

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 October 1, 2021
- 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



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:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 checked="" 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 October 29, 2021, was 161,368,349.

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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	
	October 1, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 638.8	\$ 888.9
Trade accounts receivable, less allowance for credit losses of \$25.2 and \$30.5, respectively	307.4	301.7
Inventories, net	274.3	216.0
Prepaid expenses and other current assets	77.9	70.1
Current assets held for sale	468.0	113.9
Total current assets	1,766.4	1,590.6
Property, plant and equipment, net	266.1	274.6
Operating lease right-of-use assets	150.8	162.7
Other long-term assets	174.1	119.0
Goodwill	3,145.8	3,207.4
Other intangible assets, net	1,058.8	1,152.7
Noncurrent assets held for sale	—	369.0
Total assets	<u>\$ 6,562.0</u>	<u>\$ 6,876.0</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 426.7	\$ 886.8
Trade accounts payable	171.0	202.5
Accrued expenses and other liabilities	509.9	467.8
Operating lease liabilities	24.5	31.1
Current liabilities held for sale	137.1	96.5
Total current liabilities	1,269.2	1,684.7
Operating lease liabilities	139.7	152.6
Other long-term liabilities	318.2	347.0
Long-term debt	887.8	907.7
Noncurrent liabilities held for sale	—	63.0
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 15.0 million shares authorized; no shares issued or outstanding at October 1, 2021 and December 31, 2020	—	—
Common stock - \$0.01 par value, 500.0 million shares authorized; 161.7 million shares issued and 161.3 million shares outstanding at October 1, 2021; 160.2 million shares issued and 160.0 million outstanding at December 31, 2020	1.6	1.6
Additional paid-in capital	3,716.6	3,684.4
Retained earnings	381.1	126.4
Accumulated other comprehensive loss	(152.6)	(91.8)
Total Envista stockholders' equity	3,946.7	3,720.6
Noncontrolling interests	0.4	0.4
Total stockholders' equity	<u>3,947.1</u>	<u>3,721.0</u>
Total liabilities and stockholders' equity	<u>\$ 6,562.0</u>	<u>\$ 6,876.0</u>

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		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales	\$ 607.3	\$ 547.2	\$ 1,857.1	\$ 1,312.8
Cost of sales	251.0	238.8	773.8	598.0
Gross profit	356.3	308.4	1,083.3	714.8
Operating expenses:				
Selling, general and administrative	250.6	226.8	747.5	681.3
Research and development	24.0	20.0	75.7	63.5
Operating profit (loss)	81.7	61.6	260.1	(30.0)
Nonoperating income (expense):				
Other income	0.2	0.2	0.8	0.4
Interest expense, net	(12.0)	(23.4)	(43.6)	(41.2)
Income (loss) before income taxes	69.9	38.4	217.3	(70.8)
Income tax (benefit) expense	(10.3)	14.8	(3.7)	(22.2)
Income (loss) from continuing operations	80.2	23.6	221.0	(48.6)
Income (loss) from discontinued operations, net of tax (refer to Note 3)	12.7	12.0	33.7	(26.5)
Net income (loss)	<u>\$ 92.9</u>	<u>\$ 35.6</u>	<u>\$ 254.7</u>	<u>\$ (75.1)</u>
Earnings (loss) per share:				
Earnings (loss) from continuing operations - basic	\$ 0.50	\$ 0.15	\$ 1.37	\$ (0.30)
Earnings (loss) from continuing operations - diluted	\$ 0.45	\$ 0.14	\$ 1.25	\$ (0.30)
Earnings (loss) from discontinued operations - basic	\$ 0.08	\$ 0.08	\$ 0.21	\$ (0.17)
Earnings (loss) from discontinued operations - diluted	\$ 0.07	\$ 0.07	\$ 0.19	\$ (0.17)
Earnings (loss) - basic	\$ 0.58	\$ 0.22 *	\$ 1.58	\$ (0.47)
Earnings (loss) - diluted	\$ 0.52	\$ 0.22 *	\$ 1.43 *	\$ (0.47)
Average common stock and common equivalent shares outstanding:				
Basic	161.5	159.7	161.1	159.4
Diluted	178.1	163.9	177.5	159.4

* Earnings (loss) per share is computed independently for earnings (loss) per share from continuing operations and earnings (loss) per share from discontinued operations. The sum of earnings (loss) per share from continuing operations and earnings (loss) per share from discontinued operations does not equal earnings (loss) per share due to rounding.

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		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Net income (loss)	\$ 92.9	\$ 35.6	\$ 254.7	\$ (75.1)
Other comprehensive (loss) income, net of income taxes:				
Foreign currency translation adjustments	(25.0)	18.6	(64.3)	14.5
Cash flow hedge adjustments	1.1	1.5	3.6	(7.4)
Pension plan adjustments	0.2	0.2	(0.1)	0.9
Total other comprehensive (loss) income, net of income taxes	(23.7)	20.3	(60.8)	8.0
Comprehensive income (loss)	<u>\$ 69.2</u>	<u>\$ 55.9</u>	<u>\$ 193.9</u>	<u>\$ (67.1)</u>

See the accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Nine Months Ended October 1, 2021					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Envista Equity	Noncontrolling Interests
Balance, December 31, 2020	\$ 1.6	\$ 3,684.4	\$ 126.4	\$ (91.8)	\$ 3,720.6	\$ 0.4
Common stock-based award activity	—	6.7	—	—	6.7	—
Net income	—	—	71.7	—	71.7	—
Other comprehensive loss	—	—	—	(52.1)	(52.1)	—
Balance, April 2, 2021	1.6	3,691.1	198.1	(143.9)	3,746.9	0.4
Common stock-based award activity	—	16.5	—	—	16.5	—
Net income	—	—	90.1	—	90.1	—
Other comprehensive income	—	—	—	15.0	15.0	—
Balance, July 2, 2021	1.6	3,707.6	288.2	(128.9)	3,868.5	0.4
Common stock-based award activity	—	9.0	—	—	9.0	—
Net income	—	—	92.9	—	92.9	—
Other comprehensive loss	—	—	—	(23.7)	(23.7)	—
Balance, October 1, 2021	<u>\$ 1.6</u>	<u>\$ 3,716.6</u>	<u>\$ 381.1</u>	<u>\$ (152.6)</u>	<u>\$ 3,946.7</u>	<u>\$ 0.4</u>
	Nine Months Ended October 2, 2020					
	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Envista Equity	Noncontrolling Interests
Balance, December 31, 2019	\$ 1.6	\$ 3,589.7	\$ 93.1	\$ (144.2)	\$ 3,540.2	\$ 2.6
Common stock-based award activity	—	6.4	—	—	6.4	—
Net loss	—	—	(17.2)	—	(17.2)	—
Other comprehensive loss	—	—	—	(45.7)	(45.7)	—
Balance, April 3, 2020	1.6	3,596.1	75.9	(189.9)	3,483.7	2.6
Common stock-based award activity	—	7.6	—	—	7.6	—
Equity component of convertible senior notes, net of financing costs and taxes	—	77.9	—	—	77.9	—
Purchase of capped calls related to issuance of convertible senior notes, net of taxes	—	(15.7)	—	—	(15.7)	—
Net loss	—	—	(93.5)	—	(93.5)	—
Other comprehensive income	—	—	—	33.4	33.4	—
Changes in noncontrolling interests	—	—	—	—	—	(0.1)
Balance, July 3, 2020	1.6	3,665.9	(17.6)	(156.5)	3,493.4	2.5
Common stock-based award activity	—	8.3	—	—	8.3	—
Net income	—	—	35.6	—	35.6	—
Other comprehensive income	—	—	—	20.3	20.3	—
Changes in noncontrolling interests	—	—	—	—	—	\$ (0.3)
Balance, October 2, 2020	<u>\$ 1.6</u>	<u>\$ 3,674.2</u>	<u>\$ 18.0</u>	<u>\$ (136.2)</u>	<u>\$ 3,557.6</u>	<u>\$ 2.2</u>

See the accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
	October 1, 2021	October 2, 2020
Cash flows from operating activities:		
Net income (loss)	\$ 254.7	\$ (75.1)
Noncash items:		
Depreciation	29.4	31.5
Amortization	62.6	68.0
Allowance for credit losses	4.2	20.1
Stock-based compensation expense	21.6	16.7
Gain on sale of property, plant and equipment	(2.2)	—
Restructuring charges	0.3	11.1
Impairment charges	9.4	17.1
Amortization of right-of-use assets	21.3	23.1
Amortization of debt discount and issuance costs	17.6	8.0
Change in trade accounts receivable	(15.1)	64.3
Change in inventories	(67.1)	16.8
Change in trade accounts payable	(39.9)	(49.3)
Change in prepaid expenses and other assets	(23.4)	(33.8)
Change in accrued expenses and other liabilities	(18.7)	(0.8)
Change in operating lease liabilities	(29.1)	(27.2)
Net cash provided by operating activities	225.6	90.5
Cash flows from investing activities:		
Acquisitions, net of cash acquired	—	(40.7)
Payments for additions to property, plant and equipment	(46.0)	(34.6)
Proceeds from sales of property, plant and equipment	11.6	—
All other investing activities	8.5	11.3
Net cash used in investing activities	(25.9)	(64.0)
Cash flows from financing activities:		
Proceeds from issuance of convertible senior notes	—	517.5
Payment of debt issuance and other deferred financing costs	(2.3)	(17.2)
Proceeds from revolving line of credit	—	249.8
Repayment of revolving line of credit	—	(250.0)
Repayment of borrowings	(475.7)	—
Purchase of capped calls related to issuance of convertible senior notes	—	(20.7)
Proceeds from stock option exercises	16.0	8.7
All other financing activities	(5.4)	0.6
Net cash (used in) provided by financing activities	(467.4)	488.7
Effect of exchange rate changes on cash and cash equivalents	17.6	(25.6)
Net change in cash and cash equivalents	(250.1)	489.6
Beginning balance of cash and cash equivalents	888.9	211.2
Ending balance of cash and cash equivalents	\$ 638.8	\$ 700.8

Supplemental data:				
Cash paid for interest	\$	26.1	\$	34.3
Cash paid for taxes	\$	65.6	\$	22.3
ROU assets obtained in exchange for operating lease obligations	\$	24.9	\$	16.0

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

Separation and Initial Public Offering

Envista Holdings Corporation (together with its subsidiaries, “Envista” or the “Company”) was formed as a wholly-owned subsidiary of Danaher Corporation (“Danaher”). Danaher formed Envista to ultimately acquire, own and operate the Dental business of Danaher. On September 20, 2019, the Company completed an initial public offering (“IPO”) resulting in the issuance of 30.8 million shares of its common stock (including shares issued pursuant to the underwriters’ option to purchase additional shares) to the public, which represented 19.4% of the Company’s outstanding common stock, at \$22.00 per share, the initial public offering price, for total net proceeds, after deducting underwriting discounts and commissions, of \$643.4 million. In connection with the completion of the IPO, through a series of equity and other transactions, Danaher transferred substantially all of its Dental business to the Company. As consideration for the transfer of the Dental business to the Company, the Company paid Danaher approximately \$2.0 billion, which included the net proceeds from the IPO and the net proceeds from term debt financing, as further discussed in Note 13, and issued to Danaher 127.9 million shares of the Company’s common stock. The transactions described above related to the transfer of the Dental business are collectively referred to herein as the “Separation.”

On November 15, 2019, Danaher announced an exchange offer whereby Danaher stockholders could exchange all or a portion of Danaher common stock for shares of the Company’s common stock owned by Danaher. The disposition of the Company’s shares was completed on December 18, 2019 and resulted in the full separation of the Company and disposal of Danaher’s entire ownership and voting interest in the Company.

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 develops, manufactures and markets dental implant systems, dental prosthetics and associated treatment software and technologies, as well as orthodontic bracket systems, aligners and lab products. The Company’s Equipment & Consumables segment 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 October 1, 2021 and December 31, 2020, and its results of operations for the three and nine month periods ended October 1, 2021 and October 2, 2020 and cash flows for the nine month periods ended October 1, 2021 and October 2, 2020. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company’s Consolidated and Combined Financial Statements and accompanying notes for the three years ended December 31, 2020, included in the Annual Report on Form 10-K filed by the Company with the SEC on February 19, 2021.

As discussed in Note 3, Discontinued Operations, the Company has entered into a master sale and purchase agreement to sell 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. The previously reported amounts for the KaVo Treatment Unit and Instrument Business have been reclassified to discontinued operations for all periods presented. All segment information and descriptions exclude the KaVo Treatment Unit and Instrument Business.

Risks and Uncertainties

The Company is subject to risks and uncertainties as a result of the novel coronavirus ("COVID-19") pandemic. During 2020, the Company's sales and results of operations were most impacted by the COVID-19 pandemic during the first and second quarters with positive signs of recovery during the third and fourth quarters of 2020. During the three and nine months ended October 1, 2021, the Company continued to see positive signs of recovery in certain markets in which it operates, however, certain markets continue to be more adversely impacted than others.

The extent of the impact of the COVID-19 pandemic on the Company's business is highly uncertain and difficult to predict because of the dynamic and evolving nature of the crisis. A worsening of the pandemic or impacts of new variants of the virus may lead to temporary closures of dental practices in the future. Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it is possible that it could cause a material local and/or global economic slowdown or global recession. Such economic disruption could have a material adverse effect on the Company as the Company's customers curtail and reduce capital and overall spending. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and economy as a whole. The magnitude and overall effectiveness of these actions remains uncertain.

The severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, the scope and duration of the pandemic, the extent and severity of the impact on the Company's customers, the measures that have been and may be taken to contain the virus (including its various mutations) and mitigate its impact, U.S. and foreign government actions to respond to the reduction in global economic activity, the ability of the Company to continue to manufacture and source its products and to find suitable alternative products at reasonable prices, the impact of the pandemic and associated economic downturn on the Company's ability to access capital if and when needed and how quickly and to what extent normal economic and operating conditions can resume, all of which are uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Company may continue to experience materially adverse impacts on the Company's financial condition and results of operations.

The Company's future results of operations and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, continued or worsening supply chain disruptions, uncertain demand, staffing shortages due to any federal, state, and local vaccine mandates and the impact of any initiatives or programs that the Company may undertake to address financial and operational challenges faced by its customers and suppliers. The extent to which the COVID-19 pandemic may materially impact the Company's financial condition, liquidity, or results of operations is uncertain.

Accounting Standards Recently Adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The ASU was effective for public entities for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company adopted this guidance on January 1, 2021, which did not have a significant impact on the Company's Condensed Consolidated Financial Statements.

Accounting Standards Not Yet Adopted

In August 2020, the FASB issued ASU 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)*, 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. This guidance is part of the FASB’s simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The ASU is effective for public entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Company has not yet completed its assessment of the impact of the new standard on the Company’s Condensed Consolidated Financial Statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. The ASU is effective for public entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments to eligible hedging relationships existing as of the beginning of the interim period that includes March 12, 2020 and to new eligible hedging relationships entered into after the beginning of the interim period that includes March 12, 2020. If an entity elects to apply any of the amendments for an eligible hedging relationship existing as of the beginning of the interim period that includes March 12, 2020, any adjustments as a result of those elections must be reflected as of the beginning of that interim period and recognized in accordance with the guidance in Reference Rate Reform Subtopics 848-30, 848-40, and 848-50 (as applicable). If an entity elects to apply any of the amendments for a new hedging relationship entered into between the beginning of the interim period that includes March 12, 2020 and March 12, 2020, any adjustments as a result of those elections must be reflected as of the beginning of the hedging relationship and recognized in accordance with the guidance in Reference Rate Reform Subtopics 848-30, 848-40, and 848-50 (as applicable).

The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company has not yet completed its assessment of the impact of the new standard on the Company’s Condensed Consolidated Financial Statements.

NOTE 2. ACQUISITION

On January 21, 2020, the Company acquired all of the shares of Matricel GmbH (“Matricel”) for cash consideration of approximately \$43.6 million. Matricel, a German company, is a provider of biomaterials used in dental applications and complements the Company’s Specialty Products & Technologies segment. For the three and nine months ended October 2, 2020, Matricel’s revenue and earnings were not material to the Condensed Consolidated Statements of Operations. Goodwill was not deductible for income tax purposes. The measurement period for adjustments related to the purchase price allocation for this acquisition is complete.

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

	January 21, 2020
Assets acquired:	
Cash	\$ 2.9
Trade accounts receivable	1.0
Inventories	1.9
Prepaid expenses and other current assets	0.2
Property, plant and equipment	0.5
Goodwill	25.1
Other intangible assets	22.3
Total assets acquired	53.9
Liabilities assumed:	
Trade accounts payable	(0.1)
Accrued expenses and other liabilities	(10.2)
Total liabilities assumed	(10.3)
Total net assets acquired	\$ 43.6

The excess of the purchase price over the fair value assigned to the assets acquired and liabilities assumed represents the goodwill resulting from the acquisition. Goodwill attributable to the acquisition 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 business acquired. The pro forma impact of this acquisition is not presented as it was not considered material to the Company's Condensed Consolidated Financial Statements.

The intangible assets acquired consist of technology and customer relationships. The weighted average amortization period of the acquired intangible assets in the aggregate is 10 years.

NOTE 3. DISCONTINUED OPERATIONS

On September 7, 2021, the Company entered into a master sale and purchase agreement (the "Purchase Agreement") with planmeca Verwaltungs GmbH, Germany ("Planmeca"), and Planmeca Oy, a privately-held Finnish company, as guarantor, pursuant to which the Company will sell to Planmeca its KaVo Treatment Unit and Instrument Business for total consideration of up to \$455 million, which includes a potential earn-out payment of up to \$30 million, subject to certain adjustments as provided in the Purchase Agreement. The Purchase Agreement provides that the Company will sell the KaVo Treatment Unit and Instrument Business through the sale of certain assets, the transfer of the equity of certain of its subsidiaries, and the assumption by Planmeca of certain liabilities and agreements, in each case used in or related to the KaVo Treatment Unit and Instrument Business (the "Divestiture"). The transaction is expected to close at the end of 2021.

The Divestiture was part of the Company's strategy to structurally improve its long-term margins and represents a strategic shift with a major effect on the Company's operations and financial results as described in Accounting Standards Codification—Discontinued Operations ("ASC 205-20"). The pending sale meets the criteria to be accounted for as a discontinued operation. Accordingly, the Company has applied discontinued operations treatment for the Divestiture as required by ASC 205-20. In accordance with ASC 205-20, the Company reclassified the Divestiture to assets and liabilities held for sale on its Condensed Consolidated Balance Sheets as of October 1, 2021 and December 31, 2020 and reclassified the financial results of the Divestiture in its Condensed Consolidated Statements of Operations for all periods presented. The Company's Condensed Consolidated Statements of Cash Flows for the three and nine months ended October 1, 2021 and October 2, 2020 include the financial results of the KaVo Treatment Unit and Instrument Business.

The carrying amounts of the assets and liabilities of the Divestiture have been reclassified from their historical balance sheet presentation to current and noncurrent assets and current and noncurrent liabilities held for sale as follows:

	As of	
	October 1, 2021	December 31, 2020
ASSETS		
Current assets:		
Trade accounts receivable, less allowance for credit losses of \$4.4 and \$6.6, respectively	\$ 57.4	\$ 59.3
Inventories, net	53.5	50.9
Prepaid expenses and other current assets	6.7	3.7
Property, plant and equipment, net	27.5	—
Operating lease right-of-use assets	2.8	—
Other assets	8.2	—
Goodwill	212.0	—
Other intangible assets, net	99.9	—
Current assets held for sale	<u>\$ 468.0</u>	<u>\$ 113.9</u>
Property, plant and equipment, net	\$ —	\$ 28.4
Operating lease right-of-use assets	—	2.6
Other long-term assets	—	8.2
Goodwill	—	223.3
Other intangible assets, net	—	106.5
Noncurrent assets held for sale	<u>\$ —</u>	<u>\$ 369.0</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	\$ 20.4	\$ 32.6
Accrued expenses and other liabilities	53.5	62.5
Operating lease liabilities	2.7	1.4
Other liabilities	60.5	—
Current liabilities held for sale	<u>\$ 137.1</u>	<u>\$ 96.5</u>
Operating lease liabilities	\$ —	\$ 1.2
Other long-term liabilities	—	61.8
Noncurrent liabilities held for sale	<u>\$ —</u>	<u>\$ 63.0</u>

The operating results of the Divestiture are reflected in the Condensed Consolidated Statements of Operations within income (loss) from discontinued operations, net of tax as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales	\$ 102.5	\$ 93.3	302.0	\$ 236.8
Cost of sales	57.2	61.1	174.4	182.1
Gross profit	45.3	32.2	127.6	54.7
Operating expenses:				
Selling, general and administrative	25.2	22.0	70.4	78.1
Research and development	3.8	2.4	12.5	10.1
Operating profit (loss)	16.3	7.8	44.7	(33.5)
Income tax expense (benefit)	\$ 3.6	\$ (4.2)	\$ 11.0	\$ (7.0)
Income (loss) from discontinued operations	\$ 12.7	\$ 12.0	\$ 33.7	\$ (26.5)

Significant non-cash operating items and capital expenditures for the Divestiture are reflected in the cash flows from operations as follows:

	Nine Months Ended	
	October 1, 2021	October 2, 2020
Cash flows from operating activities		
Non-cash restructuring charges	\$ —	\$ —
Impairment charges	\$ —	\$ —
Depreciation and amortization ¹	\$ 5.6	\$ —
Cash flows from investing activities:		
Capital expenditures	\$ 4.2	\$ —

¹ Depreciation and amortization are no longer recognized once the business is classified as held for sale.

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. The extent of the impact of the COVID-19 pandemic on the Company's business is highly uncertain and difficult to predict. The Company considered the current and expected future economic and market conditions surrounding the COVID-19 pandemic, including the impact of delays in payments of outstanding receivable amounts beyond normal payment terms. 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, 2020	\$	30.5
Foreign currency translation		(0.8)
Provision for credit losses		3.5
Write-offs charged against the allowance		(3.6)
Recoveries		(4.4)
Balance at October 1, 2021	\$	<u>25.2</u>

NOTE 5. INVENTORIES

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

	October 1, 2021	December 31, 2020
Finished goods	\$ 232.3	\$ 179.3
Work in process	21.1	25.3
Raw materials	82.0	71.8
Reserve for inventory obsolescence	(61.1)	(60.4)
Total	<u>\$ 274.3</u>	<u>\$ 216.0</u>

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

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

	October 1, 2021	December 31, 2020
Land and improvements	\$ 10.8	\$ 16.9
Buildings and improvements	172.2	148.8
Machinery, equipment and other assets	365.5	342.8
Construction in progress	42.1	84.8
Gross property, plant and equipment	590.6	593.3
Less: accumulated depreciation	(324.5)	(318.7)
Property, plant and equipment, net	<u>\$ 266.1</u>	<u>\$ 274.6</u>

NOTE 7. GOODWILL

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

	Specialty Products & Technologies	Equipment & Consumables	Total
Balance, December 31, 2020	\$ 2,099.0	\$ 1,108.4	\$ 3,207.4
Foreign currency translation	(49.7)	(11.9)	(61.6)
Balance, October 1, 2021	<u>\$ 2,049.3</u>	<u>\$ 1,096.5</u>	<u>\$ 3,145.8</u>

NOTE 8. ACCRUED EXPENSES AND OTHER LIABILITIES

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

	October 1, 2021		December 31, 2020	
	Current	Noncurrent	Current	Noncurrent
Compensation and benefits	\$ 163.8	\$ 17.0	\$ 142.5	\$ 13.6
Restructuring-related employee severance, benefits and other	15.3	—	23.0	—
Pension benefits	8.5	58.6	8.5	60.6
Taxes, income and other	47.8	200.6	48.3	199.8
Contract liabilities	57.0	4.5	44.6	3.6
Sales and product allowances	68.0	1.2	56.9	0.9
Loss contingencies	10.0	29.1	6.3	33.2
Derivative financial instruments	32.2	—	42.4	27.8
Other	107.3	7.2	95.3	7.5
Total	<u>\$ 509.9</u>	<u>\$ 318.2</u>	<u>\$ 467.8</u>	<u>\$ 347.0</u>

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 September 20, 2019, the Company entered into cross-currency swap derivative contracts with respect to its \$650.0 million senior unsecured term loan facility. These contracts effectively convert the \$650.0 million senior unsecured term loan facility to an obligation denominated in euros and partially offsets the impact of changes in currency rates on foreign currency denominated net investments. The changes in the fair value of these instruments 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. Any ineffective portions of net investment hedges are reclassified from accumulated other comprehensive loss into income during the period of change. The interest income or expense from these swaps is recorded in interest expense in the Company's Condensed Consolidated Statements of Operations consistent with the classification of interest expense attributable to the underlying debt. These instruments mature in September 2022.

The Company also has foreign currency denominated long-term debt in the amount of €208.0 million. This senior unsecured 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 euro senior unsecured term loan facility is designated and qualifies as a non-derivative hedging instrument. Accordingly, the foreign currency translation of the euro senior unsecured term loan facility is recorded in accumulated other comprehensive loss in equity in the accompanying Condensed Consolidated Balance Sheets, offsetting the foreign currency translation adjustment of the Company's related net investment that is also recorded in accumulated other comprehensive loss in equity (see Note 14). Any ineffective portions of net investment hedges are reclassified from accumulated other comprehensive loss into income during the period of change. The euro senior unsecured term loan facility matures in September 2024. Refer to Note 13 for a further discussion of the above loan facilities.

The Company uses interest rate swap derivative contracts to reduce its variability of cash flows related to interest payments with respect to its senior unsecured term loans. The interest rate swap contracts exchange interest payments based on variable rates for interest payments based on fixed rates. The changes in the fair value of these instruments are recorded in accumulated other comprehensive loss in equity (see Note 14). Any ineffective portions of the cash flow hedges are reclassified from accumulated other comprehensive loss into income during the period of change. The interest income or expense from these swaps is recorded in interest expense in the Company's Condensed Consolidated Statements of Operations consistent with the classification of interest expense attributable to the underlying debt. These instruments mature on September 2022.

The following table summarizes the notional values as of October 1, 2021 and October 2, 2020 and pretax impact of changes in the fair values of instruments designated as net investment hedges and cash flow hedges in accumulated other comprehensive loss (“OCI”) for the three and nine months ended October 1, 2021 and October 2, 2020 (\$ in millions):

	Three Months Ended October 1, 2021		Three Months Ended October 2, 2020	
	Notional Amount	Gain Recognized in OCI	Notional Amount	Gain (Loss) Recognized in OCI
Interest rate contracts	\$ 250.0	\$ 1.5	\$ 450.0	\$ 1.9
Foreign currency contracts	650.0	14.1	650.0	(30.7)
Foreign currency denominated debt	241.2	5.6	703.0	(28.1)
Total	\$ 1,141.2	\$ 21.2	\$ 1,803.0	\$ (56.9)

	Nine Months Ended October 1, 2021		Nine Months Ended October 2, 2020	
	Notional Amount	Gain Recognized in OCI	Notional Amount	Loss Recognized in OCI
Interest rate contracts	\$ 250.0	\$ 4.8	\$ 450.0	\$ (9.8)
Foreign currency contracts	650.0	33.1	650.0	(20.9)
Foreign currency denominated debt	241.2	19.7	703.0	(30.1)
Total	\$ 1,141.2	\$ 57.6	\$ 1,803.0	\$ (60.8)

Gains or losses related to the foreign currency contracts and foreign currency denominated debt are classified as foreign currency translation adjustments in the schedule of changes in OCI in Note 14, as these items are attributable to the Company’s hedges of its net investment in foreign operations. Gains or losses related to the interest rate contracts are classified as cash flow hedge adjustments in the schedule of changes in OCI in Note 14. 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 nine months ended October 1, 2021 and October 2, 2020. In addition, the Company did not have any ineffectiveness related to net investment and cash flow hedges during the three and nine months ended October 1, 2021 and October 2, 2020. 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):

	October 1, 2021	December 31, 2020
Derivative liabilities:		
Accrued expenses and other liabilities	\$ 32.2	\$ 70.2
Nonderivative hedging instruments:		
Short-term debt	\$ —	\$ 472.0
Long-term debt	\$ 241.2	\$ 260.9

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):

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
October 1, 2021:				
Liabilities:				
Interest rate swap derivative contracts	\$ —	\$ 3.5	\$ —	\$ 3.5
Cross-currency swap derivative contracts	\$ —	\$ 28.7	\$ —	\$ 28.7
Deferred compensation plans	\$ —	\$ 15.5	\$ —	\$ 15.5
December 31, 2020:				
Liabilities:				
Interest rate swap derivative contracts	\$ —	\$ 8.3	\$ —	\$ 8.3
Cross-currency swap derivative contracts	\$ —	\$ 61.8	\$ —	\$ 61.8
Deferred compensation plans	\$ —	\$ 11.8	\$ —	\$ 11.8

Derivative Instruments

The cross-currency swap derivative contracts are classified as Level 2 in the fair value hierarchy as they are measured using the income approach with the relevant interest rates and foreign currency current exchange rates and forward curves as inputs. The interest rate swap derivative contracts are classified as Level 2 in the fair value hierarchy as they are measured using the income approach with the relevant interest 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.

Fair Value of Financial Instruments

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

	October 1, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Interest rate swap derivative contracts	\$ 3.5	\$ 3.5	\$ 8.3	\$ 8.3
Cross-currency swap derivative contracts	\$ 28.7	\$ 28.7	\$ 61.8	\$ 61.8
Convertible senior notes due 2025	\$ 426.7	\$ 1,097.2	\$ 411.1	\$ 902.7
Long-term debt	\$ 887.8	\$ 887.8	\$ 907.7	\$ 907.7

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 2025 was determined based on the quoted bid price of the convertible senior notes in an over-the-counter market on October 1, 2021 and December 31, 2020. 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, 2020	\$ 12.4
Accruals for warranties issued during the year	12.1
Settlements made	(14.4)
Effect of foreign currency translation	(0.2)
Balance at October 1, 2021	<u>\$ 9.9</u>

NOTE 12. LITIGATION AND CONTINGENCIES

The Company records accruals for loss contingencies associated with these legal matters when it is probable that a liability will be incurred, and the amount of the loss can be reasonably estimated. The Company has determined that the liabilities associated with certain litigation matters are probable and can be reasonably estimated and has accrued \$39.1 million and \$39.5 million as of October 1, 2021 and December 31, 2020, 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 (\$ in millions):

	October 1, 2021	December 31, 2020
Senior term loan facility due 2024 (\$650.0 aggregate principal amount) (the "Term Loan Facility"), net of deferred debt issuance costs of \$2.9 and \$1.9, respectively	\$ 647.1	\$ 648.1
Senior euro term loan facility due 2024 (€208.0 and €600.0 aggregate principal amount, respectively) (the "Euro Term Loan Facility"), net of deferred debt issuance costs of \$0.5 and \$1.3, respectively	240.7	731.6
Convertible senior notes due 2025 (\$517.5 aggregate principal amount), net of deferred debt issuance costs of \$9.4 and \$10.8, respectively, and unamortized discount of \$81.4 and \$95.6, respectively	426.7	411.1
Other	—	3.7
Total debt	1,314.5	1,794.5
Less: current portion	(426.7)	(886.8)
Long-term debt	\$ 887.8	\$ 907.7

Unamortized debt issuance costs and discount totaled \$94.2 million and \$109.6 million as of October 1, 2021 and December 31, 2020, respectively, which have been netted against their respective aggregate principal amounts of the related debt in the table above, and are being amortized to interest expense over the term of the respective debt.

Long-Term Indebtedness

Credit Agreement

On September 20, 2019, the Company entered into a credit agreement (the "Credit Agreement") with a syndicate of banks under which Envista borrowed approximately \$1.3 billion, consisting of the three-year \$650.0 million Term Loan Facility and the three-year €600.0 million Euro Term Loan Facility (together with the Term Loan Facility, the "Term Loans"). The Credit Agreement also included the five-year, \$250.0 million revolving credit facility (the "Revolving Credit Facility" and together with the Term Loans, the "Senior Credit Facilities"). Pursuant to the Separation Agreement, all of the net proceeds of the Term Loans were paid to Danaher as partial consideration for the Dental business Danaher transferred to Envista, as further discussed in Note 1.

On February 9, 2021, in connection with an amendment to the Credit Agreement, the Company repaid \$472.0 million of its Euro Term Loan Facility, which was classified as short-term debt as of December 31, 2020.

On June 15, 2021, the Company entered into an amended and restated credit agreement (the “Amended Credit Agreement”) with a syndicate of banks including Bank of America, N.A. as administrative agent (the “Administrative Agent”). The Amended Credit Agreement amends and restates the Company’s Credit Agreement, originally dated September 20, 2019 (as amended by Amendment No. 1 to Credit Agreement dated as of May 6, 2020, Amendment No. 2 to Credit Agreement dated as of May 19, 2020, and Amendment No. 3 to Credit Agreement dated as of February 9, 2021).

Under the Amended Credit Agreement: (a) the maturity date of the Company’s existing Term Loans has been extended to September 20, 2024, (b) the Revolving Credit Facility has been increased from \$250.0 million to \$750.0 million, (c) the Company may request further increases to the Revolving Credit Facility in an aggregate amount not to exceed \$350.0 million, (d) the amount of cash and cash equivalents permitted to be netted in the definition of “Consolidated Funded Indebtedness” has been increased to up to the greater of (i) \$250.0 million and (ii) 50% of Consolidated EBITDA as of the most recent measurement period, and (e) the floor on Eurocurrency rate loans applicable to the Revolving Credit Facility and the Term Loan Facility has been reduced to zero, in each case subject to and in accordance with the terms and conditions of the Amended Credit Agreement. The Company paid fees aggregating approximately \$2.1 million in connection with the Amended Credit Agreement.

The Revolving Credit Facility includes an aggregate principal amount of \$750.0 million with a \$20.0 million sublimit for the issuance of standby letters of credit. The Revolving Credit Facility can be used for working capital and other general corporate purposes. As of October 1, 2021 and December 31, 2020, there were no borrowings outstanding under the Revolving Credit Facility.

Under the Senior Credit Facilities, borrowings bear interest as follows: (1) Eurocurrency Rate Loans (as defined in the Amended Credit Agreement) bear interest at a variable rate equal to the London inter-bank offered (“LIBOR”) rate plus a margin of between 0.785% and 1.625%, depending on the Company’s Consolidated Leverage Ratio (as defined in the Amended Credit Agreement) as of the last day of the immediately preceding fiscal quarter; and (2) Base Rate Loans (as defined in the 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 (as defined in the Amended Credit Agreement) plus 1.0%, plus (b) a margin of between 0.00% 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 Loans or Base Rate Loans bear interest at a rate lower than 0.0%. 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 Term Loan Facility were 1.25% and 4.25% as of October 1, 2021 and December 31, 2020, respectively. The interest rates for borrowings under the Euro Term Loan Facility were 0.95% and 3.33% as of October 1, 2021 and December 31, 2020, respectively. Interest is payable quarterly for the Term Loans. The Company has entered into interest rate swap derivative contracts for the Term Loan Facility, as further discussed in Note 9. The Amended Credit Agreement requires the Company to maintain a Consolidated Leverage Ratio of 3.75 to 1.00 or less and includes a provision that the maximum Consolidated Leverage Ratio will be increased to 4.25 to 1.00 for the four 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. The Amended Credit Agreement also requires the Company to maintain a Consolidated Interest Coverage Ratio (as defined in the Amended Credit Agreement) of at least 3.00 to 1.00. The Amended Credit Agreement contains 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. The Amended Credit Agreement also contains customary events of default. Upon the occurrence and during the continuance of an event of default, the lenders may declare the outstanding advances and all other obligations under the Amended Credit Agreement immediately due and payable. The Company was in compliance with all of its debt covenants as of October 1, 2021.

Convertible Senior Notes (the “Notes”)

On May 21, 2020, the Company issued the 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 of the Notes, 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 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, beginning on December 1, 2020. The Notes have an initial conversion rate of 47.5862 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 per share of the Company’s common stock and is subject to adjustment upon the occurrence of specified events. The Notes are governed by an indenture dated as of May 21, 2020 (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 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 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 Notes may convert their Notes 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. Upon conversion, the Notes will be settled in cash, shares of the Company’s common stock or a combination thereof, at the Company’s election. The Company’s current intent and policy is to settle all Notes conversions through combination settlement, satisfying the principal amount outstanding with cash and any Notes conversion value in excess of the principal amount in shares of the Company’s common 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 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 October 1, 2021 and December 31, 2020, the stock price exceeded 130% of the conversion price of \$21.01 in 20 days of the final 30 trading days ended October 1, 2021 and December 31, 2020, which satisfied one of the conditions permitting early conversion by holders of the Notes, therefore, the Notes are classified as short-term debt.

The 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 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 Note for redemption will constitute a “Make-Whole Fundamental Change” (as defined in the Indenture) with respect to that Note, 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.

In accounting for the issuance of the Notes, the Company separated the Notes into liability and equity components of \$410.9 million and \$106.6 million, respectively. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Notes. The equity component is not re-measured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount (“debt discount”) will be amortized to interest expense over the term of the Notes.

The Company allocated the total issuance costs incurred to the liability and equity components of the Notes based on their relative values. Issuance costs attributable to the liability component of \$11.9 million were recorded as a reduction to the liability portion of the Notes and will be amortized as interest expense over the term of the Notes. The issuance costs of \$3.1 million attributable to the equity component were netted with the equity component in stockholders' equity.

The Company recorded a net deferred tax liability of \$20.5 million in connection with the issuance of the Notes, which was recorded to stockholders' equity.

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

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Contractual interest expense	\$ 3.1	\$ 3.1	\$ 9.2	\$ 4.5
Amortization of debt issuance costs	0.5	0.4	1.4	0.6
Amortization of debt discount	4.9	4.4	14.2	6.4
Total interest expense	\$ 8.5	\$ 7.9	\$ 24.8	\$ 11.5

For the three and nine months ended October 1, 2021, the debt discount and debt issuance costs were amortized using an annual effective interest rate of 7.3% to interest expense over the term of the Notes.

As of October 1, 2021 and December 31, 2020, the if-converted value of the Notes exceeded the outstanding principal amount by \$536.0 million and \$313.1 million, respectively.

Capped Call Transactions

In connection with the offering of the 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 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 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.

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 Loss on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Three Months Ended October 1, 2021				
Balance, July 2, 2021	\$ (101.8)	(3.8)	(23.8)	(128.9)
Other comprehensive loss before reclassifications:				
(Decrease) increase	(20.2)	1.5	—	(18.7)
Income tax impact	(4.8)	(0.4)	—	(5.2)
Other comprehensive loss before reclassifications, net of income taxes	(25.0)	1.1	—	(23.9)
Amounts reclassified from accumulated other comprehensive loss:				
Increase	—	—	0.2	0.2
Income tax impact	—	—	—	—
Amounts reclassified from accumulated other comprehensive income, net of income taxes	—	—	0.2	0.2
Net current period other comprehensive (loss) income, net of income taxes	(25.0)	1.1	0.2	(23.7)
Balance, October 1, 2021	\$ (126.8)	(2.7)	(23.6)	(152.6)

	Foreign Currency Translation Adjustments	Unrealized Loss on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Three Months Ended October 2, 2020				
Balance, July 3, 2020	\$ (120.5)	\$ (8.8)	\$ (27.2)	\$ (156.5)
Other comprehensive income before reclassifications:				
Increase	4.0	1.9	—	5.9
Income tax impact	14.6	(0.4)	—	14.2
Other comprehensive income before reclassifications, net of income taxes	18.6	1.5	—	20.1
Amounts reclassified from accumulated other comprehensive loss:				
Increase	—	—	0.3	0.3
Income tax impact	—	—	(0.1)	(0.1)
Amounts reclassified from accumulated other comprehensive income, net of income taxes	—	—	0.2	0.2
Net current period other comprehensive income, net of income taxes	18.6	1.5	0.2	20.3
Balance, October 2, 2020	\$ (101.9)	\$ (7.3)	\$ (27.0)	\$ (136.2)

	Foreign Currency Translation Adjustments	Unrealized Loss on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Nine Months Ended October 1, 2021				
Balance, December 31, 2020	\$ (62.5)	\$ (6.3)	\$ (23.0)	\$ (91.8)
Other comprehensive (loss) income before reclassifications:				
(Decrease) increase	(51.2)	4.8	—	(46.4)
Income tax impact	(13.1)	(1.2)	—	(14.3)
Other comprehensive (loss) income before reclassifications, net of income taxes	(64.3)	3.6	—	(60.7)
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	(64.3)	3.6	(0.1)	(60.8)
Balance, October 1, 2021	<u>\$ (126.8)</u>	<u>\$ (2.7)</u>	<u>\$ (23.1)</u>	<u>\$ (152.6)</u>
	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
Nine Months Ended October 2, 2020				
Balance, December 31, 2019	\$ (116.4)	\$ 0.1	\$ (27.9)	\$ (144.2)
Other comprehensive loss before reclassifications:				
Increase (decrease)	1.9	(9.8)	—	(7.9)
Income tax impact	12.6	2.4	—	15.0
Other comprehensive income (loss) before reclassifications, net of income taxes	14.5	(7.4)	—	7.1
Amounts reclassified from accumulated other comprehensive loss:				
Increase	—	—	1.1	1.1
Income tax impact	—	—	(0.2)	(0.2)
Amounts reclassified from accumulated other comprehensive loss, net of income taxes	—	—	0.9	0.9
Net current period other comprehensive income (loss), net of income taxes	14.5	(7.4)	0.9	8.0
Balance, October 2, 2020	<u>\$ (101.9)</u>	<u>\$ (7.3)</u>	<u>\$ (27.0)</u>	<u>\$ (136.2)</u>

NOTE 15. REVENUE

The following table presents the Company's revenues disaggregated by geographical region for the three and nine months ended October 1, 2021 and October 2, 2020 (\$ 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, have experienced extended periods of accelerated growth in gross domestic product and infrastructure, which includes 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 October 1, 2021			Three Months Ended October 2, 2020		
	Specialty Products & Technologies	Equipment & Consumables	Total	Specialty Products & Technologies	Equipment & Consumables	Total
Geographical region:						
North America	\$ 165.4	\$ 164.0	\$ 329.4	\$ 147.4	\$ 157.2	\$ 304.6
Western Europe	76.7	27.0	103.7	69.1	25.3	94.4
Other developed markets	23.4	9.3	32.7	22.5	9.0	31.5
Emerging markets	97.9	43.6	141.5	77.9	38.8	116.7
Total	\$ 363.4	\$ 243.9	\$ 607.3	\$ 316.9	\$ 230.3	\$ 547.2

	Nine Months Ended October 1, 2021			Nine Months Ended October 2, 2020		
	Specialty Products & Technologies	Equipment & Consumables	Total	Specialty Products & Technologies	Equipment & Consumables	Total
Geographical region:						
North America	\$ 502.8	\$ 491.9	\$ 994.7	\$ 354.2	\$ 355.5	\$ 709.7
Western Europe	267.8	89.3	357.1	172.5	55.7	228.2
Other developed markets	74.2	31.1	105.3	59.5	22.8	82.3
Emerging markets	271.3	128.7	400.0	187.9	104.7	292.6
Total	\$ 1,116.1	\$ 741.0	\$ 1,857.1	\$ 774.1	\$ 538.7	\$ 1,312.8

Sales by Major Product Group:

(\$ in millions)	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Consumables	\$ 493.7	\$ 459.0	\$ 1,541.6	\$ 1,090.7
Equipment	113.6	88.2	315.5	222.1
Total	\$ 607.3	\$ 547.2	\$ 1,857.1	\$ 1,312.8

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 October 1, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was \$28.0 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 October 1, 2021 and December 31, 2020, the contract liabilities were \$61.5 million and \$48.2 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 nine months ended October 1, 2021 and October 2, 2020 that was included in the contract liability balance at December 31, 2020 and December 31, 2019 was \$34.4 million and \$34.7 million, respectively.

Significant Customers

Sales to the Company's largest customer were 12% of sales for both the three and nine months ended October 1, 2021. Sales to the Company's largest customer were 12% and 9% of sales in the three and nine months ended October 2, 2020, respectively.

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 and the ongoing COVID-19 pandemic may impact these trends.

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, either in the normal course of business or pursuant to significant restructuring programs.

The liability related to the Company's restructuring activities, 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, 2020	\$ 17.8	\$ 5.2	\$ 23.0
Costs incurred	12.9	3.4	16.3
Paid/settled	(17.0)	(7.0)	(24.0)
Balance, October 1, 2021	<u>\$ 13.7</u>	<u>\$ 1.6</u>	<u>\$ 15.3</u>

Restructuring related charges recorded for the three and nine months ended October 1, 2021 and October 2, 2020, by segment, were as follows (\$ in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Specialty Products & Technologies	\$ 8.2	\$ 11.5	\$ 15.2	\$ 28.0
Equipment & Consumables	0.1	3.8	4.5	20.2
Other	0.3	1.9	4.1	5.6
Total	<u>\$ 8.6</u>	<u>\$ 17.2</u>	<u>\$ 23.8</u>	<u>\$ 53.8</u>

The restructuring related charges incurred during the three and nine months ended October 1, 2021 and October 2, 2020, are reflected in the following captions in the accompanying Condensed Consolidated Statements of Operations (\$ in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Cost of sales	\$ 1.0	\$ 3.3	\$ 6.9	\$ 10.3
Selling, general and administrative expenses	7.6	13.9	16.9	43.5
Total	\$ 8.6	\$ 17.2	\$ 23.8	\$ 53.8

NOTE 17. INCOME TAXES

The Company's effective tax rates from continuing operations of (14.7)% and (1.7)% for the three and nine months ended October 1, 2021 differ from the U.S. federal statutory tax rate of 21.0%, primarily due to an income tax benefit from the recognition of an amortizable deferred tax asset associated with the value of a tax basis step-up of certain of the Company's Swiss assets and a decrease in the valuation allowance on certain of the Company's Swiss net operating losses in 2021. The Company's effective tax rates from continuing operations of 38.5% and 31.4% for the three and nine months ended October 2, 2020 differ from the U.S. federal statutory rate of 21.0%, primarily due to the impact of COVID-19 on the Company's geographical mix of earnings.

NOTE 18. EARNINGS (LOSS) PER SHARE

All earnings (loss) per share are calculated by dividing the applicable income (loss) 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. 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. The Company's current intent and policy is to settle all Notes conversions through a combination settlement by satisfying the principal amount outstanding with cash and any Notes conversion value in excess of the principal amount in shares of the Company's common stock. 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 intends and has the ability to settle the principal amount of the Notes in cash upon conversion, the Notes do not have an impact on the Company's diluted earnings per share until 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 (loss) per share below for the dilutive impact of the Notes for the three and nine months ended October 1, 2021 and October 2, 2020.

In connection with the offering of the 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 of the Notes. However, this impact is not included when calculating potentially dilutive shares since their effect is anti-dilutive. The Capped Calls will mitigate dilution from the conversion of the Notes up to the Company's common stock price of \$23.79. If the 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 Notes.

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

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Numerator:				
Income (loss) from continuing operations	\$ 80.2	\$ 23.6	\$ 221.0	\$ (48.6)
Income (loss) from discontinued operations, net of tax	\$ 12.7	\$ 12.0	\$ 33.7	\$ (26.5)
Net income (loss)	\$ 92.9	\$ 35.6	\$ 254.7	\$ (75.1)
Denominator:				
Weighted-average common shares outstanding used in basic earnings (loss) per share	161.5	159.7	161.1	159.4
Incremental common shares from:				
Assumed exercise of dilutive options and vesting of dilutive restricted stock units	4.3	2.0	4.4	—
Assumed conversion of the Notes	12.3	2.2	12.0	—
Weighted average common shares outstanding used in diluted earnings (loss) per share	178.1	163.9	177.5	159.4
Earnings (loss) per share:				
Earnings (loss) from continuing operations - basic	\$ 0.50	\$ 0.15	\$ 1.37	\$ (0.30)
Earnings (loss) from continuing operations - diluted	\$ 0.45	\$ 0.14	\$ 1.25	\$ (0.30)
Earnings (loss) from discontinued operations - basic	\$ 0.08	\$ 0.08	\$ 0.21	\$ (0.17)
Earnings (loss) from discontinued operations - diluted	\$ 0.07	\$ 0.07	\$ 0.19	\$ (0.17)
Earnings (loss) - basic	\$ 0.58	\$ 0.22	*\$ 1.58	\$ (0.47)
Earnings (loss) - diluted	\$ 0.52	\$ 0.22	*\$ 1.43	*\$ (0.47)

* Earnings (loss) per share is computed independently for earnings (loss) per share from continuing operations and earnings (loss) per share from discontinued operations. The sum of earnings (loss) per share from continuing operations and earnings (loss) per share from discontinued operations does not equal earnings (loss) per share due to rounding.

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		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Stock-based awards	1.4	4.2	1.2	1.9
Notes	—	—	—	0.8
Total	1.4	4.2	1.2	2.7

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

On September 7, 2021, the Company entered into a master sale and purchase agreement to sell its KaVo Treatment Unit and Instrument Business, which is part of the Company's Equipment & Consumables segment. The previously reported amounts for the KaVo Treatment Unit and Instrument Business have been reclassified to discontinued operations for all periods presented. All segment information and descriptions exclude the KaVo Treatment Unit and Instrument Business. Refer to Note 3 for more information on the Company's discontinued operations.

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

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales:				
Specialty Products & Technologies	\$ 363.4	\$ 316.9	\$ 1,116.1	\$ 774.1
Equipment & Consumables	243.9	230.3	741.0	538.7
Total	\$ 607.3	\$ 547.2	\$ 1,857.1	\$ 1,312.8
Operating profit (loss) and reconciliation to income (loss) before taxes from continuing operations:				
Specialty Products & Technologies	\$ 61.5	\$ 41.4	\$ 211.6	\$ 26.2
Equipment & Consumables	45.4	38.9	131.0	11.0
Other	(25.2)	(18.7)	(82.5)	(67.2)
Operating profit (loss)	81.7	61.6	260.1	(30.0)
Nonoperating income (expense):				
Other income	0.2	0.2	0.8	0.4
Interest expense, net	(12.0)	(23.4)	(43.6)	(41.2)
Income (loss) before taxes from continuing operations	\$ 69.9	\$ 38.4	\$ 217.3	\$ (70.8)
Identifiable assets:				
			October 1, 2021	December 31, 2020
Specialty Products & Technologies			\$ 3,537.3	\$ 3,773.3
Equipment & Consumables			1,880.6	1,695.3
Held for Sale			468.0	482.9
Other			676.1	924.5
Total			\$ 6,562.0	\$ 6,876.0

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 and combined financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 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 impact of the COVID-19 pandemic, including new variants of the virus, the pace of recovery in the markets in which we operate, global supply chain disruptions and potential staffing shortages due to any federal, state or local vaccine mandates, the conditions in the U.S. and global economy, the markets served by us and the financial markets, the impact of our debt obligations on our operations and liquidity, developments and uncertainties in trade policies and regulations, contractions or growth rates and cyclicalities of markets we serve, the effect of the Divestiture on our business relationships, operating results, share price or business generally, the occurrence of any event or other circumstances that could give rise to the termination of the Purchase Agreement, the failure to satisfy any of the conditions to completion of the Divestiture, the failure to realize the expected benefits resulting from the Divestiture, 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, 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, significant restrictions and/or potential liability based on tax implications of transactions with Danaher, security breaches or other disruptions of our information technology systems or violations of data privacy laws, our ability to adequately protect our intellectual property, the impact of our restructuring activities on our ability to grow, risks relating to potential impairment of goodwill and other intangible assets, 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, our ability to maintain effective internal control over financial reporting, risks relating to product, service or software defects, 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, the impact of regulation on demand for our products and services, labor matters, international economic, political, legal, compliance and business factors and disruptions relating to war, terrorism, widespread protests and civil unrest, man-made and natural disasters, public health issues and other events, and other risks and uncertainties set forth under "Item 1A. Risk Factors" in the 2020 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 September 7, 2021, we entered into the Purchase Agreement with Planmeca and Planmeca Oy, a privately-held Finnish company, as guarantor, pursuant to which we will sell to Planmeca our KaVo Treatment Unit and Instrument Business for total consideration of up to \$455 million, which includes a potential earn-out payment of up to \$30 million, subject to certain adjustments as provided in the Purchase Agreement. The Purchase Agreement provides that we will sell the KaVo Treatment Unit and Instrument Business through the sale of certain assets, the transfer of the equity of certain of our subsidiaries, and the assumption by Planmeca of certain liabilities and agreements, in each case used in or related to the KaVo Treatment Unit and Instrument Business. The transaction is expected to close at the end of 2021.

The Divestiture was part of our strategy to structurally improve our long-term margins and represents a strategic shift with a major effect on our operations and financial results as described in AS 205-20. The pending sale meets the criteria to be accounted for as a discontinued operation. Accordingly, we have applied discontinued operations treatment for the Divestiture as required by ASC 205-20. In accordance with ASC 205-20, we reclassified the Divestiture to assets and liabilities held for sale on our Condensed Consolidated Balance Sheets as of October 1, 2021 and December 31, 2020 and reclassified the financial results of the Divestiture in our Condensed Consolidated Statements of Operations for all periods presented. Our Condensed Consolidated Statements of Cash Flows for the three and nine months ended October 1, 2021 and October 2, 2020 include the financial results of the KaVo Treatment Unit and Instrument Business. We also revised our discussion and presentation of operating and financial results to be reflective of our continuing operations as required by ASC 205-20. All segment information and descriptions exclude the KaVo Treatment Unit and Instrument Business.

With the sale of the KaVo Treatment Unit and Instrument business, we continue to make significant progress toward our long-term goal of re-calibrating our product portfolio to higher growth and higher margin segments. The Divestiture shifts our revenue mix from approximately 50% each for the Specialty Products & Technology and Equipment & Consumables segments to approximately 60% for the Specialty Products & Technology segment and approximately 40% for the Equipment & Consumables segment. The Specialty Products & Technology segment is a higher growth and higher margin business than the Equipment & Consumables segment. The Divestiture is a strategic shift that will allow us to focus more on higher value and higher margin consumables, imaging, and digital workflow solutions.

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. With leading brand names, innovative technology and significant market positions, we are a leading worldwide provider of a broad range of dental implants, orthodontic appliances, 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.

For the three and nine months ended October 1, 2021, sales derived from customers outside of the United States were 49.8% and 50.6%, respectively, compared to the three and nine months ended October 2, 2020 of 48.3% and 49.7%, 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.

We operate in two business segments: Specialty Products & Technologies and Equipment & Consumables. Our Specialty Products & Technologies segment develops, manufactures and markets dental implant systems, 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 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.

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 2020 10-K.

COVID-19

The extent of the impact of the COVID-19 pandemic on our business is highly uncertain and difficult to predict because of the dynamic and evolving nature of the crisis. During 2020, our sales and results of operations were most impacted by the COVID-19 pandemic during the first and second quarters with positive signs of recovery during the third and fourth quarters of 2020. During the three and nine months ended October 1, 2021, we continued to see positive signs of recovery in certain markets in which we operate, however, certain markets continue to be more adversely impacted than others.

A worsening of the pandemic or impacts of new variants of the virus may lead to temporary closures of dental practices in the future. Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it is possible that it could cause a material local and/or global economic slowdown or global recession. Such economic disruption could have a material adverse effect on our business as our customers curtail and reduce capital and overall spending. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and economy as a whole. The magnitude and overall effectiveness of these actions remains uncertain.

The severity of the impact of the COVID-19 pandemic on our business will depend on a number of factors, including, but not limited to, the scope and duration of the pandemic, the extent and severity of the impact on our customers, the measures that have been and may be taken to contain the virus (including its various mutations) and mitigate its impact, U.S. and foreign government actions to respond to the reduction in global economic activity, our ability to continue to manufacture and source our products and to find suitable alternative products at reasonable prices, the impact of the pandemic and associated economic downturn on our ability to access capital if and when needed and how quickly and to what extent normal economic and operating conditions can resume, all of which are uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, we may continue to experience materially adverse impacts on our financial condition and results of operations.

Our future results of operations and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, continued or worsening supply chain disruptions, uncertain demand, staffing shortages due to any federal, state, and local vaccine mandates, and the impact of any initiatives or programs that we may undertake to address financial and operational challenges faced by our customers and suppliers. The extent to which the COVID-19 pandemic may materially impact our financial condition, liquidity, or results of operations is uncertain.

Acquisitions

Our growth strategy contemplates future acquisitions. 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.

On January 21, 2020, we acquired all of the shares of Matricel for cash consideration of approximately \$43.6 million. Matricel, a German company, is a provider of biomaterials used in dental applications and is part of our Specialty Products and Technologies segment. Matricel's revenue and earnings were not material to our Condensed Consolidated Statements of Operations for the three and nine months ended October 2, 2020.

Foreign Currency Exchange Rates

On a period-over-period basis, currency exchange rates positively impacted reported sales by 1.1% and 2.4% for the three and nine months ended October 1, 2021, respectively, compared to the comparable periods of 2020, primarily due to the strength of most major currencies against the U.S. dollar. Any future weakening of the U.S. dollar against major currencies would positively impact our sales and results of operations for the remainder of the year, and any strengthening of the U.S. dollar against major currencies would negatively impact our sales and results of operations for the remainder of the year.

UK's Referendum Decision to Exit the EU

In a referendum on June 23, 2016, voters approved for the United Kingdom ("UK") to exit the European Union ("EU"). A withdrawal agreement negotiated by and between the UK prime minister and the EU was ratified by the UK parliament in December 2019. The UK exited the EU on January 31, 2020. A transition period began and business remained as usual until December 31, 2020. The new Trade and Cooperation Agreement signed by the EU and UK on December 24, 2020 brings little benefits for our dental business, since almost all of our products are already 0% duty rated under the WTO tariffs, and the agreement neither includes any customs or tax simplification regime nor any mutual recognition of medical device regulations of the EU and UK. To mitigate the potential impact of Brexit on the supply of our European goods to the UK, we have adapted our supply chain and financial processes accordingly, and temporarily increased our level of inventory within the UK to ensure that our customers receive our products timely. It is currently unclear whether the MHRA (UK's Medicines and Healthcare products Regulatory Agency) is sufficiently prepared to handle the increased volume of marketing authorization applications that it is likely to receive. Nevertheless, our operating companies have begun to work through the new UK regulations to register products with the MHRA and meet the future requirements of MHRA for foreign manufacturers of medical devices which become effective on July 1, 2023. The ultimate impact of UK exiting the EU on our financial results is uncertain.

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 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

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.

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. 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.

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 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. 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 nine months ended October 1, 2021 compared to the three and nine months ended October 2, 2020.

(\$ in millions)	Three Months Ended					
	October 1, 2021		October 2, 2020		% Change	
Sales	\$ 607.3	100.0%	\$ 547.2	100.0%		11.0 %
Cost of sales	251.0	41.3%	238.8	43.6%	5.1 %	
Gross profit	356.3	58.7%	308.4	56.4%	15.5 %	
Operating costs:						
Selling, general and administrative (“SG&A”) expenses	250.6	41.3%	226.8	41.4%	10.5 %	
Research and development (“R&D”) expenses	24.0	4.0%	20.0	3.7%	20.0 %	
Operating profit	81.7	13.5%	61.6	11.3%	32.6 %	
Nonoperating income (expense):						
Other income	0.2	—%	0.2	—%	NM	
Interest expense, net	(12.0)	(2.0)%	(23.4)	(4.3)%	(48.7)%	
Income before income taxes	69.9	11.5%	38.4	7.0%	82.0 %	
Income tax (benefit) expense	(10.3)	(1.7)%	14.8	2.7%	(169.6)%	
Income from continuing operations	80.2	13.2%	23.6	4.3%	239.8 %	
Income from discontinued operations, net of tax	12.7	2.1%	12.0	2.2%	5.8 %	
Net income	\$ 92.9	15.3%	\$ 35.6	6.5%	161.0 %	
Effective tax rate from continuing operations		(14.7)%		38.5 %		

(\$ in millions)	Nine Months Ended					
	October 1, 2021		October 2, 2020		% Change	
Sales	\$ 1,857.1	100.0%	\$ 1,312.8	100.0%		41.5 %
Cost of sales	773.8	41.7%	598.0	45.6%	29.4 %	
Gross profit	1,083.3	58.3%	714.8	54.4%	51.6 %	
Operating costs:						
SG&A expenses	747.5	40.3%	681.3	51.9%	9.7 %	
R&D expenses	75.7	4.1%	63.5	4.8%	19.2 %	
Operating profit (loss)	260.1	14.0%	(30.0)	(2.3)%	(967.0)%	
Nonoperating income (expense):						
Other income	0.8	—%	0.4	—%	NM	
Interest expense, net	(43.6)	(2.3)%	(41.2)	(3.1)%	5.8 %	
Income (loss) before income taxes	217.3	11.7%	(70.8)	(5.4)%	(406.9)%	
Income tax benefit	(3.7)	(0.2)%	(22.2)	(1.7)%	(83.3)%	
Income (loss) from continuing operations	221.0	11.9%	(48.6)	(3.7)%	(554.7)%	
Income (loss) from discontinued operations, net of tax	33.7	1.8%	(26.5)	(2.0)%	(227.2)%	
Net income (loss)	\$ 254.7	13.7%	\$ (75.1)	(5.7)%	(439.1)%	
Effective tax rate from continuing operations		(1.7)%		31.4 %		

GAAP Reconciliation

Sales and Core Sales Growth

	% Change Three Month Period Ended October 1, 2021 vs. Comparable 2020 Period	% Change Nine Month Period Ended October 1, 2021 vs. Comparable 2020 Period
Total sales growth (GAAP)	11.0 %	41.5 %
Less the impact of:		
Discontinued products	0.3 %	0.4 %
Currency exchange rates	(1.1)%	(2.4)%
Core sales growth (non-GAAP)	10.2 %	39.5 %

For the three and nine months ended October 1, 2021, sales and core sales increased in the majority of the markets in which we operate as demand increased due to more patients seeking dental care with more dental offices being open compared to 2020. Sales and core sales for the three and nine months ended October 2, 2020, were impacted by the COVID-19 pandemic.

Sales for the three months ended October 1, 2021 increased 11.0% compared to the comparable period in 2020. Price positively impacted sales growth by 0.7% on period-over-period basis. Sales increased by 9.2% due to higher volume, including the impact of discontinued products and product mix. Sales in developed markets increased primarily due to an increase in North America, Western Europe and Japan. Sales in emerging markets increased primarily due to an increase in Russia, China and India.

Sales for the nine months ended October 1, 2021 increased 41.5% compared to the comparable period in 2020. Price positively impacted sales growth by 0.4% on period-over-period basis. Sales increased by 38.7% due to higher volume, including the impact of discontinued products and product mix. Sales in developed markets increased primarily due to an increase in North America, Western Europe, Japan and Australia. Sales in emerging markets increased primarily due to Eastern Europe, China and Russia.

Core sales growth for the three months ended October 1, 2021 increased 10.2%, compared to the comparable period in 2020. Core sales increased primarily due to higher volume and product mix. Core sales in developed markets increased primarily due to an increase in North America, Western Europe and Japan. Core sales in emerging markets increased primarily due to an increase in Russia, China and India.

Core sales growth for the nine months ended October 1, 2021 increased 39.5%, compared to the comparable period in 2020. Core sales increased primarily due to higher volume and product mix. Core sales in developed markets increased primarily due to an increase in North America, Western Europe, Japan and Australia. Core sales in emerging markets increased primarily due to Eastern Europe, China and Russia.

COST OF SALES AND GROSS PROFIT

(\$ in millions)	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales	\$ 607.3	\$ 547.2	\$ 1,857.1	\$ 1,312.8
Cost of sales	251.0	238.8	773.8	598.0
Gross profit	\$ 356.3	\$ 308.4	\$ 1,083.3	\$ 714.8
Gross profit margin	58.7 %	56.4 %	58.3 %	54.4 %

The increase in cost of sales during the three months ended October 1, 2021, as compared to the comparable period in 2020, was primarily due to higher sales as a result of higher demand as patients sought dental care with more dental offices being open compared to 2020, partially offset by improved sales mix and favorable incremental period-over-period savings associated with productivity improvement actions taken in prior periods.

The increase in cost of sales during the nine months ended October 1, 2021, as compared to the comparable period in 2020, was primarily due to higher sales as a result of higher demand as patients sought dental care with more dental offices being open compared to 2020, partially offset by improved sales mix and favorable foreign exchange rates.

The increase in gross profit margin during the three months ended October 1, 2021, as compared to the comparable period in 2020, was primarily due to higher sales volume, improved product mix and a favorable incremental period-over-period savings associated with productivity improvement actions taken in prior periods.

The increase in gross profit margin during the nine months ended October 1, 2021, as compared to the comparable period in 2020, was primarily due to higher sales volume, improved product mix and favorable foreign exchange rates.

OPERATING EXPENSES

(\$ in millions)	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales	\$ 607.3	\$ 547.2	\$ 1,857.1	\$ 1,312.8
Selling, general and administrative expenses	\$ 250.6	\$ 226.8	\$ 747.5	\$ 681.3
Research and development expenses	\$ 24.0	\$ 20.0	\$ 75.7	\$ 63.5
SG&A as a % of sales	41.3 %	41.4 %	40.3 %	51.9 %
R&D as a % of sales	4.0 %	3.7 %	4.1 %	4.8 %

SG&A expenses as a percentage of sales for the three months ended October 1, 2021 remained consistent with the comparable period of 2020.

SG&A expenses as a percentage of sales for the nine months ended October 1, 2021 decreased as compared to the comparable period of 2020, primarily due to higher sales, lower restructuring expenses and favorable incremental period-over-period savings associated with restructuring improvement actions taken in prior periods, partially offset by higher sales and marketing, compensation and administrative spend.

The increase in R&D expenses as a percentage of sales for the three months ended October 1, 2021, as compared to the comparable period of 2020, was primarily due to increased spending on product development initiatives in the Specialty Products & Technologies segment.

The decrease in R&D expenses as a percentage of sales for the nine months ended October 1, 2021, as compared to the comparable period of 2020, was primarily due to higher sales, partially offset by increased spending on product development initiatives in the Specialty Products & Technologies segment.

OPERATING PROFIT

Operating profit margin was 13.5% for the three months ended October 1, 2021, as compared to an operating profit margin of 11.3% for the comparable period of 2020. The increase in operating profit margin was primarily due to higher sales volume and improved product mix, partially offset by higher sales and marketing, compensation and administrative spend.

Operating profit margin was 14.0% for the nine months ended October 1, 2021, as compared to an operating loss margin of (2.3)% for the comparable period of 2020. The increase in operating profit margin was primarily due to higher sales volume and improved product mix, lower restructuring expenses, favorable incremental period-over-period savings associated with restructuring improvement actions taken in prior periods, partially offset by higher sales and marketing, compensation, and administrative spend.

OTHER INCOME

The other components of net periodic benefit costs included in other income, were \$0.2 million for each of the three months ended October 1, 2021 and October 2, 2020, and \$0.8 million and \$0.4 million for the nine months ended October 1, 2021 and October 2, 2020, respectively.

INTEREST COSTS AND FINANCING

Interest costs were \$12.0 million and \$23.4 million for the three months ended October 1, 2021 and October 2, 2020, respectively, and \$43.6 million and \$41.2 million for the nine months ended October 1, 2021 and October 2, 2020, respectively. The decrease in interest expense for the three months ended October 1, 2021 as compared to the comparable period of 2020 was primarily due to lower debt levels as a result of paying down the Euro Term Loan in the amount of \$472.0 million. In addition, we had lower interest rates on the outstanding debt as a result of entering into the amendment to the Credit Agreement in February of 2021. Interest expense for the nine months ended October 1, 2021 and October 2, 2020 remained consistent.

INCOME TAXES

	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Effective tax rate from continuing operations	(14.7) %	38.5 %	(1.7) %	31.4

Our effective tax rates of (14.7)% and (1.7)% from continuing operations for the three and nine months ended October 1, 2021, respectively, was lower compared to the comparable periods in 2020 primarily due to an income tax benefit from the recognition of an amortizable deferred tax asset associated with the value of a tax basis step-up of certain Swiss assets and a decrease in the valuation allowance related to Swiss net operating losses.

COMPREHENSIVE INCOME (LOSS)

For the three months ended October 1, 2021, comprehensive income was \$69.2 million as compared to \$55.9 million for the comparable period of 2020. For the nine months ended October 1, 2021, comprehensive income was \$193.9 million as compared to comprehensive loss of \$67.1 million for the comparable period of 2020. The increase for the three months ended October 1, 2021 was primarily due to net income generated in the current period, partially offset by foreign currency translation losses. The increase for the nine months ended October 1, 2021 was primarily due to net income generated in the current period compared to a net loss in the prior year period, partially offset by higher foreign currency translation losses.

RESULTS OF OPERATIONS - BUSINESS SEGMENTS

Specialty Products & Technologies

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

Specialty Products & Technologies Selected Financial Data

(\$ in millions)	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales	\$ 363.4	\$ 316.9	\$ 1,116.1	\$ 774.1
Operating profit	\$ 61.5	\$ 41.4	\$ 211.6	\$ 26.2
Operating profit as a % of sales	16.9 %	13.1 %	19.0 %	3.4 %

Sales and Core Sales Growth

	% Change Three Month Period Ended October 1, 2021 vs. Comparable 2020 Period	% Change Nine Month Period Ended October 1, 2021 vs. Comparable 2020 Period
Total sales growth (GAAP)	14.7 %	44.2 %
Less the impact of:		
Discontinued products	— %	(0.1)%
Currency exchange rates	(1.4)%	(2.8)%
Core sales growth (non-GAAP)	13.3 %	41.3 %

Sales

For the three and nine months ended October 1, 2021, sales and core sales increased in the majority of the markets in which we operate as demand increased due to more patients seeking dental care with more dental offices being open compared to 2020. Sales and core sales for the three and nine months ended October 2, 2020 were impacted by the COVID-19 pandemic.

Sales for the three months ended October 1, 2021 increased 14.7%, compared to the comparable period in 2020. Price positively impacted sales growth by 0.2% on a period-over-period basis. Sales increased by 13.1% due to higher volume and product mix as demand improved for implant systems and orthodontic products. Sales in developed markets increased primarily due to an increase in North America and Western Europe. Sales in emerging markets increased primarily due to China, Russia and India.

Sales for the nine months ended October 1, 2021 increased 44.2%, compared to the comparable period in 2020. Price negatively impacted sales growth by 0.1% on a period-over-period basis. Sales increased by 41.5% due to higher volume, including the impact of discontinued products and product mix as demand improved for implant systems and orthodontic products. Sales in developed markets increased primarily due to an increase in North America, Western Europe, Japan and Australia. Sales in emerging markets increased primarily due to Eastern Europe, India, China and Russia.

Core sales for the three months ended October 1, 2021 increased 13.3%, compared to the comparable period in 2020 primarily due to higher volume and product mix as demand improved for implant systems and orthodontic products. Core sales in developed markets increased primarily due to an increase in North America and Western Europe. Core sales in emerging markets increased primarily due to China, Russia and India.

Core sales for the nine months ended October 1, 2021 increased 41.3%, compared to the comparable period in 2020 primarily due to higher volume and product mix as demand improved for implant systems and orthodontic products. Core sales in developed markets increased primarily due to an increase in North America, Western Europe, Japan and Australia. Core sales in emerging markets increased primarily due to Eastern Europe, India, China and Russia.

Operating Profit

Operating profit margin was 16.9% and 19.0% for the three and nine months ended October 1, 2021, respectively, as compared to an operating profit margin of 13.1% and 3.4% for the comparable periods of 2020. The increase in operating profit margin was primarily due to higher sales volume and improved product mix, lower restructuring expenses, incremental period-over-period savings associated with restructuring and productivity improvement actions taken in prior periods, partially offset by higher sales and marketing and compensation spend.

EQUIPMENT & CONSUMABLES

Our Equipment & Consumables segment 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

(\$ in millions)	Three Months Ended		Nine Months Ended	
	October 1, 2021	October 2, 2020	October 1, 2021	October 2, 2020
Sales	\$ 243.9	\$ 230.3	\$ 741.0	\$ 538.7
Operating profit	\$ 45.4	\$ 38.9	\$ 131.0	\$ 11.0
Operating profit as a % of sales	18.6 %	16.9 %	17.7 %	2.0 %

Sales and Core Sales Growth

	% Change Three Month Period Ended October 1, 2021 vs. Comparable 2020 Period	% Change Nine Month Period Ended October 1, 2021 vs. Comparable 2020 Period
Total sales growth (GAAP)	5.9 %	37.6 %
Less the impact of:		
Discontinued products	0.8 %	1.1 %
Currency exchange rates	(0.7)%	(1.6)%
Core sales growth (non-GAAP)	6.0 %	37.1 %

Sales

For the three and nine months ended October 1, 2021, sales and core sales increased in the majority of the markets in which we operate as demand increased due to more patients seeking dental care with more dental offices being open compared to 2020. Sales and core sales for the three and nine months ended October 2, 2020 were impacted by the COVID-19 pandemic.

Sales for the three months ended October 1, 2021 increased 5.9% compared to the comparable period in 2020. Price positively impacted sales growth by 1.5% on a period-over-period basis. Sales increased by 3.7% due to higher volume, including the impact of discontinued products and product mix as demand improved for equipment and consumables. Sales in developed markets increased primarily due to an increase in North America, Western Europe and Japan. Sales in emerging markets increased primarily due to Eastern Europe, Russia, and Brazil, partially offset by lower sales in China.

Sales for the nine months ended October 1, 2021 increased 37.6% compared to the comparable period in 2020. Price positively impacted sales growth by 1.2% on a period-over-period basis. Sales increased by 34.8% due to higher volume, including the impact of discontinued products and product mix as demand improved for equipment and consumables. Sales in developed markets increased primarily due to an increase in North America, Western Europe and Australia. Sales in emerging markets increased primarily due to Russia, Brazil and Eastern Europe, partially offset by lower sales in India.

Core sales growth for the three months ended October 1, 2021 increased 6.0%, compared to the comparable period in 2020. Core sales increased primarily due to higher volume, including the impact of discontinued products and product mix as demand improved for equipment and consumables. Sales in developed markets increased primarily due to an increase in North America, Western Europe and Japan. Core sales in emerging markets increased primarily due to Eastern Europe, Russia, and Brazil, partially offset by lower sales in China.

Core sales growth for the nine months ended October 1, 2021 increased 37.1%, compared to the comparable period in 2020. Core sales increased primarily due to higher volume, including the impact of discontinued products and product mix as demand improved for equipment and consumables. Core sales in developed markets increased primarily due to an increase in North America, Western Europe and Australia. Core sales in emerging markets increased primarily due to Russia, Eastern Europe and Brazil; partially offset by lower sales in India.

Operating Profit

Operating profit margin was 18.6% for the three months ended October 1, 2021, as compared to an operating profit margin of 16.9% for the comparable period of 2020. The increase in operating profit margin was primarily due to higher sales volume, improved product mix, and lower restructuring expenses, partially offset by higher administrative spend.

Operating profit margin was 17.7% for the nine months ended October 1, 2021, as compared to an operating profit margin of 2.0% for the comparable period of 2020. The increase in operating profit margin was primarily due to higher sales volume, improved product mix, lower restructuring expenses, and favorable incremental period-over-period savings associated with restructuring and productivity improvement actions taken in prior periods, partially offset by higher compensation and administrative spend.

INFLATION

The effect of inflation on our sales and net income (loss) was not significant for the three and nine months ended October 1, 2021 and October 2, 2020.

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:

Overview of Cash Flows and Liquidity

	Nine Months Ended	
	October 1, 2021	October 2, 2020
Net cash provided by operating activities	\$ 225.6	\$ 90.5
Acquisitions, net of cash acquired	\$ —	\$ (40.7)
Payments for additions to property, plant and equipment	(46.0)	(34.6)
Proceeds from sales of property, plant and equipment	11.6	—
All other investing activities	8.5	11.3
Net cash used in investing activities	\$ (25.9)	\$ (64.0)
Proceeds from issuance of convertible senior notes	\$ —	\$ 517.5
Payment of debt issuance and other deferred financing costs	(2.3)	(17.2)
Proceeds from revolving line of credit	—	249.8
Repayment of revolving line of credit	—	(250.0)
Repayment of borrowings	(475.7)	—
Purchase of capped calls related to issuance of convertible senior notes	—	(20.7)
Proceeds from stock option exercises	16.0	8.7
All other financing activities	(5.4)	0.6
Net cash (used in) provided by financing activities	\$ (467.4)	\$ 488.7

Operating Activities

Cash flows from operating activities can fluctuate significantly from period-to-period for 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 \$225.6 million during the nine months ended October 1, 2021, as compared to cash used in operating activities of \$90.5 million for the comparable period of 2020. The increase was primarily due to higher net income, partially offset by lower cash provided by working capital.

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 decreased by \$38.1 million for the nine months ended October 1, 2021, as compared to the comparable period in 2020. The decrease was primarily due to no acquisition activity in the current period and proceeds received from the sale of property, plant and equipment, partially offset by higher purchases of property, plant and equipment. Matricel was acquired on January 21, 2020, for \$40.7 million, net of acquired cash.

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 used in financing activities was \$467.4 million during the nine months ended October 1, 2021, compared to \$488.7 million provided by financing activities for the comparable period of 2020. In February 2021, we repaid \$472.0 million of the Euro Term Loan Facility in connection with an amendment to the Credit Agreement. In March 2020, we borrowed the full amount available under the Revolving Credit Facility and repaid it in September 2020; and in May of 2020, we issued the Notes and received net proceeds of \$502.5 million. In connection with the issuance of the Notes, we purchased the Capped Calls for \$20.7 million.

For a description of our outstanding debt as of October 1, 2021, 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. As of October 1, 2021, we had no borrowings outstanding under the Revolving Credit Facility.

Cash and Cash Requirements

As of October 1, 2021, we held \$638.8 million of cash and cash equivalents that were held on deposit with financial institutions. Of this amount, \$228.4 million was held within the United States and \$410.4 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 and pension plans as required and support other business needs. We generally intend to use available cash and internally generated funds 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 2020 10-K.

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 October 1, 2021, we believe that we have sufficient sources of liquidity to satisfy our cash needs, including our cash needs in the United States.

Contractual Obligations

There were no material changes to our contractual obligations during the three and nine months ended October 1, 2021, other than the repayment of \$472.0 million of the Euro Term Loan Facility. For a discussion of our contractual obligations, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations” in the 2020 10-K.

Off-Balance Sheet Arrangements

There were no material changes to the Company’s off-balance sheet arrangements described in the 2020 10-K that would have a material impact on the Company’s Condensed Consolidated Financial Statements.

Debt Financing Transactions

For a description of our outstanding debt as of October 1, 2021, refer to Note 13 to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Sale of the KaVo Treatment Unit and Instrument Business

We plan to use the net proceeds from the Divestiture to continue our product portfolio transformation with a disciplined approach to capital deployment.

CRITICAL ACCOUNTING ESTIMATES

There were no material changes to our critical accounting estimates described in the 2020 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 (loss) 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 2020 10-K. There were no material changes to this information reported in our 2020 10-K during the quarter ended October 1, 2021.

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 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 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 October 1, 2021 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 2020 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 2020 10-K.

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2020 10-K and in Part II, “Item 1A. Risk Factors” in our Quarterly Reports on Form 10-Q for the quarters ended April 2, 2021 (the “Q1 10-Q”) and July 2, 2021 (the “Q2 10-Q”), which could materially affect our business, financial position, or future results of operations. The risks described in our 2020 10-K, Q1 10-Q, and Q2 10-Q, 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 2020 10-K, Q1 10-Q, and Q2 10-Q.

We may not complete the planned Divestiture of our KaVo Treatment Unit and Instrument Business on the anticipated timeline or at all, and, even if completed, we may not achieve the benefits we anticipate.

In September 2021, we announced that we had entered into the Purchase Agreement with Planmeca to sell the KaVo Treatment Unit and Instrument Business for total consideration of up to \$455 million, subject to certain adjustments (the “Divestiture”). We expect the Divestiture to close at the end of 2021, subject to satisfaction of customary closing conditions. The Divestiture is expected to provide the following benefits, among others: (i) giving us the ability to focus on our strategic priorities to build and optimize a more consumables and digitally enabled, workflow-oriented portfolio and (ii) better positioning us to invest organically and inorganically and to expand our product offerings.

The Divestiture is complex in nature, subject to various conditions, and may be adversely affected by unanticipated developments and unexpected changes in market or other conditions. If any closing conditions are not met, the closing of the Divestiture may be delayed or may fail to occur, and we may not achieve the intended benefits we anticipate. Moreover, if the Divestiture is not completed on the anticipated timeline or at all, our ongoing operation of the KaVo Treatment Unit and Instrument Business may harm our results of operations.

Even if the Divestiture is completed, we may not achieve some or all of the anticipated benefits, including those described above, and our future investments and other business opportunities that we anticipate will be facilitated by the Divestiture may not be successful and may prove not to be superior alternatives to the continued operation of our current KaVo Treatment Unit and Instrument Business. Further, execution of the Divestiture will require significant time and attention from management and other employees, including following the closing of the Divestiture, which may divert the attention of our management and other employees from the execution of our other initiatives and could adversely affect our financial condition, results of operations, or cash flows.

Following the Divestiture, we will be required to rebrand our Imaging Business, our China Business, and many of our products, which will likely involve substantial costs and may not be favorably received by our customers.

Following the Divestiture, we will no longer own the “KaVo” brand name, or any variation of the name, logos or related intellectual property rights. We will likely incur substantial costs to rebrand our Imaging Business, our China Business, and a number of our products worldwide, which may also require the expenditure of regulatory product registration costs. We cannot be certain that our customers will be receptive to our proposed rebranding. A failure in our rebranding efforts may affect our ability to attract and retain customers following the Divestiture, resulting in reduced revenues.

The transition services to be provided by us to Planmeca for a limited time may draw attention and resources away from our ongoing business.

The Purchase Agreement requires our provision of transition services to Planmeca throughout a transition period, which will require significant time, attention and resources of our management and other employees within the Company, potentially diverting their attention from other aspects of our business. We will be bound to comply with the terms of the transition services agreement, and at times compliance with this agreement will consume our focus and resources that would otherwise be invested into maintaining and growing our business.

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

None.

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	Second Amended and Restated Bylaws of Envista Holdings Corporation effective as of August 23, 2021 (incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K filed on August 27, 2021, Commission File No. 001-39054)
10.1	Master Sale and Purchase Agreement, dated as of September 7, 2021, by and among Envista Holdings Corporation, planmeca Verwaltungs GmbH, Germany, and Planmeca Oy.
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 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 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)

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.

Date: November 3, 2021

ENVISTA HOLDINGS CORPORATION

By: /s/ Howard H. Yu
Howard H. Yu
Senior Vice President and Chief Financial Officer

Date: November 3, 2021

By: /s/ Kari-Lyn Moore
Kari-Lyn Moore
Vice President and Chief Accounting Officer

Roll of Deeds No. H 3751/21

Before me, the undersigned

Sebastian Herrler,
Notary in Munich, Germany,

with offices at Brienner Straße 13/IV, 80333 Munich, Germany,

appeared on the 6th and 7th of September two thousand twenty one in the offices of Kirkland & Ellis International LLP at 80539 Munich, Maximilianstraße 11 where I went upon request and in my offices at 80333 Munich, Brienner Str. 13/IV:

1. **Dr. Sebastian Häfele**, born on [#####], with business address at 80539 Munich, Maximilianstr. 11, c/o Kirkland & Ellis International LLP, identified by official identity card, who declared that he was not acting for himself but, excluding any personal liability, on behalf of

Envista Holdings Corporation

with its registered seat in Brea, California, United States of America,
registered with the Delaware Register (Secretary of State) under 7034624

pursuant to a power of attorney the original of which was available during the notarization of this deed and a certified copy thereof is attached to this deed.

2. **Mr. Felix Müller-Stieß**, born on [#####], with business address at 70174 Stuttgart, Kronenstr. 30, c/o Ebner Stolz Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft mbB, identified by official identity card, who declared that he was not acting for himself but, excluding any personal liability, on behalf of

a)

planmeca Verwaltungs GmbH

with its registered seat in Hamburg, Germany,
registered with the Commercial Register at the
Local Court of Hamburg under HRB 160729;

b)

Planmeca Oy

with its registered seat in Helsinki, Finland,
registered with the Finnish trade register (*kaupparekisteri*)
at the Finnish Patent and Registration Office
under business ID 0112773-2

each pursuant to a power of attorney the original of which was available during the notarization of this deed and a certified copy thereof is attached to this deed.

The persons appearing requested this deed to be recorded in the English language. The acting notary who is in sufficient command of the English language ascertained that the persons appearing are also in sufficient command of the English language. After having been instructed by the acting notary, the persons appearing waived their rights to obtain the assistance of a sworn interpreter and to obtain a certified translation of this deed.

When being asked, the persons appearing declared that there was no prior involvement (*Vorbefassung*) within the meaning of Section 3 para. 1 sub-para. 7 German Notarization Act (*Beurkundungsgesetz*).

The notary pointed out that he does not give advice on other law than German law. The persons appearing declared as follows requesting that it be notarized:

MASTER SALE AND PURCHASE AGREEMENT

**relating to
the assets and companies comprising the
KaVo Dental Business**

KIRKLAND & ELLIS INTERNATIONAL LLP

Master Sale and Purchase Agreement

between

(1) **Envista Holdings Corporation**, a corporation organized under the laws of Delaware, USA, registered with the Delaware Register (Secretary of State) under 7034624 with business address 200 S. Kraemer Blvd. Bldg. E, Brea, California 92821, United States of America

– the "**Seller Parent**" –

(2) **planmeca Verwaltungs GmbH**, a limited liability company organized under the laws of Germany, registered with the commercial register of the local court of Hamburg under HRB 160729 with business address Hermannstraße 13, 20095 Hamburg, Germany

– the "**Purchaser**" –

(3) **Planmeca Oy**, a stock corporation incorporated under the laws of Finland, registered with the Finnish trade register (*kaupparekisteri*) under business ID 0112773-2 with business address Asentajankatu 6, 00880 Helsinki, Finland

– the "**Guarantor**" –

– the Seller Parent, the Purchaser and the Guarantor are hereinafter collectively referred to as the "**Parties**" and individually as a "**Party**" –

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RECITALS

- (A) **WHEREAS**, the Seller Parent owns or controls, directly or indirectly, (i) each of the entities that holds the Sold Assets (as defined below) or employs any Business Employee (as defined below) including those identified as Asset Sellers (as defined below) and (ii) each of the entities identified as Share Sellers (as defined below).
- (B) **WHEREAS**, the Seller Parent, through its subsidiaries, is a global provider of a broad range of dental implants, orthodontic appliances, general dental consumables, equipment and services.
- (C) **WHEREAS**, the Guarantor is a global provider together with its subsidiaries of broad range of dental treatment units, CAD/CAM solutions, 2D and 3D imaging devices, software solutions and services.
- (D) **WHEREAS**, the Purchaser is part of Planmeca group as a 100 % owned subsidiary by Finnish company Planmeca Academy Oy.
- (E) **WHEREAS**, the Seller Parent intends to sell, directly or indirectly, through one or more of its Affiliates (as defined below), the KaVo Dental Business (as defined below) in the scope set forth in this master sale and purchase agreement ("**Agreement**") to the Purchaser, and the Purchaser intends to purchase, directly, or indirectly through one or more of its Affiliates (as defined below), the KaVo Dental Business from the Seller Parent, within the scope, and upon the terms and conditions, set forth in this Agreement.

NOW, THEREFORE, the Parties agree as follows:

1 Certain Definitions

The following terms shall have the following meanings when used herein:

"**Affiliate**" shall mean affiliate within the meaning of Sections 15 *et seqq.* German Stock Corporation Act which shall be applied *mutatis mutandis* with respect to any legal entity that is subject to a foreign jurisdiction.

"**Business Day**" shall mean a day (other than Saturdays, Sundays and bank holidays) on which banks in Biberach, Germany, and Los Angeles, California, United States of America, are generally open for business.

"**Closing Date**" shall be the day on which the last of the Closing Actions (as defined in Section 17.2.1) has been performed or duly waived.

"**Directors and Officers**" shall be managing directors (in Germany: *Geschäftsführer*), members of the management board (in Germany: *Mitglieder des Vorstands*), members of the supervisory board (in Germany: *Mitglieder des Aufsichtsrats*), members of the board of directors, or members of any other statutory body of representation of any legal entity in any applicable jurisdiction.

"**Encumbrance**" shall be any pledge, including mortgages, creation of a security interest in, or creation of any other third party right in tangible or intangible assets.

"**Environmental Law**" shall be any law or regulation relating to or imposing liability for the protection of the environment or the use, handling, generation, manufacturing, distribution, collection, transportation, storage, disposal, cleanup or release of Hazardous Materials, in each case as in effect in the relevant jurisdiction on the Signing Date and as enforced and interpreted by the competent governmental authorities on such date.

"**Environmental Permit**" shall be any governmental permit that is required by the company for their operations under any applicable Environmental Law.

"**Equity Interests**" shall be any shares, partnership interests or other equity interests in any entity, including any silent partnerships or sub-participations.

"**GAAP**" shall be the generally accepted accounting principles in the relevant jurisdiction, as in effect from time to time.

"**Governmental Authority**" shall be any federal, national, state, local, municipal, or international government, governmental, regulatory, legislative or administrative authority, agency or commission, or any court, tribunal, or judicial or arbitral body of competent jurisdiction.

"**Hazardous Materials**" shall be any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "hazardous constituents", "restricted hazardous materials", "extremely hazardous substances", "toxic substances", "dangerous substances", "contaminants", "pollutants", "toxic pollutants", or words of similar meaning and regulatory effect under any applicable Environmental Law.

"**Intellectual Property**" shall be any of the following in any jurisdiction: (i) patents, patent applications and inventions (whether patentable or not), (ii) trademarks, service marks, trade dress, trade names, business names, brand name and logos whether registered or unregistered, and all applications for the same; (iii) domain names, (iv) unregistered or registered copyright and all applications for the same and (v) know-how and trade secrets as well as any other rights or forms of protection of a similar nature or having equivalent or similar effect to any of the aforementioned rights.

"**KaVo Dental Business**" means the KaVo dental instruments and treatment units business operated by the Seller Parent and its Affiliates (including the manufacturing, distribution, sales and after-sales services relating to these products).

"**Scheduled Closing Date**" shall be the last calendar day in the calendar month in which the cumulative satisfaction of the Closing Condition (as defined in Section 16.1) (i) provided in any event that all Closing Condition is satisfied at least ten (10) Business Days before the last Business Day in such calendar month and such last calendar day is also a Business Day, or if the cumulative satisfaction of the Closing Condition occurs during the last ten (10)

Business Days of a calendar month or the last calendar day is not a Business Day, the last calendar day in the calendar month immediately following such calendar month; and (ii) provided that the Parties may mutually agree in writing on any other date to be the Scheduled Closing Date and (iii) further provided that the Scheduled Closing Date shall in no event be earlier than 31 December 2021.

"**Signing Date**" shall be the day on which this Agreement has been duly executed.

2 **Current Corporate Status**

2.1 KaVo Dental Business. The business sold hereunder consists of

2.1.1 the Sold Assets, the Assumed Liabilities, the Assumed Agreements and the Business Employees as set forth in Sections 8 through 11 below (collectively, the "**Entire Sold Assets**"); and

2.1.2 those legal entities listed in Exhibit 2.1.2 (the "**Sold Companies**", and the Entire Sold Assets and the Sold Companies, together the "**Sold Business**").

2.2 Selling Entities. Each Affiliate of the Seller Parent owning, being liable for, being the contractual party to or being the employer of, as the case may be, any of the Entire Sold Assets shall in the following be referred to as an "**Asset Seller**" and all such Affiliates of the Seller Parent jointly as "**Asset Sellers**". Each Affiliate of the Seller Parent owning shares in a Sold Company - as set forth in more detail and including the full particulars of the shares held in the Sold Company in Exhibit 2.2 (the "**Sold Shares**") - shall in the following be referred to as "**Share Seller**" or jointly as "**Share Sellers**".

2.3 PLTA. KaVo Dental GmbH, a German limited liability company, registered with the commercial register of the local court of Ulm under HRB 641816 ("**KaVo Dental**"), in its capacity as controlled entity, is party to a certain profit and loss transfer agreement (*Gewinnabführungsvertrag*) with DCII Germany Holdings GmbH, a German limited liability company, registered with the commercial register of the local court of Ulm under HRB 737525 ("**DCII**"), in its capacity as parent company, dated 1 February 2019 and registered with the commercial register on 15 February 2019 (the "**PLTA**").

3 **Termination of Cash Pool**

3.1 Cash Pool. As of the Signing Date, certain Sold Companies are parties to different cash pools (the "**Cash Pools**").

3.2 Settlement of Cash Pool Balances. The Seller Parent shall procure (*steht dafür ein*) that the Sold Companies exit from the Cash Pools on or prior to the Scheduled Closing Date with economic effect (*mit wirtschaftlicher Wirkung*) as of (at the latest) the Scheduled Closing Date. Any balances (including accrued and unpaid interest) under the Cash Pools payable to any of the Sold Companies and outstanding on the Scheduled Closing Date shall be settled in cash on or prior to the Scheduled Closing Date by the Seller Parent or any of its subsidiaries. If the aggregate of all balances under the Cash Pools as of Closing is an amount that is payable to the Sold Companies and exceeds an amount equal to USD 1,000,000.00,

the Parties will discuss in good faith an assumption of the relevant liabilities by the Purchaser with full release for the Seller Parent and any of its subsidiaries. Any balances (including accrued and unpaid interest) under the Cash Pools payable by any of the Sold Companies and outstanding on the Scheduled Closing Date shall be settled in cash on the Scheduled Closing Date by the Purchaser.

4 Termination of the PLTA

4.1 PLTA Termination. If the Closing Date falls on:

- 4.1.1 31 December 2021, the Seller Parent shall (y) procure (*steht dafür ein*) that (i) KaVo Dental shall enter into a termination agreement (*Aufhebungsvertrag*) with DCII substantially in the form as attached hereto as **Exhibit 4.1.1-1** (the "**PLTA Termination Agreement**") terminating the PLTA with effect as of the the end of KaVo Dental's fiscal year beginning on 1 January 2021 and ending on (and including) 31 December 2021 (the "**Fiscal Year 2021**") and (ii) corresponding shareholder resolutions authorizing the termination of the PLTA are passed and, (z) furthermore, as a precautionary measure, deliver, immediately after the Closing (but on the same day), to KaVo Dental a written notice of termination for cause (*außerordentliche Kündigung aus wichtigem Grund*) of the PLTA with immediate effect based on the sale, assignment and transfer of the Sold Shares substantially in the form as attached hereto as **Exhibit 4.1.1-2** (the "**PLTA Termination Letter**"), or
- 4.1.2 a date after 31 December 2021, the Seller Parent shall deliver, immediately after the Closing, to KaVo Dental a written notice of termination for cause (*außerordentliche Kündigung aus wichtigem Grund*) of the PLTA with immediate effect based on the sale, assignment and transfer of the Sold Shares substantially in the form of the PLTA Termination Letter;

provided that, in each case of Section 4.1.1 and 4.1.2, the Seller Parent and the Purchaser shall procure (*steht dafür ein*) that the termination of the PLTA is filed for registration with the relevant commercial register immediately after the Closing Date.

- 4.2 PLTA Statements. The Purchaser shall procure (*steht dafür ein*) that KaVo Dental prepares financial statements of KaVo Dental for the Fiscal Year 2021 in case the Closing Date falls on 31 December 2021 (the "**PLTA Statements 2021**") and, in case Closing falls on a later date, also for the period from 1 January 2022 through and including the Closing Date (the "**PLTA Period 2022**", and the financial statements for such period, the "**PLTA Termination Statements 2022**", and together with the PLTA Statements 2021, the "**PLTA Statements**") in accordance with German GAAP (*Grundsätze ordnungsmäßiger Buchführung*) as set out in the German Commercial Code (*Handelsgesetzbuch – "HGB"*) (the "**German GAAP**") and, to the extent compliant with German GAAP, the accounting principles, policies, practices, evaluation rules and procedures, methods and bases as applied in its latest financial statements and has the PLTA Statements 2021 audited by its current auditor in accordance with the applicable standards referred to above. The Purchaser and the Seller Parent shall have the opportunity to review and comment on the PLTA Statements

2021 and, if applicable, the PLTA Termination Statements 2022 before they are approved pursuant to Section 4.3 and any reasonable comments by the Purchaser and the Seller Parent on the PLTA Statements 2021 and, if applicable, the PLTA Termination Statements 2022 shall be taken into account in good faith and reflected in the PLTA Statements 2021 and, if applicable, the PLTA Termination Statements 2022 unless the auditor pursuant to this Section 4.2 rejects such comments after having discussed such comments with both the Seller Parent and the Purchaser.

4.3 Approval of PLTA Statements If the Closing Date falls on:

- 4.3.1 31 December 2021, the Purchaser shall procure (*steht dafür ein*) that KaVo Dental prepares the PLTA Statements 2021 and, if required by law, has them audited without undue delay after the Closing Date, and to provide them promptly after finalization and the audit to the Seller Parent and the Purchaser. For that purpose, the Purchaser shall instruct KaVo Dental to finalize such preparation and audit within three (3) months after Closing. All fees, expenses and costs (including those of the auditor, if any) incurred in connection with the preparation and audit of the PLTA Statements 2021 by KaVo Dental or the Purchaser shall be borne by Kavo Dental. The Purchaser shall procure (*steht dafür ein*) that the PLTA Statements 2021 are formally approved (*festgestellt*) by shareholders' resolutions promptly after the Seller Parent has given its consent to the PLTA Statements 2021 received from KaVo Dental, which shall only be withheld for justified reasons (*gerechtfertigte Gründe*) and the approved PLTA Statements 2021 shall then be promptly signed by the managing directors;
- 4.3.2 a date after 31 December 2021, (i) the Seller Parent shall instruct KaVo Dental to prepare the PLTA Statements 2021 and requests them to be audited without undue delay after such date if required by law and (ii) the Purchaser shall procure (*steht dafür ein*) that KaVo Dental prepares the PLTA Termination Statements 2022 and the PLTA Statements 2021 and, if required by law, has them audited without undue delay after the Closing Date, and to provide them promptly after finalization and the audit report to the Seller Parent and the Purchaser. For that purpose, the Purchaser shall instruct KaVo Dental to finalize such preparation and audit within three (3) months after 31 December 2021 regarding the PLTA Statements 2021 and three (3) months after Closing regarding the PLTA Termination Statements 2022. All fees, expenses and costs (including those of the auditor, if any) incurred in connection with the preparation and audit of the PLTA Statements by KaVo Dental or the Purchaser shall be borne by Kavo Dental (and shall not be reflected as deduction items when determining the Purchase Price). The Purchaser shall procure (*steht dafür ein*) that each of the PLTA Statements are formally approved (*festgestellt*) by shareholders' resolutions promptly after the Seller Parent has given its consent to each of the PLTA Statements received from KaVo Dental, which shall only be withheld for justified reasons (*gerechtfertigte Gründe*) and each of the approved PLTA Statements shall then be promptly signed by the managing directors;

(the approved and signed financial statements under Section 4.3.1 or, as the case may be, Section 4.3.2, the "**Approved PLTA Statements**").

- 4.4 Provision of Approved PLTA Statements. The Purchaser shall procure (*steht dafür ein*) that KaVo Dental, promptly after the approval, provides the Seller Parent with copies of the Approved PLTA Statements.
- 4.5 Determination of PLTA Claims. The amount (i) owed by KaVo Dental to DCII as profit transfer obligation (*Gewinnabführungsverpflichtung*) for the Fiscal Year 2021 and, if applicable, the PLTA Period 2022 pursuant to Section 301 German Stock Corporation Act (jointly, the "**PLTA Profit Transfer Claim**") and (ii) owed by DCII to KaVo Dental as a loss transfer obligation (*Verlustausgleichsanspruch*) for the Fiscal Year 2021 and, if applicable, the PLTA Period 2022 pursuant to Section 302 German Stock Corporation Act (jointly, the "**PLTA Loss Compensation Claim**"), as the case may be, shall each be determined on the basis of the Approved PLTA Statements.
- 4.6 Settlement of PLTA Claims. In the event of a PLTA Loss Compensation Claim, the Seller Parent shall procure (*steht dafür ein*) that DCII settles the PLTA Loss Compensation Claim (together with any accrued interest thereon) by way of actual payment in cash to KaVo Dental. In the event of a PLTA Profit Transfer Claim, the Purchaser shall procure (*steht dafür ein*) that KaVo Dental settles any such PLTA Profit Transfer Claim (together with any accrued interest thereon) by way of actual payment in cash to DCII. In any event, such payments shall be settled within ten (10) Business Days after receipt of the copies of the Approved PLTA Statements, provided that, in case the Closing Date falls on a date after 31 December 2021, the relevant PLTA Profit Transfer Claims (after deduction of any applicable German withholding tax (*Kapitalertragsteuer*)) and the relevant PLTA Loss Compensation Claims shall be set-off against each other or, as the case may be, added-up and the balance resulting from such set-off or add-up shall be paid by KaVo Dental to DCII in case the remaining balance is a PLTA Profit Transfer Claim and, in case the remaining balance is a PLTA Loss Compensation Claim, from DCII to KaVo Dental. The Parties agree that, in case the Closing Date falls on a date after 31 December 2021, KaVo Dental shall withhold any German withholding tax (*Kapitalertragsteuer*) applicable to the settlement of the PLTA Profit Transfer Claim relating to the PLTA Period 2022 and timely pay the required amount to the competent Tax Authority for the account of DCII and shall only pay the PLTA Profit Transfer Claim net of any such withholding tax to DCII.
- 4.7 Compliance with PLTA. As from the Closing Date, the Parties shall procure (*steht dafür ein*) that (i) KaVo Dental shall duly perform all of its obligations under the PLTA in relation to any periods up to the Closing Date and (ii) the Tax returns and financial statements of KaVo Dental for any periods up to the Closing Date shall not be amended to the extent, as regards financial statements of KaVo Dental, which would cause a liability of DCII to compensate additional losses or to repay any profits received under the PLTA, except for any amendments which are mandatory under applicable law or required to uphold the fiscal unity (*Organschaft*) until the Closing Date, 31 December 2021 respectively if the Closing Date falls on a date after 31 December 2021.

4.8 Security to Creditors. Any security requested by a creditor of KaVo Dental pursuant to Section 303 German Stock Corporation Act as a result of the termination of the PLTA shall be furnished by the Purchaser. The Purchaser shall indemnify and hold harmless the Seller Parent against and from any claims and obligations under or in connection with the termination of the PLTA in accordance with Section 25.2.

5 Japanese Demerger

5.1 Japanese Demerger. The Seller Parent shall procure (*steht dafür ein*), applying the principles under Sections 8 through 11 of this Agreement, to effect, after the Signing Date and prior to the Scheduled Closing Date, the transfer of the Entire Sold Assets in Japan into KaVo Dental Systems Japan G.K., an entity organized under the laws of Japan, ("**Japanese NewCo**") by way of spin-off, split-off, demerger or similar transaction (the "**Japanese Demerger**"). After the Signing Date, the Parties will agree in good faith on the documentation required to be executed for the effective implementation of the Japanese Demerger under applicable local law.

5.2 Japanese NewCo. The Parties acknowledge and agree that, upon and after the effective date of the Japanese Demerger, Japanese NewCo shall be deemed to be included in the Sold Companies listed in Exhibit 2.1.2, and the equity interests in Japanese NewCo shall be deemed to be included in the Sold Shares listed in Exhibit 2.2.

6 Sale, Purchase and Transfer of the Sold Shares

6.1 Sale and Purchase of Sold Shares. Upon the terms and subject to the conditions set forth in this Agreement, the Seller Parent shall procure (*steht dafür ein*) that each Share Seller sells and transfers to the Purchaser or a Share Purchaser as the case may be on, and with economic effect (*mit wirtschaftlicher Wirkung*) as of, the Closing Date the Sold Shares. The Purchaser shall, and shall procure that a Share Purchaser as the case may be agrees to, purchase the Sold Shares in accordance with the foregoing sentence.

6.2 Transfer of KaVo Dental. The Parties agree to implement the sale and transfer of the share in KaVo Dental by virtue of a share sale and transfer agreement to be executed on the Scheduled Closing Date between DCII on the one hand and the Purchaser and/or an Affiliate of the Purchaser on the other hand, substantially in the form as attached hereto as **Exhibit 6.2** (the "**KaVo Dental Share Sale and Transfer Agreement**").

6.3 Local Share Transfer Agreements. The Parties agree to implement the sale and transfer of the Sold Shares in the Sold Companies other than KaVo Dental by virtue of local share sale and transfer agreements to be executed on the Scheduled Closing Date between the respective Share Sellers on the one hand and the Purchaser and/or the Affiliates of the Purchaser listed in **Exhibit 6.3-1** (the "**Share Purchasers**") on the other hand, substantially in the form as attached hereto as **Exhibit 6.3-2** (the "**Local Share Transfer Agreements**" and together with the KaVo Dental Share Transfer Agreement, the "**Share Transfer Agreements**"), which shall provide for the sale and transfer of the respective Sold Shares. The Local Share Transfer Agreements shall be amended, supplemented or otherwise modified only to the extent necessary to make the Local Share Transfer Agreements fully

effective under applicable local law. The Seller Parent shall cause the relevant Share Seller to accept and sign and the Purchaser shall accept and sign and/or shall cause the relevant Share Purchaser to accept and sign the respective Share Transfer Agreement on the Scheduled Closing Date.

7 **Asset Transfer Agreements**

7.1 Local Asset Transfer Agreements. The Parties agree to implement the sale and transfer of the respective Sold Assets and for the assumption of the respective Assumed Liabilities, Assumed Agreements and transfer of the Business Employees (as defined in Section 11.2) as set forth in Sections 8 through 11 below by virtue of local asset sale and transfer agreements to be executed on the Scheduled Closing Date between the respective Asset Seller(s) on the one hand and the Purchaser and/or Affiliates of the Purchaser listed in **Exhibit 7.1-1** (the "**Asset Purchasers**") on the other hand, in accordance with the respective local laws (the "**Asset Transfer Agreements**"). The Asset Transfer Agreements shall substantially conform with the template asset transfer agreement, attached hereto as **Exhibit 7.1-2**. The Asset Transfer Agreements shall be amended, supplemented or otherwise modified only to the extent necessary to make the Asset Transfer Agreements fully effective under applicable local law. The Seller Parent shall cause the relevant Asset Seller to accept and sign and the Purchaser shall accept and sign and/or shall cause the relevant Asset Purchaser to accept and sign the respective Asset Transfer Agreement on the Scheduled Closing Date.

7.2 Joint and Several Liability. The Purchaser shall procure (*steht dafür ein*) that each Asset Purchaser and Share Purchaser duly fulfills its obligations under the respective Asset Transfer Agreement or Share Transfer Agreement and shall be liable, jointly and severally with the respective Asset Purchaser and Share Purchaser (*gesamtschuldnerische Haftung*) for all of such Asset Purchaser's and Share Purchaser's obligations under or in connection with such Asset Transfer Agreement or Share Transfer Agreement. This applies in particular, without limitation, to the assumption of the Assumed Liabilities under Section 9 and the assumption of the Assumed Agreements under Section 10. The Seller Parent shall procure (*steht dafür ein*) that each Asset Seller and Share Seller duly fulfills its obligations under the respective Asset Transfer Agreement or Share Transfer Agreement and shall be liable, jointly and severally with the respective Asset Seller and Share Seller (*gesamtschuldnerische Haftung*) for all of such Asset Seller's and Share Seller's obligations under or in connection with such Asset Transfer Agreement or Share Transfer Agreement. This applies in particular, without limitation, to the sale and transfer of the Sold Assets under Section 8 and the assumption of the Assumed Agreements under Section 10. The Parties acknowledge and agree that (i) any and all rights and obligations of the Parties and all representations, warranties or indemnities in relation to the transactions under this Agreement are exclusively set forth in this Agreement and (ii) any and all claims arising in connection with the obligations under the respective Asset Transfer Agreement or Share Transfer Agreement, save for claims for specific performance pursuant to the relevant agreement, shall only be brought against the Seller Parent or the Purchaser, as the case may be, and not against the respective Asset Seller, Share Seller, Asset Purchaser or Share Purchaser.

7.3 Relationship between Asset Transfer Agreements, Share Transfer Agreements and this Agreement. The Parties agree that the Asset Transfer Agreements and Share Transfer Agreements shall solely serve to implement the terms of this Agreement and shall not alter in any way the allocation of rights and obligations, benefits, costs and risks as agreed between the Parties in accordance with this Agreement. In particular, the Seller Parent, Share Sellers and the Asset Sellers shall not grant any representations, warranties, guarantees, covenants and indemnities under or in connection with the Asset Transfer Agreements or Share Transfer Agreements to the Purchaser, Share Purchasers or the Asset Purchasers. In the case of any inconsistencies between an Asset Transfer Agreement or Share Transfer Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail. The Seller Parent shall not, and shall procure (*steht dafür ein*) that no Asset Seller or Share Seller and none of their legal successors will, and the Purchaser shall not, and shall procure (*steht dafür ein*) that no Asset Purchaser or Share Purchaser and none of their legal successors will, raise any claims or take any other legal action under an Asset Transfer Agreement or Share Transfer Agreement or under the statutory laws applicable to, or governing an Asset Transfer Agreement or Share Transfer Agreement. Any and all claims relating to the sale of the Sold Business shall be governed, settled or litigated exclusively between the Seller Parent and the Purchaser. If and to the extent the applicable law underlying the Asset Transfer Agreements or the Share Transfer Agreements provides for any claims or other rights of an Asset Purchaser or Share Purchaser under or in connection with an Asset Transfer Agreement or Share Transfer Agreement, the Purchaser shall procure (*steht dafür ein*) that the relevant Asset Purchaser or Share Purchaser shall waive such claim or other right. The provisions in this Section 7.3 shall prevail over and shall exclude the application of any explicit or implied representations, warranties, guarantees, covenants or indemnities contained in the Asset Transfer Agreements, Share Transfer Agreements or under applicable law.

8 Sold Assets; Permits

8.1 Sold Assets. Upon the terms and subject to the conditions set forth in this Agreement, the Seller Parent hereby agrees to cause each Asset Seller to sell to the Purchaser, or an Asset Purchaser, the following assets, in each case as existing on the Signing Date and except as otherwise provided in Sections 8.2 through 8.7, with economic effect (*mit wirtschaftlicher Wirkung*) as of the Closing Date (the "**Sold Assets**"):

8.1.1 Fixed Assets. All tangible fixed assets, technical equipment and other office and business equipment currently owned by, or subject to expectancy right (*Anwartschaftsrecht*) held by, any Asset Seller and in all material respects relating to the KaVo Dental Business (collectively the "**Fixed Assets**").

8.1.2 Receivables. All trade receivables (including intercompany and intragroup trade receivables towards any Sold Company but not towards any other Asset Seller or other company of the Seller Parent's group) of any Asset Seller exclusively relating to the KaVo Dental Business in each case up to and including the Closing Date and to the extent not assigned to a third party under a factoring arrangement.

- 8.1.3 Current Tangible Assets. All inventories, auxiliary materials and supplies, and finished and trading goods, as well as all other tangible current assets, owned by any Asset Seller and in all material respects relating to the KaVo Dental Business (collectively the "**Current Assets**").
- 8.1.4 Insurance Claims. Any claims of Seller Parent or any of its Affiliates (including any Asset Seller) against insurers or other third parties in connection with the destruction or loss of any assets owned or subject to any expectancy rights (*Anwartschaftsrechte*) that constitutes, or would have constituted but for such loss or destruction, a Sold Asset at the Signing Date.
- 8.1.5 IP. All Intellectual Property (excluding any software related rights) owned by any Asset Seller exclusively relating to the KaVo Dental Business (except for such Intellectual Property that has been transferred to any of the Sold Companies prior to the Closing Date), it being understood that any use of such Intellectual Property in accordance with the back-license as provided for under the Brand Licensing Agreement shall not lead to the effect that such Intellectual Property does not relate exclusively to the KaVo Dental Business.
- 8.1.6 Commercial Records. All supplier and customer lists, price lists, sales aids, sales literature, customer and supplier correspondence owned by an Asset Seller and in all material respects relating to the KaVo Dental Business (collectively the "**Commercial Records**").
- 8.1.7 IT Equipment. All laptops and mobile phones used exclusively by the Transferred Employees (as defined below) of the Asset Sellers.

The Purchaser hereby agrees to purchase or to cause an Asset Purchaser to purchase the Sold Assets in accordance with the provisions of this Section 8.1.

8.2 Excluded Assets. Subject to Section 8.6, Sold Assets shall not include any of the following assets (the "**Excluded Assets**"):

- 8.2.1 cash, cheques, deposits with banks and cash equivalents;
- 8.2.2 real estate and buildings;
- 8.2.3 any assets to which the Asset Sellers hold neither legal title nor an expectancy right (*Anwartschaftsrecht*) (except for insurance claims or other claims against third parties of Seller Parent or any of its Affiliates governed by Section 8.1.4);
- 8.2.4 assets of the Asset Sellers which are used by them both for the KaVo Dental Business and for other business activities, but not in all material respects relating to the KaVo Dental Business;
- 8.2.5 any accounting documentation or financial books and records of the Seller Parent, Share Sellers or the Asset Sellers (the "**Accounting Documentation**");

8.2.6 computer hardware, including desktop computers, notebooks, servers and other hard drives used for the storage of data not transferred under Section 8.1.7; and

8.2.7 intercompany financing receivables.

For the avoidance of doubt, the exclusions in this Section 8.2 shall not apply to any assets of the Sold Companies.

8.3 **IP Transfer.** It is the Seller Parent's understanding that except for certain Intellectual Property listed on **Exhibit 8.3**, which will be transferred to any of the Sold Companies prior to the Closing Date, in accordance with Section 28.5, no other Intellectual Property to be transferred pursuant to Section 8.1.5 is held by any of the Asset Sellers. If, in contrast to such understanding, the Parties become aware within twenty-four (24) months after the Closing Date, that

8.3.1 any Intellectual Property exclusively relating to the KaVo Dental Business has not been transferred to the Purchaser or any of the Sold Companies in accordance with this Section 8, the Seller Parent or the Purchaser (as applicable) shall notify the other Party of the same. Upon written request by the Purchaser, the Seller Parent shall, and shall procure any of its applicable Affiliates (in particular any Asset Seller), as the case may be, to transfer such Intellectual Property to the Purchaser or its Affiliates for nil consideration, such that the Purchaser or its Affiliate, as applicable, has full legal and beneficial ownership, possession and control of such Intellectual Property; and/or

8.3.2 any Intellectual Property not exclusively relating to the KaVo Dental Business prior to Closing has been transferred to the Purchaser or an Asset Purchaser as part of the Entire Sold Assets, the Seller Parent or the Purchaser (as applicable) shall notify the other Party of the same. Upon written request by the Seller Parent, the Purchaser shall, and shall procure any of its applicable Affiliates, as the case may be, to transfer such Intellectual Property to the Seller Parent or its Affiliates for nil consideration, such that the Seller Parent or its Affiliate, as applicable, has full legal and beneficial ownership, possession and control of such Intellectual Property. This Section 8.3.2 shall apply *mutatis mutandis* to any Intellectual Property held by any of the Sold Companies which does not predominantly relate to the KaVo Dental Business.

8.4 **Access to Accounting Documentation.** During the periods for which the Seller Parent, Share Sellers or the Asset Sellers are under applicable law obliged to retain Accounting Documentation, the Seller Parent shall procure (*steht dafür ein*) that the Purchaser shall upon reasonable request after having given reasonable advance notice be granted access during regular business hours to those parts of the Accounting Documentation which relate to the KaVo Dental Business. If the Purchaser requests copies of those parts of the Accounting Documentation, it shall notify the Seller Parent and shall be permitted to have copies made of such Accounting Documentation at its own cost and expense.

- 8.5 Changes in Sold Assets. The Sold Assets shall include all assets as described in Section 8.1 above which will be acquired by an Asset Seller between the Signing Date and the Closing Date or will be a replacement of any Sold Assets and which are owned by the Seller Parent or for which the Seller Parent holds an expectancy right (*Anwartschaftsrecht*) as of the Closing Date and which are in all material respects relating to the KaVo Dental Business, provided that, for the avoidance of doubt, Section 8.2 shall also apply to such acquired assets, replacements and expectancy rights (*Anwartschaftsrechte*). The Sold Assets shall exclude any of the assets and expectancy rights (*Anwartschaftsrechte*) referred to in Section 8.1 which are sold in the ordinary course of business, or destroyed or lost by an Asset Seller prior to the Closing Date, it being understood that (i) any cash proceeds or claims against third parties generated or resulting from the sale or any other form of disposal of such Sold Assets prior to the Closing Date in the ordinary course of business shall be excluded from the sale and transfer and (ii) in case of any destruction or loss of any asset or expectancy rights (*Anwartschaftsrechte*) that constitutes, or would have constituted but for such destruction or loss, a Sold Asset at the Closing Date, the Seller Parent shall assign, and shall procure that any of its Affiliates (including any Asset Seller) assigns, any claims it or they have against insurers or other third parties in connection with such destruction or loss.
- 8.6 Lists of Sold Assets. Lists of the Sold Assets as of the Signing Date (or, in respect of any Exhibit which has been prepared as of a different date, as of the date stated in the respective Exhibit) are attached hereto for information purposes as **Exhibit 8.6** (provided that only the information contained in these exhibits in Arabic or Roman numbers and/or in the English, German, French, Spanish, Italian and Portuguese language are binding). The Seller Parent shall provide to the Purchaser lists of the Sold Assets updated as per the Closing Date within thirty (30) Business Days after the Closing Date. For the avoidance of doubt, Sold Assets which (i) are included in the binding parts of such Exhibit 8.6 or the updated versions constitute in any event a "Sold Asset" (notwithstanding the abstract definition of Sold Asset) and (ii) have not been included in the binding parts of such Exhibit 8.6 or the updated versions of these Exhibits although they constitute Sold Assets under this Section 8 shall be deemed to be sold together with the other Sold Assets under this Agreement.
- 8.7 Expectancy Rights. In case that assets which fall under any of the categories set forth in Section 8.1 above (and which are not Excluded Assets) are not owned by, but are subject to an expectancy right (*Anwartschaftsrecht*) of an Asset Seller (*e.g.*, because they are subject to a retention of title (*Eigentumsvorbehalt*) by a third party), such assets shall nevertheless constitute Sold Assets. In respect of these assets, ownership shall for all purposes of this Agreement be considered replaced by the respective expectancy right (*Anwartschaftsrecht*).
- 8.8 Wrong pocket.
- 8.8.1 Unless otherwise provided in this Agreement, the TSA, the Regulatory TSA and the BLA, if the Purchaser becomes aware that any asset (other than Excluded Assets) used exclusively for the KaVo Dental Business and essential for the operation of the KaVo Dental Business remains vested in and is owned by the Seller Parent or one or more of its Affiliates after Closing (such asset a "**Further Asset**"), the Purchaser shall as soon as reasonably practicable notify the Seller

Parent in writing and the Seller Parent shall or shall cause its respective Affiliate, if requested by the Purchaser, at its sole cost (including any Taxes except where otherwise payable by the Purchaser under this agreement or resulting from the nomination under Section 8.8.4):

- (a) acknowledge the Purchaser's title to that Further Asset and hold the Further Asset at the Purchaser's direction and for the Purchaser's benefit and risk; and
- (b) within twenty (20) Business Days after the respective Purchaser or Seller Parent giving notice under this Section 8.8.1, execute all documents and take and conduct all reasonable actions and measures required to transfer the relevant Further Asset to the Purchaser, or procure that the relevant Seller Parent's Affiliate executes all documents and takes and conducts all reasonable actions and measures required to transfer the relevant Further Assets to the Purchaser.

8.8.2 Unless otherwise provided in this Agreement, the TSA, the Regulatory TSA and the BLA if the Seller Parent becomes aware that any material asset not used exclusively for the KaVo Dental Business and not properly forming part of the KaVo Dental Business has vested in and is owned by the Purchaser (such asset a "**Out of Scope Asset**"), the Seller Parent shall as soon as reasonably practicable notify the Purchaser in writing and the Purchaser shall or shall cause the respective Asset Purchaser:

- (a) to acknowledge the Seller Parent title to that Out-of-Scope Asset and hold the Out-of-Scope Asset for the Seller Parent's benefit and risk; and
- (b) within twenty (20) Business Days after the respective Purchaser or Seller Parent giving notice under this Section 8.8.2, to execute all documents and take and conduct all reasonable actions and measures required to transfer the relevant Out-of-Scope Asset to the Seller Parent, or procure that the relevant Purchaser's Affiliate executes all documents and takes and conducts all reasonable actions and measures required to transfer the relevant Out-of-Scope Assets to the Seller Parent.

8.8.3 To the extent that the Further Asset, if it had been transferred at Closing would have been reflected with a positive value in the Net Working Capital, the Purchaser shall compensate the Seller Parent for the transfer of the Further Asset to be implemented pursuant to Section 8.8.1 in an amount equal to the amount by which the Further Asset would have been reflected in the Net Working Capital. To the extent that the Out-of-Scope Asset has been reflected with a positive value in the Net Working Capital, the Seller Parent shall compensate the Purchaser for the transfer of the Out-of-Scope Asset to be implemented pursuant to Section 8.8.2 in an amount equal to the amount by which the Out-of-Scope Asset has been reflected in the Net Working Capital.

8.8.4 The Purchaser may by written notice to the Seller Parent nominate an entity related to the Purchaser to receive a Further Asset to be transferred by the Seller Parent under Section 8.8.1.

8.8.5 Any rights of the Purchaser or the Seller Parent shall terminate and this Section 8.8 shall cease to apply two (2) years after Closing.

8.9 Transfer of Title. The Seller Parent shall cause the Asset Sellers to transfer title or the expectancy rights (*Anwartschaftsrecht*), as the case may be, to the Sold Assets with *in rem* effect (*mit dinglicher Wirkung*) as of the Closing Date to the Purchaser or the relevant Asset Purchaser by virtue of the Asset Transfer Agreements. The Purchaser hereby undertakes in respect of any Sold Assets for which the Purchaser itself is the Asset Purchaser to acquire and accept the transfer, and to cause the Asset Purchasers to acquire and accept the transfer, of title, or the expectancy rights (*Anwartschaftsrecht*) (as the case may), to the other Sold Assets with *in rem* effect (*mit dinglicher Wirkung*) as of the Closing Date by virtue of the Asset Transfer Agreements.

8.10 Erroneous Payments. If after the Closing Date either the Seller Parent or any of its Affiliates (in particular any Asset Seller), as the case may be, receives any payment from a third party in respect of a Sold Asset or the Purchaser or any of its Affiliates (in particular any Asset Purchaser) receives any payments from a third party in respect of an Excluded Assets (or, in each case, would have received any such payment, but for any set-off, counterclaim or credit or similar action having been effected against that payment, as against the Seller Parent (if payment should have been received by the Purchaser or its Affiliates) or as against the relevant Purchaser or its Affiliates (if payment should have been received by the Seller Parent or its Affiliates)), as the case may be, which should, in accordance with the terms of this Agreement have been received by the other Party or its Affiliates, then the Party having received such amount shall forward any such amount which it has erroneously received to the other Party.

9 **Assumed Liabilities / Assumed Securities**

9.1 Assumed Liabilities. Upon the terms and subject to the conditions set forth in this Agreement, the Purchaser agrees to assume or to cause an Asset Purchaser to assume under full discharge of the Seller Parent and Asset Sellers (*mit schuldbefreiender Wirkung*), in each case except as otherwise provided in Sections 9.2 through 9.5 below and with economic effect (*mit wirtschaftlicher Wirkung*) as of the Closing Date, all obligations and liabilities which have been or will be incurred by the Seller Parent or an Asset Seller up to and including the Closing Date and (i) which relate exclusively to the KaVo Dental Business or any Sold Assets and (ii) which are outstanding or pending on the Closing (including intragroup and intracompany liabilities), irrespective of whether such obligations or liabilities are due or not due, absolute or contingent, conditional or unconditional or whether they are known or unknown, unless they constitute Excluded Liabilities (as defined in Section 9.2) (the "**Assumed Liabilities**"). Without limiting the generality of the foregoing, the Assumed Liabilities shall in particular include:

- 9.1.1 accounts payable arising from deliveries and services received (*Verbindlichkeiten aus Lieferungen und Leistungen*) exclusively relating to the KaVo Dental Business, and if not exclusively relating to the KaVo Dental Business, the portion of such accounts payable exclusively relating to the KaVo Dental Business up to and including the Closing Date (including intragroup and intracompany trade payables and/or liabilities);
- 9.1.2 liabilities resulting from or otherwise relating to the Assumed Agreements;
- 9.1.3 liabilities resulting from or otherwise relating to the Sold Assets (including any warranty or product liabilities resulting from the conduct of the KaVo Dental Business);
- 9.1.4 liabilities vis-à-vis or otherwise relating to the Transferred Employees (as defined in Section 11.1.2); and
- 9.1.5 liabilities comprised in the Net Working Capital (as defined in Section 12.2.3).
- 9.2 Excluded Liabilities. The following liabilities shall not be included in the Assumed Liabilities, unless comprised in the Net Working Capital (as defined in Section 12.2.3) (the "**Excluded Liabilities**"):
- 9.2.1 interest bearing financial indebtedness owed by any Asset Seller to banks, other credit institutions, other third-party lenders or the Seller Parent or any Seller Parent's Affiliate;
- 9.2.2 liabilities for any Taxes (including any Taxes resulting from any Tax Proceeding) attributable to the period up to and including the Closing Date in relation to the KaVo Dental Business and, without prejudice to Sections 12.3, 12.4, 22.3.1(c) and 30.3, any Taxes triggered by the sale and transfer of the Sold Assets;
- 9.2.3 liabilities vis-à-vis former employees of the Asset Sellers who are pensioners as of the Closing Date; and
- 9.2.4 intercompany financing payables.
- 9.3 Assumption. The assumption of the Assumed Liabilities shall be effected on the Scheduled Closing Date with economic effect (*mit wirtschaftlicher Wirkung*) and *in rem* effect (*mit dinglicher Wirkung*) as of the Closing Date by virtue of execution of the relevant Asset Transfer Agreements by the Purchaser or an Asset Purchaser. The assumption of Assumed Liabilities by an Asset Purchaser under an Asset Transfer Agreement shall be without prejudice to the joint and several liability (*gesamtschuldnerische Haftung*) of the Purchaser and the respective Asset Purchaser for such Asset Purchaser's liabilities pursuant to Section 7.2.
- 9.4 Third-party Consent. If and to the extent that the assumption of Assumed Liabilities with full discharge of the original debtor requires the consent of the respective third-party creditor, the Purchaser shall use, or shall cause the respective Asset Purchaser to use, best

efforts to obtain such consent, whereby external costs and expenses for third-party advisors assisting with obtaining such consents if and to the extent reasonably occurred and documented to achieve the consent of the third-party-creditor shall be borne equally by the Seller Parent and the Purchaser, provided that the aggregate of all costs and expenses to be borne by the Seller Parent shall not exceed USD 50,000.00. The Parties shall keep each other reasonably informed about these efforts and about the status of the discussions with the respective third-party creditor. For as long as the consent to an assumption of an Assumed Liability is not obtained, the Purchaser agrees to assume the Assumed Liabilities, as an additional debtor (*Schuldbeitritt*) with economic effect (*mit wirtschaftlicher Wirkung*) and *in rem* effect (*mit dinglicher Wirkung*) as of the Closing Date and agrees to indemnify and hold harmless the Seller Parent, the Seller Parent's Affiliates and Asset Sellers from such Assumed Liabilities (including, for the avoidance of doubt, any liabilities and obligations resulting from such Assumed Liabilities, in particular interest accruing thereon). Without prejudice to the foregoing, Seller Parent or the respective Asset Seller shall be entitled, but for the avoidance of doubt not be obliged, to fulfill the respective Assumed Liability for the account of the respective Asset Purchaser.

9.5 Transferred Litigation. To the extent any of the Assumed Liabilities is subject to an ongoing litigation ("**Transferred Litigation**"), in particular the liabilities relating to the litigations listed in Schedule 19.16, the Purchaser shall use best efforts to effect the replacement of the Seller Parent or its relevant Affiliate as party in each Transferred Litigation with applicable Law ("**Replacement of Party**"). Until (and including) the date of the Replacement of Party has taken effect in relevant Transferred Litigation, (i) the Seller Parent or its relevant Affiliate (as the case may be) shall continue to participate in the Transferred Litigation in their own name, (ii) the Purchaser shall bear all internal and external costs and expenses resulting from such Transferred Litigation including reasonable attorney's fees and (iii) the Seller Parent shall follow any instructions of the Purchaser, including instructions to withdraw and settle the Transferred Litigation, which are notified in writing to the Seller Parent reasonably in advance of any deadlines or other time limitations.

9.6 Assumed Securities. The Seller Parent, the Seller Parent's Affiliates and certain third parties (i) have, prior to the Signing Date, provided securities in favor of the KaVo Dental Business, such as bank guarantees, sureties, comfort letters and performance and warranty bonds attached hereto as **Exhibit 9.6** and (ii) may, between the Signing Date and the Closing Date, provide such securities in favor of the KaVo Dental Business if so required in the ordinary course of business (the "**Assumed Securities**").

9.6.1 The Purchaser and the Seller Parent shall use reasonable commercial efforts to ensure that the Assumed Securities are replaced with guarantees of the Purchaser thereby fully releasing the Seller Parent and the Seller Parent's Affiliates from any liabilities thereunder and that any deeds or instruments evidencing the Assumed Securities shall be returned to the Seller Parent, in each case by the Scheduled Closing Date; and

9.6.2 to the extent such replacement in accordance with Section 9.6.1 is not implemented at Closing, provide a back to back guarantee from a first class

international bank to the Seller Parent payable on first demand and in an appropriate amount, but in no event exceeding an amount of USD 500,000.00 in the aggregate, in order to secure any amounts drawn by third parties under the Assumed Securities.

9.7 Erroneous Payments. If after the Closing Date either the Seller Parent or any other Asset Seller, as the case may be, erroneously makes any payments to satisfy any Assumed Liabilities which should, in accordance with the terms of this Agreement have been paid by the Purchaser or an Asset Purchaser, then the Purchaser shall reimburse the Seller Parent or the Asset Seller to the extent the respective Assumed Liability is reduced as a result of such payment, as the case may be, any such amounts which it has erroneously paid. If after the Closing Date either the Purchaser or any other Asset Purchaser, as the case may be, erroneously makes any payments to satisfy any liability of Seller Parent or any Asset Seller which should, in accordance with the terms of this Agreement have been paid by the Seller Parent or an Asset Seller, then the Seller Parent shall reimburse the Purchaser or the Asset Purchaser, as the case may be, any such amounts which it has erroneously paid to the extent the respective liability of Seller Parent or any Asset Seller is reduced as a result of such payment.

10 Assumed Agreements

10.1 Assumed Agreements. Upon the terms and subject to the conditions set forth in this Agreement, the Purchaser agrees to assume or to cause an Asset Purchaser to assume under full discharge of the Seller Parent and Asset Sellers (*im Wege der Vertragsübernahme mit schuldbefreiender Wirkung*), in each case except as otherwise provided in Sections 10.2 through 10.9 below and with economic effect (*mit wirtschaftlicher Wirkung*) as of the Closing Date all contracts, agreements, outstanding orders and other contractual offers or contractual relationships entered into, made or received by an Asset Seller with, from or to any third party (including the Seller Parent or the Seller Parent's Affiliates) which exist on the Closing Date and relate exclusively to the KaVo Dental Business or the Business Employees, whether made in written, electronic or oral form and are not solely entered into or existing with any of the Sold Companies (the "**Assumed Agreements**"). Agreements relating to the Business Employees are exclusively addressed in Section 11.

10.2 Certain Assumed Agreements. In particular and without any limitation, the Assumed Agreements shall include the following types of agreements:

- 10.2.1 agreements with sales representatives, agents, dealers or other distributors;
- 10.2.2 agreements relating to deliveries or services from suppliers;
- 10.2.3 agreements relating to the provision of deliveries or services to customers;
- 10.2.4 agreements relating to the lease of real estate and premises as listed in **Exhibit 10.2.4**;

- 10.2.5 agreements relating to the lease of vehicles or other equipment of the Asset Sellers; and
- 10.2.6 cooperation agreements.
- 10.3 Excluded Agreements. The following agreements of any Asset Seller shall not be included in the Assumed Agreements, even if they fall within one of the categories set forth in Section 10.1 (the "**Excluded Agreements**"):
- 10.3.1 agreements with banks, other credit institutions or other third-party lenders;
- 10.3.2 insurance agreements; and
- 10.3.3 agreements (other than agreements pursuant to Section 10.3.1 or 10.3.2) which pertain in part to the KaVo Dental Business or the Business Employees and in part to any other business unit or other business activities of the Seller Parent or the Seller Parent's Affiliates (the "**Shared Agreements**").
- 10.4 Lists of Agreements. Lists of the Assumed Agreements as of the Signing Date (or, to the extent a different preparation date is mentioned for a list, as of the date stated for such list in the Exhibit) are attached hereto as **Exhibit 10.4**. The Seller Parent shall provide to the Purchaser lists of the Assumed Agreements updated as per the Closing Date within thirty (30) Business Days after the Closing Date. For the avoidance of doubt, Assumed Agreements which have not been included in such Exhibit 10.4 or the updated version of such Exhibit although they constitute Assumed Agreements under this Section 10 shall be deemed part of the Purchaser's obligation to assume such contracts together with the other Assumed Agreements under this Agreement; provided, however, that Purchaser shall not be obligated to assume any agreement that has not been notified to Purchaser prior to the expiry of twelve (12) months from the Closing Date.
- 10.5 Changes of Assumed Agreements. The Assumed Agreements shall include all agreements, contracts, outstanding orders and other contractual offers or contractual relationships listed in Section 10.2 and Section 10.3, which will be newly concluded by an Asset Seller up to and including the Closing Date. If any agreement that qualifies as an Assumed Agreement was entered into in breach of the Interim Covenants (as defined in Section 20.1.2) such breach shall not affect such qualification and any rights of the Purchaser resulting from the breach of the Interim Covenants shall not be affected by the assumption of such agreement. The Assumed Agreements shall exclude any agreements, contracts, outstanding orders and other contractual offers or contractual relationships referred to in Section 10.1 which (i) are terminated by an Asset Seller or (ii) have expired prior to the Closing Date without breach of the Seller Parent's Covenants contained in Section 20 below.
- 10.6 Assumption. The assumption of the Assumed Agreements shall be effected with economic effect (*mit wirtschaftlicher Wirkung*) and *in rem* effect (*mit dinglicher Wirkung*) as of the Closing Date by virtue of execution of the relevant Asset Transfer Agreements on the Scheduled Closing Date by the Purchaser or an Asset Purchaser. The assumption of Assumed Agreements by an Asset Purchaser under an Asset Transfer Agreement shall be

without prejudice to the joint and several liability (*gesamtschuldnerische Haftung*) of the Purchaser for such Asset Purchaser's liabilities pursuant to Section 7.2.

- 10.7 Third-party Consent. With respect to the assumption of the Assumed Agreements, the Purchaser shall request, or cause the relevant Asset Purchaser to which an Assumed Agreement shall be transferred pursuant to the applicable Asset Transfer Agreement to request, immediately after the Closing Date the respective third party to such Assumed Agreement to give its consent to the assumption thereof by the respective Asset Purchaser, to the extent such explicit third party consent is required or practically desired, whereby external costs and expenses for third-party advisors assisting with obtaining such consents if and to the extent reasonably occurred and documented to achieve the consent of the third party shall be borne equally by the Seller Parent and the Purchaser, provided that the aggregate of all costs and expenses to be borne by the Seller Parent shall not exceed USD 50,000.00. The Purchaser shall use, and shall cause the relevant Asset Purchaser, as the case may be, to use, best efforts to obtain express or implied consent and shall keep the Seller Parent reasonably informed about these efforts and the status of the discussions with the respective third party. The Seller Parent shall fully cooperate with the Purchaser in respect of obtaining such third-party consents and shall provide such assistance and information as the Purchaser reasonably requires or requests to obtain such consent. If the third party makes its consent dependent on the acceptance of conditions (including changes to the respective Assumed Agreement) which are not materially disadvantageous to the Purchaser, Asset Purchaser and its other Affiliates, the Purchaser shall accept and implement, and/or shall cause the respective Asset Purchaser or other Purchaser's Affiliates to which the condition of the third party relates to accept and implement, these conditions. If the consent of the third party is denied, unreasonably delayed or offered only under conditions which are materially disadvantageous, the Parties shall inform each other without undue delay (*unverzüglich*). In this case, the respective Asset Seller shall, in respect of the external relationship (*im Außenverhältnis*), remain the party to the relevant Assumed Agreement, but shall, in respect of the internal relationship (*im Innenverhältnis*) with the respective Asset Purchaser, continue to hold the relevant Assumed Agreement and, to the extent possible, to perform the rights and obligations under the relevant Assumed Agreement as trustee, in accordance with the respective Purchaser's or Asset Purchaser's reasonable instructions, and for the account of the respective Asset Purchaser. To the extent possible, the Seller Parent will fulfill, or cause the relevant Asset Seller to fulfill, the respective Assumed Agreement internally (*im Innenverhältnis*) for the account of the relevant Asset Purchaser, and the Seller Parent shall put the respective Asset Purchaser, and the Purchaser shall put the respective Asset Seller, economically into the position in which they would be if the assumption of the Assumed Agreement had become effective as of the Closing Date. If and when it is for the respective Asset Seller not, or no longer, legally or factually possible (*rechtliche oder tatsächliche Unmöglichkeit*) to perform the relevant Assumed Agreement, it shall be entitled to terminate such agreement, taking into account the Purchaser's reasonable interests (in particular with respect to the legal way of termination, *e.g.* by way of termination for cause or ordinary termination), without any further obligation or liability to the Purchaser or the respective Asset Purchaser. At the request of the Seller Parent or the respective Asset Seller, the Purchaser shall perform, and shall cause the respective Asset Purchaser to perform, the respective Assumed Agreement

vis-à-vis the third party as a subcontractor. To the extent that such subcontracting is not permitted by law or contractually precluded, the Parties shall agree in good faith on how the obligations under the respective Assumed Agreement can be fulfilled. For as long as the consent to an assumption of an Assumed Agreement is not obtained, the Purchaser agrees to indemnify and hold harmless the Seller Parent, the Seller Parent's Affiliates and Asset Sellers in accordance with Section 25.2 below from all risk, liabilities and obligations arising from such Assumed Liabilities.

- 10.8 Erroneous Payments. If after the Closing Date either the Seller Parent or any other Asset Seller, as the case may be, receives any amounts under the Assumed Agreements or the Purchaser or any Asset Purchaser receives any amounts under the Excluded Agreements (including the Shared Agreements), as the case may be, which should, in accordance with the terms of this Agreement have been paid to the other Party or its Affiliates, then the Party having received such amount shall forward any such amount which it has erroneously received to the other Party. Section 9.7 shall apply *mutatis mutandis* to any payments mistakenly made by the Seller Parent or any other Asset Seller on the one hand or the Purchaser or any Asset Purchaser on the other hand under the Assumed Agreements or Shared Agreements after the Closing Date.
- 10.9 Shared Agreements. In respect of the Shared Agreements with a value of more than USD 100,000.00 for the KaVo Dental Business and in respect of any other Shared Agreement with a value below such threshold that the Purchaser reasonably requests (the "**Relevant Shared Agreements**"), the Parties shall use commercially reasonable efforts to procure (*steht dafür ein*) that the respective third parties consent in writing to a split of such Relevant Shared Agreements to the effect that any deliveries or services provided exclusively by or to the Asset Sellers shall be carved out of the respective Relevant Shared Agreements and shall become the subject matter of separate agreements to be entered into between the respective third parties and the Purchaser or the respective Asset Purchaser, as the case may be, at equivalent terms and conditions. Unless and until a third party gives its consent and the split of the Relevant Shared Agreement becomes effective, the respective Relevant Shared Agreement shall remain with the respective Asset Seller in its entirety. If and to the extent that such Relevant Shared Agreement relates to deliveries or services provided by or to an Asset Seller, to the extent possible the Seller Parent shall cause the respective Asset Seller to perform such Relevant Shared Agreement for the account of the Purchaser or the respective Asset Purchaser and the Purchaser shall make, and shall cause the respective Asset Purchasers to make, such deliveries and other performances as are necessary to duly fulfill the Relevant Shared Agreements with respect to the relevant Asset Seller. Section 10.8 shall apply *mutatis mutandis*. This Section 10.9 shall apply *mutatis mutandis* to any customer contracts that are held by a Sold Company and which also relate to a business of the Seller Parent other than the KaVo Dental Business.
- 10.10 Governmental Contracts. If and to the extent a Shared Agreement which has been entered into with a Governmental Authority cannot be split pursuant to Section 10.9 (the "**Shared Governmental Contract**"), (i) the respective Asset Seller shall, in respect of the external relationship (*im Außenverhältnis*), remain the party to such Shared Governmental Agreement and (ii) this Asset Seller and the Purchaser shall, to the extent legally permissible

under the Shared Governmental Contract, enter into a subcontracting agreement under which the Purchaser shall provide the relevant products or services relating to the KaVo Dental Business which are owed under the Shared Governmental Contract as a subcontractor to the relevant Asset Seller at reasonable terms and conditions negotiated in good faith. The preceding sentence shall apply *mutatis mutandis* to any agreement according to the last sentence of Section 10.9, in which case (i) the Sold Company shall remain the party to the Shared Governmental Agreement and (ii) the Seller Parent (or any of its subsidiaries) and the Sold Company shall, to the extent legally permissible under the Shared Governmental Contract, enter into a subcontracting agreement under which the Seller Parent (or any of its subsidiaries) shall provide the relevant products or services not relating to the KaVo Dental Business which are owed under the Shared Governmental Contract as a subcontractor to the relevant Sold Company at reasonable terms and conditions negotiated in good faith.

11 Transfer of Employees

11.1 Defined Terms.

11.1.1 "**Transfer Regulations**" shall mean the legislation, regulation, enactment, agreement or other instrument implementing the provisions of EC Directive No. 2001/23 dated 12 March 2001, or similar legislation in other jurisdictions outside of the European Union.

11.1.2 "**Transferred Employees**" shall mean Business Employees who commence employment with the Purchaser or an Affiliate of the Purchaser as of the Closing Date or a date thereafter in accordance with the terms of this Agreement.

11.2 Business Employees. As of the Signing Date (or, in respect of any Exhibits which have been prepared as of a different date, as of the date stated in the respective Exhibit) the Sold Business comprises exclusively the employees (including apprentices, part-time employees, temporarily-employed staff and any dormant employment agreements) of the Asset Sellers and Sold Companies listed in an anonymized form in **Exhibit 11.2** (collectively, the "**Business Employees**").

11.3 Changes until the Closing Date. Employees who are on the Closing Date for any reason no longer employed by an Asset Seller or a Sold Company shall not constitute Business Employees. Employees newly hired within the ordinary course of business by an Asset Seller or a Sold Company until the Closing Date who are in all material respects relating to the KaVo Dental Business shall constitute Transferred Employees. The Parties shall update Exhibit 11.2 as soon as reasonably practicable to reflect the changes that may occur until the Closing Date.

11.4 Employees of the Sold Companies. Business Employees employed by the Sold Companies will continue to be employed by such Sold Companies after Closing and the Seller Parent shall ensure that, as of the Closing Date, only Business Employees (subject to changes according to Section 11.3) will be employed by the Sold Companies.

11.5 Non-Automatic Transferring Employees. The following provisions shall apply to any Business Employee not employed by the Sold Companies or who will not automatically transfer to the Purchaser or any Asset Purchaser on or before the Closing Date by operation of the relevant local law (such as a transfer in accordance with the Transfer Regulations) in connection with or as a result of the transactions contemplated by this Agreement (the "**Non-Automatic Transferring Employees**"). In order to effect such transfers, the Purchaser shall, or shall cause the respective Asset Purchasers to, extend to the respective Non-Automatic Transferring Employees no less than thirty (30) days before the Closing Date individual offers of employment, subject to Closing and to take effect upon the Closing Date, that provide for:

11.5.1 salary, wages, cash incentive compensation opportunities, cash bonus opportunities and other material terms of employment that are, individually no less than as required by applicable law, and in the aggregate not less favorable to the Non-Automatic Transferring Employees than their current terms of employment;

11.5.2 a work location that will not make any Non-Automatic Transferring Employee's commute fifty (50) km longer than his or her commute immediately prior to the Closing Date; and

11.5.3 employee benefits having a comparable aggregate value (including tax qualified and non-tax qualified defined benefit pension plans) as were provided to such Non-Automatic Transferring Employee immediately prior to the Closing Date, provided that for purposes of this covenant, stock options and other equity awards shall be disregarded;

(collectively, the "**Employment Terms**").

The offers of employment to the Non-Automatic Transferring Employees must provide that the respective Non-Automatic Transferring Employee's period of continuous service with the Seller Parent or one of its Affiliates (including any additional service time recognized by the Seller Parent or its Affiliate immediately prior to the Closing Date and the years of service with any legal predecessor) shall be counted as continuous service with the Purchaser or, as the case may be, an Asset Purchaser, except (i) in relation to any tax qualified or non-tax qualified defined benefit pension plans, (ii) where doing so would result in a duplication of benefits or (iii) it is prohibited by local laws, and such Employment Terms must, without prejudice to the Purchaser's or the Asset Purchaser's right to terminate the employment of any Transferred Employee's employment, remain in effect for at least twelve (12) months following the Closing Date. To the extent legally permitted, the Seller Parent shall provide, and shall cause the respective Asset Sellers to provide, the Purchaser or the respective Asset Purchasers with reasonable access to the respective Business Employees for the purpose of extending and explaining the offers of employment. The Seller Parent shall use reasonable efforts to assist the Purchaser if the cooperation or information of third parties (*e.g.* governmental authorities) is necessary or expedient with regard to the aforementioned offers.

11.6 Automatic Transferring Employees. The following provisions shall apply to any Business Employee who will be transferred to the Purchaser or any Asset Purchaser on or before the Closing Date by operation of the relevant local law (such as a transfer in accordance with the Transfer Regulations) in connection with or as a result of the transactions contemplated by this Agreement (the "**Automatic Transferring Employees**"):

11.6.1 In respect of each Automatic Transferring Employee, the Purchaser or relevant Asset Purchaser shall, with effect from the moment of transfer and, without prejudice to the Purchaser's or any Asset Purchaser's right to terminate the employment of any Transferred Employee, for at least twelve (12) months from the Closing Date, or as otherwise required by law, if longer:

- (a) employ, on terms as required under the Transfer Regulations, and in any event in the aggregate no less favorable than the Employment Terms, and be liable for (and the Purchaser shall indemnify the Seller Parent and each relevant other Affiliate of the Seller Parent for and against) all employment costs and all employment liabilities as from the Closing Date (whether arising prior, on or after the Closing Date), save that the Seller Parent shall indemnify the Purchaser against all employment costs and all employment liabilities related to or arising from any failure by Seller Parent or any of its Affiliates to comply with its or their obligations arising under the Transfer Regulations in connection with or as a result of the transactions contemplated by this Agreement; and
- (b) count his or her period of continuous service with the Seller Parent or its Affiliates (and the years of service with any legal predecessor) as continuous service with the Purchaser or, as the case may be, such relevant Asset Purchaser, except (i) in relation to any tax qualified or non-tax qualified defined benefit pension plans, (ii) where doing so would result in a duplication of benefits or (iii) it is prohibited by local law.

11.6.2 Notification, Information and Consultation Obligations. If and to the extent that the laws applicable to an Asset Seller require that in connection with the transfer of any asset by an Asset Seller to an Asset Purchaser either the Asset Seller or the Asset Purchaser provides a notification or certain information to the employees (including the works council, a union or another body of employee representation) or a consultation with the employees (including the works council, a union or another body of employee representation), the Seller Parent shall cause the relevant Asset Seller, and the Purchaser shall cause the relevant Asset Purchaser, to duly and timely provide such notification or information or conduct such consultation. If and to the extent that the Purchaser has failed to duly comply with this obligation and such failure to comply has prevented the transfer of the relevant Transferred Employees to the relevant Asset Purchaser or delayed such transfer beyond the Closing Date or has resulted in any fines against or other liabilities of the Seller Parent or any Asset Seller, the Purchaser shall indemnify the Seller

Parent and the relevant Asset Seller in accordance with Section 25.2 below against all obligations and costs resulting from or associated with the continued employment of the respective Transferred Employee with the relevant Asset Seller beyond the Closing Date (including, without limitation, salary, bonus, pensions, other benefits and social security contributions) and the termination of such employment (including reasonable severance payments and attorney fees) and from all such fines or other liabilities resulting from the failure to duly notify, inform or consult. To the extent legally possible, the Seller Parent undertakes to terminate the employment of the respective Transferred Employees at the next possible point in time.

11.6.3 Employees not Transferred or Objecting Employees.

- (a) If an Automatic Transferring Employee claims or is found not to transfer or not to have transferred to the Purchaser or an Asset Purchaser or objects to such transfer, the Seller Parent and the Purchaser shall notify each other as soon as reasonably practicable after becoming aware thereof and the Purchaser or relevant Asset Purchaser shall, in consultation with and cooperation from the Seller Parent, within twenty (20) Business Days following such notification, make to each such Automatic Transferring Employee an offer in writing to employ him or her under a new contract of employment no less favorable in the aggregate than consistent with the Employment Terms and otherwise consistent with the Employment Terms to take effect immediately (and at the earliest on the Closing Date).
- (b) If the Automatic Transferring Employee accepts the offer made under Section 11.6.3(a), the Seller Parent or the relevant Affiliate will inform the Automatic Transferring Employee that, subject to the Closing occurring, his or her employment with the relevant Affiliate of Seller Parent will terminate without notice or severance being due as from the Closing Date and the Purchaser or the relevant Asset Purchaser will employ him or her and be liable for (and the Purchaser shall indemnify the Seller Parent and its Affiliates for and against) all employment costs and employment liabilities as from the transfer date, save that the Seller Parent shall indemnify and keep indemnified the Purchaser and Asset Purchasers against all employment costs and employment liabilities related to or arising from any failure by the Seller Parent or its Affiliates to comply with its or their obligations arising under the Transfer Regulations in connection with or as a result of the transactions contemplated by this Agreement.

11.7 Unintended Transfer of Employees. If any person who is not a Business Employee claims and is found or alleged to be employed by the Purchaser or any Asset Purchaser on or after the Closing Date as a result of the transactions contemplated by this Agreement (including

by operation of the relevant local law), the Purchaser shall inform the Seller Parent as soon as reasonably practicable after becoming aware thereof and:

11.7.1 The Seller Parent shall, in consultation with the Purchaser, within twenty (20) Business Days of being informed of such finding, cause the relevant Affiliate of the Seller Parent to make an offer of employment to such person for the same position and in the same location and otherwise for the same terms and conditions as the person's employment contract with the Affiliate of the Seller Parent in existence immediately prior to the Closing Date, taking effect upon termination of the existing employment contract of such person; and

11.7.2 The Purchaser or the relevant Asset Purchaser shall terminate the existing employment contract of such person upon the offer of employment being made under Section 11.7.1 or at any time following failure by the Seller Parent to cause the relevant Affiliate to make an offer as provided in Section 11.7.1. Any costs of termination shall be borne in equal shares by (i) Seller Parent and (ii) Purchaser or the relevant Asset Purchaser.

11.8 Inactive Employees. "**Inactive Business Employee**" shall mean any Transferred Employee, if any, who is not actively at work and is on an approved or legally required leave of absence as of the Closing Date. Within two (2) Business Days after the Closing Date, the Seller Parent shall provide the Purchaser with a true and accurate list of all Inactive Business Employees. To the extent possible under applicable law (including any applicable Transfer Regulations and any disability law), and subject to any alternative agreement between the Seller Parent and the Purchaser, no Inactive Business Employee shall be transferred to or otherwise become employed by the Purchaser or any Asset Purchaser as of the Closing Date, and any such employee's employment commencement date shall not be the Closing Date, but such Inactive Business Employee shall instead be treated as having transferred to the Purchaser or the relevant Asset Purchaser only upon his or her return to active employment, provided such Inactive Business Employee returns to active employment within twelve (12) months following the Closing Date, or by such later date as required by applicable law. The Seller Parent agrees to promptly notify the Purchaser, or to cause the Purchaser to be notified, upon receiving notice of an Inactive Business Employee's pending return to work.

11.9 Incentive Compensation. As of the Closing Date, the Purchaser shall, or shall cause the Asset Purchasers to, assume all obligations of the Seller Parent and its Affiliates to each Transferred Employee pursuant to any cash incentive or bonus program (excluding any incentive or bonus program relating to stock options or other equity awards unless otherwise stated in the Agreement) covering such Business Employee as of the Closing Date. The Purchaser shall, or shall cause the Asset Purchasers to, pay Business Employees cash incentive compensation on the same basis as in effect prior to the Closing Date for the applicable performance measurement period, which includes the Closing Date.

11.10 Vacation and Paid Time Off. During the twelve (12) month period following the Closing Date, the Purchaser shall, or shall cause the Asset Purchasers to, provide vacation and other paid time off benefits to the Transferred Employees that are at least as favorable as those

provided to the Transferred Employees under the applicable vacation and other paid time off program of the Seller Parent or its Affiliates (including any Sold Company) immediately prior to the Closing Date, and the Purchaser and the Asset Purchasers shall honor all accrued and unused vacation and paid time off any of the Business Employees have as of the Closing Date, unless otherwise prohibited by applicable law.

- 11.11 Severance Benefits. The Purchaser shall, or shall cause the Asset Purchasers to, provide severance benefits to any Transferred Employee who is laid off or terminated by the Purchaser or an Asset Purchaser or any other Affiliate during the twelve (12) month period following the Closing Date in an amount that is at least equal to the severance benefits that the Transferred Employee would have been entitled to pursuant to the terms of any severance plan or practice that applied to such Transferred Employee immediately prior to the Closing Date.
- 11.12 Objecting or Non-accepting Employees. In case that (i) a Business Employee objects against the transfer of the employment to the respective Asset Purchaser (whether within or after the one (1) month period under Section 613a German Civil Code or any other period as applicable in the relevant jurisdiction) or (ii) a Business Employee does not accept by the Closing Date an offer of employment extended by an Asset Purchaser in compliance with Section 11.5, such Business Employee will remain an employee of the Seller Parent and its Affiliates and, in case the Seller Parent or its Affiliates, as applicable, decide to terminate such Business Employee, all costs resulting from the termination of such objecting or non-accepting Business Employee's employment (including any notice pay or severance payments and attorney fees) by the Seller Parent or its Affiliates, shall be borne in equal shares by (i) the Seller Parent and (ii) the Purchaser or the relevant Asset Purchaser.
- 11.13 U.S. Parent Plans
- 11.13.1 Definition. "**U.S. Parent Plan**" shall mean any employee benefit plan that is sponsored or maintained by the Seller Parent for the benefit of the Seller Parent's or any of its Affiliates' employees employed in the United States of America.
- 11.13.2 No Assumption or Transfer of U.S. Parent Plans. Except as otherwise specifically provided herein, the Purchaser and the Asset Purchasers shall not assume any liabilities under or with respect to, or receive any right or interest in any trusts relating to, any assets of or any insurance, administration or other contracts pertaining to any of the U.S. Parent Plans.
- 11.13.3 Participation in U.S. Parent Plans. Except as otherwise specifically provided herein, all Transferred Employees employed in the United States of America (each, a "**U.S. Transferred Employee**") will cease, effective as of the Closing Date, any participation in and any benefit accrual under each of the U.S. Parent Plans, except as required by applicable law. Notwithstanding the foregoing provisions of Section 11.13.2, U.S. Transferred Employees may continue after the Closing Date to participate in accordance with, and subject to, their eligibility under the terms of the applicable U.S. Parent Plans as in effect from time to time:

- (a) which provide health, disability, severance, worker's compensation, life insurance or similar benefits with respect to claims incurred by the U.S. Transferred Employees and their eligible spouses, dependents or qualified beneficiaries, as applicable, on or prior to the Closing Date;
- (b) that are pension plans with respect to accrued benefits as of the Closing Date;
- (c) with respect to outstanding stock options or other equity awards in accordance with the terms of the applicable plans; or
- (d) to the extent required by applicable law or terms of the U.S. Parent Plans.

11.14 COBRA. Consistent with the Purchaser's assumption of all post-closing benefits, following the Closing Date, the Purchaser shall assume all liabilities to provide continued health coverage in accordance with Section 4980B of the Internal Revenue Code of 1986, as amended and Title I, Subtitle B, Part 6 of ERISA ("**COBRA**") to the qualified beneficiaries of U.S. Transferred Employees who experience a qualifying event after the Closing Date and who elect the coverage offered by the Purchaser, including all liabilities with respect to all health claims incurred on or after the Closing Date.

11.15 Tax-Qualified Defined Contribution Plan. Effective as of the Closing Date, each Transferred Employee shall become fully vested in his or her account balance in the Envista savings plan (the "**Company Retirement Plan**"). Effective as of the Closing Date, the Purchaser has in effect a defined contribution plan that is qualified under Section 401(a) Internal Revenue Code (IRC) and that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) Internal Revenue Code (IRC) (the "**Purchaser U.S. Retirement Plan**" or, any such plan sponsored or maintained by a professional employer organization engaged by the Purchaser, an "**Employment Agent U.S. Retirement Plan**") in which Transferred Employees who meet the eligibility criteria thereof shall be eligible to participate. The Purchaser shall use commercially reasonable efforts to cause the Purchaser U.S. Retirement Plan or an Employment Agent U.S. Retirement Plan (if applicable) to accept rollovers by Transferred Employees from the Company Retirement Plan and to cause the third-party administrators of the Purchaser U.S. Retirement Plan to accept any rollover contemplated pursuant to this Section 11.15 no later than thirty (30) days following the date that the Purchaser or such third-party administrator receives the documentation necessary to process such rollover.

11.16 Pension Commitments. Subject to applicable law, the liabilities with respect to the Transferred Employees under any plan (other than a U.S. Parent Plan) or arrangement for the provision of or contribution towards retirement benefits, including pensions, post-retirement medical benefits, deferred compensation, retirement indemnities and statutory severance payments, ("**Other Retirement Benefit Liabilities**") shall be transferred to and be assumed by the Purchaser or the relevant Asset Purchaser (or to plans or arrangements operated by either of them). If and to the extent such transfer requires the consent of any Transferred Employee, authority, trustee or other third party, the Parties shall use reasonable best efforts to obtain such consent. For the avoidance of doubt, the Purchaser shall

indemnify and hold harmless the Seller Parent against and from any claims and obligations under or in connection with the Other Retirement Benefit Liabilities in accordance with Section 25.2.

11.17 Miscellaneous.

11.17.1 Between the date of this Agreement and the Closing Date, any communications with Business Employees, whether written or oral, from the Purchaser or its Affiliates to the Business Employees, including notices or communication materials with respect to employment, compensation or benefits matters addressed in this Agreement, works council information or consultation, or related, directly or indirectly, to the transactions contemplated by this Agreement or employment by the Purchaser or any of its Affiliates, shall be subject to the prior review, comment and approval of the Seller Parent (such approval not to be unreasonably withheld, conditioned or delayed).

11.17.2 If any Business Employee requires a work visa, work permit or employment pass or other legal or regulatory approval for his or her employment with the Purchaser or its Affiliates, the Seller Parent and the Purchaser shall use reasonable efforts to cause any such visa, permit, pass or other approval to be obtained and in effect prior to the Closing Date, including but not limited to the provision of such information and assistance as the other reasonably requires.

12 Purchase Price

12.1 Purchase Price. The purchase price for the Sold Business amounts to:

12.1.1 a fixed amount of USD 425,000,000.00,

plus

12.1.2 an amount equal to the combined Cash (as defined in Section 12.2.1) of the Sold Business existing on the Closing Date,

minus

12.1.3 an amount equal to the combined Financial Debt (as defined in Section 12.2.2) of the Sold Business existing on the Closing Date,

minus

12.1.4 if any, the net amount by which the combined Net Working Capital (as defined in Section 12.2.3) of the Sold Business existing on the Closing Date falls short of USD 47,300,000.00,

plus

12.1.5 if any, the net amount by which the combined Net Working Capital (as defined in Section 12.2.3) of the Sold Business existing on the Closing Date exceeds USD 47,300,000.00,

plus

12.1.6 the amount of the PLTA Loss Compensation Claim, if any, plus any interest accrued hereon under the PLTA or mandatory law until the date of actual payment in cash;

minus

12.1.7 the amount of the PLTA Profit Transfer Claim, if any, plus any interest accrued thereon under the PLTA or mandatory law until the date of actual payment in cash;

minus

12.1.8 a fixed amount equal to USD 160,000.00 as compensation for an employee employed with KaVo Dental and transferring to the Purchaser in accordance with the terms of this Agreement, but not pertaining to the KaVo Dental Business, whose employment relationship has been terminated with an end date as of 31 January 2023,

each of the amounts in Sections 12.1.1 through 12.1.5 above as determined in accordance with Section 12.2 below on the basis of the Closing Date Statements (as defined in Section 15.1) and each of the amounts in Sections 12.1.6 and 12.1.7 as determined on the basis of the Approved PLTA Statements (the balance of the amounts calculated pursuant to Sections 12.1.1 through 12.1.8 above, the "**Purchase Price**").

12.2 Definitions.

12.2.1 "**Cash**" shall mean the balance of the financial items set forth in **Exhibit 12.2**, excluding, for the avoidance of doubt, the PLTA Loss Compensation Claim.

12.2.2 "**Financial Debt**" shall mean the balance of the financial items set forth in **Exhibit 12.2**, excluding, for the avoidance of doubt, the PLTA Profit Transfer Claim.

12.2.3 "**Net Working Capital**" shall mean the balance of the financial items set forth in **Exhibit 12.2**, in each case only to the extent not already counted as Financial Debt or Cash.

12.3 VAT. The Parties assume that the transactions contemplated by this Agreement are either not subject to VAT (as defined in Section 22.1.2), or exempt from VAT under applicable law and will treat the transactions accordingly. None of the Parties shall waive any exemption from, or opt for the payment of, VAT. However, if and to the extent that, contrary to the assumption of the Parties, any such transaction (including its consummation) is or becomes subject to VAT under applicable law, the Purchaser shall pay such VAT

amount to the Seller Parent in addition to the Purchase Price unless the reverse charge mechanism applies. In such case, the VAT amount is due for payment five (5) Business Days after the Purchaser has received an invoice that is in accordance with applicable VAT law.

- 12.4 **No Withholding Tax.** Any amounts payable by the Purchaser or the Guarantor under or in connection with this Agreement are to be made free and clear of withholding or deductions in respect of Taxes, if any, unless a withholding or deduction is required by mandatory law. If and to the extent payments by the Purchaser or the Guarantor are subject to any withholding or deductions in respect of Taxes (other than any income Taxes (*Ertragsteuern*) for which no gross-up shall be payable), the respective amounts shall be grossed up for such withholding or deduction. The Seller Parent and the Purchaser agree to use reasonable best efforts to (i) notify each other as soon as they become aware that any withholding or deductions in respect of Taxes may have to be made and (ii) cooperate with each other to mitigate any withholding or deductions in respect of Taxes (including the making of all filings required to avoid any withholding Tax on the Purchase Price or any portion thereof), in each case to the extent possible under applicable law. If the Seller Parent receives any grossed-up payment from the Purchaser or the Guarantor, the Seller Parent shall (i) use commercially reasonable efforts to claim a refund of such withholding tax or any other deduction of Taxes that has caused the gross-up and (ii) pay such refund no later than twenty (20) Business Days after receipt of such refund to the Purchaser.
- 12.5 **Treatment of Payments.** The Parties agree that any indemnity, compensation, damage or similar payment, as the case may be, made under this Agreement as an adjustment of the Purchase Price (*i.e.*, an increase or a reduction of the Purchase Price, respectively) to the extent permitted by applicable law, shall be treated by the Parties as such also for Tax purposes.

13 **Earn-out**

The Purchaser shall pay to the Seller Parent the Earn-Out Amount (as defined in **Exhibit 13**) as determined in accordance with Exhibit 13 as additional purchase price for the Sold Business. The Earn-Out Amount shall become due and payable to the Seller Parent within five (5) Business Days upon the Earn-Out Amount having become final and binding pursuant to Exhibit 13.

14 **Preliminary Purchase Price; Rules for Payment**

- 14.1 **Preliminary Purchase Price.** No later than on the tenth (10th) Business Day prior to the Scheduled Closing Date, the Seller Parent shall notify the Purchaser in writing of its estimate of the Purchase Price based on a good faith estimate of the Cash, Financial Debt, Net Working Capital and PLTA Profit Transfer Claim or PLTA Loss Compensation Claim (as applicable) positions as of the Scheduled Closing Date, and consider any reasonable comments by Purchaser upon the Seller Parent's free discretion (the amount notified after considering any reasonable comments of Purchaser, the "**Preliminary Purchase Price**"). The Preliminary Purchase Price is due and payable by the Purchaser into the Seller Parent's Account (as defined in Section 14.7) on the Scheduled Closing Date.

- 14.2 Adjustment based on the Final Closing Date Statements. If, on the basis of the Final Closing Date Statements (as defined in Section 15.4), the Purchase Price is
- 14.2.1 higher than the Preliminary Purchase Price, the Purchaser shall pay to the Seller Parent an amount equal to such excess amount,
or
- 14.2.2 lower than the Preliminary Purchase Price, the Seller Parent shall pay to the Purchaser an amount equal to such shortfall
- provided that the calculation of the Preliminary Purchase Price and the Purchase Price shall not take into account Sections 12.1.6 and 12.1.7 and an adjustment based on the Purchase Price exceeding or falling short of the Preliminary Purchase Price resulting from a deviation of the PLTA Profit Transfer Claim and/or the PLTA Loss Compensation Claim based on the Approved PLTA Statements shall only be made pursuant to Section 14.3. There shall be no double-counting in this respect.
- 14.3 Adjustment based on the Approved PLTA Statements. If, on the basis of the Approved PLTA Statements, the Purchase Price is, based on the amounts of the PLTA Profit Transfer Claim or the PLTA Loss Compensation Claim,
- 14.3.1 higher than the Preliminary Purchase Price, the Purchaser shall pay to the Seller Parent an amount equal to such excess amount,
or
- 14.3.2 lower than the Preliminary Purchase Price, the Seller Parent shall pay to the Purchaser an amount equal to such shortfall.
- 14.4 Adjustment Payment. Any amount to be paid either by the Purchaser or by the Seller Parent under Sections 14.2 and 14.3 shall be paid by the respective Party within ten (10) Business Days after the Final Closing Date Statements (as defined in Section 15.4) or the Approved PLTA Statements, as the case may be, have become final and binding upon the Parties in accordance with Section 15 into the Seller Parent's Account or into the Purchaser's Account (as defined in Section 14.7 below), as the case may be.
- 14.5 Due Date. The Preliminary Purchase Price shall be due on the Closing Date and be paid by the Purchaser in accordance with the provisions of this Section 14 and Section 17.2.1 below.
- 14.6 Modes of Payment. Except as expressly provided otherwise herein, any payments under or in connection with this Agreement shall be made in USD by irrevocable wire transfer of immediately available funds, free of bank and other charges. Any such payment shall be deemed made only upon the irrevocable and unconditional crediting of the amount payable (without deduction of any costs or charges) to the relevant bank account.
- 14.7 Accounts. All payments owed under this Agreement to any of the Parties shall be made by wire transfer to such bank account as set forth with respect to the respective Party in **Exhibit 14.7** or any other bank account notified by the relevant Party to the other Party at least ten (10) Business Days prior to such payment becoming due (the bank account so disclosed or notified for the Seller Parent, the "**Seller Parent's Account**", and for the Purchaser, the "**Purchaser's Account**").

- 14.8 No Set-Off; No Right of Retention. No Party to this Agreement shall be entitled (i) to set-off (*aufrechnen*) any rights or claims it may have against any rights or claims of another Party under or in connection with this Agreement, or (ii) to refuse to perform any obligation it may have under or in connection with this Agreement on the grounds that it has a right of retention (*Zurückbehaltungsrecht*), unless the rights or claims to be set-off (*aufrechnen*) or the right of retention (*Zurückbehaltungsrecht*) have been acknowledged (*anerkannt*) in writing by the respective other Party or have been established by a final decision (*rechtskräftig festgestellt*) of a competent court (*Gericht*) or arbitral tribunal (*Schiedsgericht*).
- 14.9 Default Interest. Except as provided otherwise herein, each of the Parties shall pay interest on any amount becoming due and payable to the other Party under this Agreement as from (and including) the respective due date until (but excluding) the day of actual payment at the rate of five per cent (5%) p.a.
- 14.10 Calculation of Interest. Interest for any amounts due under or in connection with this Agreement shall be calculated on the basis of actual days elapsed and a 365-day year.

15 Closing Date Statements

- 15.1 Closing Date Statements. The Purchaser shall procure (*steht dafür ein*) that KaVo Dental prepares after the Closing Date, and shall instruct KaVo Dental to do this within three (3) months after the Closing Date, pro-forma consolidated financial statements for the Sold Business (consisting of a statement of financial position and a statement of income) and to deliver such financial statements together with a detailed calculation of the Purchase Price and each of Cash, Net Working Capital and Financial Debt based on such financial statements and in accordance with Section 12 (collectively, the "**Closing Date Statements**") to each of the Seller Parent and Purchaser together with reasonable supporting documentation for the financial statement and the calculations. The Closing Date Statements shall be prepared in accordance with (i) the accounting principles, practices, procedures, policies and methods used in the preparation of the annual accounts of the Sold Business and (ii) to the extent consistent therewith, the GAAP in the United States of America ("**US GAAP**").
- 15.2 Assistance. Seller Parent and its advisors shall receive all necessary assistance from the Purchaser and its Affiliates and shall be given access to all relevant information, documents, books and records and accounting data which they reasonably deem necessary for reviewing the Closing Date Statements, the Revised Closing Date Statements submitted by the Purchaser or the Objections, as the case may be, provided that any review period for the Seller Parent under this Section 15 shall be tolled until adequate assistance or access is provided.
- 15.3 Revised Closing Date Statements. The calculation of the Purchase Price and each of the Cash, the Financial Debt and the Net Working Capital based on the Closing Date Statements shall become binding between the Parties to the extent that neither Seller Parent nor Purchaser within two (2) months after the receipt of the Closing Date Statements provides the Purchaser or the Seller Parent, as applicable, with (i) a written report asserting that the

Closing Date Statements received from KaVo Dental do not meet the provisions of this Agreement by way of stating specific objections to specific balance sheet items and providing supporting information to that effect and (ii) revised Closing Date Statements (the "**Revised Closing Date Statements**") prepared by the Seller Parent or Purchaser, as applicable, which shall take into account the changes that are necessary in its view. If no written objections are raised by the Purchaser or the Seller Parent within ten (10) Business Days following the delivery of the Revised Closing Date Statements by the Seller Parent to the Purchaser or vice-versa, then the Revised Closing Date Statements shall be final and binding on the Parties.

- 15.4 Neutral Auditor. If, after the Purchaser or Seller Parent, as applicable, having raised in time and due form its objections against the Revised Closing Date Statements (the "**Objections**") and the Seller Parent and the Purchaser cannot agree on the changes to the Revised Closing Date Statements, within twenty (20) Business Days following the delivery of the Objections, each of the Parties shall be entitled unilaterally to request from a neutral auditor (the "**Neutral Auditor**") to determine the correct amount of the Purchase Price and each of Cash, Financial Debt and Net Working Capital, if and to the extent such positions are in dispute between the Parties. The Neutral Auditor shall be a partner of Ernst & Young German offices, or in case of conflict, be a partner of Deloitte German offices. In case such firm is also conflicted, the president of the Institute of Public Auditors in Germany (IDW) shall select the Neutral Auditor. The Neutral Auditor shall decide only on the specific line items in dispute between the Parties in accordance with the principles set out in Section 15.1 above and shall give the Seller Parent and the Purchaser adequate opportunity to present their views in writing and at a hearing or hearings to be held in the presence of the Seller Parent and the Purchaser and their advisors (for the avoidance of doubt, such meeting can also be held remotely by video conference). The final decision of the Neutral Auditor must not fall beyond or outside the position taken by the Parties. The Neutral Auditor shall give reasons for its decision and on the specific line items in dispute between the Seller Parent and the Purchaser. The costs and expenses incurred by the Neutral Auditor shall be borne by the Seller Parent and the Purchaser *pro-rata* to the amount their respective positions taken deviate from the final decision by the Neutral Auditor. The Revised Closing Date Statements as determined by the Neutral Auditor shall be final and binding on the Parties subject to Section 319 German Civil Code. The Closing Date Statements or Revised Closing Date Statements, as the case may be, that has become final and binding pursuant to this Section 15 shall herein be referred to as the "**Final Closing Date Statements**".

16 **Closing Condition**

- 16.1 Closing Condition. The obligations of the Parties to take the Closing Actions set forth in Section 17.2.1 shall be subject to the following condition precedent (*aufschiebende Bedingung*) (the "**Closing Condition**"): the applicable merger control clearance for the transactions contemplated hereunder under the merger control laws of Germany (the "**Merger Clearance**") has been obtained or is deemed to be obtained (*i.e.*, due to lapse of applicable waiting periods or due to jurisdiction having been declined by any relevant governmental authority).

16.2 Mutual Information. The Parties shall keep each other informed of the status of satisfaction of the Closing Condition and shall notify each other without undue delay (*unverzüglich*) in writing and in any case within one (1) Business Day as soon as the Closing Condition has been satisfied or finally lapsed.

16.3 Merger Control Filing.

16.3.1 Without undue delay (*unverzüglich*), but in any event no later than within twenty (20) Business Days after the Signing Date, the Purchaser, also on behalf of the other Parties, shall make, at its own costs and expenses (including all applicable fees), all filings, or where applicable draft filings, necessary for promptly obtaining the Merger Clearance (each a "**Merger Control Filing**"), provided that each such Merger Control Filing shall require the prior written approval of the Seller Parent which shall not be unreasonably withheld or delayed.

16.3.2 With regard to any Merger Control Filing or other associated filing, the Parties shall:

- (a) reasonably cooperate in all respects with each other in the preparation of any filing or draft filing and in connection with any submission, investigation or inquiry;
- (b) supply to any competent governmental authority as promptly as practicable and in any event in accordance with any applicable time limits or response deadlines any additional information requested pursuant to any applicable law and take all other actions required in order to obtain the Merger Clearance or other necessary approvals as promptly as practicable after the date of this Agreement or to cause any applicable waiting period to commence and expire;
- (c) provide each other without undue delay (*unverzüglich*) with copies (or, in the case of oral communications, advise the other Party of the contents) of any material communication or material information in connection with any proceeding and permit, to the extent permitted by the competent governmental authority and reasonably feasible, the other Party to review and discuss in advance (and to consider in good faith any comments made by the other Party in relation to) any proposed material communication to a competent governmental authority (on an outside counsel only basis to the extent such written materials contain competitively sensitive information);
- (d) contact any competent governmental authority only after consultation with the other Party, unless in relation to immaterial or solely procedural matters; and

- (e) promptly inform each other in advance of the time and place of any developments, discussions, meetings and conferences with the competent governmental authority.
- 16.3.3 Neither Party shall participate in or agree to participate in any substantive meeting, telephone call or discussion with any competent governmental authority in respect of any filings, investigation, litigation or other inquiry relating to such matters unless it consults with the other Party in advance and, to the extent permitted by the competent governmental authority and reasonably feasible, gives the other Party the opportunity to attend and participate in such meeting, telephone call or discussion. Whenever any event occurs that is required to be set forth in an amendment or supplement to any Merger Control Filing, the Purchaser shall promptly inform the Seller Parent of such occurrence and cooperate in filing with the competent governmental authority such amendment or supplement.
- 16.3.4 The Purchaser shall give the Seller Parent prompt notice of the commencement or known threat of commencement of any legal proceeding by or before any competent governmental authority with respect to the transactions contemplated hereunder, keep the other Parties informed as to the status of any such legal proceeding or threat, and in connection with any such legal proceeding, the Purchaser shall permit authorized representatives of the Seller Parent to be present at each meeting or conference relating to any such legal proceeding, to the extent permitted by the competent governmental authority, and to have access to and be consulted in connection with any material document, opinion or proposal made or submitted to any competent governmental authority in connection with any such proceeding.
- 16.3.5 If the Merger Clearance is granted only subject to obligations or conditions, commitments or other agreements required by any competent governmental authority (the "**Commitments**"), the Purchaser and the Guarantor shall and shall procure (*steht dafür ein*) that its Affiliates propose, negotiate, offer to commit, consent and effect any and all agreements and carry out all other actions necessary for the fulfillment of such Commitments, including:
- (a) the selling or otherwise disposing of, or holding separate and agreeing to sell or otherwise dispose of, assets, categories of assets or businesses of the Purchaser or its Affiliates (including the Sold Business);
 - (b) the granting by the Purchaser or its Affiliates (including the Sold Business) of licenses to third parties;
 - (c) the terminating of existing relationships, contractual rights or obligations of the Purchaser or its Affiliates (including the Sold Business);
 - (d) the creation of any relationship, contractual rights or obligations, including terminating any transaction that might reasonably be expected

to make it more difficult or to materially increase the time required to obtain the Merger Clearance, of the Purchaser or its Affiliates; or

- (e) all other steps necessary to ensure that no competent governmental authority issues any order, decision, judgment, decree, ruling, injunction (preliminary or permanent), preliminarily or permanently restraining or prohibiting the consummation of the transaction contemplated hereunder, or to ensure that no competent governmental authority with the authority to clear, authorize, or otherwise approve the consummation of the transactions contemplated hereunder, fails to do so by the Longstop Date (as defined in Section 18.1.2(a)).

In the event that any action is threatened or instituted challenging the transaction, Purchaser and the Guarantor shall and shall procure (*steht dafür ein*) that its Affiliates contest (including by way of litigation) any decision, order, decree, complaint, injunction or other impediment or restriction which impedes or threatens to impede the Closing or the transactions contemplated hereunder; provided, however, that such litigation in no way limits the obligation of the Purchaser or the Guarantor to take any and all steps necessary, to eliminate each and every impediment under any antitrust, competition or trade regulation law by way of Commitments, to close the transactions contemplated hereunder prior to the Longstop Date.

- 16.3.6 Purchaser and the Guarantor shall not and shall procure (*steht dafür ein*) that none of its Affiliates enter into any transaction or any agreement relating to any transaction that might reasonably be expected to make it more difficult or to materially increase the time required to obtain Merger Clearance or any other governmental approvals.

17 Closing

- 17.1 Place and Time. The consummation (*Vollzug*) of the transactions contemplated under this Agreement (the "**Closing**") shall occur on the Scheduled Closing Date at the offices of Kirkland & Ellis International LLP in Munich, or at any other place as the Seller Parent and Purchaser may mutually agree after the Signing Date.

17.2 Closing.

- 17.2.1 Closing Actions. On the Scheduled Closing Date, the Parties shall, concurrently (*Zug um Zug*), take the following actions (the "**Closing Actions**"):
 - (a) payment by the Purchaser of the Preliminary Purchase Price into the Seller Parent's Account;
 - (b) Seller Parent shall procure execution of the Share Transfer Agreements by the Share Sellers, and Purchaser shall procure execution of the Share Transfer Agreements by the Share Purchasers;

- (c) Seller Parent shall procure execution of the Asset Transfer Agreements by the Asset Sellers, and Purchaser shall procure execution of the Asset Transfer Agreements by the Asset Purchasers;
- (d) the Seller Parent and the Purchaser shall execute the TSA (as defined in Section 20.3 below);
- (e) the Seller Parent and the Purchaser shall execute the Regulatory TSA (as defined in Section 20.3 below); and
- (f) the Seller Parent and the Purchaser shall execute the brand license agreement (as attached as **Exhibit 17.2.1(f)**) (the "**Brand License Agreement**").

17.2.2 Waiver. All Closing Actions may be waived, in full or in part, at any time by mutual written agreement of the Parties. The effect of such waiver shall be limited to eliminating the need that the respective Closing Action is to be taken on the Scheduled Closing Date and shall not limit or prejudice any claims that a waiving Party may have with respect to any circumstances relating to such Closing Action not being taken pursuant to this Agreement.

17.2.3 Closing Confirmation. On the Scheduled Closing Date, after all Closing Actions have been taken or occurred or have been duly waived, the Parties shall confirm in a written document, to be jointly executed substantially in the form attached as **Exhibit 17.2.3** (the "**Closing Confirmation**") that (i) the Closing Condition has been duly satisfied, and (ii) all Closing Actions have been duly taken, occurred or duly waived.

17.2.4 Filing of Shareholders' List. Immediately upon occurrence of the Closing, the Seller Parent and the Purchaser shall submit to the acting notary public a joint instruction (including by email) and authorization to file with the competent commercial register an updated shareholders' list of KaVo Dental reflecting the change in the shareholder structure.

18 Termination

18.1 Termination Rights. This Agreement may be terminated with immediate effect for all Parties at any time prior to Closing:

18.1.1 by mutual written consent of the Seller Parent and the Purchaser;

18.1.2 by the Seller Parent by way of written notice to the Purchaser if

- (a) the Closing has not occurred by the date which is nine (9) months after the Signing Date (the "**Longstop Date**");
- (b) the Closing Condition has finally lapsed (*endgültig ausgefallen*); or

- (c) all or some of the Closing Actions to be taken (or to be procured to be taken) by the Purchaser have neither been taken or procured by Purchaser nor waived by the Seller Parent on the Scheduled Closing Date and also not taken, procured or waived within ten (10) Business Days after the Scheduled Closing Date; or

18.1.3 by the Purchaser by way of written notice to the Seller Parent if all or some of the Closing Actions to be taken (or to be procured to be taken) by the Seller Parent have neither been taken or procured by Seller Parent nor waived by the Purchaser on the Scheduled Closing Date and also not taken, procured or waived within ten (10) Business Days after the Scheduled Closing Date;

provided, in any event, that no Party shall be entitled to terminate this Agreement unilaterally on the basis of Sections 18.1.2 or 18.1.3 whose failure to comply with any covenant or obligation in respect of the performance of a Closing Action caused the failure of the Closing or a Closing Action to occur.

18.2 Consequences. In the event of a termination of this Agreement (*Rücktritt*) in accordance with Section 18.1, the Parties shall have no claims and incur no liability against each other except that:

18.2.1 the Purchaser shall pay to the Seller Parent on the third (3rd) Business Day after the termination a lump-sum amount of USD 25,000,000 (the "**Reverse Termination Fee**") as liquidated damages (*pauschalierter Schadensersatz*) in case of a rescission by Seller Parent pursuant to Section 18.1.2, unless, in the case of a termination pursuant to lit (a) or (b) of Section 18.1.2, the Seller Parent has not complied with its obligation to reasonably cooperate in the preparation of the Merger Control Filing in a material way and such non-compliance was the primary cause of the failure to obtain the Merger Clearance by the Longstop Date;

18.2.2 damage claims for a breach of the terms and conditions of this Agreement which occurred prior to the termination shall remain unaffected, it being understood that the Reverse Termination Fee, if paid to the Seller Parent, shall be credited against any such damage claims of the Seller Parent; and

18.2.3 Sections 26, 29 and 30 below shall survive and remain in full force and effect also after such termination.

19 Seller Parent's Warranties

19.1 General.

19.1.1 Subject to the limitations, qualifications and disclosures set forth in this Agreement, the Seller Parent hereby represents to the Purchaser by way of an independent promise of guarantee (*selbstständiges Garantieverprechen*) irrespective of fault pursuant to Section 311 para. 1 German Civil Code that the statements made in Sections 19.2 through 19.17 (the "**Seller Parent's**

Warranties") are correct as of the Signing Date and/or, if explicitly provided for, (also) as of the Closing Date. The Seller Parent's Warranties in Sections 19.2, 19.3 and 19.4 are hereinafter referred to as "**Fundamental Warranties**". The Fundamental Warranties are correct as of the Signing Date and the Closing Date. Any limitations under this Agreement which apply to the Seller Parent's Warranties as of the Signing Date shall also apply to the Seller Parent's Warranties as of the Closing Date, in particular the W&I Cap (as defined in Section 23.4).

- 19.1.2 The Seller Parent does not make any representations or warranties regarding the Sold Business other than the Seller Parent's Warranties. The Purchaser confirms that it has conducted its own due diligence investigation, among others through advisors and external counsel, with respect to the Sold Business prior to the Signing Date (the "**Due Diligence Review**"), without relying on any express or implied representations, guarantees or warranties made, given or undertaken by the Seller Parent or any of its respective directors, officers, employees, representatives, advisors and counsel in connection with this Agreement and the transactions contemplated hereunder, except for the Seller Parent's Warranties expressly provided for in this Agreement. The Seller Parent and the Purchaser acknowledge and agree that none of the Seller Parent's Warranties shall be construed as an agreement on the quality within the meaning of Section 434 para. 1 sent. 1 German Civil Code (*Beschaffensvereinbarung*) nor a guarantee within the meaning of Sections 443 and 444 German Civil Code (*Garantie für die Beschaffenheit der Sache*).
- 19.1.3 The Purchaser acknowledges and agrees that the Seller Parent does not make any representations or warranties, and that the Purchaser has not relied on nor will it make any claim against the Seller Parent, in respect of any budget, forecast, estimate or other projection of any nature (including projections of future revenues, future results of operations, future cash flows, future financial condition or future business operations (or any underlying components thereof)) of the Sold Business. Any such claims shall be expressly excluded. The Parties agree that certain Seller Parent's Warranties are, by definition, subject to uncertainty and shall serve as a mere allocation of risk between the Parties; under no circumstances shall any of the Seller Parent's Warranties be construed as an unsubstantiated statement under German law (*Erklärung ins Blaue hinein*).
- 19.1.4 "**Seller Parent's Knowledge**" shall mean the actual knowledge (*tatsächliche Kenntnis*) as of the Signing Date of the persons listed under Part A of **Exhibit 19.1.4** about the facts and circumstances relating to the Seller Parent's Warranties and any fact after due enquiry with the persons listed under Part B of **Exhibit 19.1.4**, conducted with such persons prior to the Signing Date but excluding any attribution of knowledge.
- 19.1.5 "**Material Adverse Effect**" shall mean any change or effect that is, or could reasonably be expected to be, in the individual case materially adverse to the net assets (*Vermögenslage*), financial position (*Finanzlage*) and/or results of operation

(Ertragslage) of the Sold Business and results in Losses (as defined in Section 21.2) of the Sold Business in excess of EUR 500,000.00 in the aggregate. For the avoidance of doubt, the threshold amount for the Material Adverse Effect shall only apply in this respect and shall not be used as a basis or argument for limiting any other materiality qualifier in this Agreement.

19.1.6 All Schedules referred to in this Section 19 are hereinafter collectively referred to as the "**Disclosure Schedules**". The Parties agree that if any disclosure of events or documents made in the Disclosure Schedules is below any materiality threshold provided for such disclosure requirement or contains additional information, such disclosure shall not be used to construe or expand the scope of the required disclosure (including any standard of materiality) of a Seller Parent's Warranty.

19.2 Status of Seller Parent; Validity and Enforceability of Agreement.

19.2.1 The Seller Parent is duly incorporated and validly existing under the laws of Delaware and the execution and performance of this Agreement and the transactions contemplated hereunder are within its corporate powers and have been authorized by all necessary corporate actions.

19.2.2 Subject to the Merger Clearance being obtained, this Agreement has been, and the Brand License Agreement, the TSA and the Regulatory TSA will on the Scheduled Closing Date be, duly executed by the Seller Parent and constitute legal, valid and binding obligations of the Seller Parent, enforceable against the Seller Parent in accordance with its respective terms and conditions. There are no proceedings pending, or to Seller Parent's Knowledge threatened, before any court or arbitral or governmental body, which in any manner challenge or seek to prevent, forbid, alter or materially delay the transactions contemplated by this Agreement, the Brand License Agreement, the TSA or the Regulatory TSA.

19.2.3 Irrespective of any merger control or other clearance being required, the execution of this Agreement and performance of the transactions contemplated under this Agreement do not require the Seller Parent to obtain any approval or consent by any court or Governmental Authority and do not violate any judicial or governmental order or decree, any applicable law or any agreement or other obligation by which the Seller Parent is bound.

19.3 Existence; Ownership of the Sold Companies.

19.3.1 Each of the Sold Companies is duly incorporated and validly existing under the relevant law set out in **Schedule 19.3.1** and has all requisite corporate and legal powers to conduct its business as currently conducted.

19.3.2 The relevant Share Sellers are the sole and unrestricted legal and beneficial owners of the relevant Sold Shares.

- 19.3.3 No person holds any shares or interests in any of the Sold Companies and no Sold Company holds any shares or interests in any other legal entities, in each case except as set out in **Schedule 19.3.3**.
- 19.3.4 The Sold Shares are (i) validly authorized, issued and in existence, (ii) fully paid, not repaid and non-assessable, (iii) free and clear of any security interests, liens, pledges, or other encumbrances or third-party rights, (iv) not subject to any transfer restrictions or pre-emption or similar acquisition rights, (v) not subject to any trust agreements or sub-participations and (vi) not subject to any obligation to make further contributions.
- 19.3.5 There are (i) no outstanding subscriptions, options, warrants or rights to acquire any shares or interests of any of the Sold Companies, (ii) no agreements to which a Sold Company is a party and by which it is bound to issue any new shares or interests and (iii) no securities or other instruments convertible into shares or equity interests in any of the Sold Companies.
- 19.4 **No Insolvency.** No insolvency or bankruptcy proceedings or similar proceedings concerning the Seller Parent, any Asset Seller or a Sold Company have been commenced or applied for (or, if applicable, have been refused to be initiated because of lack of assets), and neither the Seller Parent, any Asset Seller nor any Sold Company is compelled to apply for such proceedings, nor, to Seller Parent's Knowledge, is such situation imminent.
- 19.5 **Fixed Assets and Current Assets.** To Seller Parent's Knowledge, as of the Closing Date, except as disclosed in **Schedule 19.5**, the Asset Sellers own or hold lawful possession of all Fixed Assets and Current Assets (collectively, the "**Tangible Assets**") and title to the Tangible Assets or lawful possession of the Tangible Assets will be validly transferred to the Purchaser or an Asset Purchaser pursuant to this Agreement or the Asset Transfer Agreements. Except for any liens which (i) are imposed by applicable statutory law, (ii) constitute customary rights of retention of title (*Eigentumsvorbehalt*), pledges or other security rights in favor of suppliers, mechanics, workers, carriers and the like, or (iii) are disclosed in Schedule 19.5, the Tangible Assets are, to Seller Parent's Knowledge, not subject to any liens.
- 19.6 **Financial Statements.**
- 19.6.1 **Audited Financial Statements 2020 – Other local GAAP.** The audited individual financial statements of each of KaVo Dental and KaVo Dental Limited as of and for the twelve (12) month period ended on 31 December 2020, copies of which are attached hereto as **Schedule 19.6.1** for documentation purposes, have been prepared in accordance with German GAAP in case of KaVo Dental and UK GAAP in case of KaVo Dental Limited, each consistent with past practice (unless otherwise disclosed in the notes thereto) and, subject to German GAAP and UK GAAP, as the case may be, present truly and fairly, in all material respects, the assets and liabilities (*Vermögenslage*), the financial position (*Finanzlage*) and financial performance or results of operations (*Ertragslage*) of KaVo Dental and

KaVo Dental Limited as of and for the twelve (12) month period ended on 31 December 2020.

19.6.2 Unaudited Financial Statements 2020. The unaudited individual financial statements of each of Kurt Kaltenbach Stiftung GmbH, KaVo Dental AG and KaVo Dental Technologies, LLC (consisting solely of a balance sheet and statement of operations) as of and for the twelve (12) month period ended on 31 December 2020, copies of which are attached hereto as **Schedule 19.6.2** for documentation purposes, have been prepared in accordance with (i) German GAAP in case of Kurt Kaltenbach Stiftung GmbH, (ii) the generally accepted accounting principles in Switzerland (*Obligationenrecht*) ("**Swiss GAAP OR**") in case of KaVo Dental AG and (iii) US GAAP, except for the exclusion of certain financial statements and footnotes, in case of KaVo Dental Technologies, LLC, and present, subject to German GAAP, Swiss GAAP OR and US GAAP, respectively, in all material respects, a view of the assets and liabilities (*Vermögenslage*), financial position (*Finanzlage*) and financial performance or results of operations (*Ertragslage*) of each of Kurt Kaltenbach Stiftung GmbH, KaVo Dental AG and KaVo Dental Technologies, LLC as of and for the twelve (12) month period ended on 31 December 2020, which is not materially misstated.

19.6.3 No Objective Warranty. Nothing in this Section 19.6 shall be construed or interpreted as an objective financial statements guarantee in the meaning of the decision of the Higher Regional Court of Frankfurt am Main dated May 7th, 2015, Az. 26 U 35/12 (*objektive Bilanzgarantie*).

19.7 Conduct of Business. Except for the transactions contemplated by or any facts disclosed in this Agreement or as set out in **Schedule 19.7**, in the period from and including 1 January 2021 until and excluding the Signing Date, the Sold Business taken as a whole was conducted, in all material respects, in the ordinary course of business, consistent with past practice and, to the Seller Parent's Knowledge, has not entered into any transactions outside the ordinary course of business and no material adverse developments have occurred with respect to its business operations.

19.8 Material Agreements.

19.8.1 Certain Sold Company Agreements. Except as disclosed in **Schedule 19.8.1** and except for agreements exclusively between Sold Companies, none of the Sold Companies is a party to any of the following agreements for which the main obligations have not yet been completely fulfilled (*nicht erfüllte Verträge*) as of the Signing Date (the "**Material Agreements**"):

- (a) agreements relating to the acquisition, sale, or Encumbrance of shares or interests in other companies, businesses, or real estate, which have been entered into since 1 January 2019, and provide for a consideration exceeding EUR 1,000,000 in the individual case;

- (b) agreements regarding strategic alliances, corporate joint ventures, corporate partnerships or shareholders' agreements or agreements regarding the joint development of products or technology or similar consortiums agreements;
- (c) enterprise agreements according to Sections 291 and 292 German Stock Corporation Act or comparable profit sharing or pooling agreements or arrangements under the laws of any other jurisdiction;
- (d) loan or credit agreements, including factoring agreements, asset-backed security transactions or agreements relating to swaps, futures, options or other financial derivatives or any other instruments of debt involving a financial institution, in each case involving outstanding liabilities, individually, in excess of EUR 1,000,000;
- (e) agreements securing, individually, financial indebtedness of third parties in excess of EUR 1,000,000, such as pledges, guarantees, sureties or letters of comfort extended by any of the Sold Companies to any third party or issued by any third party to the benefit of any of the Sold Companies;
- (f) agreements containing an obligation to sell or otherwise dispose of or acquire any fixed assets or capital expenditures for a consideration or value in excess of EUR 500,000 in the individual case;
- (g) agreements with sales agents on the basis of which the Sold Companies jointly generated sales in excess of EUR 250,000 in the aggregate during the last fiscal year;
- (h) any lease agreement regarding assets other than real estate with any Sold Company as lessee or lessor involving an annual leasing fee in excess of EUR 100,000 over its term; and
- (i) binding offers to enter into any of the preceding agreements.

19.8.2 Material Customer and Supplier Relationships. **Schedule 19.8.2** contains customer and supplier relationships with certain top customers and suppliers of the KaVo Dental Business which the Seller Parent deems to be the top 10 relationships for each category, and the respective agreements underlying these relationships (except in case that the relationship is based on purchase orders or similar individual agreements only) shall be deemed as "Material Agreements".

19.8.3 Status of Material Agreements. Except as disclosed in **Schedule 19.8.3**, to Seller Parent's Knowledge, (i) none of the Material Agreements has been terminated, and (ii) no Sold Company or Asset Seller has, in relation to any Material Agreement, within the last six (6) months prior to the Signing Date, received from the respective counterparty in written or text form notice (a) of termination, (b) that

the counterparty intends to terminate a Material Agreement, or (c) alleging that a Material Agreement is void or invalid and (iii) neither the respective Sold Company nor, to Seller Parent's Knowledge, the counterparty is in breach of such Material Agreement, except where the failure to do so would not result in a Material Adverse Effect.

19.8.4 Status of Assumed Agreements. Except as disclosed in **Schedule 19.8.4**, to Seller Parent's Knowledge, (i) none of the Assumed Agreements has been terminated, and (ii) no Asset Seller has, in relation to any Assumed Agreement, within the last six (6) months prior to the Signing Date, received from the respective counterparty in written or text form notice (a) of termination, (b) that the counterparty intends to terminate an Assumed Agreement, or (c) alleging that an Assumed Agreement is void or invalid and (iii) neither the respective Asset Seller nor, to Seller Parent's Knowledge, the counterparty is in breach of such Assumed Agreement, except where the failure to do so would not result in a Material Adverse Effect.

19.9 Real Estate.

19.9.1 Owned Real Estate. **Schedule 19.9.1** contains a list of all real property or rights equivalent to real property to which a Sold Company holds legal title (the "**Owned Real Estate**"). The Sold Companies are the sole legal and beneficial owner (*Eigentümer*) of such Owned Real Estate. No third party has claimed, in writing, title to the Owned Real Estate in the last three (3) years prior to the Signing Date.

19.9.2 Encumbrances. Except as disclosed in **Schedule 19.9.2** or shown in the relevant land register excerpts, the Owned Real Estate is, to Seller Parent's Knowledge, not (i) encumbered with any land charges or mortgages, or other Encumbrances, or (ii) subject to any unregistered or otherwise pending or owed obligation relating to the transfer of title or to create, change or remove any Encumbrances.

19.9.3 Third Party Rights. To Seller Parent's Knowledge, no third party has claimed in writing in the last three (3) years prior to the Signing Date any rights regarding the Owned Real Estate which do not require registration in the land register, except where such third party claim would not result in a Material Adverse Effect.

19.9.4 Building Condition. Except as disclosed in **Schedule 19.9.4**, to Seller Parent's Knowledge, the actual condition of the buildings erected on the Owned Real Estate as well as their use comply with the existing building permits.

19.9.5 Orders. To Seller Parent's Knowledge, no written revocations or withdrawals of building and use permits issued for the Owned Real Estate have been received from a Governmental Authority in the last three (3) years prior to the Signing Date.

19.9.6 Lease Agreements. Except as disclosed in **Schedule 19.9.6**, no Sold Company is, to Seller Parent's Knowledge, either as tenant or landlord, party to, and no Assumed Liability is, a real estate lease agreement that provides for annual rent

payments (including ancillary cost and excluding VAT) in an amount of more than EUR 100,000.00 (the "**Lease Agreements**"). To Seller Parent's Knowledge, the Lease Agreements are in full force and effect and have not been terminated, and none of the Sold Companies or the Asset Sellers, as the case may be, is in material default or breach, or has received or sent a written termination notice for any of the Lease Agreements and none of the other parties to such Lease Agreements is in material default or breach of any such Lease Agreement.

19.10 Environment.

19.10.1 Governmental Proceedings. No Sold Company or Asset Seller has received any written notice or order from any Governmental Authority, and no administrative or governmental action, suit, investigation or proceeding has been asserted in writing, in each case in relation to the Sold Business, that alleges a violation of any Environmental Law.

19.10.2 Environmental Permits. To Seller Parent's Knowledge, the Sold Business has obtained all Environmental Permits required for its business as currently conducted in accordance with all applicable Environmental Laws and is in compliance in all material respect with the terms of such permits, and the Sold Business has not received any notice from any Governmental Authority that such authority intends to cancel or revoke any Environmental Permit.

19.10.3 Environmental Laws. To Seller Parent's Knowledge, the business of the Sold Business as currently conducted (including all Owned Real Estate as of today) is in all material respects in compliance with all applicable Environmental Laws.

19.10.4 Hazardous Materials. To Seller Parent's Knowledge, there have been no releases, spills or discharges of Hazardous Materials on or underneath the Owned Real Estate.

19.11 Labor Matters.

19.11.1 Works Councils. Except as disclosed in Schedule 19.11.1, none of the Sold Companies has established a works council (*Betriebsrat*) or similar foreign employee representative body.

19.11.2 Collective Agreements. To Seller Parent's Knowledge, Schedule 19.11.2 sets forth a list of (i) all material collective bargaining agreements entered into with the Sold Business, (ii) any material works agreements of the Sold Business with a works council (including general and group works agreements) or a similar foreign employee representative body, that contain (a) limitations to terminate employment agreements, including severance payments, (b) obligations of the Sold Business to maintain establishments at certain sites or (c) guarantees to maintain a certain number of employees. To Seller Parent's Knowledge, the Sold Business has complied and is complying in all material respects with such agreements and as of the Signing Date, there are no activities for seeking

recognition of a collective bargaining agreement or other employee representative body, and no strikes or organized labor work stoppages are pending.

- 19.11.3 Social Plans and Reconciliations of Interest. Except as disclosed in **Schedule 19.11.3**, in the last three (3) years prior to the Signing Date, the Sold Business has not entered into social plans (*Sozialpläne*) or reconciliations of interests (*Interessenausgleiche*), or comparable agreements under German or similar foreign law.
- 19.11.4 Key Employees. **Schedule 19.11.4** contains a true and complete anonymized list of (i) Directors and Officers of the Sold Companies and (ii) all Transferred Employees, in each case with an annual fixed salary (excluding fringe benefits, variable compensation and benefits in kind) in excess of EUR 150,000.00 (such persons transferring to the Purchaser group, the "**Key Employees**"), listing also any bonus or variable income commitments to the Key Employees. None of the Key Employees has given or received written notice of termination of their service or employment agreement, no discussions on mutual termination are pending and, to Seller Parent's Knowledge, neither party to any of these agreements has communicated to the respective other party any intention to terminate such agreement.
- 19.11.5 Incentive Schemes. To Seller Parent's Knowledge, except as disclosed in **Schedule 19.11.5**, no stock options, stock appreciation rights, phantom stock or equity participation schemes apply to former or current Business Employees.
- 19.11.6 Pensions. **Schedule 19.11.6** contains for the Sold Business a list of all agreements, schemes and plans under which the Sold Business has any obligation to provide any occupational pension benefits with the exception of mandatory employers' contributions to statutory benefit schemes. All contributions and other payments due and payable from the participating employers required under the terms of the aforementioned agreements, schemes and plans have been paid, accrued or otherwise reserved in accordance with past practice and the requirements of applicable mandatory law.
- 19.11.7 Employee Litigation. To Seller Parent's Knowledge, except as disclosed in **Schedule 19.11.7**, no legal action for dismissal protection or other lawsuit of former or existing Business Employees is pending (*rechtshängig*) against any of the Sold Companies, Asset Sellers or entity employing Business Employees, as the case may be, before any court involving, in each case, an individual claim (*Streitwert*) with a value in excess of EUR 100,000.00.
- 19.11.8 Contractors. To Seller Parent's Knowledge, all contractors and consultants providing services to the Sold Business are true contractors and there is neither any employment relationship with any contractor, consultant or person providing services under a contractor or consultancy or similar agreement, nor has any such person or any authority claimed that such contractual relationship with any such person should be qualified as employment relationship.

19.12 Intellectual Property; Information Technology; Data Privacy.

- 19.12.1 Owned IP Rights. **Schedule 19.12.1** contains a list of all Intellectual Property owned by the Sold Business that is registered or the subject of an application for registration (the "**Owned IP Rights**") provided that the Purchaser acknowledges that any incorrect registration information on such schedule shall not qualify as a breach of this Seller Parent's Warranty, unless such incorrectness results in a Material Adverse Effect.
- 19.12.2 To Seller Parent's Knowledge, (i) the registration fees for Owned IP Rights have been paid, and (ii) the Owned IP Rights are valid and enforceable, are not co-owned or licensed out to any third party and are free and clear of any third party rights and Encumbrances. To Seller Parent's Knowledge, the Sold Companies and the Asset Sellers have within the ordinary course of business properly maintained (*i.e.*, applied in a timely manner for renewals and paid all registration fees when due) any Owned IP Rights material to the conduct of the Sold Business and the Sold Companies are free to operate their business as currently conducted using the Owned IP Rights at their own discretion.
- 19.12.3 No Challenges or Proceedings. To Seller Parent's Knowledge, except as disclosed in **Schedule 19.12.3-1**, in the last three (3) years prior to the Signing Date, (i) none of the Owned IP Rights has been formally challenged in writing by any third party vis-à-vis the holder of the Owned IP Rights and (ii) no such third party challenge of the Owned IP Rights has been threatened in writing to be raised against the holder of the Owned IP Rights, in each case of (i) and (ii) provided that any such challenge is still unresolved as of the Signing Date. To Seller Parent's Knowledge, except as disclosed in **Schedule 19.12.3-2**, in the last three (3) years prior to the Signing Date, neither the Sold Business nor an Asset Seller has (i) received a written notice alleging that the operation, products or services of the Sold Business infringe, misuse or otherwise violate the Intellectual Property of a third party, (ii) or asserted in writing that the Owned IP Rights have been and are being infringed, misused or otherwise violated by any third party.
- 19.12.4 Third Party IP. **Schedule 19.12.4** contains a list of all licenses of Intellectual Property granted by third parties to the Sold Business that are material for the conduct of the Sold Business (the "**Third Party IP**").
- 19.12.5 Material Unregistered IP Rights. To Seller Parent's Knowledge, and save for any Intellectual Property licensed under the TSA, Brand License Agreement or Regulatory TSA, the Sold Business owns or has the right to use all material inventions and other unregistered Intellectual Property developed by its (current or former) employees, freelancers and contractors required to operate the Sold Business ("**Material Unregistered IP Rights**").
- 19.12.6 IT Operation. Except as disclosed in **Schedule 19.12.6**, to the Seller Parent's Knowledge, in the last twelve (12) months prior to the Signing Date, there was no material outage, breakdown or other incident in respect of the information

technology used by the Sold Business nor any material data loss, data corruption or unauthorized access to data of the Sold Business. The Sold Companies have taken measures in accordance with good industry practice to prevent unauthorized loss of data.

19.12.7 Transferred Intellectual Property. The Asset Sellers do not own any material Intellectual Property not addressed by the transfer pursuant to Section 8.1.5 and, to Seller Parent's Knowledge, the Owned IP Rights, Third Party IP and Material Unregistered IP Rights represent all Intellectual Property that is material to operate the KaVo Dental Business in materially the same manner as currently conducted.

19.12.8 Data Protection. To Seller Parent's Knowledge, except as disclosed in **Schedule 19.12.8**, in the last three (3) years prior to the Signing Date, neither the Sold Business nor any Asset Seller has received any written claim regarding material non-compliance with applicable data protection laws in connection with the conduct of the Sold Business.

19.13 Material Permits; Compliance.

19.13.1 Material Permits. To Seller Parent's Knowledge, the Sold Business is in possession of all governmental approvals, licenses and permits which are necessary for the conduct of the Sold Business (the "**Material Permits**") and the Sold Business has been conducted in accordance with the Material Permits in all material respects. To Seller Parent's Knowledge, in the last thirty-six (36) months prior to the Signing Date, there has been no withdrawal, revocation, material restriction or subsequent material alteration of the Material Permits. To Seller Parent's Knowledge, there are no circumstances which may reasonably be expected to result in any such challenge, cancellation, revocation or withdrawal of a Material Permit. Subject to the subject matters governed by and under the Regulatory TSA, to Seller Parent's Knowledge, none of the Material Permits will automatically terminate or give any Governmental Authority a right to terminate the Material Permit as a result of the consummation of the transactions contemplated under this Agreement.

19.13.2 No Recall. To Seller Parent's Knowledge, except as disclosed in **Schedule 19.13.2**, in the last three (3) years prior to the Signing Date, the Sold Business has neither recalled nor received any written order from any authority to recall any of the products manufactured or delivered by it during the period of three (3) years prior to the Signing Date.

19.13.3 Compliance with Laws. To Seller Parent's Knowledge, the business operations of the Sold Business are in all material respects in compliance with the permits and any laws (save for Tax, accounting, environmental and employee related laws, which are covered by more specific sections) applicable to the Sold Business, in particular all anti-bribery, anti-money-laundering, anti-trust, competition and sanctions laws. To Seller Parent's Knowledge, there is no pending (*rechtshängig*) or threatened in writing regulatory action, investigation or inquiry of any material

kind against the Sold Business regarding an actual or alleged violation of any such permits or laws, other than periodic or routine inspections or reviews. Except as disclosed in **Schedule 19.13.3**, to Seller Parent's Knowledge, the Sold Business has not received any written notice from a Governmental Authority of any failure to comply with any laws (save for Tax, accounting, environmental and employee related laws, which are covered by more specific sections) or the terms of any Material Permit in any material respect, which has, as of the Signing Date, neither been remedied nor otherwise resolved, unless (i) such remedy or resolution limits the Sold Business' ability to do business after the Closing Date in any material way, or (ii) there are assessed but unfulfilled payment obligations resulting from such remedy or resolution after the Closing Date which have not been taken into account as deduction item in the Purchaser Price calculation. The Sold Business does not have any business dealings with Iran, North Korea, Cuba or Syria.

19.13.4 **State Aid.** To Seller Parent's Knowledge, except as disclosed in **Schedule 19.13.4**, the Sold Business has not received any public grants (*öffentliche Zuschüsse*), aids (*Beihilfen*) and other subsidies (*andere Subventionen*) or comparable public grants granted to the Sold Business in the last three (3) years prior to the Signing Date (collectively, "**Public Subsidies**"). To Seller Parent's Knowledge, no Asset Seller or Sold Company has received any written notice by any Governmental Authority claiming that (i) any Public Subsidy granted to the Sold Business will have to be repaid in part or in full or (ii) obligations under the terms and conditions of any Public Subsidy have been breached.

19.14 **Insurance Policies.** To Seller Parent's Knowledge, **Schedule 19.14** contains a list of all insurance policies material for the Sold Business and maintained by a Sold Company or an Asset Seller (the "**Insurance Policies**"). To Seller Parent's Knowledge, (i) all premiums under the Insurance Policies due and payable by a Sold Company or an Asset Seller, as the case may be, have been paid, and (ii) none of the Insurance Policies has been cancelled or terminated. Except as disclosed in Schedule 19.14, to Seller Parent's Knowledge, no insurance claims of any Sold Company or any Asset Seller, as the case may be, exceeding EUR 50,000.00 are pending under an Insurance Policy; for disclosed insurance claims, coverage has not been questioned, denied or disputed by the insurer.

19.15 **Taxes.**

19.15.1 **Tax Filings.** As of the Closing Date, all Sold Companies have timely filed all material Tax returns required under applicable laws and with the appropriate Tax authority, in each case to the extent the Taxes relate to a Pre-Closing Date Tax Period (as defined in Section 22.2.1).

19.15.2 **Tax Payments.** As of the Closing Date, all Sold Companies have (taking into account any permitted extension) timely paid all material Taxes shown as payable on any valid and enforceable Tax Assessment Notice issued by any Tax authority or on any Tax return filed by them, other than Taxes for which a suspension of enforcement of a Tax payment obligation has been granted.

- 19.15.3 Tax Proceedings. As of the Signing Date, none of the Sold Companies is involved in any extraordinary Tax audit or investigation (other than routine Tax audits in the ordinary course of business), no Tax dispute or other proceeding is pending in respect of any Sold Company and no Sold Company has been notified in writing by any Tax authority that such authority intends to commence any such proceeding with respect to any of the Sold Companies.
- 19.16 Litigation. Except as disclosed in **Schedule 19.16**, there is no lawsuit, court action, administrative proceeding or similar proceeding pending (*rechtshängig*) before any court of law or arbitral tribunal or threatened in writing (i) to which a Sold Company is a party or affected as an intervener or joinder or (ii) involving the Sold Business, in each case with a value in dispute (*Streitwert*) reasonably believed to be in excess of EUR 100,000.00 in the individual case.
- 19.17 Transaction Costs; Transaction Bonuses. Except as disclosed in **Schedule 19.17**, (i) the Sold Business does not have an obligation to pay (a) any fees, charges, costs, expenses, or commission (including brokerage or finder's fees, data rooms or vendor due diligence) to any investment bank, consultant, or advisor, or (b) any transaction or similar bonuses to any officers, directors or employees, in each case of (a) and (b) in connection with the preparation, negotiation or consummation of this Agreement or the transactions contemplated under this Agreement and did not make any payments as regards (a) and (b) in the past and (ii) no employee of the Sold Business is entitled to an enhanced redundancy or severance payment from any Sold Company or Asset Seller arising from the preparation, negotiation or consummation of this Agreement or the transactions contemplated under this Agreement.

20 Interim Covenants

20.1 Conduct of Business prior to Closing.

- 20.1.1 General. From (and including) the Signing Date until (and including) the Closing Date (the "**Interim Period**"), the Seller Parent shall exercise its rights as the (indirect) shareholder of its Affiliates which are Share Sellers, Sold Companies, Asset Sellers or which employ Transferred Employees ("**Instructed Affiliates**") and cause the Instructed Affiliates, to the extent legally possible and legally permissible, to continue to carry on the Sold Business in all material respects in the ordinary course of business.
- 20.1.2 Restricted Actions. During the Interim Period, the Seller Parent shall, to the extent legally possible and legally permissible, exercise its rights as shareholder of the Instructed Affiliates and instruct the management of each Instructed Affiliate to ensure that (for the avoidance of doubt without limitation to Section 20.1.1) the Instructed Affiliates shall not take any of the following actions (as applicable) without the Purchaser's prior consent, which shall not be unreasonably withheld or delayed and deemed to be granted if and to the extent no objection from or on behalf of the Purchaser is received in text form by the Seller Parent within ten (10) Business Days following receipt by the Purchaser of the request for consent:

- (a) material amendments to the articles of association or any other relevant constitutional documents, merger, demerger, spin-off, split-off or any other amendment of the corporate structure or company reorganization, or any dissolution or liquidation involving any Sold Company or any other measure requiring a majority of 75 percent or more of the votes or capital of a Sold Company;
- (b) amendment of the share capital, in particular the issuance or authorization to issue new shares, issuance of partnership interests or other securities in any of the Sold Companies, including convertible bonds, dividend bonds or participation rights;
- (c) the sale, transfer, other disposal, redemption or encumbrance of the Sold Shares or the shares or interests in any Sold Company or parts thereof, or granting of any options, warrants, pre-emptive rights, rights of first refusal or other purchase rights with respect to the Sold Shares or parts thereof except pursuant to this Agreement;
- (d) any conclusion, termination or amendment of any enterprise agreements within the meaning of Sections 291 and 292 German Stock Corporation Act or comparable profit sharing or pooling agreements or arrangements under the laws of any other jurisdiction by any Sold Company except as provided in this Agreement;
- (e) acquisition, sale, transfer, other disposal, of Equity Interests or any business or parts of the Sold Business other than in the ordinary course of business;
- (f) acquisition, sale, transfer, other disposal, of any real estate or any material tangible or intangible fixed assets with a value in excess of EUR 2,000,000.00 in the individual case;
- (g) close or open any business establishments (*Betriebsstätten*) or new branches, new business lines, including joint ventures and co-operations;
- (h) incur any capital expenditures in excess of EUR 500,000.00 in the individual case;
- (i) take out loans, credits or other financing liabilities in excess of EUR 1,500,000.00 in the individual case;
- (j) pledge, assign or encumber any material assets;
- (k) expressly waive any claims in excess of EUR 75,000.00 in the individual case, other than any waiver made in the ordinary course of business;
- (l) settle any court cases or legal disputes outside of court in excess of EUR 250,000.00 in the individual case;

- (m) any Sold Company making any loans to, or investments in, other entities in each case in excess of EUR 1,000,000.00, other than advancing trade credit in the ordinary course of business;
- (n) materially reduce the existing insurance coverage of any Sold Company;
- (o) change the contractual terms of service or employment agreements (in particular compensation) resulting in salary increases for the Sold Business in the aggregate of more than 2%, except if all such changes are: (i) made in the ordinary course of business, (ii) required by any applicable collective agreement existing at the Signing Date or applicable local law, or (iii) that are generally applicable to the employees of the Seller Parent or any of its Affiliates that are not Business Employees;
- (p) the entering into any collective agreements with unions, works councils or other employee representative bodies in respect of any Business Employee, other than agreements made in the ordinary course of business, it being understood that any collective agreement, including, for the avoidance of doubt, the extension of any existing collective agreement, that results in restructuring restrictions or that provides for severances or similar benefits in the event of a dismissal always require the Purchaser's prior consent;
- (q) amending in any material respect, adopting or terminating any material employee benefit scheme in respect of any Key Employee or affecting the employees of a Sold Company or Business Employees of an Asset Seller generally, in each case other than amendments or agreements relating to adjustments of compensation or employee benefit schemes (i) made in the ordinary course of business, (ii) required by any applicable collective agreement existing at the Signing Date or applicable local law or (iii) that are generally applicable to the employees of the Seller Parent or any of its Affiliates that are not Business Employees;
- (r) establishing or modifying any profit sharing, bonus, retention, incentive, severance scheme or arrangement or pension or retirement scheme in respect of any Key Employee or affecting the employees of the Sold Business generally, in each case other than amendments or agreements: (i) for incentives that would be paid out by Seller Parent or a subsidiary of Seller Parent that are conditioned on the Closing; (ii) made in the ordinary course of business, (iii) required by any applicable collective agreement or applicable local law or (iv) that are generally applicable to the employees of the Seller Parent or any of its Affiliates that are not Business Employees;

- (s) terminate or amend any Material Agreement in each case outside of the ordinary course of business;
- (t) enter into, terminate or amend any agreement with Seller Parent or a subsidiary of Seller Parent unless in the ordinary course of business with an annual volume of less than EUR 100,000.00 and terminable with a notice period of not more than three (3) months; or
- (u) agree or bindingly offer to do any of the preceding items.

The covenants set out in Sections 20.1.1 and 20.1.2 above are hereinafter collectively referred to as the "**Interim Covenants**", it being understood that, in relation to the Asset Sellers, such covenants and the actions set forth in Sections 20.1.1 and 20.1.2 above shall only qualify as Interim Covenants if and to the extent relating to the Entire Sold Assets.

20.2 Purchaser's Consent. With respect to Section 20.1, the Purchaser hereby consents to (i) any actions, measures and transactions to be taken or performed pursuant to the provisions of this Agreement, (ii) any actions required to comply with applicable laws and orders of a competent governmental authority or in response to any emergency situation to prevent damage to the Sold Business where any explicit consent cannot reasonably be obtained in due time, (iii) any actions, measures and transactions disclosed in Exhibit 20.2, and (iv) the Pre-Signing Carve-out Measures (as defined below) in accordance with the terms and principles set forth in this Agreement to the extent such measures require implementation of any additional actions or measures after the Signing Date, it being understood that Seller Parent shall always notify Purchaser of any such taken measure as soon as reasonably practical.

20.3 Transitional Services. The Parties acknowledge that the Sold Companies will require certain transitional services from the Seller Parent or its Affiliates following the Closing. Exhibit 20.3-1 contains a substantially finalized draft of the agreement on the transitional services to be provided by the relevant Parties after the Closing Date ("**TSA**") and Exhibit 20.3-2 contains a draft of the agreement on certain regulatory transitional services to be provided by the relevant Parties after the Closing Date ("**Regulatory TSA**"). The Parties shall use reasonable best efforts to collaboratively agree in good faith, acting reasonably, and at arm's length terms any customary and reasonable amendments to the drafts of the TSA, the Regulatory TSA and/or the annexes (as set out in Exhibit 20.3-1 and Exhibit 20.3-2, respectively) that are reasonably required in order to ensure an uninterrupted continuation of the business activities of the Seller Parent's business and the KaVo Dental Business to be transferred to the Purchaser. Any such amendments shall be agreed as soon as reasonably possible following the Signing Date, and in any event prior to the Scheduled Closing Date, failing which, the TSA as set out in Exhibit 20.3-1 and the Regulatory TSA as set out in Exhibit 20.3-2 shall be binding on the parties thereto and it being understood that no Party can claim that Closing shall not occur. The Purchaser and the Seller Parent shall procure compliance with the TSA and Regulatory TSA by the relevant parties.

21 Purchaser's Remedies

- 21.1 Breach; Purchaser Claim. Subject to the provisions of this Section 21 and of Section 23, in the event of any breach or non-performance by the Seller Parent of any of the Seller Parent's Warranties (the "**Warranty Breach**") or the Interim Covenants or other obligation under this Agreement ("**Covenant Breach**", and each of a Warranty Breach and a Covenant Breach, a "**Breach**"), the Seller Parent shall put the Purchaser, or at the Purchaser's election, the relevant Sold Company, into the position that it would have been in if the Breach had not occurred by way of remediation in kind (*Naturalrestitution*), provided that if and to the extent such remediation in kind (*Naturalrestitution*) (i) has not been effected by the Seller Parent within a period of two (2) months after the receipt of a Breach Notice (as defined in Section 21.4), (ii) is impossible or insufficient, or (iii) is finally refused in writing by the Seller Parent, the Seller Parent shall be liable for paying monetary damages (*Schadenersatz in Geld*) for any Losses (as defined in Section 21.2) incurred to the Purchaser, or at the Purchaser's election, any of the Sold Companies (the "**Purchaser Claim**").
- 21.2 Definition of Losses. "**Losses**" shall be determined using the legal principles of calculation of damages, mitigation of damages and off-setting of losses by advantages (*Schadensberechnung, Schadensminderung, Vorteilsausgleichung*) pursuant to Sections 249 *et seqq.* German Civil Code, but shall only mean any actual damages calculated on a Euro for Euro basis and, in particular, without taking into account or applying any multipliers or ratios, shall exclude (i) any potential or actual reduction in value (*Minderung*) of the Sold Companies beyond the actual damage incurred, (ii) any consequential damages (*Folgeschäden*) and lost profits (*entgangener Gewinn*), in each case if and to the extent not foreseeable or not covered by the purpose, (iii) any frustrated expenses (*vergebliche Aufwendungen*) within the meaning of Section 284 German Civil Code, and (iv) any internal administration and overhead costs. The limitations under this Section 21.2 regarding the determination of the liability of the Seller Parent shall not apply in case of a willful (*vorsätzlich*) breach of the Seller Parent's obligations under this Agreement. Without limiting the generality of the foregoing and for the avoidance of doubt, the Losses shall not include any Taxes.
- 21.3 Exclusion of Liability. The Seller Parent shall not be liable for, and the Purchaser or the Guarantor shall not be entitled to bring, (i) any Purchaser Claim for a Covenant Breach in case of Sections 21.3.3, 21.3.4, and 21.3.7 below and (ii) any Purchaser Claim for Warranty Breaches in case of Sections 21.3.1 to 21.3.7, in each case if and to the extent that:
- 21.3.1 the matter to which the Purchaser Claim relates has expressly been taken into account in the Closing Date Statements as "Financial Debt" or negative "Net Working Capital" and thus as a deduction item for determining the Purchase Price;
- 21.3.2 the amount of the Purchaser Claim is actually recovered under an insurance policy (except for the W&I Insurance (as defined in Section 23.5.1)) or claims against third parties (with the Purchaser hereby undertaking to pursue any such insurance claim or claim against third parties with the care of a prudent business man and to the extent legally possible) or would have been recovered if the insurance policies

of the Sold Companies in effect prior to the Closing Date had been maintained after the Closing;

- 21.3.3 the Purchaser, any of its Affiliates or (following the Closing Date) any of the Sold Companies, their respective representatives or any successor to all or part of their business has caused or participated in causing (*verursacht oder mitverursacht*) or has aggravated such Breach or any Losses resulting therefrom or failed to mitigate Losses pursuant to Section 254 German Civil Code, which shall apply *mutatis mutandis*;
- 21.3.4 the matter subject to the Purchaser Claim or the payment or settlement of any item giving rise to a Purchaser Claim results in any cash-effective (i) benefits, (ii) advantages or (iii) savings to the Sold Companies, the Purchaser or any of its Affiliates;
- 21.3.5 the facts and circumstances underlying the Breach were known by the Purchaser as of the Signing Date, provided that in any event the knowledge of the managing directors of the Purchaser as well as of the persons listed in **Exhibit 21.3.5** (the "**Deal Team**") shall be imputed to the Purchaser, provided further that for purposes of any Warranty Breach (but not applying to Covenant Breaches) the Purchaser shall in any event be deemed to have knowledge of all matters which were Fairly Disclosed in:
- (a) the confidential information memorandum prepared by J.P. Morgan as of March 2021;
 - (b) the written presentation on potential transaction synergies by J.P. Morgan as of June 2021;
 - (c) the presentation on net working capital considerations by J.P. Morgan including the working capital breakdown, each as of July 2021;
 - (d) the financial vendor due diligence report volume 1 and volume 2 prepared by KPMG each dated 12 March 2021 and each updated in June 2021;
 - (e) the databooks prepared by KPMG dated 12 March 2021 and 7 May 2021, respectively;
 - (f) the Q1-21 current trading update report prepared by KPMG dated 7 May 2021;
 - (g) the legal fact book prepared by Kirkland & Ellis International LLP dated 26 May 2021;
 - (h) the vendor tax fact book prepared by KPMG dated 12 May 2021;

- (i) the commercial vendor due diligence report prepared by L.E.K. dated 29 March 2021 as well as the respective executive summary prepared by L.E.K. dated 19 March 2021;
- (j) hand-out of the management presentation prepared by J.P. Morgan as of April 2021;
- (k) this Agreement, including its Exhibits and Schedules; and
- (l) the documents Fairly Disclosed (as defined below) in the virtual data room operated by Datasite for Project Ace and accessible to Purchaser, its representatives and professional advisors from 17 May 2021 until 6 September 2021, an index of its content being attached as **Exhibit 21.3.5(l)** for information purposes, a complete set of which will be set aside in electronic form on a storage device ("**USB Stick**"), a copy of which will be handed over to each Party and the acting notary (who shall receive two USB Stick copies) without undue delay after the Signing Date, and the Parties hereby instruct the acting notary to keep the USB Stick in custody for a period of eight (8) years after the Signing Date and grant each Party access to the USB Stick, unless the Seller Parent and the Purchaser jointly instruct the acting notary otherwise; the acting notary is entitled to destroy the USB Stick after such period; "**Fairly Disclosed**" means that the disclosure was made (i) under a first level index item which was reasonably associated with the matter in question and (ii) in a manner and in such reasonable detail that such matter could be identified by applying the standard of care of a reasonable business man. The provisions of Section 442 German Civil Code and Section 377 HGB shall not apply;

21.3.6 the Purchaser Claim results from or is increased by, the passing of, or any change in, any law, statute, ordinance, rule, regulation, general accounting policies or administrative practice after the Signing Date; or

21.3.7 Purchaser has not complied with its obligations under Section 21.4 or 21.6 and such non-compliance with such procedures caused or increased the Loss.

21.4 **Breach Notice.** If Purchaser becomes aware, after the Signing Date, of any facts or circumstances which constitute a Breach, Purchaser shall give the Seller Parent notice thereof without undue delay after Purchaser has discovered the relevant facts and circumstances underlying such Breach (the "**Breach Notice**") provided that such Breach Notice shall state the nature of the Breach in reasonable detail, including the amount involved to the extent such amount can already be determined at the time when such Breach Notice is given, provided, however, that (i) any failure to make a Breach Notice in the proper form or proper time shall not exclude the Purchaser Claim but only reduce the Loss to be compensated pursuant to Clause 21.3.6 if and to the extent such non-compliance with the relevant procedures caused or increased the Loss, and (ii) no Breach Notice shall be

required for which the liability of Seller's Parent is capped at EUR 1.00 or time-barred (but for which Purchaser may still have claims under the W&I Insurance).

21.5 No Additional Rights or Remedies.

21.5.1 The remedies which Purchaser may have against the Seller Parent under or in connection with this Agreement, including for Warranty Breaches or Covenant Breaches or any other obligation, covenant, agreement, undertaking or claim under or in connection with this Agreement, shall be the exclusive remedies available to Purchaser in respect to the Seller Parent. If and to the extent permitted by law, any claims and remedies other than those explicitly provided for in this Agreement, regardless of their nature, amount or legal basis, are hereby expressly excluded and waived by Purchaser, such waiver hereby being accepted by the Seller Parent.

21.5.2 Without limiting the generality of Section 21.5.1, in particular, any right of the Purchaser to lower the consideration for the Sold Shares (*Minderung*), to withdraw (*Rücktritt*) from this Agreement (with Section 18.1 remaining unaffected) or to request the wind-up of the transactions contemplated hereunder on any other legal basis (*e.g.*, by way of so-called *großer Schadensersatz*) shall be excluded and waived (*Verzicht*) by the Purchaser in its entirety. Furthermore and with respect to the Parties, (i) any claim for breach of pre-contractual obligations (*culpa in contrahendo*), including claims arising under Sections 311 para. 2, 241 para. 2 German Civil Code or of ancillary obligations (*Nebenpflichten*), including claims arising under Sections 280 para. 1, 241 para. 2 German Civil Code, (ii) any claims based on frustration of contract (*Störung der Geschäftsgrundlage*) pursuant to Section 313 German Civil Code, (iii) all remedies for defect including claims arising under Sections 437 through 441 German Civil Code and (iv) the right to rescind (*Anfechtung*) this Agreement are hereby also expressly excluded and waived (*Verzicht*) by all Parties. If and to the extent the exclusion of claims based on frustration of contract (*Störung der Geschäftsgrundlage*) is, despite the risk allocation agreed upon between the Parties in this Agreement, held invalid, such exclusion shall be construed, to the extent legally permissible, to set the thresholds for such principles to apply particularly high and to limit respective remedies to the adjustment of this Agreement under exclusion of the right to withdraw (*Rücktritt*).

21.5.3 The Seller Parent's liability for (i) any claims based on the application (including analogous application) of Section 166 German Civil Code, (ii) claims based on any attribution of knowledge or responsibility, including in respect of vicarious agents (*Erfüllungsgehilfen*) or other third parties, or (iii) claims or rights based on tort or any other legal grounds is, under and in connection with this Agreement, comprehensively and for all purposes excluded to the extent legally permissible.

This Section 21.5 as well as any other limitations and exclusions of liability pursuant to this Agreement shall not apply to any rights and remedies for willful deceit (*arglistige Täuschung*) or own willful misconduct (*vorsätzliche Pflichtverletzung*), in which case statutory law shall apply.

- 21.6 Third Party Claims. In case of legal proceedings, judgments, administrative acts or third-party claims directed against any of the Sold Companies or the Purchaser or any of its Affiliates (the "**Defendant**") after the Closing which reasonably likely will result in a Seller Parent's liability (for more than EUR 1.00 and which Claim is not yet time-barred hereunder) which is not recoverable under the W&I Insurance (the "**Third Party Claim**"), the Purchaser shall give the Seller Parent notice of such Third Party Claim without undue delay (*unverzüglich*) and:
- 21.6.1 the Purchaser shall (i) provide the Seller Parent with copies of the relevant documents and/or other relevant information, materials and assistance relevant in relation to the Third Party Claim and (ii) give the Seller Parent the reasonable opportunity (a) to comment on and discuss with the Purchaser any measures which the relevant defendant proposes to be taken or omitted in connection with such Third Party Claim and (b) to actively participate in any relevant hearing, meeting, audit or other discussion or communication and to review any relevant document relevant in connection with the Third Party Claim;
 - 21.6.2 the Purchaser shall, and shall procure (*steht dafür ein*) that the Defendants, defend itself against the relevant Third Party Claim diligently and in good faith at all times;
 - 21.6.3 the Seller Parent shall be entitled, at its free discretion, to control the defense against the Third Party Claim if the Seller Parent unconditionally acknowledges (*anerkennen*) in writing to Purchaser that the underlying facts (*dem Grunde nach*) of the Third Party Claim constitute a Breach and that the Seller Parent is liable towards the Purchaser for such Breach;
 - 21.6.4 in case the Seller Parent has duly elected to control the defense pursuant to the preceding paragraph, the Purchaser shall keep the Seller Parent informed of any developments relating to such Third Party Claim and provide, and shall procure (*steht dafür ein*) that the Defendants provide, to the Seller Parent all relevant documents, other information and assistance required for the defense and shall take, and cause the Defendants to take, such actions reasonably required by the Seller Parent for the defense; and
 - 21.6.5 the Purchaser shall procure (*steht dafür ein*) that no person admits any liability in respect of, or compromises or settles, the matter giving rise to the Third Party Claim without the prior written consent of the Seller Parent, such consent not to be unreasonably withheld or delayed.

Notwithstanding the foregoing, (i) the Seller Parent shall always take the reasonable interests of the Purchaser and the Sold Business into account, (ii) any remedy accepted or directed by the Seller Parent must always be of purely monetary nature, (iii) the Seller Parent may not accept any admission of wrongdoing, and (iv) only direct or accept any remedy without the consent of the Purchaser for which the Seller Parent would be fully liable under this Agreement.

22 Tax

22.1 Defined Terms

22.1.1 "**Tax**" shall mean (i) all taxes and customs duties (*Zölle*) within the meaning of Section 3 German Federal Fiscal Code (*Abgabenordnung* – "**AO**") (whether (i) payable directly or by withholding and (ii) payable as a primary, secondary or contractual liability) and all auxiliary obligations on such amounts (including *steuerliche Nebenleistungen* within the meaning of Section 3 para. 4 AO), (ii) all social security contributions (*Sozialversicherungsabgaben*), (iii) statutory secondary liabilities (*Haftungsschulden*) for any of the aforementioned and (iv) similar charges under foreign laws. For the avoidance of doubt, the term "Tax" shall not include notional taxes, deferred taxes and other tax assets affecting the future tax position (such as loss, interest or EBITDA carry forwards).

22.1.2 "**VAT**" shall mean within the European Union such taxation as may be levied in accordance with (but subject to derogations from) Council Directive 2006/112/EC and outside the European Union any other taxation of a similar nature.

22.2 Tax Indemnity

22.2.1 General Principle. The Seller Parent shall indemnify the Purchaser from any Taxes that relate to Tax periods ending on or before the Closing Date; it being understood that with regard to Tax assessment periods beginning before and ending after the Closing Date, the portion of Taxes attributable to the pre-Closing Date Tax period shall be determined as if the Closing Date was the end of a fiscal year and the end of a Tax assessment period (such periods and any portions thereof, the "**Pre-Closing Date Tax Period**") and are payable (*i.e.*, have not been paid prior to the Closing Date) to a Tax authority by any of the Sold Companies if, and to the extent that, the aggregate amount of all Taxes to be indemnified under this Section 22.2 (taking into account in particular the limitations pursuant to Section 22.2.2) exceeds the aggregate amount of all liabilities, accruals and provisions for Taxes included in the Final Closing Date Statements (the "**Tax Provisions**") (such Taxes, the "**Indemnifiable Taxes**").

22.2.2 Limitation. Claims pursuant to Section 22.2.1 (the "**Tax Indemnification Claims**") shall be excluded if, and to the extent that:

- (a) the relevant Indemnifiable Tax or the circumstance underlying or triggering such Indemnifiable Tax has led, leads or will lead to actual Tax benefits (*e.g.*, reductions, savings, or repayments of Taxes) of any Sold Company, the Purchaser, or any of the Purchaser's Affiliates (the "**Tax Benefit**") that relate to periods commencing after the Closing Date, in which case the Tax Indemnification Claim shall be reduced by the aggregate of (x) the full amount of any Tax Benefit (without any discounting) that has already been realized when the Tax Indemnification Claim would have fallen due in principle pursuant to Section 22.2.3 and

- (y) the net present value of any Tax Benefit (determined by applying a discount rate of four and half per cent (4.5%) p.a. over the relevant time period) that will be realized thereafter (the amounts under (x) and (y) to be determined on the basis of the assumption that the relevant Sold Company (or the Purchaser or the relevant Affiliate of the Purchaser, as the case may be) is taxed on a stand-alone basis and that the relevant Tax rates remain unchanged after the date on which the Tax Indemnification Claim would have fallen due in principle);
- (b) compensation for the relevant Indemnifiable Tax would have been recoverable under a policy of insurance maintained by, or for the benefit of, a Sold Company, the Purchaser, or any of the Purchaser's Affiliates and existing immediately prior to the Closing if such insurance had continued to be in effect after the Closing (excluding for the avoidance of doubt the W&I insurance entered into by the Purchaser in relation to the transactions under this Agreement);
- (c) a valid and enforceable third-party claim (other than against employees) for repayment, indemnification or recourse with respect to the amount of the relevant Indemnifiable Tax exists or existed at or following the Closing Date at the level of any of the Sold Companies (including, for the avoidance of doubt, third-party claims that are excluded as a consequence of an action carried out after the Closing); it being understood that the tax matters agreement entered into as of 19 September 2019 between Danaher Corporation and Seller Parent ("**Tax Matters Agreement**") shall not qualify as such third-party claim for repayment, provided, however, that if and to the extent a cash-effective compensation is made under the Tax Matters Agreement directly to the Sold Companies such compensation shall insofar exclude the corresponding Tax Indemnification Claim;
- (d) the Purchaser or, after Closing, any of the Sold Companies has breached its obligations under Section 22.4 and such breach has caused or increased the relevant Indemnifiable Tax; or
- (e) the Purchaser, any of its Affiliates or (following the Closing Date) any of the Sold Companies, their respective representatives or any successor to all or part of their business has caused or participated in causing (*verursacht oder mitverursacht*) or has increased the relevant Indemnifiable Tax and/or the relevant Tax Indemnification Claim or failed to mitigate it pursuant to Section 254 German Civil Code, which shall apply *mutatis mutandis* unless in each case this was required by mandatory law or administrative order.

22.2.3 Due Date. Tax Indemnification Claims shall be due fifteen (15) Business Days after the Purchaser has (i) notified the Seller Parent of the amount payable to the Purchaser by virtue of the Tax Indemnification Claim, the relevant Sold

Company's payment obligation and the due date of such obligation, and (ii) provided the Seller Parent with a copy of the relevant Tax assessment notice (*Steuerbescheid*, the "**Tax Assessment Notice**"); provided, however, that a Tax Indemnification Claim shall in no event be due earlier than three (3) Business Days before the respective Indemnifiable Tax is payable by the relevant Sold Company (taking into consideration any suspension of payment (*Aussetzung der Vollziehung*)). To the extent the Seller Parent has indemnified Purchaser with respect to an Indemnifiable Tax and such Indemnifiable Tax is subsequently reduced, the difference shall be reimbursed by the Purchaser to the Seller Parent, including all interests received thereon but less any Taxes payable thereon.

22.3 Tax Refunds; Overprovisions

22.3.1 General Principle. The Purchaser shall pay to the Seller Parent (in each case less any Taxes payable thereon):

- (a) an amount equal to any and all Taxes that relate to a Pre-Closing Date Tax Period and that are received (including, for the avoidance of doubt, by way of set-off (*Aufrechnung*)) after the Closing Date by any of the Sold Companies, the Purchaser, or any of the Purchaser's Affiliates (*e.g.*, Tax refunds, Tax repayments, Tax credits) (such Taxes, the "**Tax Refunds**") or that would have been received but for a failure to apply for the relevant Tax Refund after the Closing despite prior written instruction of the Sellers to apply for such Tax Refund, in each case if, and to the extent that, the aggregate amount of all such Tax Refunds exceeds the aggregate of all Tax receivables or assets of any Sold Company included in the Final Closing Date Statements;
- (b) an amount equal to any and all Tax Provisions to the extent such Tax Provisions are dissolved, released or reduced (or could be dissolved, released or reduced under applicable accounting standards) in the relevant financial statements of the relevant Sold Company or could be dissolved, released or reduced if applicable GAAP were applied ("**Overprovisions**"); and
- (c) an amount equal to any and all taxes that are payable by the Seller Parent or any of its Affiliates as a result of the breach by the Purchaser or, after Closing, any of the Sold Companies of its obligations under Section 22.4 if any to the extent such Tax would not have been incurred or increased in absence of such breach.

22.3.2 Due Date. Any amounts payable pursuant to this Section 22.3 shall be due:

- (a) in the case of Section 22.3.1(a): ten (10) Business Days after the relevant Tax Refund has been received or would have been received if the relevant application had been made in time;

- (b) in the case of Section 22.3.1(b): ten (10) Business Days after the relevant Tax Provision has been or could be dissolved, released or reduced; and
- (c) in the case of Section 22.3.1(c): ten (10) Business Days following written notification by the Seller Parent which includes a copy of the relevant Tax Assessment Notice.

22.3.3 Confirmation. The Purchaser shall notify the Seller Parent of the receipt/realization of any Tax Refund and any dissolution, release or reduction of a Tax Provision without undue delay (*unverzüglich*) and shall deliver, upon written request and at cost of the Seller Parent, to the Seller Parent within three (3) months following the end of a calendar year a written statement of a generally accepted German certified accounting firm (*Wirtschaftsprüfungsgesellschaft*) to be elected in the Seller Parent's free discretion notifying the Seller Parent in reasonable detail of any Tax Refunds and Overprovisions that are payable to the Seller Parent pursuant to this Section 22.3 in the previous calendar year. For the avoidance of doubt, unless the Seller Parent explicitly approves the notification by the Purchaser or the accounting firm's statement, the information provided by the Purchaser shall not be considered approved or agreed.

22.4 Information Rights of Seller Parent and Procurement of Tax Proceedings. The Purchaser shall procure (*steht dafür ein*) that after the Closing:

22.4.1 the Purchaser and all Sold Companies will (i) file all Tax returns (including any schedule or attachment thereto and including the filing of amended Tax returns) and all other Tax related communication with the Tax authorities that relate to the Pre-Closing Date Tax Period (the "**Relevant Tax Period**") (together, the "**Relevant Tax Communication**"), only subject to the Seller Parent's prior written approval, (ii) comply with all lawful written instructions issued by the Seller Parent in respect to Relevant Tax Communication, and (iii) provide the Seller Parent with all information, documents, data and reasonable assistance in relation to the Tax Matters Agreement (however, such assistance shall be limited to claims of the Seller Parent under the Tax Matters Agreement which correspond to the respective Tax Indemnification Claim) requested by the Seller in relation to the Relevant Tax Period;

22.4.2 neither the Purchaser nor any of the Sold Companies will change any Tax election right or will change or amend any Tax Return for the Relevant Tax Period without Seller Parent's prior written approval unless required by mandatory law or administrative order;

22.4.3 neither the Purchaser nor any of the Sold Companies will enter into any transaction, merger, conversion or any other kind of restructuring that has a retroactive Tax effect on the Relevant Tax Period unless with the Seller Parent's prior written approval;

- 22.4.4 the Seller Parent will be fully and timely notified of any Tax proceedings (*e.g.*, Tax assessments, Tax audits and other investigations by Tax authorities, appeals and other legal (including court) proceedings with respect to Taxes) relating to the Relevant Tax Period ("**Relevant Tax Proceedings**"); in particular, the Seller Parent shall be notified of the receipt by any Sold Company of any Tax Assessment Notice and other administrative order (*Verwaltungsakt* or comparable order under foreign law) and other requests and statements made by any Tax authority and all other incidents relating to a Pre-Closing Date Tax Period; any such notice shall only be deemed to have been made timely if it is made without undue delay (*unverzüglich*) and, with respect to written communication, no later than ten (10) Business Days after the receipt of such communication by the relevant Sold Company; the notice shall be reasonably detailed and, with respect to written communication, shall include copies of the documents received by the relevant Sold Company;
- 22.4.5 the Seller Parent will have authority and control over any Relevant Tax Proceedings; in particular, the Purchaser shall procure (*steht dafür ein*) that all Sold Companies will grant the Seller Parent (and its representatives and counsel) the opportunity to participate in any Relevant Tax Proceedings from the beginning until the end (in particular, in meetings with the Tax authorities) and comply with all lawful written instructions issued by the Seller Parent with respect to Relevant Tax Proceedings (including instructions to challenge and/or litigate Tax Assessment Notices or other administrative orders);
- 22.4.6 neither the Purchaser (or its Affiliates) nor any of the Sold Companies will communicate with the Tax authorities or Tax courts in the course of a Tax Proceeding about Tax matters relating to the Relevant Tax Period without the Seller Parent's prior written approval;
- 22.4.7 no Tax Assessment Notice received by any Sold Company from a Tax authority relating to any Relevant Tax Period will become legally binding without the Seller Parent's prior written approval;
- 22.4.8 the Purchaser (and its Affiliates) and all Sold Companies will keep all records, documents and information relating to the Relevant Tax Period and all Relevant Tax Proceedings until the expiration of any applicable statute of limitations and provide the Seller Parent with all documents and information requested by the Seller Parent no later than five (5) Business Days after the Seller Parent's written request.

Seller Parent's prior written approval for the purposes of this Section 22.4 shall not be unreasonably withheld and Seller Parent shall cover all reasonable and documented external costs resulting from its participation, its requests to the Purchaser and its control of any Tax Proceedings.

- 22.5 Limitation Period. Any claims of the Parties under this Section 22 shall become time-barred (*verjähren*) at the earlier of (i) seven (7) years after the Closing Date and (ii) the expiration

of a six (6) month period after the respective Tax assessment underlying the respective claim has become legally binding (*formell und materiell unanfechtbar*), it being understood that any payment obligation of the Purchaser pursuant to Section 22.3.1(a) and Section 22.3.1(b) shall not become time-barred prior to the expiry of six (6) months after the Seller Parent has received a written notification of the Purchaser stating that the Seller Parent has a payment claim pursuant to this Section 22. The notification obligations of the Purchaser pursuant to Section 22.3.3 above shall not be cut-off, but shall only cease to exist upon a respective written waiver by the Seller Parent.

22.6 Exclusivity. The liability of the Seller Parent with respect to Taxes shall be governed exclusively by this Section 22 unless explicitly stated otherwise in this Section 22. Section 23.7 of this Agreement shall apply to any Tax Indemnification Claims.

23 Expiration and Limitation of Claims

23.1 Limitation Periods. Any claims of the Purchaser under or in connection with this Agreement shall become time-barred (*verjähren*) twelve (12) months after the Closing Date. Exempted therefrom are:

23.1.1 all claims of the Purchaser arising (i) from a breach of the Fundamental Warranties and (ii) in relation to the performance claim (*Erfüllungsanspruch*) to transfer title to the Sold Shares which shall become time-barred (*verjähren*) three (3) years after the Closing Date;

23.1.2 all claims of the Purchaser under Section 22 which shall become time-barred (*verjähren*) in accordance with Section 22.5;

23.1.3 all claims of the Purchaser arising as a result of willful deceit (*arglistige Täuschung*) or willful or intentional breaches of the Seller Parent's obligations under this Agreement which shall become time-barred (*verjähren*) in accordance with the statutory rules in Sections 195 and 199 German Civil Code; and

23.1.4 all claims of the Purchaser under Section 28.1, Section 28.2 and Section 29.1 which shall become time-barred (*verjähren*) three (3) years after the Closing Date.

All claims of the Purchaser referred to under Sections 23.1.1 and 23.1.3 are referred to as the "**Exempted Claims**".

23.2 Tolling. Section 203 German Civil Code shall not apply unless the relevant Parties agree in writing that the expiry period shall be tolled (*gehemmt*) on the basis of pending settlement negotiations.

23.3 De Minimis, Deductible. No liability shall attach to the Seller Parent for any Purchaser Claim (i) for a Warranty Breach or a breach of an Interim Covenant unless the individual claim (or a series of related claims) against the Seller Parent exceeds an amount of USD 75,000.00 (the "**De Minimis**") and (ii) for a Warranty Breach unless the aggregate amount of all such individual claims (excluding any claims below the De Minimis) exceeds USD 1,000,000.00 (the "**Deductible**"). In case the Deductible is exceeded, the Seller Parent

shall only be liable for, and the Purchaser shall only be entitled to claim, the amount exceeding the Deductible, but in any event subject to Section 23.4. The limitations of this Section 23.3 shall not apply to any Exempted Claims.

23.4 Liability Caps. The aggregate liability of the Seller Parent for any claim for a Warranty Breach shall not exceed an amount of EUR 1 (the "**W&I Cap**"). The aggregate liability of the Seller Parent for any breach of the Interim Covenants shall not exceed an amount of EUR 10,000,000.00 (the "**General Cap**"). Neither the W&I Cap nor the General Cap shall apply to any Exempted Claims pursuant to Sections 23.1.1 and 23.1.3 and these shall also not apply, for the avoidance of doubt, to any Tax Indemnification Claim or to any other claim under or in connection with this Agreement (except for (i) claims for a Warranty Breach that are not Exempted Claims or (ii) a breach of the Interim Covenants), provided, however, that the aggregate liability of the Seller Parent under or in connection with this Agreement (except for claims of the Purchaser arising as a result of willful deceit or willful or intentional breaches of the Seller Parent's obligations under this Agreement to the extent such claims have not been excluded under this Agreement) shall in no event exceed an amount equal to the Purchase Price.

23.5 W&I Insurance.

23.5.1 The Purchaser (i) undertakes to the Seller Parent that it will, at its sole cost, take out customary warranty and indemnity insurance under an insurance policy to be executed after the Signing Date and prior to the Closing Date (the "**W&I Insurance**" and the relevant insurers of such W&I Insurance, the "**Insurers**"), (ii) undertakes not to subsequently make changes that adversely affect the coverage under the W&I Insurance or terminate the W&I Insurance, and (iii) shall procure that the W&I Insurance will not provide for a recourse against the Seller Parent and its advisors and that the Insurer is not entitled to subrogate of claims of the Purchaser against Seller Parent and its advisors except in respect of claims of the Purchaser against the Seller Parent in connection with this Agreement that are based on willful deceit (*arglistige Täuschung*) or willful misconduct (*vorsätzliche Pflichtverletzung*) of the Seller Parent if and to the extent they cannot be waived in advance pursuant to mandatory applicable law. If the Insurer makes any claims under or in connection with the W&I Insurance or otherwise against the Seller Parent or its advisors, the Purchaser shall indemnify and hold harmless the Seller Parent from any damages, losses and liabilities resulting therefore, including all out-of-pocket expenses, legal fees, expenses, disbursements and Taxes resulting from or arising in connection therewith, except the claim arises out of willful deceit (*arglistige Täuschung*) or willful misconduct (*vorsätzliche Pflichtverletzung*) of the Seller Parent.

23.5.2 The Parties agree that for any claim for breach of a Seller Parent's Warranty (except for any Exempted Claims) in excess of the W&I Cap:

(a) the liability of the Seller Parent shall be excluded and shall be EUR 0; and

(b) the Purchaser's sole recourse, if any, shall be against the Insurers under the W&I Insurance.

23.6 Risk of Non-Implementation of W&I Insurance. The foregoing expirations and limitation of claims shall apply irrespective of whether the Purchaser has actually taken out the W&I Insurance, whether the relevant claim by the Purchaser is covered by the W&I Insurance or whether the Purchaser receives any payments from the W&I Insurance. The Purchaser hereby expressly acknowledges and the Parties agree that the risk of non-implementation of the W&I Insurance as well as the validity and collectability risk in respect of the W&I Insurance shall solely rest with the Purchaser.

23.7 No Double Dip. Where one and the same set of facts (*Sachverhalt*) qualifies under more than one provision entitling the Purchaser to a Purchaser Claim or Tax Indemnification Claim under this Agreement, there shall be only one claim or remedy (no double dip).

24 **Purchaser's and Guarantor's Warranties**

24.1 General. The Purchaser and the Guarantor hereby represents to the Seller Parent by way of an independent promise of guarantee (*selbstständiges Garantieverprechen*) irrespective of fault pursuant to Section 311 para. 1 German Civil Code that the statements in Section 24.2 and Section 24.3 below (the "**Purchaser's Warranties**") are correct as of the Signing Date and the Closing Date, unless it is specifically provided that a Purchaser's Warranty is made as of a different or additional date or dates, in which case such Purchaser's Warranty shall be correct as of such different or additional date or dates.

24.2 Status of Purchaser and Guarantor.

24.2.1 The Purchaser is a limited liability company duly incorporated and validly existing under the laws of Germany and the Guarantor is a stock corporation duly incorporated and validly existing under the laws of Finland.

24.2.2 The Purchaser and the Guarantor have obtained all required corporate approvals for the execution of this Agreement and the consummation of the transactions contemplated hereunder and such execution and consummation does not violate any provisions of the articles of association of the Purchaser or the Guarantor.

24.2.3 No insolvency proceedings or similar proceedings are being applied for, are pending, have been rejected or have been threatened to be opened on account of lack of assets in relation to the Purchaser or the Guarantor. The Purchaser and the Guarantor are neither unable to pay their debt (*zahlungsunfähig*) nor over-indebted (*überschuldet*) within the meaning of Sections 16 et seq. German Insolvency Code or any comparable applicable insolvency laws of other applicable jurisdictions.

24.2.4 Subject to the Merger Clearance being obtained, the execution and consummation of this Agreement and the performance of the transactions contemplated hereunder do not violate any judicial or governmental order (*gerichtliche oder behördliche Verfügung*) by which the Purchaser or the Guarantor is bound, and there are no

proceedings or investigations pending or threatened against the Purchaser or the Guarantor or its Affiliates which seek to prevent or materially delay the consummation of the transactions contemplated under this Agreement.

24.2.5 This Agreement has been, and the Brand License Agreement, the TSA and the Regulatory TSA will on the Scheduled Closing Date be, duly executed by the Purchaser and the Guarantor and constitute legal, valid and binding obligations of the Purchaser and the Guarantor, enforceable against the Purchaser and the Guarantor in accordance with its terms and conditions. There are no proceedings pending or threatened against the Purchaser or the Guarantor before any court or arbitral or governmental body which challenge or seek to prevent the transactions contemplated by this Agreement, the Brand License Agreement, the TSA or the Regulatory TSA.

24.3 **Available Funds.** The Purchaser will have immediately available funds or obtained binding and irrevocable (equity and/or debt) financing commitments, conditional only upon the Closing Condition being satisfied or waived, in a sufficient amount to enable Purchaser to fulfill its payment obligations under this Agreement if and when they are due. In support of the foregoing, the Guarantor has executed a debt commitment letter and an interim loan agreement with Nordea Bank ABP, each dated 6 September 2021 (the "**Debt Commitment Letter**").

24.4 **No Knowledge of Breach.** As of the Signing Date, neither the Purchaser, the Guarantor, nor any member of the Deal Team has positive knowledge that there is already a claim against the Seller Parent for any Warranty Breach.

25 **Purchaser's Covenants; Purchaser's Indemnity**

25.1 **No Claims by the Sold Companies.** The Purchaser undertakes not to bring and shall procure (*steht dafür ein*) that its subsidiaries and, after the Closing Date, none of the Sold Companies bring any claims against the Seller Parent, its Affiliates (excluding the Sold Companies), or any of their respective direct and indirect shareholders, successors, board members (including supervisory and advisory board members), officers, directors, managers, employees, advisors or agents (collectively, the "**Seller Parent's Indemnitees**") regardless of the legal basis of such claims, in each case unless (i) the relevant claim is based on willful deceit (*arglistige Täuschung*) or willful misconduct (*vorsätzliche Pflichtverletzung*) of the relevant Seller Parent's Indemnitee or (ii) such claim results from an agreement between any of the Sold Companies on the one hand and any Seller Parent's Indemnitee on the other hand (including post-contractual claims relating to such agreements). Nothing in this Section 25.1 shall restrict Purchaser to bring any claims under this Agreement.

25.2 **Purchaser's Indemnity.**

25.2.1 The Purchaser shall indemnify and hold harmless the Seller Parent and any Seller Parent's Indemnitee from and against any and all liabilities, losses (whether past, present or future, actual or contingent, direct or indirect), damages and reasonable

costs and expenses (including Taxes, reasonable legal fees, expenses and disbursements) arising out of or in connection with,

- (a) any claims made in breach of Section 25.1;
- (b) any claims brought in connection with the Assumed Securities;
- (c) any claims brought in connection with the Share Transfer Agreements or the Asset Transfer Agreements by Purchaser or its Affiliates (other than under this Agreement); and
- (d) any claims by or on behalf of KaVo Dental after the Closing Date for compensation of additional losses and/or repayment of any profits received under the PLTA (irrespective of the legal grounds for such claims or the time periods such claims relate to);

in each case unless the relevant claim is based on willful deceit (*arglistige Täuschung*) or willful misconduct (*vorsätzliche Pflichtverletzung*).

25.2.2 The obligations of the Purchaser pursuant to Sections 25.2.1 are and shall operate as an agreement for the benefit of third parties (*echter Vertrag zugunsten Dritter*) within the meaning of Section 328 para. 1 German Civil Code for the benefit of each of the Seller Parent's Indemnitees.

25.2.3 This Section 25.2 shall not apply if and to the extent the Seller Parent is liable towards the Purchaser based on a claim expressly provided for in this Agreement.

25.2.4 Claims under this Section 25.2 shall in no event become cut off (*Ausschlussfrist*) or time-barred (*Verjährung*) earlier than any underlying claim for which indemnification is sought.

25.3 No Amendments to Debt Commitment Letter. The Guarantor and the Purchaser undertake not to terminate, amend, supplement, replace or otherwise vary the terms of the Debt Commitment Letter if and to the extent such amendment, supplement, replacement or variation would have an adverse effect on the enforceability of the Debt Commitment Letter or the certainty of availability of the financing to the Purchaser.

26 Guarantor's Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees by way of guarantee on first demand (*auf erstes Anfordern*) to the Seller Parent by way of an independent guarantee pursuant to Section 311 para. 1 German Civil Code the due and punctual performance of any payment obligations under this Agreement, including the payment of the Purchase Price, the payment of the Reverse Termination Fee and the fulfillment of all indemnification obligations of the Purchaser under this Agreement. The Guarantor hereby waives, and the Seller Parent hereby accepts such waiver, any rights which the Guarantor may have to require the Seller Parent to proceed first against or claim payment from the Purchaser (*Verzicht auf die Einrede der Vorausklage*) such that as between the Seller Parent and the

Guarantor the latter shall be liable as principal debtor as if it had entered into the undertaking to perform such obligations under or in connection with this Agreement in connection therewith itself.

27 Seller Parent's Remedies

If and to the extent any of the Purchaser's Warranties is breached or the Purchaser or the Guarantor is in breach of any of its other obligations or otherwise liable to the Seller Parent, as the case may be, under or in connection with this Agreement, the Seller Parent's respective claims and remedies, and the Purchaser's liability vis-à-vis the Seller Parent shall be determined in accordance with statutory law, with any specific claim or remedy provided for under this Agreement remaining unaffected. For any breach of Purchaser's and/or Guarantor's covenants or indemnities, in particular those under Section 25 above, Section 21.2 shall apply *mutatis mutandis*.

28 Seller Parent Undertakings

- 28.1 Non-Compete. For a period of two (2) years as from the Closing Date, each Asset Seller and the Seller Parent shall not, and will procure that its respective Affiliates will not, directly or indirectly, carry on, or be engaged in, any activity that competes with the business of the Sold Business as conducted today.
- 28.2 Non-solicit. For a period of two (2) years following the Closing Date, each Asset Seller and the Seller Parent shall not, and shall procure that its respective subsidiaries will not, directly or indirectly, solicit or entice away from the Sold Business, any Key Employee or any person that would have been a Key Employee under this Agreement if the Agreement were executed on the date of the solicitation. These restrictions shall not prohibit the solicitation by any Asset Seller, the Seller Parent and any subsidiaries of the Seller Parent of any Key Employee: (i) who has been given notice of termination (*Kündigung*) by the Sold Business or has provided notice of termination to the Sold Business and six (6) months have lapsed since their separation of employment from the Sold Business; (ii) who responds to general advertisements for employment conducted by any Asset Seller, the Seller Parent or any subsidiaries of the Seller Parent (including any recruitment efforts conducted by any recruitment agency, to the extent that they are not specifically directed at such person); or, (iii) if such Key Employee approaches any Asset Seller, the Seller Parent or any subsidiary of the Seller Parent on an unsolicited basis.
- 28.3 Carve-out Liability. In preparation of the sale of the KaVo Dental Business, certain assets not considered part of or essential of the KaVo Dental Business by the Seller Parent and its Affiliates were carved-out, transferred, spun-off or otherwise separated from the Sold Companies (the "**Carved-Out Seller Business**"), including in particular through the measures set out in **Exhibit 28.3** (such measures together "**Pre-Signing Carve-out Measures**"). The Seller Parent shall indemnify and hold harmless the Purchaser, or at the Purchaser's request any Sold Company, against and from any claims and obligations (i) relating to the Carved-Out Seller Business or (ii) under or in connection with the Pre-Signing Carve-out Measures (in each case whether arising from statutory provision on joint

liability, in particular Section 133 of the German Transformation Act (*Umwandlungsgesetz*), any similar provisions in other jurisdictions, or otherwise).

- 28.4 **Intragroup Agreements.** The Sold Companies and the Sold Business are parties to the agreements listed in **Exhibit 28.4** with any Share Seller or any Affiliate of a Share Seller. If and to the extent the Sold Companies or the Sold Business is party to an intragroup agreement which has not been identified in Exhibit 28.4 and under which services are provided or products are supplied to or by a Sold Company (other than the Brand Licensing Agreement, the TSA and the Regulatory TSA), the Seller Parent shall procure that, upon request of the Purchaser, any such agreement shall be terminated with a notice period of not more than four (4) weeks and without any obligations or liabilities on the part of the Sold Companies or the Sold Business as from the Closing Date (except for the settlement of intragroup trade payables and/or liabilities at arms' length terms).
- 28.5 **IP Transfer.** Prior to the Closing Date, the Seller Parent will procure that the Asset Sellers and Sold Companies, as applicable, enter into an agreement for the transfer by the applicable Asset Sellers to the Sold Companies of the domain names listed in Exhibit 8.3.

29 Confidentiality

- 29.1 **Confidentiality.** For a period of three (3) years after the Closing Date, the Parties shall treat all Confidential Information (as defined below) as strictly confidential and shall refrain from disclosing it to any third parties, unless:
- 29.1.1 such Confidential Information has been legally obtained from a third party (which shall not be any of the Sold Companies or the Asset Sellers) who is not restricted from disclosing such Confidential Information by law or regulation or, to the relevant Party's best knowledge, by contractual obligations;
 - 29.1.2 such Confidential Information has been independently developed by the relevant Party without use or benefit of any of the Confidential Information of the other Party;
 - 29.1.3 such Confidential Information is within the public domain or later becomes part of the public domain without a breach by a Party of its obligations under this Section 29;
 - 29.1.4 agreed in writing between the Parties; the Parties hereby agree that Confidential Information which is required for the filing necessary for the Merger Control Filing may be disclosed to the relevant governmental authorities; or
 - 29.1.5 the disclosure is required by law or stock exchange regulations (including, for the avoidance of doubt, where required, necessary or desirable to raise a "due diligence" or similar defense under applicable securities laws) provided that any such disclosure shall only be made after providing the other Party with notice thereof in order to permit the other Party to seek an appropriate protective order or

exemption, it being understood by the Parties that the Seller Parent will be required to disclose this Agreement under applicable securities laws.

"**Confidential Information**" shall mean the content of this Agreement and all information of a confidential nature created, transferred, recorded or employed as part of, or otherwise resulting from, any activities undertaken pursuant to this Agreement, including business, organizational, technical, financial, marketing, operational, regulatory or sales information of the Sold Companies and the Purchaser, with respect to the Seller's Parent, "Confidential Information" shall also include after Closing all information regarding the Sold Business that is proprietary or confidential by nature.

29.2 Disclosure. Either Party may disclose Confidential Information to its Affiliates and its or its Affiliates' officers and employees, brokers, lenders, insurers or professional advisors, financial sponsors and current or prospective investors in connection with fund reporting and fund raisings activities, in each case provided that they have specifically agreed in writing to be bound by the receiving Party's confidentiality obligations hereunder, unless they are subject to confidentiality obligations with respect to such Confidential Information which are equivalent in scope and nature to the confidentiality obligations of the receiving Party hereunder on the basis of their employment or service agreements, professional rules of conduct or individual confidentiality undertakings.

29.3 Public Announcements. Without the prior written approval of the other Parties which shall not be unreasonably withheld, no Party shall make any public announcement regarding this Agreement, unless required by law or stock exchange regulations.

30 **Miscellaneous**

30.1 Notices. All notices, requests and other communications under or in connection with this Agreement shall be made in writing in the English language and delivered by hand, courier, mail or telefax (provided that the telefax receipt is promptly confirmed in writing) to the person at the addresses set forth below, or such other person or address as may be designated by the respective Party in writing from time to time, provided that (i) receipt of a copy of a notice, request or other communication by a Party's advisors shall not constitute or substitute receipt thereof by the respective Party itself and (ii) any notice, request or other communication shall be deemed received by a Party regardless of whether a copy thereof was sent to or received by an advisor of such Party, regardless of whether the delivery of such copy was mandated by this Agreement:

30.1.1 To the Seller Parent:
Envista Holdings Corporation
Attn.: General Counsel
200 S. Kraemer Blvd. Bldg. E
Brea, California 92821
United States of America
Email: legal@envistaco.com

with a copy to:

Kirkland & Ellis International LLP
Attn.: Attila Oldag and Christian O. Nagler
Maximilianstraße 11
80539 Munich
Germany
Email: attila.oldag@kirkland.com; christian.nagler@kirkland.com

30.1.2 To the Purchaser:
planmeca Verwaltungs GmbH,
Attn.: Jussi Holopainen
c/o Planmeca Oy
Asentajankatu 6
00880 Helsinki
Finland
Email: Jussi.holopainen@planmeca.com

with a copy to:

Ebner Stolz Mönning Bachem Wirtschaftsprüfer Steuerberater Rechtsanwälte
Partnerschaft mbB
Attn.: Felix Müller-Stiess and Dr. Christoph Winkler
Kronenstraße 30
70174 Stuttgart
Germany
Email: felix.mueller-stiess@ebnerstolz.de; christoph.winkler@ebnerstolz.de

30.1.3 To the Guarantor:
Planmeca Oy
Attn.: Jussi Holopainen, Vice President Legal Affairs & Human resources
Asentajankatu 6
00880 Helsinki
Finland
Email: Jussi.holopainen@planmeca.com

with a copy to:

Ebner Stolz Mönning Bachem Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft mbB
Attn.: Felix Müller-Stiess and Dr. Christoph Winkler
Kronenstraße 30
70174 Stuttgart
Germany
Email: felix.mueller-stiess@ebnerstolz.de; christoph.winkler@ebnerstolz.de

30.2 Process Agent. With respect to all legal proceedings and disputes involving the respective Party under or in connection with this Agreement, (i) the Seller Parent hereby appoints Kirkland & Ellis International LLP as its agent for service of process

(*Zustellungsbevollmächtigter*) and (ii) the Guarantor and the Purchaser hereby appoint Ebner Stolz Mönning Bachem Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft mbB as its agent for service of process (*Zustellungsbevollmächtigter*). Such appointments shall only terminate upon the appointment of another respective agent for service of process domiciled in Germany, provided that the agent for service of process is an attorney admitted to the German bar (*in Deutschland zugelassener Rechtsanwalt*) and his or her appointment has been notified to and approved in writing by the respective other Party, such approval not to be unreasonably withheld. Each the Seller Parent, the Guarantor and the Purchaser shall promptly after the Signing Date and upon the appointment of any new agent for service of process, as the case may be, issue to its respective agent for service of process a written power of attorney (*Vollmachtsurkunde*) and shall irrevocably instruct its respective agent for service of process to submit such written power of attorney (*Vollmachtsurkunde*) in connection with any service of process under this Agreement.

- 30.3 Costs, Taxes and Expenses. To the extent legally permissible, the Purchaser shall bear all transfer Taxes (including real estate transfer Taxes), stamp duties, fees (including the fees for notarization of this Agreement), registration duties and other charges in connection with any regulatory requirements (including merger control proceedings) and other charges and costs payable in connection with the execution of this Agreement and the consummation of the transactions contemplated hereby. For the avoidance of doubt, the Parties agree that all transfer Taxes (including real estate transfer Taxes), stamp duties, fees, registration duties and other charges in connection with any regulatory requirements and other charges and costs payable in connection with implementation of the Pre-Signing Carve-out Measures shall not be borne by the Purchaser.
- 30.4 Entire Agreement. This Agreement (together with all Exhibits and Schedules hereto) contains the entire agreement between the Parties concerning its subject matter and supersedes all prior agreements, oral and written declarations of intent and other legal arrangements (whether binding or non-binding) made by the Parties in respect to all or any part of the subject matter of this Agreement.
- 30.5 Amendments; Supplements. Any amendments to this Agreement (together with all Exhibits and Schedules hereto) (including amendments to this Section 30.5) or a waiver of terms and conditions shall be valid and binding upon the Parties only if approved in writing by an authorized representative of each Party, unless applicable mandatory law requires a stricter form.
- 30.6 Assignments. The Purchaser may not assign, delegate or otherwise transfer any right or claim it may have under or in connection with this Agreement without the Seller Parent's prior written consent.
- 30.7 No Rights of Third Parties. Unless explicitly stated otherwise herein, this Agreement shall not grant any rights to, and is not intended to operate for, the benefit of any third parties, including any Sold Company (*kein echter Vertrag zugunsten Dritter*).
- 30.8 Interpretation.

- 30.8.1 Exhibits and Schedules. All Exhibits and Schedules to this Agreement constitute an integral part of this Agreement.
- 30.8.2 Headings. The headings and sub-headings in this Agreement are inserted for convenience only and shall not affect the interpretation or construction of this Agreement.
- 30.8.3 Language. This Agreement is written in the English language (except that Exhibits or Schedules may be in the German language). Terms to which a German translation has been added in parentheses and/or italics shall be interpreted in accordance with such German translation alone disregarding the English term to which such German translation relates.
- 30.8.4 Legal Terms. Any German legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept shall, in respect of any jurisdiction other than Germany, be deemed to include what most nearly approximates in that jurisdiction to the German legal term and any reference to any German statute shall be construed so as to include equivalent or analogous laws of any other jurisdiction.
- 30.8.5 Specific Expressions. Whenever the words "include", "includes" or "including" or "in particular" or similar expressions are used in this Agreement, they shall be deemed to be followed by the words "without limitation". Whenever the words "hereof", "herein", "hereunder", "hereto" or similar expressions are used in this Agreement, they refer to this Agreement as a whole and not to a specific Section of this Agreement.
- 30.8.6 References. A reference to a Section, paragraph, subparagraph, Schedule or Exhibit is, unless stated otherwise, a reference to a Section, paragraph of or subparagraph of, or Schedule or Exhibit to, this Agreement.

30.9 Governing Law; Jurisdiction.

- 30.9.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the substantive laws of Germany, excluding the United Nations Convention on Contracts for the International Sale of Goods (*CISG*) and provisions of conflicts of laws.
- 30.9.2 Arbitration. Any dispute, controversy or claim arising from or in connection with this Agreement or its validity shall be finally settled by three (3) arbitrators in accordance with the Arbitration Rules of the German Institution of Arbitration e.V. (*DIS*), including the Supplementary Rules for Expedited Proceedings, as applicable from time to time, without recourse to the ordinary courts of law. The place of arbitration shall be Munich. The language of the arbitral proceedings shall be English, provided, however, that written evidence may be submitted in either the English or German language.

30.9.3 Alternative Venue. In the event that mandatory applicable law requires any matter arising out of or in connection with this Agreement and its execution to be decided upon by an ordinary court of law, to the extent legally permissible, the competent courts in Munich shall have exclusive jurisdiction.

30.10 Severability. If any court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, the other provisions of this Agreement shall remain in full force and effect. The invalid or unenforceable provision shall be deemed to have been replaced by a valid, enforceable and fair provision which comes as close as possible to the intentions of the Parties hereto at the time of the conclusion of this Agreement. The same shall apply in case of any unintended gaps. It is the express intent of the Parties that the validity and enforceability of all other provisions of this Agreement shall be maintained and that this Section 30.10 shall not result in a reversal of the burden of proof but that Section 139 German Civil Code is hereby excluded in its entirety.

To the extent that reference is made to Exhibits and Schedules, this relates to the Exhibits and Schedules notarised in Deed number H 866/2021 of the notary Dr. Susanne Herrler in Nuremberg, dated 06 and 07/09/2021 ("**Reference Deed**"). Reference is herewith made to the Reference Deed, which was available for inspection during today's notarisation. The notary instructed the persons appearing about the legal consequences of the reference. The persons appearing declared that they were familiar with the contents of the Reference Deed, and they approved of all declarations made in the Reference Deed on behalf of the Parties by Mrs. Elissavet Ragkou, as representative without authority. After having been instructed by the notary, they waived the Reference Deed being read aloud and officially issued with this Deed.

The Table of Contents, the List of Exhibits, the List of Schedules and the Definitions are attached for information purposes only.

This deed was read aloud to the persons appearing, approved by them and signed by them and the acting notary in their own hands as follows:

/s/ Sebastian Häfele

/s/ Felix Müller-Stieß

/s/ Sebastian Herrler (Notary)

**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: November 3, 2021

/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, 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: November 3, 2021

/s/ Howard H. Yu

Howard H. Yu

Senior Vice President and Chief Financial 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 October 1, 2021, 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: November 3, 2021

/s/ Amir Aghdaei

Amir Aghdaei
President and Chief Executive
Officer

I, Howard H. Yu, 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 October 1, 2021, 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: November 3, 2021

/s/ Howard H. Yu

Howard H. Yu
Senior Vice President and
Chief Financial Officer