

DENTALUM



**Interim report Q2 2023**

**Dentalum Operations AB (publ)**

Foto: Borås Tandvård

## Dentalum Operations AB (publ.) Interim report second quarter and first six months 2023

### Second quarter April - June 2023

- Capital structure was strengthened by a shareholders' contribution in the amount of SEK 141 million (-), following a share issue of 153 million in Dentalum Group AB.
- Reported net revenue in the second quarter was to SEK 125.2 million (105.4) and total revenues SEK 126.5 million (105.7).
- The increase in quarterly revenue compared to the same quarter prior year, was driven by acquisitions of seven dental clinics, acquired since the same quarter in 2022, albeit some clinics faced a general decline in revenues.
- Consolidated EBITDA was SEK 20.3 million (24.4) of which SEK 29.8 million (31.2) was generated in the dental clinics and SEK -9.5 million (-6.9) of net expenses in the Parent company, Dentalum Operations AB (publ).
- Consolidated operating profit margin, IFRS adjusted EBITDA as a percentage of total revenue, for the second quarter was 16.1% (23.2%). Excluding the Parent company expenses, the adj. EBITDA margin in Q2 was 23.6% (29.5%).
- Net financial items amounted to SEK -1.6 million (-8.7), including revaluation of contingent purchase price considerations of SEK 7.6 million (-0.1) and interest expense, incl. financing fees, of SEK -9.2 million (-8.6).
- Group net earnings amounted to SEK 4.8 million (4.8).
- Consolidated cash flows from operations, including paid tax, amounted to SEK 11.1 million (25.3).
- Net cash flow after investing and financing activities, was SEK 125.5 million (-46.7).
- As per June 30, 2023, following the shareholder's contribution, total equity amounted to SEK 372.4 million (263.0), cash balance was SEK 229.1 million (198.6) and interest-bearing debt of SEK 399.3 million (397.6), consisting of bond debt of SEK 400 million, adjusted for amortized financing costs.

### First six months January – June 2023

- Reported net revenue in the first six months reached SEK 244.5 million (189.8) and total revenues SEK 247.6 million (191.5).
- Consolidated EBITDA, adj. for IFRS adjustments of 11.3 million (6.6), reached SEK 42.7 million (45.5), of which SEK 61.3 million (57.9) was generated in the dental clinics and SEK -18.6 million (-12.4) of net expenses in the Parent company, Dentalum Operations AB (publ).
- Consolidated operating profit margin, IFRS adjusted EBITDA as a percentage of total revenue, for the first six months was to 17.3% (23.8%). Excluding the Parent company expenses, the adj. EBITDA margin in the first six months was 24.7% (30.3%).
- Net financial items amounted to SEK 2.9 million (-17.3), including revaluation of contingent purchase price considerations of SEK 21.0 million (-0.1) and interest expense, incl. financing fees, of SEK -18.0 million (-17.2).
- Group net earnings amounted to SEK 18.1 million (8.2).
- Consolidated cash flows from operations, including paid tax, amounted to SEK 20.9 million (29.3).
- Net cash flow after investing and financing activities, was SEK 112.7 million (-72.2).

## Financial Overview – Consolidated group

<i>(kSEK)</i>	2023 Q2	2022 Q2	2023 H1	2022 H1	FY 2022
<b>Operating revenues</b>	<b>126,478</b>	<b>105,716</b>	<b>247,621</b>	<b>191,522</b>	<b>399,842</b>
<b>EBITDA</b>	<b>20,339</b>	<b>24,422</b>	<b>42,699</b>	<b>45,512</b>	<b>73,998</b>
% of revenues	16%	23%	17%	24%	19%
<b>Net financial items</b>	<b>-1,617</b>	<b>-8,701</b>	<b>2,902</b>	<b>-17,295</b>	<b>-96,260</b>
<b>Earnings before tax / EBT</b>	<b>5,221</b>	<b>5,917</b>	<b>19,461</b>	<b>9,719</b>	<b>-63,534</b>
% of revenues	4%	6%	8%	5%	-16%
Income tax expenses	-448	-1,077	-1,319	-1,539	-5,581
<b>Net Earnings</b>	<b>4,774</b>	<b>4,840</b>	<b>18,143</b>	<b>8,180</b>	<b>-69,115</b>
<b>Net Cash flow</b>	<b>125,535</b>	<b>-46,708</b>	<b>112,707</b>	<b>-72,189</b>	<b>-154,143</b>
Cash flow from operations, incl. tax	11,067	25,265	20,937	29,287	58,708
Cash flow from investing activities	-7,063	-61,451	-26,043	-78,735	-171,517
Cash flow from financing activities	121,531	-10,522	117,813	-22,741	-41,334
<b>Net Cash/- Interest-bearing Debt</b>	<b>-170,130</b>	<b>-199,031</b>	<b>-170,130</b>	<b>-199,031</b>	<b>-282,007</b>
Cash & cash equivalents	229,127	198,588	229,127	198,588	116,420
Interest bearing debt	-399,257	-397,619	-399,257	-397,619	-398,427
<b>Total Assets</b>	<b>1,028,056</b>	<b>848,430</b>	<b>1,028,056</b>	<b>848,430</b>	<b>917,079</b>
<b>Equity</b>	<b>372,411</b>	<b>261,977</b>	<b>372,411</b>	<b>261,977</b>	<b>213,268</b>

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 second quarter

Dentalum Group AB successfully executed a share issue of SEK 153 million, of which SEK 141 million was down streamed to Dentalum Operations AB (publ) by a shareholder´s contribution to facilitate refinancing of the Senior bond, maturing on October 2, 2023, and to enable further organic growth opportunities while selectively exploring inorganic growth prospects.

### After the period

Management and the Board of Directors have, following the capital strengthening described above, continued the process to refinance the Company´s bond. As a result, the Company has reached advanced discussions with banks and an agreement is expected to be signed before the maturity of the Bond.

In parallel, a possibility to extend instead of refinancing the Bond, is being assessed, should an agreement for bank financing not materialize within the coming weeks. Should none of the alternatives be available at the time of maturity of the Bond, the Company would not be expected to meet its obligations to its bond holders.

The Board of Directors and Management are however positive regarding the Company´s ability to complete a refinancing or alternatively an extension of the Bond.



## CEO's comments

*In the opening half of 2023, we have maintained an operational focus in parallel with executing on our financing strategy to capitalize Dentalum. By the end of Q2, Dentalum successfully raised 153 MSEK in a new share issue.*

*During the period, reported revenues increased by approximately 20% compared to the second quarter of 2022, amounting to about MSEK 126.5. The revenue growth was mainly driven by the acquisitions completed last year as well as the most recent acquisition completed in February this year. Reported Group EBITDA for the first half year in 2023 amounted to MSEK 42.7, in comparison to MSEK 45.5 for the corresponding period previous year. The profitability margins have been affected mainly by challenges encountered locally within five clinics in Stockholm, leading to a contraction in Group EBITDA-margin. Our focus remains on addressing these challenges while streamlining activities and pursuing emerging opportunities in our other clinics.*

### **Operational focus and cost effectiveness**

In contrast to the first half of 2022, we noticed a decline in profitability during H1 2023 primarily derived from five of our clinics in Stockholm. One of the clinics affected, is undergoing a succession process, including recruitment of new management and key personnel. Additionally, two other clinics experienced personnel related challenges in Q1, further compounded by a lower inflow of patients in combination with the absence of the clinic manager due to medical leave. During the reporting period, we have also advanced our expansion projects for two of our clinics located in Stockholm and Linköping. Both clinics are expected to open mid-September and the outlook for the remainder of the year and beyond remains very positive as we have effectively doubled our treatment room capacity in these clinics compared to before.

In several regions, the challenge of addressing the underlying need for dental care continues. Västerbotten is one of them, where we are well positioned to meet patient demand across our four clinics. During Q2, the clinics achieved a strong growth and demonstrated the importance of accessible dental care. Similarly, Dalarna is another region with significant unmet need. To fully address this and to be able to serve a greater demand, our clinics, Ludvikatandläkarna in Ludvika and Gylle Tandvård in Borlänge, will merge with our clinic Swedish Dental in Stockholm. This will be completed on the 1<sup>st</sup> of September and affirms our business

model and decentralized philosophy through utilization of internal knowledge exchange, local leadership, and resource optimization. This cross-regional collaboration enhances our capabilities in Dalarna by expanding our service offering with advanced surgery and prosthetics.

Together with our clinic managers, we have outlined detailed plans for all clinics in order to ensure that proper measures are taken in due time, addressing both local challenges, growth initiatives, organisational developments and continuous improvements. Operating a platform of more than 30 clinics located strategically across ten regions in Sweden, diversifies the overall risk and positions us well to embrace regional opportunities. We feel confident that we will recover Group EBITDA-levels in line with 2022 within the next year. This taken into account the various organic growth opportunities in our existing clinics but excluding any potential future M&A add-ons.

We are also diligently overseeing our cost structure to enhance operational efficiency, including streamlining HQ as well as transitioning our outsourced accounting partner to an inhouse finance function to further optimize financial processes. These concerted efforts reflect our commitment to prudent management, enabling us to allocate resources more effectively while sustaining and following through on our growth trajectory.

### **Strengthened capital structure**

In end of Q2, Dentalum strengthened its capital structure by successfully raising MSEK 153 through a new share issue, backed by strong support from existing shareholders. In line with previous communications, Dentalum continues its ongoing discussion with banks for the purpose to refinance Dentalum's bonds before maturity in October 2023. In parallel, we are also evaluating the possibility of extending the bonds instead of refinancing it. We are however positive regarding the Company's ability to execute a refinancing or alternatively an extension of the Bond.

With the equity raise completed and considering the current market conditions, the Board is also reviewing the timing of our financial targets in light of our financing structure and overall strategy.



**Max Dorthé Ladow**  
CEO, Dentalum

## We are Dentalum

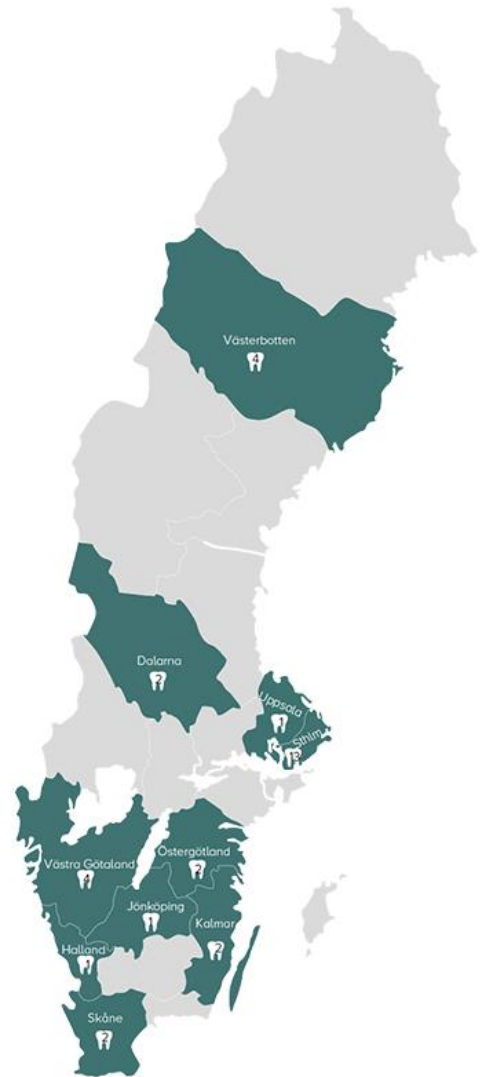
Dentalum is one of the leading and fastest growing dental care groups in Sweden. We invest in our employees and in high-quality dental clinics with the goal of building a world-class organization.

### 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 Q2 2023 Dentalum consist of 32 clinics, located in ten regions in Sweden. In total, the group consists of approximately 300 employees.



<p><b>No of Dental Clinics</b></p> <p>32 Clinics 10 Regions</p>	<p><b>Revenue</b></p> <p>Q2 MSEK 126 FY22 MSEK 400</p>	<p><b>Revenue growth</b></p> <p>20% (Q2 2023 vs Q2 2022)</p>	<p><b>EBITDA margin</b></p> <p>Q2 16% (Consolidated group, IFRS adj)</p>
---	--	--	--

## 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 second quarter of 2023. The consolidated financial statements of the Group include the Parent company and 25 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 second 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, 26 legal entities are consolidated, including the parent company, Dentalum Operations AB.

### Summary acquisitions

During 2023, Dentalum has focused on consolidating and optimizing potential in the current platform of 32 dental clinics, resulting in a slowed down pace of growth through acquisitions. Since Dentalum's start in 2019, acquisitions of total 32 dental clinics have been completed. During the first half of 2023, one dental clinic was acquired. In the financial year of 2022 Dentalum acquired ten dental clinics compared to eight clinics during 2021, eleven clinics in 2020 and one in 2019.

### Acquisitions executed during 2023 \*)

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

### Acquisitions executed in previous periods \*

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 & 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 April - June 2023

##### **Revenue**

Operating revenue during the second quarter of 2023 increased to SEK 126.5 million (105.7). The increase, corresponding to 19.6% compared to the second quarter of 2022, is mainly driven by the acquisitions of seven additional clinics since the same quarter prior year, albeit some clinics experienced a decline in revenues.

##### **Operating expenses**

Operating expenses during the second quarter of 2023 amounted to SEK -106.1 million (-81.3), of which 58.7% (57.1%) consists of personnel expenses of SEK -62.3 million (46.4). The overall operating expense ratio to revenues in the second quarter of 83.9% has increased compared to the same quarter last year (76.9%). Reasons for the increase in expense ratio are increase in personnel expenses during second half of 2022 to meet expected ramp-up in demand for dental care services after the Covid-19 pandemic, as well as salary increases, as well as an increase in external expenses caused by the general increase in inflation rate, while corresponding price increases in dental treatments have a lagging effect. Parent company expenses increased to -9.5 million (-6.8) - an increased by 40.2% in the second quarter of 2023 compared to the same period prior year. The increase is mainly caused by an expansion of the head-office function, increasing personnel, as well as increase in consultant and premises expenses during the second half of 2022.

Considering the development of the macro environment, in combination with the increase in inflation rates and cost of capital, the acquisition growth pace has been reduced in the near term and several cost reduction initiatives have been implemented, reducing over-head expenses, as well as increasing efficiency both at parent company level and in the dental clinics.

During the second quarter, additional reorganisation steps and cost efficiency initiatives at the head-office has been executed within the HR, Finance, Marketing and M&A/Legal function, e.g.:

- The Marketing function as well as the HR function has been transferred to the COO and the CPCO has left the Company.
- Within the Finance function, the accounting team has been reorganized during Q2 2023 and accounting of additional dental clinics has been transferred from outsourcing firms to be managed in-house. Consultancy services, related to systems implementations and other,

initiated during 2022, has been halted and a review of finance systems has been made, identifying a reduction of systems which will decrease costs.

- Within the M&A/Legal function, initiatives to reduce consultancy and advisory expense is ongoing, executing part of the due diligence projects in-house, along with reorganization of the team, adjusting to the slower acquisition pace.

##### **Financial expense**

In the second quarter, net financial items amounted to SEK -1.6 million (-8.7), including revaluation of contingent purchase price considerations of SEK 7.6 million (-0.1) and interest expense, incl. financing fees, of SEK -9.2 million (-8.6).

##### **Earnings**

Consolidated EBITDA (earnings before interest, tax, depreciation, and amortization) for the second quarter was SEK 20.3 million (24.4) of which SEK 29.8 million (31.2) was generated in the dental clinics and SEK -9.5 million (-6.9) of net expenses in the Parent company. Positive IFRS 16 adjustments of SEK 6.8 million (3.5) included.

Adjusted EBITDA margin, as a percentage of revenue, decreased to 16.1% in the second quarter compared to 23.2% in the same quarter prior year. Major reasons for the decrease in profitability in the second quarter relate to specific temporary events in three clinics, such as succession process of clinic heads, sick leave of one clinic head and relocation of one dental clinic, including refurbishing which has caused a temporary drop in profitability. Other reasons for the total decline in the dental services profitability are due to increased operating expenses related to the general increase in inflation rate, as well as increase in personnel expenses, as described above.

Second quarter earnings, before financial items and tax, amounts to a profit of SEK 6.8 million (14.6). Net earnings, after financial items and tax, amounts to SEK 4.8 million (4.8).

### Cash flow

##### **Cash flow**

Cash flow generated from operating activities, including change in working capital and tax paid, during the second quarter was 11.1 million (25.3) of which SEK 21 million (25.6) was generated by the dental clinics and -9.9 million (-0.3) was cash flow in the Parent company.



Changes in net working capital had a positive impact on cash flow of SEK 1.4 million (2.0), whereas paid tax amounted to SEK -9.6 million (-0.7) in the quarter. The main reason for the increase in tax payments are related to the one-year delay in tax consolidation through the group contributions scheme for entities acquired during 2022 for which the preliminary monthly tax payments had initially not been adjusted for with the tax authority. As from 2023, all entities, except one, acquired in 2023, are eligible for group contribution and an adjustment of monthly tax payments has been done. Certain refunds of paid tax are expected from the tax authority during Q3, 2023, having a positive impact on cash flow and cash balance of the group.

Cash flow used for investing activities during the second quarter was SEK -7.1 million (61.5).

Cash flow from financing activities in the second quarter of SEK 121.5 million (-10.5), consisting of a shareholder's contribution of SEK 141 million (-), following the share issue executed by Dentalum Group AB, interest payments of SEK -15.5 million

(-6.5) million and amortization of lease liabilities of SEK -4.0 million (-3.9).

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

Tax consolidation and upstreaming of cash via the group contribution scheme, is eligible for entities, acquired in prior years. The group contribution receivable recorded by the end of the year, was settled in the second quarter of 2023, off-setting inter-company loan liabilities related to the same subsidiaries as per above.

As from 2023, tax consolidation via the group contribution scheme, is eligible for all entities except one, acquired in the first quarter of 2023, which will reduce tax expense further this year.

Total net cash flow for the period amounted to an outflow of SEK 125.5 million (-46.7).

## Group Balance sheet and capital structure

### **Assets**

The Group's total assets have increased and amounted to SEK 1 028.1 million (848.4) as per June 30, 2023. A significant part of non-current assets of SEK 743.9 million (605.8) consist of intangible assets of SEK 660.2 million (548.2) attributable to acquisitions.

Cash and cash equivalents at the end of the second quarter amounted to SEK 229.1 million (198.6) vs. SEK 116.4 million at year end.

The net increase in cash balance by SEK 125.5 million (-46.7) during the second quarter is mainly related to the shareholder's contribution of SEK 141 million (-), operating cash flow of SEK 11.1 million (25.3) and interest payments of SEK -15.5 million (-6.5) and investments of SEK -7.1 million (-61.5).

### **Equity**

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.

In the second quarter, Dentalum Group AB, successfully executed a rights issue of shares amounting to SEK 153 million with the purpose to

refinance the bond, maturing on October 2, 2023, as well as to finance continued growth. During the second quarter SEK 141 million was down streamed to Dentalum Operations AB (publ) as shareholder's contribution.

Consolidated equity of the Group at the end of the second quarter increased to SEK 372.4 million (262.0) and 213.3 million at year end 2022, following the equity injection and adding the accumulated net profit for the period.

### **Liabilities**

Total liabilities amounted to SEK 656.6 million (586.5). The increase was related to the increase in the number of acquired 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 399.3 million (397.6), constitutes SEK 400 million nominal value, including accruals for financing costs as of the balance sheet date.

### Net interest-bearing debt

Following the capital contribution in the second quarter, net interest-bearing debt, excluding IFRS reclassification of lease contracts, decreased to SEK -170 million (-199) compared SEK -282 million at year-end 2022. Including IFRS adjustments of lease liabilities, net interest-bearing debt amounted to SEK -209.4 million as per June 30, 2023 (-223.3).

(kSEK)	JUN 30, 2023	JUN 30, 2022
Interest bearing liabilities	-399,257	-397,619
Cash and cash equivalents	229,127	198,588
<b>Net Cash / - Interest bearing debt</b>	<b>-170,130</b>	<b>-199,031</b>
<b>IFRS adjusted debt</b>		
Lease liabilities	-39,262	-24,260
<b>IFRS adjusted net interest bearing debt</b>	<b>-209,392</b>	<b>-223,291</b>

### 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, long term contingent considerations related to acquisitions as well as earn-outs expected to be paid in 2023, net of reinvestments related hereto.

*Pro forma net debt*, calculated as per the definition in the Senior Secured Bond Terms & Conditions, decreased to SEK -309.3 million (-257.3), consisting of interest-bearing debt, incl. accrued interest and amortizing financing fees, of SEK -407.0 million (-405.4), cash balance of SEK 229.1 million (198.6), IFRS 16 adjustments for lease liabilities amounting of SEK -39.3 million (-24.3), and SEK -91.3 million (-26.3) of net of liabilities for contingent considerations, provisions for earn-outs and related reinvestments.

*Pro forma net leverage*, as per the balance sheet of June 30, 2023, including pro forma LTM06/23 adjusted EBITDA including the dental clinics acquired during the last twelve months period improved to 3.57x compared to 4.50x in Q1 2023 (2.67x Q2 2022), where net debt is SEK -309.3 million and consolidated LTM pro forma Group adj. EBITDA SEK 86.5 million (96.6).

Financing alternatives have been assessed and bank financing with a long-term partner bank supporting Dentalum's continued strategic plan, has been determined by Management and the Board of Directors to be the preferred alternative.

Management and the Board of Directors have, following the capital strengthening described above, continue the process to refinance the Company's bond. As a result, the Company has reached advanced discussions with banks and an agreement is expected to be signed before the maturity of the Bond.

In parallel, a possibility to extend instead of refinancing the Bond, is being assessed, should an agreement for bank financing not materialize within the coming weeks. Should none of the alternatives be available at the time of maturity of the Bond, the Company would not be expected to meet its obligations to its bond holders.

The Board of Directors and Management are, however, positive regarding the Company's ability to execute a refinancing or alternatively an extension of the Bond.

## Parent company

### Dentalum Operations AB (publ) – Financial Overview Parent Company

TSEK	2023 Q2	2022 Q2	2023 H1	2022 H1	FY 2022
Operating revenues	1,264	880	2,370	1,634	3,666
EBITDA	-9,530	-6,797	-18,553	-12,424	-30,942
Net financial expenses	-9,519	9,819	-19,381	1,630	-48,556
Earnings before tax / EBT	-19,053	3,019	-37,941	-10,799	-18,368
Income tax expenses	-63	-	-63	-	-4,417
Net Earnings	-19,116	3,019	-38,004	-10,799	-22,785
Net Cash flow	119,759	-34,565	134,847	-84,046	-173,356
Cash flow from operations	-9,957	-334	-21,202	-13,256	16,010
Cash flow from investing activities	-286	-76,375	-19,253	-112,934	-200,261
Cash flow from financing activities	130,002	42,144	175,302	42,144	10,895
Net Cash /- Interest-bearing Debt	-256,541	-300,475	-256,541	-300,475	-390,586
Cash & cash equivalents	142,683	97,144	142,683	97,144	7,835
Interest bearing debt	-399,224	-397,619	-399,224	-397,619	-398,421
Total Assets	970,262	761,673	970,262	761,673	852,485
Equity	392,644	273,045	392,644	273,045	289,647

## Second 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 1.2 million (0.9) consist of inter-company invoicing for accounting and payroll services, which are centralized for the group.

Operating expenses, amounting to SEK -10.7 million (-7.7), 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 25 clinics at the end

of Q2 2022 to supporting 32 clinics by the end of Q2 2023.

Several initiatives have been taken to decrease overhead costs and increase efficiency, such as reduction of external consultants within accounting, M&A, HR and Marketing, including reorganization of the head-office, as described on page 9.

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

Net financial expense of SEK -9.5 million (+9.8) consists of interest expense on debt, amortizing of financing expenses related hereto, as well net income expense from shares sin group companies.

The Parent company had a loss before tax of SEK -19.1 million (-3-0). Income tax expense for the second quarter is SEK 63 thousand (-) considering negative earnings before tax.

## Balance Sheet and Cash Flow - Parent

Cash flow from operations used in the Parent company in the second quarter was SEK -10.0 million (-0.3).

Net cash flow used in investing activities during the second quarter was limited to SEK -0.3 million compared to the same period prior year of SEK -76.4, related to the acquisition executed in 2022.

Cash flow related to financing was positive in the second quarter, amounting to SEK 130.0 million (42.1) following the shareholder's contribution of SEK 141 million (-), as well as net of inter-company group contributions and off-setting inter-company loans totaling SEK -2.6 million (58.0).

Net cash flow in the Parent company, during the second quarter was subsequently positive SEK 119.8 million (-34.6).

Liquid assets in the Parent company, as per June 30, 2023, amounted to SEK 142.7 million (97.1) and interest-bearing liabilities, including amortized financing expenses, amounted to SEK -399.2 million (-397.6).

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

Interest-bearing liabilities consist of bond debt of SEK -399.2 million (-397.6), including accruals for amortizing financing fees.

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

Shares in group companies have increased to SEK 814.6 million (661.2) following the acquisitions executed during the last twelve months.

Other provisions of SEK -50.4 million (-51.0) includes provision for contingent considerations related to assessment of performance impacting earn-out probability of SEK -50.4 million (-49.0)

Other current liabilities of SEK -67.2 million (-27.6) include short-term contingent purchase price considerations of SEK -66 million (-3.6). In Q2 2022, tax liabilities were included in other current liabilities, explaining the difference in the total amount last year.

Total equity in the Parent company as per June 30, 2023 increased to SEK 392.6 million (273.0). The increase compared to the amount of equity at year end 2022 of SEK 289.6 million consists of the capital contribution of SEK 141 million and an accumulated net loss of a net loss of SEK -38.0 million (-10.8) during the first six months of 2023, of which SEK -19.1 (+3.0) refers to the second quarter of 2023.

## Consolidated Reports

### Consolidated Income Statement

<i>Amounts in KSEK</i>	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
<b>Operating revenue</b>					
Net revenue	125,194	105,432	244,508	189,798	397,384
Other operating revenue	1,284	284	3,113	1,724	2,458
<b>Total operating revenue</b>	<b>126,478</b>	<b>105,716</b>	<b>247,621</b>	<b>191,522</b>	<b>399,842</b>
<b>Operating expenses</b>					
Direct expenses	-22,950	-21,055	-45,064	-36,825	-76,688
Other external operating expenses	-20,883	-13,860	-40,821	-25,784	-66,405
Personnel expenses	-62,306	-46,379	-119,037	-83,402	-182,751
Depreciations and amortizations	-13,501	-9,804	-26,140	-18,498	-41,272
<b>Earnings before financial items and tax / EBIT</b>	<b>6,838</b>	<b>14,618</b>	<b>16,559</b>	<b>27,014</b>	<b>32,726</b>
<b>Financial items</b>					
Revaluations of contingent liabilities	7,586	-115	20,891	-115	-61,329
Financial income	-	-	-	-	117
Financial expenses	-9,203	-8,586	-17,989	-17,180	-35,048
<b>Net financial items</b>	<b>-1,617</b>	<b>-8,701</b>	<b>2,902</b>	<b>-17,295</b>	<b>-96,260</b>
<b>Earnings before tax / EBT</b>	<b>5,221</b>	<b>5,917</b>	<b>19,461</b>	<b>9,719</b>	<b>-63,534</b>
Income tax expenses	-448	-1,077	-1,319	-1,539	-5,581
<b>Net earnings</b>	<b>4,774</b>	<b>4,840</b>	<b>18,143</b>	<b>8,180</b>	<b>-69,115</b>

### Consolidated statement of comprehensive income

<i>kSEK</i>	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
<b>Net Earnings</b>	4,774	4,840	18,143	8,180	-69,115
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>4,774</b>	<b>4,840</b>	<b>18,143</b>	<b>8,180</b>	<b>-69,115</b>



## Consolidated Balance Sheet

(kSEK)	JUN 30, 2023	JUN 30, 2022	DEC 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	660,187	548,236	661,947
Tangible assets	32,886	23,284	28,011
Right-of-use assets	39,390	26,074	44,325
Financial Assets	3,327	3,253	3,427
Deferred tax assets	8,088	4,998	9,007
<b>Total non-current assets</b>	<b>743,878</b>	<b>605,845</b>	<b>746,717</b>
<b>Current Assets</b>			
Inventories	12,091	8,337	11,808
Accounts receivable	13,542	10,339	10,504
Current tax assets	14,567	14,145	13,316
Other current receivables	8,892	6,258	12,436
Prepaid expenses and accrued income	5,960	4,918	5,879
Cash and cash equivalents	229,127	198,588	116,420
<b>Total current assets</b>	<b>284,178</b>	<b>242,585</b>	<b>170,363</b>
<b>TOTAL ASSETS</b>	<b>1,028,056</b>	<b>848,430</b>	<b>917,079</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	500	500	500
Shareholders contributions	471,430	301,842	330,430
Retained earnings	-117,661	-48,546	-48,546
Profit/loss for the period	18,143	8,180	-69,115
<b>Total Equity</b>	<b>372,411</b>	<b>261,977</b>	<b>213,268</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities	23,674	15,676	29,622
Non-current interest bearing liabilities	-	397,619	-
Non-current contingent purchase price liabilities	50,369	49,046	70,979
Other long term liabilities	138	16	21
Deferred tax liabilities	25,181	21,369	28,093
<b>Total non-current liabilities</b>	<b>99,362</b>	<b>483,726</b>	<b>128,715</b>
<b>Current liabilities</b>			
Current lease liabilities	15,588	8,584	14,100
Current interest bearing liabilities	399,257	-	398,427
Contract liabilities	13,035	12,585	15,106
Accounts payable	13,657	8,877	15,898
Current liabilities group companies	-	-	-
Current tax liabilities	0	13,970	20,400
Other current liabilities	81,320	32,942	88,502
Accrued expenses and prepaid income	33,426	25,769	22,663
<b>Total current liabilities</b>	<b>556,283</b>	<b>102,727</b>	<b>575,096</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,028,056</b>	<b>848,430</b>	<b>917,079</b>

## 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
<b>Opening balance as of January 1, 2022</b>	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 Group/inter med koncernens ägare</i>						
Shareholders' contributions, unconditional		28,588		28,588		28,588
<b>Total transactions with shareholders</b>	-	28,588	-	28,588	-	28,588
<b>Closing balance as of December 31, 2022</b>	500	330,430	-117,662	213,268	-	213,268
<b>Opening balance as of January 1, 2023</b>	500	330,430	-117,662	213,268	-	213,268
Total comprehensive income (-loss) for the year			18,143	18,143	-	18,143
<i>Transactions with shareholders of the Group/inter med koncernens ägare</i>						
Shareholders' contributions, unconditional		141,000		-		-
<b>Total transactions with shareholders</b>	-	141,000	-	-	-	141,000
<b>Closing balance as of June 30, 2023</b>	500	471,430	-99,519	231,411	-	372,411

## Consolidated Cash Flow Statement

kSEK	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Earnings (-loss) before financial items (EBIT)	6,838	14,619	16,559	27,014	32,726
Adjustments for non cash affecting items	13,501	9,804	26,140	18,498	41,306
Interest received	-	-	-	-	117
Interest paid on operating liabilities	-1,027	-392	-1,637	-835	-2,357
Income tax paid	-9,597	-742	-20,862	-8,139	-15,434
<b>Cash flow from operations before changes in working capital</b>	<b>9,715</b>	<b>23,289</b>	<b>20,200</b>	<b>36,538</b>	<b>56,358</b>
<b>Cash flow from changes in working capital</b>					
Change in operating receivables, incl. Inventories	6,426	-4,514	493	-7,989	-11,124
Change in operating liabilities	-5,075	6,490	243	738	13,474
<b>Cash flow from changes in working capital</b>	<b>1,352</b>	<b>1,976</b>	<b>737</b>	<b>-7,251</b>	<b>2,350</b>
<b>Cash flow from operations, incl. tax</b>	<b>11,067</b>	<b>25,265</b>	<b>20,937</b>	<b>29,287</b>	<b>58,708</b>
<b>Cash flow from investing activities</b>					
Acquisition of tangible assets	-6,562	-321	-8,453	-395	-5,220
Acquisitions of companies and shares	-286	-61,130	-17,375	-78,125	-165,697
Other financial investments	-215	-	-215	-215	-600
<b>Cash flow from investing activities</b>	<b>-7,063</b>	<b>-61,451</b>	<b>-26,043</b>	<b>-78,735</b>	<b>-171,517</b>
<b>Cash flow from financing activities</b>					
Amortization, lease liabilities	-3,969	-3,981	-7,687	-3,981	-13,276
Net change in interest-bearing debt, incl. paid interest on bond loan	-15,500	-6,541	-15,500	-18,760	-30,308
Shareholders' contributions received	141,000	-	141,000	-	2,250
<b>Cash flow from financing activities, net</b>	<b>121,531</b>	<b>-10,522</b>	<b>117,813</b>	<b>-22,741</b>	<b>-41,334</b>
<b>Total net cash flow for the period</b>	<b>125,535</b>	<b>-46,708</b>	<b>112,707</b>	<b>-72,189</b>	<b>-154,143</b>
<i>Changes in cash and cash equivalents</i>					
Cash and cash equivalents at the beginning of the period	103,591	245,297	116,419	270,562	270,562
<b>Cash and cash equivalents at the end of the period</b>	<b>229,127</b>	<b>198,589</b>	<b>229,127</b>	<b>198,373</b>	<b>116,419</b>
<i>Summary Group Cash Flow</i>					
Cash flow from operations, incl. tax	11,067	25,265	20,937	29,287	58,708
Cash flow from investing activities	-7,063	-61,451	-26,043	-78,735	-171,517
Cash flow from financing activities, net	121,531	-10,522	117,813	-22,741	-41,334
<b>Group total cash flow</b>	<b>125,535</b>	<b>-46,708</b>	<b>112,707</b>	<b>-72,189</b>	<b>-154,143</b>

## Parent Company Reports

### Parent company - income statement

<i>Amounts in KSEK</i>	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
<b>Operating revenue</b>					
Net revenue	1,264	880	2,370	1,629	3,654
Other operating revenue	-	-	-	5	12
<b>Total operating revenue</b>	<b>1,264</b>	<b>880</b>	<b>2,370</b>	<b>1,634</b>	<b>3,666</b>
<b>Operating expenses</b>					
Direct expenses	-	-	-	-	-10
Other external operating expenses	-5,437	-3,691	-10,086	-7,170	-18,554
Personnel expenses	-5,357	-3,986	-10,837	-6,888	-16,044
Depreciations and amortizations	-4	-3	-7	-5	-11
<b>Earnings before financial items and tax / EBIT</b>	<b>-9,534</b>	<b>-6,800</b>	<b>-18,560</b>	<b>-12,429</b>	<b>-30,953</b>
<b>Financial items</b>					
Profit / - loss from shares in group companies	-	18,000	-	18,000	-12,482
Financial income	5	-	10	-	4
Financial expenses	-9,524	-8,181	-19,391	-16,370	-36,078
<b>Net financial items</b>	<b>-9,519</b>	<b>9,819</b>	<b>-19,381</b>	<b>1,630</b>	<b>-48,556</b>
<b>Earnings (-loss) after financial items</b>	<b>-19,053</b>	<b>3,019</b>	<b>-37,941</b>	<b>-10,799</b>	<b>-79,509</b>
Appropriations	-	-	-	-	61,141
<b>Earnings before tax / EBT</b>	<b>-19,053</b>	<b>3,019</b>	<b>-37,941</b>	<b>-10,799</b>	<b>-18,368</b>
Income tax expenses	-63	-	-63	-	-4,417
<b>Net earnings</b>	<b>-19,116</b>	<b>3,019</b>	<b>-38,004</b>	<b>-10,799</b>	<b>-22,785</b>

### Parent company - statement of comprehensive income

<i>kSEK</i>	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
<b>Net Earnings</b>	<b>-19,116</b>	<b>3,019</b>	<b>-38,004</b>	<b>-10,799</b>	<b>-22,785</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-19,116</b>	<b>3,019</b>	<b>-38,004</b>	<b>-10,799</b>	<b>-22,785</b>

## Parent company - balance sheet

<i>(kSEK)</i>	JUN 30, 2023	JUN 30, 2022	DEC 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Tangible assets</b>			
Equipment and tools	32	26	39
<b>Financial non-current assets</b>			
Shares in group companies	814,623	661,162	824,805
Other non-current receivables	762	762	762
Deferred tax assets	-	-	-
<b>Total non-current assets</b>	<b>815,417</b>	<b>661,950</b>	<b>825,606</b>
<b>Current Assets</b>			
Receivables group companies	9,525	1,506	16,309
Other current receivables	2,454	344	1,789
Prepaid expenses and accrued income	183	729	946
Cash and cash equivalents	142,683	97,144	7,835
<b>Total current assets</b>	<b>154,845</b>	<b>99,723</b>	<b>26,879</b>
<b>TOTAL ASSETS</b>	<b>970,262</b>	<b>761,673</b>	<b>852,485</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	500	500	500
<b>Non-restricted equity</b>			
Retained earnings	430,147	283,345	311,932
Profit / - loss for the period	-38,004	-10,800	-22,785
<b>Total Equity</b>	<b>392,644</b>	<b>273,045</b>	<b>289,647</b>
<b>Provisions</b>			
Other provisions	50,369	51,046	70,979
<b>Total Provisions</b>	<b>50,369</b>	<b>51,046</b>	<b>70,979</b>
<b>Non-current liabilities</b>			
Non-current interest bearing liabilities	-	397,619	-
	-	<b>397,619</b>	-
<b>Current liabilities</b>			
Accounts payables	2,027	4	2,665
Liabilities to group companies	44,124	-	-
Current interest-bearing liabilities	399,224	-	398,421
Current tax liabilities	3,725	2,636	7,261
Other current liabilities	67,230	27,551	79,847
Accrued expenses and prepaid income	10,921	9,772	3,665
<b>Total current liabilities</b>	<b>527,250</b>	<b>39,963</b>	<b>491,859</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>970,262</b>	<b>761,673</b>	<b>852,485</b>



## Parent company – changes in equity

	Share capital	Shareholder contributions	Retained earnings	Profit/loss for the period	Total Equity
<b>Opening balance as of January 1, 2022</b>	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
<b>Closing balance as of December 31, 2022</b>	500	330,429	-18,497	-22,785	289,647
<b>Opening balance as of January 1, 2023</b>	500	330,429	-18,497	-22,785	289,647
Transfer of profit from previous year			-22,785	22,785	-
New share issue					-
Shareholders' contributions		141,000			141,000
Profit/loss for the period				-38,004	-38,004
<b>Closing balance as of June 30, 2023</b>	500	471,429	-41,282	-38,004	392,644

## Parent company – cash flow statement

kSEK	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Earnings (-loss) before financial items (EBIT)	-9,534	-6,800	-18,560	-12,429	-30,953
<i>Adjustments for non cash affecting items</i>	2	2	7	5	11
Interest received	1	13	1	13	3
Interest paid on operating liabilities	-212	-	-233	-38	-87
Income tax paid	-654	-	-3,105	-	-86
<b>Cash flow from operations before changes in working capital</b>	<b>-10,396</b>	<b>-6,785</b>	<b>-21,890</b>	<b>-12,449</b>	<b>-31,112</b>
<b>Cash flow from changes in working capital</b>					
Change in operating receivables	-244	1,369	1,321	63	-600
Change in operating liabilities	683	5,082	-633	-870	47,722
<b>Net cash flow from operations</b>	<b>-9,957</b>	<b>-334</b>	<b>-21,202</b>	<b>-13,256</b>	<b>16,010</b>
<b>Cash flow from investing activities</b>					
Acquisition of tangible assets	-	-600	-	-600	-19
Acquisitions of companies and shares	-286	-75,775	-19,253	-112,334	-217,642
Dividends received	-	-	-	-	18,000
Other financial investments	-	-	-	-	-600
<b>Cash flow from investing activities</b>	<b>-286</b>	<b>-76,375</b>	<b>-19,253</b>	<b>-112,934</b>	<b>-200,261</b>
<b>Cash flow from financing activities</b>					
Net change in interest-bearing debt, incl. paid interest on bond debt	-15,500	-15,875	-15,500	-15,875	-31,374
Net change in inter-company borrowings / lending	-2,559	-	42,741	-	-
Group contributions received	7,061	58,019	7,061	58,019	40,019
Shareholders' contributions received	141,000	-	141,000	-	2,250
<b>Cash flow from financing activities</b>	<b>130,002</b>	<b>42,144</b>	<b>175,302</b>	<b>42,144</b>	<b>10,895</b>
<b>Total cash flow for the period</b>	<b>119,759</b>	<b>-34,565</b>	<b>134,847</b>	<b>-84,046</b>	<b>-173,356</b>
<i>Changes in cash and cash equivalents</i>					
<b>Cash and cash equivalents at the beginning of the period</b>	<b>22,923</b>	<b>131,709</b>	<b>7,835</b>	<b>181,190</b>	<b>181,190</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>142,682</b>	<b>97,144</b>	<b>142,682</b>	<b>97,144</b>	<b>7,835</b>

## 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 June 30, 2023, as if these entities had been part of the Dentalum consolidate 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 LTM06/2023 period, there has been a substantial amount of non-recurring expenses in Dentalum Operations AB. These expenses relate to expenses during H2 2022, included in the LTM financials, such as consultancy expenses for system implementation, legal and financial consultants,

including expenses for IT systems, which have been determined to halt, but have a lagging positive impact on financials. As described earlier in the report, several initiatives are in progress to reduce over-head costs, as well as increasing efficiency in both the dental clinics as well as at the head-office.

In the table below adjustments for such extraordinary / non-recurring items has been included with the purpose to provide a transparency of the underlying run-rate of the overhead expenses.

However, in the leverage calculation as per the bond T&Cs there is a cap for non-recurring / extraordinary items of SEK 5 million and consequently this amount is included in the calculation below, although the total amount of non-recurring items is estimated to be a higher amount.

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 June 30, 2023

SEK million	Pro forma LTM basis 32 clinics		
	32 clinics	32 clinics	32 clinics
	LTM12/21	LTM12/22	LTM 06/23
<b>Net sales</b>	<b>461.9</b>	<b>480.3</b>	<b>473.4</b>
Other operating income	5.2	5.5	5.8
<b>Total income</b>	<b>467.1</b>	<b>485.8</b>	<b>479.2</b>
<b>Expenses</b>	<b>-352.6</b>	<b>-368.5</b>	<b>-381.6</b>
Direct expenses	-92.4	-91.8	-88.6
Other external expenses	-77.5	-80.0	-84.1
Personnel expenses	-182.6	-196.6	-208.9
<b>Pro forma Clinics reported EBITDA</b>	<b>114.5</b>	<b>117.3</b>	<b>97.6</b>
Due Diligence adjustments	1.9	1.4	1.1
Management adjustments non-recurring	2.4	1.4	2.0
<b>Pro forma Clinics adjusted EBITDA</b>	<b>118.8</b>	<b>120.1</b>	<b>100.7</b>

KPIs Pro forma	LTM12/21	LTM12/22	LTM 06/23
Change in net sales		2.5%	-1.3%
Change in PF clinics reported EBITDA		-1.5%	-10.6%
Change in PF clinics adjusted EBITDA		-1.5%	-10.0%
Reported PF Clinics EBITDA margin	24.8%	24.4%	20.6%
<b>PF Clinics adjusted EBITDA margin</b>	<b>25.7%</b>	<b>25.0%</b>	<b>21.3%</b>
PF expenses as a %-age of net sales:			
Direct expenses %	-20.0%	-19.1%	-18.7%
Other external expenses %	-16.8%	-16.7%	-17.8%
Personnel expenses %	-39.5%	-40.9%	-44.1%

## 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 <sup>1)</sup>

<b>Leverage development</b>					
	15 clinics	20 clinics	24 clinics	31 clinics	32 clinics
SEK million	LTM06/21	LTM12/21	LTM06/22	LTM12/22	LTM06/23
<b>Net sales</b>	<b>245.7</b>	<b>299.8</b>			<b>473.4</b>
Other operating income	2.5	4.3			5.8
<b>Total income</b>	<b>248.3</b>	<b>304.1</b>	<b>409.2</b>	<b>473.2</b>	<b>479.2</b>
<b>Expenses</b>	<b>-192.8</b>	<b>-238.0</b>	<b>-307.2</b>	<b>-358.6</b>	<b>-381.6</b>
Direct expenses	-36.0	-50.2	-84.6	-90.7	-88.6
Other external expenses	-43.0	-47.7	-60.5	-76.9	-84.1
Personnel expenses	-113.8	-140.2	-162.1	-191.0	-208.9
<b>PF Clinics reported EBITDA</b>	<b>55.5</b>	<b>66.1</b>	<b>102.0</b>	<b>114.6</b>	<b>97.6</b>
DD Adjusted EBITDA		1.9	2.6	2.8	1.1
Management adjustments non-recurring		2.4			2.0
<b>PF Adjusted Clinic EBITDA</b>	<b>55.5</b>	<b>70.4</b>	<b>104.6</b>	<b>117.4</b>	<b>100.7</b>
Dentalum Operations expenses	-8.9	-15.9	-21.1	-30.9	-37.1
Management adjustments non-recurring costs					5.0
IFRS adjustments	10.1	11.7	13.1	17.1	18.0
<b>PF Group adjusted EBITDA</b>	<b>56.6</b>	<b>66.3</b>	<b>96.6</b>	<b>103.6</b>	<b>86.6</b>
<b>Pro forma Gross Debt:</b>	<b>354.2</b>	<b>466.2</b>	<b>481.9</b>	<b>587.2</b>	<b>563.4</b>
Interest bearing debt, incl. accrued interest	306.6	397.7	405.0	406.2	407.8
IFRS leases	19.9	23.4	24.3	43.7	39.3
Liabilities, contingent purchase price	2.0	19.4	3.6	66.3	50.4
Provisions for contingent considerations	25.7	25.7	49.0	71.0	66.0
<b>Total Cash balance</b>	<b>110.5</b>	<b>270.6</b>	<b>198.6</b>	<b>116.4</b>	<b>229.1</b>
Escrow	21.2	42.7	15.9	5.4	-
Non restricted cash	89.3	227.8	182.7	111.0	229.1
<b>Net Debt computation</b>	<b>225.3</b>	<b>177.2</b>	<b>257.0</b>	<b>444.8</b>	<b>309.3</b>
Gross Debt:	354.2	466.2	481.9	587.2	563.4
Reinvestments related to earn-outs	18.4	18.4	26.3	26.0	25.1
<b>Cash balance</b>	<b>110.5</b>	<b>270.6</b>	<b>198.6</b>	<b>116.4</b>	<b>229.1</b>
<b>Gross Debt / adj. EBITDA</b>	<b>6.26x</b>	<b>7.04x</b>	<b>4.99x</b>	<b>5.67x</b>	<b>6.38x</b>
<b>Net Leverage</b>	<b>3.98x</b>	<b>2.67x</b>	<b>2.66x</b>	<b>4.29x</b>	<b>3.57x</b>

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](https://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](http://www.dentalum.com).

#### **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, in the second half of 2021, the Board of Directors of Dentalum Operations AB (publ.) have determined financial targets for the period 2022-2024, with an ambition to reach SEK 280m in proforma and adjusted EBITDA by the end of 2024 and keeping a sustainable and high profitability exceeding an average annual adjusted EBITDA-margin of 20%.

The Board of Directors are currently reviewing the timing of the financial targets for the group.

## 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 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 &amp; 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 &amp; 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 &amp; 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 &amp; 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:

Investor Relations: [ir@dentalum.com](mailto:ir@dentalum.com)  
Postal and visiting address: Sturegatan 34, SE-114 36 STOCKHOLM  
Website: [www.dentalum.com](http://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, August 31, 2023

---

Mikael Lönn  
Chairman of the Board

---

Roberto Rutili  
Board member

---

Mikael Bluhme  
Board member

---

Gunilla Öhman  
Board member

---

Lars Kvarnsund  
Board member

---

Marcus Ladow  
Board Member

---

Max Dorthé Ladow  
CEO

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