



Q4 Interim and year-end report 2022

Dentalum Operations AB (publ)

Dentalum Operations AB (publ.) Fourth Quarter Interim report and full year 2022

October - December 2022

- Reported net revenue in the fourth quarter reached SEK 120.4 million (71.9).
- The increase in quarterly revenue compared to the same quarter prior year, is mainly driven by acquisitions of eleven dental clinics, acquired since the same quarter 2021. Of the eleven acquisitions, one was executed in the fourth quarter, on December 29, and has consequently not affected the reported revenues for the period.
- Consolidated EBITDA, adj. for the impact of IFRS 16 leases, reached SEK 14.7 million (6.3) of which SEK 25.8 million (11.2) was generated in the dental clinics and SEK -11.1 million (-4.9) of net expenses in the Parent company, Dentalum Operations AB (publ.).
- Consolidated operating profit margin, adjusted EBITDA as a percentage of revenue, for the fourth quarter increased to 12.4% (8.6%). Excluding the Parent company EBITDA, the operating margin in Q4 was 21.7% (16.3%).
- Net financial expense amounted to SEK -16 million (-27), including revaluation of contingent purchase price considerations of SEK -7 million (-18.7) and interest expense of SEK -9 million (-8.4).
- Group net loss amounted to SEK -21.3 million (-29.2).
- Cash flows from operations amounted to SEK 16.1 million (14.3).
- Net cash flow after investing, financing activities and shareholder's contributions was SEK -29.6 million (162.2). The net cash flow in the same period 2021 includes shareholder's contribution of SEK 125 million injected in Dentalum Operations and net proceeds from a bond tap issue of 100 million.
- As per December 31, 2022, total equity amounts to SEK 209.6 million (253.8), cash balance of SEK 116.4 million (270.6) and interest-bearing debt of SEK 398.4 million (397.7), consisting of bond debt of SEK 400 million, incl. amortized financing costs.

January - December 2022

- Reported net revenue for the period increased to SEK 397.4 million (232.3). The increase in revenue compared to the same period in 2021, is mainly driven by acquisitions of eleven dental clinics during FY 2022, but also includes organic growth following a recovery after the period of Covid-19 pandemic.
- Consolidated, EBITDA adjusted for impact of IFRS 16 leases, reached SEK 74.0 million (38.5) of which SEK 104.9 million (54.4) was generated in the dental clinics and SEK -31 million (-15.9) in the Parent company, Dentalum Operations AB (publ.).
- The consolidated operating profit margin, adjusted EBITDA as a percentage of revenue, was 18.5% (16.4%) on an annual basis.
- Net financial expense amounted to SEK -96.3 million (-48.1), including revaluation of contingent purchase price considerations of SEK -61.3 million (-19.5) and interest expense of SEK -34.9 (-28.5).
- Group net loss amounted to SEK -72.8 million (-39.3).
- Cash flows from operations amounted to SEK 58.7 million (37.2).
- Consolidated Net cash flow after investing, financing activities and capital contributions, was SEK -154.1 million (89.2). The net cash flow in the same period 2021 includes shareholder's contribution of SEK 155 million injected in Dentalum Operations and net proceeds from a bond tap issue of 100 million.

Financial overview

Dentalum Operations AB (publ) Financial Overview - Consolidated Group

(kSEK)	2022 Q4	2021 Q4	FY 2022	FY 2021
Operating revenues	118,655	73,112	399,842	234,631
EBITDA	14,658	6,255	73,998	38,477
% of revenues	12.4%	8.6%	18.5%	16.4%
Net financial expenses	-15,982	-27,033	-96,261	-48,052
Earnings before tax / EBT	-13,035	-29,176	-63,534	-38,732
% of revenues	-11%	-40%	-16%	-17%
Income tax expenses	-8,291	-3,428	-9,272	-530
Net Earnings	-21,326	-32,604	-72,807	-39,262
Net Cash flow	-29,553	162,347	-154,143	89,166
Cash flow from operations	16,080	14,327	58,708	37,182
Cash flow from investing activities	-30,641	-64,127	-171,518	-172,306
Cash flow from financing activities	-14,993	212,147	-41,334	224,290
	2022 Q4	2021 Q4		
Net Cash/ - Interest-bearing Debt	-282,007	-127,156		
Cash & cash equivalents	116,420	270,562		
Interest bearing debt	398,427	397,718		
Total Assets	914,589	786,356		
Equity	209,577	253,796		

Tables and calculations in the report do not always summarize to the totals due to roundings.
Comparison refer to the same period in the previous year unless otherwise stated.

Significant events

During the fourth quarter

- On December 29, the acquisition of TandCity Sweden AB was completed, thereby expanding our presence to a tenth region - Region of Skåne

After the period

- On January 27, 2023, Jens Bruno, CFO since March 2022, left the Company and was replaced by Sofi Eriksson, Dentalums previous CFO (Febr 2020 - March 2022) and Executive Advisor.

After the change, the management group consists of Max Dorthé Ladow, CEO, Marcus Ladow, Head of M&A, Sofi Eriksson, acting CFO and Executive Advisor, Matts Tannerfeldt, Chief Operating Officer, Daniel Krüger, Head of HR and Marianne Forsell, Chief Dentist Officer.

CEO's comments

Dentalum's growth journey continued during the fourth quarter by expanding to a tenth region in Sweden. Dentalum now comprises 31 clinics with 300 highly skilled colleagues working across Sweden.

Dentalum's quarterly net revenue grew by 67.3% to MSEK 120.4 compared to Q4 last year, with an EBITDA amounting to MSEK 14.7 (6.3). Pro forma LTM revenues amounted to MSEK 473.2 with a clinic EBITDA of MSEK 114.7, yielding a continued strong EBITDA-margin of 24.2%.

Macroeconomic development

Dentalum closely monitors to what extent macro-economic factors impact the clinics, both in terms of patient behaviour as well as the supply chain. Most of our clinics have adjusted prices to offset increased costs in the supply chain. Dentalum have also renegotiated certain vendor contracts to further mitigate the inflationary pressure. In, general, however, our clinics have remained stable and performed well during the quarter. The margin increased to 12.4% in Q4 2022 compared to 8.6% the same quarter last year.

Continued expansion

We are continuing to execute on our M&A strategy, entering into partnerships with high quality dental clinics across Sweden. During the quarter, Dentalum completed the acquisition of TandCity located in the centre of Malmö and thereby expanded to its tenth region. Dentalum carried out 11 acquisitions and expanded into three new regions in total during 2022. Today the group comprises of 31 clinics with over 300 employees working in 146 treatment rooms in total.

In addition to our M&A activity, we have also initiated several expansion projects in existing clinics. Essentially, we are increasing local capacity and organic growth opportunities in three different regions by either expanding existing clinic space, optimizing layout, or establishing new clinics to serve a greater underlying patient need. The projects are expected to be finalized during Q2 2023.

Scientific-based approach to quality

We are constantly striving to gain knowledge and understand our different ways of working so that we, as a group, can become more valuable to all stakeholders involved by sharing best practice between our clinics.

During the quarter, we have been able to apply a scientific-based approach to identify the level of clinical quality provided to our patients. Dentalum's unique quality assurance process gives us a granular understanding of our strengths and areas of improvement. We are very grateful and proud of our teams in the clinics who dedicate their time every day to continuously improve the way we work to

deliver higher quality of care to the patients. Based on insights gathered from this joint effort, we will in 2023 launch tailored educational programs and special projects on Dentalum Academy to maximize the value for our patients, co-workers, and the entire group.

The systemized way of working with quality assurance is not only an integral part of our acquisition process, it has also helped us to identify other opportunities and synergies within our group. We recently established an exciting cross-regional partnership between our clinics in Stockholm and Dalarna to serve a greater patient demand. Through the partnership, our clinics in Dalarna can provide patients with advanced treatments, thereby shortening the overall treatment period at the same time as patient satisfaction and service level remain high.

Outlook in 2023

Dentalum has continued to build a strong pipeline of clinics and our M&A outlook is positive as we enter 2023. We have an ambitious acquisition strategy and have identified exciting opportunities to continue our execution and growth both within and outside of Sweden.

Dentalum's ambition is to build a best-in-class organisation where the foundation is fit to serve existing stakeholders as well as to handle future growth. We are very fortunate to have such a skilled team onboard and we look forward to further strengthen our finance function with the recruitment of a new CFO.

As for the current market situation, the dental industry is resilient and the underlying need for dental care doesn't change due to a constrained economy. Instead, we expect to see a built-up need as time from diagnosis to receiving care may be prolonged. We will continue our hard work in 2023, dedicated to our mission in serving patients with high quality dental care and excellent service.



Max Dorthé Ladow
CEO, Dentalum

We are Dentalum

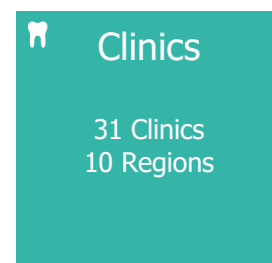
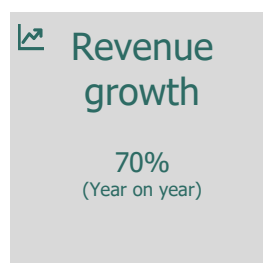
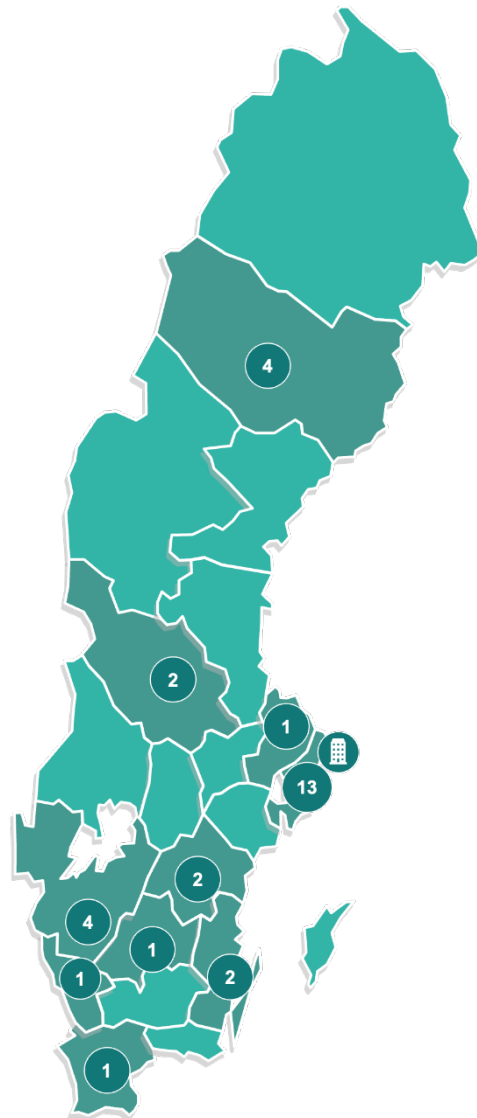
Dentalum is one of the leading and fastest growing dental care groups in Sweden. We invest in our employees and in high-quality dental clinics with the goal of building a world-class organization.

Decentralized organization

Dentalum's organization is based on a decentralized structure, driven by a business model that protects each clinic's local identity and independence. We believe that decisions are best made when it takes place as close to the business as possible. Our model encourages independence and entrepreneurship, which gives room for different ways of working when it comes to how a clinic is run in a successful way. It is precisely in these differences that we see as a great potential and strength to learn from within the group. Our goal is to create a quality-oriented and continuously improving work environment by providing our operations with the right support, training, digital tools, analyses and knowledge exchange.

31 clinics in ten regions

Our journey began in October 2019, when Dentalum completed its first acquisition of a small dental clinic in Halland. Since then, the company has experienced strong growth and at the end of Q4 2022 Dentalum consist of 31 clinics, located in ten regions in Sweden. In total, the group consists of approximately 300 employees.



Financial reports summary and comments

The Board of Directors and Chief Executive Officer of Dentalum Operations AB (publ.), with the corporate identity number 559126-4046 and registered office in Stockholm, hereby submit the unaudited Interim report for the fourth quarter of 2022. The consolidated financial statements of the Group include the Parent company and 24 group companies.

This interim report is presented, based on the information available to management and to the best of their knowledge at the time of issue. For further information, please see section significant estimates and assumptions.

The fourth quarter interim report of Dentalum Operations AB includes consolidation of 31 dental clinics, operating in ten regions in Sweden – the regions of Halland, Dalarna, Stockholm, Uppland, Västra Götaland, Jönköping, Kalmar, Östra Götaland, Västerbotten and Skåne. In total, 25 legal entities are consolidated, including the parent company, Dentalum Operations AB.

Summary of growth through acquisitions

During the fourth quarter the acquisition of TandCity Sweden AB, in the region Skåne, was completed. Since Dentalum's start in 2019, acquisitions of total 31 dental clinics have been completed. During the FY 2022 Dentalum has acquired 11 dental clinics compared to 10 clinics during the previous financial year, 11 clinics in 2020 and in 2019 the first clinic was acquired.

Acquisitions executed during the last 12 months *)

2022	Company/ clinics	Closing Date	Annual Revenues (SEK million)	No. of employees
Q4	TandCity Sweden AB	December 29, 2022	15.8 million (2021)	11
Q3	Fritidstandläkarna & Lövänger	September 30, 2022	13 million (2021)	12
	Qty Praktiken	September 6, 2022	5 million (LTM 09/2022)	4
	Skellefteå Tandvård, two clinics	September 1, 2022	13.8 million	8
	Novo Dental	August 30, 2022	16 million	6
Q2	Karlatandläkarna & Mälarkliniken	May 31, 2022	26 million (2021)	14
	Swedish Dental	April 1, 2022	31 million (2021)	11
Q1	Tandläkarhuset Enköping	January 31, 2022	26 million (2020)	21

Acquisitions executed in previous periods *)

2021				
Q4	Erik Lennartsson AB	November 1, 2021	21.8 million (2020)	9
	Estetikcenter Göteborg AB	November 30, 2021	8.8 million (2020)	6
Q3	Stångå Tandklinik AB, two clinics	September 27, 2021	20.5 million (2020)	18
Q2	Tareqs klinik AB	May 18, 2021	15.1 million (2020)	5
	Solna Dental & Arenatandläkarna	June 1, 2021	32.6 million (2020)	22
2020				
Q4	Sthlm Dental Clinics AB, three clinics	November 2, 2020	38 million (2019)	15
	Qty Dental i Stockholm AB	December 1, 2020	90 million (2019)	62
	Vesalis Dental AB	December 29, 2020	14 million (2019)	11
Q3	"Kungsforsbolagen", three entities	August 4, 2020	20 million (2019)	16
Q2	Ludvikatandläkarna AB, two clinics	April 8, 2020	22.9 million (2019)	20
	Dentalum Tandvårdsteam AB	June 1, 2020	29.9 million (2019)	23
2019				
Q3	Moberg-Stenberg AB	Sept. 2019	5.5 million (2019)	4

*) Data at time of acquisition

Group Consolidated Revenue and Earnings

Fourth quarter October - December 2022

Revenue

Operating revenue during the fourth quarter 2022 increased to SEK 118.7 million (73.1). The increase, corresponding to 62.3% compared to the fourth quarter of 2021, is mainly driven by the acquisitions of eleven additional clinics since the same quarter prior year. During the fourth quarter, one clinic was acquired on December 29, which has not affected reported revenue of Q4 2022.

Operating expenses

Operating expenses during the fourth quarter of 2022 amounted to SEK -104 million (-66.9), of which 47.3 % (49.6%) is personnel expenses of SEK -56.2 million (-36.3).

The overall operating expense ratio to revenues in the fourth quarter of 87.6% has improved compared to the same quarter last year (91.4%).

Financial expense

Fourth quarter net financial items amounted to SEK -16 million (-27), of which main items are interest expense on bond debt, as well as fair value adjustments of contingent considerations of SEK -7 million (-18.7), related to assessment of expected earn-outs.

The net financial expense of SEK -9.0 million (-8.3) consists of interest expense and financing fees.

Earnings fourth quarter

EBITDA (earnings before interest, tax, depreciation, and amortization) for the fourth quarter amounts to SEK 14.7 million (6.3).

EBITDA margin, as a percentage of revenue, increased to 12.4% in the fourth quarter compared to 8.6% the same quarter prior year. Profitability in the Q4 last year, was affected by the spread of the Omicron virus in the end of the Covid-19 pandemic.

Fourth quarter earnings, before financial items and tax, amounts to a profit of SEK 2.9 million (-2.1). Net loss, after financial items and tax, amounts to SEK -21.3 million (-32.6).

January – December 2022

Revenue

Consolidated revenue for the full year of 2022 reached SEK 399.8 million (234.6). The increase of 70.4% compared to FY 2021, is mainly driven by acquisitions but includes organic growth following a recovery after the period of Covid-19 pandemic.

Operating expenses

Operating expenses in 2022 amounted to SEK -325.8 million (-196.2), of which SEK -182.8 million (-115.3) represents personnel expenses. Personnel expenses in relation to revenue decreased to 45.7 % compared to 49.2% FY 2021. Direct expenses for material utilized in the dental care service amounted to SEK -76.7 million (-44.7) and was stable at 19.2% (19%), as a percentage of revenue. Other external operating expenses including e.g. expenses for marketing, insurance, rental of premises, service, IT and administrative services, amounted to SEK -66.4 million (-36.2). The total operating expense ratio to revenues improved to 81.5% compared to 83.6% prior year, as the clinics are proactively working with expense management and improvement in efficiency.

Financial expense

Net financial expense amounted to SEK -96.3 million (-48.1), of which -34.9 million (-28.5) represents interest expense and financing fees, following an increase in bond debt of SEK 100 million in October 2021. Changes in fair value assessment of contingent earn-out considerations in FY 2022 has affected financial expense by SEK -61.3 million (-19.5). The main part of the impact affected the third quarter of 2022, based on certain clinics' performance above forecasts.

Tax

Consolidated income tax expense amounted to SEK -9.3 million (-0.5). Tax consolidation through group contributions is restricted for entities acquired during the year. The increase in earnings, related to entities acquired during FY 2022 has therefore negatively affected tax expense. Interest limitation rules, restricting deductibility of interest expense also affects tax expense. The effective tax rate increased to 14.6% compared to 1.4% 2021.

Earnings for the period January - December

EBITDA increased by 92.3% compared to the same period previous year and amounted to SEK 74.0 million (38.5). The EBITDA margin increased to 18.5% compared to 16.4% in FY 2021.

Net loss amounted to SEK -72.8 million (-39.3), mainly caused by the impact of revaluation of contingent earn-out liabilities, as well as increase in interest- and tax expense, as per above.

Group Balance sheet

Assets

The Group total assets have increased to SEK 914.6 million (786.4) at the end of the fourth quarter and year-end 2022. The major part of non-current assets of SEK 746.7 million (488.4) consist of intangible assets of SEK 661.9 million (434.6), including goodwill, attributable to acquisitions.

Cash and cash equivalents at the end of the year amounted to SEK 116.4 million (270.6).

In the fourth quarter of last year, the cash position was strengthened to contribute to finance our communicated growth plan.

Financing was raised by the execution of a bond issue as well as through shareholder contribution to Dentalum Operations AB, as part of a new share issue through a private placement executed at the level of the top holding company, Dentalum Group AB in December 2021.

During 2022, we have continued to execute on the target M&A plan and deployed SEK 164.4 million (169.3) of cash to finance acquisitions.

Equity

Consolidated equity of the group at year end amounted to SEK 209.6 million (253.8).

The decrease in equity has been affected by the increase in net loss, as described above in the earnings section.

Liabilities

Total liabilities increased to SEK 705 million (532.6). The main part of the increase is related to increase in bond debt, earn-out liabilities, and provisions for non-current contingent considerations. million.

Financing is centralized to Dentalum Operations AB (publ), also acting as the acquisition vehicle.

Interest-bearing liabilities consist of bond financing through a Senior Secured Fixed Rate Bond, listed on Nasdaq Stockholm, with initial issue of SEK 300 million in September 2020 and a subsequent tap issue of SEK 100 million in September 2021.

Maturity of the bond is October 2023. Management and Board of Directors have assessed the optimal financing and capital structure for the Group.

Net interest-bearing debt

Net interest-bearing debt, excluding IFRS reclassification of lease contracts, amounts to SEK -282 million (-127.2). The increase derives from a decrease in cash balance, as cash has been deployed to finance acquisitions during the year.

(kSEK)	31/12/2022	31/12/2021
Interest bearing liabilities	398,427	397,718
Cash and cash equivalents	116,420	270,562
Net Cash/ - Interest bearing debt	-282,007	-127,156
IFRS adjusted debt		
Lease liabilities	43,722	23,401
IFRS Net interest bearing debt	-325,729	-150,558

Pro forma Net leverage as per Dentalum Operations Senior Secured Bond Terms & Conditions

Pro forma net debt, calculated as per the definition in the Senior Secured Bond Terms & Conditions, amounts to SEK -444.8 million (-177.3), consisting of interest-bearing debt, incl. accrued interest and amortizing financing fees, of SEK -406.2 million, cash balance of SEK 116.4 million, IFRS 16 adjustments for lease liabilities amounting to SEK -43.7 million, and SEK -111.3 million of net of liabilities for contingent considerations, provisions for earn-outs and related reinvestments.

Pro forma net leverage, as per the balance sheet of December 31, 2022, including proforma LTM12/22 EBITDA of the 11 clinics acquired during the year, was 4.3x, where net debt is SEK - 444.8 million (-177.3) and consolidated pro forma Group adj. EBITDA is 103.6 million.

Cash flow

Cash flow from operations, including change in working capital, generated during the year 2022, increased to SEK 58.7 million (37.2) of which SEK 16.1 million (14.3) was generated during the fourth quarter. Changes in net working capital had a positive impact on cash flow for the year of SEK 2.4 million (8.4).

Cash flow used for investing activities during 2022 was SEK -171.5 million (-172.3), of which SEK -30.6 million (-64.1) was used in the fourth quarter.

SEK -164.5 million (-169.3), of which SEK -27.6 million (-64) in the fourth quarter, is related to considerations of purchase price for acquisitions of dental clinics,

including payment of deferred purchase price related to acquisitions executed during prior year.

Cash flow related to financing activities for the FY 2022 corresponds to an outflow of SEK ,41.3 million versus an inflow of 224.3 million in prior year.

The positive cash flow from financing activities in 2021 is related to shareholder's contributions of SEK 155 million transferred in cash and net proceeds from the SEK 100 million bond issue.

Total cash flow for the period FY 2022 amounts to an outflow of SEK -154.1 million (89.2) of which SEK -29.6 million (162.3) in the fourth quarter.

Parent company

Dentalum Operations AB (publ) – Financial Overview Parent Company

(kSEK)	2022 Q4	2021 Q4	FY 2022	FY 2021
Operating revenues	1,145	733	3,667	2,666
EBITDA	-11,104	-4,922	-30,941	-15,858
Net financial expenses	-40,507	-12,906	-48,556	-27,309
Earnings before tax / EBT	9,527	27,113	-18,368	-3,154
Income tax expenses	-4,417	-3,721	-4,417	-3,721
Net Earnings	5,109	23,391	-22,785	-6,876
Net Cash flow	-18,276	139,359	-173,355	38,755
Cash flow from operations	29,349	-8,840	16,011	-14,870
Cash flow from investing activities	-16,375	-67,844	-200,261	-180,715
Cash flow from financing activities	-31,250	216,044	10,895	234,340
	2022 Q4	2021 Q4		
Net Cash/- Interest-bearing Debt	-390,587	-216,001		
Cash & cash equivalents	7,835	181,190		
Interest bearing debt	398,421	397,191		
Total Assets	739,605	739,605		
Equity	283,845	283,845		

Fourth quarter and FY 2022 – Parent company

Income statement

Dentalum Operations AB, the Parent company, serves as head office and acquisition vehicle of Dentalum. The head office functions were established in the beginning of 2020 with 4 employees, expanding to 8 employees during 2021 and reaching 15 employees in 2022. Corporate functions include HR, Finance, Marketing, M&A and Operations. The Parent Company does not provide dental care to patients.

Operating revenue of SEK 3.7 million (2.7) consist of inter-company invoicing for accounting and payroll services, which are centralized for the group.

Operating expenses, amounting to SEK -30.9 million (-15.9), of which -11.1 million (-4.9) in the fourth quarter, includes costs for the head office, certain M&A related transaction costs, costs for central services provided to the subsidiaries. The increase in expenses compared to prior year, is related to the expansion of the head office to meet planned growth targets. The number of employees has increased from eight in 2021 to 15 in 2022,

increased costs for lease of office space, as well as expenses for administrative support to a larger number of clinics – from 20 clinics at the end of 2021 to supporting 30 clinics by the end of 2022.

Financial expense of SEK -48.6 million (-27.3) consists of interest expense on bond debt, amortizing of financing expenses related hereto, as well as net of dividend of SEK 18 million and a write-down of shares in subsidiaries of SEK -30 million in FY 2022.

The Parent company had a net loss before appropriations and tax of SEK -79.5 million (-43.2). Eligible group contributions from subsidiaries that were part of the group as from the beginning of FY 2022, amounts to SEK 61.1 million (40.0), reducing the net loss before tax to SEK -18.4 million (-3.2). Income tax for the year amounts to SEK -4.4 million (-3.7), which is impacted by the fact that only part of the interest expense is tax deductible.

Balance Sheet and Cash Flow - Parent

Cash flow from operations, before change in net working capital, used in the Parent company in FY 2022 was SEK -31.3 million (-18.4), of which SEK -11.2 million (-7.4) in the fourth quarter.

Net cash flow used in investing activities during FY 2022 was SEK -200.3 million (-180.5), of which SEK -16.4 million (-67.8) was used in the fourth quarter.

Cash flow from investing activities includes, dividend from group companies in addition to cash utilized for acquisitions.

Cash flow related to financing and debt services for the FY 2022 was positive SEK 10.9 million (234.3) consisting of net of interest payments, shareholder contributions, net change in interest-bearing debt as well as prior year's group contributions paid in cash in 2022.

Total cash outflow in the Parent company, during the FY 2022 was SEK -173.4 million (38.9) of which SEK -18.3 million (139.4) in the fourth quarter.

Liquid assets in the Parent company, as per December 31, 2022, amounted to SEK 7.8 (181.2) and interest-bearing liabilities, including amortized financing expenses, amounted to SEK -398.4 million (-397.2).

Financing is centralized to Dentalum Operations AB (publ), also acting as the acquisition vehicle.

Cash generated in the acquired entities, is upstreamed to the Parent, while considering tax efficiencies.

Tax consolidation and upstreaming of cash via the group contribution scheme, is eligible for all entities, acquired in prior years. Group contributions of total SEK 61.1 million (40.0) is recorded in the income statement and as a receivable from subsidiaries in the balance sheet.

Short term inter-company loan liabilities related to the same subsidiaries are off-set versus group contribution receivables in the balance sheet.

Net receivables group companies amounted to SEK 16.3 million at the end of FY 2022 versus SEK 41.3 million in December last year.

Interest-bearing liabilities consist of bond financing through a Senior Secured Fixed Rate Bond, listed on Nasdaq Stockholm, with initial issue of SEK 300 million in September 2020 and a subsequent tap issue of SEK 100 million in September 2021.

Maturity of the bond is October 2022. Management and Board of Directors have assessed the optimal financing and capital structure for the Group.

Shares in group companies have increased to SEK 824.8 million (515.5) following the acquisitions executed during the FY 2022.

Other provisions of SEK -71 million (-25.7) includes provision for contingent considerations related to assessment of performance impacting earn-out probability. Other current liabilities of SEK -79.8 million (-19.4) include tax liabilities and short-term contingent purchase price considerations.

Total equity in the Parent company increased to SEK 289.6 million at year-end (283.9). The increase in equity consists of shareholder contributions of 28.6 million (205.3) and a net loss of SEK -22.8 million (-6.9).

Consolidated Reports

Consolidated Income Statement

<i>Amounts in kSEK</i>	2022 Q4	2021 Q4	FY 2022	FY 2021
Operating revenues				
Net revenues	120,357	71,923	397,384	232,254
Other operating revenues	-1,702	1,190	2,458	2,376
Total operating revenues	118,655	73,112	399,842	234,631
Operating expenses				
Direct expenses	-23,401	-17,175	-76,688	-44,668
Other external operating expenses	-24,439	-13,409	-66,405	-36,155
Personnel expenses	-56,158	-36,273	-182,751	-115,331
EBITDA	14,658	6,255	73,998	38,477
Depreciations and amortizations	-11,710	-8,398	-41,272	-29,157
Earnings (loss) before financial items and tax / EBIT	2,947	-2,144	32,726	9,320
Financial items				
Revaluation of contingent purchase price liabilities	-6,963	-18,685	-61,329	-19,529
Interest income/expenses and similar items	-9,019	-8,347	-34,932	-28,523
Profit after financial items	-13,035	-29,176	-63,534	-38,732
Earnings before tax / EBT	-13,035	-29,176	-63,534	-38,732
Income tax expenses	-8,291	-3,428	-9,272	-530
Net Earnings	-21,326	-32,604	-72,807	-39,262

Consolidated statement of comprehensive income

<i>(kSEK)</i>	2022 Q4	2021 Q4	FY 2022	FY 2021
Net Earnings	-21,326	-32,604	-72,807	-39,262
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-21,326	-32,604	-72,807	-39,262

Consolidated Balance Sheet

(kSEK)

ASSETS	31/12/2022	31/12/2021
Non-current assets		
Intangible assets	661,947	434,638
Tangible assets	28,011	23,166
Right-of-use assets	44,325	23,103
Other non current assets	3,427	2,627
Deferred tax assets	9,007	4,821
Total non-current assets	746,717	488,354
Current Assets		
Inventories	11,808	8,045
Accounts receivable	10,504	5,814
Other current receivables	12,436	2,833
Current tax assets	10,825	5,895
Prepaid expenses and accrued income	5,879	4,854
Cash and cash equivalents	116,420	270,562
Total current assets	167,872	298,002
TOTAL ASSETS	914,589	786,356
EQUITY AND LIABILITIES		
Equity		
Share capital	500	500
Shareholders contributions	330,430	301,842
Retained earnings	-48,546	-9,284
Profit/loss for the period	-72,807	-39,262
Total Equity	209,577	253,796
Non-current liabilities		
Non-current lease liabilities	29,622	14,535
Non-current interest bearing liabilities	-	397,191
Non-current contingent purchase price liabilities	70,979	25,700
Deferred tax liabilities	28,093	19,174
Other non-current liabilities	21	-
Total non-current liabilities	128,715	456,600
Current liabilities		
Current lease liabilities	14,100	8,867
Current interest bearing liabilities	398,427	527
Contract liabilities	15,106	3,611
Accounts payable	15,898	9,178
Current tax liabilities	21,601	6,556
Other current liabilities	88,502	24,703
Accrued expenses and prepaid income	22,663	22,517
Total short term liabilities	576,296	75,959
TOTAL EQUITY AND LIABILITIES	914,589	786,356

Changes in consolidated equity

(kSEK)	Share capital	Shareholder contributions	Retained earnings	Profit/loss for the period	Total Equity
Opening balance as of January 1, 2021	500	96,517	87	-9,371	87,733
Transfer of profit from previous year			-9,284		
New share issue	-				0
Shareholder contributions		205,325			205,325
Profit/loss for the period				-39,262	-39,262
Closing balance as of December 31, 2021	500	301,842	-9,284	-39,262	253,796
Opening balance as of January 1, 2022	500	301,842	-9,284	-39,262	253,796
Transfer of profit from previous year			-39,262	39,262	-
New share issue		-	-	-	-
Shareholder contributions	-	28,588			28,588
Profit/loss for the period				-72,807	-72,807
Closing balance December 31, 2022	500	330,430	-48,546	-72,807	209,577

Consolidated Cash Flow Statement

(kSEK)	2022 Q4	2021 Q4	FY 2022	FY 2021
Cash flow from operating activities				
Earnings (loss) before financial items (EBIT)	2,947	-2,144	32,726	9,320
Adjustments for non cash affecting items	11,745	8,322	41,306	29,170
Net interest paid on operating receivables/liabilities	-826	-454	-2,241	-1,392
Income tax paid	1,961	136	-15,434	-8,293
Cash flow from operations before changes in working capital	15,828	5,861	56,358	28,805
Cash flow from changes in working capital				
Change in inventories	-2,237	1,380	-1,627	1,935
Change in operating receivables	-6,507	479	-9,497	-1,122
Change in operating liabilities	8,996	6,607	13,474	7,564
Cash flow from changes in working capital	253	8,466	2,351	8,377
Net cash flow from operations	16,080	14,327	58,708	37,182
Cash flow from investing activities				
Acquisition of tangible assets	-34	-143	-1,233	-2,850
Acquisition of companies and shares	-27,624	-63,984	-164,464	-169,294
Other financing activities	-2,982	0	-5,820	-162
Cash flow from investing activities	-30,641	-64,127	-171,518	-172,306
Cash flow after investing activities	-14,560	-49,800	-112,809	-135,124
Cash flow from financing activities				
New share issue	-	-	-	-
Shareholders contributions received	2,250	125,000	2,250	155,000
Net change in interest-bearing debt, incl. interest coupon	(15,500)	96,197	(31,375)	78,340
Amortization, lease liabilities	-1,743	-9,050	-12,209	-9,050
Cash flow from financing activities	-14,993	212,147	-41,334	224,290
Total cash flow for the period	-29,553	162,347	-154,143	89,166
<i>Changes in cash and cash equivalents</i>				
Cash and cash equivalents at the beginning of the period	145,972	108,374	270,562	181,396
Cash and cash equivalents at the end of the period	116,419	270,721	116,419	270,562
<i>Summary</i>				
Cash flow from operations	16,080	14,327	58,708	37,182
Cash flow from investing activities	-30,641	-64,127	-171,518	-172,306
Cash flow from financing activities	-14,993	212,147	-41,334	224,290
Total cash flow	-29,553	162,347	-154,143	89,166

Parent Company Reports

Parent company - income statement

(kSEK)	2022 Q4	2021 Q4	FY 2022	FY 2021
Operating revenues				
Net revenues	1,145	728	3,654	2,661
Other operating revenues	0	-6	12	5
Total operating revenues	1,145	722	3,667	2,666
Operating expenses				
Direct expenses	-30	245	-32	-
Other external operating expenses	-6,947	-3,137	-18,532	-10,071
Personnel expenses	-5,272	-2,764	-16,044	-8,453
EBITDA	-11,104	-4,934	-30,941	-15,858
Depreciations and amortizations	-4	-3	-12	-6
Earnings (loss) before financial items and tax / EBIT	-11,107	-4,936	-30,953	-15,864
Financial items				
Income/expenses from shares in group companies	- 30,483	-	12,482	-
Interest income/expenses and similar items	-10,024	-7,981	-36,074	-27,309
Profit after financial items	-51,614	-12,917	-79,509	-43,173
Appropriations	61,141	40,019	61,141	40,019
Earnings before tax / EBT	9,527	27,102	-18,368	-3,154
Income tax expense	- 4,417	-3,721	- 4,417	-3,721
Net Earnings	5,109	23,380	-22,785	-6,875

Parent company - statement of comprehensive income

(kSEK)	2022 Q4	2021 Q4	FY 2022	FY 2021
Net Earnings	5,109	23,380	-22,785	-6,875
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	5,109	23,380	-22,785	-6,875

Parent company - balance sheet

(kSEK)		
ASSETS	31/12/2022	31/12/2021
Non-current assets		
Intangible assets	-	-
Equipment and tools	39	31
Financial non-current assets		
Shares in group companies	824,805	515,519
Other non-current receivables	762	162
Deferred tax assets	-	-
Total non-current assets	825,606	515,712
Current Assets		
Receivables group companies	16,309	41,302
Other current receivables	1,790	885
Prepaid expenses and accrued income	946	516
Cash and cash equivalents	7,835	181,190
Total current assets	26,879	223,893
TOTAL ASSETS	852,485	739,605
EQUITY AND LIABILITIES		
Equity		
Share capital	500	500
Shareholders contributions	330,430	301,842
Retained earnings	-18,497	-11,621
Profit/loss for the period	-22,785	-6,876
Total Equity	289,647	283,845
Provisions		
Other provisions	70,979	25,700
Total provisions	70,979	25,700
Non-current liabilities		
Non-current interest bearing liabilities	-	397,191
Total long term liabilities	-	397,191
Current liabilities		
Accounts payables	2,665	1,383
Current interest bearing liabilities	398,421	-
Current tax liabilities	7,261	2,654
Other current liabilities	79,846	19,391
Accrued expenses and prepaid income	3,665	9,440
Total short term liabilities	491,858	32,869
TOTAL EQUITY AND LIABILITIES	852,485	739,605

Parent company – changes in equity

	Share capital	Shareholder contributions	Retained earnings	Profit/ loss for the period	Total Equity
Opening balance as of January 1, 2021	500	96,517	865	-12,487	85,396
Transfer of profit from previous year			-12,487	12,487	-
New share issue					-
Shareholder contributions		205,325			205,325
Profit/loss for the period				-6,875	-6,875
Closing balance as of December 31, 2021	500	301,842	-11,621	-6,876	283,845
Opening balance as of January 1, 2022	500	301,842	-11,621	-6,876	283,845
Transfer of profit from previous year			-6,876	6,876	-
New share issue					-
Shareholder contributions		28,588			28,588
Profit/loss for the period				-22,785	-22,785
Closing balance as of December 31, 2022	500	330,430	-18,497	-22,785	289,647

Parent company – cash flow statement

(kSEK)	2022 Q4	2021 Q4	FY 2022	FY 2021
Cash flow from operating activities				
Income before financial items (EBIT)	-11,106	-4,925	-30,952	-15,863
Adjustments for non cash affecting items	3	7	11	7
Interest paid	-8	-92	-84	-112
Income tax paid	-86	-2,436	-86	-2,436
Cash flow from operations before changes in working capital	-11,197	-7,446	-31,111	-18,404
Cash flow from changes in working capital				
Change in inventories	-	-	-	-
Change in operating receivables	-149	-300	-600	-1,355
Change in operating liabilities	40,695	-1,094	47,722	4,890
Cash flow from changes in working capital	40,546	-1,394	47,122	3,536
Net cash flow from operations	29,349	-8,840	16,011	-14,869
Cash flow from investing activities				
Acquisition of tangible assets	0	-25	-19	-25
Acquisition of companies and shares	-34,375	-67,657	-217,642	-180,528
Other financing activities	18,000	-162	17,400	-162
Cash flow from investing activities	-16,375	-67,844	-200,261	-180,715
Cash flow after investing activities	12,974	-76,684	-184,250	-195,584
Cash flow from financing activities				
New share issue	-	-	-	-
Shareholders contributions received	2,250	125,000	2,250	155,000
Net change in interest-bearing debt, incl. interest coupon	-15,500	90,044	-31,374	78,340
Net of group contributions received	-18,000	1,000	40,019	1,000
Cash flow from financing activities	-31,250	216,044	10,895	234,340
Total cash flow for the period	-18,276	139,360	-173,355	38,756
<i>Changes in cash and cash equivalents</i>				
Cash and cash equivalents at the beginning of the period	26,111	41,830	181,190	142,434
Cash and cash equivalents at the end of the period	7,835	181,190	7,835	181,190
<i>Summary</i>				
Cash flow from operations	29,349	-8,840	16,011	-14,869
Cash flow from investing activities	-16,375	-67,844	-200,261	-180,715
Cash flow from financing activities	-31,250	216,044	10,895	234,340
Total cash flow	-18,276	139,359	-173,355	38,755

Pro forma development

Pro forma P&L LTM and net leverage development

	15 clinics	17 clinics	20 clinics	21 clinics	24 clinics	30 clinics	31 clinics
SEKm	LTM 06/21	LTM 09/21	LTM 12/21	LTM 03/22	LTM 06/22	LTM 09/22	LTM 12/22
Operating revenue	248.3	270.7	304.1	344.0	409.2	458.2	473.2
Operating Expenses	-192.8	-211.3	-238.1	-263.9	-307.1	-345.0	-358.6
Direct expenses	-36.0	-41.0	-50.2	-61.7	-84.6	-93.0	-90.7
Other external expenses	-43.0	-44.8	-47.7	-51.8	-60.5	-72.3	-76.9
Personnel expenses	-113.8	-125.5	-140.2	-150.4	-162.1	-179.7	-191.0
PF reported EBITDA	55.5	59.4	66.0	80.1	102.1	113.3	114.7
DD Adjustments	-	4.0	4.3	2.9	2.6	2.5	2.8
DD Adjusted EBITDA	55.5	63.4	70.3	83.0	104.7	115.7	117.5
Parent Company expenses	-8.9	-10.9	-15.9	-20.6	-21.1	-24.8	-30.9
IFRS 16 adjustments	10.1	10.8	11.7	12.3	13.1	15.6	17.0
PF Group consolidated EBITDA	56.7	63.3	66.1	74.7	96.8	106.5	103.6

Net leverage 1)	LTM 06/21	LTM 09/21	LTM 12/21	LTM 03/22	LTM 06/22	LTM 09/22 2)	LTM 12/22
Pro forma Gross Debt	354.2	358.8	466.2	498.7	481.9	578.4	587.2
Group Cash Balance	110.5	108.3	270.5	245.3	198.6	146.0	116.4
Net Debt as per Bond T&Cs definition 1)	225.3	232.1	177.3	227.1	257.0	406.8	444.8
Net Debt / EBITDA 1)	4.0x	3.7x	2.7x	3.0x	2.7x	3.8x	4.3x

1) incl. IFRS 16 lease liabilities, Provisions for contingent considerations, less related reinvestments

2) Pro forma leverage of 3.7x, reported in the Q3 2022 Interim report, is corrected here to 3.8x

Pro forma Clinics revenue and EBITDA development – 31 clinics

including the acquisition of TandCity Sweden AB, executed on December 29, 2022

	31 clinics	31 clinics	31 clinics	31 clinics	31 clinics	31 clinics	31 clinics
Amounts in SEK millions	LTM 06/21	LTM 09/21	FY 2021	LTM 03/22	LTM 06/22	LTM 09/22	LTM 12/22
PF Operating revenues	402.9	449.6	454.0	463.9	469.7	472.8	473.2
PF EBITDA excl. adjustments	100.8	111.0	111.3	117.6	116.3	113.9	114.7
% of revenues	25.0%	24.7%	24.5%	25.4%	24.8%	24.1%	24.2%

Notes

Accounting policies

The interim financial information for the Group for the period has been prepared in accordance with IFRS, applying International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). The accounting principles and methods of calculation used in the preparation of the latest annual report, have been applied in this interim report with the exception of new and amended standards and interpretations effective January 2022. Further description of accounting principles applied by the group is referred to note 1 and 2 in the 2021 Annual Report.

Disclosures as per IAS 34, 16A are described in the financial reports, comments and notes of this interim report, as well as on page 1-6, which constitutes an integrated section of this financial report.

The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act in line with standard RFR 2 reporting, issued by the Swedish Financial Reporting Board.

IASB has published amendments of standards that are effective as of January 1, 2022, or later. The standards have not had any material impact on the financial reports.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities".

Significant estimations and assumptions

When preparing interim reports, the Board and the Management must, in accordance with the applicable accounting and valuation principles, make certain estimates, assessments and assumptions that affect the recognition and valuation of assets, provisions, liabilities, income and expenses. The outcome may deviate from these estimates and assessments and will rarely amount to the same sum as the estimated outcome. Material estimates and assumptions are described in the 2021 annual report. No changes to such estimates and assumptions, that would have a material impact on this interim report, have been introduced.

Revenues and segments

Operating segment is reported in line with internal management reporting, presented to the top executive body, representing the function responsible for allocation of resources and assessment of the profitability of the operating segment. Such function has been identified as the Group Management, consisting of five persons, including the Chief Executive Officer. Group

Management has determined the group as a whole constituting one segment, based on the information considered, in agreement with the Board of Directors, as base for resource allocation and assessment of earnings and profitability.

The total amount of net revenues, amounting to SEK 397.4 million (232.3) and SEK 120.4 million (71.9) for the full year and fourth quarter respectively, constitutes entirely of sales of dental care services. Revenues from third party clients, based on the location where the dental services are being provided, are all generated in Sweden.

Alternative performance measures

Dentalum presents certain financial measures that are not defined in the interim report in accordance with IFRS, however providing meaningful supplemental information to investors and the company's management. These definitions cannot be fully compared with other companies' definitions of corresponding performance measures and measures and should not be seen as a substitute for measures presented in accordance with IFRS. For definitions, see the section "Definitions of Alternative Performance Measures".

Pro forma reporting

Due to Dentalum's rapid growth, the company discloses pro forma financials with the purpose to present a summary of the development of the performance including clinics acquired during the period as if clinics acquired had been part of Dentalum's group during the historic periods presented.

The sole purpose of pro forma reporting is to provide lenders and investors with certain additional insight, including development of consolidated leverage.

The pro forma financial information does not necessarily reflect the Group's actual performance or financial position

and such pro forma financial information should not be viewed as an indication of the Group's earnings trend or financial position for any future period.

Transactions with related parties

Dentalum Operations AB (publ) has not had any transactions with related parties that significantly affected the company's position and result during the period.

Risks

A detailed description of identified risks and uncertainties is presented in the 2021 Annual Report, which is available at Dentalum's website in the Investor Relation section www.dentalum.com.

Risks and uncertainties due to Covid-19

As per December 31, 2022, there has not been any significant impact on the financial reporting due to Covid-19, related to valuation of goodwill, expected credit losses, valuation of inventory or government grants.

Risk on the financial reporting due to Russia's war against Ukraine and macro-economic development

Dentalum has not identified any direct exposure to the Russian or Ukrainian markets. Some of Dentalum's supplier of dental care products may have production facilities located in Ukraine. Supply of such products may be affected in terms of delivery time and price. It will not, however cause any material effects on Dentalum's financial position or result.

It is uncertain to what extent the prolonged war and general negative development of the macro-economic situation for Swedish households may impact Dentalum's performance. Historically, the company and its clinics have managed fluctuations in economic cycles well, including during the Covid-19 pandemic.

Dentalum continues to closely monitor the development.

Guidance and financial targets

Dentalum does not provide business performance forecasts. However, the Board of Directors of Dentalum Operations AB (publ) has adopted financial targets for the period 2022-2024. The financial targets have been established to reflect both the development of the industry and the company's organic- and acquisition- based growth.

- EBITDA: Dentalum's target is to reach SEK 280m in proforma and adjusted EBITDA by the end of 2024
- EBITDA-margin: Dentalum's target is to continue having a sustainable and high profitability exceeding an average annual adjusted EBITDA-margin of 20%

Definitions of alternative performance measures

Dentalum presents certain financial measures that are not defined in the interim report in accordance with IFRS, however providing meaningful supplemental information to investors and the company's management. These definitions cannot be fully compared with other companies' definitions of corresponding performance measures and measures and should not be seen as a substitute for measures defined under IFRS.

EBITDA:	Earnings before interest, tax, depreciation, and amortization and before write-down of intangible and tangible assets
Adjusted EBITDA:	EBITDA adjusted for IFRS 16 leases and for non-recurring income and expense, identified as not related to the dental operations of the acquired entities, excluding any transaction expenses, and excluding items affecting comparability
EBITDA-margin:	EBITDA as a ratio of operating revenue
Adjusted EBITDA margin:	Adjusted EBITDA as ratio of operating revenue
Net Debt:	Interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents
Net Debt incl. IFRS 16	Interest-bearing liabilities, including IFRS 16 lease liabilities, less cash and cash equivalents
Net Debt as per the definition in the Bond Terms & Conditions	Interest-bearing debt, adding IFRS 16 adjustments for lease liabilities and net of liabilities for contingent considerations (earn-outs) and related shareholder contributions, cash balance deducted
Net Working Capital (NWC):	Total of inventories, trade receivables, accounts payables and other current non-interest-bearing receivables and liabilities, excluding tax assets and liabilities and provisions
Organic growth:	Growth in net sales excluding growth related to acquisitions and divestments and other non-recurring adjustments

FINANCIAL CALENDAR 2023:

Annual Report 2022	April 28, 2023
Interim report Q1, January - March 2023	May 31, 2023
Interim report Q2, April – June 2023	August 31, 2023
Interim report Q3, July – September 2023	November 30, 2023

CONTACT INFORMATION:

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 Website: www.dentalum.com
 Dentalum Operations AB (publ) organization number: 559136-4046

Signatures

The set of financial statements in this interim report were prepared in accordance with IFRS, with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Parent Company.

The Board of Directors of Dentalum Operations AB (publ), has approved to publish this Interim Report.

Stockholm, February 28, 2023

Mikael Lönn
Chairman of the Board

Roberto Rutili
Board member

Marcus Ladow
Board member

Gunilla Öhman
Board member

Lars Kvarnsund
Board member

Max Dorthé Ladow
CEO

The report has not been subject to review by the Company's auditors.