

REFINITIV

DELTA REPORT

10-Q

NVST - ENVISTA HOLDINGS CORP

10-Q - SEPTEMBER 29, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1063
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■ CHANGES	243
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■ DELETIONS	366
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■ ADDITIONS	454
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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


For the quarterly period ended **June 30, 2023** **September 29, 2023**

OR

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

For the transition period from ____ to ____

Commission File Number: 001-39054

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ENVISTA HOLDINGS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

200 S. Kraemer Blvd., Building E

Brea, California

(Address of Principal Executive Offices)

83-2206728

(I.R.S. Employer Identification Number)

92821-6208

(Zip Code)

Registrant's telephone number, including area code: 714-817-7000

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Trading symbol(s)

Name of each exchange on which registered

Common stock, \$0.01 par value

NVST

New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

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

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

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☐

The number of shares of common stock outstanding as of **July 28, 2023** **October 27, 2023**, was **163,823,852** **171,402,370**.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ENVISTA HOLDINGS CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (\$ in millions, except share amounts)

		As of		As of	
		June 30, 2023	December 31, 2022	September 29, 2023	December 31, 2022
ASSETS	ASSETS			ASSETS	
Current assets:	Current assets:			Current assets:	
Cash and cash equivalents	Cash and cash equivalents	\$ 651.7	\$ 606.9	Cash and cash equivalents	\$ 824.2
Trade accounts receivable, less allowance for credit losses of \$16.3 and \$16.2, respectively		415.2	393.5		\$ 606.9
Trade accounts receivable, less allowance for credit losses of \$16.0 and \$16.2, respectively					
Inventories, net	Inventories, net	297.0	300.8	Inventories, net	417.1
Prepaid expenses and other current assets	Prepaid expenses and other current assets	125.0	123.4	Prepaid expenses and other current assets	393.5
Total current assets	Total current assets	1,488.9	1,424.6	Total current assets	278.8
					300.8
					120.6
					123.4
					1,640.7
					1,424.6

Property, plant and equipment, net	Property, plant and equipment, net	300.1	293.6	Property, plant and equipment, net	304.0	293.6
Operating lease right-of-use assets	Operating lease right-of-use assets	129.6	131.8	Operating lease right-of-use assets	126.6	131.8
Other long-term assets	Other long-term assets	151.7	153.7	Other long-term assets	152.9	153.7
Goodwill	Goodwill	3,493.8	3,496.6	Goodwill	3,458.2	3,496.6
Other intangible assets, net	Other intangible assets, net	1,043.1	1,086.7	Other intangible assets, net	1,001.4	1,086.7
Total assets	Total assets	\$ 6,607.2	\$ 6,587.0	Total assets	\$ 6,683.8	\$ 6,587.0
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY			LIABILITIES AND EQUITY		
Current liabilities:	Current liabilities:			Current liabilities:		
Short-term debt	Short-term debt	\$ 511.5	\$ 510.0	Short-term debt	\$ 115.1	\$ 510.0
Trade accounts payable	Trade accounts payable	176.8	228.3	Trade accounts payable	168.6	228.3
Accrued expenses and other liabilities	Accrued expenses and other liabilities	434.0	471.4	Accrued expenses and other liabilities	433.7	471.4
Operating lease liabilities	Operating lease liabilities	28.5	27.0	Operating lease liabilities	29.4	27.0
Total current liabilities	Total current liabilities	1,150.8	1,236.7	Total current liabilities	746.8	1,236.7
Operating lease liabilities	Operating lease liabilities	116.8	121.4	Operating lease liabilities	112.3	121.4
Other long-term liabilities	Other long-term liabilities	153.0	151.3	Other long-term liabilities	150.5	151.3
Long-term debt	Long-term debt	875.6	870.7	Long-term debt	1,381.0	870.7
Commitments and contingencies	Commitments and contingencies			Commitments and contingencies		
Stockholders' equity:	Stockholders' equity:			Stockholders' equity:		
Preferred stock, \$0.01 par value, 15.0 million shares authorized; no shares issued or outstanding at June 30, 2023 and December 31, 2022		—	—			
Common stock - \$0.01 par value, 500.0 million shares authorized; 164.5 million shares issued and 163.8 million shares outstanding at June 30, 2023; 163.7 million shares issued and 163.2 million shares outstanding at December 31, 2022		1.6	1.6			
Preferred stock, \$0.01 par value, 15.0 million shares authorized; no shares issued or outstanding at September 29, 2023 and December 31, 2022				Preferred stock, \$0.01 par value, 15.0 million shares authorized; no shares issued or outstanding at September 29, 2023 and December 31, 2022	—	—
Common stock - \$0.01 par value, 500.0 million shares authorized; 173.2 million shares issued and 171.3 million shares outstanding at September 29, 2023; 163.7 million shares issued and 163.2 million shares outstanding at December 31, 2022				Common stock - \$0.01 par value, 500.0 million shares authorized; 173.2 million shares issued and 171.3 million shares outstanding at September 29, 2023; 163.7 million shares issued and 163.2 million shares outstanding at December 31, 2022	1.7	1.6
Additional paid-in capital	Additional paid-in capital	3,719.2	3,699.0	Additional paid-in capital	3,749.7	3,699.0
Retained earnings	Retained earnings	827.1	731.4	Retained earnings	848.6	731.4

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(236.9)	(225.1)	Accumulated other comprehensive loss	(306.8)	(225.1)
Total stockholders' equity	Total stockholders' equity	4,311.0	4,206.9	Total stockholders' equity	4,293.2	4,206.9
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 6,607.2	\$ 6,587.0	Total liabilities and stockholders' equity	\$ 6,683.8	\$ 6,587.0

See the accompanying Notes to the Condensed Consolidated Financial Statements.

ENVISTA HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(\$ and shares in millions, except per share amounts)

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended		
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022	
Sales	Sales	\$ 662.4	\$ 645.8	\$ 1,289.6	\$ 1,277.2	Sales	\$ 631.3	\$ 631.1	\$ 1,920.9	\$ 1,908.3	
Cost of sales	Cost of sales	283.8	276.0	548.3	533.3	Cost of sales	268.0	266.4	816.3	799.7	
Gross profit	Gross profit	378.6	369.8	741.3	743.9	Gross profit	363.3	364.7	1,104.6	1,108.6	
Operating expenses:	Operating expenses:					Operating expenses:					
Selling, general and administrative	Selling, general and administrative	272.9	279.5	539.0	537.7	Selling, general and administrative	257.7	264.2	796.7	801.9	
Research and development	Research and development	26.8	25.1	51.3	49.5	Research and development	22.3	26.0	73.6	75.5	
Operating profit	Operating profit	78.9	65.2	151.0	156.7	Operating profit	83.3	74.5	234.3	231.2	
Nonoperating income (expense):											
Other income		7.1	0.3	7.4	0.6						
Nonoperating (expense) income:							Nonoperating (expense) income:				
Other (expense) income								(32.1)	0.3	(24.7)	0.9
Interest expense, net	Interest expense, net	(17.4)	(6.4)	(34.1)	(12.3)	Interest expense, net	(15.4)	(11.6)	(49.5)	(23.9)	
Income before income taxes	Income before income taxes	68.6	59.1	124.3	145.0	Income before income taxes	35.8	63.2	160.1	208.2	
Income tax expense	Income tax expense	16.7	14.6	28.6	30.1	Income tax expense	14.3	13.6	42.9	43.7	
Income from continuing operations, net of tax	Income from continuing operations, net of tax	51.9	44.5	95.7	114.9	Income from continuing operations, net of tax	21.5	49.6	117.2	164.5	
Income from discontinued operations, net of tax (Note 3)		—	2.6	—	7.1						
(Loss) income from discontinued operations, net of tax (Note 3)							(Loss) income from discontinued operations, net of tax (Note 3)				
Net income	Net income	\$ 51.9	\$ 47.1	\$ 95.7	\$ 122.0	Net income	\$ 21.5	\$ 47.6	\$ 117.2	\$ 169.6	
Earnings per share:	Earnings per share:					Earnings per share:					

Earnings from continuing operations - basic	Earnings from continuing operations - basic	\$	0.32	\$	0.27	\$	0.58	\$	0.71	Earnings from continuing operations - basic	\$	0.13	\$	0.30	\$	0.71	\$	1.01
Earnings from continuing operations - diluted	Earnings from continuing operations - diluted	\$	0.29	\$	0.25	\$	0.54	\$	0.64	Earnings from continuing operations - diluted	\$	0.12	\$	0.28	\$	0.66	\$	0.92
Earnings from discontinued operations - basic	Earnings from discontinued operations - basic	\$	—	\$	0.02	\$	—	\$	0.04									
Earnings from discontinued operations - diluted	Earnings from discontinued operations - diluted	\$	—	\$	0.01	\$	—	\$	0.04									
(Loss) earnings from discontinued operations - basic	(Loss) earnings from discontinued operations - basic									(Loss) earnings from discontinued operations - basic	\$	—	\$	(0.01)	\$	—	\$	0.03
(Loss) earnings from discontinued operations - diluted	(Loss) earnings from discontinued operations - diluted									(Loss) earnings from discontinued operations - diluted	\$	—	\$	(0.01)	\$	—	\$	0.03
Earnings - basic	Earnings - basic	\$	0.32	\$	0.29	\$	0.58	\$	0.75	Earnings - basic	\$	0.13	\$	0.29	\$	0.71	\$	1.04
Earnings - diluted	Earnings - diluted	\$	0.29	\$	0.26	\$	0.54	\$	0.68	Earnings - diluted	\$	0.12	\$	0.27	\$	0.66	\$	0.95
Average common stock and common equivalent shares outstanding:	Average common stock and common equivalent shares outstanding:									Average common stock and common equivalent shares outstanding:								
Basic	Basic		164.0		162.9		163.8		162.6	Basic		168.2		163.1		165.3		162.7
Diluted	Diluted		176.3		178.5		176.9		179.2	Diluted		175.2		176.9		176.3		178.4

See the accompanying Notes to the Condensed Consolidated Financial Statements.

ENVISTA HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(\$ in millions)

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Net income	Net income	\$ 51.9	\$ 47.1	\$ 95.7	\$ 122.0	Net income	\$ 21.5	\$ 47.6	\$ 117.2	\$ 169.6
Other comprehensive income (loss), net of income taxes:	Other comprehensive income (loss), net of income taxes:					Other comprehensive income (loss), net of income taxes:				
Foreign currency translation adjustments	Foreign currency translation adjustments	(25.9)	(72.9)	(11.1)	(132.5)	Foreign currency translation adjustments	(69.6)	(116.6)	(80.7)	(249.1)
Cash flow hedge adjustments	Cash flow hedge adjustments	—	0.5	—	1.9	Cash flow hedge adjustments	—	(0.2)	—	1.7
Pension plan adjustments	Pension plan adjustments	(0.4)	(0.1)	(0.7)	(0.2)	Pension plan adjustments	(0.3)	(0.1)	(1.0)	(0.3)

Total other comprehensive loss, net of income taxes	Total other comprehensive loss, net of income taxes	(26.3)	(72.5)	(11.8)	(130.8)	Total other comprehensive loss, net of income taxes	(69.9)	(116.9)	(81.7)	(247.7)
Comprehensive income (loss)		\$ 25.6	\$ (25.4)	\$ 83.9	\$ (8.8)					
Comprehensive (loss) income						Comprehensive (loss) income	\$ (48.4)	\$ (69.3)	\$ 35.5	\$ (78.1)

See the accompanying Notes to the Condensed Consolidated Financial Statements.

ENVISTA HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)
(\$ in millions)

		Six Months Ended June 30, 2023					Nine Months Ended September 29, 2023					
		Additional		Accumulated		Total	Additional		Accumulated		Total	
		Common	Paid-in	Retained	Other		Common	Paid-in	Retained	Other		
		Stock	Capital	Earnings	Loss	Equity	Stock	Capital	Earnings	Loss	Equity	
Balance, December 31, 2022	Balance, December 31, 2022	\$ 1.6	\$ 3,699.0	\$ 731.4	\$ (225.1)	\$4,206.9	\$ 1.6	\$ 3,699.0	\$ 731.4	\$ (225.1)	\$4,206.9	
Common stock-based award activity	Common stock-based award activity	—	13.8	—	—	13.8	—	13.8	—	—	13.8	
Net income	Net income	—	—	43.8	—	43.8	—	—	43.8	—	43.8	
Other comprehensive income	Other comprehensive income	—	—	—	14.5	14.5	—	—	—	14.5	14.5	
Balance, March 31, 2023	Balance, March 31, 2023	1.6	3,712.8	775.2	(210.6)	4,279.0	1.6	3,712.8	775.2	(210.6)	4,279.0	
Common stock-based award activity	Common stock-based award activity	—	6.4	—	—	6.4	—	6.4	—	—	6.4	
Net income	Net income	—	—	51.9	—	51.9	—	—	51.9	—	51.9	
Other comprehensive loss	Other comprehensive loss	—	—	—	(26.3)	(26.3)	—	—	—	(26.3)	(26.3)	
Balance, June 30, 2023	Balance, June 30, 2023	\$ 1.6	\$ 3,719.2	\$ 827.1	\$ (236.9)	\$4,311.0	1.6	3,719.2	827.1	(236.9)	4,311.0	
Common stock-based award activity	Common stock-based award activity								—	6.4	—	—
Partial exchange of convertible notes due 2025 and partial unwind of capped call transactions. See Note 13	Partial exchange of convertible notes due 2025 and partial unwind of capped call transactions. See Note 13								0.1	24.1	—	—
Net income	Net income								—	—	21.5	—
Other comprehensive loss	Other comprehensive loss								—	—	—	(69.9)
Balance, September 29, 2023	Balance, September 29, 2023								\$ 1.7	\$ 3,749.7	\$ 848.6	\$ (306.8)

Six Months Ended July 1, 2022						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Envista Equity	Noncontrolling Interests
Balance, December 31, 2021	\$ 1.6	\$ 3,732.6	\$ 466.9	\$ (143.5)	\$ 4,057.6	\$ 0.4
Cumulative effect of adjustment related to change in accounting principle. See Note 1	—	(77.8)	21.4	—	(56.4)	—
Balance, January 1, 2022	1.6	3,654.8	488.3	(143.5)	4,001.2	0.4
Change in noncontrolling interest	—	—	—	—	—	(0.4)
Common stock-based award activity	—	13.1	—	—	13.1	—
Net income	—	—	74.9	—	74.9	—
Other comprehensive loss	—	—	—	(58.3)	(58.3)	—
Balance, April 1, 2022	1.6	3,667.9	563.2	(201.8)	4,030.9	—
Common stock-based award activity	—	10.5	—	—	10.5	—
Net income	—	—	47.1	—	47.1	—
Other comprehensive loss	—	—	—	(72.5)	(72.5)	—
Balance, July 1, 2022	\$ 1.6	\$ 3,678.4	\$ 610.3	\$ (274.3)	\$ 4,016.0	\$ —

See the accompanying Notes to the Condensed Consolidated Financial Statements.

Nine Months Ended September 30, 2022						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Envista Equity	Noncontrolling Interests
Balance, December 31, 2021	\$ 1.6	\$ 3,732.6	\$ 466.9	\$ (143.5)	\$ 4,057.6	\$ 0.4
Cumulative effect of adjustment related to change in accounting principle. See Note 1	—	(77.8)	21.4	—	(56.4)	—
Balance, January 1, 2022	1.6	3,654.8	488.3	(143.5)	4,001.2	0.4
Change in noncontrolling interest	—	—	—	—	—	(0.4)
Common stock-based award activity	—	13.1	—	—	13.1	—
Net income	—	—	74.9	—	74.9	—
Other comprehensive loss	—	—	—	(58.3)	(58.3)	—
Balance, April 1, 2022	1.6	3,667.9	563.2	(201.8)	4,030.9	—
Common stock-based award activity	—	10.5	—	—	10.5	—
Net income	—	—	47.1	—	47.1	—
Other comprehensive loss	—	—	—	(72.5)	(72.5)	—
Balance, July 1, 2022	1.6	3,678.4	610.3	(274.3)	4,016.0	—
Common stock-based award activity	—	11.2	—	—	11.2	—
Net income	—	—	47.6	—	47.6	—
Other comprehensive loss	—	—	—	(116.9)	(116.9)	—
Balance, September 30, 2022	\$ 1.6	\$ 3,689.6	\$ 657.9	\$ (391.2)	\$ 3,957.9	\$ —

See the accompanying Notes to the Condensed Consolidated Financial Statements.

ENVISTA HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(\$ in millions)

		Six Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	September 29, 2023	September 30, 2022
Cash flows from operating activities:	Cash flows from operating activities:			Cash flows from operating activities:	
Net income	Net income	\$ 95.7	\$ 122.0	Net income \$ 117.2	\$ 169.6

Noncash items:	Noncash items:			Noncash items:		
Depreciation	Depreciation	17.9	16.1	Depreciation	26.8	23.9
Amortization	Amortization	52.0	50.3	Amortization	75.9	78.2
Allowance for credit losses	Allowance for credit losses	3.2	3.6	Allowance for credit losses	3.5	3.8
Stock-based compensation expense	Stock-based compensation expense	20.2	15.8	Stock-based compensation expense	26.2	23.1
Gain on sale of equity investment		(6.9)	—			
Gain on equity investments, net				Gain on equity investments, net	(3.6)	—
Gain on sale of property, plant and equipment	Gain on sale of property, plant and equipment	—	(1.1)	Gain on sale of property, plant and equipment	(2.0)	(1.1)
Gain on sale of KaVo treatment unit and instrument business	Gain on sale of KaVo treatment unit and instrument business	—	(8.9)	Gain on sale of KaVo treatment unit and instrument business	—	(8.9)
Restructuring charges	Restructuring charges	0.8	3.8	Restructuring charges	0.7	5.5
Impairment charges	Impairment charges	0.2	4.9	Impairment charges	0.3	5.8
Fair value adjustment of acquisition-related inventory				Fair value adjustment of acquisition-related inventory	—	7.7
Amortization of right-of-use assets	Amortization of right-of-use assets	13.1	11.2	Amortization of right-of-use assets	19.9	17.7
Inducement expense related to exchange of convertible notes				Inducement expense related to exchange of convertible notes	28.5	—
Amortization of debt discount and issuance costs	Amortization of debt discount and issuance costs	2.1	2.0	Amortization of debt discount and issuance costs	3.4	3.0
Change in trade accounts receivable	Change in trade accounts receivable	(24.0)	(56.6)	Change in trade accounts receivable	(33.0)	(76.5)
Change in inventories	Change in inventories	(3.9)	(29.5)	Change in inventories	9.4	(35.9)
Change in trade accounts payable	Change in trade accounts payable	(47.1)	5.9	Change in trade accounts payable	(53.2)	11.3
Change in prepaid expenses and other assets	Change in prepaid expenses and other assets	(1.1)	(17.4)	Change in prepaid expenses and other assets	5.4	(21.7)
Change in accrued expenses and other liabilities	Change in accrued expenses and other liabilities	(27.2)	(80.9)	Change in accrued expenses and other liabilities	(26.1)	(109.7)
Change in operating lease liabilities	Change in operating lease liabilities	(16.8)	(15.5)	Change in operating lease liabilities	(25.6)	(23.4)
Net cash provided by operating activities	Net cash provided by operating activities	78.2	25.7	Net cash provided by operating activities	173.7	72.4
Cash flows from investing activities:	Cash flows from investing activities:			Cash flows from investing activities:		

Payments for additions to property, plant and equipment	Payments for additions to property, plant and equipment	(31.6)	(31.9)	Payments for additions to property, plant and equipment	(50.0)	(58.8)	
Proceeds from sales of property, plant and equipment				Proceeds from sales of property, plant and equipment	—		1.6
Proceeds from sale of equity investment	Proceeds from sale of equity investment	10.7	—	Proceeds from sale of equity investment	10.7	—	
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	—	(569.8)	Acquisitions, net of cash acquired	—	(696.2)	
Proceeds from sale of KaVo treatment unit and instrument business, net	Proceeds from sale of KaVo treatment unit and instrument business, net	—	28.8	Proceeds from sale of KaVo treatment unit and instrument business, net	—	59.8	
Proceeds from the settlement of derivative financial instruments				Proceeds from the settlement of derivative financial instruments	1.1		55.9
All other investing activities, net	All other investing activities, net	(3.9)	(13.6)	All other investing activities, net	(11.6)	(18.5)	
Net cash used in investing activities	Net cash used in investing activities	(24.8)	(586.5)	Net cash used in investing activities	(49.8)	(656.2)	
Cash flows from financing activities:	Cash flows from financing activities:			Cash flows from financing activities:			
Proceeds from stock option exercises		5.9	15.4				
Tax withholding payment related to net settlement of equity awards		(6.4)	(8.1)				
Proceeds from issuance of convertible notes due 2028				Proceeds from issuance of convertible notes due 2028	500.2		—
Debt issuance costs related to issuance of convertible notes due 2028				Debt issuance costs related to issuance of convertible notes due 2028	(13.5)		—
Principal paid related to exchange of convertible notes due 2025				Principal paid related to exchange of convertible notes due 2025	(401.2)		—
Proceeds from borrowings	Proceeds from borrowings	—	0.3	Proceeds from borrowings	323.5	0.3	
Repayment of borrowings				Repayment of borrowings	(288.8)		(0.5)
Repayment of borrowings		—	(0.5)				
Debt issuance costs related to other borrowings				Debt issuance costs related to other borrowings	(4.5)		—
Proceeds from revolving line of credit				Proceeds from revolving line of credit	—		124.0
Repayment of revolving line of credit				Repayment of revolving line of credit	—		(54.0)

Proceeds from stock option exercises				Proceeds from stock option exercises	7.5	19.9
Tax withholding payment related to net settlement of equity awards				Tax withholding payment related to net settlement of equity awards	(7.8)	(8.9)
All other financing activities	All other financing activities	1.6	—	All other financing activities	0.2	—
Net cash provided by financing activities	Net cash provided by financing activities	1.1	7.1	Net cash provided by financing activities	115.6	80.8
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(9.7)	3.2	Effect of exchange rate changes on cash and cash equivalents	(22.2)	(2.1)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	44.8	(550.5)	Net change in cash and cash equivalents	217.3	(505.1)
Beginning balance of cash and cash equivalents	Beginning balance of cash and cash equivalents	606.9	1,073.6	Beginning balance of cash and cash equivalents	606.9	1,073.6
Ending balance of cash and cash equivalents	Ending balance of cash and cash equivalents	\$ 651.7	\$ 523.1	Ending balance of cash and cash equivalents	\$ 824.2	\$ 568.5
Supplemental data:	Supplemental data:			Supplemental data:		
Cash paid for interest	Cash paid for interest	\$ 35.3	\$ 13.8	Cash paid for interest	\$ 47.9	\$ 21.1
Cash paid for taxes	Cash paid for taxes	\$ 33.5	\$ 52.6	Cash paid for taxes	\$ 49.5	\$ 80.2
ROU assets obtained in exchange for operating lease obligations	ROU assets obtained in exchange for operating lease obligations	\$ 12.1	\$ 18.3	ROU assets obtained in exchange for operating lease obligations	\$ 18.9	\$ 29.6

See the accompanying Notes to the Condensed Consolidated Financial Statements.

ENVISTA HOLDINGS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1. BUSINESS AND BASIS OF PRESENTATION

Business Overview

The Company provides products that are used to diagnose, treat and prevent disease and ailments of the teeth, gums and supporting bone, as well as to improve the aesthetics of the human smile. The Company is a worldwide provider of a broad range of dental implants, orthodontic appliances, general dental consumables, equipment and services and is dedicated to driving technological innovations that help dental professionals improve clinical outcomes and enhance productivity.

The Company operates in two business segments: Specialty Products & Technologies and Equipment & Consumables.

The Company's Specialty Products & Technologies segment primarily develops, manufactures and markets dental implant systems, including regenerative solutions, dental prosthetics and associated treatment software and technologies, as well as orthodontic bracket systems, aligners and lab products. The Company's Equipment & Consumables segment primarily develops, manufactures and markets dental equipment and supplies used in dental offices, including digital imaging systems, software and other visualization/magnification systems; endodontic systems and related consumables; and restorative materials and instruments, rotary burs, impression materials, bonding agents and cements and infection prevention products.

Basis of Presentation

All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included in the financial statements. All significant intercompany accounts and transactions between the businesses comprising the Company have been eliminated in the accompanying Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements included herein have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading. The accompanying Condensed Consolidated Financial Statements contain all adjustments (consisting of only normal recurring adjustments and reclassifications to conform to current year presentation) necessary to present fairly the financial position of the Company as of **June 30, 2023**, **September 29, 2023** and **December 31, 2022**, and its results of operations for the three and **six nine** month periods ended **June 30, 2023**, **September 29, 2023** and **July 1, 2022**, **September 30, 2022** and cash flows for the **six nine** month periods ended **June 30, 2023**, **September 29, 2023** and **July 1, 2022**, **September 30, 2022**. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's Consolidated Financial Statements and accompanying notes for the three years ended December 31, 2022, included in the Annual Report on Form 10-K filed by the Company with the SEC on February 16, 2023.

As discussed in Note 3, Discontinued Operations, on December 31, 2021, the Company sold substantially all of its KaVo dental treatment unit and instrument business (the "KaVo Treatment Unit and Instrument Business"), which was part of the Company's Equipment and Consumables segment. However, the transfer of assets in certain countries was not executed and closed until 2022 ("Deferred Local Closing"). As a result, the financial results related to the Deferred Local Closing countries were reported as discontinued operations and all segment information and descriptions exclude the activity related to those countries for the three and **six nine** months ended **July 1, 2022**, **September 30, 2022**. As of December 31, 2022, all Deferred Local Closings were completed and therefore there is no discontinued operations activity reported for the three and **six nine** months ended **June 30, 2023**, **September 29, 2023**.

Risks and Uncertainties

The Company is subject to risks and uncertainties as a result of the novel coronavirus ("COVID-19") pandemic.

The extent of the impact of the COVID-19 pandemic on the Company remains uncertain and difficult to predict because of the dynamic and evolving nature of the situation. The global impact of the outbreak continues to adversely affect many industries, and different geographies continue to reflect the effects of public health restrictions in various ways. The economic recovery following the impact of the COVID-19 pandemic is only partially underway and has been gradual, uneven and characterized by meaningful dispersion across sectors and regions with uncertainty regarding its ultimate length and trajectory. During the three and **six nine** months ended **June 30, 2023**, **September 29, 2023**, notwithstanding improvement in many markets in which the Company operates due to a return to more normalized business operations, certain markets continued to be adversely impacted by COVID-19.

In addition, Russia's invasion of Ukraine and the global response to this invasion, including sanctions imposed by the U.S. and other countries, could have an adverse impact on the Company's overall business, including impacting the Company's ability to market and sell products in the affected regions, potentially heightening the risk of cyber security attacks, impacting its ability to enforce its intellectual property rights in Russia, creating disruptions in the global supply chain, and by potentially having an adverse impact on the global economy, financial markets, energy markets, currency rates and otherwise.

Accounting Standards Recently Adopted

In August 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-06, "*Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*," ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. ASU 2020-06 was effective for public entities for fiscal years beginning after December 15, 2021. On January 1, 2022, the Company adopted ASU 2020-06 using the modified retrospective adoption approach. The cumulative effect of the change was recognized as an adjustment to the opening balance of retained earnings at the date of adoption and resulted in a \$75.0 million increase to the carrying value of the convertible notes due 2025, a decrease to additional paid-in capital of \$77.8 million, a \$21.4 million increase to retained earnings and an \$18.6 million decrease to the related net deferred tax liability.

NOTE 2. ACQUISITIONS

The Company continually evaluates potential acquisitions that either strategically fit with the Company's existing portfolio or expand the Company's portfolio into new and attractive business areas. The Company has completed a number of acquisitions that have been accounted for as business combinations and have resulted in the recognition of goodwill in the Company's Condensed Consolidated Financial Statements. Among other things, goodwill arises because the purchase prices for these businesses reflect a number of factors including the future earnings and cash flow potential of these businesses, the multiple to earnings, cash flow and other factors at which similar businesses have been purchased by other acquirers, the competitive nature of the processes by which the Company acquired the businesses, avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance the Company's existing product offerings to key target markets and enter into new and profitable businesses and the complementary strategic fit and resulting synergies these businesses bring to existing operations.

The Company makes an initial allocation of the purchase price at the date of acquisition based upon its understanding of the fair value of the acquired assets and assumed liabilities. The Company obtains this information during due diligence and through other sources. For those assets and liabilities that were accounted for on a preliminary basis, the Company may up to 12 months after closing, refine the estimates of fair value and more accurately allocate the purchase price. Only items that existed as of the acquisition date are considered for subsequent adjustment.

During the year ended December 31, 2022, the Company completed the following acquisitions which were accounted for under Accounting Standards Codification 805 *Business Combinations* using the acquisition method of accounting:

Osteogenics Biomedical Inc., Allotech LLC and OBI Biologics, Inc.

On July 5, 2022, the Company acquired all of the equity of Osteogenics Biomedical Inc., Allotech LLC and OBI Biologics, Inc. (together "Osteogenics") for total consideration of approximately \$128.2 million, subject to certain customary adjustments as provided in the Equity Purchase Agreement dated May 17, 2022. Osteogenics develops innovative regenerative solutions for periodontists, oral and maxillofacial surgeons, and clinicians involved in implant dentistry throughout the world, and is part of the Company's Specialty Products & Technologies segment.

Carestream Dental Technology Parent Limited's Intraoral Scanner Business

On April 20, 2022, the Company completed the acquisition of Carestream Dental Technology Parent Limited's ("Carestream Dental") intraoral scanner business (the "Intraoral Scanner Business") for total consideration of \$580.3 million including contingent consideration of \$7.5 million, and subject to certain customary adjustments as provided in the Stock and Asset Purchase Agreement dated December 21, 2021 and as subsequently amended by the closing agreement dated as of April 20, 2022 (together, the "IOS Purchase Agreement"). The Intraoral Scanner Business manufactures, markets, sells, commercializes, distributes, services, trains, supports, and maintains operations of intraoral scanners and software, and is part of the Company's Equipment & Consumables segment. The Company purchased the Intraoral Scanner Business through the acquisition of certain assets and the assumption of certain liabilities as well as the acquisition of all of the equity of certain subsidiaries of Carestream Dental.

The following table summarizes the fair values of the assets acquired and liabilities assumed as of the respective acquisition dates (\$ in millions):

	Osteogenics July 5, 2022	Intraoral Scanner Business April 20, 2022
Assets acquired:		
Cash	\$ 2.1	\$ 2.7
Accounts receivable	2.5	0.1
Inventories	13.3	6.1
Intangible assets	53.0	129.8
Property, plant and equipment	—	0.3
Prepays and Other Current Assets	1.3	—
Goodwill	77.3	373.1
Non-current deferred tax asset	—	96.0
Operating lease right-of-use assets	2.6	0.9
Other long-term assets	4.9	0.2
Total assets acquired	157.0	609.2
Liabilities assumed:		
Accounts payable	(4.1)	(0.5)
Accrued expenses and other liabilities	(2.5)	(27.9)
Non-current deferred tax liability	(14.3)	—
Other long-term liabilities	(5.8)	—
Operating lease liabilities	(2.1)	(0.5)
Total liabilities assumed	(28.8)	(28.9)
Total net assets acquired	\$ 128.2	\$ 580.3

The intangible assets acquired consist of trade name, developed technology, and customer relationships. The weighted average amortization period of the acquired intangible assets in the aggregate is 8 and 10 years for the Intraoral Scanner Business and Osteogenics, respectively.

The excess of the purchase price over the fair value assigned to the assets acquired and liabilities assumed represents the goodwill resulting from the acquisitions. Goodwill attributable to the acquisitions has been recorded as a non-current asset and is not amortized, but is subject to review at least on an annual basis for impairment. Goodwill recognized was primarily attributable to expected operating efficiencies and expansion opportunities in the businesses acquired. Goodwill is not deductible for income tax purposes. The pro forma impact of the acquisitions is not presented as the acquisitions were not considered material to the Company's Condensed Consolidated Financial Statements.

For the three and six nine months ended July 1, 2022 September 30, 2022, legal, accounting, and other professional service costs associated with acquisitions were \$8.2 \$1.5 million and \$10.7 \$13.4 million, respectively, and have been recorded as selling, general and administrative expense in the Condensed Consolidated Statements of Operations. For the three and six nine months ended June 30, 2023 September 29, 2023, there were no legal, accounting, and other professional service costs associated with acquisitions.

NOTE 3. DISCONTINUED OPERATIONS

On December 31, 2021, the Company sold substantially all of the KaVo Treatment Unit and Instrument Business (the "Divestiture") to planmeca Verwaltungs GmbH, Germany ("Planmeca"), pursuant to the master sale and purchase agreement (the "Purchase Agreement") among the Company, Planmeca, and Planmeca Oy, as guarantor. However, the transfer of assets for Deferred Local Closing countries was not executed and closed until 2022. As of December 31, 2022, all Deferred Local Closings were completed and the Company received total net cash consideration of \$386.4 million in accordance with the terms of the Purchase Agreement.

For the six nine months ended July 1, 2022 September 30, 2022, the Company recognized an earnout payment of \$30.0 million. As all Deferred Local Closings were completed as of December 31, 2022, there are no discontinued operations reported for the three and six nine months ended June 30, 2023 September 29, 2023.

The operating results of the Divestiture for the three and six nine months ended July 1, 2022 September 30, 2022 are reflected in the Condensed Consolidated Statements of Operations within income from discontinued operations, net of tax as follows (\$ in millions):

		Three Months Ended July 1, 2022	Six Months Ended July 1, 2022		Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Sales	Sales	\$ 2.0	\$ 8.9	Sales	\$ 2.8	\$ 11.7
Cost of sales	Cost of sales	1.1	7.0	Cost of sales	2.1	9.1
Gross profit	Gross profit	0.9	1.9	Gross profit	0.7	2.6
Operating expenses:	Operating expenses:			Operating expenses:		
Selling, general and administrative	Selling, general and administrative	1.0	2.1	Selling, general and administrative	1.1	3.2
Research and development	Research and development	—	—	Research and development	—	—
Operating loss	Operating loss	(0.1)	(0.2)	Operating loss	(0.4)	(0.6)
Income tax expense	Income tax expense	—	—	Income tax expense	—	—
Loss from discontinued operations	Loss from discontinued operations	(0.1)	(0.2)	Loss from discontinued operations	(0.4)	(0.6)
Gain on sale of discontinued operations, net of tax		2.7	7.3			
Net income from discontinued operations		\$ 2.6	\$ 7.1			
(Loss) gain on sale of discontinued operations, net of tax				(Loss) gain on sale of discontinued operations, net of tax	(1.6)	5.7
Net (loss) income from discontinued operations				Net (loss) income from discontinued operations	\$ (2.0)	\$ 5.1

NOTE 4. CREDIT LOSSES

The allowance for credit losses is a valuation account deducted from accounts receivable to present the net amount expected to be collected. Accounts receivable are charged off against the allowance when management believes the uncollectibility of an accounts receivable balance is confirmed.

Management estimates the adequacy of the allowance by using relevant available information, from internal and external sources, relating to past events, current conditions and forecasts. Historical credit loss experience provides the basis for estimation of expected credit losses and is adjusted as necessary using the relevant information available. The allowance for credit losses is measured on a collective basis when similar risk characteristics exist. The Company has identified one portfolio segment based on the following risk characteristics: geographic regions, product lines, default rates and customer specific factors.

The factors used by management in its credit loss analysis are inherently subject to uncertainty. If actual results are not consistent with management's estimates and assumptions, the allowance for credit losses may be overstated or understated and a charge or credit to net income (loss) may be required.

The rollforward of the allowance for credit losses is summarized as follows (\$ in millions):

Balance at December 31, 2022		\$	16.2
Foreign currency translation			(0.2) (0.4)
Provision for credit losses			3.2 3.5
Write-offs charged against the allowance			(1.8) (2.4)
Recoveries			(1.1) (0.9)
Balance at June 30, 2023 September 29, 2023		\$	16.3 16.0

NOTE 5. INVENTORIES

The classes of inventory are summarized as follows (\$ in millions):

		June 30, 2023	December 31, 2022		September 29, 2023	December 31, 2022
Finished goods	Finished goods	\$ 229.5	\$ 229.2	Finished goods	\$ 210.3	\$ 229.2
Work in process	Work in process	22.2	23.9	Work in process	19.5	23.9
Raw materials	Raw materials	102.2	103.4	Raw materials	101.5	103.4
Reserve for inventory obsolescence	Reserve for inventory obsolescence	(56.9)	(55.7)	Reserve for inventory obsolescence	(52.5)	(55.7)
Total	Total	\$ 297.0	\$ 300.8	Total	\$ 278.8	\$ 300.8

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

The classes of property, plant and equipment are summarized as follows (\$ in millions):

		June 30, 2023	December 31, 2022		September 29, 2023	December 31, 2022
Land and improvements	Land and improvements	\$ 10.0	\$ 10.0	Land and improvements	\$ 10.0	\$ 10.0
Buildings and improvements	Buildings and improvements	158.3	154.5	Buildings and improvements	158.5	154.5
Machinery, equipment and other assets	Machinery, equipment and other assets	394.7	370.2	Machinery, equipment and other assets	398.3	370.2
Construction in progress	Construction in progress	63.8	71.2	Construction in progress	68.6	71.2
Gross property, plant and equipment	Gross property, plant and equipment	626.8	605.9	Gross property, plant and equipment	635.4	605.9
Less: accumulated depreciation	Less: accumulated depreciation	(326.7)	(312.3)	Less: accumulated depreciation	(331.4)	(312.3)
Property, plant and equipment, net	Property, plant and equipment, net	\$ 300.1	\$ 293.6	Property, plant and equipment, net	\$ 304.0	\$ 293.6

NOTE 7. GOODWILL

The following is a rollforward of the Company's goodwill by segment (\$ in millions):

		Specialty Products & Technologies	Equipment & Consumables	Total		Specialty Products & Technologies	Equipment & Consumables	Total
Balance at December 31, 2022	Balance at December 31, 2022	\$ 2,047.8	\$ 1,448.8	\$ 3,496.6	Balance at December 31, 2022	\$ 2,047.8	\$ 1,448.8	\$ 3,496.6
Foreign currency translation	Foreign currency translation	(7.8)	5.0	(2.8)	Foreign currency translation	(33.1)	(5.3)	(38.4)
Balance at June 30, 2023		\$ 2,040.0	\$ 1,453.8	\$ 3,493.8				
Balance at September 29, 2023					Balance at September 29, 2023	\$ 2,014.7	\$ 1,443.5	\$ 3,458.2

NOTE 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities were as follows (\$ in millions):

		June 30, 2023		December 31, 2022			September 29, 2023		December 31, 2022	
		Current	Noncurrent	Current	Noncurrent		Current	Noncurrent	Current	Noncurrent
Compensation and benefits	Compensation and benefits	\$ 114.1	\$ 21.1	\$ 148.0	\$ 17.5	Compensation and benefits	\$ 121.6	\$ 20.8	\$ 148.0	\$ 17.5
Sales and product allowances	Sales and product allowances	63.7	1.5	85.1	1.3	Sales and product allowances	69.8	1.5	85.1	1.3
Contract liabilities	Contract liabilities	102.6	8.3	78.9	8.6	Contract liabilities	100.9	7.9	78.9	8.6
Taxes, income and other	Taxes, income and other	37.8	65.8	42.1	68.6	Taxes, income and other	26.7	68.7	42.1	68.6
Restructuring-related employee severance, benefits and other	Restructuring-related employee severance, benefits and other	11.1	—	18.9	—	Restructuring-related employee severance, benefits and other	13.3	—	18.9	—
Pension benefits	Pension benefits	5.6	16.6	5.6	17.5	Pension benefits	5.6	15.5	5.6	17.5
Loss contingencies	Loss contingencies	10.3	26.7	8.1	27.6	Loss contingencies	9.8	26.9	8.1	27.6
Derivative financial instruments		—	1.7	—	—					
Other	Other	88.8	11.3	84.7	10.2	Other	86.0	9.2	84.7	10.2
Total	Total	\$ 434.0	\$ 153.0	\$ 471.4	\$ 151.3	Total	\$ 433.7	\$ 150.5	\$ 471.4	\$ 151.3

NOTE 9. HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses cross-currency swap derivative contracts to partially hedge its net investments in foreign operations against adverse movements in exchange rates between the U.S. dollar and the euro. The cross-currency swap derivative contracts are agreements to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. On January 17, 2023, the Company entered into a two-year cross-currency swap derivative contract, with a notional value of \$150.0 million, with respect to its \$650.0 million senior term loan facility. This contract effectively converts a portion of the \$650.0 million Company's U.S. dollar denominated senior term loan facility facilities to an obligation obligations denominated in euros and partially offsets the impact of changes in currency rates on foreign currency denominated net investments. This instrument matures on January 17, 2025.

The Company also has foreign currency denominated long-term debt in the amount consisting of €208.0 million. This a senior euro term loan facility. The senior euro term loan facility represents a partial hedge of the Company's net investment in foreign operations against adverse movements in exchange rates between the U.S. dollar and the euro. The senior euro term loan facility is designated and qualifies as a non-derivative hedging instrument. The senior euro term loan facility matures in September 2024. Refer to Note 13 for further discussion of the senior euro term loan facility. Company's debt and credit facilities.

The change in the fair value of the cross-currency swap instrument and the foreign currency translation of the senior euro term loan facility facilities are recorded in accumulated other comprehensive loss in equity in the accompanying Condensed Consolidated Balance Sheets, partially offsetting the foreign currency translation adjustment of the Company's related net investment that is also recorded in accumulated other comprehensive loss as reflected in Note 14.

The Company has also used interest rate swap derivative contracts to reduce its variability of cash flows related to interest payments with respect to its senior term and senior euro term loan facilities. The interest rate swap contracts exchanged interest payments based on variable rates for interest payments based on fixed rates. The changes in the fair value of these instruments were recorded in accumulated other comprehensive loss in equity (see Note 14). The interest income or expense from the cross-currency and interest rate swaps were recorded in interest expense, net in the Company's Condensed Consolidated Statements of Operations consistent with the classification of interest expense attributable to the underlying debt. The Company did not have any outstanding interest rate swap contracts as of June 30, 2023 September 29, 2023.

The following table summarizes the notional values as of June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022 and pretax impact of changes in the fair values of instruments designated as net investment and cash flow hedges in accumulated other comprehensive loss ("OCI") for the three and six nine months ended June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022 (\$ in millions):

	Three Months Ended September 29, 2023		Three Months Ended September 30, 2022	
	Notional Amount	Gain Recognized in OCI	Notional Amount	Gain (Loss) Recognized in OCI
Foreign currency denominated debt	\$ 370.1	\$ 11.6	\$ 203.9	\$ 12.8

Foreign currency contracts	150.0	4.2	—	14.4
Interest rate contract	—	—	—	(0.3)
Total	\$ 520.1	\$ 15.8	\$ 203.9	\$ 26.9

	Three Months Ended June 30, 2023		Three Months Ended July 1, 2022	
	Notional Amount	Loss Recognized in OCI	Notional Amount	Gain Recognized in OCI
Foreign currency denominated debt	\$ 227.0	\$ (1.5)	\$ 216.6	\$ 13.1
Foreign currency contracts	150.0	(1.7)	650.0	36.2
Interest rate contract	—	—	250.0	0.7
Total	\$ 377.0	\$ (3.2)	\$ 1,116.6	\$ 50.0

	Six Months Ended June 30, 2023		Six Months Ended July 1, 2022		Nine Months Ended September 29, 2023		Nine Months Ended September 30, 2022	
	Notional Amount	Loss Recognized in OCI	Notional Amount	Gain Recognized in OCI	Notional Amount	Gain Recognized in OCI	Notional Amount	Gain Recognized in OCI
Foreign currency denominated debt	\$ 227.0	\$ (4.3)	\$ 216.6	\$ 19.9	\$ 370.1	\$ 7.3	\$ 203.9	\$ 32.7
Foreign currency contracts	150.0	(1.7)	650.0	54.1	150.0	2.5	—	68.5
Interest rate contracts	—	—	250.0	2.5	—	—	—	2.2
Total	\$ 377.0	\$ (6.0)	\$ 1,116.6	\$ 76.5	\$ 520.1	\$ 9.8	\$ 203.9	\$ 103.4

The Company did not reclassify any deferred gains or losses related to net investment and cash flow hedges from accumulated other comprehensive loss to income during the three and six nine months ended June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022. In addition, the Company did not have any ineffectiveness related to net investment and cash flow hedges and therefore did not reclassify any portion of the above net investment and cash flow hedges from accumulated other comprehensive loss into income during the three and six nine months ended June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022. The cash inflows and outflows associated with the Company's derivative contracts designated as net investment hedges are classified in investing activities in the accompanying Condensed Consolidated Statements of Cash Flows.

The Company's derivative instruments, as well as its non-derivative debt instruments designated and qualifying as net investment hedges, were classified in the Company's Condensed Consolidated Balance Sheets as follows (\$ in millions):

		September 29, 2023		December 31, 2022	
Derivative Assets:		Derivative Assets:			
Other long-term assets		\$ 2.5		\$ —	
		June 30, 2023		December 31, 2022	
Derivative liabilities:					
Other long-term liabilities	\$ 1.7		\$ —		
Nondervative hedging instruments:	Nondervative hedging instruments:				
Long-term debt	Long-term debt	\$ 227.0	\$ 222.7	Long-term debt	\$ 370.1
					\$ 222.7

Amounts related to the Company's derivatives expected to be reclassified from accumulated other comprehensive loss to net income during the next 12 months are not significant.

NOTE 10. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value where the Company's assets and liabilities are required to be carried at fair value and provide for certain disclosures related to the valuation methods used within a valuation hierarchy as established within the accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or other observable characteristics for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation; and Level 3 inputs are unobservable inputs based on the Company's assumptions. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A summary of financial assets and liabilities that are measured at fair value on a recurring basis were as follows (\$ in millions):

		June 30, 2023				September 29, 2023			
		Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2023									
September 29, 2023									
Assets:						Assets:			
Cross-currency swap derivative contracts									
						\$ —	\$ 2.5	\$ —	\$ 2.5
Liabilities:						Liabilities:			
Cross-currency swap derivative contracts		\$ —	\$ 1.7	\$ —	\$ 1.7				
Deferred compensation plans		\$ —	\$ 19.4	\$ —	\$ 19.4				
Contingent consideration		\$ —	\$ —	\$ 6.0	\$ 6.0				
December 31, 2022:						December 31, 2022:			
Liabilities:						Liabilities:			
Deferred compensation plans		\$ —	\$ 15.8	\$ —	\$ 15.8				
Contingent consideration		\$ —	\$ —	\$ 6.0	\$ 6.0				

Derivative Instruments

The cross-currency swap derivative contract was classified as Level 2 in the fair value hierarchy as it is measured using the income approach with the relevant, foreign currency current exchange rates and forward curves as inputs. Refer to Note 9 for additional information.

Deferred Compensation Plans

Certain management employees of the Company participate in nonqualified deferred compensation programs that permit such employees to defer a portion of their compensation, on a pretax basis. All amounts deferred under this plan are unfunded, unsecured obligations and are presented as a component of the Company's compensation and benefits accrual included in accrued expenses in the accompanying Condensed Consolidated Balance Sheets (refer to Note 8). Participants may choose among alternative earnings rates for the amounts they defer, which are primarily based on investment options within the Company's 401(k) program. Changes in the deferred compensation liability under these programs are recognized based on changes in the fair value of the participants' accounts, which are based on the applicable earnings rates on investment options within the Company's 401(k) program. Amounts voluntarily deferred by employees into the Company stock fund and amounts contributed to participant accounts by the Company are deemed invested in the Company's common stock and future distributions of such contributions will be made solely in shares of Company common stock, and therefore are not reflected in the above amounts.

Contingent Consideration

Contingent consideration represents a cash hold back intended to be used for certain liabilities related to the Company's acquisition of the Intraoral Scanner Business (as further discussed in Note 2). Contingent consideration was classified as Level 3 in the fair value hierarchy as the estimated fair value was measured using a probability weighted discounted cash flow model.

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments were as follows (\$ in millions):

		June 30, 2023		December 31, 2022		September 29, 2023		December 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:						Assets:			

Cross-currency swap derivative contracts						Cross-currency swap derivative contracts	\$	2.5	\$	2.5	\$	—	\$	—
Liabilities:	Liabilities:					Liabilities:								
Contingent consideration	Contingent consideration	\$	6.0	\$	6.0	Contingent consideration	\$	3.9	\$	3.9	\$	6.0	\$	6.0
Cross-currency swap derivative contracts		\$	1.7	\$	1.7									
Convertible senior notes due 2028						Convertible senior notes due 2028	\$	486.3	\$	442.7	\$	—	\$	—
Convertible senior notes due 2025	Convertible senior notes due 2025	\$	511.5	\$	868.4	Convertible senior notes due 2025	\$	115.1	\$	162.6	\$	510.0	\$	873.0
Long-term debt		\$	875.6	\$	875.6									
Other debt						Other debt	\$	894.7	\$	894.7	\$	870.7	\$	870.7

The fair value of long-term debt approximates the carrying value as these borrowings are based on variable market rates. The fair value of the convertible senior notes due 2028 and convertible senior notes due 2025 was determined based on the quoted bid price of the convertible senior notes in an over-the-counter market on June 30, 2023 September 29, 2023 and December 31, 2022. The convertible senior notes are considered as Level 2 of the fair value hierarchy. The fair values of cash and cash equivalents, which consist primarily of money market funds, time and demand deposits, trade accounts receivable, net and trade accounts payable approximate their carrying amounts due to the short-term maturities of these instruments.

NOTE 11. WARRANTY

The Company generally accrues estimated warranty costs at the time of sale. In general, manufactured products are warranted against defects in material and workmanship when properly used for their intended purpose, installed correctly and appropriately maintained. Warranty periods depend on the nature of the product and range from 90 days up to the life of the product. The amount of the accrued warranty liability is determined based on historical information such as past experience, product failure rates or number of units repaired, estimated cost of material and labor and in certain instances estimated property damage. The accrued warranty liability is reviewed on a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known.

The following is a rollforward of the Company's accrued warranty liability (\$ in millions):

Balance at December 31, 2022	\$	9.2
Accruals for warranties issued during the year		6.7 9.8
Settlements made		(6.5) (9.7)
Effect of foreign currency translation		0.1 (0.1)
Balance at June 30, 2023 September 29, 2023	\$	9.5 9.2

NOTE 12. LITIGATION AND CONTINGENCIES

The Company records accruals for loss contingencies associated with legal matters when it is probable that a liability will be incurred, and the amount of the loss can be reasonably estimated.

For litigation matters that the Company has determined are both probable and can be reasonably estimated, the Company has accrued \$37.0 million \$36.7 million and \$35.7 million as of June 30, 2023 September 29, 2023 and December 31, 2022, respectively, which are included in accrued liabilities in the Condensed Consolidated Balance Sheets. The Company has accrued for these matters and will continue to monitor each related legal issue and adjust accruals as might be warranted based on new information and further developments in accordance with ASC 450-20-25. Amounts accrued for legal contingencies often result from a complex series of judgments about future events and uncertainties that rely heavily on estimates and assumptions including timing of related payments. The ability to make such estimates and judgments can be affected by various factors including, among other things, whether damages sought in the proceedings are unsubstantiated or indeterminate; legal discovery has not commenced or is not complete; proceedings are in early stages; matters present legal uncertainties; there are significant facts in dispute; procedural or jurisdictional issues; the uncertainty and unpredictability of the number of potential claims; or there are numerous parties involved. To the extent adverse verdicts have been rendered against the Company, the Company does not record an accrual until a loss is determined to be probable and can be reasonably estimated. In the Company's opinion, based on its examination of these matters, its experience to date and discussions with counsel, the ultimate outcome of legal proceedings, net of liabilities accrued in the Company's Condensed Consolidated Balance Sheets, is not expected to have a material adverse effect on the Company's financial position. However, the resolution of, or increase in accruals for one or more of these matters in any reporting period may have a material adverse effect on the Company's results of operations and cash flows for that period.

NOTE 13. DEBT AND CREDIT FACILITIES

The components of the Company's debt were as follows, net of debt issuance costs (\$ in millions):

June 30, 2023	December 31, 2022	September 29, 2023	December 31, 2022
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Senior term loan facility due 2024 (the "Term Loan")	\$	648.8	\$	648.3
Senior euro term loan facility due 2024 (the "Euro Term Loan")		226.8		222.4
Convertible senior notes due 2025		511.5		510.0
Senior term loan facility due 2028 (the "2028 Term Loan")			Senior term loan facility due 2028 (the "2028 Term Loan")	\$ 525.6 \$ —
Senior term loan facility due 2024 (the "2024 Term Loan")			Senior term loan facility due 2024 (the "2024 Term Loan")	— 648.3
Senior euro term loan facility due 2028 (the "2028 Euro Term Loan")			Senior euro term loan facility due 2028 (the "2028 Euro Term Loan")	369.1 —
Senior euro term loan facility due 2024 (the "2024 Euro Term Loan")			Senior euro term loan facility due 2024 (the "2024 Euro Term Loan")	— 222.4
Convertible senior notes due 2028 (the "2028 Convertible Notes")			Convertible senior notes due 2028 (the "2028 Convertible Notes")	486.3 —
Convertible senior notes due 2025 (the "2025 Convertible Notes")			Convertible senior notes due 2025 (the "2025 Convertible Notes")	115.1 510.0
Total debt	Total debt	1,387.1	1,380.7	Total debt 1,496.1 1,380.7
Less: current portion	Less: current portion	(511.5)	(510.0)	Less: current portion (115.1) (510.0)
Long-term debt	Long-term debt	\$ 875.6	\$ 870.7	Long-term debt \$ 1,381.0 \$ 870.7

Credit Facilities

On August 31, 2023, the Company entered into a second amended and restated credit agreement (the "Second Amended Credit Agreement"), which amends and restates the Company's credit agreement dated June 15, 2021. The Company maintains a \$650.0 million amended and restated credit agreement dated June 15, 2021, consisted of the \$650.0 million 2024 Term Loan and a €208.0 million the €208.0 million 2024 Euro Term Loan. Additionally, the amended and restated credit agreement dated June 15, 2021, included a revolving credit facility with an aggregate available borrowing capacity of \$750.0 million and a \$20.0 million sublimit for the issuance of standby letters of credit. There were no borrowings outstanding under this revolving credit facility at December 31, 2022.

Under the Second Amended Credit Agreement, the Company maintains entered into the 2028 Term Loan for \$530.0 million and the 2028 Euro Term Loan for €350.0 million, (collectively the "2028 Term Loans"). The Second Amended Credit Agreement also includes a revolving credit facility (together with the 2028 Term Loan and Loans, the Euro Term Loan, the "Senior" "New Senior Credit Facilities") with an aggregate available borrowing capacity of \$750.0 million and a \$20.0 \$30.0 million sublimit for the issuance of standby letters of credit that can be used for working capital and other general corporate purposes. The Company may request further increases to the revolving credit facility in by an aggregate amount not to exceed \$350.0 that is the greater of 100% of Consolidated EBITDA or \$525.0 million. As of June 30, 2023 and December 31, 2022, September 29, 2023 there were no borrowings outstanding under the this revolving credit facility. The New Senior Credit Facilities mature on September 20, 2024, August 31, 2028, and are subject to an earlier maturity date of 91 days prior to the maturity date of the 2028 Convertible Notes, if more than \$250.0 million of such notes are outstanding at that time.

The proceeds from the 2028 Term Loans were used to pay outstanding balances of the 2024 Term Loan and the 2024 Euro Term Loan. Additionally, the Company paid fees aggregating approximately \$5.2 million in connection with the Second Amended Credit Agreement.

Under the New Senior Credit Facilities, borrowings bear interest as follows: (1) Eurocurrency Rate Term SOFR Loans (as defined in the Second Amended Credit Agreement) bear interest at a variable rate equal to the London inter-bank offered on a forward-looking Secured Overnight Financing Rate ("LIBOR" SOFR) term rate plus 0.10% credit spread adjustment plus a margin of between 0.785% 0.910% and 1.625%, depending on the Company's Consolidated Leverage Ratio (as defined in the Second Amended Credit Agreement) as of the last day of the immediately preceding fiscal quarter; and (2) Base Rate Loans (as defined in the Second Amended Credit Agreement) bear interest at a variable rate equal to (a) the highest of (i) the Federal funds rate (as published by the Federal Reserve Bank of New York from time to time) plus 0.50%, (ii) Bank of America's "prime rate" as publicly announced from time to time, and (iii) the Eurocurrency Rate Term SOFR (as defined in the Second Amended Credit Agreement) plus 1.0% and (iv) 1.0%, plus (b) a margin of between 0.00% 0.0% and 0.625%, depending on the Company's Consolidated Leverage Ratio as of the last day of the immediately preceding fiscal quarter. In no event will Eurocurrency Rate Term SOFR Loans or Base Rate Loans bear interest at a rate lower than 0.0%. In the event of LIBOR cessation, the Secured Overnight Financing Rate will be used

as a replacement rate. In addition, the Company is required to pay a per annum facility fee of between 0.09% and 0.225% depending on the Company's Consolidated Leverage Ratio as of the last day of the immediately preceding fiscal quarter and based on the aggregate commitments under the revolving credit facility, whether drawn or not.

The interest rates for borrowings under the 2028 Term Loan were 6.44% and 5.98% as of June 30, 2023 and December 31, 2022, respectively. The interest rates for borrowings under the 2028 Euro Term Loan were 4.49% 6.74% and 3.28% 5.05% as of June 30, 2023 and December 31, 2022 September 29, 2023, respectively. Interest is payable quarterly monthly for both the Term and Euro 2028 Term Loans. The Company is required to maintain a Consolidated Leverage Ratio of 3.75 4.00 to 1.00 or less and includes a provision that the maximum Consolidated Leverage Ratio will be increased to 4.25 4.50 to 1.00 for the four three consecutive full fiscal quarters immediately following the consummation of any acquisition by the Company or any subsidiary of the Company in which the purchase price exceeds \$100.0 million. \$100.0 million. The Company is also required to maintain a Consolidated Interest Coverage Ratio (as defined in the Amended Credit Agreement) of at least 3.00 to 1.00. The Company is subject to customary representations, warranties, conditions precedent, events of default, indemnities and affirmative and negative covenants, including covenants that, among other things, limit or restrict the Company's and/or the Company's subsidiaries' ability, subject to certain exceptions and qualifications, to incur liens or indebtedness, merge, consolidate or sell or otherwise transfer assets, make dividends or distributions, enter into transactions with the Company's affiliates and use proceeds of the debt financing for other than permitted uses. Additionally, upon the occurrence and during the continuance of an event of default, the lenders may declare the outstanding advances and all other obligations immediately due and payable. The Company was in compliance with all of its debt covenants as of June 30, 2023 September 29, 2023.

The interest rates for borrowings as of December 31, 2022, for the 2024 Term Loan and the 2024 Euro Term Loan were 5.98% and 3.28%, respectively.

2028 Convertible Senior Notes (the "Notes")

On May 21, 2020 August 10, 2023, the Company issued the 2028 Convertible Notes due on June 1, 2025 August 15, 2028, unless earlier repurchased, redeemed or converted. The aggregate principal amount, which includes the initial purchasers' exercise in full of their option to purchase an additional \$67.5 million \$65.2 million principal amount, of the Notes, was \$517.5 million \$500.2 million. The net proceeds from the issuance, after deducting purchasers' discounts and estimated offering expenses, were \$502.6 million \$485.9 million. The Company used part a portion of the net proceeds to pay for the capped call transactions ("Capped Calls") as further cash portion of the consideration in the exchange transaction described below. below under "Convertible Debt Exchanges".

The 2028 Convertible Notes will accrue interest at a rate of 2.375% 1.75% per annum, payable semi-annually in arrears on June 1 February 15 and December 1 August 15 of each year. The 2028 Convertible Notes have an initial conversion rate of 47.5862 21.5942 shares of the Company's common stock per \$1,000 principal amount, of Notes, which is equivalent to an initial conversion price of approximately \$21.01 \$46.31 per share of the Company's common stock and is subject to adjustment upon the occurrence of specified events. The 2028 Convertible Notes are governed by an indenture dated as of May 21, 2020 August 10, 2023 (the "Indenture") between the Company and Wilmington Trust, National Association, as trustee. The Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness or the issuance or repurchase of the Company's securities by the Company.

The 2028 Convertible Notes are the Company's senior, unsecured obligations and are (i) equal in right of payment with the Company's existing and future senior, unsecured indebtedness; (ii) senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated to the 2028 Convertible Notes; (iii) effectively subordinated to the Company's existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company's subsidiaries.

Holders of the 2028 Convertible Notes may convert their Notes at any time on or after February 15, 2028 until the close of business on the second scheduled trading day immediately before the maturity date. Holders will also have the right to convert prior to February 15, 2028, but only upon the occurrence of specified events. The Company will settle conversion by paying the principal amount in cash and any conversion value in excess of the principal amount in cash or a combination of cash and shares of the Company's common stock. If a fundamental change occurs prior to the maturity date, holders may require the Company to repurchase all or a portion of their 2028 Convertible Notes for cash at a repurchase price equal to 100% of the principal amount plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the maturity date, the Company would increase the conversion rate for a holder who elects to convert in connection with such an event in certain circumstances. As of September 29, 2023, none of the conditions permitting early conversion by holders had been met, therefore, the 2028 Convertible Notes are classified as long-term debt.

The 2028 Convertible Notes will be redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after August 17, 2026 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount to be redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. In addition, calling any 2028 Convertible Note for redemption will constitute a "Make-Whole Fundamental Change" (as defined in the Indenture) with respect to that 2028 Convertible Note, in which case the conversion rate applicable to the conversion will be increased in certain circumstances if it is converted after it is called for redemption.

The 2028 Convertible Notes are accounted for in accordance with Accounting Standards Codification ("ASC") 470 "Debt" and ASC 815 "Derivatives and Hedging". The Company has evaluated all the embedded conversion options contained in the 2028 Convertible Notes to determine if there are embedded features that require bifurcation as a derivative as required by U.S. GAAP. Based on the Company's analysis, it accounts for the 2028 Convertible Notes as single units of accounting, a liability, because the Company concluded that the conversion features do not require bifurcation as a derivative.

2025 Convertible Senior Notes

On May 21, 2020, the Company issued the 2025 Convertible Notes due on June 1, 2025, unless earlier repurchased, redeemed or converted. The aggregate principal amount, which includes the initial purchasers' exercise in full of their option to purchase an additional \$67.5 million principal amount was \$517.5 million. The net proceeds from the issuance, after deducting purchasers' discounts and estimated offering expenses, were \$502.6 million. The Company used part of the net proceeds to pay for the capped call transactions ("Capped Calls") as further described below. The 2025 Convertible Notes accrue interest at a rate of 2.375% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. The 2025 Convertible Notes have an initial conversion rate of 47.5862 shares of the Company's common stock per \$1,000 principal amount, which is equivalent to an

initial conversion price of approximately \$21.01 per share of the Company's common stock and is subject to adjustment upon the occurrence of specified events. The 2025 Convertible Notes are governed by an indenture dated as of May 21, 2020 (the "2025 Convertible Note Indenture") between the Company and Wilmington Trust, National Association, as trustee. The 2025 Convertible Note Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness or the issuance or repurchase of the Company's securities by the Company.

The 2025 Convertible Notes are senior, unsecured obligations and are (i) equal in right of payment with the Company's existing and future senior, unsecured indebtedness; (ii) senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated to the 2025 Convertible Notes; (iii) effectively subordinated to the Company's existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company's subsidiaries.

Holders may convert at any time on or after December 2, 2024, until the close of business on the second scheduled trading day preceding the maturity date. Holders of the Notes will also have the right to convert the Notes prior to December 2, 2024, but only upon the occurrence of specified events. In December 2021, the Company made the irrevocable election to will settle all Notes conversions through combination settlement, satisfying conversion requests by paying the principal amount outstanding with in cash and any Notes conversion value in excess of the principal amount in cash or a combination of cash and shares of the Company's common stock or a combination of both stock. If a fundamental change occurs prior to the maturity date, holders of the Notes may require the Company to repurchase all or a portion of their 2025 Convertible Notes for cash at a repurchase price equal to 100.0% of the principal amount plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the maturity date, the Company would increase the conversion rate for a holder who elects to convert its Notes in connection with such an event in certain circumstances. As of June 30, 2023 September 29, 2023 and December 31, 2022, the stock price exceeded 130% of the conversion price of \$21.01 in 20 days of the final 30 trading days ended June 30, 2023 September 29, 2023 and December 31, 2022, which satisfied one of the conditions permitting early conversion by holders, of therefore, the Notes, therefore, the 2025 Convertible Notes are classified as short-term debt.

The 2025 Convertible Notes will be redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after June 1, 2023 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the Notes amounts to be redeemed, plus accrued and unpaid interest, if any, to, but excluding the redemption date, but only if the last reported sale price per share of the Company's common stock exceeds 130.0% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. In addition, calling any 2025 Convertible Note for redemption will constitute a "Make-Whole Fundamental Change" (as, as defined in the Indenture) with respect to that 2025 Convertible Note Indenture, in which case the conversion rate applicable to the conversion of that Note will be increased in certain circumstances if it is converted after it is called for redemption. On August 10, 2023, the Company settled \$401.2 million of principal amount of 2025 Convertible Notes in the exchange transaction described below.

Convertible Debt Exchanges

On August 10, 2023, the Company entered into exchange agreements with a limited number of holders of the 2025 Convertible Notes to exchange \$401.2 million principal amount of the 2025 Convertible Notes for aggregate consideration which consisted of approximately \$403.0 million in cash, which included accrued interest, and approximately 8.4 million shares of the Company's common stock ("Notes Exchanges"). The Company recognized a non-cash inducement charge of \$28.5 million in connection with the Notes Exchanges which was recorded within Other Expense in the Condensed Consolidated Statements of Operations, a reduction of \$4.4 million of unamortized debt issuance costs, and an increase in additional paid-in capital of \$24.1 million.

The following table sets forth total interest expense recognized related to the Notes convertible notes (\$ in millions):

	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Contractual interest expense	\$ 3.0	\$ 3.0	\$ 6.1	\$ 6.1
Amortization of debt issuance costs	0.8	0.8	1.5	1.5
Total interest expense	\$ 3.8	\$ 3.8	\$ 7.6	\$ 7.6

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Contractual interest expense:				
2028 Convertible Notes	\$ 1.2	\$ —	\$ 1.2	\$ —
2025 Convertible Notes	2.3	3.1	8.4	9.2
Amortization of debt issuance costs:				
2028 Convertible Notes	0.3	—	0.3	—
2025 Convertible Notes	0.4	0.7	1.9	2.2
Total interest expense	\$ 4.2	\$ 3.8	\$ 11.8	\$ 11.4

For the three and six nine months ended June 30, 2023 and July 1, 2022 September 29, 2023, the debt issuance costs were amortized using an annual effective interest rate of 2.4% and 3.0% to interest expense over for the term of 2028 Convertible Notes and the Notes, 2025 Convertible Notes, respectively.

As of June 30, 2023 September 29, 2023 and December 31, 2022, the if-converted value of the 2025 Convertible Notes exceeded the outstanding principal amount by \$315.8 million \$38.0 million and \$311.7 million, \$311.7 million, respectively.

Debt Issuance Costs

The remaining unamortized debt issuance costs for the Convertible Senior Notes, Term Loan and Euro Term Loan debt outstanding were as follows (\$ in millions):

	June 30, 2023	December 31, 2022
Convertible Senior Notes	\$ 6.0	\$ 7.5
Term Loan	1.2	1.7
Euro Term Loan	0.2	0.3
	<u>\$ 7.4</u>	<u>\$ 9.5</u>

	September 29, 2023	December 31, 2022
2028 Convertible Notes	\$ 13.9	\$ —
2025 Convertible Notes	1.2	7.5
Term Loans	4.4	1.7
Euro Term Loans	1.0	0.3
	<u>\$ 20.5</u>	<u>\$ 9.5</u>

The above unamortized debt issuance costs have been netted against their respective aggregate principal amounts of the related debt and are being amortized to interest expense over the term of the respective debt.

Capped Call Transactions

In connection with the offering of the 2025 Convertible Notes, the Company entered into Capped Calls with certain counterparties. The Capped Calls each have an initial strike price of approximately \$21.01 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2025 Convertible Notes. The Capped Calls have initial cap prices of \$23.79 per share, subject to certain adjustments. The Capped Calls cover, subject to anti-dilution adjustments, 2.9 million shares of the Company's common stock. The Capped Calls are generally intended to reduce or offset the potential dilution from shares of common stock issued upon any conversion of the 2025 Convertible Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. As the Capped Call transactions are considered indexed to the Company's own stock and are considered equity classified, they are recorded in equity and are not accounted for as derivatives. The cost of \$20.7 million incurred in connection with the Capped Calls was recorded as a reduction to additional paid-in capital.

On August 10, 2023, in connection with the Notes Exchanges, the Company completed a partial unwind of the Capped Calls resulting in the receipt of 1.0 million shares of its common stock.

NOTE 14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component are summarized below (\$ in millions).

	Foreign Currency Translation Adjustments	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss	Foreign Currency Translation Adjustments	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Three Months Ended June 30, 2023						
Balance, March 31, 2023	\$ (225.7)	\$ 15.1	\$ (210.6)			
Three Months Ended September 29, 2023				Three Months Ended September 29, 2023		
Balance, June 30, 2023				Balance, June 30, 2023	\$ (251.6)	\$ 14.7
						\$ (236.9)
Other comprehensive loss before reclassifications:	Other comprehensive loss before reclassifications:		Other comprehensive loss before reclassifications:			
Decrease	Decrease	(26.7)	—	(26.7)	Decrease	(65.7)

Income tax impact	Income tax impact	0.8	—	0.8	Income tax impact	(3.9)	—	(3.9)
Other comprehensive loss before reclassifications, net of income taxes	Other comprehensive loss before reclassifications, net of income taxes	(25.9)	—	(25.9)	Other comprehensive loss before reclassifications, net of income taxes	(69.6)	—	(69.6)
Amounts reclassified from accumulated other comprehensive loss:	Amounts reclassified from accumulated other comprehensive loss:				Amounts reclassified from accumulated other comprehensive loss:			
Increase	Increase	—	(0.5)	(0.5)	Increase	—	(0.4)	(0.4)
Income tax impact	Income tax impact	—	0.1	0.1	Income tax impact	—	0.1	0.1
Amounts reclassified from accumulated other comprehensive loss, net of income taxes	Amounts reclassified from accumulated other comprehensive loss, net of income taxes	—	(0.4)	(0.4)	Amounts reclassified from accumulated other comprehensive loss, net of income taxes	—	(0.3)	(0.3)
Net current period other comprehensive loss, net of income taxes	Net current period other comprehensive loss, net of income taxes	(25.9)	(0.4)	(26.3)	Net current period other comprehensive loss, net of income taxes	(69.6)	(0.3)	(69.9)
Balance, June 30, 2023		<u>\$ (251.6)</u>	<u>\$ 14.7</u>	<u>\$ (236.9)</u>				
Balance, September 29, 2023					Balance, September 29, 2023	<u>\$ (321.2)</u>	<u>\$ 14.4</u>	<u>\$ (306.8)</u>
					Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Three Months Ended September 30, 2022								
Balance, July 1, 2022		\$	(272.1)	\$	0.2	\$	(2.4)	\$ (274.3)
Other comprehensive (loss) income before reclassifications:								
Decrease			(109.9)		(0.3)		—	(110.2)
Income tax impact			(6.7)		0.1		—	(6.6)
Other comprehensive loss before reclassifications, net of income taxes			(116.6)		(0.2)		—	(116.8)
Amounts reclassified from accumulated other comprehensive loss:								
Increase			—		—		(0.1)	(0.1)
Income tax impact			—		—		—	—
Amounts reclassified from accumulated other comprehensive loss, net of income taxes			—		—		(0.1)	(0.1)
Net current period other comprehensive loss, net of income taxes			(116.6)		(0.2)		(0.1)	(116.9)
Balance, September 30, 2022		<u>\$</u>	<u>(388.7)</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>(2.5)</u>	<u>\$ (391.2)</u>
					Foreign Currency Translation Adjustments	Unrealized Loss on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Three Months Ended July 1, 2022								
Balance, April 1, 2022		\$	(199.2)	\$	(0.3)	\$	(2.3)	\$ (201.8)
Other comprehensive (loss) income before reclassifications:								

(Decrease) increase	(60.4)	0.7	—	(59.7)
Income tax impact	(12.5)	(0.2)	—	(12.7)
Other comprehensive (loss) income before reclassifications, net of income taxes	(72.9)	0.5	—	(72.4)
Amounts reclassified from accumulated other comprehensive loss:				
Increase	—	—	—	—
Income tax impact	—	—	(0.1)	(0.1)
Amounts reclassified from accumulated other comprehensive loss, net of income taxes	—	—	(0.1)	(0.1)
Net current period other comprehensive (loss) income, net of income taxes	(72.9)	0.5	(0.1)	(72.5)
Balance, July 1, 2022	\$ (272.1)	\$ 0.2	\$ (2.4)	\$ (274.3)

	Foreign Currency Translation Adjustments	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Nine Months Ended September 29, 2023			
Balance, December 31, 2022	\$ (240.5)	\$ 15.4	\$ (225.1)
Other comprehensive loss before reclassifications:			
Decrease	(78.3)	—	(78.3)
Income tax impact	(2.4)	—	(2.4)
Other comprehensive loss before reclassifications, net of income taxes	(80.7)	—	(80.7)
Amounts reclassified from accumulated other comprehensive loss:			
Increase	—	(1.3)	(1.3)
Income tax impact	—	0.3	0.3
Amounts reclassified from accumulated other comprehensive loss, net of income taxes	—	(1.0)	(1.0)
Net current period other comprehensive loss, net of income taxes	(80.7)	(1.0)	(81.7)
Balance, September 29, 2023	\$ (321.2)	\$ 14.4	\$ (306.8)

	Foreign Currency Translation Adjustments	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Six Months Ended June 30, 2023			
Balance, December 31, 2022	\$ (240.5)	\$ 15.4	\$ (225.1)
Other comprehensive loss before reclassifications:			
Decrease	(12.6)	—	(12.6)
Income tax impact	1.5	—	1.5
Other comprehensive loss before reclassifications, net of income taxes	(11.1)	—	(11.1)
Amounts reclassified from accumulated other comprehensive loss:			
Increase	—	(0.9)	(0.9)
Income tax impact	—	0.2	0.2
Amounts reclassified from accumulated other comprehensive loss, net of income taxes	—	(0.7)	(0.7)
Net current period other comprehensive loss, net of income taxes	(11.1)	(0.7)	(11.8)
Balance, June 30, 2023	\$ (251.6)	\$ 14.7	\$ (236.9)

	Foreign Currency Translation Adjustments	Unrealized Loss on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Six Months Ended July 1, 2022								

Nine Months Ended September 30, 2022						Nine Months Ended September 30, 2022												
Balance, December 31, 2021	Balance, December 31, 2021	\$	(139.6)	\$	(1.7)	\$	(2.2)	\$	(143.5)	Balance, December 31, 2021	\$	(139.6)	\$	(1.7)	\$	(2.2)	\$	(143.5)
Other comprehensive (loss) income before reclassifications:	Other comprehensive (loss) income before reclassifications:									Other comprehensive (loss) income before reclassifications:								
(Decrease) increase	(Decrease) increase		(114.2)		2.5		—		(111.7)	(Decrease) increase		(224.1)		2.2		—		(221.9)
Income tax impact	Income tax impact		(18.3)		(0.6)		—		(18.9)	Income tax impact		(25.0)		(0.5)		—		(25.5)
Other comprehensive (loss) income before reclassifications, net of income taxes	Other comprehensive (loss) income before reclassifications, net of income taxes		(132.5)		1.9		—		(130.6)	Other comprehensive (loss) income before reclassifications, net of income taxes		(249.1)		1.7		—		(247.4)
Amounts reclassified from accumulated other comprehensive loss:	Amounts reclassified from accumulated other comprehensive loss:									Amounts reclassified from accumulated other comprehensive loss:								
Increase	Increase		—		—		(0.2)		(0.2)	Increase		—		—		(0.3)		(0.3)
Income tax impact	Income tax impact		—		—		—		—	Income tax impact		—		—		—		—
Amounts reclassified from accumulated other comprehensive loss, net of income taxes	Amounts reclassified from accumulated other comprehensive loss, net of income taxes		—		—		(0.2)		(0.2)	Amounts reclassified from accumulated other comprehensive loss, net of income taxes		—		—		(0.3)		(0.3)
Net current period other comprehensive (loss) income, net of income taxes	Net current period other comprehensive (loss) income, net of income taxes		(132.5)		1.9		(0.2)		(130.8)	Net current period other comprehensive (loss) income, net of income taxes		(249.1)		1.7		(0.3)		(247.7)
Balance, July 1, 2022		\$	(272.1)	\$	0.2	\$	(2.4)	\$	(274.3)									
Balance, September 30, 2022										Balance, September 30, 2022	\$	(388.7)	\$	—	\$	(2.5)	\$	(391.2)

NOTE 15. REVENUE

The following table presents the Company's revenues disaggregated by geographical region for the three and six nine months ended June 30, 2023, September 29, 2023 and July 1, 2022, September 30, 2022 (\$ in millions). Sales taxes and other usage-based taxes collected from customers are excluded from revenues. The Company has historically defined emerging markets as developing markets of the world, which prior to the COVID-19 pandemic, experienced extended periods of accelerated growth in gross domestic product and infrastructure, to include Eastern Europe, the Middle East, Africa, Latin America and Asia (with the exception of Japan and Australia). The Company defines developed markets as all markets of the world that are not emerging markets.

Three Months Ended June 30, 2023		Three Months Ended July 1, 2022		Three Months Ended September 29, 2023		Three Months Ended September 30, 2022	

		Specialty			Specialty					Specialty			Specialty				
		Products & Technologies	Equipment & Consumables	Total	Products & Technologies	Equipment & Consumables	Total			Products & Technologies	Equipment & Consumables	Total	Products & Technologies	Equipment & Consumables	Total		
Geographical region:	Geographical region:							Geographical region:									
North America	North America	\$ 178.3	\$ 162.1	\$340.4	\$ 179.5	\$ 160.3	\$339.8	North America	\$ 170.1	\$ 161.9	\$332.0	\$ 176.5	\$ 163.5	\$340.0			
Western Europe	Western Europe	114.6	30.3	144.9	100.5	29.4	129.9	Western Europe	95.4	24.1	119.5	77.7	23.6	101.3			
Other developed markets	Other developed markets	22.2	10.1	32.3	23.0	10.3	33.3	Other developed markets	22.0	8.4	30.4	21.7	8.6	30.3			
Emerging markets	Emerging markets	101.9	42.9	144.8	104.7	38.1	142.8	Emerging markets	112.0	37.4	149.4	119.5	40.0	159.5			
Total	Total	\$ 417.0	\$ 245.4	\$662.4	\$ 407.7	\$ 238.1	\$645.8	Total	\$ 399.5	\$ 231.8	\$631.3	\$ 395.4	\$ 235.7	\$631.1			

		Six Months Ended June 30, 2023						Six Months Ended July 1, 2022						Nine Months Ended September 29, 2023						Nine Months Ended September 30, 2022									
		Specialty						Specialty						Specialty						Specialty									
		Products & Technologies			Equipment & Consumables			Products & Technologies			Equipment & Consumables			Products & Technologies			Equipment & Consumables			Products & Technologies			Equipment & Consumables						
Geographical region:	Geographical region:																												
North America	North America	\$	363.6	\$	301.5	\$	665.1	\$	358.8	\$	316.6	\$	675.4	North America	\$	533.7	\$	463.4	\$	997.1	\$	535.3	\$	480.1	\$	1,015.4			
Western Europe	Western Europe		231.6		62.4		294.0		206.8		61.4		268.2	Western Europe		327.0		86.5		413.5		284.5		85.0		369.5			
Other developed markets	Other developed markets		46.2		18.7		64.9		47.4		20.6		68.0	Other developed markets		68.2		27.1		95.3		69.1		29.2		98.3			
Emerging markets	Emerging markets		185.6		80.0		265.6		191.8		73.8		265.6	Emerging markets		297.6		117.4		415.0		311.3		113.8		425.1			
Total	Total	\$	827.0	\$	462.6	\$	1,289.6	\$	804.8	\$	472.4	\$	1,277.2	Total	\$	1,226.5	\$	694.4	\$	1,920.9	\$	1,200.2	\$	708.1	\$	1,908.3			

Remaining Performance Obligations

Remaining performance obligations include noncancelable purchase orders, extended warranty and service agreements and do not include revenue from contracts with customers with an original term of one year or less.

As of **June 30, 2023** **September 29, 2023**, the aggregate amount of the transaction price allocated to remaining performance obligations was **\$73.1 million** **\$73.6 million** and the Company expects to recognize revenue on the majority of this amount over the next 12 months.

Contract Liabilities

The Company often receives cash payments from customers in advance of the Company's performance resulting in contract liabilities. These contract liabilities are classified as either current or long-term in the Condensed Consolidated Balance Sheets based on the timing of when the Company expects to recognize revenue. As of **June 30, 2023** **September 29, 2023** and December 31, 2022, the contract liabilities were **\$110.9 million** **\$108.8 million** and \$87.5 million, respectively, and are included within accrued expenses and other liabilities and other long-term liabilities in the accompanying Condensed Consolidated Balance Sheets. Revenue recognized during the **six** **nine** months ended **June 30, 2023** **September 29, 2023** and **July 1, 2022** **September 30, 2022** that was included in the contract liability balance at December 31, 2022 and December 31, 2021 was **\$53.2 million** **\$66.4 million** and **\$36.1 million** **\$48.4 million**, respectively.

Significant Customers

Sales to the Company's largest customer were **12% of sales for both of the three months ended June 30, 2023 and July 1, 2022**, **13%** and 11% of sales for **both of the six** **three and nine months ended June 30, 2023** **September 29, 2023**, respectively. Sales to the Company's largest customer were 11% of sales for both the three and **July 1, 2022** **nine months ended September 30, 2022**.

Seasonality

Based on historical experience, the Company generally has more sales in the second half of the calendar year than in the first half of the calendar year, with the first quarter typically having the lowest sales of the year. Based on historical customer buying patterns, the Company generally has more sales in the fourth quarter than in any other quarter of

the year, driven in particular by capital spending in the Equipment & Consumables segment. As a result of this seasonality in sales, profitability in the Equipment & Consumables segment also tends to be higher in the second half of the year. There are no assurances that these historical trends will continue in the future.

NOTE 16. RESTRUCTURING ACTIVITIES AND RELATED IMPAIRMENTS

Restructuring Activities

The Company's restructuring activities are undertaken as necessary to implement management's strategy, streamline operations, take advantage of available capacity and resources, and ultimately achieve net cost reductions. These activities generally relate to the realignment of existing manufacturing capacity and closure of facilities and other exit or disposal activities, as it relates to executing the Company's strategy, pursuant to significant restructuring programs.

The related liability which is included in accrued liabilities in the Condensed Consolidated Balance Sheets is summarized below (\$ in millions):

	Employee Severance and Related	Facility Exit and Related	Total
Balance, December 31, 2022	\$ 18.2	\$ 0.7	\$ 18.9
Costs incurred	13.2	4.3	17.5
Paid	(21.2)	(4.1)	(25.3)
Balance, June 30, 2023	<u>\$ 10.2</u>	<u>\$ 0.9</u>	<u>\$ 11.1</u>

Restructuring related charges by segment were as follows (\$ in millions):

Restructuring-related charges by segment were as follows (\$ in millions):											
		Three Months Ended		Six Months Ended				Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022			September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Specialty Products & Technologies	Specialty Products & Technologies	\$ 6.2	\$ 4.2	\$ 7.8	\$ 8.2	Specialty Products & Technologies	\$ 1.7	\$ 4.5	\$ 9.5	\$ 12.7	
Equipment & Consumables	Equipment & Consumables	6.4	9.3	9.0	8.4	Equipment & Consumables	5.0	4.2	14.0	12.6	
Other	Other	1.0	1.3	1.1	1.9	Other	0.1	0.9	1.2	2.8	
Total	Total	\$ 13.6	\$ 14.8	\$ 17.9	\$ 18.5	Total	\$ 6.8	\$ 9.6	\$ 24.7	\$ 28.1	

Restructuring related charges were reflected in the following captions in the accompanying Condensed Consolidated Statements of Operations (\$ in millions):

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Cost of sales	Cost of sales	\$ 4.8	\$ 6.9	\$ 6.3	\$ 6.6	Cost of sales	\$ 1.0	\$ 3.4	\$ 7.3	\$ 10.0
Selling, general and administrative expenses	Selling, general and administrative expenses	8.8	7.9	11.6	11.9	Selling, general and administrative expenses	5.8	6.2	17.4	18.1
Total	Total	\$ 13.6	\$ 14.8	\$ 17.9	\$ 18.5	Total	\$ 6.8	\$ 9.6	\$ 24.7	\$ 28.1

At September 29, 2023 and December 31, 2022, the restructuring liability was \$13.3 million and \$18.9 million, respectively.

NOTE 17. INCOME TAXES

The Company's effective tax rates from continuing operations of 24.3% 39.9% and 23.0% 26.8% for the three and six nine months ended June 30, 2023 September 29, 2023, respectively, differ from the U.S. federal statutory rate of 21.0% primarily due to the nondeductible nature of the convertible debt inducement expense for U.S. tax purposes, the Company's geographical mix of earnings, and 24.7% discrete tax items.

The Company's effective tax rates from continuing operations of 21.5% and 20.8% 21.0% for the three and six nine months ended July 1, 2022 September 30, 2022, respectively, differ from the U.S. federal statutory rate of 21.0% primarily due to the Company's geographical mix of earnings and discrete tax benefits items.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which, among other things, implemented a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases, and several tax incentives to promote clean energy. Based on the Company's current analysis of the provisions, this legislation did not have a material impact on its Condensed Consolidated Financial Statements as of or for the three and six nine months ended June 30, 2023 September 29, 2023.

NOTE 18. EARNINGS PER SHARE

Earnings per share is calculated by dividing the applicable income by the weighted average number of shares of common stock outstanding for the applicable period. Diluted earnings per share is computed based on the weighted average number of common shares outstanding plus the effect of dilutive potential shares outstanding during the period using the treasury stock method, except for the 2028 Convertible Notes and 2025 Convertible Notes, which are calculated using the if-converted method. Dilutive potential common shares include employee equity options, non-vested shares and similar instruments granted by the Company and the assumed conversion impact of the Notes convertible notes. The Company will settle any Notes convertible note conversions through a combination settlement by satisfying the principal amount outstanding with cash and any Notes convertible note conversion value in excess of the principal amount in cash or shares of the Company's common stock or any combination thereof. As such, the Company uses the treasury stock method for the assumed conversion of the Notes to compute the weighted average shares of common stock outstanding for diluted earnings per share. As the Company will settle the principal amount of the Notes convertible notes in cash upon conversion, the Notes convertible notes only have an impact on the Company's diluted earnings per share when the average share price of the Company's common stock exceeds the conversion price, of \$21.01 per share in any applicable period. See the computation of earnings per share below for the dilutive impact of the Notes convertible notes for the three and six nine months ended June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022.

In connection with the offering of the 2025 Convertible Notes, the Company entered into Capped Calls, (see further discussion in Note 13), which are intended to reduce or offset the potential dilution from shares of common stock issued upon conversion conversion. The Company completed a partial unwind of the Notes. However, this Capped Calls in connection with the Notes Exchanges. Refer to Note 13 for further discussion of the Capped Calls.

The impact of the Capped Calls is not included when calculating potentially dilutive shares since their effect is anti-dilutive. The Capped Calls will mitigate dilution from for the conversion of the remaining 2025 Convertible Notes up to the Company's common stock price of \$23.79. If the remaining 2025 Convertible Notes are converted at a price higher than \$23.79 per share, the Capped Calls will no longer mitigate dilution from the conversion of the remaining 2025 Convertible Notes.

The table below presents the computation of basic and diluted earnings per share (\$ and shares in millions, except per share amounts):

		Three Months							
		Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Numerator:	Numerator:					Numerator:			
Income from continuing operations, net of tax	Income from continuing operations, net of tax	\$ 51.9	\$ 44.5	\$ 95.7	\$ 114.9	\$ 21.5	\$ 49.6	\$ 117.2	\$ 164.5
Income from discontinued operations, net of tax	Income from discontinued operations, net of tax	\$ —	\$ 2.6	\$ —	\$ 7.1	—	(2.0)	—	5.1
Net income	Net income	\$ 51.9	\$ 47.1	\$ 95.7	\$ 122.0	\$ 21.5	\$ 47.6	\$ 117.2	\$ 169.6
Denominator:	Denominator:					Denominator:			
Weighted-average common shares outstanding used in basic earnings per share	Weighted-average common shares outstanding used in basic earnings per share	164.0	162.9	163.8	162.6	168.2	163.1	165.3	162.7
Incremental common shares from:	Incremental common shares from:								
Assumed exercise of dilutive options and vesting of dilutive restricted stock units	Assumed exercise of dilutive options and vesting of dilutive restricted stock units	2.4	3.3	2.6	3.8	2.1	2.8	2.4	3.5
Assumed conversion of the Notes		9.9	12.3	10.5	12.8				
Assumed conversion of 2025 Convertible Notes								Assumed conversion of 2025 Convertible Notes	4.9 11.0 8.6 12.2

Weighted average common shares outstanding used in diluted earnings per share	Weighted average common shares outstanding used in diluted earnings per share	176.3	178.5	176.9	179.2	Weighted average common shares outstanding used in diluted earnings per share	175.2	176.9	176.3	178.4
Earnings per share:	Earnings per share:					Earnings per share:				
Earnings from continuing operations - basic	Earnings from continuing operations - basic	\$ 0.32	\$ 0.27	\$ 0.58	\$ 0.71	Earnings from continuing operations - basic	\$ 0.13	\$ 0.30	\$ 0.71	\$ 1.01
Earnings from continuing operations - diluted	Earnings from continuing operations - diluted	\$ 0.29	\$ 0.25	\$ 0.54	\$ 0.64	Earnings from continuing operations - diluted	\$ 0.12	\$ 0.28	\$ 0.66	\$ 0.92
Earnings from discontinued operations - basic	Earnings from discontinued operations - basic	\$ —	\$ 0.02	\$ —	\$ 0.04	Earnings from discontinued operations - basic	\$ —	\$ (0.01)	\$ —	\$ 0.03
Earnings from discontinued operations - diluted	Earnings from discontinued operations - diluted	\$ —	\$ 0.01	\$ —	\$ 0.04	Earnings from discontinued operations - diluted	\$ —	\$ (0.01)	\$ —	\$ 0.03
Earnings - basic	Earnings - basic	\$ 0.32	\$ 0.29	\$ 0.58	\$ 0.75	Earnings - basic	\$ 0.13	\$ 0.29	\$ 0.71	\$ 1.04
Earnings - diluted	Earnings - diluted	\$ 0.29	\$ 0.26	\$ 0.54	\$ 0.68	Earnings - diluted	\$ 0.12	\$ 0.27	\$ 0.66	\$ 0.95

The following table presents the number of outstanding securities not included in the computation of diluted income per share, because their effect was anti-dilutive (in millions):

	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Stock-based awards	2.1	1.9	2.0	1.3

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Stock-based awards	1.9	1.9	2.0	1.5
2028 Convertible Notes	2.6	—	0.9	—
Total	4.5	1.9	2.9	1.5

NOTE 19. SEGMENT INFORMATION

The Company operates and reports its results in two separate business segments, the Specialty Products & Technologies and Equipment & Consumables segments. When determining the reportable segments, the Company aggregated operating segments based on their similar economic and operating characteristics. Operating profit represents total revenues less operating expenses, excluding nonoperating income (expense), interest expense and income taxes. Operating profit amounts in the Other segment consist of unallocated corporate costs and other costs not considered part of management's evaluation of reportable segment operating performance. The identifiable assets by segment are those used in each segment's operations. Inter-segment amounts are not significant and are eliminated to arrive at consolidated totals.

The Company's Specialty Products & Technologies products primarily include implants, regenerative products, prosthetics, orthodontic brackets, aligners and lab products. The Company's Equipment & Consumables products primarily include traditional consumables such as bonding agents and cements, impression materials, infection prevention products and restorative products, while the Company's equipment products primarily include digital imaging systems, software and other visualization and magnification systems.

On December 31, 2021, the Company sold substantially all of its KaVo Treatment Unit and Instrument Business, which was part of the Company's Equipment & Consumables segment. As a result, the financial results of the KaVo Treatment Unit and Instrument Business for the three and ~~six~~ nine months ended ~~July 1, 2022~~ September 30, 2022, were reported as discontinued operations and all segment information and descriptions exclude the KaVo Treatment Unit and Instrument Business. As of December 31, 2022, all

activities related to the sale of the KaVo Treatment Unit and Instrument Business were completed and therefore there are no discontinued operations reported for the three and six nine months ended **June 30, 2023** **September 29, 2023**. Refer to Note 3 for more information on the Company's discontinued operations.

Segment related information is shown below (\$ in millions):

		Three Months Ended		Six Months Ended				Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022			September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Sales:	Sales:					Sales:					
Specialty Products & Technologies	Specialty Products & Technologies	\$ 417.0	\$ 407.7	\$ 827.0	\$ 804.8	Specialty Products & Technologies	\$ 399.5	\$ 395.4	\$ 1,226.5	\$ 1,200.2	
Equipment & Consumables	Equipment & Consumables	245.4	238.1	462.6	472.4	Equipment & Consumables	231.8	235.7	694.4	708.1	
Total	Total	\$ 662.4	\$ 645.8	\$ 1,289.6	\$ 1,277.2	Total	\$ 631.3	\$ 631.1	\$ 1,920.9	\$ 1,908.3	
Operating profit and reconciliation to income before taxes from continuing operations:	Operating profit and reconciliation to income before taxes from continuing operations:					Operating profit and reconciliation to income before taxes from continuing operations:					
Specialty Products & Technologies	Specialty Products & Technologies	\$ 55.7	\$ 74.0	\$ 126.8	\$ 144.3	Specialty Products & Technologies	\$ 61.4	\$ 62.3	\$ 188.2	\$ 206.6	
Equipment & Consumables	Equipment & Consumables	48.4	30.2	80.9	75.7	Equipment & Consumables	43.9	44.7	124.8	120.4	
Other	Other	(25.2)	(39.0)	(56.7)	(63.3)	Other	(22.0)	(32.5)	(78.7)	(95.8)	
Operating profit	Operating profit	78.9	65.2	151.0	156.7	Operating profit	83.3	74.5	234.3	231.2	
Nonoperating income (expense):	Nonoperating income (expense):					Nonoperating income (expense):					
Other income		7.1	0.3	7.4	0.6						
Other (expense) income						Other (expense) income	(32.1)	0.3	(24.7)	0.9	
Interest expense, net	Interest expense, net	(17.4)	(6.4)	(34.1)	(12.3)	Interest expense, net	(15.4)	(11.6)	(49.5)	(23.9)	
Income before taxes from continuing operations	Income before taxes from continuing operations	\$ 68.6	\$ 59.1	\$ 124.3	\$ 145.0	Income before taxes from continuing operations	\$ 35.8	\$ 63.2	\$ 160.1	\$ 208.2	
Identifiable assets:	Identifiable assets:			June 30, 2023	December 31, 2022	Identifiable assets:			September 29, 2023	December 31, 2022	
Specialty Products & Technologies	Specialty Products & Technologies			\$ 3,438.2	\$ 3,475.7	Specialty Products & Technologies			\$ 3,384.5	\$ 3,475.7	
Equipment & Consumables	Equipment & Consumables			2,473.5	2,455.3	Equipment & Consumables			2,428.4	2,455.3	
Other	Other			695.5	656.0	Other			870.9	656.0	
Total	Total			\$ 6,607.2	\$ 6,587.0	Total			\$ 6,683.8	\$ 6,587.0	

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with other information, including our Condensed Consolidated Financial Statements and related notes included in Part I, Item 1, Financial Information, of this Quarterly Report on Form 10-Q, our consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 10-K"), and Part II, Item 1A, Risk Factors, of this Quarterly Report on Form 10-Q. Unless the context otherwise requires, all references herein to the "Company," "we," "us" or "our," or similar terms, refer to Envista Holdings Corporation and its consolidated subsidiaries.

Certain statements included or incorporated by reference in this Quarterly Report are “forward-looking statements” within the meaning of the U.S. federal securities laws. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: the potential impacts of the COVID-19 pandemic on our business, financial condition, and results of operations; projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other projected financial measures; management’s plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into; future regulatory approvals and the timing thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; the anticipated timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that Envista intends or believes will or may occur in the future. Terminology such as “believe,” “anticipate,” “should,” “could,” “intend,” “will,” “plan,” “expect,” “estimate,” “project,” “target,” “may,” “possible,” “potential,” “forecast” and “positioned” and similar references to future periods are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Forward-looking statements are based on assumptions and assessments made by our management in light of their experience and perceptions of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including but not limited to, the following: the conditions in the U.S. and global economy, the impact of inflation and increasing interest rates, international economic, political, legal, compliance and business factors, the markets served by us and the financial markets, the impact of the COVID-19 pandemic, the impact of our debt obligations on our operations and liquidity, developments and uncertainties in trade policies and regulations, contractions or growth rates and cyclicity of markets we serve, risks relating to product manufacturing, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole or limited sources of supply, disruptions relating to war, terrorism, climate change, widespread protests and civil unrest, man-made and natural disasters, public health issues and other events, security breaches or other disruptions of our information technology systems or violations of data privacy laws, fluctuations in inventory of our distributors and customers, loss of a key distributor, our relationships with and the performance of our channel partners, competition, our ability to develop and successfully market new products and services, our ability to attract, develop and retain our key personnel, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including regulations relating to medical devices and the health care industry), the results of our clinical trials and perceptions thereof, penalties associated with any off-label marketing of our products, modifications to our products that require new marketing clearances or authorizations, our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify and consummate appropriate acquisitions and strategic investments, our ability to integrate the businesses we acquire and achieve the anticipated benefits of such acquisitions, contingent liabilities relating to acquisitions, investments and divestitures, our ability to adequately protect our intellectual property, the impact of our restructuring activities on our ability to grow, risks relating to currency exchange rates, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, risks relating to product, service or software defects, the impact of regulation on demand for our products and services, and labor matters, and other risks and uncertainties set forth under “Item 1A. Risk Factors” in the 2022 10-K and this Quarterly Report on Form 10-Q.

Forward-looking statements are not guarantees of future performance and actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Forward-looking statements contained herein speak only as of the date of this Quarterly Report. Except to the extent required by applicable law, we do not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

BASIS OF PRESENTATION

The accompanying Condensed Consolidated Financial Statements present our historical financial position, results of operations, changes in stockholders’ equity and cash flows in accordance with GAAP.

Sale of the KaVo Treatment Unit and Instrument Business

On December 31, 2021, we sold substantially all of the KaVo Treatment Unit and Instrument Business (the “Divestiture”) to planmeca Verwaltungs GmbH, Germany (“Planmeca”), pursuant to the master sale and purchase agreement (the “Purchase Agreement”) among us, Planmeca, and Planmeca Oy, as guarantor. However, the transfer of assets in certain countries was not executed and closed until 2022 (“Deferred Local Closing”). As of December 31, 2022, all Deferred Local Closings were completed and we received total net cash consideration of \$386.4 million in accordance with the terms of the Purchase Agreement.

The Divestiture was part of our strategy to structurally improve our long-term margins and represented a strategic shift with a major effect on our operations and financial results as described in ASC 205-20. The sale met the criteria to be accounted for as a discontinued operation and therefore, we applied discontinued operations treatment for the Divestiture as required by ASC 205-20. In accordance with ASC 205-20, we have reported the financial results of the Divestiture as discontinued operations in our Condensed Consolidated Statements of Operations and have excluded the KaVo Treatment Unit and Instrument Business from all segment information and descriptions for the three and six nine months ended July 1, 2022 September 30, 2022. Our Condensed Consolidated Statements of Cash Flows include the financial results of the KaVo Treatment Unit and Instrument Business for the six nine months ended July 1, 2022 September 30, 2022. As all Deferred Local Closings were completed as of December 31, 2022, there are no discontinued operations reported for the three and six nine months ended June 30, 2023 September 29, 2023.

OVERVIEW

General

We provide products that are used to diagnose, treat and prevent disease and ailments of the teeth, gums and supporting bone, as well as to improve the aesthetics of the human smile. We help our customers deliver the best possible patient care through industry-leading solutions, technologies, and services. With leading brand names, innovative technology and significant market positions, we are a leading worldwide provider of a broad range of solutions to support implant-based tooth replacements, orthodontic treatments, digital imaging and diagnostics, as well as general dental consumables, equipment and services, and are dedicated to driving technological innovations that help dental professionals improve clinical outcomes and enhance productivity. Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 30 countries across North America, Asia, Europe, the Middle East and Latin America.

We operate in two business segments: Specialty Products & Technologies and Equipment & Consumables. Our Specialty Products & Technologies segment develops, manufactures and markets products primarily related to dental implant systems, including regenerative solutions, dental prosthetics and associated treatment software and technologies, as well as orthodontic bracket systems, aligners and lab products. Our Equipment & Consumables segment develops, manufactures and markets products primarily related to dental equipment and supplies used in dental offices, including digital imaging systems, software and other visualization/magnification systems; endodontic systems and related consumables; and restorative materials and instruments, rotary burs, impression materials, bonding agents and cements and infection prevention products.

For the three and **six** **nine** months ended **June 30, 2023** **September 29, 2023**, sales derived from customers outside of the United States were **52.7%** **51.1%** and **52.5%** **52.1%**, respectively, compared to **both** the three and **six** **nine** months ended **July 1, 2022** **September 30, 2022**, of **51.3%** **49.7%** and **50.8%**, respectively. As a global provider of dental consumables, equipment and services, our operations are affected by worldwide, regional and industry-specific economic and political factors. Given the broad range of dental products, software and services provided and geographies served, we do not use any indices other than general economic trends to predict our overall outlook. Our individual businesses monitor key competitors and customers, including to the extent possible their sales, to gauge relative performance and the outlook for the future.

As a result of our geographic and product line diversity, we face a variety of opportunities and challenges, including rapid technological development in most of our served markets, the expansion and evolution of opportunities in emerging markets, trends and costs associated with a global labor force, consolidation of our competitors and increasing regulation. We operate in a highly competitive business environment in most markets, and our long-term growth and profitability will depend in particular on our ability to expand our business in emerging geographies and market segments, identify, consummate and integrate appropriate acquisitions, develop innovative and differentiated new products and services, expand and improve the effectiveness of our sales force, continue to reduce costs and improve operating efficiency and quality and effectively address the demands of an increasingly regulated global environment. We are making significant investments to address the rapid pace of technological change in our served markets and to globalize our manufacturing, research and development and customer-facing resources (particularly in emerging markets and our dental implant business) in order to be responsive to our customers throughout the world and improve the efficiency of our operations.

Key Trends and Conditions Affecting Our Results of Operations

There have been no material changes to the key trends and conditions affecting our results of operations that were disclosed in our 2022 10-K, except as follows:

Debt Financing Transactions

During the quarter ended September 29, 2023, we issued \$500.2 of 2028 Convertible Notes, entered into the Second Amended Credit Agreement, and executed Notes Exchanges with a limited number of holders of the 2025 Convertible Notes consisting of approximately \$403.0 in cash, which includes accrued interest, and approximately 8.4 million shares of our common stock. We recognized a non-cash inducement charge of \$28.5 million in connection with the Notes Exchanges which was recorded within Other Expense in the Condensed Consolidated Statements of Operations.

See "Liquidity and Capital Resources □ Debt Financing Transactions" in this Quarterly Report on Form 10-Q for further discussion.

Foreign Currency Exchange Rates

On a period-over-period basis, currency exchange rates negatively impacted reported sales by **1.2%** **0.8%** and **1.4%** **1.2%** for the three and **six** **nine** months ended **June 30, 2023** **September 29, 2023**, respectively, compared to the comparable **period periods** of 2022, primarily due to the strength of the U.S. dollar against most major currencies. Any future strengthening of the U.S. dollar against major currencies would negatively impact our sales and results of operations for the remainder of the year, and any weakening of the U.S. dollar against major currencies would positively impact our sales and results of operations for the remainder of the year.

General Economic Conditions

In addition to industry-specific factors, we, like other businesses, face challenges related to global economic conditions, including rising inflation, increasing interest rates, fluctuating foreign currency exchange rates, slowing economic growth, and continuing supply chain disruptions. Dental costs are largely out-of-pocket for the consumer and thus utilization rates can vary significantly depending on economic growth. While many of our products are considered necessary by patients regardless of the economic environment, certain products and services that support discretionary dental procedures may be more susceptible to changes in economic conditions.

Pricing Controls

Certain countries, as well as some private payors, control the price of health care products, directly or indirectly, through reimbursement, payment, pricing or coverage limitations, tying reimbursement to outcomes or (in the case of governmental entities) compulsory licensing. For example, China has implemented volume-based procurement policies, a series of centralized reforms instituted in China on both a national and regional basis that has resulted in significant price cuts for medical and dental consumables.

Russia-Ukraine Conflict

Russia's invasion of Ukraine and the global response to this invasion, including sanctions imposed by the U.S. and other countries, could have an adverse impact on our business, including our ability to market and sell products in the affected regions, potentially heightening our risk of cyber security attacks, impacting our ability to enforce our intellectual property rights in Russia, creating disruptions in the global supply chain, and potentially having an adverse impact on the global economy, financial markets, energy markets, currency rates and otherwise. While we are experiencing **some** volatility in sales from this region, Russia's invasion of Ukraine did not have a material impact on our overall financial position or results of operations as of and for the three and **six** **nine** months ended **June 30, 2023** **September 29, 2023** and **July 1, 2022** **September 30, 2022**.

Israel-Hamas War

In response to the attacks in Israel and the subsequent hostilities, we continue to monitor the social, political, and economic environment in Israel and in the region for any impact to our operations. Revenue generated from Israel is approximately \$15 million annually. We also maintain a production facility in Israel related to our Alpha-Bio Tech Implant brand. While we anticipate some volatility in the region, the Israel-Hamas War has not had a material impact on our business.

COVID-19

The extent of the impact of the COVID-19 pandemic on our business remains uncertain and difficult to predict because of the dynamic and evolving nature of the situation. The global impact of the outbreak continues to adversely affect many industries, and different geographies continue to reflect the effects of public health restrictions in various ways. The economic recovery following the impact of the COVID-19 pandemic is only partially underway and has been gradual, uneven and characterized by meaningful dispersion across sectors and regions with uncertainty regarding its ultimate length and trajectory. During the three and **six** **nine** months ended **June 30, 2023** **September 29, 2023**, notwithstanding improvement in many markets in which we operate due to a return to more normalized business operations, certain markets continued to be adversely impacted by COVID-19.

For additional information on certain risks to our business, please refer to the “Item 1A. Risk Factors” section of our 2022 10-K.

Acquisitions

Our growth strategy contemplates future acquisitions and we continually evaluate potential acquisitions that either strategically fit with our existing portfolio or expand our portfolio into new and attractive business areas. Our operations and results can be affected by the rate and extent to which appropriate acquisition opportunities are available, acquired businesses are effectively integrated and anticipated synergies or cost savings are achieved. During the fiscal year 2022, we completed two acquisitions.

On July 5, 2022, we acquired all of the equity of Osteogenics for total consideration of approximately \$128.2 million, subject to certain customary adjustments as provided in the Equity Purchase Agreement dated May 17, 2022. Osteogenics develops innovative regenerative solutions for periodontists, oral and maxillofacial surgeons, and clinicians involved in implant dentistry throughout the world, and is part of our Specialty Products & Technologies segment.

On April 20, 2022, we completed our acquisition of Carestream Dental's Intraoral Scanner Business for total consideration of approximately \$580.3 million including contingent consideration of \$7.5 million, and subject to certain customary adjustments as provided in the IOS Purchase Agreement. The Intraoral Scanner Business manufactures, markets, sells, commercializes, distributes, services, trains, supports, and maintains operations of intraoral scanners and software, and is part of our Equipment & Consumables segment. We purchased the Intraoral Scanner Business through the acquisition of certain assets and the assumption of certain liabilities as well as the acquisition of all of the equity of certain subsidiaries of Carestream Dental.

Envista Business Systems

Throughout this discussion, references to sales volume refer to the impact of both price and unit sales and references to productivity improvements generally refer to improved cost-efficiencies resulting from the ongoing application of Envista Business Systems (“EBS”). We believe our deep-rooted commitment to EBS helps drive our market leadership and differentiates us in the dental products industry. EBS encompasses not only lean tools and processes, but also methods for driving growth, innovation and leadership. Within the EBS framework, we pursue a number of ongoing strategic initiatives relating to streamlining business operations, portfolio simplification, reduction of costs, redeployment of resources, customer insight generation, product development and commercialization, efficient sourcing, and improvement in manufacturing and back-office support, all with a focus on continually improving quality, delivery, cost, growth and innovation.

Non-GAAP Measures

In order to establish period-to-period comparability, we include the non-GAAP measure of core sales in this report. References to the non-GAAP measure of core sales (also referred to as core revenues or sales/revenues from existing businesses) refer to sales calculated according to GAAP, but excluding:

- sales from acquired businesses for one year from the acquisition date;
- sales from discontinued products; and
- the impact of currency translation.

We exclude sales from acquired businesses in order to provide accurate year over year comparisons. Sales from discontinued products includes major brands or major products that we have made the decision to discontinue as part of a portfolio restructuring. Discontinued brands or products consist of those which we (1) are no longer manufacturing, (2) are no longer investing in the research or development of, and (3) expect to discontinue all significant sales of within one year from the decision date to discontinue. The portion of sales attributable to discontinued brands or products is calculated as the net decline of the applicable discontinued brand or product from period-to-period. We exclude sales from discontinued products because discontinued products do not have a continuing contribution to operations and management believes that excluding such items provides investors with a means of evaluating our on-going operations and facilitates comparisons to our peers.

The portion of sales attributable to currency translation is calculated as the difference between:

- the period-to-period change in sales; and
- the period-to-period change in sales after applying current period foreign exchange rates to the prior year period.

Core sales growth should be considered in addition to, and not as a replacement for or superior to, sales, and may not be comparable to similarly titled measures reported by other companies. We believe that reporting the non-GAAP financial measure of core sales growth provides useful information to investors by helping identify underlying growth trends in our on-going business and facilitating comparisons of our sales performance with our performance in prior and future periods and to our peers. We also use core sales growth to measure our operating and financial performance. We exclude the effect of currency translation from core sales because currency translation is not under our control, is subject to volatility and can obscure underlying business trends.

RESULTS OF OPERATIONS

All comparisons, variances, increases or decreases discussed below are for the three and six nine months ended June 30, 2023 September 29, 2023, compared to the three and six nine months ended July 1, 2022 September 30, 2022.

	Three Months Ended							Three Months Ended					
								September 29,		September 30,			
(\$ in millions)	(\$ in millions)	June 30, 2023		July 1, 2022		% Change	(\$ in millions)	2023		2022		% Change	
Sales	Sales	\$ 662.4	100.0%	\$ 645.8	100.0%	2.6 %	Sales	\$ 631.3	100.0%	\$ 631.1	100.0%	— %	
Cost of sales	Cost of sales	283.8	42.8%	276.0	42.7%	2.8 %	Cost of sales	268.0	42.5%	266.4	42.2%	0.6 %	
Gross profit	Gross profit	378.6	57.2%	369.8	57.3%	2.4 %	Gross profit	363.3	57.5%	364.7	57.8%	(0.4) %	
Operating costs:	Operating costs:							Operating costs:					

Selling, general and administrative ("SG&A") expenses	Selling, general and administrative ("SG&A") expenses	272.9	41.2%	279.5	43.3%	(2.4) %	Selling, general and administrative ("SG&A") expenses	257.7	40.8%	264.2	41.9%	(2.5) %
Research and development ("R&D") expenses	Research and development ("R&D") expenses	26.8	4.0%	25.1	3.9%	6.8 %	Research and development ("R&D") expenses	22.3	3.5%	26.0	4.1%	(14.2) %
Operating profit	Operating profit	78.9	11.9%	65.2	10.1%	21.0 %	Operating profit	83.3	13.2%	74.5	11.8%	11.8 %
Nonoperating income (expense):	Nonoperating income (expense):						Nonoperating income (expense):					
Other income		7.1	1.1%	0.3	—%	NM						
Other (expense) income							Other (expense) income	(32.1)	(5.1)%	0.3	—%	NM
Interest expense, net	Interest expense, net	(17.4)	(2.6)%	(6.4)	(1.0)%	171.9 %	Interest expense, net	(15.4)	(2.4)%	(11.6)	(1.8)%	32.8 %
Income before income taxes	Income before income taxes	68.6	10.4%	59.1	9.2%	16.1 %	Income before income taxes	35.8	5.7%	63.2	10.0%	(43.4) %
Income tax expense	Income tax expense	16.7	2.5%	14.6	2.3%	14.4 %	Income tax expense	14.3	2.3%	13.6	2.2%	5.1 %
Income from continuing operations	Income from continuing operations	51.9	7.8%	44.5	6.9%	16.6 %	Income from continuing operations	21.5	3.4%	49.6	7.9%	(56.7) %
Income from discontinued operations, net of tax		—	—%	2.6	0.4%	(100.0) %						
Loss from discontinued operations, net of tax							Loss from discontinued operations, net of tax	—	—%	(2.0)	(0.3)%	(100.0) %
Net income	Net income	\$ 51.9	7.8%	\$ 47.1	7.3%	10.2 %	Net income	\$ 21.5	3.4%	\$ 47.6	7.5%	(54.8) %
Effective tax rate from continuing operations	Effective tax rate from continuing operations	24.3 %		24.7 %			Effective tax rate from continuing operations	39.9 %		21.5 %		
		Six Months Ended						Nine Months Ended				
(\$ in millions)	(\$ in millions)	June 30, 2023		July 1, 2022		% Change	(\$ in millions)	September 29, 2023		September 30, 2022		% Change
Sales	Sales	\$ 1,289.6	100.0%	\$ 1,277.2	100.0%	1.0 %	Sales	\$ 1,920.9	100.0%	\$ 1,908.3	100.0%	0.7 %
Cost of sales	Cost of sales	548.3	42.5%	533.3	41.8%	2.8 %	Cost of sales	816.3	42.5%	799.7	41.9%	2.1 %
Gross profit	Gross profit	741.3	57.5%	743.9	58.2%	(0.3) %	Gross profit	1,104.6	57.5%	1,108.6	58.1%	(0.4) %
Operating costs:	Operating costs:						Operating costs:					
SG&A expenses	SG&A expenses	539.0	41.8%	537.7	42.1%	0.2 %	SG&A expenses	796.7	41.5%	801.9	42.0%	(0.6) %
R&D expenses	R&D expenses	51.3	4.0%	49.5	3.9%	3.6 %	R&D expenses	73.6	3.8%	75.5	4.0%	(2.5) %
Operating profit	Operating profit	151.0	11.7%	156.7	12.3%	(3.6) %	Operating profit	234.3	12.2%	231.2	12.1%	1.3 %
Nonoperating income (expense):	Nonoperating income (expense):						Nonoperating income (expense):					
Other income		7.4	0.6%	0.6	—%	NM						
Other (expense) income							Other (expense) income	(24.7)	(1.3)%	0.9	—%	NM
Interest expense, net	Interest expense, net	(34.1)	(2.6)%	(12.3)	(1.0)%	177.2 %	Interest expense, net	(49.5)	(2.6)%	(23.9)	(1.3)%	107.1 %

Income before income taxes	Income before income taxes	124.3	9.6%	145.0	11.4%	(14.3) %	Income before income taxes	160.1	8.3%	208.2	10.9%	(23.1) %
Income tax expense	Income tax expense	28.6	2.2%	30.1	2.4%	(5.0) %	Income tax expense	42.9	2.2%	43.7	2.3%	(1.8) %
Income from continuing operations	Income from continuing operations	95.7	7.4%	114.9	9.0%	(16.7) %	Income from continuing operations	117.2	6.1%	164.5	8.6%	(28.8) %
Income from discontinued operations, net of tax	Income from discontinued operations, net of tax	—	—%	7.1	0.6%	(100.0) %	Income from discontinued operations, net of tax	—	—%	5.1	0.3%	(100.0) %
Net income	Net income	\$ 95.7	7.4%	\$ 122.0	9.6%	(21.6) %	Net income	\$ 117.2	6.1%	\$ 169.6	8.9%	(30.9) %
Effective tax rate from continuing operations	Effective tax rate from continuing operations	23.0	%	20.8	%		Effective tax rate from continuing operations	26.8	%	21.0	%	

Non-meaningful percentage change related to year-to-year comparisons are designated as NM.

GAAP Reconciliation

Sales and Core Sales Growth

		% Change Three Month Period Ended June 30, 2023 vs. Comparable 2022 Period		% Change Six Month Period Ended June 30, 2023 vs. Comparable 2022 Period			% Change Three Month Period Ended September 29, 2023 vs. Comparable 2022 Period		% Change Nine Month Period Ended September 29, 2023 vs. Comparable 2022 Period	
Total sales growth (GAAP)	Total sales growth (GAAP)	2.6	%	1.0	%	Total sales growth (GAAP)	—	%	0.7	%
Plus the impact of:	Plus the impact of:					Plus the impact of:				
Acquisition	Acquisition	(1.7)	%	(2.5)	%	Acquisition	—	%	(1.7)	%
Currency exchange rates	Currency exchange rates	1.2	%	1.4	%	Currency exchange rates	0.8	%	1.2	%
Core sales growth (non-GAAP)	Core sales growth (non-GAAP)	2.1	%	(0.1)	%	Core sales growth (non-GAAP)	0.8	%	0.2	%

Sales growth for the three months ended September 29, 2023 remained flat while core sales growth increased by 0.8% for the comparable period in 2022. An increase in sales volume positively impacted sales growth by 3.7% on a period-over-period basis, partially offset by a decrease in sales price of 2.9%. Sales increased due to growth in Europe, partially offset by a decrease in North America.

Sales and core sales growth for the three nine months ended June 30, 2023 September 29, 2023 increased 2.6% by 0.7% and 2.1% 0.2%, respectively, compared to the comparable period in 2022. An increase in sales volume positively impacted sales growth by 2.7% 1.2% on a period-over-period basis, offset by a decrease in sales price of 0.6% 1.0%. Sales The increase in developed markets increased sales is primarily due to growth in Western from Europe, partially offset by a decrease in North America. Sales in emerging markets increased primarily due to Eastern Europe.

Sales growth for the six months ended June 30, 2023 increased by 1.0% while core sales growth decreased by 0.1%, for the comparable period in 2022. A sales price decrease of 0.1% negatively impacted sales growth and sales volume remained flat on a period-over-period basis. Sales in developed markets decreased primarily due to lower demand from North America, partially offset by an increase in Western Europe. Sales in emerging markets increased due to Eastern Europe, partially offset by a decrease in and China.

COST OF SALES AND GROSS PROFIT MARGIN

(\$ in millions)	(\$ in millions)	Three Months Ended		Six Months Ended		(\$ in millions)	Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Cost of sales	Cost of sales	283.8	276.0	548.3	533.3	Cost of sales	\$ 268.0	\$ 266.4	\$ 816.3	\$ 799.7
Gross profit margin	Gross profit margin	57.2 %	57.3 %	57.5 %	58.2 %	Gross profit margin	57.5 %	57.8 %	57.5 %	58.1 %

The increase in cost Cost of sales during the three and six nine months ended June 30, 2023 September 29, 2023 increased as compared to the comparable periods in 2022 was primarily due to increased sales and unfavorable product mix, and partially offset by the impact absence of higher costs due the amortization of the fair value adjustments related to inflation, acquired inventory as part of our acquisitions.

Gross profit margin percentages during the three and six nine months ended June 30, 2023 September 29, 2023 decreased compared to the comparable periods in 2022. For the three months ended June 30, 2023 September 29, 2023, the slight decrease was primarily due to unfavorable sales price and product mix, and higher costs due to inflation, partially

offset by an increase in volume, the absence of the amortization of the fair value adjustments related to acquired inventory as part of our acquisitions, and the by period-over-period savings associated with productivity improvements. For the six nine months ended June 30, 2023 September 29, 2023, the decrease was primarily due to unfavorable product mix, unfavorable sales price and higher costs due to inflation, partially offset by an increase in volume, the absence of the amortization of the fair value adjustments related to acquired inventory as part of our acquisitions, and by period-over-period savings associated with productivity improvements.

OPERATING EXPENSES

(\$ in millions)	(\$ in millions)	Three Months Ended		Six Months Ended		(\$ in millions)	Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Selling, general and administrative expenses	Selling, general and administrative expenses	\$ 272.9	\$ 279.5	\$ 539.0	\$ 537.7	Selling, general and administrative expenses	\$ 257.7	\$ 264.2	\$ 796.7	\$ 801.9
Research and development expenses	Research and development expenses	\$ 26.8	\$ 25.1	\$ 51.3	\$ 49.5	Research and development expenses	\$ 22.3	\$ 26.0	\$ 73.6	\$ 75.5
SG&A as a % of sales	SG&A as a % of sales	41.2 %	43.3 %	41.8 %	42.1 %	SG&A as a % of sales	40.8 %	41.9 %	41.5 %	42.0 %
R&D as a % of sales	R&D as a % of sales	4.0 %	3.9 %	4.0 %	3.9 %	R&D as a % of sales	3.5 %	4.1 %	3.8 %	4.0 %

SG&A expenses as a percentage of sales for the three and six nine months ended June 30, 2023 September 29, 2023 decreased as compared to the comparable periods of 2022. For the three months ended June 30, 2023, the decrease was primarily due to increased sales volume combined with lower acquisition related and sales and marketing expenses. For the six months ended June 30, 2023, the decrease was 2022 primarily due to lower acquisition related expenses combined with lower sales and marketing expenses, expenses and lower acquisition related costs.

R&D expenses as a percentage of sales for the three and six nine months ended June 30, 2023 September 29, 2023, were consistent with the comparable period periods in 2022.

OTHER (EXPENSE) INCOME, (EXPENSE), NET

The increase in Other (expense) income, (expense), net for both the three and six months ended June 30, 2023 is September 29, 2023 primarily due to consists of \$29.0 million of inducement and other expenses associated with the Notes Exchanges and a \$6.9 million loss on equity investments of \$3.3 million. Other expense, net for the nine months ended September 29, 2023 consists primarily of \$29.0 million of inducement and other expenses associated with the Notes Exchanges, offset by a \$3.6 million net gain on the sale of an equity investment, investments.

INTEREST COSTS AND FINANCING

Interest costs were \$17.4 million \$15.4 million and \$6.4 million \$11.6 million for the three months ended June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022, respectively, and \$34.1 million \$49.5 million and \$12.3 million \$23.9 million for the six nine months ended June 30, 2023 September 29, 2023 and July 1, 2022 September 30, 2022, respectively. The increase in interest costs for the three and six nine months ended June 30, 2023 September 29, 2023 as compared to the comparable periods of 2022 was due primarily to higher interest rates on our variable rate Term Loan term borrowings and Euro Term Loan borrowings, increased borrowing during the quarter ended September 29, 2023.

INCOME TAXES

	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Effective tax rate from continuing operations	24.3 %	24.7 %	23.0 %	20.8 %

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Effective tax rate from continuing operations	39.9 %	21.5 %	26.8 %	21.0 %

Our effective tax rate from continuing operations of 24.3% 39.9% and 23.0% 26.8% for the three and six nine months ended June 30, 2023 September 29, 2023, respectively, differed from the comparable periods in 2022 primarily due to the Company's nondeductible nature of the convertible debt inducement expense for U.S. tax purposes, our geographical mix of earnings, and a decrease in certain discrete tax benefits.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which, among other things, implemented a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases, and several tax incentives to promote clean energy. Based on our current analysis of the provisions, this legislation did not have a material impact on our Condensed Consolidated Financial Statements as of or for the three and six nine months ended June 30, 2023 September 29, 2023.

RESULTS OF OPERATIONS - BUSINESS SEGMENTS

Specialty Products & Technologies

Our Specialty Products & Technologies segment primarily develops, manufactures and markets dental implant systems, including regenerative solutions, dental prosthetics and associated treatment software and technologies, as well as orthodontic bracket systems, aligners and lab products.

Specialty Products & Technologies Selected Financial Data

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
(\$ in millions)	(\$ in millions)					(\$ in millions)				
Sales	Sales	\$ 417.0	\$ 407.7	\$ 827.0	\$ 804.8	Sales	\$ 399.5	\$ 395.4	\$ 1,226.5	\$ 1,200.2
Operating profit	Operating profit	\$ 55.7	\$ 74.0	\$ 126.8	\$ 144.3	Operating profit	\$ 61.4	\$ 62.3	\$ 188.2	\$ 206.6
Operating profit as a % of sales	Operating profit as a % of sales	13.4 %	18.2 %	15.3 %	17.9 %	Operating profit as a % of sales	15.4 %	15.8 %	15.3 %	17.2 %

Sales and Core Sales Growth

		% Change Three Month Period Ended June 30, 2023 vs. Comparable 2022 Period		% Change Six Month Period Ended June 30, 2023 vs. Comparable 2022 Period			% Change Three Month Period Ended September 29, 2023 vs. Comparable 2022 Period		% Change Nine Month Period Ended September 29, 2023 vs. Comparable 2022 Period	
Total sales growth (GAAP)	Total sales growth (GAAP)	2.3	%	2.8	%	Total sales growth (GAAP)	1.0	%	2.2	%
Plus the impact of:	Plus the impact of:					Plus the impact of:				
Acquisitions	Acquisitions	(2.1)	%	(2.1)	%	Acquisitions	—	%	(1.4)	%
Currency exchange rates	Currency exchange rates	1.5	%	1.7	%	Currency exchange rates	1.2	%	1.5	%
Core sales growth (non-GAAP)	Core sales growth (non-GAAP)	1.7	%	2.4	%	Core sales growth (non-GAAP)	2.2	%	2.3	%

Sales

Sales and core sales growth for the three months ended **June 30, 2023** **September 29, 2023** increased **2.3%** **1.0%** and **1.7%** **2.2%**, respectively, compared to the comparable period in 2022. Sales increased by **2.1%** **4.7%** due to higher volume on a period-over-period basis, offset by a decrease in sales price of **0.4%** **2.5%**. Sales The increase in developed markets increased sales is primarily due to growth in Western from Europe and China, partially offset by a decrease in lower demand in North America. Sales in emerging markets increased primarily due to Eastern Europe, partially offset by a decrease in America and Russia.

Sales and core sales growth for the **six nine** months ended **June 30, 2023** **September 29, 2023** increased **2.8%** **2.2%** and **2.4%** **2.3%**, respectively, compared to the comparable period in 2022. Sales increased by **2.9%** **3.5%** due to higher volume on a period-over-period basis, slightly offset by a decrease in sales price of **0.5%** **1.2%**. Sales The increase in developed markets increased sales is primarily due to growth in Western Europe, partially offset by a decrease in lower demand from North America. Sales in emerging markets increased primarily due to Eastern Europe, partially offset by decreases in China America, Russia and Russia. China.

Additionally, sales for the **three and six nine** months ended **June 30, 2023** **September 29, 2023** were also positively impacted by the acquisition of Osteogenics.

Operating Profit

Operating profit margin was **13.4%** **15.4%** for the three months ended **June 30, 2023** **September 29, 2023**, as compared to an operating profit margin of **18.2%** **15.8%** for the comparable period of 2022. For the three months ended September 29, 2023, the decrease was primarily due to unfavorable product mix and unfavorable sales price, partially offset by an increase in sales volume and by period-over-period savings associated with productivity improvements.

Operating profit margin was **15.3%** for the **six nine** months ended **June 30, 2023** **September 29, 2023**, as compared to an operating profit margin of **17.9%** **17.2%** for the comparable period of 2022. The For the nine months ended September 29, 2023, the decrease in operating profit margin for both the three and six month periods was primarily due to unfavorable product mix, unfavorable sales price, investments in our long-term growth initiatives and the impact of inflation, partially offset by an increase in sales volume and by period-over-period savings associated with productivity improvements.

EQUIPMENT & CONSUMABLES

Our Equipment & Consumables segment primarily develops, manufactures and markets dental equipment and supplies used in dental offices, including digital imaging systems, software and other visualization/magnification systems; endodontic systems and related consumables; restorative materials and instruments, rotary burs, impression materials, bonding agents and cements and infection prevention products.

Equipment & Consumables Selected Financial Data

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
(\$ in millions)	(\$ in millions)					(\$ in millions)				

Sales	Sales	\$ 245.4	\$ 238.1	\$ 462.6	\$ 472.4	Sales	\$ 231.8	\$ 235.7	\$ 694.4	\$ 708.1
Operating profit	Operating profit	\$ 48.4	30.2	\$ 80.9	\$ 75.7	Operating profit	\$ 43.9	44.7	\$ 124.8	\$ 120.4
Operating profit as a % of sales	Operating profit as a % of sales	19.7 %	12.7 %	17.5 %	16.0 %	Operating profit as a % of sales	18.9 %	19.0 %	18.0 %	17.0 %

Sales and Core Sales Growth

		% Change Three Month Period Ended June 30, 2023 vs. Comparable 2022 Period		% Change Six Month Period Ended June 30, 2023 vs. Comparable 2022 Period			% Change Three Month Period Ended September 29, 2023 vs. Comparable 2022 Period		% Change Nine Month Period Ended September 29, 2023 vs. Comparable 2022 Period	
Total sales growth (GAAP)	Total sales growth (GAAP)	3.1	%	(2.1)	%	Total sales growth (GAAP)	(1.7)	%	(1.9)	%
Plus the impact of:	Plus the impact of:					Plus the impact of:				
Acquisition	Acquisition	(1.0)	%	(3.1)	%	Acquisition	—	%	(2.0)	%
Currency exchange rates	Currency exchange rates	0.8	%	0.8	%	Currency exchange rates	0.1	%	0.4	%
Core sales growth (non-GAAP)	Core sales growth (non-GAAP)	2.9	%	(4.4)	%	Core sales growth (non-GAAP)	(1.6)	%	(3.5)	%

Sales

Sales and core sales growth for the three months ended June 30, 2023 increased 3.1% September 29, 2023 decreased 1.7%, and 2.9% 1.6%, respectively, compared to the comparable period in 2022. Sales growth increased by 3.7% 2.1% due to higher volume on a period-over-period basis, offset by a decrease in sales price of 0.8% 3.7%. Sales increased for the three months ended June 30, 2023 The decrease in sales is primarily due to emerging markets. lower demand from North America and China.

Sales and core sales growth for the six nine months ended June 30, 2023 September 29, 2023 decreased 2.1% 1.9% and 4.4% 3.5%, respectively, compared to the comparable period in 2022. A decrease in sales volume negatively impacted sales growth by 5.1% 2.7% on a period-over-period basis offset by an increase combined with a decrease in sales price of 0.7% 0.8%. Sales decreased The decrease in developed markets sales is primarily in due to lower demand from North America, Europe and Western Europe, while sales increased in emerging markets. China.

Sales for the three and six nine months ended June 30, 2023 September 29, 2023 were positively impacted by the acquisition of our Intraoral Scanner Business.

Operating Profit

Operating profit margin was 19.7% 18.9% for the three months ended June 30, 2023 September 29, 2023, as compared to an operating profit margin of 12.7% 19.0% for the comparable period of 2022. The slight decrease in operating profit margin for the three months ended September 29, 2023 was primarily due to unfavorable sales price, offset by favorable product mix and decreased amortization of intangible assets.

Operating profit margin was 18.0% for the nine months ended September 29, 2023, as compared to an operating profit margin of 17.0% for the comparable period of 2022. The increase in operating profit margin for the three nine months ended June 30, 2023 September 29, 2023 was primarily due to higher sales volume, period-over-period savings associated with productivity improvements and decreased amortization of intangible assets, and lower restructuring costs, partially offset by the impact of incremental material price cost due in part to inflation.

Operating profit margin was 17.5% for the six months ended June 30, 2023, as compared to an operating profit margin of 16.0% for the comparable period of 2022. The increase in operating profit margin for the six months ended June 30, 2023 was primarily due to favorable sales price and period-over-period savings associated with productivity improvements, partially offset by lower sales volume, unfavorable sales price and the impact of higher costs due to inflation.

LIQUIDITY AND CAPITAL RESOURCES

We assess our liquidity in terms of our ability to generate cash to fund our operating and investing activities. We continue to generate substantial cash from operating activities and believe that our operating cash flow and other sources of liquidity are sufficient to allow us to manage our capital structure on a short-term and long-term basis and continue investing in existing businesses and consummating strategic acquisitions.

Following is an overview of our cash flows and liquidity, which includes the cash flows of the KaVo Treatment Unit and Instrument Business for the six nine months ended July 1, 2022 September 30, 2022.

Overview of Cash Flows and Liquidity

		Six Months Ended			Nine Months Ended	
		June 30, 2023	July 1, 2022		September 29, 2023	September 30, 2022
Net cash provided by operating activities	Net cash provided by operating activities	\$ 78.2	\$ 25.7	Net cash provided by operating activities	\$ 173.7	\$ 72.4

Payments for additions to property, plant and equipment	Payments for additions to property, plant and equipment	\$ (31.6)	\$ (31.9)	Payments for additions to property, plant and equipment	\$ (50.0)	\$ (58.8)
Proceeds from sales of property, plant and equipment				Proceeds from sales of property, plant and equipment	—	1.6
Proceeds from sale of equity investment	Proceeds from sale of equity investment	10.7	—	Proceeds from sale of equity investment	10.7	—
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	—	(569.8)	Acquisitions, net of cash acquired	—	(696.2)
Proceeds from sale of KaVo treatment unit and instrument business	Proceeds from sale of KaVo treatment unit and instrument business	—	28.8	Proceeds from sale of KaVo treatment unit and instrument business	—	59.8
Proceeds from the settlement of derivative financial instruments				Proceeds from the settlement of derivative financial instruments	1.1	55.9
All other investing activities, net	All other investing activities, net	(3.9)	(13.6)	All other investing activities, net	(11.6)	(18.5)
Net cash used in investing activities	Net cash used in investing activities	\$ (24.8)	\$ (586.5)	Net cash used in investing activities	\$ (49.8)	\$ (656.2)
Proceeds from issuance of convertible notes due 2028				Proceeds from issuance of convertible notes due 2028	500.2	—
Debt issuance costs related to issuance of convertible notes due 2028				Debt issuance costs related to issuance of convertible notes due 2028	(13.5)	—
Principal paid related to exchange of convertible notes due 2025				Principal paid related to exchange of convertible notes due 2025	(401.2)	—
Proceeds from borrowings				Proceeds from borrowings	323.5	0.3
Repayment of borrowings				Repayment of borrowings	(288.8)	(0.5)
Debt issuance costs related to other borrowings				Debt issuance costs related to other borrowings	(4.5)	—
Proceeds from revolving line of credit				Proceeds from revolving line of credit	—	124.0
Repayment of revolving line of credit				Repayment of revolving line of credit	—	(54.0)
Proceeds from stock option exercises	Proceeds from stock option exercises	\$ 5.9	\$ 15.4	Proceeds from stock option exercises	7.5	\$ 19.9

Tax withholding payment related to net settlement of equity awards	Tax withholding payment related to net settlement of equity awards	(6.4)	(8.1)	Tax withholding payment related to net settlement of equity awards	(7.8)	(8.9)
Proceeds from borrowings		—	0.3			
Repayment of borrowings		—	(0.5)			
All other financing activities	All other financing activities	1.6	—	All other financing activities	0.2	—
Net cash provided by financing activities	Net cash provided by financing activities	\$ 1.1	\$ 7.1	Net cash provided by financing activities	\$ 115.6	\$ 80.8

Operating Activities

Cash flows from operating activities can fluctuate significantly from period-to-period due to working capital needs and the timing of payments for income taxes, restructuring activities, pension funding and other items impacting reported cash flows.

Net cash provided by operating activities was \$78.2 million \$173.7 million during the six nine months ended June 30, 2023 September 29, 2023, as compared to net cash provided by operating activities of \$25.7 million \$72.4 million for the comparable period of 2022, primarily due to lower overall net cash payments during the six nine months ended June 30, 2023 September 29, 2023.

Investing Activities

Cash flows relating to investing activities consist primarily of cash used for capital expenditures and acquisitions. Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting new product development and improving information technology systems.

Net cash used in investing activities was \$24.8 million \$49.8 million for the six nine months ended June 30, 2023 September 29, 2023, as compared to net cash used in investing activities of \$586.5 million \$656.2 million for the comparable period in 2022, primarily due to the prior year period reflecting cash paid with respect to the Intraoral Scanner Business acquisition and acquisitions, partially offset by the earnout from the sale of the KaVo Treatment Unit and Instruments Business along with proceeds received from settlement of derivatives, offset by the proceeds received in the current quarter related to the sale of an equity investment.

Financing Activities and Indebtedness

Cash flows relating to financing activities consist primarily of cash flows associated with debt borrowings and the issuance of common stock.

Net cash provided by finance activities was \$1.1 million \$115.6 million for the six nine months ended June 30, 2023 September 29, 2023 compared to net cash provided by financing activities of \$7.1 million \$80.8 million for the comparable period of 2022 is primarily due to a reduction in cash flows associated with the issuance of common stock, higher net borrowings during 2023 partially offset by lower proceeds from stock options as compared to prior year.

For a description of our outstanding debt as of June 30, 2023 September 29, 2023, refer to Note 13 to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

We intend to satisfy any short-term liquidity needs that are not met through operating cash flow and available cash primarily through our revolving credit facility.

Cash and Cash Requirements

As of June 30, 2023 September 29, 2023, we held \$651.7 million \$824.2 million of cash and cash equivalents that were held on deposit with financial institutions. Of this amount, \$152.4 million \$246.8 million was held within the United States and \$499.3 million \$577.4 million was held outside of the United States. We will continue to have cash requirements to support working capital needs, capital expenditures and acquisitions, pay interest and service debt, pay taxes and any related interest or penalties, fund our restructuring activities as required and support other business needs. We generally intend to use available cash, internally generated funds and our revolving credit facility to meet these cash requirements, but in the event that additional liquidity is required, particularly in connection with acquisitions, we may need to enter into new credit facilities or access the capital markets. We may also access the capital markets from time to time to take advantage of favorable interest rate environments or other market conditions. However, there is no guarantee that we will be able to obtain alternative sources of financing on commercially reasonable terms or at all. See "Item 1A. Risk Factors—Risks Related to Our Business" in our 2022 10-K, 10-K and "Part II, Other information, Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q.

Generally, cash and cash equivalents held in these financial institutions may be withdrawn or redeemed at face value, and therefore minimal credit risk exists with respect to them. Nonetheless, deposits with these financial institutions exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits or similar limits in foreign jurisdictions, to the extent such deposits are even insured in such foreign jurisdictions. While we monitor on a systematic basis the cash and cash equivalent balances in the operating accounts and adjust the balances as appropriate, these balances could be impacted if one or more of the financial institutions with which we deposit our funds fails or is subject to other adverse conditions in the financial or credit markets. To date, we have experienced no loss of principal or lack of access to our invested cash or cash equivalents; however, we can provide no assurance that access to our cash and cash equivalents will not be affected if the financial institutions where we hold our cash and cash equivalents fail.

While repatriation of some cash held outside the United States may be restricted by local laws, most of our foreign cash could be repatriated to the United States. Following enactment of the Tax Cut and Jobs Act of 2017 ("TCJA") and the associated transition tax, in general, repatriation of cash to the United States can be completed with no incremental U.S. tax; however, repatriation of cash could subject us to non-U.S. jurisdictional taxes on distributions. The cash that our non-U.S. subsidiaries hold for indefinite reinvestment is

generally used to finance foreign operations and investments, including acquisitions. The income taxes, if any, applicable to such earnings including basis differences in our foreign subsidiaries are not readily determinable.

As of June 30, 2023 September 29, 2023, we believe that we have sufficient sources of liquidity to satisfy our cash needs over the next 12 months and beyond, including our cash needs in the United States.

There were no material changes to our contractual obligations during the three and six nine months ended June 30, 2023 September 29, 2023.

Off-Balance Sheet Arrangements

There were no material changes to the Company's off-balance sheet arrangements described in the 2022 10-K that would have a material impact on the Company's Condensed Consolidated Financial Statements.

Debt Financing Transactions

Credit Facilities

On August 31, 2023, we entered into the Second Amended Credit Agreement, whereby we entered into the 2028 Term Loan for \$530.0 million and the 2028 Euro Term Loan for €350.0 million. The Second Amended Credit Agreement also includes a revolving credit facility with an aggregate available borrowing capacity of \$750.0 million. The New Senior Credit Facilities mature on August 31, 2028, and are subject to an earlier maturity date of 91 days prior to the maturity date of the 2028 Convertible Notes, if more than \$250.0 million of such notes are outstanding at that time.

The proceeds from the Second Amended Credit Agreement were used to repay outstanding indebtedness for the senior Term Loan facility due 2024 and the senior euro Term Loan facility due 2024. Additionally, we paid fees aggregating approximately \$5.2 million in connection with the Second Amended Credit Agreement.

Convertible Senior Notes due 2028

On August 10, 2023, we issued the 2028 Convertible Notes due on August 15, 2028, unless earlier repurchased, redeemed or converted. The aggregate principal amount, which includes the initial purchasers' exercise in full of their option to purchase an additional \$65.2 million principal amount of the 2028 Convertible Notes, was \$500.2 million. The net proceeds from the issuance, after deducting purchasers' discounts and estimated offering expenses, were \$485.9 million. We used a portion of the net proceeds to partially exchange the 2025 Convertible Notes. The 2028 Convertible Notes will accrue interest at a rate of 1.75% per annum, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 14, 2024. The 2028 Convertible Notes have an initial conversion rate of 21.5942 shares of our common stock per \$1,000 principal amount, which is equivalent to an initial conversion price of approximately \$46.31 per share of our common stock and is subject to adjustment upon the occurrence of specified events. The 2028 Convertible Notes have customary provisions relating to the occurrence of "Events of Default" (as defined in the Indenture governing the 2028 Convertible Notes).

Notes Exchanges

Concurrently with the offering of the 2028 Convertible Notes, in separate, privately negotiated transactions, we entered into exchange agreements with a limited number of holders of the 2025 Convertible Notes to exchange \$401.2 million principal amount of the 2025 Convertible Notes for aggregate consideration, which consisted of approximately \$403.0 in cash, including accrued interest, and approximately 8.4 million shares of our common stock. We may engage in additional exchanges, or we may repurchase or induce conversions, of the remaining 2025 Convertible Notes.

Capped Call Transactions

In connection with the offering of the 2025 Convertible Notes, we entered into the Capped Calls with certain counterparties. The Capped Calls have an initial strike price of approximately \$21.01 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2025 Convertible Notes. The Capped Calls have initial cap prices of \$23.79 per share, subject to certain adjustments. The Capped Calls are generally intended to reduce or offset the potential dilution from shares of common stock issued upon any conversion with such reduction or offset, as the case may be, subject to a cap based on the cap price. The cost of \$20.7 million incurred in connection with the Capped Calls was recorded as a reduction to additional paid-in capital.

Simultaneously with the Notes Exchanges, we also completed a partial unwind of the Capped Calls resulting in a repurchase of 1.0 million shares of our common stock. The Capped Calls will mitigate dilution for the conversion of the remaining 2025 Convertible Notes up to our common stock price of \$23.79. If the remaining 2025 Convertible Notes are converted at a price higher than \$23.79 per share, the Capped Calls will no longer mitigate dilution from the conversion of the 2025 Convertible Notes.

For a description of our outstanding debt as of June 30, 2023 September 29, 2023, refer to Note 13 to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

CRITICAL ACCOUNTING ESTIMATES

There were no material changes to our critical accounting estimates described in the 2022 10-K that have had a material impact on our Condensed Consolidated Financial Statements.

The extent of the impact of the COVID-19 pandemic on our business is highly uncertain and difficult to predict. If actual results are not consistent with management's estimates and assumptions used for valuation allowances, contingencies, potential impairments, revenue recognition and income taxes, the related account balances may be overstated or understated and a charge or credit to net income may be required.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures about market risk appear in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosures About Market Risk,” in our 2022 10-K. There were no material changes to this information reported in our 2022 10-K during the quarter ended **June 30, 2023** **September 29, 2023**.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer, and **Senior Vice President and Chief Principal** Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our President and Chief Executive Officer, and **Senior Vice President and Chief Principal** Financial Officer, have concluded that, as of the end of such period, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended **June 30, 2023** **September 29, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

There have been no material changes to legal proceedings from our 2022 10-K. For additional information regarding legal proceedings, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Legal Proceedings” in our 2022 10-K.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Part I, “Item 1A. Risk Factors,” of our 2022 Form 10-K. You should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2022 10-K, which could materially affect our business, financial position, or future results of operations. The risks described in our 2022 10-K, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial position, or future results of operations. **The risk factors set forth below update, and should be read together with, the risk factors described in our 2022 10-K.**

Risks Related to Our Indebtedness

We have outstanding indebtedness of approximately \$1.5 billion, and in the future we may incur additional indebtedness. This indebtedness could adversely affect our businesses and our ability to meet our obligations.

As of September 29, 2023, we had outstanding indebtedness of approximately \$1.5 billion, including approximately \$0.9 billion under our Second Amended Credit Agreement, \$500.2 million under our 2028 Convertible Notes, \$116.3 million under our 2025 Convertible Notes (together with the 2028 Convertible Notes, the “Notes”), and had an additional \$750 million of borrowing capacity under the revolving credit facility pursuant to the Second Amended Credit Agreement, with the ability to request further increases to the revolving credit facility up to \$525 million.

Please refer to Note 13 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. This debt could have important, adverse consequences to us and our security holders, including:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our businesses and industry;
- diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of the Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, and our cash needs may increase in the future. The Second Amended Credit Agreement contains restrictive covenants that limit our ability to engage in activities that may be in our long-term interest, including for example EBITDA-based leverage and interest coverage ratios. If we breach any of these restrictions and cannot obtain a waiver from the lenders on favorable terms, subject to applicable cure periods, the outstanding indebtedness (and any other indebtedness with cross-default provisions) could be declared immediately due and payable, which would adversely affect our liquidity and financial statements.

The risks described above will increase with the amount of indebtedness we incur, and in the future we may incur significant indebtedness in addition to the indebtedness described above.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful and may adversely affect our ability to pay dividends (if we pay dividends in the future).

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, alter our dividend policy (if we pay dividends in the future), seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The instruments that may govern our indebtedness in the future may restrict our ability to dispose of assets and may restrict the use of proceeds from those dispositions. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness will depend on the generation of cash flow by our subsidiaries, including certain international subsidiaries, and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not have any obligation to pay amounts due on our indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make adequate distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal, tax and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially adversely affect our business, financial condition and results of operations and our ability to satisfy our obligations under our indebtedness or pay dividends on our common stock if we pay dividends in the future.

We may be unable to raise the funds necessary to repurchase the Notes for cash following a fundamental change, or to pay any cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the Notes or pay cash upon their conversion.

Holders of the Notes may require us to repurchase their Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion. Our failure to repurchase the Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indentures governing the 2028 Convertible Notes and the 2025 Convertible Notes between us and Wilmington Trust, National Association, as trustee, dated as of August 10, 2023 and May 21, 2020, respectively. A default under the 2028 Convertible Notes Indenture, the 2025 Convertible Notes Indenture (together, the "Indentures"), or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the Notes.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. We made an irrevocable election to satisfy the principal amounts of Notes outstanding upon conversion with cash. If one or more holders elect to convert their Notes, we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. As of September 29, 2023, none of the conditions allowing the Note holders to convert the 2028 Convertible Notes was satisfied. As a result, as of September 29, 2023, the 2028 Convertible Notes are classified as a non-current liability. As of September 29, 2023, one of the conditions allowing the Note holders to convert the 2025 Convertible Notes was satisfied. As a result, as of September 29, 2023, the 2025 Convertible Notes are classified as a current liability. The conversion conditions are tested quarterly.

The existing capped call transactions we entered into in connection with the 2025 Notes may affect the value of the Notes and our common stock.

In connection with the sale of the 2025 Convertible Notes, we entered into capped call transactions (the "Capped Calls") with the initial purchasers of the 2025 Convertible Notes, their respective affiliates and other financial institutions (the "option counterparties"). The Capped Calls are expected generally to reduce the potential dilution upon any conversion of the 2025 Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2025 Convertible Notes, as the case may be, with such reduction and/or offset subject to a cap.

In connection with establishing their hedges of the Capped Calls, the option counterparties or their affiliates entered into various derivative transactions with respect to our common stock. These parties may modify their hedge positions in the future by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Convertible 2025 Notes (and are likely to do so during any observation period related to a conversion of the Convertible 2025 Notes). This activity could cause or avoid an increase or a decrease in the market price of our common stock or the Notes.

We are subject to counterparty risk with respect to the Capped Calls.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our

exposure at that time under the Capped Calls with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Our variable rate indebtedness exposes us to interest rate volatility, which could cause our debt service obligations to increase significantly.

Borrowings under certain of our facilities, including our Second Amended Credit Agreement, are made at variable rates of interest and expose us to interest rate volatility. Interest rates increased during 2022 and 2023. If interest rates continue to increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In addition, we reference the Secured Overnight Financing Rate ("SOFR") as the primary benchmark rate for our variable rate indebtedness, in lieu of the London Interbank Offered Rate ("LIBOR"). SOFR is a relatively new reference rate and with a limited history, and changes in SOFR have, on occasion, been more volatile than changes in other benchmark or market rates. As a result, the amount of interest we may pay on our variable rate indebtedness is difficult to predict.

Risks Related to Ownership of Our Stock

The price of our common stock may continue to be volatile, which could lead to securities litigation brought against us or cause investors to lose the value of their investment.

We have a limited trading history and there may be wide fluctuations in the market value of our common stock as a result of many factors. From our IPO through September 29, 2023, the sales price of our common stock as reported by the NYSE has ranged from a low sales price of \$10.08 on March 19, 2020 to a high sales price of \$52.03 on March 29, 2022. Factors that may cause the market price of our common stock to fluctuate, some of which may be beyond our control, include:

- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- changes to the regulatory and legal environment in which we operate;
- macroeconomic conditions and the economic impact of the COVID-19 pandemic, inflation and rising interest rates and global conflicts, including the Russia-Ukraine war and the Israel-Hamas war;
- unusual events such as significant acquisitions by us and our competitors, divestitures, litigation, regulatory actions and other factors, including factors unrelated to our operating performance;
- overall market fluctuations and domestic and worldwide economic conditions; and
- other factors described in these "Risk Factors" and elsewhere in our 2022 10-K and in this Quarterly Report.

Stock markets in general have experienced volatility recently that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. In the past, periods of volatility in the overall market and the market price of a company's securities have often been followed by securities litigation brought against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. In addition, as a result of this volatility, investors may not be able to sell their common stock at or above the purchase price.

Certain provisions in our second amended and restated certificate of incorporation, our third amended and restated bylaws, the Indentures governing the Notes, and of Delaware law, may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.

Our second amended and restated certificate of incorporation and third amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt an unsolicited takeover not approved by our board of directors. These provisions include, among others:

- the inability of our stockholders to call a special meeting;
- the inability of our stockholders to act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our board of directors to issue preferred stock without stockholder approval;
- the division of our board of directors into three classes of directors, with each class serving a staggered three-year term, subject to a phased-in declassification whereby Class III directors were elected to a one-year term at the 2022 annual meeting, Class I directors were elected to a one-year term at the 2023 annual meeting and Class II directors will be elected to a one-year term at the 2024 annual meeting such that effective as of the 2024 annual meeting, our board of directors will be fully declassified, and until the full declassification of the Board as of the date of the 2024 annual meeting, this classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- prior to our board of directors being fully declassified, stockholders may only remove directors with cause; and
- the ability of our directors, and not stockholders, to fill vacancies (including those resulting from an enlargement of our board of directors) on our board of directors.

Additionally, certain provisions in the Notes and the Indentures governing the Notes could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then holders of the Notes will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change, then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the Notes and the Indentures could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that holders of our securities may view as favorable.

In addition, because we have not chosen to be exempt from Section 203 of the Delaware General Corporation Law (the "DGCL"), this provision could also delay or prevent a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15% of the outstanding voting stock of a Delaware corporation (an "interested stockholder") shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which the person became an interested stockholder, unless (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan); or (iii) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is in the best interests of us and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our second amended and restated certificate of incorporation designates the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against us and our directors, officers, employees and stockholders.

Our second amended and restated certificate of incorporation provides that unless our board of directors otherwise determines, the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of us, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or stockholders to us or our stockholders, any action asserting a claim arising pursuant to any provision of the DGCL or our second amended and restated certificate of incorporation or third amended and restated bylaws, or any action asserting a claim governed by the internal affairs doctrine. This provision would not apply to claims brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended or any other claim for which the federal courts have exclusive jurisdiction.

In addition, our third amended and restated bylaws provide that the federal district courts of the U.S. will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, unless we consent in writing to the selection of an alternative forum.

These exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors or officers, which may discourage such lawsuits against us and our directors, officers, employees and stockholders.

Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the prices of our common stock.

The conversion of some or all of the Notes may dilute the ownership interests of our stockholders. Upon conversion of the Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock to satisfy any Notes conversion value in excess of the principal amount. If we elect to settle the value in excess of the principal amount in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our common stock could depress the price of our common stock.

The issuance or sale of shares of our common stock, or rights to acquire shares of our common stock, could depress the trading price of our common stock and the Notes.

We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into or exercisable for our common stock to finance our operations or fund acquisitions, or for other purposes. In addition, we have reserved 20,656,197 shares of common stock for the exercise of stock options or vesting of restricted stock units. The Indentures for the Notes do not restrict our ability to issue additional equity securities in the future. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock, and, accordingly, the Notes may significantly decline. In addition, our issuance of additional shares of common stock will dilute the ownership interests of our existing common stockholders, including holders of Notes who have received shares of our common stock upon conversion of their Notes.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) During the quarter ended **June 30, 2023** **September 29, 2023**, none of the Company's directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Envista Holdings Corporation (incorporated by reference to Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 2, 2021, Commission File No. 001-39054)
3.2	Third Amended and Restated Bylaws of Envista Holdings Corporation effective as of May 22, 2023 (incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K filed on May 26, 2023, Commission File No. 001-39054)
10.1* 4.1	Separation Indenture, dated as of August 10, 2023, between Envista Holdings Corporation and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on August 11, 2023)
4.2	Form of certificate representing the 1.75% Convertible Senior Notes due 2028 (included as Exhibit A to the Indenture filed as Exhibit 4.1, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on August 11, 2023)
10.1	The Second Amended Credit Agreement, and General Release between DH Dental Employment Services LLC and Jean-Claude Kyrillos dated August 31, 2023 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 1, 2023, Commission File No. 001-39054)
10.2*	Amendment No. 2 to Envista Holdings Corporation 2019 Omnibus Incentive Plan
31.1	Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Principal Financial Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of Chief Executive Officer and Chief Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label 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)
* Indicates management contract or compensatory plan, contract or arrangement.	

SIGNATURES

Pursuant to the requirements 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.

ENVISTA HOLDINGS CORPORATION

Date: **August 2, 2023** **November 1, 2023**

By: /s/ Howard H. Yu Faez Kaabi
Howard H. Yu Faez Kaabi
Senior Vice President and Chief Financial Accounting Officer (Principal Financial and Accounting Officer)

**SECOND AMENDMENT TO
THE
ENVISTA HOLDINGS CORPORATION 2019 OMNIBUS INCENTIVE PLAN**

SEPARATION AGREEMENT AND GENERAL RELEASE

WHEREAS, Envista Holdings Corporation, a Delaware corporation (the “Company”), maintains the Envista Holdings Corporation 2019 Omnibus Incentive Plan, originally adopted on September 17, 2019, as amended on February 16, 2022 by the First Amendment to the Envista Holdings Corporation 2019 Omnibus Incentive Plan (as amended to date, the “Plan”); and

This Separation Agreement and General Release (“Agreement”) is entered into between **WHEREAS** Jean- Claude Kyrillos (“Employee” or “you”), a resident of the State of California, the Company and its stockholders to adopt this Second Amendment to the Envista Holdings Corporation 2019 Omnibus Incentive Plan (this “Amendment”) amend the Plan in order to (i) revise the vesting terms applicable to PSUs upon a “Normal Retirement” from pro rata vesting to the vesting of all shares actually earned based on the previously specified Performance Objectives and (ii) provide for accelerated vesting of any unvested Awards upon the death of a Participant that occurs after the Participant’s employment terminates; and

WHEREAS DH Dental Employment Services LLC, under the terms of the Plan, the Board has the ability to amend the Plan in order to make such changes; and

WHEREAS (“”, capitalized terms used in this Amendment, but not otherwise defined herein, shall have the same meanings ascribed to such terms in the Plan.

NOW, THEREFORE, BE IT RESOLVED, the Plan is hereby amended as follows:

1. **Separation** Section 12(b) of **Employment** the Plan is hereby deleted in its entirety and replaced with the following:

Normal Retirement. Your last day Upon termination of employment is **June 30, 2023** (“Termination Date”). Regardless by reason of whether you sign this Agreement, you will receive the Participant’s Normal Retirement, unless contrary to applicable law and unless otherwise provided by the Administrator either initially or subsequent to the grant of the relevant Award, and subject to Section 12(e), (1) with respect to all wages Options or SARs held by the Participant for at least six (6) months prior to which you are entitled through your Termination Date. Group medical, dental, vision the Normal Retirement date, subject to the term of the Award unvested Options and prescription drug benefits, and group and dependent life insurance coverage for which you are eligible just before the termination date SARs will continue through the end to vest and, together with any Options and SARs that are vested as of the calendar month in which Participant’s Normal Retirement date, shall remain outstanding and (once vested) may be exercised until the Termination Date occurs. All other benefits, including but not limited fifth anniversary of the Normal Retirement date (or if earlier, the expiration date of the Award), (2) with respect to any accrual each Tranche of or eligibility for Accident Death & Dismemberment, vacation, sick leave, holiday pay, RSUs (other than PSUs and any Conversion Award that is an RSU and was originally granted prior to the Retirement Provision Transition Date) that is unvested as of the Normal Retirement date, such Tranche will vest as of the time-based vesting date for such Tranche, but if and only if any Performance Objective applicable to such Tranche is satisfied on or prior to such time-based vesting date, (3) with respect to all PSUs that are unvested as of the Normal Retirement date, the Participant will become vested in the number of PSUs (and related Dividend Equivalent rights) actually earned pursuant to the specified Performance Objectives (which shall be determined following completion of the Performance Period) under such Award, and (4) all unvested portions of any other employee benefits and privileges, including short-term and long-term disability, Flexible Spending Accounts and 401k contributions outstanding Awards (including without limitation Restricted Stock Grants) shall cease on your Termination be immediately forfeited without consideration. If the Date and any vested benefit of Grant of an Option does not precede the Optionee’s Normal Retirement date by at least six (6) months, the

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post-termination exercise period with respect to such Option shall be governed by the terms other provisions of this Section 12, as applicable.

2. Section 12(c) of the applicable benefit plan. You may elect continued coverage at your sole expense for medical, dental, vision, Plan is hereby deleted in its entirety and prescription drug benefits (collectively "group health coverage") pursuant replaced with the following:

Early Retirement. Solely with respect to Awards other than any Conversion Awards that were originally granted prior to the federal Consolidated Omnibus Budget Reconciliation Act ("COBRA") and you will receive COBRA information under separate cover.

- a. *Severance Benefits.* If you sign and do not revoke this Agreement, after the Effective Retirement Provision Transition Date, you will receive, in accordance with the terms upon termination of employment by reason of the Envista Holdings Corporation Severance Participant's Early Retirement, unless contrary to applicable law and Change In Control Plan (the "Plan"):

- a. Severance Pay in unless otherwise provided by the Administrator either initially or subsequent to the grant of the relevant Award, and subject to Section 12(e), (1) subject to the term of the Award a pro-rata portion of any Tranche of unvested Options or SARs held by the Participant for at least six (6) months prior to the Early Retirement date (i.e. based on the ratio of (x) the number of full or partial months worked by the Participant from the Date of Grant to the Early Retirement date to (y) the total gross amount number of \$892,500, less applicable taxes and withholdings, which represents the equivalent of 12 months of your base salary plus your annual bonus target amount, payable in installments administered on the Company's normal payroll dates over a 12-month period;
- b. A lump sum payment in the total gross amount of \$183,750, representing your pro-rated ICP for 2023 calculated at 100% for the Company Financial Factor and 100% for the Personal Performance Factor. This lump sum ICP payment shall be subject to standard withholding and payroll deductions and the Company will issue an IRS Form W-2 to you reflecting this payment.
- c. A lump sum payment equal to the amount the Company would have otherwise contributed toward your group health, prescription, vision and dental coverage premiums as an active employee for 12 months in the total amount original time-based vesting schedule of \$19,313.32 the particular Tranche) will continue to vest and, together with any Options and SARs that are vested as of the Participant's Early Retirement, shall remain outstanding and (once vested) may be exercised until the fifth anniversary of the Early Retirement date (or if earlier, the expiration date of the Award), less applicable taxes and withholdings. The company will issue an IRS Form W-2 to you reflecting this payment.

If you become reemployed (2) a pro-rata portion of any Tranche of RSUs (other than PSUs) that is unvested as of the Early Retirement date (i.e. based on the ratio of (x) the number of full or partial months worked by the Company Participant from the Date of Grant to the Early Retirement date to (y) the total number of months in the original time-based vesting schedule of the Tranche) will vest as of the time-based vesting date for such Tranche, but if and only if any Performance Objective applicable to such Tranche is satisfied on or Released Parties (as defined below), Severance Pay will cease and you will be required prior to reimburse such time-based vesting date, (3) a pro-rata portion of the unvested Performance Stock Units held by the Participant as of the Early Retirement date (i.e. based on the ratio of (x) the number of full or partial months worked by the Participant in the applicable portion of COBRA coverage lump sum, pursuant Performance Period prior to the terms Participant's Early Retirement date to (y) the total number of months in the applicable Performance Period) shall continue to vest subject to actual performance to be measured as of the Plan end of the Performance Period, and (4) all unvested portions of any other outstanding Awards (including without limitation Restricted Stock Grants) shall be immediately forfeited without consideration. If you breach the Confidentiality, Non-Disparagement, or Continuing Obligations Date of Grant of an Option does not precede the Optionee's Early Retirement date by at least six (6) months, the post-termination exercise period with respect to such Option shall be governed by the other provisions of this Agreement, Severance Pay Section 12, as applicable.

3. Section 12(e)(i) of the Plan is hereby deleted in its entirety and replaced with the following:

Options/SARs. Upon the death of a Participant who holds unvested Options and/or SARs at the time of death, unless contrary to applicable law and unless otherwise provided by the Administrator either initially or subsequent to the grant of the relevant Award, all unexpired Options and SARs will cease become fully exercisable and, you subject to the term of the Option or SAR, may be exercised for a period of twelve months thereafter by the personal representative of the Participant's estate or any other person to whom the Option or SAR is transferred under a will be required to repay all Severance Pay or under the applicable laws of descent and COBRA lump sum paid to you, except for two hundred dollars (\$200.00) distribution.

4. Section 12(e)(ii) of the Plan is hereby deleted in its entirety and replaced with the following:

3. **Release RSUs (Other Than PSUs) and Restricted Stock.** You, Upon termination of employment by reason of the Participant's death, unless contrary to applicable law and unless otherwise provided by the Administrator either initially or subsequent to the grant of the relevant Award, a portion of the outstanding RSUs (other than PSUs) and Restricted Stock Grants shall become vested which will be determined as follows. With respect to each Tranche, upon the Participant's death, a pro rata amount of the RSUs (other than PSUs) or the Restricted Stock Grant will vest based on behalf the number of yourself complete twelve-month periods between the Date of Grant and your representatives, heirs, successors and assigns, release and forever discharge the Company and its parents, subsidiaries, any of its present or past affiliates, plus its and their present and former shareholders, officers, directors, members, agents, employees, attorneys, insurers, employee benefit plans and their administrators, successors, and assigns (collectively, "Released Parties") from all claims and liabilities of every kind – whether known or unknown to you now – which you may now have or have ever had up through the date you sign of death (provided that any partial twelve-month period between the Date of Grant and the date of death shall also be considered a complete twelve-month period for purposes of this Agreement. This release includes, but is not limited to, all claims under any federal, state, or local law, regulation or legal cause pro-ratio methodology), divided by the total number of action (collectively, "Released Claims") arising out of your employment with twelve-month periods in the Company or the termination of that employment. This means you give up all claims and rights related to: pay, compensation, or benefits including bonuses, commissions, equity, expenses, incentives, insurance, paid/unpaid leave, profit sharing, or separation pay/benefits; compensatory, emotional or mental distress damages, punitive or liquidated damages, attorney fees, costs, interest or penalties; violation of express or implied employment contracts, covenants, promises or duties, intellectual property or other proprietary rights; unlawful or tortious conduct such as assault or battery; background check violations; defamation; detrimental reliance; fiduciary breach; fraud; indemnification; intentional or negligent infliction of emotional distress; interference with contractual or other legal rights; invasion of privacy; loss of consortium; misrepresentation; negligence (including negligent hiring, retention, or supervision); personal injury; promissory estoppel; public policy violation; retaliatory discharge; safety violations; posting or records-related violations; wrongful discharge; or other federal, state or local statutory or common law matters; discrimination, harassment or retaliation based on age (including Age Discrimination in Employment Act or "ADEA" claims), benefit entitlement, citizenship, color, concerted activity, disability, ethnicity, gender, gender identity and expression, genetic information, immigration status, income source, jury duty, leave rights, military status, national origin, parental status, protected off-duty conduct, race, religion, retaliation, sexual orientation, union activity, veteran status, whistleblower activity (including Sarbanes-Oxley, Dodd-Frank and False Claims Act claims), other legally protected status or activity; or any allegation that payment under this Agreement was affected by any such discrimination, harassment or retaliation; and any participation in any class or collective action against any Released Party.

Nothing in this Release section or anything else in this Agreement limits or otherwise affects: claims for workers' or unemployment compensation; claims that arise after you sign this Agreement; claims to enforce this Agreement; and any other claims that cannot lawfully be waived. Nothing in this Agreement limits your right to: file a charge with, provide information (including testimony) to, or participate in an investigation or proceeding conducted by any federal, state or local government agency; report possible violations of any law or regulation to any such agency; make other disclosures protected under whistleblower provisions of any law or regulation; or file or disclose any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which you are entitled. Regardless original time-based vesting schedule of the above, you expressly waive Tranche. Further, upon the death of a Participant who holds unvested RSUs (other than PSUs) and/or Restricted Stock Grants at the time of death and whose employment terminated prior to the date of death, all rights to recover money such unvested RSUs (other than PSUs) and/or other individual relief in connection with any administrative or court action related in any way to any claim covered by this section, whether brought by you or on your behalf. However, you may recover money properly awarded by Restricted Stock Grants held at the U.S. Securities and Exchange Commission as a reward for providing information to that agency.

3.1. **State Law Release and Exclusion Provisions.** time of death shall become fully vested.

General. 5. Nothing Section 12(e)(iii) of the Plan is hereby deleted in its entirety and replaced with the following:

PSUs.

- (1) Upon termination of employment by reason of the Participant's death prior to the conclusion of the Performance Period applicable to an award of PSUs, unless contrary to applicable law and unless otherwise provided by the Administrator either initially or subsequent to the grant of the relevant Award, the Participant's estate will become vested in the portion of the Award determined by multiplying (1) the target amount of PSUs (and related Dividend Equivalent rights) subject to such Award, times (2) the quotient of the number of complete twelve-month periods between and including the Commencement Date and the date of death (provided that any partial twelve-month period between and including the Commencement Date and the date of this Agreement limits your rights to make an otherwise disparaging statement in good faith to: communicate with death shall also be considered a law enforcement officer or government regulator; respond to a lawfully served judicial, grand jury, or other lawful subpoena; testify in a judicial or administrative proceeding; confer with your attorney complete twelve-month period for purposes of obtaining legal advice; respond this pro-ration methodology), divided by the total number of twelve-month periods in the Performance Period. Upon the death of a Participant who holds unvested PSUs at the time of death, whose employment terminated prior to lawful discovery; prosecute the date of death and whose death occurred prior to the conclusion of the Performance Period applicable to an award of PSUs, unless contrary to applicable law and unless otherwise provided by the Administrator either initially or defend subsequent to the grant of the relevant Award, the Participant's estate will become vested in the portion of the Award determined by multiplying (1) the target amount of PSUs (and related Dividend Equivalent rights) subject to such Award, times (2) the ratio of (x) the number of complete twelve-month periods worked by the Participant in the applicable Performance Period prior to the Participant's Normal Retirement or Early Retirement date, as applicable (provided that any partial twelve-month period between and including the Commencement Date and the date of Normal Retirement or Early Retirement shall also be considered a civil complete twelve-month period for purposes of this pro-ration methodology), to (y) the total number of twelve-month periods in the applicable Performance Period. With respect to any PSUs that vest pursuant to this Section, the underlying Common Stock (and related Dividend Equivalent rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any event within 90 days) following Participant's death.

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action under the contract; or exercise federally protected statutory rights such as those guaranteed under the National Labor Relations Act or the Civil Rights Act of 1964.

California. (2) Because you reside or last worked for Upon the Company in California, you expressly waive death of a Participant who holds unvested PSUs at the protection time of Section 1542 death and whose death occurs following the conclusion of the California Civil Code, which states that: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY". In addition, nothing Performance Period but prior to the date the Common Stock (and related Dividend Equivalent rights) underlying such PSUs are issued and paid, unless contrary to applicable law and unless otherwise provided by the Administrator either initially or subsequent to the grant of the relevant Award, the underlying Common Stock (and related Dividend Equivalent rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any part event within 90 days) following the later of (i) Participant's death, and (ii) four (4) calendar months following the last day of the Performance Period.

6. This Amendment shall be effective as of August 14, 2023 (the "Effective Date") for all Awards granted on and after the Effective Date and for all Awards outstanding as of the Effective Date. In the event of any inconsistency or conflict between the Plan and this Amendment, the terms, conditions and provisions of this agreement prevents you from discussing or disclosing information about unlawful acts Amendment shall govern and control. Except as herein expressly amended, the Plan is ratified and confirmed in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful. You acknowledge this Agreement is voluntary, deliberate, all respects and informed, provides consideration of value to you, shall remain in full force and you have been given notice and an opportunity to retain an attorney or are represented by an attorney. You therefore acknowledge that this Agreement is a voluntary severance agreement as that term has been defined under California law.

4. Representations and Promise Not To Sue. You represent that: a) you have not filed nor caused to be filed any lawsuits or arbitrations against any Released Party **effect in** any forum; b) you have been paid all compensation owed for all hours worked; c) you have received all leave and leave benefits and protections for which you were eligible under any law; and d) you have not suffered any on-the-job injury for which you have not already filed a claim. Your further agree never to sue any Released Party for any reason covered by the General Release in Section 3 above. If you sue a Released Party in violation of this Agreement: (i) you shall be required to pay that Released Party's reasonable attorney fees and other litigation costs incurred in defending against your suit; or alternatively (ii) the Company can require you to return all but two hundred dollars (\$200.00) of the money and benefits provided to you under this agreement. In that event, the Company shall be excused from any remaining obligations that exist solely because of this Agreement.

5. Confidentiality. This Agreement is confidential. You agree never to disclose **accordance with** its contents to anyone except: (i) as may be required by law; and (ii) to your spouse, attorney and/or tax and financial advisors, but only if they first agree to keep this information confidential. If you are compelled by subpoena or judicial order to disclose any contents of this Agreement, then before such disclosure you will immediately provide the Company a copy of the subpoena or judicial order, by overnight delivery and e-mail, to: Wendy Kushner, Vice President and Assistant General Counsel, Labor & Employment, 200 S. Kraemer Blvd, Brea, CA 92821, **terms.wendy.kushner@envistaco.com**. You will allow the Company seven business days to intervene before responding to the order or subpoena.

6. Non-disparagement. Subject to the limitations in the Release and any applicable State Law Release and Exclusion provisions, you will not orally or in writing disparage the Company, or its officers, directors, or employees in any way likely to harm their business, business reputation, or personal reputation, subject to applicable protections in this Agreement. However, you may respond accurately and fully to any inquiry or request for information when required by legal process. The Company agrees that it will not, and will instruct its Board of Directors and the members of executive management (and use commercially reasonable efforts to ensure compliance with such instruction) to not, make any oral or written communication (including on social media) that is intended to disparage, or has the effect of disparaging Employee.

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7. Time to Consult, Consider. You are being advised to consult with an attorney before signing this Agreement. You may consider this Agreement for twenty-one (21) days before signing. You may sign the agreement at any time within the 21-day period but in no event earlier than your Termination Date.

8. Right to Revoke. Consistent with applicable law, if you are age 40 or over, if you wish you may revoke this Agreement within seven (7) days after signing. (If you work or reside in Minnesota, consistent with applicable law, you may revoke fifteen (15) days after signing, regardless of your age). To revoke, you must send a written notice of revocation within the applicable 7- or 15-day time period to Wendy Kushner at wendy.kushner@envistaco.com. If you revoke, you will not receive any severance pay. If you do not revoke, this Agreement will be enforceable the day after the applicable 7- day revocation period expires (the "Effective Date").

9. Integration and Continuing Obligations. You acknowledge and reaffirm your continuing post-termination obligations under any non-disclosure, confidentiality, intellectual property, non-solicitation and/or noncompetition agreement you previously signed pertaining to the Company's interests. Those obligations are hereby incorporated and made part of this Agreement, and are to be read together and in conformity with the following continuing obligations, which together along with the rest of this Agreement constitute the entire agreement between the Parties and supersedes any other agreements and understandings about your employment or the termination of your employment:

- a. You agree you had access to a variety of trade secret and/or confidential and proprietary information relating to the Company's business and/or other information which has not been made available to the general public ("Confidential Information"). You acknowledge and agree that such Confidential Information is Company property and you shall not, directly or indirectly, use or disclose it for your own or a third party's benefit. Notwithstanding the above and any other continuing post-termination obligations that apply to you, pursuant to the federal Defend Trade Secrets Act, you cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret if that disclosure is made: (i) in confidence to a federal, state or local

government official, either directly or indirectly, or to any attorney, and for the sole purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or similar proceeding, provided that filing is made under seal.

- b. You also agree that for twelve (12) months after your Termination Date, you will not, directly or indirectly, attempt to hire, engage the services of, or employ in any manner any person who was an executive, management, sales and marketing, operations, research and development, or information technology employee or contractor of the Company or Released Parties in the six months preceding your Termination Date and who possesses or had access to Confidential Information. As a California employee, you shall not either directly or indirectly use Envista trade secrets or confidential information to solicit, induce, recruit or encourage any of Envista employees or consultants to terminate their relationship with Envista, or attempt to solicit, induce, recruit, encourage or take away, hire, or otherwise engage the services of employees or consultants of Envista, either for yourself or for any other person or entity.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the state where you resided while providing services to the Company, unless federal law governs.

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11. Return of Company Property and Cancellation of Accounts. You represent that you have returned (or you will before receiving any separation pay) all Company property in your possession or control, including any documents or confidential information (originals, hard copy, and electronic versions, such as emails, files, presentations, records and reports), laptop or other computer and all peripherals, cellular phone, and other business equipment, work product, and software. You further confirm that you have cancelled any accounts for your benefit in the Company's name, including but not limited to credit cards and cellular phone accounts. You also agree to reconcile promptly any outstanding expense accounts and timely submit any final reimbursement requests.

12. Future Cooperation. You agree to cooperate with the Company and to respond to reasonable inquiries and requests for information by the Company, with reasonable notice, in connection with any legal matters in which you are involved or may become involved relating to matters arising during your employment with the Company. Your agreement to cooperate and provide responses shall not be construed as requiring you to provide anything other than truthful information, regardless of whether it is favorable or unfavorable to the Company, nor as creating any employment relationship between you and the Company.

13. IRC §409A. Each of the payments of severance and continued medical benefits (if any) are designated as separate payments for purposes of IRC §409A. Any such payments which are not exempt from IRC §409A shall be paid in the time and form as set forth in this Agreement and no person shall have the right or ability to later change the time and form of payment. Notwithstanding the preceding, if IRC §409A requires, payments under this Agreement which are not exempt and which are to be made during the first six months following your termination shall be withheld and the amount of the payments withheld shall be paid in a lump sum, without interest, during the seventh month following your termination. You and not the Company are responsible for any tax penalties that may be imposed on you as a result of IRC §409 A.

14. Electronic Transmissions. If you received this document electronically through an e-signature application, you may review and sign this Agreement digitally within twenty-one (21) days. If you received an email or hard-copy of this Agreement without an e-signature application, you can sign and send it back to the Company through e-mail (pdf scan), or by U.S. mail, within 21 days, to your HR Business Partner, Vicki Perry at vicki.perry@envistaco.com.

15. Knowing and Voluntary Release. You agree that you are signing this Agreement voluntarily and of your own free will and not because of any threats or duress. You affirm that no promises or agreements of any kind (other than those in this Agreement) have been made to or with you by any person or entity that would cause you to sign this Agreement. You have had an opportunity to review the terms of this Agreement with an attorney of your choice. You agree that you have carefully read this Agreement and understand its contents, freely and voluntarily assent to all terms and conditions contained in this Agreement, sign your name of your own free will, and intend to be legally bound by this Agreement

EMPLOYEE	COMPANY
Sign: /s/ Jean-Claude Kyrillos	Sign: /s/ Faez Kaabi
Print: Jean-Claude Kyrillos	Print: Faez Kaabi
Date: 07/01/2023	Date: 07/05/2023

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Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amir Aghdaei, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Envista Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023 November 1, 2023

/s/ Amir Aghdaei

Amir Aghdaei

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Howard H. Yu, Stephen Keller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Envista Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023 November 1, 2023

/s/ Howard H. Yu Stephen Keller

Howard H. Yu Stephen Keller

Senior Vice President and Chief Principal Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amir Aghdaei, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Envista Holdings Corporation for the period ended **June 30, 2023** **September 29, 2023**, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Envista Holdings Corporation as of and for the periods presented in the Report.

Date: **August 2, 2023** **November 1, 2023**

/s/ Amir Aghdaei

Amir Aghdaei
President and Chief Executive
Officer

I, **Howard H. Yu**, **Stephen Keller**, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Envista Holdings Corporation for the period ended **June 30, 2023** **September 29, 2023**, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Envista Holdings Corporation as of and for the periods presented in the Report.

Date: **August 2, 2023** **November 1, 2023**

/s/ **Howard H. Yu** **Stephen Keller**

Howard H. Yu **Stephen Keller**
Senior Vice President and
Chief **Principal** Financial Officer
(Principal Financial and
Accounting Officer)

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