



Interim report Q1 2023

Dentalum Operations AB (publ)

Dentalum Operations AB (publ) Interim report first quarter 2023

January - March 2023

- Reported net revenue in the first quarter reached SEK 119.2 million (84.4).
- The increase in quarterly revenue compared to the same quarter prior year, was mainly driven by acquisitions of eleven dental clinics, acquired since the same quarter 2022, of which one was completed in the first quarter of, 2023.
- Consolidated EBITDA, adj. for IFRS adjustments of 4.5 million, reached SEK 22.4 million (21.1) of which SEK 28.0 million (26.7) was generated in the dental clinics and SEK -10.1 million (-5.6) of net expenses in the Parent company, Dentalum Operations AB (publ).
- Consolidated operating profit margin, adjusted EBITDA as a percentage of total revenue, for the first quarter decreased to 18.5% (24.6%). Excluding the Parent company expenses, the adj. EBITDA margin in Q1 was 26.9% (24.6%).
- Net financial items amounted to SEK 4.5 million (-8.6), including revaluation of contingent purchase price considerations of SEK 13.3 million (-) and interest expense of SEK -8.8 million (-8.6).
- Group net earnings amounted to SEK 13.4 million (3.3).
- Cash flows from operations, including Parent company, amounted to SEK 9.9 million (4.0).
- Net cash flow after investing and financing activities, was SEK -12.8 million (-25.3).
- As per March 31, 2023, total equity amounted to SEK 226.6 million (257.1), cash balance of SEK 103.6 million (245.3) and interest-bearing debt of SEK 398.8 million (397.7), consisting of bond debt of SEK 400 million, adjusted for amortized financing costs.

Financial Overview - Consolidated Group

(kSEK)	2023 Q1	2022 Q1	FY 2022
Operating revenues	121,143	85,806	399,842
EBITDA	22,360	21,089	73,998
% of revenues	18.5%	25%	19%
Net financial items	4,519	-8,594	-96,260
Earnings before tax / EBT	14,240	3,801	-63,534
% of revenues	11.8%	4%	-16%
Income tax expenses	-871	-461	-5,581
Net Earnings	13,369	3,340	-69,115
Net Cash flow	-12,829	-25,266	-154,143
Cash flow from operations	9,870	4,022	58,708
Cash flow from investing activities	-18,980	-17,069	-171,517
Cash flow from financing activities	-3,719	-12,219	-41,334
Net Cash/- Interest-bearing Debt	-295,232	-152,357	-282,007
Cash & cash equivalents	103,591	245,297	116,420
Interest bearing debt	-398,823	-397,654	-398,427
Total Assets	905,888	828,371	917,079
Equity	226,638	257,136	213,268

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 first quarter

- On February 28, 2023, the acquisition of ABCARE AB in Region of Skåne was completed.
- Expansion projects have been initiated in Stockholm and Linköping, involving the relocation of two clinics to new premises. This will result in an increase in the size and capacity of the clinics through the addition of treatment rooms.

After the period

- After the period, Dentalum Group AB announced a rights issue to strengthen the capital structure in Dentalum Operations AB (publ) as a mean to refinance the bond, maturing in October 2023, and enable to enable further organic growth opportunities while selectively exploring inorganic growth prospects.
- Credit approval from a tier one bank for refinancing of outstanding bonds, amounting to SEK 400 million. The credit approval is subject to strengthening the capital structure, reducing leverage as per above.

CEO's comments

During the quarter, Dentalum strengthened its position in region Skåne through the acquisition of our 32nd clinic.

Reported revenues increased by 41% compared to the first quarter of 2022, amounting to MSEK 121.1. The revenue growth was mainly driven by the eleven acquisitions completed last year. We noticed a margin contraction during the first quarter in 2023, with a reported Group EBITDA amounting to MSEK 22.4, corresponding to a margin of 18.5% compared to 24.6% the same period last year. The decrease in profitability is derived from the current market conditions as well as clinic specific events.

The current market dynamics and its effect

The rising inflation and increased interest rates have had a significant impact on the overall economy. Strained households with lowered disposable income have also affected the dental sector. Households are facing financial constraints and reduced disposable income, which have also impacted the dental sector. We have noticed that certain patient groups are adopting a more cautious approach in planning their dental treatments, where extensive treatments are being postponed to a larger extent. However, extending the time between diagnosis and treatment may have an adverse effect on patients' overall well-being and oral health, resulting in a pent-up demand. In fact, we experienced this effect recently during the height of the pandemic, whereby patients who did not receive timely dental care led to an increased unmet need post-pandemic compared to those patients who adhered to their scheduled visits. As the pandemic subsided, our clinics experienced a rapid recovery in patient demand, and we believe we will see a similar effect in this market.

The current market conditions have also caused an increase in prices for consumables and equipment. This trend began as early as Q4 last year reaching full effect in the first quarter of 2023. Additionally, we noticed a substantial impact on rent expenses, which have been adjusted for the consumer price index. We have, however, actively taken necessary steps to manage these cost pressures, while engaging in discussions with our landlords. We have also taken several initiatives to lower overhead costs at the headquarter to enhance operational efficiency. These include continuing the transferring of accounting inhouse as well as M&A services that has partly been outsourced.

Strong operational focus

Throughout the first quarter, our organization has prioritized operational excellence, assisting our clinics in capitalizing on internal growth prospects. Simultaneously, we have undertaken numerous strategic initiatives to proactively address the

multifaceted ramifications arising from the prevailing macroeconomic conditions.

We are continuing our organic expansion in underserved regions where patient demand is high, while access to dental care remains limited. Currently, we have planned expansion of four sites, two of which are ongoing and projected to be completed by end of the second quarter. In these regions, our clinics are operating on full capacity, with new patients being listed on a weekly basis.

Our marketing strategies have been focused on attracting new patients and expanding our market reach as well as reactivating existing patient base.

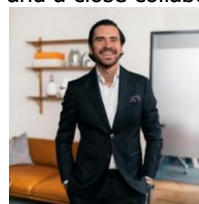
Most of our clinics proactively recalibrated their pricing structures during Q4 2022 and Q1 2023, increasing around 10% on group-level. We anticipate this adjustment to have positively impacted our revenue during the quarter, although not yet to its full extent. We strive to ensure that pricing remains competitive, while considering the needs and expectations from our patients in this evolving market dynamics.

In 2022, our clinics expanded their workforce in response to increased patient demand post-Covid. However, profitability was temporarily impacted by macroeconomic conditions and the potential of these efforts could not be fully realized. Our operations team is working closely with our clinics to navigate the environment and to continue to drive sustainable value. Building on the success of our quality assurance program, we have also gained valuable insights on each of our clinic's potential. This allowed us to launch targeted programs during the first quarter that has already demonstrated results in our operations and has reinforced a culture of continuous improvement in our clinics.

Strengthening our capital structure

After the quarter, Dentalum announced a rights issue to further strengthen our balance sheet as a mean to refinance our existing outstanding bonds maturing in October 2023 as well as to enable further organic growth opportunities while selectively exploring inorganic growth prospects.

As an organization, we remain dedicated to delivering sustainable value and high-quality dental care to our patients. With a strong operational focus and a close collaboration with all our clinics, we are



well-positioned to navigate challenges, seize opportunities that lies ahead of us as well as to ensure long-term success.

Max Dorthé Ladow,
CEO Dentalum

We are Dentalum

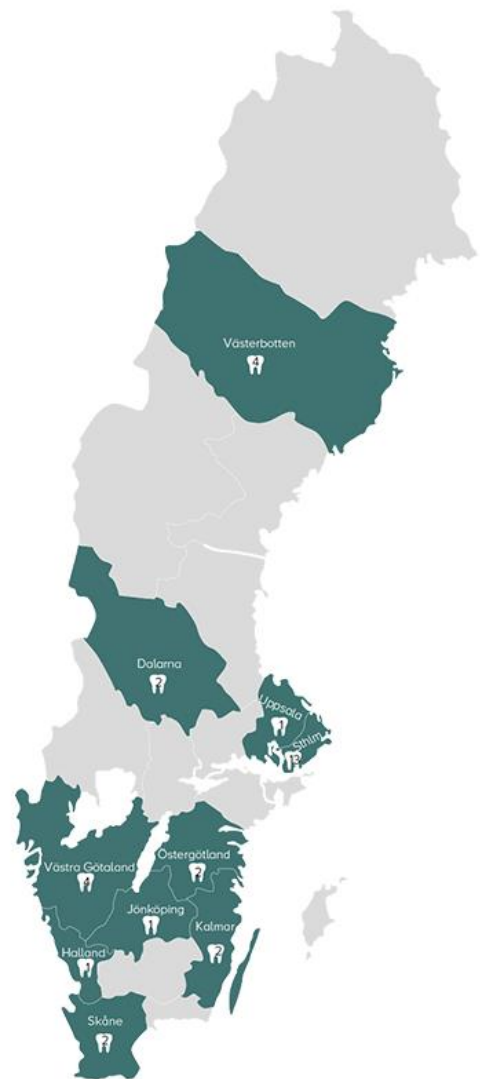
Dentalum is one of the leading and fastest growing dental care groups in Sweden. We invest in our employees and in high-quality dental clinics with the goal of building a world-class organization.

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.

32 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 Q1 2023 Dentalum consist of 32 clinics, located in ten regions in Sweden. In total, the group consists of approximately 300 employees.



<p>Clinics</p> <p>32 Clinics 10 Regions</p>	<p> Revenue</p> <p>Q1 MSEK 121 FY22 MSEK 400</p>	<p>Revenue growth</p> <p>41% (Q1 2023 vs Q1 2022)</p>	<p>EBITDA margin</p> <p>Q1 18.5% (Consolidated group, IFRS adj)</p>
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Financial reports summary and comments

The Board of Directors and Chief Executive Officer of Dentalum Operations AB (publ), with the corporate identity number 559136-4046 and registered office in Stockholm, hereby submit the unaudited Interim report for the first quarter of 2023. 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 first quarter interim report of Dentalum Operations AB includes consolidation of 32 dental clinics, operating in ten regions in Sweden; 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 first quarter of 2023, the acquisition of ABCARE Tandvård AB, in the region Skåne, was completed. Since Dentalum's start in 2019, acquisitions of total 32 dental clinics have been completed. During the first quarter 2023, Dentalum has acquired one clinic, the same number as in the same quarter prior year. FY 2022 Dentalum had acquired 11 dental clinics compared to 10 clinics during 2021, 11 clinics in 2020 and one in 2019.

Acquisitions executed during the first quarter of 2023 *)

2023				
Q1	ABCARE	Febr. 28, 2023	10 million (2022)	10

Acquisitions executed in previous periods *

	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 & Lövånger	September 30, 2022	13 million (2021)	12
	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)	19
2021				
Q4	Erik Lennartsson AB	November 1, 2021	21.8 million (2020)	9
	Estetikcenter Göteborg AB	November 30, 2022	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
	City 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

Consolidated Group

Revenues and Earnings

First quarter January - March 2023

Revenue

Operating revenue during the first quarter of 2023 increased to SEK 119.2 million (84.5). The increase, corresponding to 41.1% compared to the first quarter of 2022, is mainly driven by the acquisitions of nine additional clinics since the same quarter prior year. During the first quarter one clinic was acquired on February 28, 2023, and has consequently affected the quarterly reported revenues for one month.

Operating expenses

Operating expenses during the first quarter of 2023 amounted to SEK -98.8 million (-64.7), of which 57.4% (57.4%) is personnel expenses of SEK -56.7 million (-37.0).

The overall operating expense ratio to revenues in the first quarter of 81.5% has increased compared to the same quarter last year (75.4%). Main reasons for the increase in expense ratio is due to increase in personnel expenses to meet expected ramp-up in demand for dental care services after the Covid-19 pandemic, as well as an increase in other external expenses caused by the general increase in inflation rate, such as lease rates for premises as well as an increase in Parent company expenses.

Financial expense

First quarter net financial items amounted to SEK 4.5 million (-8.6), including revaluation of contingent purchase price considerations of SEK 13.3 million (-) and interest expense of SEK -8.8 million (-8.6). The revaluation is based on probability assessment of expected earn-outs.

Earnings first quarter

EBITDA (earnings before interest, tax, depreciation, and amortization) for the first quarter reached SEK 22.4 million (21.1), of which SEK 27.2 million (11.2) was generated in the dental clinics and SEK -9.0 million (-4.6) of net expenses in the Parent company, Dentalum Operations AB (publ.). Positive IFRS adjustments of SEK 4.5 million (3.1) are included.

Adjusted EBITDA margin, as a percentage of revenue, decreased to 18.5% in the first quarter compared to 24.6% in the same quarter prior year. Reasons for the decrease in profitability in the first quarter are increased operating expenses as per above First quarter earnings, before financial items and tax, amounts to a profit of SEK 9.7 million (12.4). Net earnings, after financial items and tax, amounts to SEK 13.4 million (3.3).

Cash flow

Cash flow generated from operating activities, including change in working capital, during the first quarter increased to SEK 9.9 million (4.0) of which SEK -11.3 million (-7.4) was paid tax. Changes in net working capital had a positive impact on cash flow of SEK -0.6 million (-9.3).

Cash flow used for investing activities during the first quarter was SEK -19.0 million (-17.1).

Cash flow from financing activities in the first quarter of SEK -3.7 (-12.2) million related to change in amortization of leasing liabilities.

Total cash flow for the period amounted to an outflow of SEK -12.8 million (-25.3), mainly related to the acquisition executed in February.

Group Balance sheet and capital structure

Assets

The Group total assets have increased to SEK 905.9 million (828.4). A significant part of non-current assets of SEK 748.4 million (546.8) consist of intangible assets of SEK 667.8 million (490.3) attributable to acquisitions.

Cash and cash equivalents at the end of the first quarter amounted to SEK 103.6 million (245.3) vs. SEK 116.4 million at year end. The decrease in cash balance of SEK 12.8 million during the first quarter is mainly related to the acquisition executed in February.

Equity

Consolidated equity of the Group at the end of the first quarter amounted to SEK 226.6 million (257.1) and 213.3 million at year end 2022. The increase in equity during the first quarter was related to the net profit for the period.

Liabilities

Total liabilities amounted to SEK 679.3 million (571.2). The increase was related to the increase in the number of dental clinics, including increase in contingent consideration liabilities, lease liabilities, as well as impact on general working capital.

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.

Outstanding bond debt of SEK 398.8 million (397.6) constitutes SEK 400 million nominal value, including accruals for financing costs as of the balance sheet date. The bonds will be refinanced at time of maturity on October 2, 2023.

Net interest-bearing debt

Net interest-bearing debt, excluding IFRS reclassification of lease contracts, amounted to SEK -295.3 million (-152.4). The increase versus the same period prior year, derived from a decrease in cash balance, as cash has been utilized to finance growth during the period as well as an increase in lease liabilities related to premises of the acquired dental clinics.

(kSEK)	31/03/2023	31/03/2022
Interest bearing liabilities	-398,823	-397,654
Cash and cash equivalents	103,591	245,297
Net Cash/- Interest bearing debt	-295,232	-152,357
IFRS adjusted debt		
Lease liabilities	-40,373	-26,107
IFRS Net interest bearing debt	-335,605	-178,464

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

According to the bond terms, there are certain financial conditions ("incurrence covenants") for net indebtedness in relation to pro forma LTM adjusted EBITDA, where the calculation also includes liabilities related to leasing contracts of SEK 40.4 million (26.1), long term contingent considerations related to acquisitions of SEK 58.0 million (51.0) and SEK 66.3 million (8.9) of additional purchase prices expected to be paid in 2023.

Pro forma net debt, calculated as per the definition in the Senior Secured Bond Terms & Conditions, amounts to SEK -449.2 million (-227.2), consisting of interest-bearing debt, incl. accrued interest and amortizing financing fees, of SEK -414.3 million, cash balance of SEK 103.6 million, IFRS 16 adjustments for lease liabilities amounting to SEK -40.4 million, as well as SEK -97.1 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 March 31, 2022, including pro forma LTM03/23 adjusted EBITDA including the dental clinics acquired during the last twelve months period was 4.5x (2.7x), where net debt is SEK -449.2 million and consolidated pro forma Group adj. EBITDA SEK 99.8 (120.7).

In line with previous communications and public reports, Management and the Board of Directors have assessed the optimal capital structure and financing for Dentalum with the objective to strengthen the capital structure to finance growth at a sound leverage as per plan. To refinance the bond, maturing on October 2nd, 2023, as well as to finance continued growth, two financing alternatives have been prepared - bank financing and a new bond issue. Both alternatives combined with an equity injection.

After the period, a credit approval from a tier one bank, to refinance the SEK 400 million outstanding bonds, has been confirmed, subject to the planned equity injection.

Please see further in the section "Significant events after the period".

The Board of Directors and management remain positive regarding the company's financing possibilities.

Parent company

Dentalum Operations AB (publ) – Financial Overview Parent Company

TSEK	2023 Q1	2022 Q1	FY 2022
Operating revenues	1,106	754	3,666
EBITDA	-9,023	-5,626	-30,942
Net financial expenses	-9,862	-8,189	-48,556
Earnings before tax / EBT	-18,888	-13,818	-18,368
Income tax expenses	-	-	-4,417
Net Earnings	-18,888	-13,818	-22,785
Net Cash flow	15,089	-49,481	-173,356
Cash flow from operations	-11,244	-12,922	16,011
Cash flow from investing activities	-18,967	-36,559	-200,261
Cash flow from financing activities	45,300	-	10,894
Net Cash /- Interest-bearing Debt	-375,900	-265,884	-390,586
Cash & cash equivalents	22,923	131,709	7,835
Interest bearing debt	-398,823	-397,593	-398,421
Total Assets	861,000	753,332	852,485
Equity	270,758	270,027	289,647

First quarter 2023 – Parent company

Income statement

Dentalum Operations AB (publ), 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 1.1 million (0.7) consist of inter-company invoicing for accounting and payroll services, which are centralized for the group.

Operating expenses, amounting to SEK -10.1 million (-6.4), includes costs for the head office, certain M&A related transaction costs, as well as costs for central services provided to the subsidiaries. The increase in expenses compared to the same period prior year, was related to the expansion of the head office during 2022, to meet planned growth targets.

Increased costs for personnel, lease of office space, as well as expenses for administrative support to a larger number of clinics – from 21 clinics at the end of Q1 2022 to supporting 32 clinics by the end of Q1 2023.

Several initiatives have been taken to decrease overhead costs and increase efficiency, such as reduction of external consultants within accounting, M&A among other.

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

Financial expense of SEK -9.9 million (-8.2) consists of interest expense on bond debt, amortizing of financing expenses related hereto.

The Parent company had a loss before tax of SEK -18.9 million (-13.8). Income tax expense for the first quarter year is nil (-) considering negative earnings before tax and tax consolidation through the group contribution scheme.

Balance Sheet and Cash Flow - Parent

Cash flow from operations used in the Parent company in the first quarter was SEK -11.2 million (-7.3).

Net cash flow used in investing activities during the first quarter was SEK -19.0 million (-36.5), related to the acquisition executed during the period, as well as deferred and contingent considerations.

Cash flow related to financing and debt services was positive in the first quarter of 2023 due to new inter-company loans of SEK 45.3 million. (-).

Total net cash flow in the Parent company, during the first quarter was subsequently positive SEK 15.1 million (-49.5).

Liquid assets in the Parent company, as per March 31, 2023, amounted to SEK 22.9 million (131.7) and interest-bearing liabilities, including amortized financing expenses, amounted to SEK -398.8 million (-397.6).

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 for the year 2022 is recorded as an inter-company receivable in the balance sheet as per the end of the period.

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

Interest-bearing liabilities consist of bond debt of SEK -398.8 million (-397.6), including accruals for amortizing financing fees.

Maturity date of the bond is October 2, 2023. See further the comments related to the Consolidated financial statements above.

Shares in group companies have increased to SEK 823.7 million (576.8) following the acquisitions executed during the last twelve months.

Other provisions of SEK -58.0 million (-51.0) includes provision for contingent considerations related to assessment of performance impacting earn-out probability.

Other current liabilities of SEK -66.7 million (-31.0) include short-term contingent purchase price

considerations. In the first quarter of prior year, tax liabilities were classified as other current liabilities.

Total equity in the Parent company as per March 31, 2023 was SEK 270.8 million (270.0). The decrease in equity compared to the amount of equity at year end 2022 of SEK 289.6 million consists of a net loss of SEK -18.9 million (-13.8) in the first quarter of 2023.

Consolidated Reports

Consolidated Income Statement

<i>Amounts in KSEK</i>	Q1 2023	Q1 2022	FY 2022
Operating revenue			
Net revenue	119,314	84,366	397,384
Other operating revenue	1,829	1,440	2,458
Total operating revenue	121,143	85,806	399,842
Operating expenses			
Direct expenses	-22,114	-15,770	-76,688
Other external operating expenses	-19,944	-11,924	-66,405
Personnel expenses	-56,725	-37,023	-182,751
Depreciations and amortizations	-12,639	-8,694	-41,272
Earnings before financial items and tax / EBT	9,721	12,395	32,726
Financial items			
Revaluations of contingent liabilities	13,305	-	-61,329
Financial income	-	-	117
Financial expenses	-8,786	-8,594	-35,048
Net financial items	4,519	-8,594	-96,260
Earnings before tax / EBT	14,240	3,801	-63,534
Income tax expenses	-871	-461	-5,581
Net earnings	13,369	3,340	-69,115

Consolidated statement of comprehensive income

<i>kSEK</i>	Q1 2023	Q1 2022	FY 2022
Net Earnings	13,369	3,340	-69,115
Other comprehensive income	-	-	-
Total comprehensive income for the period	13,369	3,340	-69,115

Consolidated Balance Sheet

(kSEK)	2023/03/31	2022/03/31	2022/12/31
ASSETS			
Non-current assets			
Intangible assets	667,790	490,177	661,947
Tangible assets	28,080	24,018	28,011
Right-of-use assets	40,847	25,850	44,325
Financial Assets	3,327	1,389	3,427
Deferred tax assets	8,316	5,378	9,007
Total non-current assets	748,360	546,812	746,717
Current Assets			
Inventories	12,066	7,995	11,808
Accounts receivable	12,319	8,880	10,504
Current tax assets	7,001	10,184	13,316
Other current receivables	15,632	2,994	12,436
Prepaid expenses and accrued income	6,919	6,210	5,879
Cash and cash equivalents	103,591	245,297	116,420
Total current assets	157,528	281,560	170,363
TOTAL ASSETS	905,888	828,372	917,079
EQUITY AND LIABILITIES			
Equity			
Share capital	500	500	500
Shareholders contributions	330,430	301,842	330,430
Retained earnings	-117,661	-48,546	-48,546
Profit/loss for the period	13,369	3,339	-69,115
Total Equity	226,638	257,135	213,268
Non-current liabilities			
Non-current lease liabilities	26,535	17,039	29,622
Non-current interest bearing liabilities	-	397,656	-
Non-current contingent purchase price liabilities	57,955	51,046	70,979
Other long term liabilities	37	-	21
Deferred tax liabilities	26,993	19,467	28,093
Total non-current liabilities	111,520	485,208	128,715
Current liabilities			
Current lease liabilities	13,837	9,068	14,100
Current interest bearing liabilities	398,823	-	398,427
Contract liabilities	14,192	15,563	15,106
Accounts payable	15,940	9,726	15,898
Current liabilities group companies	-	-	-
Current tax liabilities	-	8,395	20,400
Other current liabilities	90,913	33,614	88,502
Accrued expenses and prepaid income	34,025	9,663	22,663
Total current liabilities	567,730	86,029	575,096
TOTAL EQUITY AND LIABILITIES	905,888	828,372	917,079

Changes in consolidated equity

	Share capital	Shareholders' contributions	Retained earnings incl. Profit (loss) for the year	Equity attributable to owners of the Parent Company	Non-controlling interest	Total Equity
Opening balance as of January 1, 2022	500	301,842	-48,546	253,796	-	253,796
Total comprehensive income (-loss) for the year			-69,115	-69,115	-	-69,115
<i>Transactions with shareholders of the Grouptioner med koncernens ägare</i>						
Shareholders' contributions, unconditional		28,588		28,588		28,588
Total transactions with shareholders	-	28,588	-	28,588	-	28,588
Closing balance as of December 31, 2022	500	330,430	-117,662	213,268	-	213,268
Opening balance as of January 1, 2023	500	330,430	-117,662	213,268	-	213,268
Total comprehensive income (-loss) for the year			13,369	13,369	-	13,369
<i>Transactions with shareholders of the Grouptioner med koncernens ägare</i>						
Shareholders' contributions, unconditional		-		-		-
Total transactions with shareholders	-	-	-	-	-	-
Closing balance as of March 31, 2023	500	330,430	-104,293	226,637	-	226,638

Consolidated Cash Flow Statement

kSEK	Q1 2023	Q1 2022	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before financial items and tax	9,721	12,395	32,726
<i>Adjustments for non cash affecting items</i>	12,639	8,694	41,306
Interest received	-	-	117
Interest paid	-610	-443	-2,357
Income tax paid	-11,265	-7,397	-15,434
Cash flow from operations before changes in working capital	10,485	13,249	56,358
Cash flow from changes in working capital			
Change in operating receivables	-5,933	-3,475	-11,124
Change in operating liabilities	5,318	-5,752	13,474
Net cash flow from operations	9,870	4,022	58,708
Cash flow from investing activities			
Investments in tangible assets	-	-	-
Acquisition of tangible assets	-1,891	-74	-5,220
Acquisitions of companies and shares	-17,089	-16,995	-165,697
Dividends received	-	-	-
Other financial investments	-	-	-600
Cash flow from investing activities	-18,980	-17,069	-171,517
Cash flow from financing activities			
Amortization, lease liabilities	-3,719	-	-13,276
Net change in interest-bearing debt, incl. paid interest on bond loan	-	-12,219	-29,933
New loans	-	-	-375
Group contributions received	-	-	-
Shareholders' contributions received	-	-	2,250
Cash flow from financing activities	-3,719	-12,219	-41,334
Total cash flow for the period	-12,829	-25,266	-154,143
<i>Changes in cash and cash equivalents</i>			
Cash and cash equivalents at the beginning of the period	116,420	270,562	270,562
Cash and cash equivalents at the end of the period	103,591	245,296	116,419

Parent Company Reports

Parent company - income statement

<i>Amounts in KSEK</i>	Q1 2023	Q1 2022	FY 2022
Operating revenue			
Net revenue	1,106	749	3,654
Other operating revenue	-	5	12
Total operating revenue	1,106	754	3,666
Operating expenses			
Direct expenses	-4,649	-3,479	-18,554
Other external operating expenses	-	-	-10
Personnel expenses	-5,480	-2,901	-16,044
Depreciations and amortizations	-3	-3	-11
Earnings before financial items and tax / EBT	-9,026	-5,629	-30,953
Financial items			
Profit / - loss from shares in group companies	-	-	-12,482
Financial income	5	-	4
Financial expenses	-9,867	-8,189	-36,078
Net financial items	-9,862	-8,189	-48,556
Earnings (-loss) after financial items	-18,888	-13,818	-79,509
Appropriations	-	-	61,141
Earnings before tax / EBT	-18,888	-13,818	-18,368
Income tax expenses	-	-	-4,417
Net earnings	-18,888	-13,818	-22,785

Parent company - statement of comprehensive income

<i>kSEK</i>	Q1 2023	Q1 2022	FY 2022
Net Earnings	-18,888	-13,818	-22,785
Other comprehensive income	-	-	-
Total comprehensive income for the period	-18,888	-13,818	-22,785

Parent company - balance sheet

(kSEK)	2023/03/31	2022/03/31	2022/12/31
ASSETS			
Non-current assets			
Tangible assets			
Equipment and tools	35	28	39
Financial non-current assets			
Shares in group companies	823,669	576,824	824,805
Other non-current receivables	762	762	762
Deferred tax assets	-	-	-
Total non-current assets	824,466	577,614	825,606
Current Assets			
Receivables group companies	12,434	40,718	16,309
Other current receivables	887	1,155	1,789
Prepaid expenses and accrued income	290	2,136	946
Cash and cash equivalents	22,923	131,709	7,835
Total current assets	36,534	175,718	26,879
TOTAL ASSETS	861,000	753,332	852,485
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	500	500	500
Non-restricted equity			
Retained earnings	289,147	283,345	311,932
Profit / - loss for the period	-18,889	-13,818	-22,785
Total Equity	270,758	270,027	289,647
Provisions			
Other provisions	57,955	51,046	70,979
Total Provisions	57,955	51,046	70,979
Non-current liabilities			
Non-current interest bearing liabilities	-	397,593	0
	-	397,593	0
Current liabilities			
Accounts payables	1,199	1,522	2,665
Liabilities to group companies	42,199	-	-
Current interest-bearing liabilities	398,823	-	398,421
Current tax liabilities	4,443	-	7,261
Other short tem liabilities	66,674	31,001	79,847
Accrued expenses and prepaid income	18,949	2,143	3,665
Total current liabilities	532,287	34,666	491,859
TOTAL EQUITY AND LIABILITIES	861,000	753,332	852,485

Parent company – changes in equity

	Share capital	Shareholder contributions	Retained earnings	Profit/loss for the period	Total Equity
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	-
Shareholders' contributions		28,587			28,587
Profit/loss for the period				-22,785	-22,785
Closing balance as of December 31, 2022	500	330,429	-18,497	-22,785	289,647
Opening balance as of January 1, 2023	500	330,429	-18,497	-22,785	289,647
Transfer of profit from previous year			-22,785	22,785	-
New share issue					-
Shareholders' contributions					-
Profit/loss for the period				-18,888	-18,888
Closing balance as of March 31, 2023	500	330,429	-41,282	-18,888	270,758

Parent company – cash flow statement

KSEK	Q1 2023	Q1 2022	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Operating revenue	-9,026	-5,629	-30,952
<i>Adjustments for non cash affecting items</i>	4	3	11
Interest received	5	-	3
Interest paid	-26	-38	-87
Income tax paid	-2,451	-	-86
Cash flow from operations before changes in working capital	-11,493	-5,664	-31,111
Cash flow from changes in working capital			
Change in operating receivables	1,565	-1,306	-600
Change in operating liabilities	-1,316	-5,952	47,722
Net cash flow from operations	-11,244	-7,258	47,122
Cash flow from investing activities			
Investments in tangible assets	-	-	-19
Acquisition of tangible assets	-	-	-
Acquisitions of companies and shares	-18,967	-36,559	-217,642
Dividends received	-	-	18,000
Other financial investments	-	-	-600
Cash flow from investing activities	-18,967	-36,559	-200,261
Cash flow from financing activities			
New bond debt	-	-	-
Net change in interest-bearing debt, incl. paid interest on bond loan	-	-	-31,000
New loans	45,300	-	-375
Group contributions received	-	-	40,019
Shareholders' contributions received	-	-	2,250
Cash flow from financing activities	45,300	-	10,894
Total cash flow for the period	15,088	-49,481	-173,356
<i>Changes in cash and cash equivalents</i>			
Cash and cash equivalents at the beginning of the period	7,835	181,190	181,190
Cash and cash equivalents at the end of the period	22,923	131,709	7,835

Pro forma development

Pro forma financials, including leverage calculation based on the terms & conditions of the senior secured bond are presented below.

Historic financials for the last twelve months ("LTM") periods, are presented including all entities acquired as per March 31, 2023, as if these entities had been part of the Dentalum Group for the relevant periods presented below.

The reported historic financials of the dental clinics are reported as per local Swedish GAAP (K2 or K3 accounting standards). The pro forma financials are, to a certain extent, normalized to provide more

insight to the underlying development. Such adjustments are presented in separate line items as due diligence ("DD") - or management adjustments.

During the LTM03/2023 period, there has been a number of non-recurring expenses in Dentalum Operations AB, the parent company, of which some have been adjusted for in the table below with the purpose to provide a transparency of the underlying run-rate of the overhead expenses.

In addition to this, several initiatives to improve efficiency and reduce overhead costs have been taken to improve the expense ratio going forward. See further comments on page 9.

Pro forma LTM Clinics development – including historic financials for 32 dental clinics, acquired as per March 31, 2023

MSEK	Pro forma LTM basis 32 clinics			
	32 clinics	32 clinics	32 clinics	32 clinics
	LTM12/21	LTM03/22	LTM12/22	LTM03/23
Net sales	461.9	468.8	480.3	479.9
Other operating income	5.2	5.5	5.5	5.5
Total income	467.1	474.3	485.8	485.4
Expenses	-352.6	-355.2	-368.5	-376.2
Direct expenses	-92.4	-93.9	-91.8	-91.8
Other external expenses	-77.5	-77.3	-80.0	-81.5
Personnel expenses	-182.6	-184.0	-196.6	-202.9
Pro forma Clinics reported EBITDA	114.5	119.1	117.3	109.1
Due Diligence adjustments	1.9	1.1		1.4
Management adjustments non-recurring	2.4	1.8	2.8	1.3
Pro forma Clinics adjusted EBITDA	118.8	122.0	120.1	111.8

KPIs Pro forma	LTM12/21	LTM03/22	LTM12/22	LTM03/23
Change in net sales		1.5%	2.5%	-0.1%
Change in PF clinics reported EBITDA		4.0%	-1.5%	-7.0%
Change in PF clinics adjusted EBITDA		2.7%	-1.5%	-6.9%
Reported PF Clinics EBITDA margin	24.8%	25.8%	25.4%	23.6%
PF Clinics adjusted EBITDA margin	25.7%	26.4%	26.0%	24.2%
PF expenses as a %-age of net sales:				
Direct expenses %	-20.0%	-20.3%	-19.9%	-19.9%
Other external expenses %	-16.8%	-16.7%	-17.3%	-17.6%
Personnel expenses %	-39.5%	-39.8%	-42.6%	-43.9%

Consolidated pro forma LTM development and leverage calculations

- LTM financials include the number of dental clinics acquired at the end of each period, Parent company expenses and adjustments
- Leverage calculation as per the terms & conditions of the senior secured bond ¹⁾

MSEK	Pro forma ("PF") Last twelve month ("LTM") basis							
	15 clinics	17 clinics	20 clinics	21 clinics	24 clinics	30 clinics	31 clinics	32 clinics
	LTM06/21	LTM09/21	LTM12/21	LTM03/22	LTM06/22	LTM09/22	LTM12/22	LTM03/23
Operating revenue	248.3	270.7	304.1	344.0	409.2	458.2	473.2	485.4
Expenses	-192.8	-211.3	-238.1	263.9	-307.2	-345.0	-358.6	-376.2
Direct expenses	-36.0	-41.0	-50.2	61.7	-84.6	-93.0	-90.7	-91.8
Other external expenses	-43.0	-44.8	-47.7	51.8	-60.5	-72.3	-76.9	-81.5
Personnel expenses	-113.8	-125.5	-140.2	150.4	-162.1	-179.7	-191.0	-202.9
PF Clinics reported EBITDA	55.5	59.4	66.0	80.1	102.1	113.2	114.7	109.1
Due Diligence adjustments		0.6	1.9	1.1	2.6	2.5	2.8	1.4
Management adjustments non-recurring		3.4	2.4	1.8				1.3
PF Clinics adjusted EBITDA	55.5	63.4	70.3	83.0	104.7	115.7	117.5	111.8
Dentalum Operations, Parent Company	-8.9	-10.9	-15.9	-20.6	-21.1	-24.8	-30.9	-34.3
Management adjustments non-recurring costs								5.1
IFRS adjustments	10.1	10.8	11.7	12.3	13.1	15.6	17.0	17.2
PF Group EBITDA	56.6	63.3	66.1	74.7	96.8	106.5	103.6	99.8
Leverage calculations as per Bond Terms & Conditions								
Pro forma Gross Debt:	354.2	358.8	466.2	498.8	481.9	578.0	587.2	578.7
Interest bearing debt, incl. accrued interest	306.6	312.0	397.7	412.7	405.0	413.0	406.2	414.3
IFRS leases	19.9	19.1	23.4	26.1	24.3	39.4	43.7	40.4
Liabilities, contingent purchase price	2.0	2.0	19.4	8.9	3.6	-	66.3	66.0
Provisions for contingent considerations	25.7	25.7	25.7	51.0	49.0	125.6	71.0	58.0
Total Cash balance	110.5	108.3	270.6	245.3	198.6	146.0	116.4	103.6
Escrow	21.2	-	42.7	15.9	15.9	5.4	5.4	-
Non restricted cash	89.3	108.3	227.8	229.4	182.7	140.6	111.0	103.6
Net Debt computation ¹⁾	225.3	232.1	177.2	227.1	257.0	402.4	444.8	449.2
Gross Debt:	354.2	358.8	466.2	498.8	481.9	578.0	587.2	578.7
Reinvestments related to earn-outs	18.4	18.4	18.4	26.4	26.3	29.6	26.0	25.9
Cash balance	110.5	108.3	270.6	245.3	198.6	146.0	116.4	103.6
Gross Debt / PF adj. EBITDA	6.26x	5.67x	7.06x	6.67x	4.98x	5.43x	5.67x	5.80x
Net Leverage	3.98x	3.67x	2.68x	3.04x	2.65x	3.78x	4.29x	4.50x

1) Net debt includes net interest-bearing debt, and IFRS 16 lease liabilities, provisions for contingent considerations, less related reinvestments. Bond prospectus and terms & conditions are available on dentalum.com/investor relations.

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 except for 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 consists 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 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 2022 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 March 31, 2023, 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.

Financial targets

Dentalum does not publish financial forecasts. However, the Board of Directors of Dentalum Operations AB (publ.) have determined financial targets for the period 2022-2024. The financial targets presented below have been developed to reflect both the development of the industry and the Company's forecast 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 ("APM") 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.

APM	Definition	Purpose
EBITDA:	Earnings before interest, tax, depreciation, and amortization and before write-down of intangible and tangible assets	<i>Provides management, investors and creditors with information on the development of the group's operating profit before depreciation and amortization.</i>
EBITDA-margin:	EBITDA as a ratio of net operating revenue	<i>Provides management, investors and creditors information on the profitability of the business operation</i>
Net Debt, interest-bearing:	Interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents	<i>Provides information on the net of interest-bearing bond or bank loans and cash and cash equivalents</i>
Net Debt incl. IFRS 16 lease liabilities	Interest-bearing debt, including lease liabilities less cash and cash equivalents	<i>Provides information on net of interest-bearing bond or bank loans, leasing liabilities and cash and cash equivalents</i>
Pro forma operating revenue, LTM	Last twelve months 12 months revenue, including acquired entities, as if they were part of the Group during the last 12 months ("Last 12 months")	<i>Used by management to monitor the group's organic growth, as well as for calculating the financial covenant under Dentalum's Bond Terms & Conditions</i>
Pro forma adjusted EBITDA, LTM:	Last 12 months EBITDA, including acquired entities, as if they were part of the group for the complete period, plus items affecting comparability, identified as not related to the operating activities of acquired companies, excluding items affecting comparability.	<i>Provides management, investors and creditors with information on the group's development of pro forma operating income before depreciation and amortization, adjusted for non business related items</i>
Pro forma adjusted EBITDA incl. IFRS 16, LTM	Last 12 months adjusted EBITDA including IFRS 16 adjustments and including acquired entities, as if they were part of the group during the last 12 months ("Last 12 months")	<i>Used by management, investors and creditors to monitor the Group's organic growth in operating profit, as well as for the calculation of financial covenants under Dentalum's Bond Terms & Conditions</i>
Pro forma adjusted EBITDA-margin:	Pro forma adjusted EBITDA in relation to pro forma net sales	<i>Provides management, investors and creditors with information on the development of the profitability of the business, adjusted for non business related items.</i>
Net Debt as per the definition in the Bond Terms & Conditions	Interest-bearing liabilities, including lease liabilities, contingent considerations related to acquisitions recognized as liabilities in the consolidated balance sheet less related shareholder contributions, and less cash and cash equivalents.	<i>Used by management and creditors to monitor the development of the Group's net debt and financial covenants as per Dentalum's Bond Terms & Conditions</i>
Net leverage as per the definition in the Bond Terms & Conditions	Net Debt as per the Bond Terms & Conditions above, in relation to pro forma adjusted EBITDA including IFRS 16 adjustments, LTM	<i>Used by management and creditors to monitor the development of the Group's net leverage and financial covenants as per Dentalum's Bond Terms & Conditions</i>

Financial Calendar 2023:

Interim report Q4, October - December 2022	February 28, 2023
Annual report financial year 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, May 31, 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.