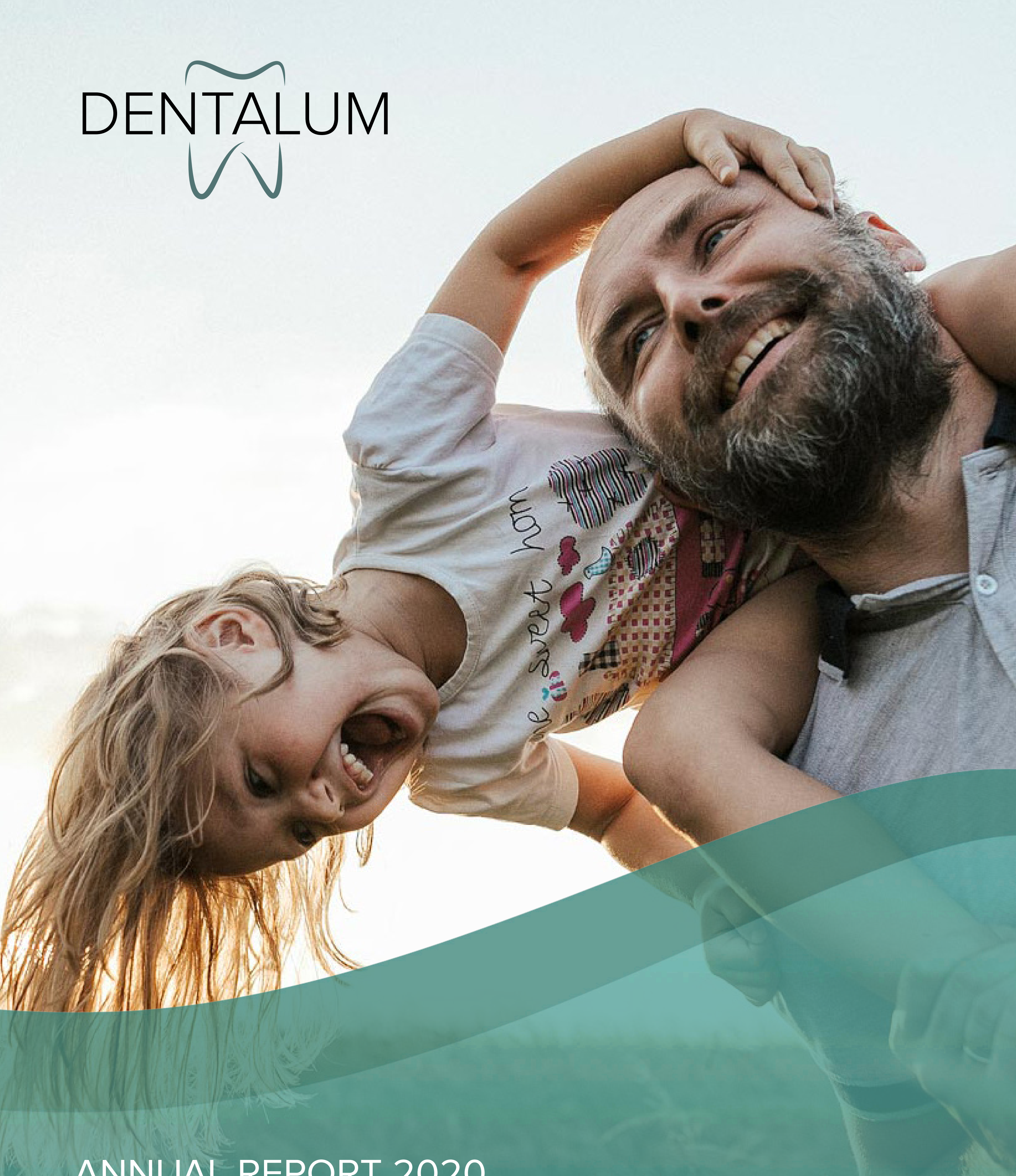
DENTALUM



ANNUAL REPORT 2020

DENTALUM OPERATIONS AB (PUBL.)

This is an inofficial translation of the original Swedish text. In the event of any discrepancy between the English translation and the Swedish original, the Swedish version shall govern.

CONTENTS

DENTALUM IN BRIEF

Dentalum is one of Sweden's fastest growing dental service organisations focusing on acquiring high-quality, profitable and sustainable dental clinics.

Dentalum's philosophy is built on the local identity, where our clinics have a high degree of independence. Our operational model drives continuous improvement by involving and encouraging our clinics to share best practice within our group. Today we are twelve clinics operating in five regions in Sweden providing full-service dentistry to our patients.

Dentalum is headquartered in Stockholm, Sweden.

We believe that a strong corporate culture and a positive work environment motivate and engage our coworkers to provide high-quality dental care and an excellent service to our patients.

OUR CORE VALUES

DENTALUM IN BRIEF

12	155	68
CLINICS	EMPLOYEES	TREATMENT ROOMS

CEO COMMENTS

The year 2020 has been a challenging year for our society in many respects. Businesses have struggled, healthcare and hospital systems have been overrun and an increasing amount of people have fallen ill as a result of Covid-19. The virus had an impact on the dental market as well, where not only healthcare providers were negatively affected but also the general dental health of the Swedish population. The year 2020 was the first full business year for Dentalum and despite the circumstances and restrictions imposed, Dentalum, as a group, has proven resilience and positioned itself as one of Sweden's fastest growing dental service organisations.

STRONG GROWTH DURING THE PANDEMIC

In the beginning of the year, Dentalum had one clinic with four employees located in the Halland region. From April and onwards, our business grew significantly through the acquisitions of eleven additional clinics, thereby expanding Dentalum's presence to four new regions. During the year, the organisation was also strengthened with a COO, CFO, HR-Manager and Finance Manager. Today the Group consists of 155 employees, of which six are employed at the headquarter.

Throughout the year we have worked actively with Dentalum's capital and financial structure and evaluated the most suitable form of financing given our continued growth and the current market conditions. To meet the inorganic growth opportunities, Dentalum issued a bond of SEK 300 million within a framework of SEK 600 million. The bond enables Dentalum to continue its growth journey with new acquisitions of high-quality and profitable dental clinics.

REGROUPING TO MEET THE DEMAND FOR DENTAL CARE

The spread of Covid-19 impacted the dental market mainly during the period March to May, where patient visits decreased by up to 50%. Dentalum was also affected as risk group patients rescheduled their appointments and the general patient inflow was reduced as a result of the restrictions imposed by the Public Health Agency and its recommendations to stay at home. Through hard work, efficient patient care planning and increased safety and hygiene routines, Dentalum's clinics navigated the changing market conditions to meet our patients dental care need in a reliable and safe way, even during the most intense period of the pandemic.

DEVELOPING A SUSTAINABLE ORGANISATION WITH A LONG-TERM APPROACH

Dentalum is a decentralised dental service organisation that believes in maintaining the local identity of our clinics and allowing them a high degree of operational independence post-acquisition. Our organisation is driven with a sustainable and long-term approach, and our corporate culture aims to be inclusive, engaging and motivating for all employees.

We have, from the very beginning, had a strong interest in capturing and utilising the incredible experience and know-how within each clinic. As we started to build the organisation, we dedicated a lot of time to create a platform for structured knowledge-sharing and processes for continuous improvement. During the year we have created channels and forums for knowledge transfer and we can already see the effects of competence, experience and best practice being shared in an efficient way. We belive that these activities not only boost our culture and motivate our employees, but also position us as an attractive employer and ensure high-quality and modern dental care to our patients.

WITH OUR EYES SET ON THE FUTURE

As a caregiver we have a responsibility to ensure the dental health of our patients. However, many patients have not been able to receive the treatments needed during the year due to Covid-19, which has generated an unmet need for dental care. As more people get vaccinated and the spread of the virus starts decreasing, Dentalum is preparing to manage the growing underlying demand in dental care. Our M&A outlook remains very positive for 2021, as we work towards a strong growth in both existing and new regions. We also continue to develop our organisation, culture and platform of competence sharing in parallel with exploring and evaluating several exciting opportunities in digitalization.

Lastly, I would like to thank all of our co-workers in Dentalum. It is a mere privilege to work with such distinguished and driven colleagues who give their all in order to maintain our patients' well-being and dental health during these uncertain times. We look forward to a healthier and brighter 2021, working towards the goal to become the leading dental chain in the Nordics and to build a world-class organisation.

Max Dorthé Ladow
CEO, Dentalum Operations

MANAGEMENT REPORT

The Board of Directors and Chief Executive Officer of Dentalum Operations AB (publ), with corporate identity number 559136-4046 and registered office in Stockholm, hereby submit the Annual Report for the 2020 financial year for the Parent company and the Group. The consolidated financial statements of the Group include the Parent company and its subsidiaries Dentalum Dalarna AB, Moberg-Stenberg AB, Ludvikatandläkarna AB, Dentalum Tandvårdsteam AB, Kungsfors Tandvård AB, Borås Tandvård AB, Kinna Tandvård AB, Sthlm Dental Clinics AB, City Dental i Stockholm AB and Vesalis Dental AB.

Where nothing else is stated, information relates to the consolidated accounts. All amounts are stated in thousands of SEK (KSEK) unless otherwise stated.

ORGANISATION, OWNERSHIP AND OPERATIONS

Dentalum Operations AB (publ.), started its operations in 2019. The company is a limited liability company registered in Sweden with registered office in Stockholm, address Birger Jarlsgatan 2, 114 34 Stockholm. The company operates, develops, and acquires dental clinics with the objective to create a market-leading dental service chain in the Nordics. The company's dental care philosophy is long-term and dedicated to create sustainable dental care with excellent service and quality to our patients. The company's objective is to implement the right prerequisites and working environment for our co-workers with the ultimate goal to create a world-class organisation.

The company is 100% owned by Dentalum AB, 559212-9745, with majority owner Dentalum Group AB, 559220-1668. Dentalum Operations AB, provides dental care services through its subsidiaries in the Dentalum group ("the Group").

SIGNIFICANT EVENTS DURING THE YEAR

Capital structure and financing

To ensure the financing of Dentalum's continuous growth, the Group has strengthened the capital by shareholder contributions of SEK 90.9 million (5.6) in total, and a share issue of SEK 0.4 million in conjunction with the registration of Dentalum Operations AB to "publ." status.

Furthermore, during October, Dentalum Operations AB (publ.) issued a Senior Secured Bond of SEK 300 million, with a 36-month tenor at a fixed coupon-rate of 7.75 percent. Part of the initial bond proceeds was used to refinance a bank acquisition facility of SEK 31.8 million and to finance acquisitions (SEK 117 million) executed during November-December.

Strengthened Organisation

During Q1, Dentalum Operations AB strengthened the organisation with four senior executives to ensure experience and competence to drive growth of the Dentalum group and to acquire and develop dental clinics.

Business Acquisitions

During the financial year Dentalum Operations AB executed the acquisitions of eleven dental clinics, of which five were completed during November-December.

- 2020-04-08 Ludvikatandläkarna AB operating two clinics in Dalarna.
- 2020-06-01 Dentalum Tandvårdsteam AB in Stockholm.
- 2020-08-04 Kungsfors group consisting of three dental clinics in the Västra Götaland region.
- 2020-11-02 Sthlm Dental Clinics AB, consisting of three clinics in the Stockholm region, was acquired.
- 2020-12-01 City Dental i Stockholm AB, one of Sweden's largest private dental clinics, was acquired.
- 2020-12-29 Dentalum expanded into a new region, through the acquisition of Vesalis Dental AB, a clinic in Jönköping.

As of the 31st of December 2020, the Group consists of twelve clinics with operations in five regions in Sweden.

Covid-19

In mid-March 2020, the Covid-19 virus started to spread rapidly over large parts of Sweden. In order to limit the prevalence of infection, the Swedish Public Health Agency imposed several restrictions in the form of travel bans, recommendations of quarantine and to work from home, as well as restrictions on public gatherings etc. During the autumn, a second wave of covid-19 was confirmed, whereby the Swedish Public Health Agency reinitiated restrictive measures and recommendations to mitigate the increased spread of infection.

Dentalum completed 11 of 12 business acquisitions during the second, third and fourth quarter of the year, following the outbreak of the first wave of the Covid-19. Dentalum has proactively taken actions to mitigate the effects of Covid-19 in the clinics, such as implementing increased hygiene and safety routines, cost efficiency initiatives, efficient scheduling of patients and care planning, minimizing the number of patients in waiting rooms and performing antibody tests on personnel to ensure a safe and secure working environment. These actions have resulted in a limited negative impact of the pandemic on patient flow to Dentalum's clinics, with the exception of one clinic located in the center of Stockholm, where the influx of patients was more negatively affected by the Public Health Agency's restrictions. By proactive expense management, the clinics have maintained a high profitability during the financial year and management's assessment is that the underlying demand for dental care will continue to be high, considering the accumulated demand for treatments related to patients´ decision to postpone their scheduled appointments due to the pandemic.

FINANCIAL OVERVIEW

Revenue and Earnings for the period

The Group's operating revenue increased to SEK 57.9 million from SEK 1.8 million in the previous year. Operating expenses for the group increased to SEK 52.5 million from 1.5 million, of which personnel expenses amounts to SEK 30.6 million (0.8) The increase in both revenue and operating expenses was related to the acquisitions executed during the financial year.

Operating earnings before interest, tax, depreciations and amortizations (EBITDA) amounts to SEK 5.5 million (0.4). The earnings consist of the dental clinics´ contribution as from the respective acquisition closing date as well as the operating expenses in the Parent company, Dentalum Operations AB (publ.).

Net financial items, mainly consisting of interest expenses related to the bond financing, amounts to SEK -7.6 million (-0.1) and earnings before tax (EBT) amounts to SEK -9.2 million (0.2).

Income tax for the year amounts to SEK 0.1 million (0.1) and net earnings (loss) amounts to SEK -9.4 million (0.09).

Equity

Total equity for the Group amounts to SEK 87.7 million (5.8) by year-end. During the year, a capital injection to the group of a total amount of SEK 91.3 million (5.6) was executed.

Cashflow and liquidity

Cashflow from operations increased to SEK 5.3 million (0.6). Cashflow from investing activities amounts to SEK -174 million (-2.3) which is related to acquisitions of dental care clinics and non-current assets. Cashflow from financing activities amounts to SEK 346 million (5.6), consisting of a combination of a share issue and shareholder contributions of SEK 55.8 million (5.6), as well as the net amount of the bond issue and repayment of bank financing, amounting to SEK 290.2 million (-0.04).

As of the balance sheet date, cash and cash equivalents of the Group amounts to SEK 181.4 million (4) and interest-bearing liabilities to SEK 299.1 million (0).

Dentalum Operations AB (publ) Financial Overview

Consolidated Group

(KSEK)	2020	2019
Operating revenue	**57 934**	**1 847**
EBITDA	**5 452**	**370**
% of revenue	9,4%	20%
Net financial items	**-7 637**	**-134**
Earnings before tax / EBT	**-9 210**	**213**
% of revenue	-8%	12%
Income tax expenses	**-162**	**-121**
Net Earnings (loss)	**-9 371**	**91**
Net Cash flow	**177 411**	**3 939**
Cash flow from operations	5 349	636
Cash flow from investing activities	-173 931	-2 294
Cash flow from financing activities	345 993	5 597
Net Cash/-Debt	**-118 261**	**3 985**
Cash and cash equivalents	181 396	3 985
Interest-bearing liabilities	299 657	-
Total Assets	**493 760**	**7 393**
Equity	**87 733**	**5 780**

Parent company

The Parent company constitutes the Group's head office and has no external revenues. Operating revenue amounts to SEK 1.1 million (0) and consists of internal invoicing of group centralized services. Operating profit (loss) (EBITDA) amounts to SEK -7.4 million (-0.2). Cash and cash equivalents of the Parent company amounts to SEK 142.4 million (1.9) and interest-bearing liabilities to SEK 299.1 million (0). The total balance sheet increased to SEK 432.5 million (6.8), which is related to executed business acquisitions.

Equity of the Parent company amounts to SEK 85.4 million (6.6) at year-end.

Dentalum Operations AB (publ) Financial Overview

Parent company

(KSEK)	**2020**	**2019**
Operating revenue	**1 107**	**-**
EBITDA	**-7 418**	**-201**
% of revenue		
Net financial items	**-7 353**	**1 070**
Earnings before tax / EBT	**-14 771**	**869**
% of revenue		
Income tax expenses	**1 286**	**-**
Net Earnings (loss)	**-12 487**	**869**
Net Cash flow	**140 570**	**1 817**
Cash flow from operations	-8 488	-172
Cash flow from investing activities	-200 689	-3 653
Cash flow from financing activities	-349 750	5 642
Net Cash/-Debt	**-156 649**	**1 864**
Cash and cash equivalents	142 434	1 864
Interest-bearing liabilities	299 083	-
Total Assets	**432 553**	**6 750**
Equity	**85 396**	**6 557**

Financial overview

Multi-annual summary (Group)

(KSEK)	**2020**	**2019**	**2017/ 2018**
Net revenue	56 422	1 847	0
Earnings after financial items/EBT	- 9 210	213	-4
Equity	87 733	5 780	46
Balance sheet total	493 760	7 393	46
Number of employees, average	138	4	-

Multi-annual summary (Parent Company)

(KSEK)	**2020**	**2019**	**2017/ 2018**
Net revenue	1 107	-	-
Earnings after financial items/EBT	-14 772	869	-4
Equity	85 396	6 557	46
Balance sheet total	432 553	6 750	46
Number of employees, average	4	-	-

Proposed distribution of earnings

The Annual General Meeting has the following funds at its disposal (SEK):

Retained earnings	865 287
Shareholders' contributions	96 517 000
Profit (loss) for the year	-12 486 660
Total	**84 895 627**

The Board of Directors proposes the following distribution of earnings:

Carried forward	84 895 627
Total	**84 895 627**

TRANSACTIONS WITH RELATED PARTIES

Apart from remuneration to the Board of Directors, the CEO and other senior executives who have been compensated as employees, as presented in Note 8, no other transactions with related physical parties have taken place. Income from Group companies, in the Parent company income statement, consist of revenue related to central financial and personnel services provided. The Parent received Group contributions from subsidiaries, which is specified in Note 30.

PERSONNEL

The number of employees in the Group amounts to 155 at year-end, of which 150 co-workers are employed in the acquired dental clinics and five at Dentalum's Head Office. 64% of the total workforce are women.

The number of employees in the Parent company was five (0) at year-end, of which 40% were women.

BOARD OF DIRECTORS AND GOVERNANCE

According to the Dentalum Operation AB (publ) Articles of Association, adopted by the Annual General Meeting on December 16, 2019, the company's Board shall consist of 1-10 board members with a minimum of one and a maximum of three deputy bord members. In 2020, the Board, elected by the Annual General Meeting, consists of a chairman, two board members and one deputy board member. No remuneration has been paid to the Board. The Board of Dentalum Operations AB (publ) consists of Saeid Esmaeilzadeh, Robin Rutili and Marcus Ladow.

Dentalum's corporate governance is based on external laws, such as the Swedish Companies Act, and other relevant laws and regulations. Dentalum's framework for corporate governance also includes internal guidelines and principles for working procedures and collaboration within the Group.

Dentalum's corporate governance structure starts at the level of the Board of Directors, appointed by the Annual General Meeting, determining the Group's strategic direction. The CEO is responsible for executing the strategic direction, implemented by Group Management, leading and monitoring the Group's operations. The main operational responsibility for the dental services is delegated to the heads of the respective clinics. Group functions are responsible for policies and processes, supporting the operations in the clinics with competence in human resources, legal, marketing, financial management and financing. Dentalum's operational controls and risk management framework support objectives and requirements based on our core values, Passion, Sustainability and Integrity.

Financial performance is reported, internally, on a monthly basis and external reports are published quarterly.

Ernst & Young AB is external auditing firm. Auditor's remunerations are paid, on a continuous basis in accordance with agreement, as presented in Note 6.

Management

Group management consists of Max Dorthé Ladow, Chief Executive Officer, Marcus Ladow, Head of M & A / General Counsel, Jörgen Stattin, Chief Operating Officer and Sofi Eriksson, Chief Financial Officer. Dentalum has central group functions for Human Resources, Finance and Legal matters.

RISK MANAGEMENT

The Group is exposed to various risks that may have an impact on the Group's operations, financial position and earnings. Risks may arise within the main categories: political risks, operational risk, macro risks and financial risks. Dentalum has processes for identifying and managing these risks.

The Group's Board of Directors is ultimately responsible for the Group's risk management. Responsibility for risk management is defined in a delegation of authority, stipulating that financial risks are assessed and monitored by Dentalum's CEO and CFO, and operational risks are evaluated and monitored by Dentalum's CEO and COO.

Dentalum establishes a strong corporate culture to manage and mitigate relevant risks. The Group continuously assess areas of exposures. For each type of risk, the probability of the risk materializing is assessed, as well as the potential impact on the business.

The most important risk areas are defined in overall group-wide policies and guidelines. Compliance is continuously monitored within various functions.

The table below provides an overview of the Group's most important risks, including how these risks are managed and mitigated.

Key risks	Description	Mitigation
Market related risks		
Risk related to competitiveness, quality of care, patient satisfaction and reputation	Risks related to the Group's inability to meet patients' demand for service, quality and competence in competition with private and public care providers in the geographical regions in which Dentalum operates can damage Dentalum's reputation and lead to difficulties in achieving the Group's growth targets.	• Dentalum aims at providing dental care with continuous improvement of quality and productivity • Actions to improve accessibility • Implementation of digital solutions • Patient satisfaction surveys • Ensure competence development in personnel • Identifies best practice through internal and external benchmarking
Operational risks - related to business and market development		
Acquisition related risk	Risks related to inability to find appropriate business acquisitions with the risk of unsuccessful integration of acquired businesses that may lead to a negative impact on Dentalum's growth targets and profitability.	• Structured acquisition process to ensure resources with experience in identifying, analyzing and integrating acquired businesses. • Group functions to support the acquisition processes • Consolidation, monitoring and assessment of completed acquisitions

Key risks	Description	Mitigation
Operational risks - related to business and market development (cont.)		
Risk related to competence and access to qualified personnel	Inability to attract and retain qualified personnel at reasonable terms, in a market where there is a shortage of qualified dentists, hygienists and nurses, may lead to inefficiency in operations, reduced competitiveness and consequently difficulties in achieving Dentalum's objectives of quality service, growth and profitability targets.	• Dentalum acts in close dialogue with employees, in partnerships, in a decentralized organisation which makes Dentalum an attractive employer • Continuous competence development and employee surveys
Health and safety of patients and employees	Risk of patients being injured as a result of dental care provided or if an employee is injured at work, it may lead to illness and employer´s liability, which may damage Dentalum's reputation.	• Ensuring that personnel have relevant competence and required licenses • Dentalum works actively to ensure health and safety in the workplace • No deviations are reported and addressed
Risk related to IT, technology and infrastructure	Risk that Dentalum's clinics would be affected by disruptions or interruptions in IT infrastructure that may affect the ability to conduct efficient and qualitative operations.	• Dentalum keeps disaster recovery plans and back-up solutions • Dentalum monitors and evaluates development of technology, functionality and new relevant systems in the market aiming at being at the forefront competitively
Patient confidentiality and Information security	Risk of loss of patient data or violation of applicable data protection laws, (including the EU Data Protection Regulation GDPR), may lead to claims for damages or fines as week as adversely affecting the reputation of Dentalum.	• Dentalum's Group-wide data protection policy ensures compliance with EU GDPR regulations • Continuous follow-up of information security and data protection
Insurance risk	Business risks related to damages in the clinics, in equipment, inventory or patient injuries during dental treatment.	• Dentalum ensures necessary insurance coverage for property, clinics, equipment, inventories and damages caused by deficiencies in dental care treatments. • Dentalum acts as per the Patient Injuries Act (1996: 799) on requirements for care providers to hold insurance coverage for damage caused by e.g. deficiencies in the treatment or transmission of infections.
Dependency on leases and access to premises	Risk of changes in terms or termination of leases has a negative effect on Dentalum's expenses and ability to conduct business.	• - Dentalum ensures access to relevant premises by 3-5 years lease contracts at market terms
Legal, regulatory risks		
Risk related to laws, regulations and licenses	Risk of inability to comply with laws and regulations related to dental care, such as the Patient Safety Act (2010: 659) and the Patient Data Act (2008: 355), incl. the EU's General Data Protection Act, GDPR may lead to fines, negative publicity and deteriorated reputation.	• Dentalum works actively to ensure competence and required licenses of employees, safety and health, and compliance with laws and regulations

Key risks	Description	Mitigation
Political, reputational and environmental risks		
Risk related to changes in laws and regulations	Risks of political decisions limiting the possibility of conducting dental care privately and / or amendments of laws and regulations that would negatively affect the conditions of conducting dental care. Risk that changes in tax- or other legislations will negatively affect Dentalum's financial position or ability to conduct business.	• Dentalum continuously follows the political debate and maintains a dialogue with relevant authorities • Dentalum continuously monitors changes in relevant legislations • The change in tax legislation as of 2019 regarding interest limitation rules have had a limited effect during 2020.
Price changes	The risk of changes in regulations related to compensation and type of dental care services may adversely affect Dentalum's financial position, unless the Group may mitigate the decrease in profitability by increased productivity and volume growth.	• Dentalum proactively acts in line with established growth targets as well as continued quality and productivity improvements
Reputational risk	Risk that negligence or maltreatment at one of Dentalum's clinics would adversely affect the Group's reputation and customer satisfaction, which would lead to a risk of losing patients, partners, compensation from public funds and licenses, resulting in reduced profitability and difficulties in running a successful dental care business.	• See above risks related to laws, regulations and licenses
Environmental risk	The risk of inadequate handling of consumables may lead to infection risks for patients and personnel. Chemicals and materials can harm the environment or affect the health of patients and staff.	• Dentalum follows Swedish regulations on ”self-assessment”, which means that measures are taken to prevent negative effects on health and the environment. • Dentalum works actively to avoid environmentally hazardous substances
Financial risks		
Liquidity risk, interest rate risk, foreign exchange risk and counterparty risk	Financial risks that may affect the earnings or equity of Dentalum Group, mainly relate to liquidity-, interest rate- and financing risk.	• Dentalum's financial risk management is presented in note 31
Risk related to financial reporting	Risks of inaccuracies or non-compliance with reporting requirements, applicable accounting regulations such as valuation of goodwill, reporting of income tax, employee compensation or revenue recognition.	• Internal policies are established to ensure that reporting and accounting comply with applicable requirements and regulations; internal control policy.

BOARD OF DIRECTORS

ROBIN RUTILI | BORN 1973 | CO-FOUNDER AND CHAIRMAN SINCE 2019

Education: BA, International Management from University of Minnesota, BSc Managerial Control Systems from Uppsala Univeristy, Economics at Foothill College

Professional experience (selection): Robin Rutili, has extensive experience as an entrepreneur and private investor within various sectors, such as real estate, technology and health care. Robin Rutili is CEO and co-founder of the investment company Vincero, as well as co-founder and board member of Doktor.se, one of Swedens largest and fastest growing digital care provider.

SAEID ESMAEILZADEH | BORN 1974 | CO-FOUNDER AND BOARD MEMBER SINCE 2019

Education: PhD Chemistry from Stockholm Univeristy

Professional experience (selection): Saeid Esmaeilzadeh is a serial entrepreneur and private investor, having established and managed a range of companies in various industries. Co-founded Serendipity Group and built companies like Diamorph, Sdiptech, Voff Science, OrganoClick, Episurf, IRRAS, Xbrane Biopharma), Hidden Dreams, Spartacus Capital and Mirovia Group.

Experience from several executive and non-executive board positions at Swedish and international companies within industries such as; MedTech, BioTech, Advanced materials and CleanTech.

MARCUS LADOW | BORN 1988 | CO-FOUNDER AND BOARD MEMBER SINCE 2019

Education: Master of Laws, LL.M. from Stockholm University

Professional experience (selection): Marcus has 7 years of experience from one of the leading law firms in the Nordics, Mannheimer Swartling, focusing on private and public M&A, commercial contracts and corporate law, as well as from a position as associate legal counsel at Nasdaq Stockholm.

MANAGEMENT

MAX DORTHÉ LADOW | BORN 1990 | CO-FOUNDER AND CEO SINCE 2019

Education: B.Sc Business and Economics from Stockholm School of Economics

Professional experience (selection): Max has an entrepreneurial background as co-founder of several startups in various industries. Most recent company was NuvoAir, a digital medtech company focusing on lung health, which is now present in more than 30 countries.

MARCUS LADOW | BORN 1988 | CO-FOUNDER AND HEAD OF M&A SINCE 2019

Education: Master of Laws, LL.M. from Stockholm University

Professional experience (selection): Marcus has 7 years of experience from one of the leading law firms in the Nordics, Mannheimer Swartling, focusing on private and public M&A, commercial contracts and corporate law, as well as from a position as associate legal counsel at Nasdaq Stockholm.

SOFI ERIKSSON | BORN 1961 | CFO SINCE 2020

Education: International Finance and Economics,Major in Finance and French from School of Business, Economics and Law, Gothenburg

Professional experience (selection): Sofi has extensive financial expertise with experience from finance positions, e.g. as MD of the group treasury entity at Pharmacia Corp./Pfizer, as well as roles in M&A intensive Private Equity owned companies (e.g. Phadia, Munters, Bambora as Head of Tax, Treasury and Financial Compliance), including 5 years at the PE firm Nordic Capital´s CFO Office.

JÖRGEN STATTIN | BORN 1972 | COO SINCE 2020

Education: M.Sc. Industrial Engineering and Management, Linköping University, M.Sc. courses Logistics, Eindhoven University of Technology, Officer in the reserve.

Professional experience (selection): Jörgen Stattin is a people oriented and driven leader with extensive management experience from senior leading positions, most recently as Interim COO at Colosseum Smile. Previous experiences include among others being Vice President Strategy at SCA/ Essity and Senior Manager at Ernst Young Advisory Services (EY).

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Amounts in KSEK	Notes	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Operating revenue			
Net revenue	5	56 422	1 847
Other operating revenue	5	1 512	-
Total operating revenue		**57 934**	**1 847**
Operating expenses			
Direct expenses		-11 052	-118
Other external operating expenses	6,7	-10 833	-552
Personnel expenses	8	-30 584	-837
Depreciations and amortizations	12, 13, 14, 15, 16, 17	-7 025	-24
Other operating expenses		-13	-
Earnings (loss) before financial items and tax / EBIT		**-1 573**	**346**
Financial items			
Financial income		3	0
Financial expences	10	-7 640	-134
Net financial items		**-7 637**	**-134**
Earnings (loss) before tax / EBT		**-9 210**	**213**
Income tax expenses	11	-162	-121
Net Earnings (loss) for the year		**-9 371**	**91**
Net Earnings (loss) for the year attributable to:			
Shareholders of the Parent company		-9 371	91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [1]

Amounts in KSEK	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Net Earnings (loss)	-9 371	91
Other comprehensive income (loss):		
Items that may be reclassified in the income statement	-	-
Items that are not to be reclassified in the income statement	-	-
Other comprehensive income (loss) for the year, after tax	-	-
Total comprehensive income (loss) for the year	**-9 371**	**91**

1) Dentalum Operations Group has no items to be reclassified in the income statement.

CONSOLIDATED BALANCE SHEET

Amounts in KSEK	Notes	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Intangible assets	12,13	266 312	2 281
Equipment and tools	14,15,16	8 865	108
Right-of-use assets	17	19 176	531
Financial assets	19,20,26	1 165	-
Deferred tax	11	1 286	-
Total non-current assets		**296 803**	**2 921**
Current assets			
Inventories	21	8 350	89
Accounts receivable	22,26	2 452	10
Current tax assets		1 818	-
Other current receivables		1 567	1
Prepaid expenses and accrued income	23	1 374	632
Cash and cash equivalents	24,26	181 396	3 985
Total current assets		**196 957**	**5 003**
TOTAL ASSETS		**493 760**	**7 393**
EQUITY AND LIABILITIES			
Equity	**25**		
Share capital		500	50
Shareholders' contributions		96 517	5 642
Retained earnings		88	-4
Profit (loss) for the year		-9 371	91
Total Equity		**87 733**	**5 780**
Long term liabilities			
Long term lease liabilities	29,31	11 515	390
Non-current interest-bearing liabilities	26,29,31	299 083	-
Provisions	26,31	23 700	-
Deferred tax liabilities	11	15 943	95
Total long term liabilities		**350 242**	**485**
Short term liabilities			
Current lease liabilities	29,31	7 805	141
Current interest-bearing liabilities	26,29,31	573	-
Contract liabilities	5,26,31	1 597	-
Accounts payable	26,31	4 668	276
Current liabilities Group companies		1	-
Current tax liabilities		3 094	397
Other current liabilities	26,31	28 641	76
Accrued expenses and prepaid income	26,27,31	9 406	238
Total short term liabilities		**55 785**	**1 128**
TOTAL EQUITY AND LIABILITIES		**493 760**	**7 393**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent company					
	Share capital	Shareholders' contributions	Retained earnings including profit (loss) for the year	Equity attributable to shareholders of the Parent company	Non-controlling interest	Total Equity
Opening balance as of January 1, 2019	**50**	**-**	**-4**	**46**	**-**	**46**
Total comprehensive income (loss) for the year			91	91		91
Transactions with shareholders of the Group						
Shareholders' contributions		5 642		5 642	-	5 642
Total transactions with shareholders	**-**	**5 642**	**-**	**5 642**		**5 642**
Closing balance as of December 31, 2019	**50**	**5 642**	**87**	**5 780**	**-**	**5 780**
Opening balance as of January 1, 2020	**50**	**5 642**	**87**	**5 780**	**-**	**5 780**
Total comprehensive income (loss) for the year			-9 371	-9 371	-	-9 371
Transactions with shareholders of the Group						
Shareholders' contributions		90 875		90 875		90 875
New share issue	450	-		450		450
Total transactions with shareholders	**450**	**90 785**	**-**	**91 325**	**-**	**91 325**
Closing balance as of December 31, 2020	**500**	**96 517**	**-9 284**	**87 733**	**-**	**87 733**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK	Notes	2020-01-01 2020-12-31	2019-01-01 2019-12-31
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings (loss) before financial items and tax / EBIT		**-1 573**	**346**
Adjustments for non-cash affecting items	28	7 025	24
Interest received		3	-
Interest paid		-1 357	-134
Income tax paid		-1 814	-26
Cash flow from operations before changes in working capital		**2 285**	**210**
Cash flow from changes in working capital			
Change in inventories		-676	5
Change in operating receivables		2 575	-309
Change in operating liabilities		1 165	730
Net cash flow from operations		**5 349**	**636**
Investing activities			
Acquisition of tangible assets		-525	-13
Acquisitions of companies and shares	4	-173 406	-2 281
Cash flow from investing activities		**-173 931**	**-2 294**
Financing activities			
Amortization, lease liabilities		-2 548	- 45
Borrowings	29	324 600	3 000
Repayment of non-current interest-bearing debt	29	-31 800	-3 000
Repayment of current financial liabilities		-9	-
New share issue		450	-
Shareholders' contributions received		55 300	5 642
Cash flow from financing activities		**345 993**	**5 597**
Total cash flow for the year		**177 411**	**3 939**
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		**3 985**	**46**
Cash and cash equivalents at the end of the year	**24**	**181 396**	**3 985**

PARENT COMPANY INCOME STATEMENT

Amounts in KSEK	Notes	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Operating revenue			
Net revenue	30	1 107	-
Total operating revenue		**1 107**	**-**
Operating expenses	30		
Other external operating expenses	6,7	-3 613	-201
Personnel expenses	8	-4 913	-
Depreciations and amortizations		-1	-
Total operating expenses		**-7 419**	**-201**
Financial items			
Anticipated dividend from Group companies	9	-	1 200
Interest income		3	-
Interest expenses and similar items	10	-7 356	-130
Net financial items		**-7 353**	**1 070**
Earnings (loss) after financial items		**-14 772**	**869**
Appropriations (Group contributions)	30	1 000	-
Earnings (loss) before tax / EBT		**-13 772**	**869**
Income tax expense	11	1 286	-
Net Earnings (loss) for the year		**-12 487**	**869**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME[2]

Amounts in KSEK	Notes	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Net Earnings (loss)		**-12 487**	**869**
Other comprehensive income (loss):			
Items that may be reclassified in the income statement		-	-
Items that are not to be reclassified in the income statement		-	-
Other comprehensive income (loss) for the year, after tax		**-**	**-**
Total comprehensive income (loss) for the year		**-12 487**	**869**

2) Dentalum Operations AB has no items to be reclassified in the income statement.

PARENT COMPANY BALANCE SHEET

Amounts in KSEK	Notes	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Equipment and tools	15	12	13
Shares in group companies	18	286 425	3 640
Deferred tax assets	11	1 286	-
Total non-current assets		**287 722**	**3 653**
Current assets			
Receivables group companies	30	1 800	1 200
Other receivables		440	32
Prepaid expenses and accrued income	23	157	1
Cash and cash equivalents	24,26	142 434	1 864
Total current assets		**144 830**	**3 097**
TOTAL ASSETS		**432 553**	**6 750**
EQUITY AND LIABILITIES			
Equity	25		
Restricted equity			
Share capital		500	50
Non-restricted equity			
Retained earnings		97 382	5 638
Profit (loss) for the year		-12 487	869
Total Equity		**85 396**	**6 557**
Provisions			
Other provisions	26	23 700	-
Long term liabilities			
Non-current interest-bearing debt	26,29	299 083	-
Short term liabilities			
Accounts payable	26	3	120
Current liabilities Group companies	30	642	-
Other current liabilities	26	23 115	-
Accrued expenses and prepaid income	26,27	615	72
Total current liabilities		**24 374**	**192**
TOTAL EQUITY AND LIABILITIES		**432 553**	**6 750**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings including profit (loss) for the year	Total equity
Opening balance as of January 1, 2019	**50**	**-4**	**46**
Total comprehensive income (loss) for the year		869	869
Transactions with shareholders of the Parent company			
Shareholders' contributions		5 642	5 642
Total transactions with shareholders	**-**	**5 642**	**5 642**
Closing balance as of December 31, 2019	**50**	**6 507**	**6 557**

Opening balance as of January 1, 2020	**50**	**6 507**	**6 557**
Total comprehensive income (loss) for the year		-12 487	-12 487
Transactions with shareholders of the Parent company			
Shareholders' contributions		90 875	90 875
New share issue	450	-	450
Total transactions with shareholders	**450**	**90 875**	**91 325**
Closing balance as of December 31, 2020	**500**	**84 896**	**85 396**

PARENT COMPANY CASH FLOW STATEMENT

Amounts in KSEK	Notes	2020-01-01 2020-12-31	2019-01-01 2019-12-31
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings (loss) before financial items and tax / EBIT		-7 419	-201
Adjustments for non-cash affecting items	28	1	-
Interest received		3	-
Interest paid		-1 073	-130
Income tax paid		-	-
Cash flow from operations before changes in working capital		**-8 488**	**-331**
Cash flow from changes in working capital			
Change in operating receivables		-1 363	-1
Change in operating liabilities		1 360	161
Net cash flow from operations		- 8 490	**-172**
Investing activities			
Acquisition of tangible assets		-	-13
Acquisitions of companies and shares	4	-200 689	-3 640
Cash flow from investing activities		**-200 689**	**-3 653**
Financing activities			
Borrowings	29	324 600	3 000
Repayment of interest-bearing debt	29	-31 800	-3 000
Dividends, received		1 200	-
New share issue		450	-
Shareholders' contributions, received		55 300	5 642
Cash flow from financing activities		**349 750**	**5 642**
Total cash flow for the year		**140 570**	**1 818**
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		**1 864**	**46**
Cash and cash equivalents at the end of the year	24	**142 434**	**1 864**

NOTES

NOTE 1 GENERAL INFORMATION

Amounts are in KSEK unless otherwise stated. Amounts in brackets refer to the corresponding amounts in previous year. This Annual report and consolidated financial statements include Dentalum Operations AB (publ), corporate identity number 559136-4046, and its subsidiaries ("Dentalum").

The Parent company is a registered limited liability company with its registered office in Stockholm at address Birger Jarlsgatan 2, SE-114 34 Stockholm, Sweden. The company is 100% owned by Dentalum AB, 559212-9745, which is ultimately owned by Dentalum Group AB, 559220-1668. Dentalum Operations AB provides dental care services in its subsidiaries in the Dentalum Group (the "Group").

This annual report has, as of April 28, 2021, been signed by the Board of Dentalum Operations AB (publ) and approved to be released for publication. The consolidated and parent company income statements and balance sheets included in the annual report have been adopted by the Annual General Meeting on April 28, 2021.

NOTE 2. SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation of the consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and interpretative statements issued by IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary financial accounting rules for Groups has also been applied, as well as the Swedish Annual Accounts Act.

The financial statements include Dentalum Operations AB (publ.) and subsidiaries of which the Parent company has controlling influence. Controlling influence exists when the Parent company is exposed to, or is entitled to, variable returns from its engagement with the company and has the possibility, through its influence over the company, to impact the return. Subsidiaries are included in the financial statements as from the date transfer of the controlling influence to the Group. Entities are excluded from the financial statements as from the date on which the controlling influence ceases.

Assessments and estimates

Preparation of financial statements in accordance with IFRS, requires company management to make assessments, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments. Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made only if the change affected this period, or in the period the change is made and in future periods if the change affects both the current period and future periods. The areas that involve a high degree of assessment or areas where assessments and estimates are of material significance for the consolidated accounts in the future are described in Note 3. Changes in estimates are applied prospectively.

Non-current fixed assets and non-current liabilities consist, in all material respects, of amounts that are expected to be recovered or paid later than twelve months from the balance sheet date. Current assets and liabilities consist, in all material respects, of amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

The Parent company applies the same accounting principles as the group, other than in circumstances indicated under "Parent company's accounting principles" below, in which it is stipulated that the parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities.

Any deviations derive from limitations in the possibility of applying IFRS in the parent company as a consequence of the Swedish Annual Accounts Act and current tax regulations.

The financial reporting principles of the Parent company, as described below have, unless otherwise stated, been applied consistently in all periods, presented in the Group's financial reports.

Disclosure of IFRS standards or interpretations, applicable effective January 1, 2021

There are no new IFRS or IFRIC interpretations, effective as from January 1, 2021, that are expected to have any significant effect on the consolidated accounts. No new or amended IFRS standards have been applied prospectively.

Basis for measurement

The consolidated financial statements are prepared in accordance with the acquisition method except for revaluation of any financial instruments that are continuously measured at fair value. Assets and liabilities are recognized at historical acquisition cost according to the acquisition method. The financial statements include subsidiaries controlled by Dentalum Operations AB constituting the group, and have been prepared for the same reporting periods, consistently applying the same accounting principles. All transactions with group companies are executed at market prices. The group's internal transactions and balance sheet items, as well as unrealized gains on transactions between group companies, are eliminated. Unrealized losses are eliminated, unless the transaction represents evidence of an impairment need for the transferred asset.

The Parent company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent company and the Group. The financial statements are consequently presented in SEK. All amounts are rounded to the nearest thousand SEK, unless stated otherwise.

Dentalum Operations AB (publ) applies the acquisition method when reporting business acquisitions. This method implies that the acquisition of a subsidiary is regarded as a transaction, whereby the group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition value is determined by an acquisition analysis that determines the acquisition value of the shares and fair value on the acquisition date of acquired identifiable assets and assumed liabilities. The purchase price paid in connection with acquisitions, as well as acquired assets and liabilities, are recognized at market value at the time of acquisition. The acquisition value of the shares in the subsidiary or operation consists of the total fair values, at the date of acquisition, of paid assets, assumed liabilities and issued equity instruments, settled as proceeds in exchange for the acquired net assets. Any earn-outs are included in the acquisition value if these can be reliably estimated. If the acquisition value exceeds the fair value of the acquired company's net assets, the difference is recognized as goodwill. Goodwill is subject to impairment testing annually. For acquisitions where the value of the net assets exceeds the purchase price paid, so-called acquisitions at a low price, the difference is recognized directly in profit or loss for the period.

Acquisition-related costs are expensed as they arise. Adjustment of the earn-out price that occurs within one year from the date of acquisition affects goodwill.
If the final purchase price is determined later than one year after the acquisition date, the effects are recognized in the consolidated income statement. The parent company's financial statements include transaction costs in connection with acquisitions in the acquisition value. Contingent consideration is recognized at fair value at the time of acquisition as a financial liability and revalued at each reporting date.

Revenue

Revenue of the group consists mainly of patient fees, compensation from the Swedish Social Insurance Agency for adult dental care and compensation from the county councils for child and adolescent dental care. Dentalum enters into an agreement with its customers for the performance of dental care services. The performance commitments that the group undertakes to provide, including when in time undertakings are to be performed, on one occasion or over a period of time, are determined at the time when the agreement is entered into.

The transaction price constitutes remuneration for dental services performed and is based on the customer's needs and time spent. The transaction price in the respective agreements, normally consists of a fixed amount.

Dental care revenues are reported at the time when treatments have been carried out as predetermined, in line with agreement with the patients and as an application for compensation has been established.

The performance of dental care services usually takes place at one time, upon which invoicing occurs and the group is entitled to payment for the services rendered. For some dental care services, the treatment period is longer, including several actions that are carried out over time. The revenue of the treatment carried out is recognized at time of when treatment occurs. In the event of a receipt of an advance payment for services not yet performed, the advance is recognized as a contractual liability. In cases where the charge for a performance has not been invoiced, a contractual asset is recognized.

Remuneration to employees

Short-term remuneration

Short-term remuneration to employees, such as salary, social security contributions, holiday pay and bonuses, are expensed during the period in which the related service are received. Short-term remunerations are recognized as an expense and a liability when there is a legal or constructive obligation to pay a compensation and the obligation can be reliably calculated.

Pension obligations

Pension plans can be either defined contribution or defined benefit plan. The plans in which the company's obligation is limited to the fees that the company has undertaken to pay is classifies as a defined-contribution pension plan. There are only defined contribution pension plans within the Dentalum Group.

In such a case, the amount of the employee's pension depends on the fees paid by the company to the plan or to an insurance company and the return on capital provided by the contributions. Consequently, it is the employee who bears the actuarial risk (that the compensation is lower than expected) and the investment risk (that the assets invested will be insufficient to provide the expected benefits). The company's obligations for contributions to defined contribution plans are recognized as an expense in the profit or loss for the year as they are earned by the employees carrying out services to the company over a period of time. Prepaid contributions are recorded as an asset to the extent that cash repayment or any reductions of future payments can benefit the group.

Termination compensation

Compensation related to termination of employment is paid when employment is terminated before the general date of retirement or when the employee accepts voluntary redundancy in exchange for such compensation. The Group reports any severance payments when it is demonstrably obliged either by a termination of employment in accordance with a detailed formal plan with no possibility to recall, or by compensation related to a termination of employment based on an offer of voluntary redundancy, in relation to a restructuring. Compensations that are expected to be settled after twelve months are reported at its present value.

Leases

The right to use an asset is recognized as an asset in the balance sheet (right-of-use asset), while the corresponding obligation to pay for this right is recognized as a non-current or current liability (lease liability) from the start of the lease period.

Leases are expensed in the income statement through a depreciation of the right-of-use asset, which affects operating profit, as well as an interest expense on the lease liability, which affects earnings before tax.

Payments related to the lease liability are recognized in the cash flow statement in Operating activities in respect of the interest component, and the remaining part in Financing activities. Payments for current leases and leases at low values, i.e. those that are not included in the valuation of the lease liability, are recognized in Operating activities.

Valuation of lease liability

The lease liability is initially calculated as the net present value of the future lease payments that are not paid on the start date of the lease agreement, discounted at the group's marginal funding rate in the case where the implicit interest rate of the agreement cannot easily be determined.

The Group has opted to apply the exemption for low-value leases and for agreements with a lease period of less than 12 months.

Variable rental payments are not included in the discounted liability but are continuously recognized as a recurring expense in the income statement.

Lease charges include:

- Fixed charges and substantially fixed charges, less any potential benefits to be received
- Charges variable as per changes in index or price
- Amounts expected to be paid by the group under a residual value guarantee
- Break-fee for a termination option that is most likely expected to be utilized, including any penalties related to such termination, deemed to materialize

The lease liability is revalued in the event that there will be a change in future lease payments caused by a change in the index or interest rate, an estimated to be paid under a residual value guarantee or a change in the assessment of whether the group will utilize its options to buy-out, extend or terminate a lease.

Lease payments are divided into amortization and interest on the lease liability.

Valuation of right-of-use

Right-of-use assets are initially recognized at a value equal to the original fair value of the lease liability, adjusted for lease payments paid at or before the start of the lease, plus initial direct expenses, as well as an estimated cost of liquidating the underlying asset or restoring the asset or premises to its original condition, with the reduction of any benefits that will be received.

Right-of-use assets are valued at acquisition value, less accumulated depreciation and impairment, and adjusted for revaluations of the lease liability. In cases where the lease liability has been revalued, with the purpose of reflecting changes in lease payments after the start of the lease, the revaluation amount shall be recognized as an adjustment of the right-of-use asset. If the adjustment means that the right-of-use asset is written down to zero and an adjustment amount remains, this is recognized in the income statement.

The leased assets consist mainly of office and business premises, as well as instruments and equipment used in dental clinics.

Depreciation principles

Depreciation occurs on a straight-line basis over the lease period, or the estimated useful life of the asset if this is deemed to be shorter.

Government support

Government support is recognized in the income statement and the statement of comprehensive income only when there is reasonable assurance that the company will meet the conditions associated with the grant and that the grant will be received. Government support attributable to assets is recognized in the statement of financial position by reducing the reported value of the asset. Government support attributable to earnings is recognized in the income statement as an income item or as a reduction of the expense for which the grant is intended to compensate.

Financial income and expense

Financial income consists of interest income and, where applicable, dividend income, as well as profit from the revaluation or disposal of financial instruments. Financial expense consists of interest expense on borrowings, including accrued transaction costs, losses related to changes in value or disposal of financial instruments. Any foreign exchange rate gains and losses are reported as gross amounts.

Interest income and interest expense are recognized according to the effective interest method, while dividends are recognized once the right to receive dividends has been established.

Taxes

Income tax consists of current tax calculated on the taxable profit, deferred tax and other taxes, as well as adjustment of current tax for previous years for group companies. All companies within the group calculate income taxes in accordance with applicable income tax rules and regulations. Income tax is recognized in profit for the period except when the underlying transaction is recognized directly in equity or other comprehensive income.

Current tax

Current tax refers to income tax for the current financial year and including adjustment of tax in respect of previous years. Current tax is calculated at the current corporate tax rate, valid as per the balance sheet date.

Deferred tax

Deferred tax is income tax that refers to future financial years as a consequence of earlier events. The group applies the balance sheet method whereby deferred tax liabilities and deferred tax assets on temporary differences that arise between recognized and taxable values of assets and liabilities, as well as for other tax deductions or deficits, are calculated at the current corporate tax rates valid as per the balance sheet date. Effects of changes in tax rates are recognized in the period when the change comes into force. Tax losses carried forward may be used to reduce future taxable income. Deferred tax assets are reduced to the extent that it is not probable that the underlying tax asset can be realized in the foreseeable future. Deferred tax assets are reported as financial non-current assets and deferred tax liabilities as provisions.

Valuation and depreciation of non-current assets

Fixed assets

Non-current fixed assets are reported in the group at acquisition value after deduction of the accumulated depreciations and any impairments. The acquisition value includes the purchase price and expenses that can be directly attributed to the acquisition of the asset. Depreciation is calculated on the basis of original acquisition value on a straight-line basis over the estimated useful life of the assets, taking into account any estimated residual value.

The reported amount for a tangible non-current asset is discharged from the balance sheet upon divestment or disposal or when no future economic benefits are expected from the use or the divestment or disposal of the asset. Any gain or loss arising from disposal or divestment of an asset is determined as the difference between the sales price and the reported value of the asset, less direct cost of sales. Any gain or loss arising is recognized as operating income/expense in the income statement.

Equipment and tools consist mainly of dental care equipment. Additional expenses are added to the asset's reported value or recognized as a separate asset, depending on which is applicable, only if it is probable that the future economic benefits associated with the asset will accrue to the group and the asset's cost can be measured reliably. All other forms of repair and maintenance are recognized as costs in the income statement during the period that they incurred.

Useful life

Useful life periods in the group generally amount to:

- Equipment and tools, 3-10 years
- Computers and other hardware, 3-5 years
- Expenses for improvement of leaseholds 10-20 years

Intangible assets

Intangible assets are recognized if it is probable that the future economic benefits referred to the asset will be eligible to the company and that the acquisition value can be calculated in a reliable manner.

An intangible asset is valued at acquisition value at the initial recognition in the financial statement.

Intangible non-current assets with a limited useful life are reported at acquisition value after deduction of amortizations and any impairment. Amortization is linear over the estimated useful life of the asset. The useful life is reassessed on each closing date and adjusted as necessary. When determining the amortizable amount of the assets, the residual value of the assets is taken into account where appropriate.

Intangible non-current assets with an indefinite useful life are tested annually for impairment and at any point in time when there is an indication that an impairment may be required. The useful life periods are reviewed at least annually.

Goodwill

Goodwill arising from a business acquisition is the difference between the acquisition value of the business and the fair value of identifiable net assets, assumed liabilities and recognized contingent liabilities. Goodwill is measured at acquisition value less any accumulated impairment losses. The factors that constitute reported goodwill are various forms of synergies, personnel, know-how and market leading positions in each market. Goodwill from business acquisitions is allocated to the cash-generating unit in the group that is expected to benefit from synergies from the acquisition. Goodwill has an indefinite useful life and is tested at least annually to identify a possible impairment requirement. Impairment losses on goodwill are not reversed.

Customer relations

Customer relations are reported in connection with acquisitions in cases where the customer base is a substantial part of the acquisition. Customer relationships are deemed to have a limited useful life. These assets are recognized on the acquisition date at fair value and thereafter at acquisition value less accumulated amortizations and any accumulated impairment. Amortizations is reported on a straight-line basis over the assessed useful life.

Useful life

Amortization is reported on a straight-line basis over the estimated useful life of intangible assets, unless such useful life is not possible to determine. Intangible non-current assets with a determinable useful life are amortized from the time they are available for use. The estimated useful lifetimes are:

- Customer relations 5 years

Impairment of non-financial assets

The Group conducts an impairment test in cases where there are indications that there has been a decrease in the value of tangible or intangible assets, including right-of-use assets, i.e. whenever events or changes in circumstances indicate that the reported value is not recoverable.

Assets with an indefinite useful life such as goodwill, are tested annually for impairment by calculating the recoverable value of the asset, regardless of whether there are indications of a decrease in value or not.

Impairment testing of goodwill is performed on the consolidated group of cash-generating units that are expected to benefit from the business acquisition to which the goodwill relates to.

Reversal of impairment

An impairment is reversed if there is both an indication that the impairment requirement no longer exists and there has been a change in the assumptions that formed the basis for the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognized, less depreciation, where applicable, if no impairment was made.

Inventories

Inventories are measured at the lower of acquisition cost and net realizable value, taking obsolescence into account. The acquisition value of inventories is calculated by applying the first in, first out (FIFO) method and includes expenditures incurred in the acquisition of the inventory assets and transporting them to their current location and condition. The net realizable value is the estimated selling price in the ordinary course of business, after deduction of estimated costs for completion and for the purpose of obtaining the sale. See Note 21.

Financial instruments

Financial instruments that are recognized in the balance sheet include assets such as accounts receivable and financial investments, as well as liabilities such as accounts payable, contingent considerations and loan liabilities. A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms.

Financial instruments are classified at initial time of reporting, based, among other things, on the purpose for which the instrument has been acquired and managed. This classification determines the valuation of the instruments.

Classification and valuation of financial assets

The classification of financial assets that are debt instruments is based on the group's business model for asset management and the nature of the asset's contractual cash flows. The assets are classified at:

- Amortized costs
- Fair value through other comprehensive income
- Fair value through profit or loss.

The Group's financial assets are classified at amortized costs.

Financial assets classified at amortized costs are initially valued at fair value, including any transaction costs. For means of payment, receivables and liabilities at variable interest rates, as well as current receivables and liabilities (e.g. accounts receivable and accounts payable), the fair value is considered equal to the reported value. After initial recognition, the assets are valued at amortized cost. Assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are classified at amortized cost.

Classification and valuation of financial liabilities

Financial liabilities are classified at amortized cost, with the exception of contingent considerations. Contingent considerations are classified and recognized as a financial liability measured at fair value through profit or loss.

Financial liabilities recognized at amortized cost are initially measured at fair value net of transaction costs incurred. After initial recognition, interest-bearing liabilities are valued at amortized cost using the effective interest method.

Fair value is the price that, at the time of valuation, would be received as proceeds for a divestment of an asset or paid for a transfer of a liability through a transaction executed between parties in normal market conditions.

In accordance with the disclosure requirements of IFRS 13, the classification of liabilities as per the fair value hierarchy is presented below. The valuation is divided into three levels:

- **Level 1:** Fair value is determined according to prices listed on an active market for the same instrument.
- **Level 2:** Fair value is determined based on either directly (as a price) or indirectly (derived from prices) observable market data that is not included in level 1.
- **Level 3:** Fair value is determined based on input data that is not observable in the market.

Dentalum's financial instruments, which are measured at fair value, are valued according to level 3.

Impairment of financial assets

Financial assets, other than those that the group classifies at fair value through profit or loss, are subject to impairment for expected credit losses. The impairment model takes forward-looking information into account. Provision for losses is made when there is an exposure to credit risk, normally at initial recognition of an asset or claim. A loss reserv is recognized, in accordance with the simplified model, for the expected remaining maturity of the claim or asset. The simplified model is applied to trade receivables and contractual assets.

For other items subject to expected credit losses, a three-stage impairment model is applied. Initially, and at each balance sheet date, a loss reserve is recognized for the next 12 months, or for a shorter period of time depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since initial recognition, a loss reserve is recognized for the remaining maturity of the assets (stage 2). For assets whose credit risk is deemed to have deteriorated significantly, loss reserves are still made for the expected credit losses for the remaining maturity (stage 3). For assets and receivables whose credit risk has significantly deteriorated, the calculation of interest income is based on the reported amount of the asset, net of loss provision, as opposed to the gross amount as in the previous stages.

The Group's assets have been deemed to be at level 1, i.e. there has been no significant increase in credit risk.

Accounts receivable

Accounts receivable are reported at amortized cost less any provision for anticipated credit losses. A provision for anticipated credit losses is made when objective evidence is identified that the group will not receive the amount that is due for payment according to the original terms of the receivable. The amount of the provision consists of the difference between the reported value of the asset and the estimated future cash flows. Net changes in the provision amount are reported in profit (loss) for the period. See also Note 22.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments with a remaining maturity of three months or less.

Accounts payable

Accounts payable are reported at amortized cost, which is assumed to correspond to fair value.

Provisions

Provisions may be reported when there is uncertainty about the period of payment or the amount to settle the provision. A provision is recognized in the balance sheet when there is an existing legal or constructive obligation, upon an occurred event and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made with the amount that is the best estimate of the amount required to settle the existing obligation on the balance sheet date.

If the effect of the timing of payment has a significant effect, provisions are calculated by discounting the anticipated future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, if applicable, the risks that are associated with the liability. Provisions for estimated probable contingent considerations relating to business acquisitions are reported in the balance sheet.

Equity

Equity is defined as total share capital. All shares of the Company are ordinary shares and are classified as share capital. The share capital is reported at its nominal value and additional capital is reported as other paid-in capital. Transaction costs that can be attributed directly to the issue of new shares or options are reported, net of tax, in equity as a deduction from the issue proceeds.

Other paid-in capital

Refers to shareholders' contributions from owners.

Dividend

Dividends are reported as liabilities upon approval by the annual general meeting.

Retained earnings including profit (loss) for the year

Retained earnings including profit (loss) for the year consist of generated earnings of the parent company and its subsidiaries.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment arising from past events and the occurrence is confirmed only by one or more uncertain future events outside the group's control or when there is a commitment that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required or cannot be reliably estimated.

Reporting of cash flow

Cash and cash equivalents consist of available cash, bank balances and other liquid securities with an initial maturity of less than three months that are subject to negligible fluctuations in value. Incoming and outgoing payments are reported in the cash flow statement. The cash flow statement has been prepared in accordance with the indirect method.

The Parent company's financial reporting principles

The Parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Reporting Board for listed companies are also applied. According to RFR 2, the parent company in the annual report of the legal entity shall apply all IFRS and statements adopted by the EU to the extent possible within the framework of the Annual Accounts Act, the Security Law and considering the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to IFRS which should be made.

Differences between the accounting principles of the Group and the Parent company

The differences between the accounting principles of the Group and the Parent company are presented below. The accounting principles of the Parent company described below have consistently been applied in all periods presented in the financial statements of the Parent company.

Shares in Group companies

Shares in group companies are reported in the Parent company according to the cost method. This means that transaction expenses are included in the carrying value of investments in subsidiaries. In the consolidated financial statements, transaction expenses attributable to acquisition of subsidiaries are reported directly in the result when these are incurred.

Financial instruments and hedge accounting

As a result of the relationship between accounting and taxation, the rules regarding financial instruments and hedge accounting in IFRS 9 are not applied in the Parent company as a legal entity. In the Parent company, financial fixed assets are valued at cost less any impairment losses and financial current assets according to the principle of lowest value. The acquisition value of interest-bearing instruments is adjusted for the accrued difference between what was initially paid, after deduction of transaction costs, and the amount paid on the due date (premium or discount respectively).
Contingent considerations are reported at amortized cost, i.e. the contingent considerations are calculated based on the amount deemed probable to be paid out, should the consideration be settled at the balance sheet date.

The Dentalum Group has no outstanding derivatives and does not apply hedge accounting.

For intra-group receivables that are reported at amortized cost, a so-called loss risk reserve is reported when applicable.

Furthermore, the exemptions in RFR 2 states that the parent company's guarantee commitment is not treated as a financial guarantee according to IFRS 9, but instead treated according to the rules in IAS 37 ”Provisions, Contingent Liabilities and Contingent Assets”. Thus, the parent company assesses whether an outflow of financial resources is likely to occur and, depending on the assessment, the parent company reports a provision or a contingent liability.

Group contributions

Group contributions are reported in the Parent company in accordance with the alternative rule. A group contribution received from a subsidiary is reported in the parent company as financial income and a group contribution granted by the parent company to a subsidiary is reported as a financial expense. Shareholder contributions are directly applied to equity in the financial statement of the recipient and are capitalized in shares and participations in the financial statement of the contributing entity, to the extent that impairment is not required. Anticipated dividends from subsidiaries are reported in cases where the Parent company has the right to determine the size of the dividend and the Parent company has effectuated the decision on the size of the dividend before the parent company publishes its financial reports.

Untaxed reserves

In the Parent, untaxed reserves are reported, including any deferred tax liability and not divided into deferred tax liability and equity as in the group.

Leases

All leases are recognized as lease agreements, whereby the lease charges are expensed in the income statement on a straight-line basis over the lease period.

NOTE 3 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in accordance with IFRS, requires company management to make assessments, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments.

Estimates and assessments are based on historical experience and assumptions that management and the Board of Directors consider reasonable under the relevant circumstances. The estimates and assumptions are reviewed regularly and are not considered an important risk of significant adjustments in the reported values of assets and liabilities in the following financial year. Changes in estimates are reported in the period in which the change is made only if the change affected this period, or in the period the change is made and in future periods if the change affects both the current period and future periods. Further information on estimates and assessments made can be found in Note 12 Goodwill and Note 26 Financial Instruments.

Important sources of uncertainties in estimates

Impairment testing of goodwill

Impairment of goodwill is tested annually and, in addition, whenever events or changed circumstances indicate that the value of goodwill arising from an acquisition may have decreased, e.g. due to a change in the business climate or a decision to divest or cease certain operations. For the purposes of this method, the company relies on a number of factors, including achieved results, business plans, financial forecasts and market data. Changes in the conditions of these assumptions and estimates could have a significant effect on the value of goodwill.

Deferred tax losses carried forward

Valuation of deferred tax assets on tax losses carried forward is based on estimates and assumptions of future taxable surplus. Changes in the conditions of these assumptions and estimates could have a significant effect on the value of deferred tax assets.

Contingent considerations

Contingent considerations are estimated in connection with business acquisitions and the preparation of acquisition analysis. The contingent considerations are often tied to thresholds of future earnings in the acquired company. When assessing the size of the provision, level of certainty regarding fulfilment of these thresholds is an important factor. Changes in the conditions of these assumptions and estimates could have a significant effect on the value of contingent considerations.

NOTE 4 BUSINESS ACQUISITIONS

Acquisitions in the financial year 2020

In the financial year, additional eleven dental clinics were acquired in eight legal entities. All acquisitions were completed by acquiring 100% of the shares and voting rights in the acquired companies. The acquisitions, which are part of the group's planned expansion, relate to eleven dental clinics in different regions of Sweden.

Business acquisitions that were completed in 2020 are presented in the table below. Annual operating revenue and number of employees refer to the latest disclosed information at the time of the transaction.

Acquired company	Acquisition date	Annual operating revenue	Number of employees
Ludvikatandläkarna AB	8 april 2020	23 MSEK *) 2019	19
Dentalum Tandvårdsteam AB	1 juni 2020	30 MSEK 2019	19
Kungsfors Tandvård AB	4 augusti 2020		7
Borås Tandvård AB	4 augusti 2020	20 MSEK 2019	5
Kinna Tandvård AB	4 augusti 2020		2
Sthlm Dental Clinics AB	2 november 2020	38 MSEK (2019)	15
City Dental i Stockholm AB	1 december 2020	90 MSEK (2019)	59
Vesalis Dental AB	29 december 2020	15 MSEK (2019)	11

*) based on Operating revenue in 2019 in the company from which Ludvikatandläkarna AB acquired the dental care business in a carve-out transaction.

Goodwill arising from each acquisition respectively, mainly relates to the competence of the staff and established market position. The total impact on cash and cash equivalents of the group from acquisitions amounts to SEK 173.4 million (2.4), of which acquisitions for the financial year amounts to SEK -172.9 million (-2.4) and in addition, settlement of a contingent consideration related to previous acquisition of Moberg Stenberg in 2019 which amounts to SEK -466 thousand (0).

For certain acquisitions, share purchase agreement include an agreement of contingent considerations which are based on future earning capability. In connection with the preparation of acquisition analyses and based on the assessment of the possibility of meeting the required conditions for the payment of a particular contingent consideration to materialize, a provision of the relevant amount has been recognized in the balance sheet. See also Note 26 Financial instruments describing the group´s total provisions related to contingent considerations at the balance sheet date.

Total transaction expenses related to these acquisitions amounts to SEK 1.3 million and is reported as an expense as other external expenses in the consolidated income statement. In the parent company balance sheet, the item shares in subsidiaries is reduced by the same amount.

Overview of acquired net assets at the acquisition date – preliminary acquisition analyses 2020

	Significant acquisitions				
	Dentalum Tandvårdsteam AB	**STHLM Dental Clinics AB**	**City Dental i Stockholm AB**	**Other**	**Total 2020**
Intangible non-current assets	7 661	6 977	25 007	15 750	55 395
Tangible non-current assets	3 126	5 198	14 296	6 948	29 567
Financial non-current assets	-	627	-	538	1 165
Inventories	125	3 166	3 836	458	7 585
Current receivables	1 044	1 347	5 966	667	9 024
Cash and bank deposits	1 844	18 136	3 085	2 918	25 983
Non-current liabilities	-790	-6 317	-5 467	-2 847	-15 420
Current liabilities	-3 469	-7 908	-14 261	-4 287	-29 926
Identifiable net assets	**9 540**	**21 226**	**32 461**	**20 146**	**83 373**
Goodwill	38 909	86 562	41 239	30 837	197 547
Total considerations	**48 449**	**107 787**	**73 700**	**50 983**	**280 919**

Overview of acquired net assets at the acquisition date – preliminary acquisition analyses 2020 (cont.)

	Väsentliga förvärv				
	Dentalum Tandvårdsteam AB	**STHLM Dental Clinics AB**	**City Dental i Stockholm AB**	**Other**	**Total 2020**
Impact of the acquisitions on group cash flow					
Considerations	48 449	107 787	73 700	50 983	280 919
Less:					
Acquired cash / working capital settlement	-1 844	-18 136	-3 085	-2 918	-25 983
Current liabilities to sellers	-12 075	-37 287	0	-8 933	-58 295
Contingent considerations	-	-	-23 700	0	-23 700
Total impact on cash and cash equivalents	**34 530**	**52 364**	**46 915**	**39 132**	**172 941**
Contributions from acquired companies in 2020					
Net revenues	20 090	4 959	4 800	22 051	51 900
Earnings before interest, tax, depreciations and amortizations (EBITDA)	4 987	756	-1 348	4 002	8 397
Management's assessment of impact on the group if acquisition date had been 1 January 2020					
Net revenues	33 953	35 954	69 102	51 147	190 156
Earnings before interest, tax, depreciations and amortizations (EBITDA)	9 390	15 199	1 822	12 290	38 701

The acquisition analysis is preliminary. Adjustments to the provisional amounts reported at the time of acquisition may occur, up to 12 months from the date of acquisition, to include the information available at the time of the acquisition which would have affected the calculation of the amounts reported at the time, if known.

Overview of acquired net assets at the acquisition date – preliminary acquisition analyses 2019

	Moberg-Stenberg AB	**Total 2019**
Tangible non-current assets	119	119
Financial non-current assets	-	-
Inventories	-	-
Current receivables	94	94
Cash and bank deposits	57	57
Non-current liabilities	1207	1 207
Current liabilities	-168	-168
Identifiable net assets	**1 309**	**1 309**
Goodwill	2 281	2 281
Total purchase price	**3 590**	**3 590**
Impact of the acquisitions on group cash flow		
Considerations	3 590	3 590
Less:		0
Acquired cash /settlement working capital	-1207	-1 207
Total effect on cash and cash equivalents	**2 383**	**2 383**
Contributions from acquired companies in 2020		
Net revenue	1 847	1 847
Earnings before interest, tax, depreciations and amortizations (EBITDA)	574	574
Management's assessment of impact on the group if acquisition date had been 1 January 2019		
Net revenue	5 557	5 557
Earnings before interest, tax, depreciations and amortizations (EBITDA)	2 083	2 083

The acquisition analysis is preliminary. Adjustments to the provisional amounts reported at the time of acquisition may occur, up to 12 months from the date of acquisition, to include the information available at the time of the acquisition which would have affected the calculation of the amounts reported at the time, if known.

NOTE 5 REVENUE

Net revenue of the Group amounting to SEK 56.4 million (1.8) is generated from sales of dental care services. Revenue is recognized at the time of the delivery of the service, i.e. the dental treatment provided. No single patient accounts for more than 10% of the revenue. Other operating revenue amounting to SEK 1.5 million (0) constitutes mainly by government support for employee short term dismissal related to Covid-19 pandemic. Revenue is recognized in the period in which it is incurred.

Total operating revenue from external customers, based on the jurisdiction where the services are performed, are entirely attributable to Sweden.

Revenue-related contractual assets and liabilities

Contractual assets are the value of services rendered in accordance with agreements with customers, but where payment has not yet been received. Contractual liabilities are the value of advance payments received where the Group still has an obligation to perform the services agreed with customers. The value of contractual balances as of the balance sheet date are specified in the table below.

	Group	
Contract balances	**2020**	**2019**
Accounts receivables	2 452	10
Contractual liabilities	1 597	-

	Group	
Contractual liabilities	**2020**	**2019**
At the beginning of the year	-	-
From Business acquisitions	1 585	-
Of which revenues recognized during the financial year	-14	-
Dental treatments not yet performed	26	-
Total	**1 597**	**-**

Performance commitments

As there are no commitments with an expected maturity of more than one year, no information on the transaction price allocated to the remaining performance commitments is provided.

NOTE 6 REMUNERATION TO AUDITORS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Ernst & Young AB				
Audit engagement	-596	-45	-468	-40
Total	**-596**	**-45**	**-468**	**-40**

Audit engagement fees refer to statutory audits of the annual and consolidated accounts and audit of Management's administration, as well as other audit activities performed upon agreement or according to contract. Other services not included in the audit engagement such as audit activities related to acquisition of new clinics are referred to in note 7 "Other external operating expenses".

NOTE 7 OTHER EXTERNAL OPERATING EXPENSES

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Premises	-1 159	-51	-300	-
IT, communication, marketing and administration	-4 985	-	-928	-
Consulting fees	-1 658	-275	-1 734	-122
Audit fees	-596	-45	-468	-40
Other operating expenses	-2 435	-150	-182	-36
Total	**-10 833**	**-522**	**-3 612**	**-198**

NOTE 8 EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATIONS TO SENIOR EXECUTIVES

	2020		2019	
Board members and other senior executives	**Average number**	**of which men**	**Average number**	**of which men**
Board members and CEO	4	4	4	4
Other senior executives	2	1	-	-

	2020		2019	
Total number of employees	**Average number**	**of which men**	**Average number**	**of which men**
Subsidiaries in Sweden	134	39	4	1
Parent company	4	3	-	-
Total Group	**138**	**42**	**4**	**1**

Salaries and remunerations to the Board of Directors, CEO and other senior executives	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Salaries and remunerations	-2 863	-	-2 863	-
Pension costs	-369	-	-369	-
Social security costs	-826	-	-826	-
Total	**-4 058**	**-**	**-4 058**	**-**

Salaries and other remuneration to other employees	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Salaries and remunerations	-17 201	-457	-33	-
Pension costs	-1 861	-120	-	-
Social security costs	-4 969	-145	-10	-
Other personnel expenses	-2 495	-115	-812	
Total	**-26 526**	**-837**	**-855**	**-**
Total personnel expenses	**-30 584**	**-837**	**-4 913**	**-**

Remuneration to the Board of Directors

In accordance with the resolution of the 2020 Annual General Meeting, no remuneration is paid to Board members of the group companies.

Remuneration and terms for the CEO and other senior executives

Remuneration to the CEO of Dentalum comprises of a fixed salary and pension cost. In 2020, the CEO was paid an annual salary of SEK 780 thousand. A pension premium of 10 per cent of the fixed annual salary is retained on an annual basis. The CEO has a mutual 6 months' notice. Remuneration to other senior executives comprises of a fixed salary and pension cost. Pension costs are related to defined contribution pension plans.

NOTE 9 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

	Parent company	
	2020	**2019**
Anticipated dividend from subsidiary – Moberg-Stenberg	-	1 200
Total	**-**	**1 200**

NOTE 10 NET FINANCIAL ITEMS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Interest expenses	-1 108	-130	-824	-130
Interest expenses according to the effective interest method	-6 532	-	-6 532	-
Other financial expenses	-	-4	-	-
Total	**-7 640**	**-134**	**-7 356**	**-130**

NOTE 11 INCOME TAX

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Current tax expense for the year	-2 553	-26	-	0
Adjustment of taxes attributable to prior years	140	-	-	
Deferred tax related to untaxed reserves	2 250	-95	1 286	-
Total tax expense	**-162**	**-121**	**1 286**	**0**
Reconsiliation of effective tax				
Earnings before tax / EBT	-9 210	213	-13 772	869
Tax according to Swedish tax rate 21,4%	**1 971**	**-45**	**2 947**	**-186**
Tax effect of:				
Non-deductible expenses	-558	-4	-109	-
Tax-exempt income	-	-	-	257
Tax impact from appropriations	-10	-	-	-
Utilization of tax losses carried forward, not previously recognized as deferred tax	3	-	-	-
Increase in tax losses carried forward, not recognized as deferred tax	-1 658	-72	-1 503	-71
Revaluation of deferred tax assets and tax liabilities due to changes in tax rates	-50	-	-50	-
Adjustments of taxes attributable to prior years	140			
Income tax recognized in the income statement	**-162**	**-121**	**1 286**	**0**

The Group has no tax items that are recognized in total comprehensive income (loss) for the year, nor directly to equity.

Tax losses carried forward for the Group, where deferred tax assets have not been recognized in the balance sheet, amount to SEK 8,664 thousand (336), corresponding to a deferred tax asset of SEK 1,785 thousand (72). The losses carried forward have no time limit in terms of the possibility to use against tax surpluses.

Tax effects on temporary differences are stated in the charts below.

	Group		Parent company	
Deferred tax assets	**2020**	**2019**	**2020**	**2019**
Tax losses carried forward				
Opening balance	-	-	-	-
Recognized in the income statement	1 286	-	1 286	-
Total deferred tax assets	**1 286**	**-**	**1 286**	**-**

	Group		Parent company	
Deferred tax liabilities	**2020**	**2019**	**2020**	**2019**
Customer relations				
Opening balance	-	-	-	-
Business acquisitions	14 860	-	-	-
Recognized in the income statement	-928	-	-	-
Total	**13 932**	**-**	**-**	**-**
Untaxed reserves				
Opening balance	95	-	-	-
Business acquisitions	1 954	-	-	-
Recognized in the income statement	-37	95	-	-
Total	**2 012**	**95**	**-**	**-**
Total deferred tax liabilities	**15 943**	**95**	**-**	**-**

NOTE 12 GOODWILL

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	2 281	-	-	-
Business acquisitions	196 402	2 281	-	-
Carrying amount at year-end	**198 683**	**2 281**	**-**	**-**

Impairment testing of goodwill is performed on the consolidated group of cash-generating units that are expected to benefit from the business acquisition to which the Goodwill relates to and for which Goodwill is regularly monitored. The recoverable amount for the cash-generating units (total group) to which the Goodwill is related is determined based on calculations of the value in use. As the business acquisitions were performed during the second, third and foremost the fourth quarter, the first impairment test will be performed the following year. There have been no indications of the need for impairment during the limited period of time, considering that the business acquisitions were executed at market valuation and for which the structure of the purchase price was adjusted to the fact that the acquisitions were completed at a time when the dental care market was highly affected by the spread of Covid-19. The assessment is based on prevailing and expected business conditions, continued high operating margin, forecasted cash flow, growth rate, as well as expected increase in demand for dental care, as a consequence of an accumulated need for dental care, related to the Covid-19 pandemic.

NOTE 13 CUSTOMER RELATIONS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	-	-	-	-
From business acquisitions	71 965	-	-	-
Total accumulated cost	**71 965**	**-**	**-**	**-**
Amortizations				
Opening balance	-	-	-	-
Amortizations for the year	-4 336	-	-	-
Total accumulated amortizations	**-4 336**	**-**	**-**	**-**
Net carrying value at year-end	**67 629**	**-**	**-**	**-**

Valuation of customer relations is based on market value of active, recurring patients. Prevailing market value includes an assessment of future generated earnings per patient, calculated at present value as per date of contract execution.

NOTE 14 EXPENSES FOR IMPROVEMENTS ON LEASEHOLDS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	-	-	-	-
Business acquisitions	3 473	-	-	-
Total accumulated cost	**3 473**	**-**	**-**	**-**
Depreciations				
Opening balance	-	-	-	-
Depreciations for the year	-95	-	-	-
Total accumulated depreciations	**-95**	**-**	**-**	**-**
Net carrying value at year-end	**3 378**	**-**	**-**	**-**

Expenses for improvements on leaseholds consist of accumulated costs for renovation of treatment rooms in dental clinics, carried out prior to the acquisition of the clinics.

NOTE 15 EQUIPMENT AND TOOLS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	2 879	-	13	-
Business acquisitions	7 639	2 879	-	-
Investments	829	-		13
Divestments and disposals	- 991	-	-	-
Total accumulated cost	**10 357**	**2 879**	**13**	**13**
Depreciations				
Opening balance	-2 771	-	-	-
Depreciations for the year	-2 875	-24	-1	-
Divestments and disposals	189	-	-	-
Total accumulated depreciations	**-5 457**	**-2 771**	**-1**	**-**
Net carrying value at year-end	**4 900**	**108**	**12**	**13**

Equipment and tools consist mainly of dental equipment and are depreciated over the estimated useful life.

NOTE 16 OTHER FIXED ASSETS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	-	-	-	-
Business acquisitions	3 554	-	-	-
Divestments and disposals	-3 155	-	-	-
Total accumulated cost	**399**	**-**	**-**	**-**
Depreciations				
Opening balance	-	-	-	-
Depreciations for the year	-713	-	-	-
Divestments and disposals	901	-	-	-
Total accumulated depreciations	**-188**	**-**	**-**	**-**
Net carrying value at year-end	**587**	**-**	**-**	**-**

NOTE 17 LEASES

	Equipment and tools		Premises	
Right-of-use assets	**2020**	**2019**	**2020**	**2019**
Cost				
Opening balance	-	-	576	-
Business acquisitions	2 663	-	17 589	576
Reclassifications	-	-	97	-
Total accumulated cost	**2 663**	**-**	**18 262**	**576**
Depreciations				
Opening balance	-	-	-45	-
Depreciations for the year	-236	-	-1 372	-45
Reclassifications	-	-	-95	-
Total accumulated depreciations	**-236**	**-**	**-1 513**	**-45**

Net carrying value at year-end	**Equipment and tools**	**Premises**	**Total**
2019-12-31	-	531	531
2020-12-31	2 427	16 749	19 176

Premises

The Group leases office space and premises for dental clinics located in Sweden. The non-cancellable period in the agreement varies but is generally 5-10 years with an option to extend the rental period. Extension and termination options are only reported if the Group has the right to unilaterally extend / terminate the agreement and it has been assessed that this right can reasonably be exercised.

Equipment and tools

The majority of the leased equipment relates to dental instruments and equipment used in the dental clinics. The non-cancellable period of the agreements is 2 to 5 years.

	Group	
Lease liabilities	**2020**	**2019**
From Business acquisitions	21 869	531
Interest expenses related to lease liabilities	271	-
Lease expenses	-2 820	-
Total reported value	**19 320**	**531**

For maturity analysis of the lease liabilities, see Note 31.

Amounts recognized in the income statement and cash flow statement

The amounts stated below, related to all lease agreements, are recognized in the consolidated income statements and consolidated cash flow statement of the Group.

	Group	
Amounts recognized in the income statement	**2020**	**2019**
Expenses related to lease liabilities:		
Depreciations of lease liabilities	-1 608	-45
Interest expenses related to lease liabilities	-272	-
Expenses related to:		
Short-term leases	-9	-
Low value assets	-320	-
Variable lease expenses	-	-
Total reported value	**- 2 209**	**-**

	Group	
Amounts recognized in the cash flow statement	**2020**	**2019**
Payments related to lease liabilities:		
Depreciations of lease liabilities	-2 548	-45
Interest expenses related to lease liabilities	-272	-
Expenses related to:		
Short-term leases	-9	-
Low value assets	-320	-
Variable lease expenses	-	-
Total reported value	**- 3 149**	**-**

NOTE 18 PARTICIPATIONS IN GROUP COMPANIES

	Parent company	
	2020	**2019**
Opening balance	3 640	-
Acquisitions	282 785	3 640
Capital contributions	-	-
Capital reductions	-	-
Divestments	-	-
Accumulated costs at the end of the year	**286 425**	**3 640**
Accumulated impairment losses at the beginning of the year	-	-
Impairment losses for the year	-	-
Impairment reversed for the year	-	-
Total	-	-
Net carrying value at year-end	**286 425**	**3 640**

Specification of the Parent company´s direct holdings of shares in Group companies as of December 31, 2021

Company name	Org.nr.	Location	No. of shares	Holding (%)	Reported value 2020	Reported value 2019
Dentalum Dalarna AB	559225-8619	Stockholm	5 000	100	50	50
Moberg-Stenberg AB	556328-3414	Falkenberg	10 000	100	4 156	3 590
Ludvikatandläkarna AB	559199-3463	Ludvika	50 000	100	9 577	-
Kungsfors Tandvård AB	559060-7684	Mark	500	100	15 530	-
Kinna Tandvård AB	559081-3746	Mark	1 000	100	2 584	-
Borås Tandvård AB	559134-4097	Mark	500	100	7 865	-
Dentalum Tandvårdsteam AB	559007-1063	Stockholm	100	100	48 569	-
STHLM Dental Clinics AB	559040-7374	Stockholm	1 000	100	107 968	-
City Dental i Stockholm AB	556680-5478	Stockholm	3 000	100	73 955	-
Vesalis Dental AB	559245-8284	Jönköping	250	100	16 170	-
Total					**286 425**	**3 640**

NOTE 19 PARTICIPATIONS IN HOUSING ASSOCIATIONS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	-	-	-	-
Business acquisitions	538	-	-	-
Total accumulated cost	**538**	**-**	**-**	**-**
Carrying amount at year-end	**538**	**-**	**-**	**-**

NOTE 20 OTHER NON-CURRENT RECEIVABLES

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Acquisition cost				
Opening balance	-	-	-	-
Business acquisitions	144	-	-	-
New receivables	483	-	-	-
Total accumulated cost	**627**	**-**	**-**	**-**
Carrying amount at year-end	**627**	**-**	**-**	**-**

NOTE 21 INVENTORIES

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Dental implants and consumables	8 350	89	8	0
Total	**8 350**	**89**	**0**	**0**

Inventories in dental clinics consist mainly of dental implants and consumables. No write-down of inventories has been made as per the end of the financial year 2020 or 2019. The increase in inventories compared to last year is related to Business acquisitions for the year. No inventories have been valued at net realizable value.

NOTE 22 ACCOUNTS RECEIVABLE

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Accounts receivable, gross	**6 580**	**10**	**-**	**-**
Receivables, not overdue	2 404	-	-	-
Overdue 1-30 days	42	4	-	-
Overdue 31-60 days	38	2	-	-
Overdue >60 days	4 097	3	-	-
Provisions for credit losses	-4 128	-	-	-
Total	**2 452**	**10**	**-**	**-**

Due to the Covid-19 pandemic, a more cautious principle for provisions of credit losses related to trade receivable has been applied for the financial year 2020. Trade receivables more than 60 days overdue are normally included in the provisions for credit losses.

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Prepaid rent expenses	921	34	81	-
Prepaid insurance expences	213	39	-	-
Other	239	11	76	1
Total	**1 373**	**84**	**157**	**1**

NOTE 24 CASH AND CASH EQUIVALENTS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Cash and cash equivalents comprise:				
Cash	120	3	-	-
Bank balances	181 276	3 982	142 434	1 864
Total	**181 396**	**3 985**	**142 434**	**1 864**

NOTE 25 EQUITY

Share capital in Dentalum Operation AB consists of common shares where each share has the same vote and the same right to receive dividend. Changes in the number of shares are stated in the chart below.

	Parent company	
No. of shares	**2020**	**2019**
At the beginning of the year	5 000	5 000
New share isues	45 000	-
Total	**50 000**	**5 000**

NOTE 26 FINANCIAL INSTRUMENTS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Assets				
Measured at amortized cost				
Financial non-current assets	1 165	-	-	-
Accounts receivable	2 452	10	-	-
Cash and cash equivalents	181 396	3 985	142 434	1 864
Total reported value	**185 013**	**3 995**	**142 434**	**1 864**

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Liabilities				
Measured at amortized cost				
Financial liabilities	299 657	-	299 083	-
Provisions (contingent considerations)	-	-	23 700	-
Accounts payable	4 668	276	3	120
Other liabilities	25 741	76	22 927	-
Accrued expenses	1 391	238	210	72
Measured at fair value through profit or loss				
Contingent considerations	23 700	-	-	-
Total reported value	**355 157**	**590**	**345 923**	**192**

Assets and liabilities measured at amortized cost

Assets and liabilities are measured at amortized cost, where the reported values are substantially consistent with fair value, except for contingent considerations which, according to IFRS, are measured at fair value in the consolidated balance sheet, as described below.

Financial liabilities in the above table consist of a bond issue, including accrued interest expense, with deduction of transaction costs. Differences between the amount of borrowing, net of transaction costs, and the repayment amount are reported in profit or loss for the year, distributed over the loan period using the effective interest method. Information on conditions and repayment periods, as well as the company's exposure to interest rate risk, is presented in the section Financial Risk Management of the Management report.

Other liabilities include current liabilities that will be paid in the coming financial year, amounting to SEK 22.8 million (0), related to compensation for acquired items included in net cash and working capital for certain acquisitions completed in 2020.

Fair value measurement

Fair value is the value that, at the time of valuation, would be obtained on the sale of an asset or paid on transfer of a liability through an arranged transaction between market participants.

In accordance with the disclosure requirements of IFRS 13, the classification of liabilities in the fair value hierarchy is described below. This is done by dividing the valuations into three levels:

- **Level 1:** Fair value is determined according to prices listed on an active market for identical financial instruments held by the company on the valuation date.
- **Level 2:** Fair value is determined on the basis of either directly (such as price) or indirectly (derived from prices) observable market data that is not included in level 1
- **Level 3:** Fair value is determined based on data that is not observable on the market.

Dentalum's financial instruments, which are measured at fair value, are valued according to level 3.

The contingent considerations are the only instruments that are reported at fair value through profit or loss.

Provisions

In connection with certain acquisitions completed in 2020, the share purchase agreement includes future contingent considerations. Contingent considerations, based on future earning capacity; operating profit (EBITDA) exist for the acquisitions related to five legal entities, with a total of four counterparties. In connection with the preparation of acquisition analyses and based on the assessment of the probability of achieving the contractual conditions required for the payment of a particular earn-out to materialize, provision of a total of SEK 23.7 million has been made in the balance sheet.

For further information of acquired companies and net assets, see Note 4 Business acquisitions.

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Opening reported value	-	-	-	-
From business acquisitions	23 700	-	23 700	-
Total reported value	**23 700**	**-**	**23 700**	**-**

NOTE 27 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Personnel related	8 015	-	405	-
Audit related	175	60	-	40
Administrative services	1054	162	185	32
Other	162	16	25	-
Total	**9 406**	**238**	**615**	**72**

NOTE 28 ADJUSTMENTS FOR NON-CASH AFFECTING ITEMS

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Depreciations	7 025	24	1	-
Total	**7 025**	**24**	**1**	**-**

NOTE 29 CHANGES IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

Interest-bearing liabilities of the Group and in the Parent, consist of a Senior Secured Bond, issued on October 2, 2020. The amount of SEK 292.8 million in the table below, corresponds to the issued nominal amount of SEK 300 million, deducted by transaction costs. The Bond has a tenor of three years, with maturity date October 2, 2023, with a fixed coupon of 7.75 per cent. For further details of the terms and conditions of the bond, see further in note 31. Financial risk management as well as note 32, Pledged assets.

Liabilities related to lease agreements. Consist mainly of long-term lease of premises for the dental clinics of the group companies. See further note 17 Leasing agreements.

	Group		Parent company	
	Interest-bearing liabilities	**Lease liabilities**	**Interest-bearing liabilities**	**Lease liabilities**
Opening balance as of January 1, 2019	-	-	-	-
Cash flow for the year	-	-	-	-
Changes in non-cash affecting items:				
Acquired balances	-	531	-	-
Total closing balance recognized as of December 31, 2019	**-**	**531**	**-**	**-**
Opening balance as of January 1, 2020	-	531	-	-
Cash flow for the year	292 800	-7 341	292 800	-
Changes in non-cash affecting items:				
Acquired balances	573	-	-	-
Accrued expenses for credit facility fees	600	-	600	-
Accrued interest	5 683	-	5 683	-
Changes related to new and terminated lease agreements	-	26 130	-	-
Total closing balance recognized as of December 31, 2020	**299 657**	**19 320**	**299 083**	**-**

NOTE 30 RELATED PARTY TRANSACTIONS

Parent company

The parent company's income from group companies consists of revenue from internal invoicing of group centralized services, amounting to SEK 1.1 million (0) in 2020. The parent company had no purchases of services during the current nor previous financial year, but received group contributions from subsidiaries amounting to SEK 1.0 million (0). As of the balance sheet date, the parent company had outstanding receivables from group companies amounting to SEK 1.8 million (1.2) and liabilities to group companies amounting to SEK -642 thousand (0).

Transactions with senior executives

Remuneration to the Board of Directors, the CEO and other senior executives, who have been compensated as part of their employment, is presented in Note 8. No other transactions with related physical parties have taken place.

NOTE 31 FINANCIAL RISK MANAGEMENT

Dentalum is, in its operations, exposed to various types of financial risks that may affect profit or loss for the year and equity. These risks are mainly related to financing and liquidity risks, changes in interest rates and counterparty risks.

The Board is responsible for guidelines and frameworks for the Group's financial management. These are centrally managed by the finance function, with the aim to contribute to value creation by managing the financial risks, to which the group is exposed to in the acquisition process, as well as optimizing the Group's net financial items. The finance function acts as the Group's internal bank and is responsible for capital raising and financing of the group, as well as cash management, bank arrangements, including counterparty risk related to financial transactions for which only institutions with solid credit ratings are accepted.

Foreign exchange risk - transaction exposure

Transaction exposure occurs when sales and purchases are transacted in currencies other than the functional currency of the legal entity. Dentalum's income and expenses are limited to SEK, except for limited purchases of dental technology in EUR. The earnings and equity of the group is consequently not affected by foreign exchange rate fluctuations.

Interest rate risks

Interest rate risk refers to the risk that fluctuations in interest rate levels will have a negative impact on the Group´s net financial items and earnings. The impact of the change in interest rates on net financial items depends on the period for which interest rates on assets and liabilities are fixed. Interest rate risk arises if the company has invested in variable interest-bearing assets for which the value changes as market interest rates fluctuate or when the financing cost of the company increases as a cause of a rise in interest rate levels.

In 2020, as described in note 29, Dentalum Operations AB has issued a bond loan with an interest coupon, fixed for the entire tenor of the bond, which means that Dentalum is not exposed to a rise in market interest rates. A minor amount of SEK 573 thousand of current interest-bearing liabilities is attributed to vehicle financing in the subsidiary Kungsfors Tandvård AB.

The Group has no outstanding interest-bearing investments or interest rate derivatives. A limited interest rate risk exists embedded in leases that, according to IFRS, are reclassified as financial liabilities in the consolidated financial statements.

In the table below, terms and repayment dates of interest-bearing liabilities are specified.

			Reported value	
	Maturity	**Interest rate**	**2020**	**2019**
Interest-bearing liabilities (non-current)	2023	7,75%	299 083	-
Interest-bearing liabilities (current)	2032	rörlig	573	-
Total reported value			**299 656**	**-**

Credit and counterparty risk

Commercial and financial transactions involve credit exposure to counterparties. Credit risk or counterparty risk refers to the risk of loss if the counterparty fails to fulfil its obligations stipulated in executed agreements. Credit risk can be categorized into financial credit risk and credit exposure in trade receivable. The risk of a counterparty not fulfilling its obligations under a binding financial contract is limited by selecting highly creditworthy counterparties and limiting the amount of exposure to each counterparty. Cash and cash equivalents of the Group is deposited in bank accounts at reputable banks with high credit ratings.

Credit risk related to accounts receivable in Dentalum´s dental care services is very limited, since patients generally pay for services at the time of treatment. For planned and more expensive treatments, provided in steps during a longer period, and when patients need funding, the credit risk is transferred to external consumer credit institutions in direct connection with the establishment of treatment agreements.

Financing and liquidity risk

Financing risk is the risk that financing becomes more expensive or that sources of financing are limited when financing requirements arise, when loans are to be refinanced or payment obligations cannot be met as a result of insufficient liquidity or difficulties in obtaining financing. In order to minimize the financing risk, i.e. the risk of not obtaining long-term financing, the Dentalum Group shall maintain good creditworthiness and long-term financing commitments shall be arranged well in advance of the occurance of the financing need.

In 2020, Dentalum has mitigated the financing risk by ensuring sources of financing to meet the Group's financing requirements, by issuing a SEK 300 million three-year bond with maturity date on 2 October 2023. There is also a framework to raise additional SEK 300 million of tap-issues, with the purpose of financing future acquisitions. The bond is senior secured with a fixed coupon rate of 7.75 per cent. Shares of the issuer, Dentalum Operations AB (publ.), and shares in certain subsidiaries are pledged as security. Furthermore, as part of the security package, liquidity in an escrow account, dedicated to finance acquisitions of dental clinics, is pledged. Liquidity in this account at the balance sheet date was SEK 95.9 million (see also note 32 Pledged assets).

The terms and conditions of the bond agreement, include certain financial covenants, tested on an incurrence basis, such as commitments of capital injections in connection with additional acquisitions, as well as certain maximum levels of leverage ratios, which are tested in connection with the utilization of liquidity from the escrow account to finance new acquisitions.

The leverage ratio for incurrence tests is computed as net liabilities in relation to EBITDA (Earnings Before Interest, Tax, Depreciations and Amortizations) where the leverage ratio may not exceed 5.5x in year one of the term of the bond, 4.5x in year two and 3.5x in year three. Furthermore, there are certain maximum leverage commitments, tested in case of additional debt were to be raised. Further information of the bond terms can be found on Dentalum's website.

Liquidity risk is defined as the risk that Dentalum will not be able to meet its payment obligations on time or at a reasonable cost. The objective is that Dentalum´s operating activities, including related investments, should be financed by own generated cash flow.

Liquidity risk is managed by keeping cash or unutilized committed credit facilities corresponding to at least two months of forecasted operating expenses. The Group's liquidity is closely monitored to ensure expected disbursements.

Capital structure

The objective of the Group's capital structure is to maintain a balanced structure between equity and debt financing, with the aim of maintaining creditworthiness for investors, lenders, customers and suppliers with the purpose to ensure financing of operations at a reasonable cost of capital. In addition to equity, the Group's growth is financed by a senior secured bond loan, for which financial covenants related to capital structure are included. See further section Financing risk above.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are presented in the table below. Debt repayments have been included in the period when repayment can be claimed at the earliest. Provisions for contingent considerations have been recognized for the amount deemed at the closing date to be the most likely out-flow at any given time. See also note 26 Financial instruments.

Maturity analysis 2020	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Interest-bearing liabilities	57	369 863	113	397	370 430
Provisions for contingent considerations	-	23 700	-	-	23 700
Lease liabilities	8 783	10 351	1 551	-	20 685
Accounts payable	4 668	-	-	-	4 668
Other liabilities	25 741	-	-	-	25 741
Accrued costs	1 390	-	-	-	1 391
Total	**40 640**	**403 915**	**1 665**	**397**	**446 616**

Maturity analysis 2019	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Lease liabilities	141	390	-	-	531
Accounts payable	276	-	-	-	276
Other liabilities	76	-	-	-	76
Accrued costs	238	-	-	-	238
Total	**731**	**390**	**-**	**-**	**1 121**

NOTE 32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

As per the terms and conditions of the SEK 300 million senior secured bond loan, Dentalum Operations AB (publ.) has entered into a security agreement with the security agent Nordic Trustee on behalf of the bond investors. As security, shares in subsidiaries contributing to an EBITDA of 5% or more of the Group´s total EBITDA, or is included in a group of subsidiaries constituting 85% of the Group´s total EBITDA, are pledged. As per December 31, 2020 the shares in the subsidiaries Moberg-Stenberg AB, Ludvikatandläkarna AB, Kungsfors Tandvård AB, Sthlm Dental Clinics AB, City Dental i Stockholm AB and Vesalis Dental AB were pledged.

	Group		Parent company	
Pledged assets as of December 31, 2020	**2020**	**2019**	**2020**	**2019**
Shares in Group companies	-	-	275 925	-
Group holdings in net assets of Group companies	279 887	-	-	-
Liquidity on Escrow account designated for financing of Business acquisitions	95 855	-	95 855	-
Total pledged assets	**375 742**	**-**	**371 780**	**-**

Dentalum Group has as of the balance sheet date no outstanding contingent liabilities related to legal processes.

NOT 33 PROPOSED APPROPRIATION OF PROFITS

At the disposal of the Annual General Meeting is SEK:

Retained earnings	865 287
Shareholders' contributions	96 517 000
Profit (loss) for the year	-12 486 660
Total	**84 895 627**

The Board of Directors proposes that the total profit is appropriated as follows:

Carried forward	84 895 627
Total	**84 895 627**

NOTE 34 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Development of operations and impact of the Covid-19 pandemic

While preparing this annual report, several events have occurred that have had a positive impact on the Dentalum group. The dental care market has demonstrated a recovery, the number of new as well as existing patients visiting Dentalum's clinics has increased, and Sweden has started vaccination against Covid-19. As a counter effect to these positive aspects, a third wave of Covid-19 has been confirmed and more restrictions may be imposed to prevent the virus from continuing to spread. However, what can be seen so far is that Dentalum's clinics have resilience, but due to uncertainties in future political decisions, the effect of the continued spread of infection is difficult to quantify at this stage.

This is a translation from the Swedish original

Auditor's report

To the general meeting of the shareholders of Dentalum Operations AB (publ), corporate identity number 559136-4046

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Dentalum Operations AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 5-45 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-4. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

This is a translation from the Swedish original

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Dentalum Operations AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities section*. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm the day as it is signed by our electronic sign.

Ernst & Young AB

Christian Borg
Authorized Public Accountant

SIGNATURES

The Board of Dentalum Operations AB (publ.) has approved this annual report for publication on April 28, 2021.

Roberto Rutili
Chairman of the Board

Saeid Esmaeilzadeh
Board member

Marcus Ladow
Board member

Max Dorthé Ladow
CEO

Our auditor's report has been submitted on April 28, 2021
Ernst & Young AB

Christian Borg
Certified Public Accountant

DENTALUM