

Dentalum Financial Update for bond investors Pro forma basis as per June 30, 2021

Historic reference periods are restated on a pro forma basis for 15 clinics,
incl. the three acquisitions closed in Q2 2021

Please see Dentalum Operations AB (publ) Interim report Q2 2021, for the statutory accounts.

Q2 and last twelve months as per June 30, 2021

During the second quarter of 2021, Dentalum acquired three clinics. As per June 30, 2021, total 15 clinics, operating in twelve legal entities, are consolidated in the statutory Balance sheet. Eleven clinics were acquired during 2020 and one clinic in 2019.

This financial update is prepared for Dentalum's bond investors, where financials are prepared on a pro forma basis as if all 15 clinics operating in the legal entities below, had been part of the Dentalum group during the historic reference periods.

Consolidated clinics as per June 30, 2021

Acquired in 2019

Moberg-Stenberg AB

Acquired in 2020

Ludvikatandläkarna AB – two clinics

Dentalum Tandvårdsteam AB

Kungsfors Tandvård AB

Borås Tandvård AB

Kinna Tandvård AB

Sthlm Dental Clinics AB – three clinics

City Dental i Stockholm AB

Vesalis Dental AB

Acquired in Q2 2021

Tareqs klinik AB

Solna Dental AB

Solna Dental Arenatandläkarna AB

All amounts in this report are in MSEK.

The pro forma financials are presented, based on the information available to management and, to the best of knowledge at the time of preparing the material.

Clinics PF LTM and quarterly historic development for periods prior to Dentalum's acquisitions, may differ from final statutory accounts, since dental clinics accounting, pre-Dentalum, is "cash based" and complete Income statement and Balance sheet were only established on an annual basis.

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MANAGEMENT 'S COMMENTS

Dentalum has continued its growth strategy through M&A during the second quarter, executing the acquisitions of three clinics, thereby strengthening Dentalum's presence in the Stockholm region with two new clinics in Solna - Solna Dental and Arenatandläkarna – with combined annual revenues of SEK 32 million and 22 employees. Dentalum also expanded into region Kalmar by the acquisition of Tareqs clinic with annual revenues of 15 million and 5 employees.

We are confident in our focus on exploring growth opportunities and further strengthening the M&A pipeline in additional regions.

During the second quarter, Dentalum clinics have seen a general recovery in patient inflow and revenues, as the roll-out of Covid-19 vaccination for the population has accelerated. With the purpose to meet a pent-up demand for dental care, the clinics have continued to strengthen their care teams through recruitment of skilled and experienced personnel.

To mitigate the effects of Covid-19 and keep margins intact, Dentalum's clinics have continued to work proactively with cost control increasing the profitability margin.

Dentalum has recruited an experienced Chief Dentist Officer ("CDO"), responsible for the Group's odontological guidelines as well as quality assurance of our clinics and their compliance of laws and regulations. The CDO is also responsible for development and utilization of clinical best practice within Dentalum as well as for developing the platform for education and competence growth within the group.

SIGNIFICANT EVENTS

During the second quarter

- On May 7, Dentalum announced the recruitment of a Chief Dental Officer ("CDO") with extensive experience, both as practitioner and as founder and former CEO of the dental service organization Oral Care in Sweden. The CDO starts full-time employment on August 16, 2021.
- On May 18, Dentalum Operations completed the acquisition of Tareqs klinik AB, a clinic operating in the Kalmar region, with annual revenues of SEK 15 million in 2020
- On June 1, the acquisitions of the two clinics Solna Dental and Solna Dental Arenatandläkarna were completed. The clinics had annual revenues of SEK 32 million and 22 no of employees, combined.

After the second quarter

- On July 19, Dentalum Operations AB (publ) held an Extraordinary General Meeting to appoint Mikael Lönn as an independent member of the Board of Directors.
- 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 approved the admission to trading of the Dentalum bonds and Dentalum Operations AB (publ) and the first date of trading was August 17.

CAPITAL STRUCTURE AND CREDIT METRICS

Leverage decreased in Q2 2021, supported by the three acquisitions closed during the quarter.

During the second quarter of 2021, Dentalum Operation AB (publ) strengthened its equity position as shareholder contributions of SEK 17.6 million was received in connection with acquisitions, which were closed during the period. The acquisitions were financed by cash available on the escrow account.

- Financial liabilities, as per June 30, 2021 consolidated balance sheet, amounts to 320.7 million (22.5) consisting of bond debt, incl. accrued interest, and 19.9 million of lease liabilities, reclassified as debt as per IFRS16.
- Total equity as per June 30, 2021, amounts to 101.5 million (41.1) which is an increase of 13.8 million during the second quarter. Since the start of Dentalum in 2019, shareholder contributions amounting to a total of 114.1 million have been injected, of which 17.6 million was contributed in 2021.
- Total cash position, as per June 30, 2021 financial statements amounts to 110.5 million (13.1) of which 89.3 million is non-restricted cash and 21.2 million remains on the escrow account designated for add-on acquisitions and earn-out payments. During the second quarter, 67.4 million of the escrow funds was utilized for financing of acquisitions and deferred purchase price.
- Pro forma net debt, calculated as per the definition in the Senior Secured Bond Terms & Conditions, amounts to 225.3 million, consisting of interest-bearing debt incl. accrued interest of 306.6 million, cash balance of 110.5 million, IFRS16 adjustments for lease liabilities amounting to 19.9 million, and a net of provisions for deferred purchase price, earn-outs and related shareholder contributions of 9.3 million.
- Net leverage, as per the balance sheet of June 30, 2021, including the pro forma LTM06/21 EBITDA of the three clinics acquired in Q2, is 3.98x EBITDA, where net debt is 225.3 million and consolidated pro forma Group EBITDA is 56.6 million. The Q2 acquisitions has had a positive impact on leverage, compared to leverage prior to the acquisitions of 4.49x as per Q1 and 4.45x as per Q4, 2020

Credit metrics / Pro forma ("PF") components	Dec. 31, 2020 ⁴⁾	March 31, 2021 ⁴⁾	June 30, 2021 ⁵⁾
Leverage ratios ¹⁾			
Net Debt / EBITDA	4.45x	4.49x	3.98x
Gross Debt / EBITDA	9.61x	9.43x	6.26x
Cash & cash equivalents	181.4	174.5	110.5
of which on escrow	94.9	88.6	21.2
Gross Debt ²⁾	372.1	368.0	354.2
Net Debt	172.3	175.1	225.3
PF Group EBITDA ³⁾	38.7	39.0	56.6
Equity	87.7	84.3	101.5

1) Pro forma credit metrics as per definitions in Bond Terms & Conditions

2) Incl. IFRS lease liabilities, deferred purchase price, provisions for earn-outs

3) EBITDA LTM, incl 2.3m one-off write-down of accounts receivables recorded in one clinic, prior to Dentalum's acquisition

4) December 31, 2020 and March 31, 2021 credit metrics including PF EBITDA of 12 clinics.

5) June 30, 2021 including PF EBITDA of 15 clinics.

SUMMARY OF Q2 AND LTM06/21 – PRO FORMA 15 CLINICS

Dentalum clinics demonstrated a recovery in both net sales and EBITDA in the second quarter of 2021, as well as on an LTM basis.

Clinics profitability reached 27% in the second quarter and 22.6% on an LTM06/21 basis, where the clinics acquired in the second quarter of 2021, positively contributed to the increase in margin. (Excluding these three acquisitions, profitability would be 24% in Q2 and 20.2% LTM06/21).

Clinics Pro forma revenues and profitability

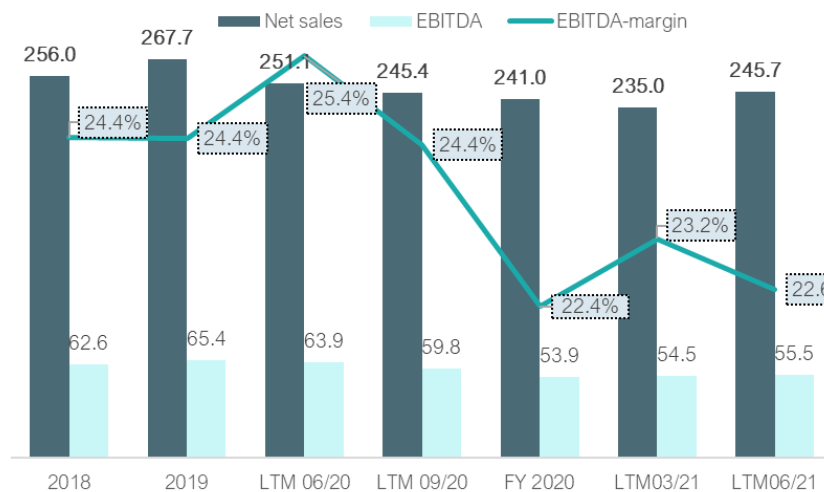
Q2 2021

- Organic growth in net sales was 18.7%, compared to the same quarter in 2020, reaching 68.2 million (57.4).
- EBITDA increased to 18.4 million (17.4), corresponding to a growth of 5.8% compared to the same quarter prior year.
- Profitability margin, as a percentage of net sales, reached 27% in the second quarter of 2021 vs 24.5% in the first quarter and 30% in Q2 2020. The acquired three clinics contributed to an improvement in profitability to 27% in Q2 compared to 24% for the 12 clinics.

Last twelve months – LTM06/21s

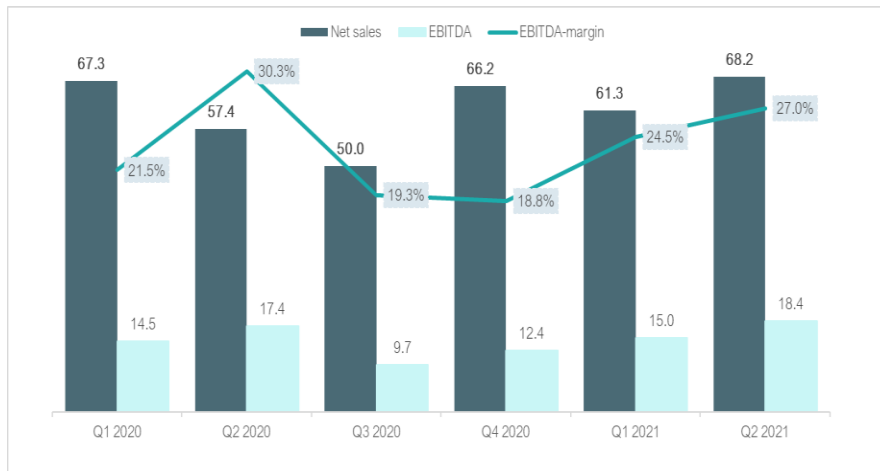
- Net sales, on an LTM basis, increased to 245.7 million, corresponding to a growth of 4.6% compared to the period LTM03/21, but a decrease of 2% versus the same period in 2020. (251m LTM06/20).
- On a pro forma consolidated basis, clinics EBITDA, reached 55.5 million, an increase by 1.7% compared to LTM03/21, but a decrease of 13% vs the same period prior year (63.9).
- The reason for the decline in revenues and EBITDA compared to the LTM06 period in 2020, is the inclusion of the second half of 2019, not affected by the Covid-19 pandemic, whereas all twelve months of LTM06/21, are affected, although to a lesser extend in Q2 than in Q1.
- The three clinics, acquired during the second quarter, have positively contributed to the profitability of the total fifteen clinics, reaching 22.6% compared to 20.4% pre-acquisitions.

Development of Clinics pro forma Net sales and profitability, LTM basis, incl. the acquisitions in Q2 2021

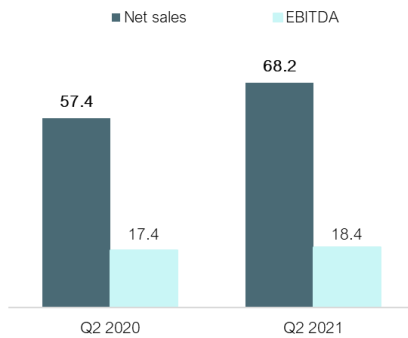


Clinics PF LTM and quarterly historic development for periods before date of Dentalum's acquisitions, may differ from final statutory accounts, since dental clinics accounting, pre-Dentalum, are "cash based" and a complete set of statements established only on annual basis.

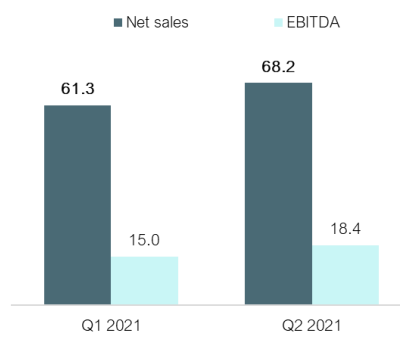
Quarterly development pro forma 15 clinics, incl. the three acquisitions in Q2 2021



Q2 2021 vs. Q2 2020



Q2 2021 vs Q1 2021



Pro forma quarterly development for acquisitions closed in Q2 2021 may differ from final statutory accounts, since dental clinics accounting, pre- Dentalum, are "cash based" and a complete set of statements only established on annual basis

Development of costs - Clinic cost base pro forma

Q2 2021

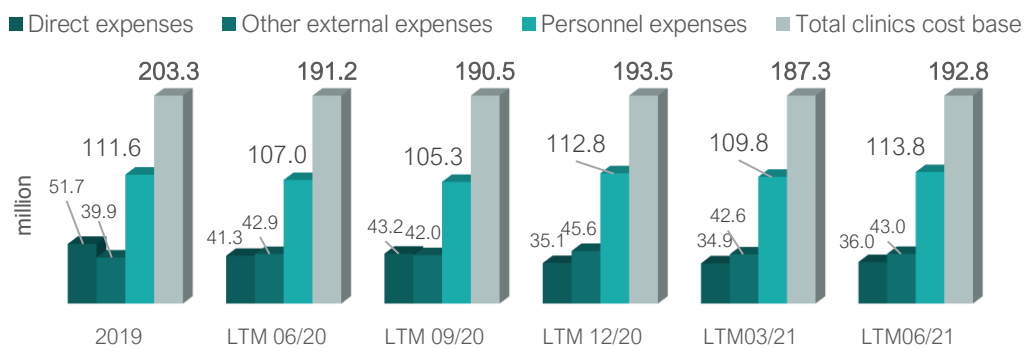
- Expense management and increase in net sales, have had a positive impact on operating expenses, as a percentage of net sales.
- Other external expenses increased slightly in Q2 vs Q1, which is due to accrual effects between quarters in the clinics acquired in Q2.
- In absolute terms, clinics operating expenses have increased in the second quarter, which is in line with the increase in revenues, meeting the increasing patient inflow with additional personnel and dental care consultants.
 - Direct expenses, as a percentage of net sales, decreased to 15% compared to 16.1% in Q2 2020 and 16.7% in Q1 2021. These expenses are directly related to revenues but are generally higher in the first quarter as the clinics normally initiates purchases in the beginning of the year. Compared to Q2 2020, direct expenses increased to 10.3 million (9.2), following the recovery in revenues and treatments. Certain clinics had hold back on purchases during the pandemic second quarter of last year.

- Personnel expenses, as a percentage of net sales, decreased to 44.1% compared to 45.1% in the second quarter of 2020. Compared to Q2 2020, personnel expenses increased to 30.1 million (25.9), as a result of employment of additional personnel and dental care consultants, to meet the increase in patient inflow in the quarter.
- Other external expenses of 10.3 million, increased by 4% in Q2 vs. 9.9 million in Q2 of last year. These expenses include costs for premises, marketing, IT, services, administrative expenses and insurances.

LTM06/2021

- Total expenses on an LTM basis have increased, in line with the increase in patient inflow and revenues in the clinics. LTM 06/2021 total expenses amounted to 192.8 million, an increase of 0.8% vs. the same period prior year (191.2).
 - Direct expenses of 36 million decreased by 13% vs the same period last year (41.3). As a percentage of net sales, direct expenses decreased to 14.6% in LTM06/21 vs 16.5% in the same period last year.
 - Other external expenses, including fixed costs as rental of premises, insurances etc., of 43 million is in line with the same period last year.
 - Personnel expenses increased by 6% to 113.8 million (107) compared the same period last year, which is related to increase in personnel to meet the pent-up demand for dental services.

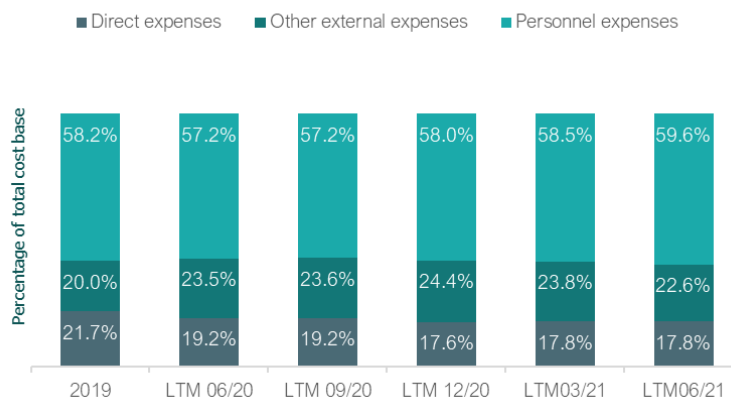
Cost base development Pro forma 15 Clinics



Total cost break-down - % of total costs

- The cost break-down is in line with previous periods, with personnel costs representing the largest cost category. However, the relative cost break-down has improved where direct expenses and other external expenses has decreased, as a percentage of total costs, compared to the same period last year.
 - Direct costs decreased to 17.8% of total costs (19.2%).
 - Other external expenses, decreased to 22.6% (23.5%).
 - Expenses for personnel has increased to 59.6% (57.2%).

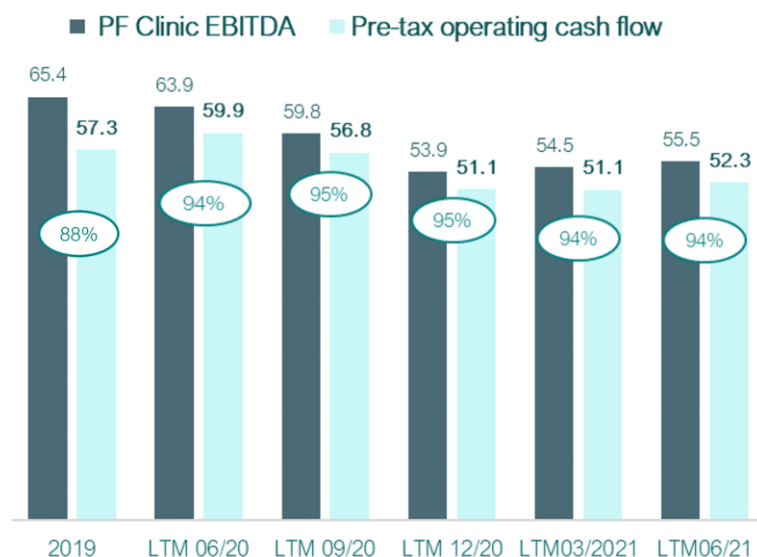
Cost profile 15 clinics



Clinics operating cash flow

Cash conversion in the clinics continues to be at high levels, reaching 94% in LTM06/2021

- Clinics cash conversion reached 94.3% vs 93.8% in the same period last year.
- PF pre-tax cash flow from clinics operations amounted to 52.3 million in LTM06/21 (59.9). The decrease is mainly caused by lower EBITDA compared to LTM06/20 (incl. six months of 2019 pre-pandemic).



- Cash flow from change in net working capital is generally low and was – 0.9 million (+0.8), of which the main impact was increase in inventory in 2021.
- Cashflow related to capital expenditures for the period LTM06/2021 amounted to 2.3 million (4.8). However, compared to the periods before the pandemic, capex is still somewhat lower and is expected to increase in the next coming periods.
- Recurring capital expenditures in the dental sector is relatively low at about 1.5% of revenues. During the pandemic months, capex has been lower compared to previous years - 0.9% of net sales in LTM06/2021 vs. 1.9% in LTM06/2020.

Pro forma 15 clinics

SEKm	2019	LTM 06/20	LTM 09/20	LTM 12/20	LTM03/2021	LTM06/21
<i>Operating cash flow from:</i>						
PF Clinic EBITDA	65.4	63.9	59.8	53.9	54.5	55.5
Δ Inventory	-1.7	-1.8	-1.7	-3.0	-3.1	-3.0
Δ Accounts receivable	1.6	1.6	0.6	1.6	0.9	1.7
Δ Other receivables	0.1	-0.1	1.1	0.4	1.1	1.5
Δ Prepayments and accrued income	-0.3	0.3	-0.9	-0.9	-1.6	-1.8
Δ Current assets	-0.3	0.0	-0.9	-1.9	-2.6	-1.5
Δ Advance payments from customers	-0.5	-0.5	-0.5	-0.3	-0.3	0.3
Δ Accounts payable	-0.3	-3.0	0.3	-0.7	3.0	3.1
Δ Other payables	1.6	2.7	0.6	0.0	-1.8	-2.1
Δ Prepaid expenses and accrued liabilities	0.6	1.1	1.4	1.7	-0.4	-0.7
Δ Current liabilities	1.5	0.3	1.8	0.8	0.6	0.6
Δ Other cash flow items	0.5	0.6	-	-	-	-
Δ Adj. working capital	1.7	0.8	1.0	-1.1	-2.0	-0.9
Capex ²	-9.8	-4.8	-3.9	-1.6	-1.4	-2.3
Pre-tax operating cash flow	57.3	59.9	56.8	51.1	51.1	52.3
<i>Cash conversion</i>	<i>88%</i>	<i>94%</i>	<i>95%</i>	<i>95%</i>	<i>94%</i>	<i>94%</i>

Pro forma 15 clinics not incl. Parent company activities
Capex computed as change in gross value of fixed assets

Q2 2021 vs Q2 2020

- On a quarterly basis, operating cash flow increased in Q2 2021 to 20.5 million from 19.3 million in Q2 last year. (PF historic quarterly cash flows from change in working capital, including the acquisitions closed during the second quarter, may vary between quarters, since the accounting in the dental clinics, pre-Dentalum, are "cash based" and accruals, change in inventory etc. are not recorded on a quarterly basis before the integration to Dentalum accounting standards.)

SEKm	Q2 2020	Q2 2021
<i>Operating cash flow from: 1)</i>		
PF Clinic EBITDA	17.4	18.4
Δ Inventory	-0.1	0.1
Δ Accounts receivable	-1.2	-0.4
Δ Other receivables	-0.5	-0.1
Δ Prepayments and accrued income	0.0	-0.3
Δ Current assets	-1.8	-0.6
Δ Advance payments from customers	0.0	0.6
Δ Accounts payable	0.8	0.8
Δ Other payables	1.3	1.0
Δ Prepaid expenses and accrued liabilities	1.7	1.4
Δ Current liabilities	3.8	3.8
Δ Other cash flow items	-	-
Δ Adj. working capital	2.1	3.2
Capex ²	-0.2	-1.1
Pre-tax operating cash flow	19.3	20.5
<i>Cash conversion</i>	<i>110.9%</i>	<i>111.6%</i>

Pro forma Group income statement

Including 15 clinics, Dentalum Operations expenses and IFRS adjustments

- Pro forma Group EBITDA LTM 06/21 amounted to 56.6 million (66.4).
- Reclassification of lease contracts (IFRS16) had a positive impact of 10.1 million (7.1).
- Dentalum Operation expenses, consisting of head office expenses and M&A transaction costs, amount to 8.9 million in LTM06/20 (4.6).
 - The increase, in line with plan, relate to the fast growth through M&A and the establishment of the head office functions, which during the full year of 2020 consisted of only four employees (the management team) and increased to seven employees in 2021.
 - Dentalum's strategy is decentralized responsibility to the clinics, and the objective is to keep the central head office organization slim. The only functions that are centralized are Finance and HR, for which certain costs are re-invoiced to the clinics.

Last twelve months development – including LTM06/2021

SEKm	2019	LTM 06/20	LTM 09/20	LTM 12/20	LTM03/21	LTM06/21
Net sales	267.7	251.1	245.4	241.0	235.0	245.7
Other operating income	1.0	4.0	4.9	6.4	6.7	2.5
Total income	268.7	255.1	250.3	247.4	241.8	248.3
Operating Expenses	-203.3	-191.2	-190.5	-193.5	-187.3	-192.8
Direct expenses	-51.7	-41.3	-43.2	-35.1	-34.9	-36.0
Other external expenses	-39.9	-42.9	-42.0	-45.6	-42.6	-43.0
Personnel expenses	-111.6	-107.0	-105.3	-112.8	-109.8	-113.8
PF Clinic EBITDA	65.4	63.9	59.8	53.9	54.5	55.5
Dentalum Operations expenses 1)	-0.9	-4.6	-6.0	-8.5	-9.3	-8.9
IFRS adjustments 2)	7.1	7.1	7.1	8.1	10.2	10.1
PF Group EBITDA	71.7	66.4	60.9	53.5	55.4	56.6

KPIs	2019	LTM 06/20	LTM 09/20	LTM 12/20	LTM 03/21	LTM06/21
<i>Change in net sales</i>		-6.2%	-2.3%	-1.8%	-2.5%	4.6%
<i>Change in PF Clinic EBITDA</i>		-2.3%	-6.5%	-9.8%	1.2%	1.7%
PF Clinic EBITDA-margin	24.4%	25.4%	24.4%	22.4%	23.2%	22.6%
PF Group EBITDA-margin	26.8%	26.5%	24.8%	22.2%	23.6%	23.0%
Direct expenses %	19.3%	16.5%	17.6%	14.6%	14.8%	14.6%
Other external expenses %	14.9%	17.1%	17.1%	18.9%	18.1%	17.5%
Personnel expenses %	41.7%	42.6%	42.9%	46.8%	46.7%	46.3%
Dentalum Operations expenses %	0.3%	1.8%	2.4%	3.5%	4.0%	3.6%

1) Dentalum Operations expenses including HQ and M&A transaction costs

2) IFRS 16 PF assessment of lease contracts

Q2 2021 compared to Q2 2020

SEKm	Q2 2020	Q2 2021
Net sales	57.4	68.2
Other operating income	5.0	0.9
Total income	62.5	69.1
Operating Expenses	-45.1	-50.7
Direct expenses	-9.2	-10.3
Other external expenses	-9.9	-10.3
Personnel expenses	-25.9	-30.1
Clinic EBITDA	17.4	18.4
Dentalum Operations expenses 1)	-2.6	-4.2
IFRS adjustments 2)	1.8	1.8
PF Group EBITDA	16.6	16.0

KPIs	Q2 2020	Q2 2021
<i>Change in net sales</i>		18.7%
<i>Change in PF Clinic EBITDA</i>		5.8%
PF Clinic EBITDA-margin	30.3%	27.0%
PF Group EBITDA-margin	28.9%	23.4%
Direct expenses %	16.1%	15.0%
Other external expenses %	17.3%	15.2%
Personnel expenses %	45.1%	44.1%
Dentalum Operations expenses %	4.5%	6.2%