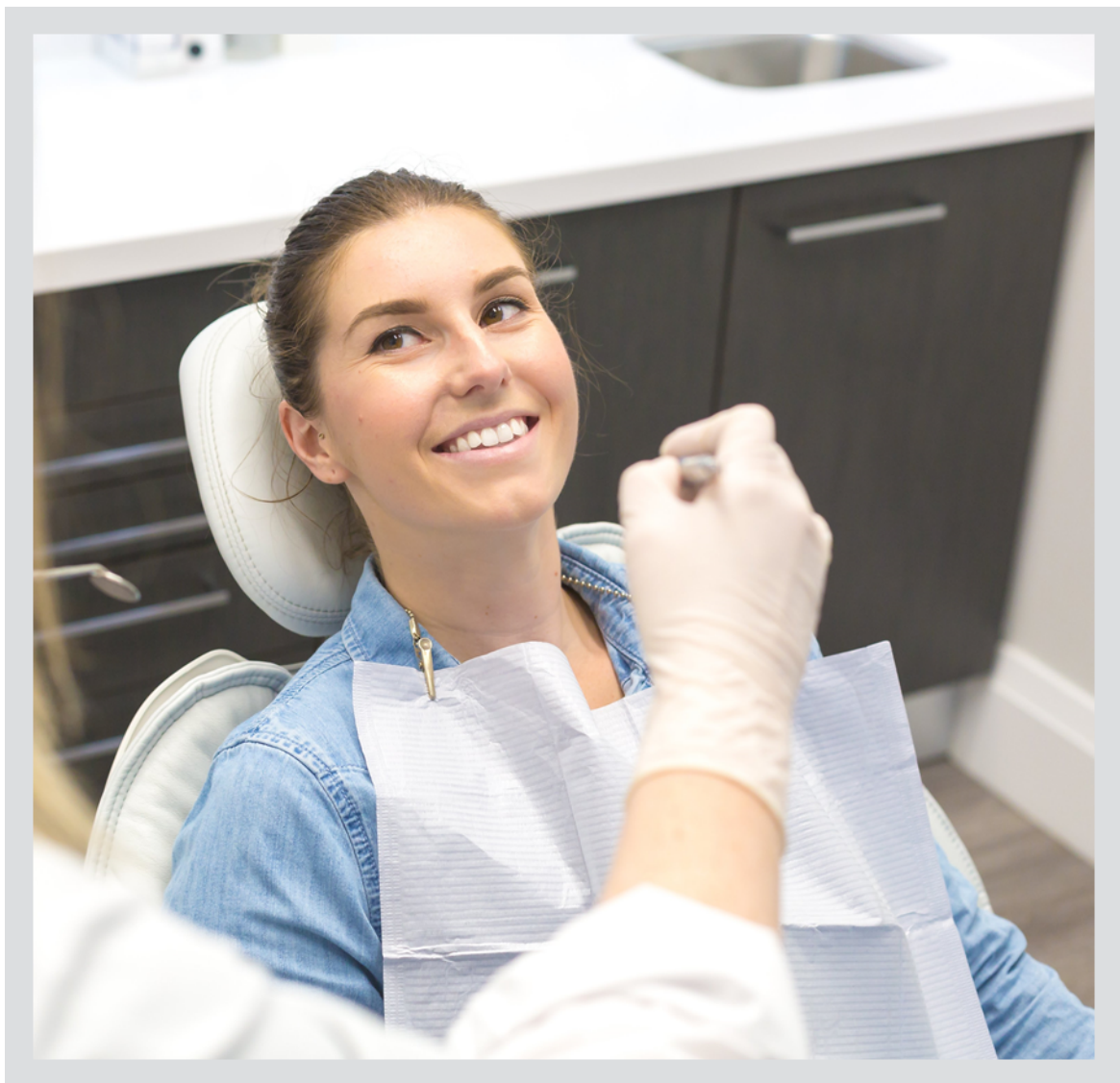


Dentalum Operations AB (publ.) Interim Report

THIRD QUARTER 2021 AND FIRST NINE MONTHS OF 2021



Dentalum Operations AB (publ.) Interim Report

SUSTAINABLE PROFITABILITY AND CONTINUED M&A EXECUTION

Third quarter July-September 2021

- Reported operating revenues amounted to SEK 53.6 million (15.8). The increase in revenues compared to the same quarter in 2020, is mainly driven by 10 additional dental clinics that were acquired since the same period in 2020. Two of the clinics were acquired during the third quarter of 2021.
- Operating result reached SEK 9.9 million (2.4) where SEK 13.6 million (4.4) was generated in the dental clinics and SEK -3.7 million (-2.0) in the Parent company, Dentalum Operations AB (publ.). Expenses in the Parent company consist of expenses for the head office of the Dentalum group.
- Consolidated operating profit margin increased to 18.4% (15.4 %). Excluding the Parent company, the operating margin was 25.6% (28%).
- Cash flows from operations amounted to SEK 3.7 million (-1.5). Net cash flow after investing, financing activities and capital contributions was SEK -2.1 million (20.9).
- Continued delivery of the growth strategy led to execution of acquisition of two dental clinics during the quarter, financed by equity contributions and cash on balance sheet. Continued execution on M&A strategy with signing of share purchase agreements for three additional clinics during the quarter.
- As per September 30, 2021, total equity amounts to SEK 144.9 million (73.1), cash balance of SEK 108.3 million (34.0) and interest-bearing debt of SEK 312.6, adding amortized financing costs and accrued interest. (31.8).

January-September 2021

- Reported operating revenues amounted to SEK 161.5 million (26.1). The increase in revenues compared to the same period in 2020, is mainly driven by acquisitions of ten additional dental clinics since September 2020
- Operating result reached SEK 32.2 million (2.5) where SEK 43.2 million (8.1) was generated in the dental clinics and a loss of SEK -10.9 million (-5.6) in the Parent company, Dentalum Operations AB (publ.).
- Consolidated operating profit, corresponds to an operating profit margin of 19.9% (9.4%). Excluding the Parent company, the operating margin was 27% (31%).
- Cash flows from operations amounted to SEK 22.9 million (-0.9). Net cash flow after investing, financing activities and capital contributions, was SEK -73.0 million (29.9).

FINANCIAL OVERVIEW

Dentalum Operations AB (publ) Financial Overview – Consolidated Group

| (kSEK) | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|--|-----------------|----------------|----------------|---------------|
| Operating revenues | 53,645 | 15,770 | 161,519 | 26,075 |
| EBITDA | 9,883 | 2,429 | 32,222 | 2,446 |
| % of revenues | 18.4% | 15.4% | 19.9% | 9.4% |
| Net financial expenses | -6,731 | -293 | -21,020 | -499 |
| Earnings before tax / EBT | -4,382 | 1,557 | -9,556 | 1,073 |
| % of revenues | -8% | 10% | -6% | 4% |
| Income tax expenses | 1,537 | -1,554 | 2,898 | -1,554 |
| Net Earnings | -2,845 | 3 | -6,657 | -482 |
| Net Cash flow | -2,138 | 23,273 | -73,019 | 29,991 |
| Cash flow from operations | 3,706 | -1,517 | 22,855 | -934 |
| Cash flow from investing activities | -33,656 | -21,374 | -108,017 | -56,221 |
| Cash flow from financing activities | 27,812 | 43,765 | 12,143 | 87,147 |
| | 2021 Q3 | 2020 Q3 | | |
| Net Cash/ - Interest-bearing Debt | -187,444 | 2,176 | | |
| Cash & cash equivalents | 108,294 | 33,976 | | |
| Interest bearing debt | 295,738 | 31,800 | | |
| Total Assets | 548,574 | 123,524 | | |
| Equity | 144,901 | 73,123 | | |

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

CEO Comments

Dentalum has had an exciting third quarter. We continued to execute on our M&A strategy and acquired five clinics, of which two were completed during the quarter, thereby expanding our presence to a seventh region in Sweden. In less than two years Dentalum has grown from one clinic in region Halland to a total of 20 clinics, of which 17 clinics were signed and completed by the end of the quarter. In parallel with our strong growth, we have strengthened our capital structure to further finance the upcoming acquisitions. We also had the pleasure to welcome our Chief Dentist Officer to join our team, responsible for quality assurance and clinical best practice as well as our Marketing Manager who supports our clinics with their digital marketing campaigns.

Well executed acquisitions

Dentalum continued its strong growth during the quarter as we partnered up with five well-renowned clinics. Two of the clinics, Stångå and Svartå Tandklinik, are located in Linköping and Mjölby. They are well positioned in region Östergötland and are highly reputable offering general dentistry as well as orthodontics. Together with the former clinic owner, Jon Granath, Dentalum is exploring further expansion in the region as we are seeing a growing demand of high-quality and accessible dental care. In addition to Stångå and Svartå, Dentalum signed SPAs with three additional clinics to be closed in November 2021. One of the clinics is the well-renowned Dentalakademin located centrally in Stockholm. The founder and clinic head, Erik Lennartsson, is considered one of Northern Europe's leading dentists within implant and soft tissue surgery. The two other clinics, located in Stockholm and Gothenburg, form together Estetikcenter. Estetikcenter were founded by the experienced dentists Amir Pirhayati and Maziar Nekoui who are in the forefront of non-prep veneers that are applied without the need for grinding of the tooth enamel. The five clinics add great value to the group as they complement the existing knowledge base, geographical coverage and patient offering.

Strengthened capital structure and successfully issuing a bond tap issue

To continue delivering on our M&A strategy, Dentalum successfully issued a bond of SEK 100 million within our existing bond framework of SEK 600 million. We are very grateful for the investor confidence which is demonstrated in the oversubscribed tap issue by 2.5x. In addition to issuing a new bond, Dentalum's shareholders contributed additional equity of SEK 46.2 million to further support our growth and strengthen the capital structure.

Recruitment of skilled personnel

Dentalum's head office increased with experienced team members. Our Chief Dental Officer Marianne Forsell started her employment mid-August responsible for establishing the group's odontology guidelines as well as quality assurance of our clinics and their compliance of laws and regulations. Marianne will also focus on developing and utilizing the clinical best practice within Dentalum as well as building Dentalum Academy - a platform for education and competence growth within the group. In addition to Marianne, the team was strengthened with Sara Niclasdotter, our new marketing manager, to support our clinics' digital marketing initiatives.

Announcing Dentalum's financial targets and plans for public listing

We are approaching year-end with high M&A activity, and we are well positioned from both a financial and strategic standpoint. We are also confident that we can deliver a continued strong performance, which is reflected in Dentalum's financial targets announced on November 22nd. We have a target to reach SEK 280 million in adjusted proforma EBITDA before end of 2024 while maintaining a sustainable and high profitability with an EBITDA-margin exceeding 20%.

We are also pleased to share the news of our intention to list Dentalum Group AB's shares on a regulated market or multilateral trading platform (MTF) within 18 months. This will enable Dentalum to further execute on our acquisition strategy as well as to strengthen our organization.




Max Dorthé Ladow
CEO & Co-founder

SIGNIFICANT EVENTS

During the third quarter

- On August 17, Dentalum Operations AB (publ) published a Prospectus regarding admission to trading on the corporate bond list of Nasdaq Stockholm of the SEK 300 million Senior Secured Callable Fixed Rate Bonds, maximum SEK 600 million, (ISIN: SE0013914462), initially issued and listed on the Frankfurter Börse in October 2020. Nasdaq Stockholm AB has, pursuant to Chapter 13, Section 3 of the Securities Market Act (2007:528), approved the admission to trading of the Dentalum bonds.
- On September 27, Dentalum completed the acquisition of Stångå Tandvårds AB, operating two clinics in Linköping and Mjölby respectively, with total annual revenues of SEK 20.5 million (FY 2020) million and eighteen employees.
- Dentalum signed share purchase agreements to acquire three additional clinics to be completed in November 2021.
- On September 29, Dentalum Operations AB (publ) successfully issued additional SEK 100 million of senior secured bonds – a “tap issue”, under the total framework of SEK 600 million. The tap issue attracted strong demand and was significantly oversubscribed, leading to issuance at a price of 104 per cent corresponding to an effective yield of 5.67 per cent until maturity (October 2023).
- The capital structure was further strengthened by shareholder’s contribution, amounting to SEK 46.2 million in total, which together with the bond issue, is intended to be used to finance additional acquisitions.

After the third quarter

- On October 6, settlement of the net proceeds from the bond issue was completed. (to be noted that the impact on debt and cash from the bond issue of SEK 100 million is consequently not included in the Q3 balance sheet.) The bonds were subsequently admitted to trading on Nasdaq Stockholm
- On November 1, the acquisition of Erik Lennartsson AB (“Dentalakademin”) was completed. The company, located in Stockholm, operates one clinic, specializing in surgery, where the revenue streams mainly derive from referred surgery patients from other clinics. The clinic has nine employees and annual revenues was SEK 20.6 million FY 2020.
- On November 12, Dentalum announced signing a Share Purchase Agreement to acquire Tandläkarhuset Enköping, in the Uppsala region, thereby expanding to an eighth region.
- On November 22, Dentalum announced financial targets for the period 2022-2024 for the group and the considering of a new issue of share through a private placement in Dentalum Group AB to a limited group of investors. A number of existing shareholders, as well as members of Management and Board, have undertaken to subscribe for approx. 30% of the total offering size of approximately SEK 120 million.

The financial targets reflect both the industry development and the groups projected organic and acquisition- based growth. Dentalum’s target is to reach SEK 280 million in proforma and adjusted EBITDA by the end of 2024, and to keep a sustainable and high profitability exceeding an average annual adjusted EBITDA-margin of 20%.

In connection with this, the Board of Directors of Dentalum Operations AB (publ) stated its intention to list the shares of Dentalum Group AB on a regulated market or multilateral trading platform (MTF) within 18 months.

FINANCIAL REPORTS SUMMARY AND COMMENTS

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

The third quarter interim report of Dentalum Operations AB (publ.) includes consolidation of 17 dental clinics, operating in 13 legal entities in seven regions in Sweden – the regions of Halland, Dalarna, Stockholm, Västra Götaland, Jönköping, Kalmar and Östra Götaland.

One clinic was acquired in Q4 2019, eleven clinics were acquired during 2020, of which seven during the second half of the year. Three clinics were acquired during the second quarter of 2021 and additional two clinics acquired in the third quarter of 2021.

ACQUISITIONS

Summary of acquisitions executed during the last twelve months

| 2021 | Company/ clinics | Closing Date | Annual Revenues (SEK million) | No. of employees |
|-------------|--|--------------------|----------------------------------|---------------------|
| Q3 | | | | |
| | Stångå Tandvårds AB, two clinics | September 27, 2021 | 20.5 million (2020) | 18 |
| Q2 | | | | |
| | Tareqs klinik AB | May 18, 2021 | 15.1 million (2020) | 5 |
| | Solna Dental and Solna Dental Arenatandläkarna | June 1, 2021 | 32.6 million (2020) | 22 |
| 2020 | | | | |
| Q4 | | | | |
| | Shlm Dental Clinics AB, three clinics | November 2, 2020 | 38 million (2019) | 15 |
| | City Dental i Stockholm AB | December 1, 2020 | 90 million (2019) | 62 |
| | Vesalis Dental AB | December 29, 2020 | 14 million (2019) | 11 |

Acquisitions executed in previous periods

| 2020 | Company/ clinics | Closing Date | Annual Revenues (SEK million) | No. of employees |
|-------------|------------------------------------|----------------|----------------------------------|---------------------|
| Q3 | | | | |
| | "Kungsforsbolagen", three entities | August 4, 2020 | 20 million (2019) | 16 |
| | Kungsfors Tandvård AB | | | 9 |
| | Borås Tandvård AB | | | 5 |
| | Kinna Tandvård AB | | | 2 |
| Q2 | | | | |
| | Ludvikatandläkarna AB, two clinics | April 8, 2020 | 22.9 million (2019) | 20 |
| | Dentalum Tandvårdsteam AB | June 1, 2020 | 29.9 million (2019) | 23 |
| 2019 | | | | |
| Q3 | Moberg-Stenberg AB | Sept. 2019 | 5.5 million (2019) | 4 |

GROUP CONSOLIDATED INCOME STATEMENT

Third quarter July - September 2021

Revenues and earnings for the third quarter

Net operating revenues

Reported operating revenue during the third quarter 2021 amounts to SEK 53.6 million (15.8). The increase in quarterly revenues compared to the same quarter in 2020, is driven by the additional ten dental clinics that were acquired since the same quarter 2020. Two of the clinics were acquired during the third quarter, on September 27, 2021, and consequently only included in the consolidated financial statements during the last three days of the quarter.

Dentalum's clinics have seen a continuous recovery in patient inflow and revenues during the third quarter, compared to during the Covid-19 pandemic months. However, compared to the previous quarter, Q2 2021, with revenues of 58.2 million, there is a decline due to seasonality related to vacation period in July-August.

Operating expenses

Operating expenses during the third quarter of 2021 amounts to SEK 43.8 million (13.3), of which the major part constitutes personnel expenses of SEK 26.9 million (7.5). Direct expenses for material utilized in the dental care service amounts to 9.6 million (2.9). SEK 7.3 million (2.9) are other external expenses including expenses for marketing, insurance, premises, and administration.

The increase in operating expenses compared to the same quarter in 2020, is mainly related to expenses in the ten clinics, acquired during the last twelve months.

The overall operating expense ratio to revenues for the third quarter improved to 81.6% (84.6%) on a reported basis. Compared to the second quarter of 2021, total operating expenses declined by 3.9% related to the seasonality in revenues.

Financial expenses

Net financial expense of SEK 6.7 million (0.3) consists of interest expense and financing fees. The increase in interest expense compared to the same period last year, relates to raising of debt to finance growth through acquisitions, initially through bank facilities and as from October 2020, through a debt capital market transaction - a SEK 300 million senior secured bond issue at a fixed coupon rate of 7.75%.

Earnings for the period

EBITDA (earnings before interest, tax, depreciation and amortization) amounts to SEK 9.9 million (2.4).

Third quarter net earnings after financial items and tax amounts to a net loss of SEK -2.8 million (0).

Dentalum Operations AB (publ) Consolidated Income Statement

| Amounts in kSEK | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|---|---------------|---------------|----------------|---------------|
| Operating revenues | | | | |
| Net revenues | 53,281 | 15,631 | 160,332 | 24,857 |
| Other operating revenues | 364 | 139 | 1,187 | 1,218 |
| Total operating revenues | 53,645 | 15,770 | 161,519 | 26,075 |
| Operating expenses | | | | |
| Direct expenses | -9,627 | -2,900 | -27,492 | -4,084 |
| Other external operating expenses | -7,262 | -2,900 | -22,746 | -5,626 |
| Personnel expenses | -26,873 | -7,542 | -79,058 | -13,919 |
| EBITDA | 9,883 | 2,429 | 32,222 | 2,446 |
| Depreciations and amortizations | -7,534 | -579 | -20,758 | -874 |
| Earnings before financial items and tax / EBIT | 2,349 | 1,850 | 11,464 | 1,572 |
| Financial items | | | | |
| Income/expenses from shares in Associated companies | - | - | -844 | - |
| Interest income/expenses and similar items | -6,731 | -293 | -20,176 | -499 |
| Profit after financial items | -4,382 | 1,557 | -9,556 | 1,073 |
| Appropriations | - | - | - | - |
| Earnings before tax / EBT | -4,382 | 1,557 | -9,556 | 1,073 |
| Income tax expenses | 1,537 | -1,554 | 2,898 | -1,554 |
| Net Earnings | -2,845 | 3 | -6,657 | -482 |

Other Comprehensive Income

| (kSEK) | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|--|---------------|----------|---------------|-------------|
| Net Earnings | -2,845 | 3 | -6,657 | -482 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | -2,845 | 3 | -6,657 | -482 |

BALANCE SHEET AND CASH FLOW

Net operating cash flow generated during the third quarter amounts to SEK 3.7 million (-1.5) of which 2.4 million (0.9) was generated from operations in the dental clinics. Changes in working capital had a negative impact on cash flow by SEK -2.4 million (-2.9).

Operational cash conversion continues to be high at a level of 99.5% in the third quarter.

Free operating cash flow, including capex, before financial items and paid tax, amounts to SEK 6.7 million (-0.6). Cash flow used for investing activities was SEK - 33.6 million (-21.4), which consist of investments in tangible assets of SEK 0.8 million (0.1) and 32.8 million, related to payments of purchase price for acquisitions, including deferred purchase price related to acquisitions executed during 2020.

Cash flow related to financing and debt service of SEK 27.8 million (43.8) consist of shareholders contribution of SEK 30 million received in cash and net change in financial liabilities of 2.2 million., financing fees and net change in financial liabilities.

Total cashflow for the third quarter amounts to SEK -2.1 million (20.9).

Net working capital utilized in Dentalum's operations is generally low, supported by efficient cash management cycles. Net working capital amounted to SEK -5.6 million (-0.7) at the end of the third quarter.

Liquid assets as per September 30, 2021, was SEK 108.3 million (34.0) and interest-bearing liabilities, as per balance sheet, amounts to SEK 295.7 million (31.8). Including IFRS reclassification of lease contracts of SEK 19.1 million (4.8), interest-bearing liabilities amounted to SEK 206.5 million (2.6).

The increase in interest-bearing liabilities compared to last year reflects the debt financing through a Senior Secured Fixed Rate Bond issuance of SEK 300 million in October 2020, with a maximum frame of SEK 600 million. The purpose of the bond financing was to refinance bank debt and to finance Dentalum's growth through acquisitions.

Net interest-bearing debt, including IFRS reclassification of lease contracts, amounted to SEK 206.6 million (2.6) at the end of the third quarter. Main reason for the increase in net debt compared to year-end 2020 is related to SEK 105.3 million of cash utilized for acquisitions, net financing cash flow of 12.1 million and positive net cash flow from operations of 22.9 million. (Balance sheet and cash flow statement for additional details).

Overview of Dentalum consolidated Net Debt as per Balance sheet

| (kSEK) | 30/09/21 | 30/09/20 | 31/12/20 |
|--|-----------------|---------------|-----------------|
| Interest bearing liabilities | 295,738 | 31,800 | 299,657 |
| Cash and cash equivalents | 108,294 | 33,976 | 181,396 |
| Net Cash/ - Interest bearing debt | -187,444 | 2,176 | -118,260 |
| IFRS adjusted debt | | | |
| Lease liabilities | 19,083 | 4,807 | 19,320 |
| IFRS Net interest bearing debt | -206,527 | -2,631 | -137,580 |

Dentalum Operations AB (publ) Consolidated Balance Sheet
(kSEK)

| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Intangible assets | 357,787 | 75,580 | 266,312 |
| Improvements on leasehold | 12,291 | 1,385 | 3,378 |
| Equipment and tools | 8,693 | 2,111 | 4,900 |
| Other fixed assets | 436 | 634 | 587 |
| Right of use assets | 18,721 | 4,301 | 19,176 |
| Tenant owned apartments | 1,838 | 538 | 538 |
| Non-current receivables | 1,211 | - | 627 |
| Deferred tax assets | 5,217 | - | 1,286 |
| Total non-current assets | 406,193 | 84,549 | 296,803 |
| Inventories | 9,186 | 582 | 8,350 |
| Accounts receivables | 5,634 | 1,740 | 2,452 |
| Other current receivables | 2,391 | 404 | 1,567 |
| Current tax assets | 13,240 | 1,171 | 1,818 |
| Prepaid expenses and accrued income | 3,636 | 1,102 | 1,374 |
| Cash and cash equivalents | 108,294 | 33,976 | 181,396 |
| Total current assets | 142,381 | 38,976 | 196,957 |
| TOTAL ASSETS | 548,574 | 123,524 | 493,760 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 500 | 500 | 500 |
| Shareholders contributions | 160,342 | 73,017 | 96,517 |
| Retained earnings | -9,284 | 88 | 88 |
| Profit/loss for the period | -6,657 | -482 | -9,371 |
| Total Equity | 144,901 | 73,123 | 87,733 |
| Deferred tax | 21,205 | 95 | 15,943 |
| Other provisions | 25,700 | 6,000 | 23,700 |
| Total provisions | 46,905 | 6,095 | 39,643 |
| Long term liabilities | | | |
| Non-current interest bearing liabilities | 295,200 | 27,840 | 299,083 |
| Other non-current liabilities | 5 | - | - |
| Long term (IFRS) lease liabilities | 10,212 | 3,536 | 11,515 |
| Total long term liabilities | 305,417 | 31,376 | 310,599 |
| Short term liabilities | | | |
| Prepayments from customer | 2,149 | - | 1,597 |
| Accounts payables | 7,323 | 2,170 | 4,668 |
| Current interest bearing liabilities | 538 | 3,960 | 573 |
| Current (IFRS) lease liabilities | 8,872 | 1,271 | 7,805 |
| Current liabilities group companies | - | - | 1 |
| Current tax liabilities | 2,269 | 1,980 | 3,094 |
| Other current liabilities | 8,148 | 2,087 | 28,641 |
| Accrued expenses and prepaid income | 22,053 | 1,462 | 9,406 |
| Total short term liabilities | 51,351 | 12,930 | 55,785 |
| TOTAL EQUITY AND LIABILITIES | 548,574 | 123,524 | 493,760 |

Changes in consolidated equity

| (kSEK) | Share capital | Shareholder contributions | Retained earnings | Profit/loss for the period | Total Equity |
|---|---------------|---------------------------|-------------------|----------------------------|----------------|
| Opening equity January 1, 2020 | 50 | 5,642 | -4 | 91 | 5,779 |
| Transfer of profit from previous year | | | 87 | | |
| New share issue | 450 | - | - | - | 450 |
| Shareholder contributions | - | 90,875 | | | 90,875 |
| Profit/loss for the period | | | | -9,371 | -9,371 |
| Closing balance December 31, 2020 | 500 | 96,517 | 87 | -9,371 | 87,733 |
| Opening balance as of January 1, 2021 | 500 | 96,517 | 87 | -9,371 | 87,733 |
| Transfer of profit from previous year | | | -9,284 | | |
| New share issue | - | | | | 0 |
| Shareholder contributions | | 63,825 | | | 63,825 |
| Profit/loss for the period | | | | -6,657 | -6,657 |
| Closing balance as of September 30, 2021 | 500 | 160,342 | -9,284 | -6,657 | 144,900 |

Total equity in the group as increased to SEK 144.9 million as per September 30 compared to SEK 87.8 million at the year-end 2020.

During the third quarter, Dentalum Operation AB (publ) received shareholder contributions of SEK 46.2 million in total, of which SEK 30 million in cash. In total SEK 160 million of equity contributions have been received since start 2019. (Statement of changes in equity for further details).

Dentalum Operations AB (publ) Consolidated Cash Flow Statement

| (kSEK) | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|--|----------------|----------------|-----------------|----------------|
| Cash flow from operating activities | | | | |
| Income before financial items (EBIT) | 2,349 | 1,850 | 11,464 | 1,554 |
| Adjustments for non cash affecting items | 7,623 | 579 | 20,847 | 893 |
| Net interest paid on operating receivables/liabilities | -318 | -293 | -938 | -474 |
| Income tax paid | -3,535 | -709 | -8,429 | -1,080 |
| Cash flow from operations before changes in working capital | 6,119 | 1,427 | 22,944 | 893 |
| Cash flow from changes in working capital | | | | |
| Change in inventories | 155 | -44 | 555 | -44 |
| Change in operating receivables | 1,351 | -932 | -1,601 | -2,262 |
| Change in operating liabilities | -3,919 | -1,968 | 957 | 478 |
| Cash flow from changes in working capital | -2,413 | -2,943 | -89 | -1,827 |
| Net cash flow from operations | 3,706 | -1,517 | 22,855 | -934 |
| Cash flow from investing activities | | | | |
| Acquisition of tangible assets | -823 | -91 | -2,707 | -91 |
| Acquisition of companies and shares | -32,833 | -21,283 | -105,310 | -56,130 |
| Cash flow from investing activities | -33,656 | -21,374 | -108,017 | -56,221 |
| Cash flow after investing activities | -29,950 | -22,891 | -85,162 | -57,156 |
| Cash flow from financing activities | | | | |
| New share issue | - | - | - | 450 |
| Shareholders contributions received | 30,000 | 32,000 | 30,000 | 55,300 |
| Net change in interest-bearing debt, incl. interest coupon | -2,188 | 12,000 | -17,857 | 31,800 |
| Amortization, lease liabilities | - | -235 | - | -403 |
| Cash flow from financing activities | 27,812 | 43,765 | 12,143 | 87,147 |
| Total cash flow for the period | -2,138 | 20,874 | -73,019 | 29,991 |
| <i>Changes in cash and cash equivalents</i> | | | | |
| Cash and cash equivalents at the beginning of the period | 110,512 | 7,344 | 181,393 | 3,985 |
| Cash and cash equivalents at the end of the period | 108,374 | 28,218 | 108,374 | 33,976 |
| <i>Summary</i> | | | | |
| Cash flow from operations | 3,706 | -1,517 | 22,855 | -934 |
| Cash flow from investing activities | -33,656 | -21,374 | -108,017 | -56,221 |
| Cash flow from financing activities | 27,812 | 43,765 | 12,143 | 87,147 |
| Total cash flow | -2,138 | 20,874 | -73,019 | 29,991 |

PARENT

Third quarter and January – September 2021

Dentalum Operations AB (publ) Financial Overview – Parent

| (kSEK) | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|-------------------------------------|-----------------|----------------|-----------------|---------------|
| Operating revenues | 564 | - | 1,933 | - |
| EBITDA | -3,715 | -1,995 | -10,935 | -5,641 |
| Net financial expenses | -6,439 | -182 | -19,329 | -330 |
| Earnings before tax / EBT | -10,156 | -2,174 | -30,267 | -5,971 |
| Income tax expenses | - | - | - | - |
| Net Earnings | -10,156 | -2,174 | -30,267 | -5,971 |
| Net Cash flow | -2,727 | 16,921 | -100,604 | 21,256 |
| Cash flow from operations | 1,344 | -2,898 | -6,029 | -4,711 |
| Cash flow from investing activities | -33,992 | -24,181 | -112,871 | -61,583 |
| Cash flow from financing activities | 29,922 | 44,000 | 18,297 | 87,550 |
| | 2021 Q3 | 2020 Q3 | | |
| Net Cash/ -Debt | -253,370 | -9,641 | | |
| Cash & cash equivalents | 41,830 | 6,199 | | |
| Interest bearing debt | 295,200 | 15,840 | | |
| Total Assets | 460,861 | 60,015 | | |
| Equity | 118,958 | 38,586 | | |

REVENUES AND EARNINGS

Operating revenues

Dentalum Operations AB, the Parent company, serves as head office and acquisition vehicle of Dentalum. The head office functions were established in the beginning of 2020. Functions for HR, Finance, Marketing, M&A and Operations are centrally managed. Operating revenues of SEK 0.5 million (0) in the third quarter of 2021, consist of intercompany invoicing for administrative services. During the third quarter of 2021, the head office was strengthened further by the recruitment of a Chief Dental Officer.

Operating expenses

Operating expenses, amounting to SEK 3.7 million (2.0), includes costs for the head office, certain M&A related transaction costs as well as costs for central services provided the subsidiary clinics. The increase in expenses compared to the third quarter previous year, is due to the strengthening of the head office, including increase in number of employees from four to eight, increased costs for lease of office space, as well as expenses for administrative support to a larger number of clinics – from seven clinics in the third quarter of 2020 to supporting seventeen clinics.

Financial expenses

Net financial expense of SEK 6.4 million (0.2) consists of interest expense on the SEK 300 million bond debt and amortizing of financing expenses related hereto.

Earnings for the period

The Parent company had a net loss after tax of SEK 10.2 million in the third quarter of 2021 (-2.2), of which SEK 6.4 million financial expense.

Dentalum Operations AB (publ) Income Statement – Parent

| (kSEK) | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|---|----------------|---------------|----------------|---------------|
| Operating revenues | | | | |
| Net revenues | 564 | - | 1,933 | - |
| Other operating revenues | - | - | - | - |
| Total operating revenues | 564 | - | 1,933 | - |
| Operating expenses | | | | |
| Direct expenses | -245 | - | -245 | - |
| Other external operating expenses | -1,959 | -842 | -6,934 | -2,184 |
| Personnel expenses | -2,076 | -1,153 | -5,689 | -3,456 |
| EBITDA | -3,715 | -1,995 | -10,935 | -5,641 |
| Depreciations and amortizations | -1 | 2 | -3 | 0.19 |
| Earnings before financial items and tax / EBIT | -3,717 | -1,992 | -10,938 | -5,641 |
| Financial items | | | | |
| Income/ expenses from shares in Associated companies | - | - | - | - |
| Interest income/ expenses and similar items | -6,439 | -182 | -19,329 | -330 |
| Profit after financial items | -10,156 | -2,174 | -30,267 | -5,971 |
| Appropriations | - | - | - | - |
| Earnings before tax / EBT | -10,156 | -2,174 | -30,267 | -5,971 |
| Income tax expense | - | - | - | - |
| Net Earnings | -10,156 | -2,174 | -30,267 | -5,971 |

BALANCE SHEET AND CASH FLOW

Cash flow, before change in net working capital, used in the operations of the Parent company was SEK -3.7 million (-2.2).

Net cash flow used in investing activities during the third quarter was SEK -34 million (-24.2), which consists of payments of purchase price for acquisitions during the third quarter, including deferred purchase price related to acquisitions executed during 2020. (To be noted that the amount used for acquisitions is higher in the Parent cash flow statement compared to the Consolidated cash flow statement. The difference represents the part of deferred purchase price that correspond to settlement of acquired cash on balance sheet in certain acquired companies, where this amount, as per IFRS accounting standards, is deducted in the final purchase price allocation.)

Cash flow related to financing and debt services was positive SEK 29.9 million (44.0) consist of net of shareholder contributions received and net change in financing charges. In the third quarter of previous year, the financing cash flow was positive due to raised bank debt and shareholder contributions received.

Total cashflow in the Parent company, during the third quarter of 2021 was negative SEK 2.7 million (16.9).

Liquid assets as per September 30, 2021, amounted to SEK 41.8 million (23.1) and interest-bearing liabilities, including accrued interest and amortized financing expenses, amounted to SEK 306.7 million, incl. accrued interest. (31.8),

Financing is centralized to Dentalum Operations AB (publ), also acting as the acquisition vehicle. The increase in interest-bearing liabilities year-on-year reflects the debt financing through a Senior Secured Fixed Rate Bond issuance of SEK 300 million in October 2020.

Cash generated in the acquired entities, is upstreamed to the Parent for treasury and tax efficiencies. As from the 2021 annual closing, tax consolidation and upstreaming of cash via the group contribution scheme, will be eligible for all entities, acquired during 2020.

Equity in the Parent company amounts to SEK 119 million (68.4) as per September 30, 2021. During the third quarter, Dentalum Operation AB (publ) received shareholder contributions of SEK 46.2 million in total.

The decrease in other current liabilities to SEK 2.4 million from SEK 23.1 million at year end, is due to payment of the major part of deferred purchase price related settlement of acquisitions closed in 2020. Other provisions of SEK 25.7 million consist of contingent considerations for acquisitions.

Dentalum Operations AB (publ) Balance sheet - Parent

(kSEK)

| | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Intangible assets | - | - | - |
| Equipment and tools | 9 | | 12 |
| Shares in group companies | 409,269 | 77,311 | 286,425 |
| Other fixed assets | 84 | | |
| Deferred tax assets | 1,286 | | 1,286 |
| Total non-current assets | 410,648 | 77,311 | 287,722 |
| Inventories | - | - | - |
| Accounts receivables | - | | - |
| Receivables associated companies | 7,258 | 404 | 1,800 |
| Other current receivables | 903 | 286 | 440 |
| Prepaid expenses and accrued income | 222 | 372 | 157 |
| Cash and cash equivalents | 41,830 | 23,120 | 142,434 |
| Total current assets | 50,213 | 24,182 | 144,830 |
| TOTAL ASSETS | 460,861 | 101,493 | 432,553 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 500 | 500 | 500 |
| Shareholders contributions | 160,342 | 73,017 | 96,517 |
| Retained earnings | -11,621 | 865 | 865 |
| Profit/loss for the period | -30,262 | -5,971 | -12,487 |
| Total Equity | 118,958 | 68,411 | 85,396 |
| Deferred tax | - | - | - |
| Other provisions | 25,700 | - | 23,700 |
| Total provisions | 25,700 | - | 23,700 |
| Long term liabilities | | | |
| Non-current interest bearing liabilities | 295,200 | 27,840 | 299,083 |
| Total long term liabilities | 295,200 | 27,840 | 299,083 |
| Short term liabilities | | | |
| Accounts payables | 939 | 436 | 3 |
| Current interest bearing liabilities | - | 3,960 | - |
| Current liabilities group companies | 4,856 | - | 642 |
| Current tax liabilities | - | 44 | - |
| Other current liabilities | 2,347 | 162 | 23,115 |
| Accrued expenses and prepaid income | 12,861 | 639 | 615 |
| Total short term liabilities | 21,003 | 5,241 | 24,374 |
| TOTAL EQUITY AND LIABILITIES | 460,861 | 101,493 | 432,553 |

Dentalum Operations AB (publ) Cash Flow Statement – Parent

| (kSEK) | 2021 Q3 | 2020 Q3 | Q1-Q3 2021 | Q1-Q3 2020 |
|--|----------------|----------------|-----------------|----------------|
| Cash flow from operating activities | | | | |
| Income before financial items (EBIT) | -3,718 | -1,992 | -10,938 | -5,641 |
| Adjustments for non cash affecting items | - | -2 | 3 | - |
| Interest paid | 19 | -182 | -24 | -330 |
| Income tax paid | - | - | - | - |
| Cash flow from operations before changes in working capital | -3,699 | -2,177 | -10,959 | -5,971 |
| Cash flow from changes in working capital | | | | |
| Change in inventories | - | - | - | - |
| Change in operating receivables | 1,070 | -374 | -1,055 | 171 |
| Change in operating liabilities | 3,973 | -347 | 5,984 | 1,089 |
| Cash flow from changes in working capital | 5,043 | -721 | 4,930 | 1,260 |
| Net cash flow from operations | 1,343 | -2,898 | -6,029 | -4,711 |
| Cash flow from investing activities | | | | |
| Acquisition of tangible assets | - | 13 | - | 13 |
| Acquisition of companies and shares | -33,992 | -24,194 | -112,871 | -61,596 |
| Cash flow from investing activities | -33,992 | -24,181 | -112,871 | -61,583 |
| Cash flow after investing activities | -32,649 | -27,079 | -118,900 | -66,294 |
| Cash flow from financing activities | | | | |
| New share issue | - | - | - | 450 |
| Shareholders contributions received | 30,000 | 32,000 | 30,000 | 55,300 |
| Net change in interest-bearing debt, incl. Bond coupon | -79 | 12,000 | -11,704 | 31,800 |
| Amortization, lease liabilities | 0 | 0 | 0 | 0 |
| Cash flow from financing activities | 29,922 | 44,000 | 18,297 | 87,550 |
| Total cash flow for the period | -2,727 | 16,921 | -100,604 | 21,256 |
| <i>Changes in cash and cash equivalents</i> | | | | |
| Cash and cash equivalents at the beginning of the period | 44,557 | 41,830 | 142,434 | 1,864 |
| Cash and cash equivalents at the end of the period | 41,830 | 58,752 | 41,830 | 23,120 |
| <i>Summary</i> | | | | |
| Cash flow from operations | 1,343 | -2,898 | -6,029 | -4,711 |
| Cash flow from investing activities | -33,992 | -24,181 | -112,871 | -61,583 |
| Cash flow from financing activities | 29,922 | 44,000 | 18,297 | 87,550 |
| Total cash flow | -2,727 | 16,921 | -100,604 | 21,256 |

ACCOUNTING AND VALUATION PRINCIPLES

The interim financial information for the Group for the period has been prepared in accordance with IFRS, applying International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). The same accounting principles and methods, as used in the annual report 2020, are valid for this interim report.

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

IASB has published amendments of standards that are effective as of January 1, 2021, or later. The standards have not had any material impact on the financial reports.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

When preparing interim reports, the Board and the Management must, in accordance with the applicable accounting and valuation principles, make certain estimates, assessments and assumptions that affect the recognition and valuation of assets, provisions, liabilities, income and expenses. The outcome may deviate from these estimates and assessments and will rarely amount to the same sum as the estimated outcome.

TRANSACTIONS WITH RELATED PARTIES

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

IMPACT ON THE FINANCIAL REPORTING DUE TO COVID-19

As per September 30, 2021, there has not been any significant impact on the financial reporting due to Covid-19, related to valuation of goodwill, expected credit losses, valuation of inventory or government grants.

During the third quarter, Dentalum clinics have seen continued stable patient inflow and revenues, except normal seasonality impact due to the vacation period, as the majority part of the population has been vaccinated and the spreading of the Covid-19 virus has been limited.

Risks and uncertainties connected to the pandemic do remain, considering potential mutated virus variants, potentially resistant to available vaccines, that may occur and reach Sweden. The development of the situation is closely monitored by Dentalum to protect employees, patients as well as to mitigate potential negative financial impact.

CONTACT INFORMATION:

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Dentalum Operations AB (publ) organization number: 559136-4046

SIGNATURE PAGE

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

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

Stockholm, November 29, 2021

Roberto Rutili
Chairman of the Board

Saeid Esmaeilzadeh
Board member

Marcus Ladow
Board member

Mikael Lönn
Board member

Max Dorthé Ladow
CEO

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