ Indemnitee's own counsel in such Proceeding at Indemnitee's expense and (2) if (i) the employment of separate counsel by Indemnitee has been previously authorized in writing by the Corporation, (ii) at any time during the Proceeding, counsel to the Corporation or Indemnitee shall have reasonably concluded that there may be a conflict of interest or position, or reasonably believes that a conflict is likely to arise, between the Corporation and Indemnitee with respect to any significant issue in the conduct of any such defense or (iii) the Corporation shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of

the Corporation, except as otherwise expressly provided by this Agreement. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim (X) brought by or in the right of the Corporation, (Y) as to which counsel for the Corporation or Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above or (Z) that involves criminal charges being brought solely against the Indemnitee and does not otherwise implicate the Corporation. The Corporation or the Indemnitee, as the case may be, shall not settle any Proceeding (in whole or in part) as to which it has assumed the defense pursuant to this Section 4(c) in any manner which would impose any Expense, judgment, Liability or limitation on the other party without such party's prior written consent, such consent not to be unreasonably withheld.

(d) Notwithstanding any other provision of this Agreement to the contrary, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, made a witness in or otherwise subjected to non-party discovery or other process with respect to any action, suit, claim, counterclaim, cross claim, hearing, arbitration or other alternate dispute resolution mechanism, proceeding, or investigation (in each case, whether formal or informal, and whether civil, criminal, regulatory, administrative, arbitrative or investigatory) at a time when Indemnitee is not a party to such action, suit, claim, counterclaim, cross claim, hearing, arbitration or other alternate dispute resolution mechanism, proceeding, or investigation (in each case, whether formal or informal, and whether civil, criminal, regulatory, administrative, arbitrative or investigatory), the Corporation shall indemnify Indemnitee against all expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 5. Procedure for Indemnification

(a) To obtain indemnification hereunder, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification hereunder. Any expenses incurred by Indemnitee in so cooperating shall be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification with respect to the underlying Proceeding for which indemnification is being sought) and the Corporation shall indemnify and hold Indemnitee harmless therefrom.

(b) The Corporation's determination whether to grant Indemnitee's indemnification request shall be made promptly, and in any event within 60 days following receipt of a request for indemnification pursuant to Section 5(a). The right to indemnification as granted by Section 1 of this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or fails to respond within such 60-day period. It shall be a defense to any such action (other than an action brought to enforce a claim for the advancement of costs, charges and expenses under Section 4 hereof where the required undertaking, if any, has been received by the Corporation) that Indemnitee has failed to act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action, suit or proceeding, Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful, but the burden of proving such defense, by clear and convincing evidence, shall be on the Corporation. Neither (i) the failure of the Corporation (or its Board of Directors, one of its committees, its Independent Legal Counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of Indemnitee is proper in the circumstances because Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any

criminal action, suit or proceeding, Indemnitee had no reasonable cause to believe Indemnitee's conduct was unlawful, nor (ii) the fact that there has been an actual determination by the Corporation (or its Board of Directors, one of its committees, its Independent Legal Counsel, or its stockholders, as applicable) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has or has not met the applicable standard of conduct. The Indemnitee's expenses (including attorneys' fees) incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding or otherwise shall also be indemnified by the Corporation.

(c) The Indemnitee shall be presumed to be entitled to indemnification under this Agreement upon submission of a request for indemnification pursuant to this Section 5, and the Corporation shall have the burden of proof in overcoming that presumption in reaching a determination contrary to that presumption. Such presumption shall be used as a basis for a determination of entitlement to indemnification unless the Corporation overcomes such presumption by clear and convincing evidence.

(d) If it is determined that Indemnitee is entitled to indemnification, payment shall be timely made after that determination.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of any Proceeding.

Section 6. Insurance; Subrogation; Other Indemnitors.

(a) The Corporation hereby covenants and agrees to use commercially reasonable efforts to purchase and maintain Directors' and Officers' liability insurance ("D&O Insurance") from established and reputable carriers in reasonable amounts on behalf of Indemnitee who is or was a director or officer of the Corporation, and may purchase and maintain insurance on behalf of Indemnitee who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against, and incurred by, Indemnitee or on Indemnitee's behalf in any such capacity, or arising out of Indemnitee's status as such, whether or not the Corporation would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement. Indemnitee shall be covered by the Corporation's D&O Insurance in accordance with its or their terms to the maximum extent of the coverage available for any similarly-situated director or officer under such policy or policies. Upon written request by Indemnitee, the Corporation shall provide copies of all policies of D&O Insurance applicable to the Corporate Status of Indemnitee obtained and maintained in accordance with this Section 6(a).

(b) If the Corporation has such insurance in effect at the time the Corporation receives from Indemnitee any notice of the commencement of a Proceeding, the Corporation shall give prompt notice of the commencement of such Proceeding to the insurer(s) in accordance with the procedures set forth in the applicable policy or policies of insurance. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policy. The failure or refusal of any such insurer to pay any such amount shall not affect or impair the obligations of the Corporation under this Agreement.

(c) In the event of any payment by the Corporation under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any other party, including, without limitation, under any applicable policy of insurance and Indemnitee shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights in accordance with the terms of such insurance

policy. The Corporation shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

(d) The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) if and to the extent of those amounts received by or on behalf of Indemnitee from any other third party, whether pursuant to any insurance policy, contract, agreement or otherwise.

Section 7. Certain Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) The term "Change in Control" means a change in control of the Corporation occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if after the date hereof:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 15% or more of the outstanding shares entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to the time such person becomes such a beneficial owner; or

(ii) there occurs a proxy contest, or the Corporation is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or

(iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) shall cease for any reason other than death or disability to constitute a majority of the Board of Directors then in office.

(b) The term "Corporate Status" means the status of or service by Indemnitee in the capacity of a director, officer, employee or agent of the Corporation or, at the request of the Corporation, as a director, officer, trustee, administrator, general partner, managing member, fiduciary, board of directors' committee member, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise The term "Corporate Status" shall be broadly construed and shall include, without limitation, any actual or alleged act or omission to act in such capacity. For purposes of this Agreement, Indemnitee's service shall be deemed to be "at the request of the Corporation" if such service is (i) with respect to any subsidiary of DENTSPLY SIRONA Inc., or (ii) as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; provided, however, that this list is intended to be illustrative not exhaustive and nothing contained herein shall serve to limit the circumstances under which Indemnitee may be deemed to be serving "at the request of the Corporation" for purposes of this Agreement.

(c) The term “Corporation” shall, in addition to DENTSPLY SIRONA Inc., be defined for purposes hereunder to include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

(d) The term “Disinterested Directors” means those directors who are not and were not parties to, or threatened to be made a party to, the Proceeding that is the subject of the deliberations in question.

(e) The term “Expenses” means all direct and indirect costs (including without limitation attorneys’ fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) actually and reasonably incurred by or on behalf of Indemnitee in connection with (i) prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or (ii) establishing, interpreting, defending or enforcing a right to indemnification under this Agreement, the Company’s By-laws, Section 145 of the General Corporation Law of the State of Delaware or otherwise. “Expenses” also shall include (1) amounts incurred in connection with any appeal resulting from any Proceeding, including the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent; (2) any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement (on a grossed up basis); and (3) any interest, assessments or other charges in respect of the foregoing. For purposes of this Agreement, the parties agree that the term “Expenses” in any instance shall be broadly construed, and that the above list is intended to be illustrative and not exhaustive and nothing contained therein shall serve to limit the possible scope of costs considered to be “Expenses” hereunder, *provided*, *however*, for the avoidance of doubt, “Expenses” shall not include any Liabilities.

(f) The term “Independent Legal Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Corporation, the Indemnitee or one of the other directors of the Corporation in any matter material to any such party, or (ii) any other party to the action, suit or proceeding giving rise to a claim for indemnification hereunder. Independent Legal Counsel shall be selected by the Corporation, with the approval of Indemnitee, which approval will not be unreasonably withheld; provided, however, that Independent Legal Counsel shall be selected by Indemnitee, with the approval of the Board of Directors, which approval will not be unreasonably withheld (i) from and after the occurrence of a Change in Control, and (ii) in connection with an action, suit or proceeding by or in the right of the Corporation authorized or not disapproved by the Board of Directors alleging claims against Indemnitee that, if sustained, reasonably might give rise to a judgment for money damages of more than $1,000,000 and/or injunctive relief (“Company Authorized Proceeding”). The fees and costs of Independent Legal Counsel shall be paid by the Corporation.

(g) The term “Liabilities” means any direct or indirect payments, losses or liabilities of any type or nature whatsoever, including, without limitation, any judgments, fines (including any excise taxes assessed with respect to any employee benefit plan), penalties, third party attorneys’ fees, amounts paid in settlement, arbitration or mediation, or amounts forfeited or reimbursed (including all interest, assessments and other charges paid or payable in

connection with or in respect of any of the foregoing), arising out of or in connection with any Proceeding; *provided, however*, that "Liabilities" shall not include any Expenses.

(h) The term "Proceeding" means any threatened, pending or completed action, suit, claim, counterclaim, cross claim, hearing, arbitration or other alternate dispute resolution mechanism, proceeding, or investigation (in each case, whether formal or informal, and whether civil, criminal, regulatory, administrative, arbitrative or investigatory) commenced by or on behalf of a third party, a government agency, the Corporation, its Board of Directors, or a committee thereof, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the Corporate Status of Indemnitee, or by reason of by reason of any action alleged to have been taken or omitted while serving in any Corporate Status, and, for purposes of clarity, shall include any demand or claim for contribution brought against Indemnitee by reason of Indemnitee's Corporate Status by any director, officer, employee or agent of the Company, other than Indemnitee, based upon or alleging the joint liability of Indemnitee. For purposes of this Agreement, "Proceeding" shall also include any inquiry, hearing, written demand, or other circumstances that Indemnitee believes in good faith may lead to the institution or initiation of any of the aforementioned. For purposes of this Agreement, the term "Proceeding" in any instance shall be broadly construed to include all preparatory and procedural aspects thereof, including, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony or the collection, preservation or production of documents with respect to such Proceeding.

Section 8. Limitation on Indemnification. Notwithstanding any other provision herein to the contrary, the Corporation shall not be obligated pursuant to this Agreement**:**

(a) *Claims Initiated by Indemnitee.* To indemnify or advance expenses to Indemnitee with respect to an action, suit or proceeding (or part thereof) initiated by Indemnitee, except with respect to an action, suit or proceeding brought to establish or enforce a right to indemnification (which shall be governed by the provisions of Section 8(b) of this Agreement), unless such action, suit or proceeding (or part thereof) was authorized or consented to in writing by the Board of Directors of the Corporation;

(b) *Action for Indemnification.* To indemnify Indemnitee for any expenses incurred by Indemnitee with respect to any action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, unless Indemnitee is successful in establishing Indemnitee's right to indemnification in such action, suit or proceeding, in whole or in part, or unless and to the extent that the court in such action, suit or proceeding shall determine that, despite Indemnitee's failure to establish their right to indemnification, Indemnitee is entitled to indemnity for such expenses; provided, however, that nothing in this Section 8(b) is intended to limit the Corporation's obligation with respect to the advancement of expenses to Indemnitee in connection with any such action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, as provided in Section 4 hereof, or to indemnify Indemnitee for expenses incurred by Indemnitee in the course of cooperating with the Corporation in the process for determining Indemnitee's rights to indemnification, as provided in Section 5 hereof;

(c) *Section 16 Violations*. To indemnify Indemnitee on account of any Proceeding with respect to which final judgment is rendered against Indemnitee for payment or an accounting of profits arising from the purchase or sale by Indemnitee of securities subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute (the "Exchange Act");

(d) *Sarbanes-Oxley; Clawbacks*. To indemnify Indemnitee for any reimbursement of the Corporation by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Corporation, as required in each case under the Exchange Act or applicable law (including

without limitation (i) any such reimbursements that arise from an accounting restatement of the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") or Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (ii) the payment to the Corporation of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act or (iii) any such recoupments or reimbursements that arise pursuant to any compensation recoupment or clawback policy adopted by the Board or any committee of the Board, including, but not limited to, any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act;);

(e) *ERISA.* To indemnify Indemnitee for amounts for which the Indemnitee may not be indemnified pursuant to Section 410(a) of ERISA;

(f) *Non-compete and Non-disclosure*. To indemnify Indemnitee in connection with Proceedings involving the enforcement of non-compete and/or non-disclosure agreements or the non-compete and/or non-disclosure provisions of employment, consulting or similar agreements the Indemnitee may be a party to with the Corporation, or any subsidiary of the Corporation or any other applicable foreign or domestic corporation, partnership, joint venture, trust or other enterprise, if any.

Section 9. Certain Settlement Provisions. Notwithstanding any other provision of this Agreement, the Corporation shall have no obligation to indemnify Indemnitee under this Agreement for amounts paid in settlement of any Proceeding undertaken without the Corporation's prior written consent, which shall not be unreasonably withheld. The Corporation shall not settle any action, suit or proceeding in any manner that would impose any Expense, judgment, Liability, obligation or limitation on Indemnitee without Indemnitee's prior written consent, such consent not to be unreasonably withheld.

Section 10. Savings Clause. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 11. Contribution.

(a) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or in part, it is agreed that, in such event, the Corporation shall, to the fullest extent permitted by law and in lieu of indemnifying Indemnitee with respect thereto, contribute to the payment of Indemnitee's Expenses and Liabilities incurred with respect to any Proceeding, in an amount that is just and equitable in the circumstances, in order to reflect (a) the relative benefits received by the Corporation and Indemnitee, respectively, as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (b) the relative fault of the Corporation (and its directors, officers, employees and agents other than Indemnitee) and Indemnitee, respectively, in connection with such event(s) and/or transaction(s), and taking into account, among other things, contributions by other directors and officers of the Corporation or others pursuant to indemnification agreements or otherwise; provided, that, without limiting the generality of the foregoing, such contribution shall not be required where such holding by the

court is due to (i) the failure of Indemnitee to act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action, suit or proceeding, Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful, or (ii) any limitation on indemnification set forth in Section 6(d), 8 or 9 hereof.

Section 12. Form and Delivery of Communications. Any notice, request or other communication required or permitted to be given to the parties under this Agreement shall be in writing and either delivered in person, sent by overnight mail, courier service, or certified or registered mail, return receipt requested, postage prepaid, or transmitted by electronic mail or similar electronic communication, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice):

If to the Corporation:

_____
_____
_____

If to Indemnitee, at the address set forth on the signature page hereto.

Section 13. Subsequent Legislation. If the General Corporation Law of Delaware is amended after adoption of this Agreement to expand further the indemnification permitted to directors or officers, then the Corporation shall indemnify Indemnitee to the fullest extent permitted by the General Corporation Law of Delaware, as so amended.

Section 14. Nonexclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Corporation's Certificate of Incorporation or By-laws, in any court in which a proceeding is brought, the vote of the Corporation's stockholders or disinterested directors, other agreements or otherwise, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Corporation and shall inure to the benefit of the heirs, executors and administrators of Indemnitee. No amendment or alteration of the Corporation's Certificate of Incorporation or By-laws or any other agreement shall adversely affect the rights provided to Indemnitee under this Agreement.

Section 15. Enforcement. The Corporation shall be precluded from asserting in any judicial proceeding that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Corporation agrees that its execution of this Agreement shall constitute a stipulation by which it shall be irrevocably bound in any court of competent jurisdiction in which a proceeding by Indemnitee for enforcement of his rights hereunder shall have been commenced, continued or appealed, that its obligations set forth in this Agreement are unique and special, and that failure of the Corporation to comply with the provisions of this Agreement will cause irreparable and irremediable injury to Indemnitee, for which a remedy at law will be inadequate. As a result, in addition to any other right or remedy Indemnitee may have at law or in equity with respect to breach of this Agreement, Indemnitee shall be entitled to injunctive or mandatory relief directing specific performance by the Corporation of its obligations under this Agreement.

Section 16. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

Section 17. Entire Agreement. This Agreement and the documents expressly referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or

agreements with respect to the matters covered hereby are expressly superseded by this Agreement.

Section 18. Term. The rights provided by, or granted pursuant to, this Agreement shall continue as to Indemnitee after he or she has terminated his or her Corporate Status and shall continue until the latest of (i) the expiration of any relevant statutes of limitation or repose applicable to any matters for which Indemnitee may seek indemnification hereunder, and (ii) the final disposition, not subject to further appeal, of any Proceeding, and (iii) the final disposition, not subject to further appeal, of any action by Indemnitee to enforce his or her rights hereunder pursuant to Section 5(b) of this Agreement or otherwise.

Section 19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 20. Successor and Assigns. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

Section 21. Service of Process and Venue. For purposes of any claims or proceedings to enforce this agreement, the Corporation consents to the jurisdiction and venue of any federal or state court of competent jurisdiction in the state of Delaware, and waives and agrees not to raise any defense that any such court is an inconvenient forum or any similar claim.

Section 22. Supersedes Prior Agreement. This Agreement supersedes any prior understandings or agreements between Indemnitee and the Corporation or its predecessors with respect to the subject matter hereof.

Section 23. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware. If a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Corporation of its officers and directors, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

Section 24. Employment Rights. Nothing in this Agreement is intended to create in Indemnitee any right to employment or continued employment.

Section 25. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart.

Section 26. Headings. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered to be effective as of the date first above written.

**DENTSPLY SIRONA INC.**

By: _____

Name:

Title:

Address:
E-mail:
Attention:

**INDEMNITEE**

[NAME]

_____

Address:

Facsimile:
E-mail:

With a copy to:
Address:
Facsimile:
Attention:

*[Signature Page to Indemnification Agreement]*

**Effective February 23, 2022**

**DENTSPLY SIRONA Inc.**

**NON-EMPLOYEE DIRECTOR COMPENSATION POLICY**

## Purpose

DENTSPLY SIRONA Inc. (the "**Company**") believes that the granting of compensation to its members of the Board of Directors (the "**Board**," and members of the Board, "**Directors**") represents a powerful tool to attract, retain and reward Directors of the Company. This Director Compensation Policy (the "**Policy**") is intended to formalize the Company's policy regarding grants of equity and cash compensation to its non-employee Directors. This Policy does not apply to Directors who serve as employees of the Company; such Directors do not receive any additional compensation for their service on the Board.

## Administration

1. The Human Resources Committee of the Board shall evaluate Director compensation in accordance with its charter at least annually at or about the time of the Annual Meeting of Stockholders, and may request the input of the Company's management and an independent compensation consultant of its choosing on the status of compensation of Directors. The Human Resources Committee shall review the Policy and shall make recommendations to the Board for potential amendments. In recommending amendments, the Human Resources Committee shall generally target the Director compensation to be set at the median director compensation of the Company's peer group (as established by the Human Resources Committee), but taking into account such other factors as it deems appropriate. Any amendments to the Cash Annual Retainer section of this Policy shall become effective at the beginning of the next calendar quarter.

2. The Board shall approve the Policy and shall have the authority to construe and interpret the Policy, prescribe, amend and rescind rules relating to the Policy's administration and take any other actions necessary or desirable for the administration of the Policy. The Board may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Policy. The decisions of the Board are final and binding on all persons.

**Cash Annual Retainer**

3. The Company shall pay to Directors annual retainers in cash as follows:

| | |
|---|---|
| All Directors | $100,000 |
| Non-Executive Chairman of the Board (the "**Chairman**"), if any | $75,000 (in addition to cash annual retainer payable to all Directors) |
| Lead Director, if any | $30,000 (in addition to cash annual retainer payable to all Directors) |
| Audit and Finance Committee Chair | $25,000 (in addition to cash annual retainer payable to all Directors) |
| Human Resources Committee Chair | $20,000 (in addition to cash annual retainer payable to all Directors) |
| Corporate Governance and Nominating Committee Chair | $15,000 (in addition to cash annual retainer payable to all Directors) |
| Science and Technology Committee Chair | $15,000 (in addition to cash annual retainer payable to all Directors) |
| Executive Committee Chair | No additional compensation |

Other Directors serving as members of a committee will receive no additional compensation for being a committee member.

4. One quarter of the respective cash annual retainers are payable in advance of each calendar quarter.

**Long-Term Incentive Awards**

5. On the second trading day after each annual meeting of stockholders of the Company, after any stockholder votes are taken on such date, each Director who is to continue to serve as a director is automatically granted, without further action of the Board, an award consisting of a grant of restricted stock units valued at $200,000 (a "**Director Annual Award**").

6. On the second trading day after each annual meeting of stockholders of the Company, after any stockholder votes are taken on such date, the Director who will serve as Non-Executive Chairman of the Board is automatically granted, without further action of the Board, an award consisting of a grant of restricted stock units valued at $100,000, in addition to the Director Annual Award noted above (the "**Chairman Annual Award**"; the Chairman Annual Award collectively with the Director Annual Award, the "**Annual Awards**"). In the event a Chairman is appointed between meetings of stockholders, a prorated grant is automatically made in accordance with provisions of Section 11.

7. The value of one restricted stock unit granted pursuant to this Policy equals the fair market value of the Company's common stock, which is the closing stock price.

8. All Annual Awards vest on the earliest of (1) the date of the next Annual Meeting of Stockholders; (2) the date that is one year from the date of the grant, and (3) the date that a Director attains the age of mandatory retirement pursuant to the Company's Corporate Governance Guidelines/Policies. Annual Awards granted in the form of stock options are exercisable following the vesting for ten years from the grant date. In addition to the foregoing, any outstanding stock option that was granted to a Director who voluntarily resigns on or after such Director's Early Retirement Date (defined below) shall be exercisable, to the extent it has not expired or terminated, until the earlier of (1) five years after the termination of the Director's service and (2) the expiration date of the stock option. For purposes of the foregoing, Early

Retirement Date means the earlier of the date on which the Director attains age 70 or the date on which the Director has 10 years of continuous service on the Board.

9. Upon vesting, the restricted stock units are payable to Directors in shares of common stock unless the Director elects to defer settlement of the restricted stock units to a future date.

10. Directors are entitled to receive dividend equivalents on the restricted stock units in the event the Company pays a regular cash dividend on its common stock.

11. Any Director who becomes a director between annual meetings of stockholders automatically receives, without further action of the Board, a prorated award described above for the remaining term in office, effective on the date of the next meeting of the Board following the appointment of the Director (or upon becoming a Chairman, as applicable).

**General Provisions**

12. The amounts to be paid to Directors under the Policy are unfunded obligations of the Company. The Company is not required to segregate any monies or other assets from its general funds with respect to these obligations. Directors do not have any preference or security interest in any assets of the Company other than as a general unsecured creditor. Directors will be solely responsible for any tax obligations they incur as a result of the equity and cash payments received under this Policy.

13. The Board, in its sole discretion, may change and otherwise revise the terms of the cash compensation granted under this Policy, including, without limitation, the amount of cash compensation to be paid, on or after the date the Board or the Committee determines to make any such change or revision. Any amendments to the Cash Annual Retainer section of this Policy shall become effective at the beginning of the next calendar quarter.

14. Each Annual Award granted pursuant to this Policy is evidenced by an agreement in such form as the Board has authorized, and will be granted pursuant to the 2016 Omnibus Incentive Plan, as amended and restated effective February 14, 2018, or any successor equity incentive plan that has been approved by the stockholders of the Company (the “Plan”), subject to all of the terms and conditions thereof and only to the extent that Shares remain available for issuance under the Plan.

15. Neither the Policy nor any compensation paid hereunder will confer on any Director the right to continue to serve as a member of the Board or in any other capacity. Any and all rights of a Director respecting payments under this Policy may not be assigned, transferred, pledged or encumbered in any manner, other than by will or the laws of descent and distribution, and any attempt to do so is void. This Policy will remain in effect until it is revised or terminated by further action of the Board.

**Exhibit 21.1**

**Subsidiaries of DENTSPLY SIRONA Inc. (the "Company") - December 31, 2021**

1. Augma Bio Materials Ltd. (Israel, 20%)
2. Barracuda Partners, L.P. (Delaware, 25%)
3. Byte AU Pty. Ltd. (Australia)
4. Byte AU Unit Trust (Australia)
5. Byte LLC (Nevada)
6. Byteme Aligners Limited (United Kingdom)
7. Datum Biotech Ltd. (Israel)
8. Datum Dental Ltd. (Israel)
9. DeguDent GmbH (Germany)
10. Dentsply - Sirona Poland SP.z.o.o (Poland)
11. Dentsply (Tianjin) International Trading Co. Ltd. (China)
12. Dentsply Argentina S.A.C.e.I. (Argentina)
13. Dentsply BX Sarl (Luxembourg)
14. Dentsply Canada Ltd. (Canada)
15. Dentsply CH Sarl (Luxembourg)
16. Dentsply Chile Comercial Limitada (Chile)
17. Dentsply De Trey GmbH (Germany)
18. Dentsply Dental (Tianjin) Co. Ltd. (China)
19. Dentsply Dental B.V. (Netherlands)
20. Dentsply Dental S.a.r.l. (Luxembourg)
21. Dentsply Europe S.a.r.l. (Luxembourg)
22. DENTSPLY Finance Co. LLC (Delaware)
23. Dentsply GAC Europe SAS (France)
24. Dentsply Germany Investments GmbH (Germany)
25. Dentsply IH A/S (Denmark)
26. Dentsply IH AB (Sweden)
27. Dentsply IH AS (Norway)
28. Dentsply IH GmbH (Germany)
29. Dentsply IH Holdings GmbH (Germany)
30. Dentsply IH Inc. (Delaware)
31. Dentsply IH Ltd (United Kingdom)
32. Dentsply IH O.O.O. (Russia)
33. Dentsply IH Oy (Finland)
34. DENTSPLY Implants (China) Co. Limited (Hong Kong)
35. DENTSPLY Implants (HK) Co. Limited (Hong Kong)
36. Dentsply Implants Manufacturing GmbH (Germany)
37. Dentsply Implants NV (Belgium)
38. Dentsply India Pvt. Ltd. (India)
39. Dentsply Industria e Comercio Ltda. (Brazil)
40. Dentsply Israel Ltd. (Israel)
41. Dentsply Limited (Cayman Islands)
42. Dentsply LLC (Delaware)
43. Dentsply Mexico, S.A. de C.V. (Mexico)
44. Dentsply Nordics AB (Sweden)
45. DENTSPLY North America LLC (Delaware)
46. Dentsply Peru SAC (Peru)
47. Dentsply Russia Limited (United Kingdom)
48. Dentsply Sirona (N.Z.) Limited (New Zealand)
49. DENTSPLY SIRONA (PHILS.), INC. (Philippines)
50. Dentsply Sirona (Schweiz) AG (Switzerland)
51. Dentsply Sirona (Thailand) Ltd. (Thailand)
52. Dentsply Sirona Austria GmbH (Austria)
53. Dentsply Sirona Benelux B.V. (Netherlands)

54. Dentsply Sirona Dental Solutions (Shanghai) Co. Ltd. (China)
55. Dentsply Sirona Deutschland GmbH (Germany)
56. Dentsply Sirona Europe GmbH (Austria)
57. Dentsply Sirona France S.A.S. (France)
58. Dentsply Sirona Holdings Inc. (Delaware)
59. Dentsply Sirona Iberia S.A. (Spain)
60. Dentsply Sirona Implants Taiwan Co., Ltd. (Taiwan)
61. Dentsply Sirona Italia SrL (Italy)
62. DENTSPLY Sirona K.K. (Japan)
63. DENTSPLY Sirona Korea Limited (Korea)
64. Dentsply Sirona Malaysia Sdn Bhd (Malaysia)
65. Dentsply Sirona O.O.O. (Russia)
66. Dentsply Sirona Orthodontics Inc. (Delaware)
67. Dentsply Sirona Pty. Ltd. (Australia)
68. Dentsply Sirona Real Estate GmbH (Germany)
69. Dentsply Sirona Singapore Pte. Ltd. (Singapore)
70. Dentsply Sirona Slovakia s.r.o. (Slovakia)
71. Dentsply Sirona South Africa (Proprietary) Limited (South Africa)
72. Dentsply Sirona Switzerland Sarl (Switzerland)
73. Dentsply Sirona Vietnam Company Limited (Vietnam)
74. Dentsply South Africa (Pty.) Ltd. (South Africa)
75. Dentsply Sweden AB (Sweden)
76. Dentsply Turkey Diş Hekimliği Ürünleri A.Ş (Turkey)
77. Dentsply Ukraine LLC (Ukraine)
78. Dentsply US Inc. (Delaware)
79. DS Dental Instruments Sarl (Switzerland)
80. DS Dental Instruments SRL (Barbados)
81. DS International Services Inc. (Delaware)
82. DS Rep B.V. (Netherlands)
83. E.S. Healthcare NV (Belgium)
84. E.S. Tooling NV (Belgium)
85. GAC Deutschland GmbH (Germany)
86. GAC International Asia Pte. Ltd. (Singapore, 50%)
87. GAC SA (Switzerland)
88. JCM International Inc. (Delaware)
89. Maillefer Instruments Holding S.a.r.l. (Switzerland)
90. Maillefer Instruments Plus Sarl (Switzerland)
91. Medical 3 Importacion Service Iberica S.L. (Spain)
92. Megalopolis Dental S.A. de C.V. (Mexico)
93. MHT Optic Research AG (Switzerland)
94. Minnesota Medical Technologies Corporation (Minnesota – 10.71%)
95. MIS Asia Pacific Limited (Hong Kong)
96. MIS Germany GmbH (Germany)
97. MIS Implants Technologies France SRL (France)
98. MIS Implants Technologies GmbH (Germany)
99. MIS Implants Technologies HK Limited (Hong Kong)
100. MIS Implants Technologies Ltd. (Israel)
101. MIS Implants Technologies UK Limited (United Kingdom)
102. MİSDENT Implants Diş Ürünleri Sanayi Ticaret Anonim Şirketi (Turkey)
103. New Britain Medical Supplies, Inc. (Connecticut)
104. Oasis Medikal Urunler Kimya Turizm Sanayi Ve Ticaret Anonim Sirketi (Turkey)
105. Ohio IC Company (Delaware)
106. OraMetrix GmbH (Germany)
107. OraMetrix Pty. Ltd. (Australia)
108. OraMetrix S.R.L. (Costa Rica)
109. Ortho Concept Sarl (France)
110. Orthodental, S.A. de C.V. (Mexico)
111. Prident (Shanghai) Dental Medical Devices Co., Ltd. (China)
112. Prident International, Inc. (California)

113. PT Dedent Supply (Indonesia)
114. PT Dentsply Indonesia (Indonesia)
115. Qi An Hua Rui (Beijing) Technology Ltd. (China)
116. SCI 2R (France)
117. Sirona Dental a/s (Denmark)
118. Sirona Dental Comércio de Produtos e Sistemas Odontológicos Ltda. (Brazil)
119. Sirona Dental GmbH (Austria)
120. Sirona Dental Limited Sirketi (Turkey)
121. Sirona Dental Mexico, S. de R.L. de C.V. (Mexico)
122. Sirona Dental Services GmbH (Germany)
123. Sirona Dental Systems (Foshan) Co., Ltd. (China)
124. Sirona Dental Systems (HK) Ltd. (Hong Kong)
125. Sirona Dental Systems Co., Ltd (Thailand, 74.649%)
126. SIRONA Dental Systems GmbH (Germany)
127. Sirona Dental Systems LLC (Delaware)
128. Sirona Dental Systems O.O.O. (Russia)
129. Sirona Dental Systems Private Ltd. (India)
130. Sirona Dental Systems Trading, LLC (United Arab Emirates, 49%)
131. Sirona Dental, Inc. (Delaware)
132. SIRONA Immobilien GmbH (Germany)
133. Sirona Technologie GmbH & Co. KG (Germany)
134. SIRONA Verwaltungs GmbH (Germany)
135. Societe de Recherche Techniques Dentaires SAS (France)
136. Straight Smile Limitada (Costa Rica)
137. Straight Smile, LLC (Delaware)
138. Teeth Network Limited (United Kingdom)
139. The Dental Trading Co., Ltd. (Thailand, 49.8%)
140. Trevally Holdings Limited (United Kingdom, 20%)
141. Tulsa Dental Products LLC (Delaware)
142. Tuzodent S.A. de C.V. (Mexico)
143. VDW GmbH (Germany)
144. VIPI Indústria, Comércio, Exportação e Importação de Produtos Odontológicos Ltda. (Brazil)
145. Wellspect AB (Sweden)
146. Wellspect ApS (Denmark)
147. Wellspect B.V. (Netherlands)
148. Wellspect Healthcare GmbH (Austria)
149. Wellspect Inc. (Delaware)
150. Wellspect Ltd. (United Kingdom)
151. Wellspect AS (Norway)
152. Wellspect Oy (Finland)
153. Wellspect S.A.S. (France)
154. Wellspect S.L. (Spain)
155. Wellspect Srl (Italy)
156. Zetta25 AG (Switzerland)
157. Zhermack GmbH Deutschland (Germany)
158. Zhermack SpA (Italy)
159. ZST Holdings Inc. (Canada, 16.2%)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-238200) and Form S-8 (Nos. 333-225168 and 333-209791) of Dentsply Sirona Inc. of our report dated March 1, 2022 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 1, 2022

Exhibit 31.1

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

I, Donald M. Casey, Jr, certify that:

1. I have reviewed this Form 10-K 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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ *Donald M. Casey, Jr*
Donald M. Casey, Jr
Chief Executive Officer

Date: March 1, 2022

Exhibit 31.2

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

I, Jorge M. Gomez, certify that:

1. I have reviewed this Form 10-K 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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ *Jorge M. Gomez*
Jorge M. Gomez
Executive Vice President and Chief Financial Officer

Date: March 1, 2022

Exhibit 32

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of DENTSPLY SIRONA Inc. (the "Company") on Form 10-K for the year ending December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), We, Donald M. Casey Jr. Chief Executive Officer of the Company and Jorge M. Gomez, 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/ *Donald M. Casey Jr.*
Donald M. Casey Jr.
Chief Executive Officer

/s/ *Jorge M. Gomez*
Jorge M. Gomez
Executive Vice President and Chief Financial Officer

Date: March 1, 2022