

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

NORTH COLLIER FIRE CONTROL AND  
RESCUE DISTRICT FIREFIGHTERS’  
RETIREMENT PLAN, on behalf of itself and all  
others similarly situated,

Plaintiff,

vs.

DENTSPLY SIRONA INC., SIMON D.  
CAMPION, GLENN COLEMAN, and  
ANDREAS G. FRANK,

Defendants.

Case No.:

**CLASS ACTION**

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff North Collier Fire Control and Rescue District Firefighters’ Retirement Plan (“Plaintiff”), by and through counsel, alleges the following upon information and belief, except as to allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, its counsel’s investigation, which includes, without limitation: (a) review and analysis of public filings made by Dentsply Sirona Inc. (“Dentsply Sirona,” “Dentsply,” or the “Company”) with the U.S. Securities and Exchange Commission (the “SEC”); (b) review and analysis of press releases and other publications disseminated by Defendants (defined below) and other parties; (c) review of news articles, shareholder communications, and conference calls concerning Defendants’ public statements; and (d) review of other publicly available information concerning the Company and the Individual Defendants (as defined herein).

## NATURE OF THE ACTION

1. This is a federal securities class action on behalf of all persons and entities that purchased Dentsply common stock between December 1, 2022 and November 6 2024, inclusive (the “Class Period”) against Dentsply and certain of its officers and executives, seeking to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and SEC Rule 10b-5 promulgated thereunder.

2. Dentsply manufactures professional dental products, for example, CAD/CAM computer-aided design and manufacturing systems, imaging equipment, motorized dental handpieces, consumables (*e.g.*, files, sealers, needles), implants, prosthetics, and orthodontics, such as clear aligners. Dental and medical devices sold by Dentsply in the United States, including clear aligners, are generally classified by the U.S. Food and Drug Administration (“FDA”) into a category that makes them subject to the same regulations that apply to all medical devices.

3. Dentsply’s four segments are: Connected Technology Solutions, Essential Dental Solutions, Wellspect Healthcare, and Orthodontic and Implant Solutions, which includes SureSmile, an aligner solution provided through clinician offices, and Byte, a direct-to-consumer (“DTC”) aligner solution. In 2023, Orthodontic and Implant Solutions, which includes SureSmile and Byte, accounted for more than 26 percent of Dentsply’s net sales by segment.

4. Prior to the start of the Class Period, on December 31, 2020, Dentsply paid \$1.04 billion in cash to acquire Byte, a manufacturer of affordable, “doctor-directed,” DTC clear dental aligners. According to Dentsply, Byte held a “leadership position in the rapidly growing direct-to-consumer, doctor-directed clear aligner market.”

5. In the January 4, 2021 press release announcing the acquisition, Dentsply explained that, priced “[a]t under \$85 per month, Byte has found a way to make the inaccessible, accessible—providing an easy, convenient and affordable way to upgrade your smile through the Byte

Teledentistry platform.” In the same press release, Dentsply touted that Byte “is immediately accretive to Dentsply Sirona’s revenue growth rate[,]” accretive to non-generally accepted accounting principles (“GAAP”) earnings per share (“EPS”), and “[a]ccelerates the growth and profitability of Dentsply Sirona’s combined clear aligners business.”

6. After the Byte acquisition closed, Dentsply executives hailed the acquisition, backed by the Company’s “thorough amount of due diligence.” For example, during the January 13, 2021 J.P. Morgan Healthcare conference, then-Chief Financial Officer (“CFO”) Jorge Gomez (“CFO Gomez”) stated, “Byte has a strong consumer brand and comes with a robust marketing and data analytics platform to support it.” Similarly, during the March 1, 2021 earnings call for the fourth quarter of 2020, ended December 31, 2020,<sup>1</sup> then-Chief Executive Officer (“CEO”) Donald M. Casey, Jr. (“CEO Casey”) stated, “We have done a pretty thorough amount of diligence, and we kind of knew what it was going to take. . . . The acquisition gives us significant scale in the critical clear aligner market as well as important new capabilities.”

7. Three months later, during the June 2, 2021 William Blair Growth Stock Conference, CFO Gomez reiterated Dentsply’s confidence in the Byte acquisition: “We have now owned Byte now for close to 6 months. And there is nothing that has happened that contra[dicts] the initial assessment. . . . Byte 6 months into the acquisition is performing really well.”

8. Throughout the Class Period, Defendants touted Byte growth, the performance of the Byte DTC clear aligners business, and Dentsply’s ability to profitably generate revenue from its aligners business by converting members of Byte’s “target demographics” into new patients.

9. For example, on December 1, 2022, the day the Class Period begins, CEO Simon D. Champion (“CEO Champion”) touted Byte at the Evercore ISI HealthCONx Conference: “[A]s

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<sup>1</sup> Dentsply reports financial results based on a fiscal year ending on December 31 of a given year.

we move into 2023, it is a key focus for management and the team that runs Byte and SureSmile to ensure we get more value out of that particular part of our business.”

10. Similarly, at the January 11, 2023 J.P. Morgan Healthcare Conference, CFO Glenn Coleman (“CFO Coleman”) stated, “[T]he real outlier, I would say, from a positive perspective was the Ortho business. So between SureSmile and Byte, which is our direct-to-consumer clear aligner business, so really strong performance in both of those businesses. And so our ortho business clearly put up some really strong year-over-year growth.”

11. During the same J.P. Morgan Healthcare Conference, CFO Coleman addressed the target demographics for Byte: “The financing costs are also extremely high for this type of customer demographic. And so we’re taking actions to do a better job around how to lower our financing costs in the areas that are supporting customer that don’t typically go to a dentist. These are customers that are lower income customers.”

12. On February 28, 2023, Dentsply issued a press release announcing its financial results for the fourth quarter and full year of 2022, ended December 31, 2022. During the corresponding earnings call, CFO Coleman touted Byte-driven growth: “Aligners grew over 25% in the fourth quarter, driven by strong growth in both SureSmile and Byte. . . . Our direct-to-consumer aligner brand, Byte also saw a very strong growth despite slowing consumer spending trends as we’re seeing improvement in customer conversion rates.”

13. On May 3, 2023, Dentsply issued a press release announcing its financial results for the first quarter of 2023, ended March 31, 2023. During the accompanying earnings call, CFO Coleman discussed Dentsply’s strategy for “targeting” Byte customers and “conversion rates,” stating, “Relative to the Aligner profitability, I think the key around this is our Byte business. And the most important thing is really looking at the quality of the funnel and how we’re targeting

customers. And we're seeing an increase in our overall customer conversion rates, which really helped to reduce customer acquisition costs and drive increased profitability.”

14. Four months later, during the September 12, 2023 Baird Global Healthcare Conference, CEO Campion continued to tout Byte-driven growth and profitability: “So just in North America, great success on SureSmile and indeed Byte. Byte makes up probably 55-or-so percent of our ortho business, really robust growth in Europe. . . . [W]e think the direct-to-consumer business is very attractive for us. [I]t's profitable for us right now. . . .”

15. On November 2, 2023, Dentsply issued a press release announcing its financial results for the third quarter of 2023, ended September 30, 2023. During the related earnings call, CFO Coleman highlighted aligners-driven growth: “Shifting to the Orthodontic & Implant Solutions segment, organic sales grew 3.7%. Aligners grew double digits for the fifth consecutive quarter. This strong performance was driven by growth in both SureSmile and Byte. . . . Our [DTC] aligner brand Byte grew 7% as we saw higher customer conversion rates.”

16. Less than two weeks later, during Dentsply's November 9, 2023 Investor Day, Chief Business Officer (“CBO”) Andreas G. Frank (“CBO Frank”) addressed the “target demographics” and “conversion rates” for Byte: “[O]ur Byte business has changed its marketing strategy to focus on specific target demographics, which has resulted in more than 20% higher customer conversion rates year-to-date versus last year.”

17. During the same Investor Day, CFO Coleman discussed how Dentsply was “taking share” in the DTC space, with a competitor's revenue potentially “up for grabs”: “[F]irst and foremost, we have been taking share in the [DTC] space. . . . [W]e do think we can take advantage of the competitive situation that's going on in the space. There's a competitor that has \$300 million of revenue that potentially will be up for grabs. And so we're going to go after that hard.”

18. During the January 10, 2024 J.P. Morgan Healthcare Conference, CFO Coleman confirmed a “large competitor” had exited the DTC aligners space, and that Dentsply was confident it could achieve “double digits” growth in the “20% range” for its orthodontics offerings: “[W]e’re very confident we can grow double digits and approach that 20% range in a normal macro environment. We’ve got some tailwinds and favorable dynamics in our [DTC] business with Byte given we’ve had a large competitor exit that space. . . . So in the ortho area, we feel very confident over the long term, we can grow double digits and approach that 20% range.”

19. On February 29, 2024, Dentsply issued a press release announcing its financial results for the fourth quarter and full year of 2023, ended December 31, 2023. During the accompanying earnings call, CFO Coleman noted an “uptick” in new customer interest for Byte, which supported the Company’s “greater than 20% growth” guidance for Byte in 2024: “Our [DTC] aligner brand Byte grew 6% despite a constrained financing environment. With the recent uptick in new customer interest, we are ramping our investment in treatment planning, clinical support and sales, which supports our anticipated greater than 20% growth in Byte this year.”

20. On July 31, 2024, Dentsply issued a press release announcing its financial results for the second quarter of 2024, ended June 30, 2024. During the related earnings call, CFO Coleman explained that Dentsply had lowered its Byte growth guidance from 20% to 15% given certain “legislative changes”: “During the quarter, legislative changes required us to adjust our go-to-market model in certain states. Given the evolving legislative and regulatory environment, we now expect Byte to grow approximately 15% for the full year compared to our previous estimate of more than 20% growth.” Nevertheless, CEO Campion reassured investors that Byte growth would continue: “Our ortho business continues to be our fastest-growing portfolio globally notwithstanding the previously mentioned regulatory environment for Byte in the U.S.”

21. On September 5, 2024, during the Morgan Stanley Global Healthcare Conference, CEO Champion discussed how Dentsply was “overcoming” the Byte “regulatory challenges”: “[W]e’ve also moderated our expectations on our aligner business, our Byte in particular, given some of the regulatory challenges that DTC business has surfaced over the past number of months. So there are some of the headwinds for the back part of the year that we’re overcoming. . . .”

22. Less than a week later, during the September 10, 2024 Baird Global Healthcare Conference, CEO Champion addressed the regulatory challenges and target demographics for Byte: “We’ve got the regulatory challenges that we spoke about at the last earnings call that have slowed down some of the conversion rates. . . . I think the growth profile is still pretty robust in the direct-to-consumer business. Remember, the median income for those families that go down that route is about \$65,000. So it’s a different segment of the market.”

23. Unbeknownst to investors, Dentsply targeted low-income people with underlying dental issues that were ineligible for treatment, Dentsply sold Byte aligners to contraindicated patients, and Dentsply knew that its Byte aligners were causing severe patient injuries. As a result of the foregoing—and as remained undisclosed until the end of the Class Period—Dentsply’s Byte patient onboarding workflow did not provide adequate assurance that contraindicated patients did not enter treatment, and Dentsply materially overstated the goodwill value of Byte.

24. On October 24, 2024, after markets closed, the truth began to emerge when Dentsply announced the “voluntary suspension of sales and marketing of its Byte Aligners and Impression Kits while the Company conducts a review of certain regulatory requirements related to these products.” In a current report filed with the SEC on Form 8-K after markets closed, Dentsply claimed that the Byte sales and marketing suspension was a “precautionary measure.”

25. In the same current report filed on Form 8-K, Dentsply disclosed that it “expects to record non-cash charges for the impairment of goodwill within the range of \$450-\$550 million” for its Orthodontic and Implant Solutions segment, with the decline in fair value for the Orthodontic Aligner Solutions reporting unit “driven primarily by adverse impacts from recent state regulatory trends pertaining to the Company’s direct-to-consumer aligner business.”

26. During a “Byte business update call” before markets opened on October 25, 2024, CEO Campion gave more context about the Byte suspension: “[I]n connection with our ongoing discussions with FDA, we have determined that our patient onboarding workflow may not provide adequate assurance that certain contraindicated patients do not enter treatment with Byte Aligners.”

27. As a result of this news, the price of Dentsply stock fell more than 4%, from a closing price of \$24.41 per share on October 24, 2024 to a closing price of \$23.31 per share on October 25, 2024.

28. Notwithstanding these disclosures, Defendants said the “risk to patients remains low” and that Dentsply would evaluate next steps for Byte, with the goal of “continuing” to provide “high-quality” care. During the same “Byte business update” call, CEO Campion claimed: “[W]e continue to believe the potential risk to patients remains low. . . . We will evaluate and assess the appropriate next steps with regard to Byte in coordination with the FDA, with the goal of continuing to provide innovative, high-quality and effective solutions to advance patient care.”

29. The truth was revealed to investors before markets opened on November 7, 2024, when Dentsply reported its financial results for the third quarter of 2024, ended September 30, 2024. In a related press release, Dentsply disclosed it had “recorded a non-cash charge for the impairment of goodwill of (\$495) million net of tax within the Orthodontic and Implant Solutions



segment.” Dentsply had also revised its 2024 outlook, with expected organic sales of “(3.5%) to (2.5%) (previously (1%) to flat)” and adjusted EPS of “\$1.82 to \$1.86 (previously \$1.96 to \$2.02).”

30. During the related earnings call held later that day, CEO Campion disclosed that although Dentsply was “not at a point in our analysis to make a definitive decision concerning Byte,” the Company was “thoroughly evaluating strategic options, which may include a discontinuation of some or all of this business.” CEO Campion further explained, “I just keep in mind the Byte business is having a large impact on our fourth quarter forecast. We’ve essentially removed all revenue associated with shipments beyond October 24, which is when we initiated the ship hold.”

31. As investors digested these disclosures, the price of Dentsply stock fell \$6.72 per share, or more than 28%, from a closing price of \$23.98 per share on November 6, 2024, to a closing price of \$17.26 per share on November 7, 2024, on extraordinary trading volume.

32. As a result of Defendants’ wrongful acts and omissions, and the resulting decline in market value of the Company’s common stock when the truth was disclosed, Plaintiff and other class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

33. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

34. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

35. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b), Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts and omissions

charged herein, including the dissemination of materially false and misleading information to the investing public, and the omission of material information, occurred in this Judicial District, as the common stock that is the subject of this action is traded on The Nasdaq Stock Market LLC (“Nasdaq”) in this Judicial District.

36. In connection with the acts, transactions, and conduct alleged herein, Defendants, directly and indirectly, used the means and instrumentalities of interstate commerce, including the U.S. Mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

37. Based in Fort Myers, Florida, Plaintiff North Collier Fire Control and Rescue District Firefighters’ Retirement Plan provides retirement, death, and disability benefits to firefighters and their beneficiaries. As set forth in the accompanying certification, incorporated by reference herein, Plaintiff purchased Dentsply common stock during the Class Period and suffered damages as a result of the federal securities laws violations and false and/or misleading statements and/or material omissions alleged herein.

38. Defendant Dentsply is incorporated under the laws of Delaware with its principal executive offices in Charlotte, North Carolina. Dentsply’s common stock trades on the Nasdaq under the ticker symbol “XRAY.”

39. Defendant Simon D. Campion has served as Dentsply’s CEO, President, and Director since September 2022.

40. Defendant Glenn Coleman served as Dentsply’s CFO and Executive Vice President from September 2022 until his resignation on November 7, 2024.

41. Defendant Andreas G. Frank has served as CBO and Executive Vice President since April 2023. CBO Frank joined Dentsply in April 2022.

42. Defendants CEO Campion, CFO Coleman, and CBO Frank (collectively, the “Individual Defendants”), because of their positions with Dentsply, possessed the power and authority to control the contents of, among other things, Dentsply quarterly reports, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of Dentsply’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company, and their access to material non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false and misleading statements pleaded herein.

43. Dentsply and the Individual Defendants are collectively referred to herein as “Defendants.”

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

44. Dentsply purports to be the world’s largest manufacturer of professional dental products and technologies, with a 137-year history of innovation and service to the dental industry. Dentsply develops, manufactures, and markets dental equipment supported by cloud software solutions as well as dental products and healthcare consumable products in urology and enterology.

45. Dentsply’s products include, for example, CAD/CAM computer-aided design and manufacturing systems, imaging equipment, motorized dental handpieces, consumables (*e.g.*, files, sealers, needles), implants, prosthetics, and orthodontics, such as clear aligners. As noted above, dental and medical devices sold by Dentsply in the United States, including clear aligners,

are generally classified by the FDA into a category that makes them subject to the same controls that apply to all medical devices, including regulations regarding alteration, misbranding, notification, record-keeping, and good manufacturing practices.

46. Dentsply's four reportable segments are: Connected Technology Solutions, Essential Dental Solutions, Wellspect Healthcare, and Orthodontic and Implant Solutions, which includes SureSmile, an aligner solution provided through clinician offices, and Byte, a DTC aligner solution. In 2023, Orthodontic and Implant Solutions comprised more than 26 percent of Dentsply's net sales by segment and nearly 19 percent of its segment adjusted operating income.

47. Before the start of the Class Period, on December 31, 2020, Dentsply closed its acquisition of Byte in a \$1.04 billion all-cash deal. According to Dentsply, Byte manufactured affordable, "doctor-directed," DTC clear dental aligners and held "a leadership position in the rapidly growing direct-to-consumer, doctor-directed clear aligner market."

48. In the January 4, 2021 press release announcing the acquisition, Dentsply touted that the Byte acquisition "[e]nhances scale in the important clear aligner space[,]" "[a]ccelerates the growth and profitability of Dentsply Sirona's combined clear aligners business[,]" and was "[a]ccretive to Dentsply Sirona's long-term financial targets and Non-GAAP EPS in 2021." Dentsply further explained that, priced "[a]t under \$85 per month, Byte has found a way to make the inaccessible, accessible—providing an easy, convenient and affordable way to upgrade your smile through the Byte Teledentistry platform."

49. In the same press release, Dentsply touted that Byte "is immediately accretive to Dentsply Sirona's revenue growth rate and non-GAAP EPS." Then-CEO Donald M. Casey, Jr. is quoted in the press release, stating, "We look forward to working with the talented team at Byte

as we utilize our collective strengths to expand patient access to quality care and support the success of our dental partners around the world.”

50. Byte aligners are subject to a multifaceted regulatory framework. As Dentsply explained in SEC filings before, during, and after the Class Period: “Due in part to its direct-to-consumer model, the Company’s Byte aligner business in the United States is subject to various state laws, rules and policies which govern the practice of dentistry within such state.” Dentsply assured investors that “Byte contracts with an expansive nationwide network of independent licensed dentists and orthodontists for the provision of clinical services, including the oversight and control of each customer’s clinical treatment in order to comply with these regulations and ensure that the business does not violate rules pertaining to the corporate practice of dentistry.”

51. During ensuing earnings calls and investor conferences leading up to the Class Period, Dentsply executives expressed confidence in the Byte acquisition, backed by the Company’s due diligence. During the January 13, 2021 J.P. Morgan Healthcare Conference, for example, then-CFO Jorge Gomez assured investors, “Byte has a strong consumer brand and comes with a robust marketing and data analytics platform to support it. That’s – that was one of the key assets that we were intrigued by when we did our due diligence of Byte. All together Byte, Dentsply Sirona, we’re going to increase scale, we’re going to unlock growth.”

52. Similarly, during the March 1, 2021 earnings call for the fourth quarter of 2020, ended December 31, 2020, then-CEO Casey stated:

We have done a pretty thorough amount of diligence, and we kind of knew what it was going to take. . . . And that’s really gone according to plan. We haven’t seen any areas that require major investment. If anything, today, we’re more excited about Byte than we were in January when we made the announcement.

53. During the same earnings call, then-CEO Casey further commented, “The acquisition gives us significant scale in the critical clear aligner market as well as important new

capabilities. . . . This business carried good momentum from the fourth quarter into the new year, and the integration of the Byte business is on track.”

54. Three months later, during the June 2, 2021 William Blair Growth Stock Conference, then-CFO Gomez claimed that Byte was performing well, stating, “We have now owned Byte now for close to 6 months. And there is nothing that has happened that contra[dicts] the initial assessment[,]” and “Byte 6 months into the acquisition is performing really well.”

55. The next day, then-CFO Gomez reiterated Dentsply’s confidence in the Byte acquisition during the June 3, 2021 Stifel Jaws and Paws investor conference:

We’re very excited about the Byte acquisition when we first started looking at them, which was actually about a year ago. We -- our first impression was they had a tremendous capability from a digital marketing perspective. They have very good people, very good in size, software engineers, they have good data. And to us, that was a strategic asset that we wanted to add into our stable of assets. And after now 6 months of owning the company, we are even more excited about those capabilities.

#### **Defendants’ Materially False and Misleading Statements**

56. The Class Period begins on December 1, 2022. That day, during the Evercore ISI HealthCONx Conference, CEO Champion touted the Byte business, stating, “[W]e think that Byte can be an integral and important part of our portfolio moving forward. . . . [A]s we move into 2023, it is a key focus for management and the team that runs Byte and SureSmile to ensure we get more value out of that particular part of our business.”

57. During the same Evercore conference, CFO Coleman highlighted, “I think we’ve seen really strong sequential growth in different parts of our aligner business both Byte and SureSmile year-over-year. . . . I think the key for us, though, is -- the revenue opportunity is clearly there. . . . But Simon’s point, is it an underpenetrated market, probably the fastest-growing area of dental as we know. And so our intent is to continue to be a key player here.”

58. On January 11, 2023, during the J.P. Morgan Healthcare Conference, Defendants highlighted the improved performance in many of its business lines, including orthodontics. For example, CFO Coleman stated, “[T]he real outlier, I would say, from a positive perspective was the Ortho business. So between SureSmile and Byte, which is our direct-to-consumer clear aligner business, so really strong performance in both of those businesses. And so our ortho business clearly put up some really strong year-over-year growth.”

59. During the same call, an analyst asked about Byte customer acquisition costs, “how that’s trending[,]” how Dentsply thinks about “spend across different geographic markets[,]” and whether the Company had “found ways to reduce those said costs?” CFO Coleman responded:

So we want to make sure we’re taking actions to improve profitability in the Byte business. Customer acquisition cost is one of those areas, so reducing customer acquisition costs. A big part of that is also improving our conversion cost. So when we send out an impression kit to a customer, once they get that impression kit and actually getting to an actual sale and a clear aligner, that conversion rate has to go higher than it is today. And so that’s one of the actions that we’re taking to drive better performance, and that will help the overall margin situation.

CFO Coleman added:

The financing costs are also extremely high for this type of customer demographic. And so we’re taking actions to do a better job around how to lower our financing costs in the areas that are supporting customers that don’t typically go to a dentist. These are customers that are lower income customers. And so we’re doing a better job, I think, of managing our risk around the customer base.

60. Responding to the same question during the J.P. Morgan Healthcare Conference about Byte customer acquisition costs, CBO Frank commented:

I think a key element here is patient compliance and patient experience. And so we have launched, over the course of the last 12 months, our new Byte app that drives significantly closer engagement with the patients throughout their treatment, leads to higher compliance, leads to higher Net Promoter Scores that we can track and measure as one of our KPIs. In addition to that, there’s

opportunity on the workflow side with a more hybrid model to involve clinicians, to digitize some of the impression-taking and further help with the conversion to the treatment plant and the conversion metrics that drive efficiency.

61. On February 28, 2023, Dentsply issued a press release announcing its financial results for the fourth quarter and full year of 2022, ended December 31, 2022. In the press release, Dentsply reported net sales of \$602 million for the quarter, which was down 11.6% versus the prior year. Dentsply attributed the decrease in organic sales “to softer implants volume, particularly in China, partially offset by strong aligners growth.”

62. During the corresponding earnings call held later that day, Defendants continued to emphasize the strong growth of its aligners business. For example, CFO Coleman proclaimed:

Aligners grew over 25% in the fourth quarter, driven by strong growth in both SureSmile and Byte. This quarter was the second quarter in a row with double-digit growth in this part of our business. . . . Our direct-to-consumer aligner brand, Byte also saw a very strong growth despite slowing consumer spending trends as we're seeing improvement in customer conversion rates.

63. During the same call, when asked by an analyst to comment on Dentsply’s “longer-term . . . clear aligner strategy,” CEO Campion responded:

So Byte has performed very well for us over the past 2 quarters. . . . It has performed very well since we’ve arrived here. We have had great customer satisfaction scores through the My Byte app, which is really resonating with them, and it’s performing well. So we see it as a as a meaningful part of our portfolio, one that we’re being diligent around expenses on [sic] and investing appropriately and driving customer acquisition, customer conversion and trying to increase customer satisfaction scores and drive the web traffic in that manner.

64. On May 3, 2023, Dentsply issued a press release announcing its financial results for the first quarter of 2023, ended March 31, 2023. In the press release, Dentsply announced it had raised the Company’s low-end, full-year 2023 net sales and adjusted EPS outlook by \$50 million and \$0.05 per share, respectively. In the press release, CEO Campion was quoted,



stating, “Our first quarter results reflect a strong start to 2023 that exceeded our outlook, driven primarily by strong demand for aligners and consumables.”

65. During the corresponding call held later that day, CEO Campion touted, “Byte not only delivered top line growth, but also made significant strides on improving operational performance.” In response to an analyst question about the “real drivers” of “aligner profitability,” CFO Coleman explained, “Relative to the Aligner profitability, I think the key around this is our Byte business. And the most important thing is really looking at the quality of the funnel and how we’re targeting customers. And we’re seeing an increase in our overall customer conversion rates, which really helped to reduce customer acquisition costs and drive increased profitability.”

66. During the same call, another analyst asked for more detail about where Dentsply was “seeing the most success” in its aligners business. In response, CFO Coleman elaborated:

On the Byte side, I think we’re doing a much better job of targeting customers and driving better customer conversion rates that I mentioned earlier. . . . And we’ve also rolled out HyperByte, which is helping speed of treatment for customers on the direct-to-consumer side. So on the whole, we are capturing more market share in both direct-to-consumer and the GP space. And obviously, this is still an underpenetrated market in one of the fastest-growing areas because aesthetics are still a very fast-growing area in the dental space.

67. On June 14, 2023, during the Goldman Sachs Global Healthcare Conference, Defendants continued to tout the Byte business. For example, when asked to comment on Dentsply’s aligners business and “what’s maybe resonating the most that allowed you to kind of continue to post double-digit growth[.]” CFO Coleman responded, “So we’re really excited about SureSmile and equally excited about Byte, our direct-to-consumer business, which has done exceptionally well.” CFO Coleman further commented on the market for Byte DTC aligners:

So lots of opportunities for us, including bringing down our financing costs, which has been an issue for the Byte business, given the profile of the customer there, which is lower income, more risk

around not getting paid. And so we've done things around that as well to bring that cost down. So all things heading in the right direction.

Notwithstanding the caveats around the customer profile and market for Byte DTC aligners, CFO Coleman reassured investors, "Both business are profitable[,]” *i.e.*, both SureSmile and Byte.

68. Three months later, on September 12, 2023, Defendants continued to tout Dentsply's aligners business at the Baird Global Healthcare Conference. For example, when asked about Byte and SureSmile "outperform[ing] expectations the last couple of quarters" in the U.S. and whether that was sustainable, CEO Campion responded, "So just in North America, great success on SureSmile and indeed Byte. Byte makes up probably 55-or-so percent of our ortho business, really robust growth in Europe. . . . [W]e think the direct-to-consumer business is very attractive for us. [I]t's profitable for us right now, albeit dilutive for now to Dentsply Sirona."

69. On November 2, 2023, Dentsply issued a press release announcing its financial results for the third quarter of 2023, ended September 30, 2023, including 2.2% net sales growth and 3.7% organic sales growth for the Company's Orthodontic and Implant Solutions segment. In the press release, CEO Campion is quoted highlighting growth for aligners specifically: "Bright spots for the quarter include 10% organic sales growth in our global aligners business. . . ."

70. During the accompanying earnings call held later that day, CFO Coleman further highlighted Dentsply's aligners business: "Shifting to Orthodontic & Implant Solutions segment, organic sales grew 3.7%. Aligners grew double digits for the fifth consecutive quarter. This strong performance was driven by growth in both SureSmile and Byte. . . . Our direct-to-consumer aligner brand Byte grew 7% as we saw higher customer conversion rates."

71. During the same earnings call, Defendants explained that it was anticipating a growth slowdown for its aligners business. For example, after an analyst asked about the Company's fourth quarter projections, CFO Coleman noted, "So in orthodontics, we're projecting

to have low single-digit growth or single-digit growth. Obviously, that’s a slowdown from what we saw the past 5 quarters.” CFO Coleman attributed the slowdown to “a combination of the macro environment for SureSmile and also Byte and some likely pressures we’re going to see with the student loan repayments being put back in place.”

72. Less than two weeks later, during Dentsply’s November 9, 2023 Investor Day, Defendants discussed the “target demographics” for Byte. For example, CBO Frank commented:

Moving to orthodontics. Our solutions are focused on aligner treatment. We serve the professional segment with SureSmile with its proprietary treatment planning algorithms that allow us to reduce the number of refinements needed. We also provide direct-to-consumer offerings through Byte. We see these solutions as complementary, serving different patient demographics. The Byte at home solution expands the reach for aligner treatment directly to patients, many of whom do not have an established relationship with a dentist and thereby growing the overall market. As you can see from the market share data, we have a lot of runway to continue to expand globally and further penetrate the existing categories.

CBO Frank added:

Our goal here is to show patients the potential treatment benefits and drive improved treatment acceptance rates. In turn, our Byte business has changed its marketing strategy to focus on specific target demographics, which has resulted in more than 20% higher customer conversion rates year-to-date versus last year. We are also expanding our offering to our existing loyal customer and patient base with ancillary products and services, including at home and professional dental care, such as retainers, whitening and preventive care. These opportunities have the potential to significantly increase the lifetime value of our aligner customers.

73. During the same Investor Day call, Defendants assured investors that Byte is profitable and, in light of a competitor leaving the market, Dentsply would increase its aligners market share. For example, in response to a question about profitability, CFO Coleman explained:

I know there’s questions about the profitability of the business given another competitor in the space is having challenges. Our business is profitable. But we see more opportunity. We’ve already moved the manufacturing to a common plant with SureSmile and Byte, so

that's already completed. But for us, it's really about increasing those customer conversion rates. And we feel very confident. Just given some of the competitive dynamics, we may actually see that go up for us.

74. Later during that same call, CFO Coleman reiterated Dentsply's prospects of capitalizing on a competitor leaving the market:

So I would say, first and foremost, we have been taking share in the direct-to-consumer space. And we have been growing very nicely if you look at the results for Byte over the last 4 or 5 quarters. . . . And listen, we do think we can take advantage of the competitive situation that's going on in the space. There's a competitor that has \$300 million of revenue that potentially will be up for grabs. And so we're going to go after that hard.

75. Also during the same call, CBO Frank elaborated on CFO Coleman's explanation of Dentsply's "bridge" to achieve its target of \$3 per share adjusted EPS in 2026:

I think the other piece is, I think that bridge also contemplates the investments we are making, including raising the bar in quality, in ethics and compliance. And I think in particular, quality is something that I think we take very personally. We have a quality policy. It says quality begins with me. And it is a really important part of how we see our position in the market and what we stand for at Dentsply Sirona and what we commit to for our patients and for our customers.

76. On January 10, 2024, during the J.P. Morgan Healthcare Conference, Defendants continued to assure investors that Dentsply would continue to grow its clear aligners business given the exit of a large competitor from the market. For example, in response to a question about "the biggest drivers" for Dentsply's long-term revenue growth, CFO Coleman stated:

[I]f you look at the orthodontic market, clear Aligners, we're very confident we can grow double digits and approach that 20% range in a normal macro environment. We've got some tailwinds and favorable dynamics in our direct-to-consumer business with Byte given we've had a large competitor exit that space[.] [O]n the in-office side, we're seeing very positive trends with SureSmile. So in the ortho area, we feel very confident over the long term, we can grow double digits and approach that 20% range.

77. During the same conference, an analyst asked about the 20% growth guidance: “And shifting over to that Aligners portion of the portfolio, you’re anticipating over 20% growth between SureSmile and Byte. So can you walk us through, what gives you confidence on these above-market growth targets and how achievable they are?” In response, CBO Frank explained:

So we have -- with Byte, we have a direct-to-consumer platform. We have focused the last 12 months intently on profitably growing our direct-to-consumer business, focusing on the top of the funnel on our conversion rates, on the financing offerings that we have for consumers. And that positions us really well now to take advantage of this major shift that we’re seeing in the category with the leading company exiting the space.

78. On February 29, 2024, Dentsply issued a press release announcing its financial results for the fourth quarter and full year of 2023, ended December 31, 2023. During the corresponding earnings call held later that day, CFO Coleman once again touted Byte growth:

Our direct-to-consumer aligner brand Byte grew 6% despite a constrained financing environment. With the recent uptick in new customer interest, we are ramping our investment in treatment planning, clinical support and sales, which supports our anticipated greater than 20% growth in Byte this year.

79. During that same call, an analyst asked about Dentsply’s confidence in Byte growth: “I think the commentary around expectations for 20% plus growth were pretty notable. . . . What gives you the confidence that this can be durable given expectations for what seems to be still kind of difficult macro within dental?” CFO Coleman responded:

I think we’re counting on a stable macro environment to hit these numbers. . . . [W]e feel quite good that Byte’s going to put up some meaningful growth here in 2024. I would just say that we did see some headwinds on the financing front in the fourth quarter with Bytes but Byte only grew 6% in the fourth quarter, we had some financing constraints. A lot of it was subprime customers. We worked through some of that here in the first quarter as well. . . . But with the investments that we’re making now, adding more treatment planners, clinical and sales support people, I feel like we’ve got a really good path here to generate 20-plus percent growth in Byte in 2024.

80. On May 15, 2024, during the Bank of America Health Care Conference, CFO Coleman continued to tout Dentsply's ability to capitalize on a large competitor leaving the market:

I think our Ortho story is a really good one. If I look at Byte, it's our direct-to-consumer business. We didn't see much of an uptick until one of the big competitors actually exited the market, which was December of last year. And so that created a big opportunity for us. We're not going after all the business they were going after to be clear. So there's probably about 1/3 of that, that's interesting for us, the profitable part of that business.

81. On July 31, 2024, Dentsply issued a press release announcing its financial results for the second quarter of 2024, ended June 30, 2024. During the accompanying earnings call held later that day, CFO Coleman stated, "Shifting to the Orthodontic & Implant Solutions segment. Organic sales grew 4.6% with double-digit growth from aligners, up 11%. . . . Byte, our direct-to-consumer aligner brand grew 16% over the prior year quarter."

82. During the same call, CFO Coleman explained that Dentsply had lowered its 2024 Byte growth target from 20% to 15%: "During the quarter, legislative changes required us to adjust our go-to-market model in certain states. Given the evolving legislative and regulatory environment, we now expect Byte to grow approximately 15% for the full year compared to our previous estimate of more than 20% growth." Nevertheless, CEO Campion reassured investors, "Our ortho business continues to be our fastest-growing portfolio globally notwithstanding the previously mentioned regulatory environment for Byte in the U.S."

83. Also during the same call, an analyst asked about the Byte growth target reduction and legislative changes, asking "where does this go longer term[?]" CEO Campion responded:

So that legislation varies state to state, but there are some common themes between them all. We've done a number of things to mitigate that. Number one, we've invested in government relations or more investment in government relations to help states understand the process of direct-to-consumer aligners. And then secondarily, we've adjusted our internal processes to facilitate these changes that some states are mandating. . . . I think the adjustment

that you've seen in the growth rates is because of the incremental steps and arguably costs to patients, because they've to take some time out of work to go to the dentist, or do a teledentistry visit. So it's not a reflection on the product that we provide. It's a reflection of rather on [sic] the internal steps that these regulations are enforcing or placing on potential customers.

84. On September 5, 2024, during the Morgan Stanley Global Healthcare Conference, CEO Campion echoed prior remarks about Byte: “[W]e’ve also moderated our expectations on our aligner business, our Byte in particular, given some of the regulatory challenges that DTC business has surfaced over the past number of months. So there are some of the headwinds for the back part of the year that we’re overcoming and hence, that guidance at the Q2 call.”

85. Less than a week later, on September 10, 2024, Dentsply attended Baird’s Global Healthcare Conference. In response to a question about demand for Byte in the context of a DTC competitor going “out of business” at the end of 2023, CEO Campion stated:

Yes, I think there’s decent demand in that business for sure. We’ve got the regulatory challenges that we spoke about at the last earnings call that have slowed down some of the conversion rates. To be fair to SmileDirectClub, their government affairs was helping out with respect to trying to mitigate some of those risks. And now it’s up to us to invest more in government affairs to do the work ourselves. I think the growth profile is still pretty robust in the direct-to-consumer business. Remember, the median income for those families that go down that route is about \$65,000. So it’s a different segment of the market. Of course, there is continued pressure on that group. A lot of them finance their aligners with interest rates the way they are and greater sensitivity around credit scores in that group. We are seeing some pressure on the financing side, but the revenue growth is still -- it’s certainly still double-digit revenue growth in that space.

86. The above statements set forth above in ¶¶ 56-85 were materially false and/or misleading and failed to disclose material adverse facts about the Company’s business, operations, and prospects to make the statements made, in light of the circumstances under which they were made, not false and misleading. Specifically, Defendants failed to disclose that: (1) Dentsply

targeted low-income people who did not have access to good oral hygiene education, a dentist, or dental insurance, which often meant patients signing up for Byte had underlying dental issues that would have made them ineligible for treatment; (2) the push for Byte growth and sales commissions caused sales employees to sell to contraindicated patients; (3) as a result of the above, the Byte patient onboarding workflow did not provide adequate assurance that contraindicated patients did not enter treatment; (4) before and during the Class Period, reports of Byte patient injuries were pouring in; (5) Dentsply knew that its Byte aligners were causing severe patient injuries for years but did little to investigate those injuries or notify the FDA; (6) Dentsply had no systems in place to notify the FDA of these injuries, which the Company is required to do within 30 days of learning of a problem; (7) the FDA had received a sharp uptick in reports of serious injuries from Byte patients; (8) as a result of the above, Dentsply materially overstated the goodwill value of Byte; (9) as a result of the above, Defendants' positive statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

### **The Truth Begins to Emerge**

87. On October 24, 2024, after markets closed, investors began to learn the truth about Byte when Dentsply issued a stunning press release announcing the “voluntary suspension of sales and marketing of its Byte Aligners and Impression Kits while the Company conducts a review of certain regulatory requirements related to these products.” Dentsply noted that its “decision was made in consultation with” the FDA and that, “[i]n connection with this review, . . . the Company has suspended shipment and processing of new and recently placed orders for” Byte.

88. In the related current report filed with the SEC on Form 8-K on the same day after markets closed, Dentsply noted that the suspension of Byte sales and marketing was taken as a “precautionary measure.” The current report further disclosed that, in connection with the



preparation of its financial statements for the third quarter of 2024, Dentsply “expects to record non-cash charges for the impairment of goodwill within the range of \$450-\$550 million” for its Orthodontic and Implant Solutions segment, with the decline in fair value for the Orthodontic Aligner Solutions reporting unit “driven primarily by adverse impacts from recent state regulatory trends pertaining to the Company’s direct-to-consumer aligner business.”

89. In the same current report filed on Form 8-K, Dentsply explained that it would “evaluate and assess the appropriate next steps,” with the purported “goal of continuing to provide access to quality oral care to underserved populations.” The current report noted that, in connection with the Byte assessment, “the Company may incur additional impairments and write-offs regarding its Byte business, which may be material in the current and future periods.”

90. Before markets opened the following the day, on October 25, 2024, Dentsply held a special call with investors to discuss Dentsply’s recent “Byte business update.” During the call, CEO Campion explained that, “in connection with our ongoing discussions with FDA, we have determined that our patient onboarding workflow may not provide adequate assurance that certain contraindicated patients do not enter treatment with Byte Aligners” and, as a result, “we made the decision to voluntarily suspend sales and marketing for these products as we conduct our review.”

91. UBS analysts highlighted that “XRAY surprises with suspension of Byte sales[,]” with Dentsply announcing it “would voluntarily cease sales and marketing of its direct-to-consumer Byte aligners . . . , a decision made in consultation with the FDA.”

92. As a result of this news, the price of Dentsply stock fell more than 4%, from a closing price of \$24.41 per share on October 24, 2024 to a closing price of \$23.31 per share on October 25, 2024.

93. Nevertheless, during the same “Byte business update” call on October 25, 2024, CEO Campion maintained that Dentsply “holds itself to the highest standards of quality and compliance, with patient safety at the center of everything we do.” CEO Campion claimed:

[W]e continue to believe the potential risk to patients remains low. . . . Turning to what this means for Byte. As we work through this review, we will continue to work closely with the FDA and other regulatory authorities. Throughout this process, we will also focus on continuing to communicate with treating dentists and their patients to support their continued care, as appropriate.

CEO Campion further claimed, “Independent of the product suspension, there had already been work underway within the Byte business[,]” and “[o]ur goal is to continue to provide access to quality oral care for patients.”

94. Before receiving analysts’ questions during the same call, CEO Campion stated:

I want to reiterate that patient safety and customer care is at the heart of all we do, and we remain focused on our mission of transforming dentistry to improve oral health globally while continuing to be transparent with all stakeholders. We will evaluate and assess the appropriate next steps with regard to Byte in coordination with the FDA, with the goal of continuing to provide innovative, high-quality and effective solutions to advance patient care.

95. During the same call, an analyst asked, “[I]s there anything you’ve seen from the patients where you’ve paused or canceled orders in terms of activities they’re pursuing?” In response, CEO Campion maintained:

[W]e continue to believe that the potential risk to patients remains low, and we made the decision to voluntarily suspend sales and marketing for the products as -- while we conduct the review. There have been no changes to the quality, safety and effectiveness of the Byte Aligners and Impression Kits. And we have not established a causal link between the aligners and impression kits and any reports of serious injuries or adverse results.

96. During the same call, another analyst asked, “Just at what point does this kind of call into question kind of your commitment to the Byte business from here?” In response, CEO Campion explained,

We are looking at the state regulations for -- that have changed the profile of this business. We -- while saying that we think that aligners and teledentistry are necessary for -- to connect the underserved patient populations that may not be able to access it. But we have a lot of work to do over the next several weeks with respect to the lift to drive our technical and regulatory solution to the channels that we currently face.

97. The above statements set forth above in ¶¶ 87-96 were materially false and/or misleading and failed to disclose material adverse facts about the Company’s business, operations, and prospects to make the statements made, in light of the circumstances under which they were made, not false and misleading. Specifically, Defendants failed to disclose that: (1) Dentsply targeted low-income people who did not have access to good oral hygiene education, a dentist, or dental insurance, which often meant patients signing up for Byte had underlying dental issues that would have made them ineligible for treatment; (2) the push for Byte growth and sales commissions caused sales employees to sell to contraindicated patients; (3) as a result of the above, the Byte patient onboarding workflow did not provide adequate assurance that contraindicated patients did not enter treatment; (4) before and during the Class Period, reports of Byte patient injuries were pouring in; (5) Dentsply knew that its Byte aligners were causing severe patient injuries for years but did little to investigate those injuries or notify the FDA; (6) Dentsply had no systems in place to notify the FDA of these injuries, which the Company is required to do within 30 days of learning of a problem; (7) the FDA had received a sharp uptick in reports of serious injuries from Byte patients; (8) as a result of the above, Dentsply materially overstated the goodwill value of Byte; (9) as a result of the above, Defendants’ positive statements about the

Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

### **The Truth Is Revealed**

98. On November 7, 2024, before the markets opened, the truth was revealed when Dentsply reported its financial results for the third quarter of 2024, ended September 30, 2024. The related press release disclosed that Dentsply had "recorded a non-cash charge for the impairment of goodwill of (\$495) million net of tax within the Orthodontic and Implant Solutions segment." The press release further detailed how the decline in fair value was purportedly driven by "sustained macroeconomic pressures, legislative trends impacting Byte, weakened demand and competitive pressures in implants, and lower expected volumes of lab materials."

99. The press release further disclosed that Dentsply had revised its 2024 outlook, with expected organic sales of "(3.5%) to (2.5%) (previously (1%) to flat)" and adjusted EPS of "\$1.82 to \$1.86 (previously \$1.96 to \$2.02)." Dentsply claimed that its revised 2024 outlook was "due to market pressures impacting U.S. equipment, legislative changes affecting the direct-to-consumer aligner business model, and the voluntary suspension of sales, marketing, and shipments" of Byte.

100. During the corresponding earnings call held later that day, CEO Campion reported that although Dentsply was "not at a point in our analysis to make a definitive decision concerning Byte," the Company was "thoroughly evaluating strategic options, which may include a discontinuation of some or all of this business." CFO Coleman explained:

I just keep in mind the Byte business is having a large impact on our fourth quarter forecast. We've essentially removed all revenue associated with shipments beyond October 24, which is when we initiated the ship hold. And while the revenue is obviously removed, there's still costs in this business that we're working through, right?

CEO Campion added, "[J]ust in relation to that cost statement[,] . . . we have stopped discretionary spending in this business. So costs are people costs for the most part right now."

101. Analysts swiftly reacted to the news. For example, Evercore analysts described the disclosures as a “[t]ough day. Today’s update to both shorter-term dynamics in the channel and the 2025 financial implications from the Byte suspension (which we are assuming will be permanent), have complicated the outlook for XRAY.” Similarly, Barrington Research commented, “A final decision has not yet been made regarding the Byte business, but we would speculate that a complete shutdown may be the most likely outcome.”

102. Other analysts highlighted that the Byte sales suspension, and likely discontinuation of the Byte business, were the result of issues specific to Dentsply. For example, Piper Sandler analysts reported on the “company-specific” commercial pressures facing Company. Similarly, Baird analysts reported that, “for XRAY, . . . issues beyond macro remain sizeable” before concluding that “visibility remains as low as we’ve seen in 20+ years covering this name.”

103. As investors digested these disclosures, the price of Dentsply stock fell \$6.72 per share, or more than 28%, from a closing price of \$23.98 per share on November 6, 2024, to a closing price of \$17.26 per share on November 7, 2024, on extraordinary trading volume.

### **CLASS ACTION ALLEGATIONS**

104. Plaintiff brings this action as a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a class consisting of all persons and entities that purchased Dentsply common stock between December 1, 2022 and November 6, 2024, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

105. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and

can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Throughout the Class Period, Dentsply common stock actively traded on the Nasdaq (an open and efficient market) under the symbol “XRAY.” Millions of Dentsply shares were traded publicly during the Class Period on the Nasdaq. As of February 16, 2024, the Company had more than 207 million shares outstanding. Record owners and other members of the Class may be identified from records maintained by Dentsply or its transfer agent and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

106. Plaintiff’s claims are typical of the claims of the other members of the Class as all members of the Class were similarly affected by Defendants’ wrongful conduct in violation of federal law that is complained of herein.

107. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests that conflict with those of the Class.

108. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a) whether Defendants violated the Exchange Act by the acts and omissions as alleged herein;
- b) whether Defendants knew or recklessly disregarded that their statements and/or omissions were false and misleading;

c) whether documents, press releases, and other statements disseminated to the investing public and the Company's shareholders misrepresented material facts about the business, operations, and prospects of Dentsply;

d) whether statements made by Defendants to the investing public during the Class Period misrepresented and/or omitted to disclose material facts about the business, operations, and prospects of Dentsply;

e) whether the market price of Dentsply common stock during the Class Period was artificially inflated due to the material misrepresentations and failures to correct the material misrepresentations complained of herein; and

f) the extent to which the members of the Class have sustained damages and the proper measure of damages.

109. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this suit as a class action.

#### **UNDISCLOSED ADVERSE INFORMATION**

110. The market for Dentsply common stock was an open, well-developed, and efficient market at all relevant times. As a result of the materially false and/or misleading statements and/or omissions particularized in this Complaint, Dentsply common stock traded at artificially inflated prices during the Class Period. Plaintiff and the other members of the Class purchased Dentsply common stock relying upon the integrity of the market price of the Company's shares and market information relating to Dentsply and have been damaged thereby.

111. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Dentsply common stock, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Dentsply's business, operations, and prospects as alleged herein. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its business, thus causing the Company's common stock to be overvalued and artificially inflated or maintained at all relevant times. Defendants' materially false and/or misleading statements directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class who purchased the Company's common stock at artificially inflated prices and were harmed when the truth was revealed.

#### **SCIENTER ALLEGATIONS**

112. As alleged herein, Defendants acted with scienter in that Defendants: knew or were reckless as to whether the public documents and statements issued or disseminated in the name of the Company during the Class Period were materially false and misleading; knew or were reckless as to whether such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

113. As set forth herein, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Dentsply, their control over, receipt, and/or modification of the Company's allegedly materially misleading statements and omissions, and/or



their positions with the Company that made them privy to confidential information concerning Dentsply, participated in the fraudulent scheme alleged herein.

### **INAPPLICABILITY OF STATUTORY SAFE HARBOR**

114. The federal statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward-looking, they were not identified as “forward-looking statements” when made, and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

115. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Dentsply who knew that the statement was false when made.

### **LOSS CAUSATION**

116. Defendants’ wrongful conduct, as alleged herein, directly and proximately caused the economic loss, *i.e.*, damages, suffered by Plaintiff and the Class.

117. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and omissions, and engaged in a scheme to deceive the market. This artificially inflated the price of Dentsply common stock and operated as a fraud or deceit on the Class. When Defendants’ prior misrepresentations, information alleged to have been concealed,

fraudulent conduct, and/or the effect thereof were disclosed to the market, the price of Dentsply common stock fell precipitously, as the prior artificial inflation came out of the price.

**APPLICABILITY OF PRESUMPTION OF RELIANCE**  
**(FRAUD-ON-THE-MARKET DOCTRINE)**

118. The market for Dentsply common stock was open, well-developed, and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose particularized in this Complaint, Dentsply common stock traded at artificially inflated and/or maintained prices during the Class Period. Plaintiff and other members of the Class purchased the Company's common stock relying upon the integrity of the market price of Dentsply common stock and market information relating to Dentsply and have been damaged thereby.

119. At all times relevant, the market for Dentsply common stock was an efficient market for the following reasons, among others:

a) Dentsply common stock was listed and actively traded on the Nasdaq, a highly efficient and automated market;

b) As a regulated issuer, Dentsply filed periodic public reports with the SEC and/or the Nasdaq;

c) Dentsply regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

d) Dentsply was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

120. As a result of the foregoing, the market for Dentsply common stock promptly digested current information regarding Dentsply from all publicly available sources and reflected such information in the price of Dentsply common stock. Under these circumstances, all purchasers of Dentsply common stock during the Class Period suffered similar injury through their purchase of common stock at artificially inflated prices, and a presumption of reliance applies.

121. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded in Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business, operations, and prospects—information that Defendants were obligated to disclose during the Class Period but did not—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in the making of investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

## **COUNTS AGAINST DEFENDANTS**

### **COUNT I**

#### **For Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants**

122. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

123. During the Class Period, Defendants carried out a plan, scheme, and course of conduct that was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain

the market price of Dentsply common stock; and (iii) cause Plaintiff and other members of the Class to purchase Dentsply common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan, and course of conduct, Defendants, and each of them, took the actions set forth herein.

124. Defendants: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of conduct that operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Dentsply common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

125. Defendants, individually and in concert, directly and indirectly, by the use, means, or instrumentalities of interstate commerce and/or the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Dentsply's business, operations, and prospects, as specified herein. Defendants employed devices, schemes, and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Dentsply's business, operations, and prospects, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Dentsply and its business, operations, and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices, and a course of conduct of

business that operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

126. Each of the Individual Defendants' primary liability and controlling-person liability, arises from the following facts: (i) each of the Individual Defendants was a high-level executive and/or director at the Company and a member of the Company's management team or had control thereof; (ii) each of the Individual Defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development, and reporting of the Company's business, operations, and prospects; (iii) each of the Individual Defendants enjoyed significant personal contact and familiarity with the other Defendants and was advised of and had access to, other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and (iv) each of the Individual Defendants was aware of the Company's dissemination of information to the investing public, which they knew and/or recklessly disregarded was materially false and misleading.

127. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Dentsply's operating condition, business practices, and prospects from the investing public and supporting the artificially inflated and/or maintained price of its common stock. As demonstrated by Defendants' misstatements of the Company's business, operations, and prospects, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by

deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

128. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Dentsply common stock was artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants or upon the integrity of the markets in which the common stock traded or trades, and/or in the absence of material adverse information that was known or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants, Plaintiff and the other members of the Class purchased Dentsply common stock during the Class Period at artificially inflated prices and were damaged thereby.

129. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known of the truth regarding the problems that Dentsply was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased Dentsply common stock, or, if they had purchased such shares during the Class Period, they would not have done so at the artificially inflated prices that they paid.

130. By virtue of the foregoing, Defendants each violated § 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

131. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

## COUNT II

### **For Violations of Section 20(a) of the Exchange Act Against All Individual Defendants**

132. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

133. The Individual Defendants acted as controlling persons of Dentsply within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions with the Company, participation in, and/or awareness of the Company's operations, and intimate knowledge of the false statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that Plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

134. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

135. As set forth above, Defendants each violated § 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, the Individual Defendants are liable pursuant to § 20(a) of the Exchange Act. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and other members of the Class

suffered damages in connection with their purchases of the Company's common stock during the Class Period.

**PRAYER FOR RELIEF**

136. WHEREFORE, Plaintiff, individually and on behalf of the Class, prays for relief and judgment as follows:

- a) Declaring this action to be a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;
- b) Awarding Plaintiff and the other members of the Class damages in an amount that may be proven at trial, together with interest thereon;
- c) Awarding Plaintiff and the members of the Class pre-judgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs; and
- d) Awarding such other and further relief as this Court deems appropriate.

**JURY DEMAND**

137. Plaintiff demands a trial by jury.

Dated: