Consolidated financial statements of

dentalcorp Holdings Ltd.

For the years ended December 31, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of dentalcorp Holdings Ltd.

Opinion

We have audited the consolidated financial statements of dentalcorp Holdings Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other 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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Business Combinations – Valuation of identifiable intangible assets	
As described in note 5 of the Company's consolidated financial statements, the Company completed 33 acquisitions during the year ended December 31, 2024. The total consideration transferred was $153.4 million. The purchase price allocation includes goodwill of approximately $86.1 million and intangible assets of $47.4 million. The Company applies the acquisition method to account for business combinations whereby the excess of the fair value of the consideration transferred, including contingent consideration, over the fair value of the assets and liabilities acquired is considered goodwill. Acquisition related costs are expensed as incurred. Auditing business combinations was complex, given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the fair value of the assets acquired and liabilities assumed, in particular, determining the fair value of customer relationship intangible assets using a multi-period excess earnings method. Significant assumptions included the future performance of the assets concerned, customer attrition rate, contributory asset charges, growth rates and margin percentages and the discount rate applied.	Our procedures included the following, among others: • Read the purchase agreements to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and identification of assets acquired and liabilities assumed; • Involved our valuation specialists to assess the valuation methodology applied for the fair value of the intangible assets acquired and the various assumptions utilized, including the customer attrition rate, contributory asset charges and discount rate; • Assessed the appropriateness of forecasted revenue growth rates and margin percentages used in the estimation of fair value of the intangible assets acquired by comparing to historical performance and post acquisition results; • Assessed the consistency of methods and assumptions applied by management across all acquisitions made in the year; and • Assessed the adequacy of the Company's disclosures included in notes 3 and 5 of the accompanying consolidated financial statements in relation to this matter.
Valuation of Goodwill	
As at December 31, 2024, the Company's goodwill was $2.3 billion. As discussed in note 13 of the Company's consolidated financial statements, goodwill is tested for impairment at least annually at the operating segment level, using the Fair Value less Cost to Dispose methodology. Auditing the valuation of goodwill was complex given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of the operating segment. Significant assumptions included, revenue growth rates and margins, cost of prospective acquisitions, discount rates, and terminal EBITDA (earnings before interest, taxes, depreciation and amortization) exit multiple.	Our procedures included the following, among others: • Assessed the historical accuracy of management's estimates on cash flow projections, revenue grow rate and EBITDA margin rates. revenue growth rates, used by management by comparing them to actual and historical performance.; • Assessed the appropriateness of management's projections for revenue and EBITDA by comparing the current economic and industry trends and other public information; • Performed sensitivity analysis of significant assumptions to evaluate the potential changes in the recoverable amount of the operating segment that would result from changes in the assumptions; • Involved our valuation specialists we evaluated the Company's model, valuation methodology, and certain significant assumptions including the discount rates, comparative enterprise multiples and exit multiple compared against the ranges that were independently developed by our valuation specialists using publicly available market data for comparable entities and other sector data; • Assessed the adequacy of the Company's disclosures included in notes 3, 5 and 13 of the accompanying consolidated financial statements in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. 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 internal control relevant to the 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nabeel Pabani.

/s/ Ernst & Young LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
March 20, 2025

DENTALCORP HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(In millions of Canadian dollars, except per share amounts)

		Year ended December 31,	
		2024	2023[(i)]
	Note	$	$
Revenue	4	**1,545.1**	1,425.7
Cost of revenue		**772.4**	716.3
Gross profit		**772.7**	709.4
Selling, general and administrative expenses	20	**502.7**	474.4
Depreciation and amortization	9,10,11	**204.7**	203.1
Share-based compensation	18	**12.6**	12.1
Foreign exchange (gain) loss		**(0.7)**	0.3
Net finance costs	19	**92.4**	93.1
Change in fair value of financial instruments at fair value through profit or loss	16	**24.8**	5.6
Other losses	21	**10.9**	23.3
Loss before income taxes		**(74.7)**	(102.5)
Income tax recovery	17	**(15.3)**	(16.9)
Net loss and comprehensive loss		**(59.4)**	(85.6)
Loss per share			
Basic	22	**(0.31)**	(0.46)
Diluted	22	**(0.31)**	(0.46)

(i) Amounts have been restated from those previously reported as a result of a change in accounting policy. See Note 2.

The accompanying notes are an integral part of the consolidated financial statements

DENTALCORP HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In millions of Canadian dollars)

		As at December 31,	
		2024	2023
	Note	$	$
Assets			
Current assets			
Cash		**79.5**	39.0
Trade and other receivables	7	**101.2**	86.6
Inventories	8	**30.8**	39.5
Prepaid and other assets		**16.9**	14.8
		228.4	179.9
Non-current assets			
Trade and other receivables	7	**7.3**	8.7
Prepaid and other assets		**3.2**	3.7
Other financial assets	16	**0.1**	3.8
Preferred shares	12	**20.5**	—
Deferred tax asset	17	**94.7**	104.8
Property and equipment	9	**179.6**	177.3
Right-of-use assets	10	**283.6**	273.6
Intangible assets	11	**266.8**	322.1
Goodwill	5,13	**2,297.4**	2,216.4
		3,153.2	3,110.4
Total assets		**3,381.6**	3,290.3
Liabilities			
Current liabilities			
Trade and other payables	14	**157.5**	125.3
Contract liabilities	4	**5.0**	6.6
Lease liabilities	10	**29.5**	28.0
Income tax payable	17	**3.1**	—
Contingent consideration	16	**0.3**	4.3
		195.4	164.2
Non-current liabilities			
Contract liabilities	4	**1.1**	1.6
Lease liabilities	10	**293.5**	279.7
Borrowings	15	**1,047.0**	1,046.6
Derivative financial liability	16	**15.8**	—
Other financial liability	16	**4.8**	—
Deferred tax liability	17	**17.7**	40.7
Contingent consideration	16	**29.6**	19.7
Share-based payment liability	18	**2.1**	2.3
		1,411.6	1,390.6
Total liabilities		**1,607.0**	1,554.8
Shareholders' equity			
Share capital	18	**2,431.0**	2,255.1
Contributed surplus		**50.9**	94.8
Accumulated deficit		**(707.3)**	(614.4)
Total shareholders' equity		**1,774.6**	1,735.5
Total liabilities and shareholders' equity		**3,381.6**	3,290.3

The accompanying notes are an integral part of the consolidated financial statements

DENTALCORP HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In millions of Canadian dollars, except number of shares)

		Outstanding shares	Subordinate voting shares	Multiple voting shares			
	Note	Number of shares #	Amount $	Amount $	Contributed surplus $	Accumulated deficit $	Total shareholders' equity $
As at January 1, 2024		188,250,126	2,127.2	127.9	94.8	(614.4)	1,735.5
Consideration issued for acquisitions	5,18	2,556,715	20.7	—	—	—	20.7
Settlement of contingent consideration	16	157,447	1.0	—	—	—	1.0
Share repurchases and cancellations	18	(44,158)	(0.4)	—	—	—	(0.4)
Vesting of share-based payment awards	18	252,025	2.6	—	(3.4)	—	(0.8)
Share subscriptions	18	75,480	0.8	—	—	—	0.8
Restructure of Management Loan Program	18	—	105.0	—	(53.3)	(33.5)	18.2
Conversion of Multiple Voting Shares to Subordinate Voting Shares	18	—	6.7	(6.7)	—	—	—
Net proceeds from bought deal prospectus	18	5,265,000	46.2	—	—	—	46.2
Share-based compensation	18	—	—	—	12.8	—	12.8
Net loss and comprehensive loss		—	—	—	—	(59.4)	(59.4)
As at December 31, 2024		**196,512,635**	**2,309.8**	**121.2**	**50.9**	**(707.3)**	**1,774.6**
As at January 1, 2023		186,348,451	2,060.8	127.9	109.2	(510.2)	1,787.7
Consideration issued for acquisitions	5,18	3,211,961	23.0	—	—	—	23.0
Settlement of contingent consideration	16	160,501	1.4	—	—	—	1.4
Share repurchases and cancellations	18	(1,537,435)	(9.4)	—	—	—	(9.4)
Vesting of share-based payment awards	18	66,648	1.0	—	(3.9)	—	(2.9)
Restructure of Management Loan Program	18	—	50.4	—	(24.9)	(18.6)	6.9
Share-based compensation	18	—	—	—	14.4	—	14.4
Net loss and comprehensive loss		—	—	—	—	(85.6)	(85.6)
As at December 31, 2023		188,250,126	2,127.2	127.9	94.8	(614.4)	1,735.5

The accompanying notes are an integral part of the consolidated financial statements

DENTALCORP HOLDINGS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions of Canadian dollars)

	Note	Year ended December 31, 2024 $	2023 $
Operating activities			
Net loss		**(59.4)**	(85.6)
Adjustments to reconcile net loss to net cash flows:			
Depreciation and amortization	9,10,11	**204.7**	203.1
Share-based compensation	18	**12.6**	12.1
Net foreign exchange (gain) loss		**(0.6)**	0.5
Net finance costs	19	**92.4**	93.3
Change in fair value of financial instruments at fair value through profit or loss	16	**24.8**	5.6
Non-cash tax expense	17	**(15.3)**	(17.1)
Gain on termination of leases	10	**(0.3)**	(0.6)
Impairment of right-of-use assets	10	**—**	0.4
Other losses	21	**10.9**	23.3
Working capital changes:			
Trade and other receivables		**(12.2)**	1.7
Inventories		**1.1**	(4.2)
Prepaid and other assets		**(4.8)**	0.3
Trade and other payables		**29.5**	7.4
Contract liabilities		**(1.6)**	4.3
Interest paid		**(89.5)**	(94.5)
Interest received		**1.9**	3.4
		194.2	153.4
Investing activities			
Acquisition of dental practices	5	**(122.8)**	(134.2)
Payment of contingent consideration	16	**(5.0)**	(15.1)
Proceeds on disposal of dental practices	6	**4.2**	6.8
Purchase of property and equipment	9	**(38.7)**	(26.5)
Purchase of intangible assets	11	**(7.6)**	—
Development expenditures	11	**(0.8)**	(3.1)
Investment in Fund	16	**(0.1)**	—
		(170.8)	(172.1)
Financing activities			
Proceeds from issuance of shares	18	**50.0**	—
Feeds paid related to issuance of shares	18	**(3.3)**	—
Proceeds from borrowings	15	**—**	11.4
Repayment of borrowings	15	**—**	(26.1)
Transaction costs related to modification of borrowings	15	**(3.2)**	—
Share repurchases under normal course issuer bid	18	**—**	(8.7)
Settlement of share-based payments	18	**(0.2)**	(2.9)
Repayment of principal on leases	10	**(26.8)**	(26.0)
		16.5	(52.3)
Increase (decrease) in cash		**39.9**	(71.0)
Net foreign exchange difference		**0.6**	(0.5)
Cash, beginning of year		**39.0**	110.5
Cash, end of year		**79.5**	39.0

The accompanying notes are an integral part of the consolidated financial statements

1. General information

dentalcorp Holdings Ltd. (the "Company") was incorporated on April 20, 2018 under the provisions of the *Business Corporations Act* (British Columbia). The Company's head office is located at 181 Bay Street, Suite 2600, Toronto, Ontario, Canada, M5J 2T3, and its registered office is located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, Canada, V7X 1L3. The principal activity of the Company, through its subsidiaries, is to provide health care services by acquiring and partnering with dental practices in Canada.

On May 27, 2021, the Company completed an initial public offering (the "IPO") and its Subordinate Voting Shares began trading on the Toronto Stock Exchange ("TSX") under the symbol "DNTL".

2. Material accounting policy information

Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board and were approved and authorized for issuance by the Board of Directors of the Company (the "Board of Directors") on March 20, 2025.

The consolidated financial statements have been prepared on a historical cost basis, except for preferred shares, contingent consideration and derivative financial instruments, which have been measured at fair value.

The consolidated financial statements are presented in Canadian dollars, the Company's functional currency. All values presented are rounded to the nearest million, except where otherwise indicated.

The consolidated financial statements include comparative information in respect of the previous year. Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current year.

Basis of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: dentalcorp Health Services Ltd., DCC Health Services (Quebec) Inc. and 1348856 B.C. Ltd.

The consolidated financial statements also include 100% of the accounts of Dr. Larry Podolsky Dentistry Professional Corporation, Cliniques Dentaires Dr. Sam N. Sgro Inc., Larry G. Podolsky Dentistry Professional Corporation, Dr. Podolsky Dental Professional (NS) Inc., Dr. Larry Podolsky Dental Corporation, Dr. Podolsky (NB) Professional Corporation, Dr. Larry Podolsky (YK) Professional Corporation, Dr. Larry Podolsky Dental Clinic Inc., Dr. Podolsky (PEI) Professional Corporation, Dr. Larry Podolsky Dental Professional Corporation, Mel McManus (Manitoba) Dental Corporation, and C.W.A. Young Professional Corporation (collectively, the "Professional Corporations"). The Company does not hold an equity interest in the Professional Corporations but has consolidated these entities on the basis of contractual relationships with the Company.

The assets and liabilities recognized as a result of amalgamation of subsidiaries between entities under common control are recorded at the carrying value in the transferor's financial statements immediately prior to the amalgamation.

All intercompany assets and liabilities, equity, income, expenses and cash flows related to transactions between the Company, its wholly owned subsidiaries and the Professional Corporations are eliminated in full on consolidation.

Material accounting policies

Change in accounting policy – variable compensation expense

During the year ended December 31, 2024, the Company conducted a re-assessment of its accounting policy regarding the presentation of variable compensation expenses in the consolidated statements of loss and comprehensive loss.

Historically, variable compensation expenses were classified within cost of revenue. Effective July 1, 2024, the Company opted to change its accounting policy to present variable compensation expenses within selling, general and administrative expenses. This decision is based on management's belief that such presentation offers enhanced relevance and clarity for users of the Company's consolidated financial statements, as it better reflects the context in which such expenses are incurred. In accordance with IAS 1, *Presentation of Financial Statements,* expenses should be classified based on their nature and the operational activities to which they relate, thereby facilitating a clearer understanding of the Company's financial performance and providing more relevant and reliable information to users.

The change in accounting policy has been applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.* Consequently, all comparative information in the consolidated financial statements has been restated to conform with the presentation for the year ended December 31, 2024.

The following table summarizes the impact to the consolidated statements of loss and comprehensive loss:

	For the year ended December 31, 2023		
	Previous accounting policy	**Adjustments**	**Restated**
Cost of revenue	728.9	(12.6)	716.3
Gross profit	696.8	12.6	709.4
Selling, general and administrative expenses	461.8	12.6	474.4
Loss before income taxes	(102.5)	—	(102.5)
Net loss and comprehensive loss	(85.6)	—	(85.6)

For the impact on selling, general and administrative expenses, refer to Note 20.

Revenue recognition

The Company recognizes revenue from the provision of dental and health care services (the "services"). For services provided at a point in time, revenue is recognized when the services are provided. For services provided over a period of time, revenue is recognized over the period the performance obligation is satisfied (i.e., over the course of the specific dental or health care treatment). The Company uses the input method, specifically labour hours expended and raw material costs incurred, to measure the Company's progress towards complete satisfaction of a performance obligation.

For services provided over a period of time, the Company adjusts the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised service to a patient and when the patient pays for that service is determined to be significant. The Company applies the practical expedient in IFRS 15, *Revenue from Contracts with Customers*, for short-term advances if the period between the transfer of the service and the payment is one year or less.

The Company recognizes contract assets when the services have been provided and revenue has been recognized, but the consideration is conditional not only on the passage of time. Contract assets are then reclassified to trade and other receivables upon invoice to patients. Contract liabilities represent cash received for which the revenue is not yet earned.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, where the fair value of consideration transferred is allocated to the fair value of assets acquired and liabilities assumed at the date of acquisition. The fair value of consideration transferred is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company. The excess of consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

Transaction costs incurred in connection with an acquisition, other than costs associated with the issuance of debt or equity securities, are expensed as incurred and included in selling, general and administrative expenses.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as a financial liability that is a financial instrument and within the scope of IFRS 9, *Financial Instruments* ("IFRS 9"), is measured at fair value with the changes in fair value recognized in the consolidated statements of loss and comprehensive loss in accordance with IFRS 9.

If the initial accounting for an acquisition is incomplete by the end of the reporting period in which the acquisition occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Company's policy for impairment of goodwill is described below.

Property and equipment

Property and equipment that are acquired separately are initially recognized at cost. Property and equipment that are acquired in a business combination are initially recognized at cost, which is their fair value at the date of acquisition.

Following initial recognition, freehold land is recorded at cost less accumulated impairment losses. Freehold land is not depreciated. Other property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to depreciate the cost of the assets less their residual values over their useful lives using the straight-line method. The Company reviews the depreciation methods, useful lives and residual values at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

• Equipment	5-20 years
• Furniture and fittings	5 years
• IT hardware	3 years
• Buildings	35-60 years
• Leasehold improvements	Lesser of useful life (10-15 years) and the lease term

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statements of loss and comprehensive loss.

Intangible assets

Intangible assets that are acquired separately are initially recognized at cost. Intangible assets that are acquired in a business combination are initially recognized at cost, which is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The estimated useful lives of the Company's intangible assets are as follows:

• Customer relationships	7 years
• Brand	7 years
• Non-compete agreements	7 years
• Other	2-6 years

Internally developed software

Research costs are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the development so that the software will be available for use; (ii) the intention to complete the development and its ability to use the software; (iii) how the software will generate probable future economic benefits; (iv) the availability of resources to complete the software; and (v) the ability to measure reliably the expenditure attributable to the software during its development. Following initial recognition of the development costs as an intangible asset, the software is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the software begins when development is complete, and the asset is available for use and is amortized, on a straight-line basis, over the period of expected future benefit. The estimated useful life of the Company's software is 3-5 years.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease at inception of the contract, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases and leases of low-value assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement day, less any lease incentives received. Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to impairment. Refer to "Impairment of non-financial assets".

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate ("IBR"). The lease payments include fixed payments and variable lease payments that depend on an index or rate, less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its IBR at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low-value (i.e., leases with annual lease payments less than USD $5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which the event or condition that triggers the payment.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and included in lease liabilities in the consolidated statements of financial position. To the extent that the costs relate to a right-of-use asset, the costs are also included in the related right-of-use asset.

The Company as lessor

The Company enters into sub-lease arrangements for a number of properties over which it maintains the head-lease with the lessor. Sub-leases have been classified as either finance leases or operating leases by reference to the right-of-use asset arising from the head-lease. The lease receivable arising under a finance lease is not considered material and has been derecognized from the right-of-use asset and classified within "Other receivables" in Note 7.

Impairment of non-financial assets

Goodwill is reviewed for impairment as at December 31 and when circumstances indicate that the carrying value may be impaired. Goodwill impairment is determined by assessing the recoverable amount (i.e., the higher of value in use and fair value less costs to sell) of the group of cash-generating units ("CGUs") to which the goodwill relates. When the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the CGU to which it belongs, being the smallest group of assets to which the asset belongs for which there are separately identifiable cash flows. Impairment losses are included in profit or loss.

Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost comprises cost of purchase and other costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost basis. Net realizable value represents the estimated selling price less the estimated costs necessary to make the sale.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the Company's consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Classification and subsequent measurement of financial assets

Financial assets are classified and subsequently measured based on the business model in which they are held and the characteristics of their contractual cash flows. The Company classifies its financial assets under the following four categories: (i) at amortized cost; (ii) at fair value through other comprehensive income ("FVTOCI") with recycling of cumulative gains and losses; (iii) designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition; and (iv) financial assets at FVTPL.

The Company's financial assets consist of cash, trade and other receivables, preferred shares and other financial assets.

Cash and trade and other receivables have been classified at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest method. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Derivative assets and preferred shares have been classified at FVTPL. Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising on remeasurement recognized in "Change in fair value of derivative instruments" or "Change in fair value of preferred shares" in the consolidated statements of loss and comprehensive loss.

The Company's accounting policy for derivative instruments is described below per "Derivative instruments".

Impairment of financial assets

The Company recognizes lifetime expected credit losses ("ECL") for trade and other receivables, excluding receivables from Partner dentists. The ECL on trade and other receivables are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the Company's dental and health care patients and current and forecasted economic conditions.

For receivables from Partner dentists, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the receivable has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, the 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Further disclosures relating to the impairment of trade and other receivables are provided in Note 16.

Subsequent classification and measurement of financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities that are not (i) contingent consideration that may be paid as part of a business combination; (ii) held for trading ("HFT"); or (iii) designated as FVTPL are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability. Interest expense from these financial liabilities is included within finance costs in the consolidated statements of loss and comprehensive loss.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid as part of a business combination; (ii) HFT; or (iii) it is designated as at FVTPL.

Financial liabilities are classified as HFT if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as HFT unless they are designated as effective hedging instruments.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in "Change in fair value of derivative instruments", "Change in fair value of contingent consideration", and "Change in fair value of preferred shares" in the consolidated statements of loss and comprehensive loss.

During the years ended December 31, 2024 and 2023, the Company's financial liabilities consisted of:

	Initial measurement	**Subsequent measurement**
Trade and other payables	Fair value	Amortized cost
Borrowings	Fair value	Amortized cost
Contingent consideration	Fair value	FVTPL
Derivative financial liability	Fair value	FVTPL
Other financial liability	Fair value	FVTPL

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative instruments

The Company has entered into derivative instruments to manage its exposure to interest rate changes on variable rate borrowings. Further details of derivative instruments are disclosed in Note 16.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately as the Company's derivatives are not designated and effective as a hedging instrument.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Foreign currency translation and functional currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit and loss in the period in which they arise.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the jurisdictions wherein the Company operates and generates taxable income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

Legacy Option Plan

Options issued to employees under the Company’s Legacy Option Plan have been classified as cash-settled share-based payments.

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the period.

Details regarding the Legacy Option Plan and the determination of fair values are set out in Note 18.

Other share plans

Share-based payment arrangements issued to employees and others providing similar services under the Company's Equity Incentive Plan, Management Loan Program ("MLP") and Deferred Share Unit Plan have been classified as equity-settled share-based payment arrangements.

Equity-settled share-based payment arrangements are measured at the fair value of the equity instruments at the grant date and are recognized in the consolidated statements of loss and comprehensive loss on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in share-based compensation expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus within equity.

Details regarding the Equity Incentive Plan, MLP and the Deferred Share Unit Plan and the determination of fair values are set out in Note 18.

Impact of amended IFRS standards that are effective for the current period

The Company applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after January 1, 2024, including *Amendments to IFRS 16, Leases – Lease Liability in a Sale and Leaseback; Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current;* and *Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures*. The implementation of *Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current* resulted in additional disclosure with respect to the Company's covenants, which has been included in Note 15. All other amendments had no impact on the consolidated financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective (see below).

Amended IFRS standards in issue but not yet effective

The following amendments to existing standards have not yet been adopted by the Company:

- *Amendments to IAS 21, Lack of Exchangeability – Effects of Changes in Foreign Exchange Rates* – specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are effective for annual periods beginning on or after January 1, 2025.
- *Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments* – amended the requirements related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance-linked features. In addition, there are amendments to disclosure requirements relating to investments in equity instruments designated at FVTOCI and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments are effective for annual periods beginning on or after January 1, 2026.
- IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18") – IFRS 18 replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces new categories and subtotals in the statement of loss and comprehensive loss, new requirements for the disclosure of management-defined performance measures (defined as a subtotal of income and expenses that an entity uses in public communications outside of its financial statements to communicate management's view of financial performance to users), and new requirements for the location, aggregation and disaggregation of financial information. The amendments are effective for annual periods beginning on or after January 1, 2027.
- IFRS 19, *Subsidiaries without Public Accountability Disclosures* ("IFRS 19") – IFRS 19 outlines the requirements for eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS. The amendments are effective for annual periods beginning on or after January 1, 2027.
- *Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – deals with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The effective date of these amendments has yet to be set.

The Company expects that the introduction of IFRS 18 will have a material impact on the Company's consolidated financial statements given the new presentation requirements and the requirement to disclose management-defined performance measures. For all other amendments, the Company does not expect that the amendments will have a material impact. All new standards and amendments to existing standards will be adopted by the Company as of their effective date.

3. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Consolidation of the Professional Corporations

The Company has certain rights defined by its contractual arrangements with the Professional Corporations. As the Company does not hold an equity interest in the Professional Corporations, it applies judgment in evaluating those contractual rights to determine when consolidation is appropriate.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable period of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised ("renewal periods"). Judgment is applied in evaluating whether it is reasonably certain that the renewal option will be exercised. In making this determination, the Company considers all relevant factors that create an economic incentive for it to exercise the renewal option.

In practice, the Company typically exercises its option to renew its property leases due to the significant costs of relocating a dental practice. The number of renewal periods included in the lease term is assessed on a lease by lease basis, but it typically ranges from one to two renewal periods. Renewal periods extending the lease term beyond 15 years are typically excluded from the lease term as it is not considered reasonably certain that they will be exercised.

Determining the grouping of assets into CGUs

The Company applies judgment in determining the appropriate grouping of assets into CGUs for the purpose of testing long-lived assets for impairment. For property and equipment, intangible assets, and right-of-use assets, the Company has identified its CGUs as individual dental practices or groups of practices, based on the way these assets are managed and utilized in generating cash inflows. In the case of testing goodwill for impairment, the Company assesses impairment at the level of its operating segment, which represents the lowest level at which goodwill is monitored for internal management purposes.

The identification of CGUs requires careful consideration of how assets generate independent cash flows and how they are managed within the organization. This judgment could impact the impairment testing process, and changes in the grouping of assets could lead to different impairment results.

Recognition of deferred tax assets on accumulated tax losses

The recognition of deferred tax assets on accumulated tax losses requires significant judgment. The Company recognizes a deferred tax asset for tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilized.

In assessing the recoverability of deferred tax assets related to accumulated tax losses, management evaluates various factors, including the Company's historical and projected future taxable income, the reversal of existing taxable temporary differences and tax planning strategies. The ability to offset tax losses against future taxable income depends on the Company's forecasts of future earnings, which may be influenced by both internal and external factors such as economic conditions, market performance, and changes in tax laws.

Where it is determined that future taxable income is insufficient to recover the deferred tax asset, a valuation allowance is established to reduce the carrying amount of the tax losses. The assessment of the realization of deferred tax assets on accumulated tax losses is reviewed regularly and adjusted if necessary.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The fair value of the intangible assets acquired in a business combination

Acquisitions are accounted for by applying the acquisition method of accounting, where the fair value of consideration is allocated to the fair value of assets acquired and liabilities assumed at the date of acquisition. In determining the fair values of assets and liabilities assumed, various assumptions are made. The most significant assumptions and those requiring the most judgment involve the estimated fair values of intangible assets.

Intangible assets recognized on the acquisition of the dental practices include customer relationships, brand and non-compete agreements. The fair values of the customer relationships are valued using the multi-period excess earnings method, which measures fair value by discounting only the expected future cash flows attributable to a single intangible asset less a contributory asset charge. The fair value of brands is valued using the relief from royalty method, which measures fair value based on hypothetical royalty payments that would be saved by owning the asset rather than licensing it. Non-compete agreements are valued using the simplified differential Valuation approach, which measures fair value by discounting cash flows with and without the key person(s) under the non-compete arrangement.

The fair value of contingent consideration

The Company measures the fair value of contingent consideration based on a discounted cash flow analysis. The estimated cash flows are based on the growth-adjusted, trailing 12 months' actual results. The expected cash flows are then discounted back to present values at a rate adjusted for the counterparty or the Company's own credit risk.

The fair value of the Management Preferred Shares

The Company uses a Monte Carlo simulation approach to measuring the fair value of the Management Preferred Shares, applying pre-defined probability and economic assumptions (i.e., risk-free rate and expected share volatility) and the Geometric Brownian process to simulate the share prices of the Company. The expected redemption value of the Management Preferred Shares is then discounted back to present value at a rate that reflects the Company's credit risk.

Additional information on the determination of fair value of the Management Preferred Shares is included in Note 16.

Measurement of impairment of non-financial assets, including goodwill

For all impairment tests, the Company compares the carrying value of the asset, CGU or group of CGUs to their recoverable amount, which is the higher of fair value less costs to dispose ("FVLCD") and value in use ("VIU").

The Company's determination of recoverable amount based on FVLCD is prepared on a discounted cash flow basis consistent with assumptions that a market participant would make. Those assumptions are compiled based on a review of historical data from both external and internal sources, including historical and forecast growth rates, available enterprise multiples, and an assessment of future trends in the dental industry. The future cash flow estimates are then discounted to their present value using an appropriate post-tax discount rate.

The Company's determination of recoverable amount based on VIU is based on a discounted cash flow model. Future cash flows are estimated based on a multi-year extrapolation of the most recent historical actual results or forecasts and a terminal value calculated by discounting the final year in perpetuity. The growth rate applied to the terminal value is based on the Company's estimate of the growth rate specific to the asset, CGU or group of CGUs. The future cash flow estimates are then discounted to their present value using an appropriate pre-tax discount rate.

The key assumptions used to determine the recoverable amount of goodwill, including a sensitivity analysis, are disclosed in Note 13.

Measurement of depreciation and amortization for long-lived assets

The Company employs significant estimates to determine the estimated useful lives of property and equipment, intangible assets and right-of-use assets, considering the nature of the asset, contractual rights and expected use. The Company reviews depreciation and amortization methods and useful lives annually or whenever circumstances change and adjusts its methods and assumptions on a prospective basis.

Effective October 1, 2024, the Company revised its estimate of the useful lives of certain categories of property and equipment. This change was made to better reflect the actual usage patterns associated with the equipment. As a result of this change, the useful lives for certain equipment were extended, leading to a reduction in depreciation expense for the year ended December 31, 2024. This change was accounted for prospectively and had no impact on comparatives.

Measurement of the fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share instrument, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using a Black-Scholes model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses the Black-Scholes model.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

Estimation of the consumption and valuation of consumable inventories

The Company performs certain verification procedures as at each reporting date, to verify the consumption of inventories, and applies the results of those procedures to estimate the quantity of inventories that are held across different geographic regions and numerous dental operatories at each reporting date.

Determination of the incremental borrowing rate for property leases

The Company cannot readily determine the interest rate implicit in the lease; therefore, it uses its IBR to measure lease liabilities. The Company determines the IBR as the rate of interest that the Company would pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment. To determine the IBR, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk specific to the Company and the health care industry.

4. Operating segment and revenue

The Company is organized into one reportable operating segment, being the provision of health care services within Canada. Operating segments are reported in a manner that is consistent with internal reports provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segment, has been identified as the Chief Executive Officer ("CEO").

All of the Company's revenue and non-current assets are derived from and located within Canada. The Company does not derive revenue from any single customer that exceeds 10% or more of the Company's revenue.

The Company has recognized the following amounts related to revenue in the consolidated statements of loss and comprehensive loss:

	Year ended December 31,	
	2024	**2023**
	$	**$**
Revenue recognized at a point in time	**1,503.9**	1,372.8
Revenue recognized from the transfer of services over time	**41.2**	52.9
	1,545.1	1,425.7

As at December 31, 2024, the Company has recognized contract liabilities in the consolidated statements of financial position of $6.1 million (December 31, 2023: $8.2 million) of which $5.0 million is expected to be recognized in revenue during the year ended December 31, 2025 and $1.1 million during the year ended December 31, 2026. Revenue recognized for the year ended December 31, 2024 includes $6.2 million that was included in contract liabilities at the end of December 31, 2023.

5. Business combinations

Acquisition of dental practices

During the year ended December 31, 2024, the Company acquired 33 dental practices (representing 30 dental practice locations) by way of the acquisition of all of the issued and outstanding shares or assets of such dental practices (year ended December 31, 2023: 27 dental practice acquisitions (representing 27 dental practice locations)). Each of the acquisitions complements the Company's acquisition and growth strategies.

The following table summarizes the fair value of assets acquired and liabilities assumed at the dates of acquisition:

	Year ended December 31,	
	2024	2023
	$	$
Assets		
Inventories	**0.8**	0.7
Property and equipment(i)	**25.6**	20.8
Right-of-use assets(ii)	**22.7**	20.7
Intangible assets(iii)	**47.4**	41.7
Liabilities		
Lease liabilities(ii)	**22.2**	21.7
Deferred tax liabilities	**5.8**	8.0
Total identifiable net assets at fair value	**68.5**	54.2
Goodwill arising on acquisition(iv)	**84.9**	95.7
Total consideration transferred	**153.4**	149.9

(i) The Company measured the fair value of property and equipment using the replacement cost new method, which involves estimating the cost of replacing an item of property and equipment and reducing that cost to reflect the applicable decline in value of the property and equipment from physical deterioration.

(ii) The Company measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

(iii) For the year ended December 31, 2024, intangible assets comprise customer relationships of $43.8 million (year ended December 31, 2023: $38.3 million), brands of $2.6 million (year ended December 31, 2023: $2.6 million) and non-compete agreements of $1.0 million (year ended December 31, 2023: $0.8 million).

(iv) Goodwill recognized is primarily attributable to the anticipated improvement in the operations of the acquired dental practices and synergies with existing operations as a result of implementation of the Company's business strategies. None of the goodwill recognized on acquisition is expected to be deductible for income tax purposes.

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

	Year ended December 31,	
	2024	2023
	$	$
Purchase consideration		
Cash	**124.6**	118.9
Equity instruments(i)	**20.7**	23.0
Contingent consideration(ii)	**8.1**	8.0
Total purchase consideration	**153.4**	149.9

(i) For the year ended December 31, 2024, the weighted average estimated fair value of the Company's Subordinate Voting Shares was $8.22 (year ended December 31, 2023: $7.17). The fair value of the Company's Subordinate Voting Shares is determined based on the volume weighted average price per share of the Subordinate Voting Shares on the TSX over the 20 trading days prior to the acquisition date.

(ii) The Company has certain earn-out arrangements in place whereby it has agreed to pay Partner dentists additional consideration based on an agreed-upon multiple of the EBITDA of the acquired practice (being the revenue of the practice, less expenses of the practice), subject to certain adjustments, over an agreed-upon period. During the year ended December 31, 2024, the Company included contingent consideration of $8.1 million (year ended December 31, 2023: $8.0 million), which represents its fair value at the date of acquisition and is based on the expected discounted cash flows of the dental practice post-acquisition. Refer to Note 16 for additional information.

For the year ended December 31, 2024, the Company incurred acquisition-related costs of $4.3 million (year ended December 31, 2023: $4.3 million), which have been included in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

For all acquisitions that closed during the period from March 23, 2024 to December 31, 2024, the purchase price allocation is considered to be provisional, and subsequent adjustments during the measurement period (i.e., within one year) may occur as the Company completes its estimation of the fair value of assets acquired and liabilities assumed, including the valuation of property and equipment, leases, intangible assets, contingent consideration and deferred tax balances. All acquisitions that closed on or prior to March 22, 2024 that had been accounted for on a provisional basis have now been finalized.

During the year ended December 31, 2024, the Company updated the purchase price allocations for certain acquisitions that took place during the three months ended December 31, 2023. These adjustments resulted in an increase in contingent consideration of $1.8 million and an increase in goodwill of $1.8 million, which have been reflected as an adjustment to the comparative consolidated statements of financial position as at December 31, 2023.

The acquired dental practices have contributed revenue and net income for the year ended December 31, 2024 of $33.1 million and $4.7 million, respectively (year ended December 31, 2023: $30.2 million and $4.4 million, respectively).

Pro forma results of operations

If the acquisitions for the year ended December 31, 2024 had occurred at the beginning of 2024, the Company estimates that consolidated revenue of $1,545.1 million would have increased by $54.3 million to $1,599.4 million.

If the acquisitions for the year ended December 31, 2024 had occurred at the beginning of 2024, the Company estimates that consolidated net loss of $59.4 million would have decreased by $14.7 million to $44.7 million.

The pro forma results do not purport to be indicative of the results of operations that would have resulted had the acquisitions occurred at the beginning of the respective periods in which the acquisitions took place, nor are they necessarily indicative of future operating results.

Bridge from fair value of cash consideration to acquisition cash outflow

	Year ended December 31,	
	2024	**2023**
	$	**$**
Fair value of cash consideration	**124.6**	118.9
Holdback on current year deals(i)	**(5.6)**	(4.4)
Holdback payment on prior year deals(i)	**3.8**	19.7
Acquisition of dental practices	**122.8**	134.2

(i) For certain acquisitions, the Company will hold back a percentage of the total consideration payable and recognize a holdback payable to the acquiree. As at December 31, 2024, $7.0 million of the cash consideration remained payable to the vendors and is recorded in trade and other payables in the consolidated statements of financial position (December 31, 2023: $5.2 million).

6. Disposal of dental practices

During the year ended December 31, 2024, the Company disposed of its interest in five dental practices for consideration of $4.7 million (year ended December 31, 2023: the Company disposed of its interest in 17 dental practices for consideration of $9.5 million).

The following table outlines the net assets of the dental practices at the date of disposal:

	Year ended December 31,	
	2024	2023
	$	$
Assets		
Trade and other receivables	**10.7**	11.7
Inventories	**0.5**	1.2
Property and equipment	**0.5**	1.7
Right-of-use assets	**3.1**	6.1
Intangible assets	**0.3**	1.9
Goodwill	**3.9**	16.8
Liabilities		
Contract liabilities	**0.4**	1.9
Lease liabilities	**3.6**	7.0
Net assets disposed	**15.0**	30.5
Loss on disposal	**10.3**	21.0
Total consideration	**4.7**	9.5
Satisfied by:		
Cash	**4.2**	6.8
Holdback receivable[(i)]	**0.1**	0.2
Deferred consideration[(ii)]	**—**	0.2
Promissory note[(iii)]	**0.4**	2.3
	4.7	9.5

(i) Refers to non-interest-bearing promissory notes issued by the Purchaser in favour of the Company, payable to the Company upon receipt of consents to lease assignments from applicable landlords.

(ii) Refers to the amount by which the aggregate accounts receivable exceeded the dental practice patient prepayments at the time of closing, payable on or prior to six months from the closing date.

(iii) For disposals that were completed during the year ended December 31, 2024, one Purchaser issued a secured promissory note in favour of the Company for $0.4 million (the “Third Promissory Note”). The Third Promissory Note bears interest at the Canadian Imperial Bank of Commerce (“CIBC”) prime rate plus 2% per annum and is secured by a second-priority general security agreement over the assets of the Purchaser. Interest is compounded annually and the principal amount, plus any interest accrued, is payable on June 28, 2025.

For disposals that were completed during the year ended December 31, 2023:

- one Purchaser issued a secured promissory note in favour of the Company for $2.0 million (the “First Promissory Note”). The First Promissory Note bears interest at the CIBC prime rate plus 1.0% per annum and is secured by a second-priority general security agreement over the assets of the Purchaser. Interest is compounded annually and the principal amount, plus any interest accrued, is payable on March 31, 2025.
- one Purchaser issued a secured promissory note in favour of the Company for $0.2 million (the “Second Promissory Note”). The Second Promissory Note bore interest at the CIBC prime rate plus 3.0% per annum and was secured by a second-priority general security agreement over the assets of the Purchaser. Interest was compounded annually and the principal amount, plus any interest accrued, was paid as at December 31, 2023.

For the year ended December 31, 2024, the Company has recognized interest income on the promissory notes of $0.2 million (year ended December 31, 2023: $0.1 million), in net finance costs in the consolidated statements of loss and comprehensive loss.

The disposed dental practices contributed revenue and net loss for the year ended December 31, 2024 of $3.9 million and $nil, respectively (year ended December 31, 2023: revenue and net income of $8.5 million and $0.5 million, respectively).

The loss on disposal for the year ended December 31, 2024 of $10.3 million (year ended December 31, 2023: $21.0 million) is included in other losses in the consolidated statements of loss and comprehensive loss.

7. Trade and other receivables

	As at December 31,	
	2024	2023
	$	$
Current		
Trade and Partner receivables(i)	**107.3**	93.1
Other receivables(ii)	**8.7**	6.5
	116.0	99.6
Allowance for ECL (Note 16)	**(14.8)**	(13.0)
	101.2	86.6
Non-current		
Trade and Partner receivables(i)	**2.5**	5.4
Other receivables(ii)	**4.8**	3.3
	7.3	8.7
Allowance for ECL (Note 16)	**—**	—
	7.3	8.7
	108.5	95.3

(i) Upon acquisition of a dental practice, the Company, Professional Corporation and Partner dentist will enter into a remuneration arrangement that is linked to ongoing practice performance. Partner receivables arising under the remuneration arrangement can be settled either (a) in cash; (b) as a reduction in monthly revenue allocations payable to the Partner dentist; or (c) through cancellation of the Company’s Subordinate Voting Shares held by the Partner dentist. For additional details on Partner receivables, please refer to Note 16.

(ii) Included in other receivables as at December 31, 2024 are amounts due from related parties of $3.9 million (December 31, 2023: $3.0 million). Refer to Note 24 for additional details.

Set out below is the movement in the allowance for ECL:

	As at December 31,	
	2024	2023
	$	$
Balance, beginning of year	**13.0**	11.6
Allowance for ECL	**3.3**	3.4
Write-off of trade and Partner receivables	**(1.5)**	(2.0)
Balance, end of year	**14.8**	13.0

Details about the Company's impairment policies and the calculation of the allowance for ECL are provided in Note 2 and Note 16, respectively.

8. Inventories

	As at December 31, 2024	As at December 31, 2023
	$	$
Current		
Consumables	**30.8**	39.9
Provision for obsolescence	**—**	(0.4)
	30.8	39.5

Inventories recognized as an expense during the year ended December 31, 2024 amount to $77.4 million (year ended December 31, 2023: $71.1 million) and are included in cost of revenue in the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2024, the Company disposed of five dental practices that included inventories with a carrying value of $0.5 million (year ended December 31, 2023: disposed of 17 dental practices that included inventories with a carrying value of $1.2 million). Refer to Note 6 for additional information.

9. Property and equipment

	Equipment	Furniture and fixtures	IT hardware	Leasehold improvements	Land and buildings	Total
	$	$	$	$	$	$
Cost						
As at January 1, 2023	177.3	32.4	33.0	183.2	9.9	435.8
Additions	16.0	1.7	3.9	4.9	—	26.5
Acquisitions (Note 5)	7.1	2.5	0.4	10.8	—	20.8
Disposals	(0.6)	(0.1)	(0.1)	(2.7)	—	(3.5)
Disposals from sale of practices (Note 6)	(3.3)	(1.1)	(1.0)	(4.4)	—	(9.8)
As at December 31, 2023	196.5	35.4	36.2	191.8	9.9	469.8
Additions	20.1	0.7	7.2	11.3	—	39.3
Acquisitions (Note 5)	8.5	3.1	0.4	13.6	—	25.6
Disposals	(1.7)	(0.1)	(0.2)	(1.9)	—	(3.9)
Disposals from sale of practices (Note 6)	(1.3)	(0.1)	(0.3)	(1.9)	—	(3.6)
As at December 31, 2024	**222.1**	**39.0**	**43.3**	**212.9**	**9.9**	**527.2**
Accumulated depreciation and impairment						
As at January 1, 2023	116.4	19.8	27.8	71.6	0.1	235.7
Depreciation	33.6	7.7	3.4	22.3	0.1	67.1
Impairment	—	—	—	0.1	—	0.1
Disposals	(0.4)	(0.1)	—	(1.8)	—	(2.3)
Disposals from sale of practices (Note 6)	(2.6)	(1.1)	(0.8)	(3.6)	—	(8.1)
As at December 31, 2023	147.0	26.3	30.4	88.6	0.2	292.5
Depreciation	28.1	6.2	3.6	23.5	0.1	61.5
Disposals	(1.7)	(0.1)	(0.2)	(1.3)	—	(3.3)
Disposals from sale of practices (Note 6)	(1.1)	(0.1)	(0.2)	(1.7)	—	(3.1)
As at December 31, 2024	**172.3**	**32.3**	**33.6**	**109.1**	**0.3**	**347.6**
Carrying value						
As at December 31, 2024	**49.8**	**6.7**	**9.7**	**103.8**	**9.6**	**179.6**
As at December 31, 2023	49.5	9.1	5.8	103.2	9.7	177.3

During the year ended December 31, 2024, the Company disposed of five dental practices that included property and equipment with a carrying value of $0.5 million (year ended December 31, 2023: disposed of 17 practices, that included property and equipment with a carrying value of $1.7 million). Refer to Note 6 for additional information.

During the year ended December 31, 2024, the Company disposed of additional property and equipment that had a carrying value of $0.6 million for proceeds of $nil (year ended December 31, 2023: carrying value of $1.2 million for proceeds of $nil). A loss on disposal of property and equipment of $0.6 million (year ended December 31, 2023: $1.2 million) has been recognized in other losses in the consolidated statements of loss and comprehensive loss.

Included in additions for the year ended December 31, 2024 are $0.6 million of capital contributions made by Associate dentists to fund the construction costs and other capital expenditures of the De novo practices (defined in Note 16).

During the year ended December 31, 2024, the Company recognized no impairment on property and equipment. For the year ended December 31, 2023, an impairment of $0.1 million was recognized in other losses in the consolidated statements of loss and comprehensive loss related to property and equipment held by certain dental practices.

10. Leases

Company as lessee

The Company assumes property leases on acquisition of its dental practices. Property leases generally have lease terms ranging from 5 to 10 years, with several renewal options. The Company also has certain property leases and leases of office equipment with lease terms of 12 months or less or with low value. The Company applies the "short-term lease" and "lease of low value assets" recognition exemptions for these leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets

Set out below are the carrying amount of right-of-use assets and the movements during the year:

	Total $
As at January 1, 2023	282.6
Additions	2.0
Acquisitions (Note 5)	20.7
Modifications, net	11.4
Depreciation	(31.7)
Impairment	(0.4)
Terminations	(4.9)
Disposal of practices (Note 6)	(6.1)
As at December 31, 2023	273.6
Additions	6.7
Acquisitions (Note 5)	22.7
Modifications, net	17.7
Depreciation	(32.4)
Derecognition on sub-lease	(1.0)
Terminations	(0.6)
Disposal of practices (Note 6)	(3.1)
As at December 31, 2024	**283.6**

During the year ended December 31, 2024, the Company disposed of 5 dental practices that included right-of-use assets with a carrying value of $3.1 million (year ended December 31, 2023: disposed of 17 dental practices that included right-of-use assets of $6.1 million). Refer to Note 6 for additional information.

During the year ended December 31, 2024, the Company recognized no impairment on right-of-use assets. For the year ended December 31, 2023, an impairment of $0.4 million was recognized in “occupancy costs” in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss related to right-of-use assets recognized by certain dental practices.

Lease liabilities

The maturity analysis of lease liabilities is disclosed in Note 16. Set out below are the carrying amount of lease liabilities and the movements during the year:

	Total $
As at January 1, 2023	310.9
Additions	2.0
Acquisitions (Note 5)	21.7
Modifications, net	11.4
Accretion of interest (Note 19)	17.3
Payments	(43.1)
Terminations	(5.5)
Disposal of practices (Note 6)	(7.0)
As at December 31, 2023	307.7
Additions	6.7
Acquisitions (Note 5)	22.2
Modifications, net	17.7
Accretion of interest (Note 19)	18.4
Payments	(45.2)
Terminations	(0.9)
Disposal of practices (Note 6)	(3.6)
As at December 31, 2024	**323.0**

During the year ended December 31, 2024, the Company disposed of 5 dental practices that included lease liabilities with a carrying value of $3.6 million (year ended December 31, 2023: disposed of 17 dental practices that included lease liabilities with a carrying value of $7.0 million). Refer to Note 6 for additional information.

The following are amounts related to leases recognized in the consolidated statements of loss and comprehensive loss:

	Year ended December 31,	
	2024 $	2023 $
Depreciation expense on right-of-use assets	**32.4**	31.7
Interest accretion on lease liabilities (Note 19)	**18.4**	17.3
Variable lease expense	**42.1**	40.2
Expense related to short-term leases	**1.1**	0.1
Expense related to low-value leases	**0.3**	—
Gain on termination of leases	**(0.3)**	(0.6)
Impairment	**—**	0.4
	94.0	89.1

During the year ended December 31, 2024, the Company terminated a number of its property leases, resulting in a gain on termination of $0.3 million (year ended December 31, 2023: gain of $0.6 million), which has been net against “occupancy costs” in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

The following are amounts related to leases recognized in the consolidated statements of cash flows:

	Year ended December 31, 2024 $	Year ended December 31, 2023 $
Total cash outflow for leases	88.7	83.4

11. Intangible assets

	Customer relationships $	Brand $	Non-Compete agreements $	Software $	Other $	Total $
Cost						
As at January 1, 2023	653.6	33.7	10.8	11.5	—	709.6
Additions	—	—	—	3.1	—	3.1
Acquisitions (Note 5)	38.3	2.6	0.8	—	—	41.7
Disposals	(1.4)	—	—	—	—	(1.4)
Disposals from sale of practices (Note 6)	(2.1)	—	—	—	—	(2.1)
As at December 31, 2023	688.4	36.3	11.6	14.6	—	750.9
Additions	—	—	—	3.8	4.6	8.4
Acquisitions (Note 5)	43.8	2.6	1.0	—	—	47.4
Disposals from sale of practices (Note 6)	(0.4)	—	—	—	—	(0.4)
As at December 31, 2024	**731.8**	**38.9**	**12.6**	**18.4**	**4.6**	**806.3**
Accumulated depreciation and impairment						
As at January 1, 2023	312.5	7.6	2.5	2.2	—	324.8
Amortization	98.0	2.7	0.9	2.7	—	104.3
Impairment	0.4	0.1	—	—	—	0.5
Disposals	(0.6)	—	—	—	—	(0.6)
Disposals from sale of practices (Note 6)	(0.2)	—	—	—	—	(0.2)
As at December 31, 2023	410.1	10.4	3.4	4.9	—	428.8
Amortization	102.8	3.0	1.0	3.1	0.9	110.8
Disposals from sale of practices (Note 6)	(0.1)	—	—	—	—	(0.1)
As at December 31, 2024	**512.8**	**13.4**	**4.4**	**8.0**	**0.9**	**539.5**
Carrying value						
As at December 31, 2024	**219.0**	**25.5**	**8.2**	**10.4**	**3.7**	**266.8**
As at December 31, 2023	278.3	25.9	8.2	9.7	—	322.1

During the year ended December 31, 2024, the Company disposed of five dental practices that included intangible assets with a carrying value of $0.3 million (year ended December 31, 2023: disposed of 17 dental practices that included intangible assets with a carrying value of $1.9 million). Refer to Note 6 for additional information.

During the year ended December 31, 2023, the Company disposed of additional intangibles assets with a carrying value of $0.4 million for proceeds of $0.8 million. A gain of $0.4 million was included in cost of revenue in the consolidated statements of loss and comprehensive loss. The Company also disposed of intangible assets with a carrying value of $0.4 million for net proceeds of $nil. The loss of $0.4 million was recognized in other losses in the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2024, the Company purchased certain contractual rights for $4.6 million that have been recognized as an other intangible asset (year ended December 31, 2023: $nil).

During the year ended December 31, 2024, internal development costs included in software additions amounted to $0.8 million (year ended December 31, 2023: $3.1 million).

During the year ended December 31, 2024, the Company recognized no impairment on intangible assets. For the year ended year ended December 31, 2023, an impairment of $0.5 million was recognized in other losses in the consolidated statements of loss and comprehensive loss related to intangible assets held by certain dental practices.

12. Investment in preferred shares

Settlement of Management Loan Program loans with the Company's President and former President

On March 31, 2023, the Company settled the Management Loan Program loans ("MLP Loans") held by both the President and former President (together, the "MLP Managers") by transferring the Company's full interests in the MLP Loans to private holding companies that are wholly owned by the MLP Managers (each, a "HoldCo"). In consideration for the transfer of the MLP Loans, each HoldCo issued $12.8 million face amount of preferred shares to the Company consisting of 1,198,045 Class A Preferred Shares with a face amount of $10.65 per Subordinate Voting Share (the "Management Preferred Shares") with the following key terms:

- Each HoldCo may redeem a specified face amount of the Management Preferred Shares on specified dates for nominal consideration ($6.4 million face amount on or after the second anniversary of issuance, but prior to the third anniversary; $3.2 million face amount on or after the third anniversary of issuance, but prior to the fourth anniversary; and $3.2 million face amount on the fourth anniversary of issuance); and
- If an MLP Manager is terminated for cause or resigns without good reason prior to the end of the second anniversary, then all of the Management Preferred Shares issued by the relevant HoldCo are required to be redeemed immediately at 100% of their face value. If the MLP Manager is terminated without cause in connection with certain change of control events that occur after the year ended December 31, 2023, or if any of the MLP Managers suffers a death or disability, all of the relevant HoldCo's Management Preferred Shares that remain outstanding become redeemable for nominal consideration. If an MLP Manager is terminated without cause, $6.4 million face amount of the relevant HoldCo's Management Preferred Shares becomes redeemable for nominal consideration immediately (and if such termination occurs prior to the second anniversary of issuance, the remaining Management Preferred Shares of the relevant HoldCo become redeemable at 100% of their face value six months later).

The ability of a HoldCo to make any redemption payment that may be required under the terms of its Management Preferred Shares is limited to the value of the Subordinate Voting Shares of the Company owned by the HoldCo, net of permitted debt of the HoldCo, being sufficient to satisfy such redemption payment.

On February 29, 2024, the Company modified the terms of the Management Preferred Shares related to the former President. The revised key terms are as follows:

- The former President may redeem a specified face amount of the Management Preferred Shares on specified dates for nominal consideration ($6.4 million face amount on or after the second anniversary of issuance, but prior to the third anniversary; $1.6 million face amount on or after the third anniversary of issuance, but prior to the fourth anniversary; and $1.6 million face amount on the fourth anniversary of issuance).

Settlement of Management Loan Program loans with the Company's CEO

On July 17, 2024, the Company settled the MLP Loans held by the CEO by transferring the Company's full interests in the MLP Loans to a private holding company that is owned and controlled, directly or indirectly, by the CEO ("CEO HoldCo"). In consideration for the transfer of the MLP Loans, CEO HoldCo issued $52.3 million aggregate face amount of redeemable preferred shares to the Company (the "CEO Preferred Shares"), consisting of 2,000,000 Class B Preferred Shares with a face amount of $7.35 per Subordinate Voting Share ($14.7 million aggregate face amount) and 3,533,486 Class C Preferred Shares with a face amount of $10.65 per Subordinate Voting Share ($37.6 million aggregate face amount).

The CEO Preferred Shares have the following key terms:

- CEO HoldCo has the option to redeem the Class B Preferred Shares from time to time (and in certain circumstances will be obligated to redeem the Class B Preferred Shares) at the redemption prices described below, by either paying cash or delivering shares of the Company in the manner described below; and CEO HoldCo is obligated to redeem the Class C Preferred Shares by no later than January 1, 2029 (or earlier, in certain circumstances) at the redemption prices described below, by either paying cash or delivering shares of the Company in the manner described below.

- Unless the CEO has been terminated for cause or resigned without good reason, CEO HoldCo may redeem a specified face amount of the Class B Preferred Shares on specified dates for nominal consideration ($6.4 million face amount on January 1, 2025; $3.2 million face amount on January 1, 2026; and $3.2 million face amount on January 1, 2027). Any Class B Preferred Shares that are not redeemed for nominal consideration in the foregoing manner may be redeemed by CEO HoldCo at any time, by paying $7.35 (or delivering one share (or such fraction of a share with a value equal to $7.35) of the Company) per Class B Preferred Share being redeemed. If the CEO is terminated for cause, CEO HoldCo must redeem all of the Class B Preferred Shares that are then outstanding, by paying $7.35 (or delivering one share (or such fraction of a share with a value equal to $7.35) of the Company) per Class B Preferred Share being redeemed.
- CEO HoldCo must redeem all of the Class C Preferred Shares on the earliest to occur of (a) January 1, 2029; (b) certain change of control events; (c) the CEO's termination for cause; or (d) the CEO's resignation without good reason, in each case by paying $10.65 (or delivering one share (or such fraction of a share with a value equal to $10.65) of the Company) per Class C Preferred Share being redeemed; provided that if the CEO suffers a death or disability, $12.8 million aggregate face amount of the Class C Preferred Shares (less the aggregate face amount of the Class B Preferred Shares that have already been redeemed for nominal consideration in the manner described above) may be redeemed for nominal consideration.

The ability of CEO HoldCo to make any redemption payment that may be required under the terms of the CEO Preferred Shares will be subject to the value of the shares of the Company owned by CEO HoldCo, net of any liabilities of CEO HoldCo, being sufficient to satisfy such redemption payment.

The Company has classified the Management Preferred Shares and the CEO Preferred Shares as a financial asset at FVTPL. During the year ended December 31, 2024, the Company recognized a gain on change in fair value of the Management Preferred Shares and CEO Preferred Shares of $1.6 million in change in fair value of financial instruments at FVTPL in the consolidated statements of loss and comprehensive loss (year ended December 31, 2023: loss of $6.9 million), and a fair value of $20.5 million as at December 31, 2024 in the consolidated statements of financial position (December 31, 2023: $nil). Refer to Note 16 for further information.

13. Goodwill

	Total **$**
As at January 1, 2023	2,137.5
Acquisitions (Note 5)	95.7
Disposal of dental practices (Note 6)	(16.8)
As at December 31, 2023	2,216.4
Acquisitions (Note 5)	84.9
Disposal of dental practices (Note 6)	(3.9)
As at December 31, 2024	**2,297.4**

The Company performs its annual impairment test of goodwill on December 31 of each year. Goodwill is tested for impairment at the operating segment level, which represents a group of CGUs and the lowest level within the Company at which goodwill is monitored for internal management reporting. The Company performed the annual impairment test using the FVLCD model and has categorized the fair value measurement as Level 3 in the fair value hierarchy. The recoverable amounts of goodwill exceeded the carrying amounts of goodwill as at December 31, 2024 and 2023.

Significant assumptions

For the purpose of the annual impairment test, the Company projected revenue, operating margins, future acquisitions and other cash flows covering a five-year period. In arriving at its forecasts, the Company considered past performance as well as economic, market and industry trends. In addition, the Company assumed a post-tax discount rate in order to calculate the present value of its projected cash flows. The post-tax discount rate represented a weighted average cost of capital, which required a separate analysis of the cost of equity and debt and considers a risk premium based on an assessment of the risks related to the projected cash flows of the Company. Growth rates used in the analysis are based on the Company's best estimates considering historical and expected operating plans, strategic plans and industry outlook. The estimate of FVLCD is most sensitive to the post-tax discount rate and terminal exit multiple. The Company used a post-tax discount rate of 9.7% (year ended December 31, 2023: 10.3%) and a terminal EBITDA exit multiple of 13.5x (year ended December 31, 2023: 13.5x).

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test for goodwill to changes in the key assumptions (i.e., post-tax discount rate and terminal EBITDA exit multiple). The Company believes that any reasonably possible change in the key assumptions on which the recoverable amount of goodwill is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

14. Trade and other payables

	As at December 31,	
	2024	**2023**
	$	**$**
Trade payables and accruals	**124.8**	97.1
Payroll and related accruals	**23.8**	21.0
Holdbacks and working capital payable (Note 5)	**8.9**	7.2
	157.5	125.3

15. Borrowings

	As at December 31,	
	2024	**2023**
	$	**$**
Credit Facilities		
Term Facility(i)	**897.0**	896.6
Delayed Draw Facility(ii)	**150.0**	150.0
Total borrowings	**1,047.0**	1,046.6
Current	**—**	—
Non-current	**1,047.0**	1,046.6

Credit Facilities

On May 27, 2021, the Company entered into a Credit Agreement with a syndicate of lenders (the “Lenders”). Under the Credit Agreement, the Lenders made available to the Company (i) a $100.0 million senior secured revolving credit facility (the “Revolving Facility”); (ii) a $300.0 million senior secured non-amortizing delayed draw acquisition term loan (the “Delayed Draw Facility”); and (iii) a $900.0 million senior secured non-amortizing term loan (the “Term Facility”) (collectively, the “Credit Facilities”), each maturing on May 27, 2026 and secured on a first-priority basis, subject to permitted liens, on substantially all of the Company’s present and after-acquired assets.

The following modifications have been made to the Credit Facilities since completion of the IPO:

- On July 20, 2022, the Company and the Lenders entered into an Amended and Restated Credit Agreement (the “First Amended Credit Agreement”) to increase the amounts available to be drawn down under the Revolving Facility to $150.0 million and the Delayed Draw Facility to $700.0 million.
- On January 18, 2024, the Company and the Lenders entered into a Second Amended and Restated Credit Agreement (the “Second Amended Credit Agreement”) to extend the maturity date of the Credit Facilities from May 27, 2026 to January 18, 2028, reduce the amounts available to be drawn down under the Delayed Draw Facility from $700.0 million to $350.0 million and make certain other changes as discussed below.

In previous periods, the Company incurred transaction costs of $9.7 million and $2.1 million to enter into the Credit Agreement and the First Amended Credit Agreement, respectively. The Company allocated $6.7 million to the Term Facility, $4.2 million to the Delayed Draw Facility and $0.9 million to the Revolving Facility. During the year ended December 31, 2024, the Company incurred transaction costs of $3.2 million in connection with the Second Amended Credit Agreement. The Company allocated $2.8 million to the Term Facility and $0.4 million to the Delayed Draw Facility.

The Company has entered into a number of interest rate swap agreements to manage its interest rate exposure related to borrowings under the Credit Facilities. Refer to Note 16 for further details.

(i) Term Facility

On May 27, 2021, the Company drew down the full $900.0 million Term Facility as Bankers' Acceptances ("BA") or BA Equivalent Notes, which bore interest at a rate equal to the CDOR plus an applicable margin, which was based on the Company's total funded debt to EBITDA ratio as of the end of the most recently completed fiscal quarter (the "Applicable Margin"). Following closing of the Second Amended Credit Agreement, the Company continues to rollover the Term Facility each month by way of Daily Compounded CORRA Advances at a rate equal to the CORRA, plus an adjustment of 0.29547% plus the Applicable Margin. For the year ended December 31, 2024, the Applicable Margin ranged from 2.50% to 2.75% (year ended December 31, 2023: 2.75%). No scheduled payments of principal are required under the Term Facility prior to maturity. Prior to the Second Amended Credit Agreement, interest was payable one month in advance on the first day of each month. Following the Second Amended Credit Agreement, interest is payable on the last day of each CORRA interest period, which typically occurs towards the end of each month.

The following is a continuity schedule of borrowings under the Term Facility:

	Total **$**
As at January 1, 2023	895.3
Interest expense[(a)]	62.0
Repayments[(a)]	(60.7)
As at December 31, 2023	896.6
Interest expense[(a)]	59.1
Repayments[(a)]	(58.2)
Loss on modification[(b)]	2.3
Transaction costs[(b)]	(2.8)
As at December 31, 2024	**897.0**

(a) Interest expense for the year ended December 31, 2024 consists of interest paid of $58.2 million and interest accretion of $0.9 million (year ended December 31, 2023: interest paid of $60.7 million and interest accretion of $1.3 million).

(b) On entering into the Second Amended Credit Agreement, the Company recognized a loss on modification of $2.3 million, which is recorded in net finance costs in the consolidated statements of loss and comprehensive loss. The Company also incurred transaction costs of $3.2 million, of which $2.8 million was allocated to the Term Facility. Refer to Note 19.

(ii) Delayed Draw Facility

As at December 31, 2024, the Company has drawn down $150.0 million under the Delayed Draw Facility (December 31, 2023: $150.0 million). Funds drawn down under the Delayed Draw Facility are used to finance acquisitions, capital expenditures and the payment of earn-out obligations.

During the year ended December 31, 2024, the Company rolled over amounts previously drawn under the Delayed Draw Facility at CORRA, plus an adjustment of 0.29547%, plus the Applicable Margin. During this period, the Applicable Margin ranged from 2.50% to 2.75%. During the year ended December 31, 2023, the Company rolled over amounts at CDOR, plus an Applicable Margin of 2.75%.

The Delayed Draw Facility is a non-revolving facility and, accordingly, except for conversions and rollovers, no amounts repaid under the Delayed Draw Facility may be reborrowed, and the limits of the Delayed Draw Facility are reduced by any repayment. Once drawn, no scheduled payments of principal are required prior to maturity.

Transaction costs allocated to the Delayed Draw Facility are recognized as a prepaid asset representing the right to borrow in the future on pre-specified terms, which may be favourable. In addition, as the Delayed Draw Facility allows the Company to draw down on the facility at any time over the term of the Credit Agreement, but the borrowing must be repaid by a fixed date regardless of when the borrowing is made, the prepaid asset is released to net finance costs in the consolidated statements of loss and comprehensive loss on a systematic basis over the period in which the Company has the right to draw down upon the facility. If and when the Delayed Draw Facility is fully drawn, the Company will recognize the remaining unamortized prepaid asset against the carrying amount of the borrowing. As at December 31, 2024, the unamortized prepaid asset is $1.7 million (December 31, 2023: $2.3 million).

For the year ended December 31, 2024, interest expense under the Delayed Draw Facility consists of cash interest of $10.7 million and interest accretion of $1.1 million (year ended December 31, 2023: cash interest of $13.2 million and interest accretion of $0.9 million).

For the year ended December 31, 2024, the Delayed Draw Facility was also subject to a standby fee on the unutilized amount at a rate range of 0.50% to 0.55% (year ended December 31, 2023: 0.55%). For the year ended December 31, 2024, the Company incurred standby fees of $1.3 million (year ended December 31, 2023: $2.9 million).

(iii) Revolving Facility

As at December 31, 2024, no funds have been drawn down under the Revolving Facility. The Company may draw down the Revolving Facility for working capital and other general corporate purposes. The Company may increase or decrease advances, repayments and further drawdowns of the amounts that have been repaid. The rate of interest on any borrowing under the Revolving Facility is dependent on the type of drawdown, conversion or rollover that is chosen.

Transaction costs allocated to the Revolving Facility are recognized as a prepaid asset representing the right to borrow in the future on pre-specified terms, which may be favourable. In addition, as both the amounts and the timing of any drawdown and/or repayment of the Revolving Facility can vary at the Company's discretion, the transaction costs are not considered specific to any borrowing and, on this basis, are being systematically released to net finance costs in the consolidated statements of loss and comprehensive loss over the term of the Revolving Facility, with $0.2 million being recognized during the year ended December 31, 2024 (year ended December 31, 2023: $0.2 million). As at December 31, 2024, the unamortized prepaid asset is $0.3 million (December 31, 2023: $0.5 million).

For the year ended December 31, 2024, the Revolving Facility is also subject to a standby fee on the unutilized amount at a rate range of 0.50% to 0.55% (year ended December 31, 2023: 0.55%). For the year ended December 31, 2024, the Company incurred standby fees of $0.8 million (year ended December 31, 2023: $0.8 million).

Financial covenants

The Company is subject to quarterly and annual financial covenants with respect to its borrowings including the maintenance of (i) a maximum total funded debt to EBITDA ratio; and (ii) a minimum interest rate coverage ratio. As at December 31, 2024, the Company was in compliance with all financial covenants and there are no facts or circumstances that would suggest the Company will be unable to comply with its covenants over the next 12 months.

16. Financial instruments

Fair values of financial instruments

Fair value hierarchy Levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments as at December 31, 2024 are as follows:

	Classification and measurement	Total carrying amount $	Fair value $	Fair value hierarchy
Cash	Amortized cost	**79.5**	**79.5**	Level 1
Trade and other receivables (excluding Partner receivables)	Amortized cost	**99.7**	**99.7**	Level 2
Partner receivables	Amortized cost	**8.8**	**8.8**	Level 2
Preferred shares	FVTPL	**20.5**	**20.5**	Level 3
Other financial assets - Investment in Fund	FVTPL	**0.1**	**0.1**	Level 3
Trade and other payables	Amortized cost	**(157.5)**	**(157.5)**	Level 2
Borrowings	Amortized cost	**(1,047.0)**	**(1,047.0)**	Level 2
Contingent consideration	FVTPL	**(29.9)**	**(29.9)**	Level 3
Derivative financial liability	FVTPL	**(15.8)**	**(15.8)**	Level 2
Other financial liability	FVTPL	**(4.8)**	**(4.8)**	Level 3
		(1,046.4)	**(1,046.4)**	

The Company's financial instruments as at December 31, 2023 are as follows:

	Classification and measurement	Total carrying amount $	Fair value $	Fair value hierarchy
Cash	Amortized cost	39.0	39.0	Level 1
Trade and other receivables (excluding Partner receivables)	Amortized cost	83.1	83.1	Level 2
Partner receivables	Amortized cost	12.2	12.2	Level 2
Other financial assets - Derivative financial asset	FVTPL	3.8	3.8	Level 2
Trade and other payables	Amortized cost	(125.3)	(125.3)	Level 2
Borrowings	Amortized cost	(1,046.6)	(1,046.6)	Level 2
Contingent consideration	FVTPL	(24.0)	(24.0)	Level 3
		(1,057.8)	(1,057.8)	

The Company has assessed that the fair values of cash, trade and other receivables (excluding Partner receivables), and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of Partner receivables with maturities less than 12 months approximates their carrying amounts. The carrying value of Partner receivables with maturities greater than 12 months has been discounted to present value at a rate at which the Partner could otherwise borrow on similar terms. On this basis, the Company has assessed that the fair values of these receivables would approximate their carrying values.

The fair values of the Company's borrowings are considered to be the same as their carrying amounts as the interest payable on those borrowings is based on floating rates (refer to Note 15).

Financial instruments classified at FVTPL

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Derivative financial asset/liability - interest rate swaps	The present value of the estimated future cash flows based on observable yield curves.	N/A	N/A
Contingent consideration and other financial liability	Discounted cash flow method was used to capture the present value of the expected cash flow of the dental practice acquired or established by the Company, for the applicable valuation period after acquisition.	• Range of expected cash flows by acquisition: $0.3 million to $1.1 million (December 31, 2023: $0.2 million to $2.4 million) • Range of expected cash flows on exercise of put option over profits rights attached to De novo arrangements: $1.1 million to $4.8 million (December 31, 2023: $nil) • Risk-adjusted discount rate of 9.7% (December 31, 2023: 10.3%)	The estimated fair value would increase (decrease) if: (i) the expected cash flows were higher (lower); or (ii) the risk-adjusted discount rate was lower (higher).
Preferred shares	Monte Carlo simulation approach applying a pre-defined probability distribution to the underlying financial metrics. Geometric Brownian stochastic process to simulate the share prices of the Company, which is then used to determine the likely redemption value of the preferred shares with the following market inputs: (i) Subordinate Voting Share price on the valuation date; (ii) risk-free rates based on Canada Government Bond yield curve on the valuation date; (iii) estimated volatility; and (iv) probability outcomes of potential redemption amounts.	Probability outcomes of potential redemption amounts under the scenarios disclosed in Note 12.	The estimated fair value would increase (decrease) based on the estimated likelihood of the probability outcomes occurring.

There were no transfers between Levels 1, 2 and 3 during the years ended December 31, 2024 and 2023.

Change in fair value of financial instruments at FVTPL

The major components of change in fair value of financial instruments at FVTPL are as follows:

	Year ended December 31, 2024 $	2023 $
Change in fair value of contingent consideration	**3.8**	0.8
Change in fair value of derivative instruments	**19.6**	(2.1)
Change in fair value of other financial liability	**3.0**	—
Change in fair value of preferred shares (Note 12)	**(1.6)**	6.9
	24.8	5.6

Reconciliation of Level 3 fair value measurements

The following is a reconciliation of Level 3 fair value measurements:

	Contingent consideration $	Other financial liability(ii) $	Preferred shares $
As at January 1, 2023	31.7	—	—
Liability arising on business combination (Note 5)	8.0	—	—
Fair value as at inception date	—	—	6.9
Settlements(i)	(16.5)	—	—
Changes in fair value recognized in net loss	0.8	—	(6.9)
As at December 31, 2023	24.0	—	—
Liability arising on business combination (Note 5)	8.1	—	—
Fair value as at inception date	—	1.8	18.9
Settlements(i)	(6.0)	—	—
Changes in fair value recognized in net loss	3.8	3.0	1.6
As at December 31, 2024	**29.9**	**4.8**	**20.5**

(i) During the year ended December 31, 2024, the Company settled contingent consideration related to prior-period acquisitions in the amount of $5.0 million in cash and $1.0 million in shares (year ended December 31, 2023: $15.1 million in cash and $1.4 million in shares).

(ii) During the years ended December 31, 2024 and 2023, the Company launched several company-owned dental practices (the "De novo practices"), whereby the Company agreed to share with the Associate dentists a percentage of the profits of the De novo practices (the "profit rights") in return for the Associate dentist's contribution to the construction and ongoing capital costs of the De novo practices (see Note 9). The Company and the Associate dentists were also granted certain put and call options over the profit rights, which have been classified as a financial liability in the consolidated statements of financial position, and designated by the Company at FVTPL in the consolidated statements of loss and comprehensive loss.

Derivative financial instruments

The Company has the following derivative financial instruments:

	As at December 31, 2024 $	2023 $
Derivatives measured at fair value		
Interest rate swaps	**(15.8)**	3.8
Derivative financial (liability) asset	**(15.8)**	3.8

During the year ended December 31, 2024, the Company entered into an interest rate swap agreement for a notional amount of $250.0 million, having an effective date of January 21, 2024 and a termination date of May 27, 2026. Per the terms of the interest rate swap, the Company paid a fixed rate of 4.09% plus margin, payable monthly.

Prior to the “blend and extend” hedge strategy noted below, the Company had the following other interest rate swaps:

- Interest rate swap agreement for a notional amount of $300.0 million, having an effective date of March 13, 2023 and a termination date of May 27, 2026. Per the terms of the interest rate swap, the Company paid a fixed rate of 3.61% plus margin, payable monthly, commencing on March 31, 2023 up to and including the termination date.
- Interest rate swap agreement for a notional amount of $500.0 million, having an effective date of October 3, 2022 and a termination date of May 27, 2026. Per the terms of the interest rate swap, the Company paid a fixed rate of 3.84% plus margin, payable monthly, commencing on October 31, 2022 up to and including the termination date.

During the year ended December 31, 2024, the Company also entered into a “blend and extend” hedge strategy to extend the term of its interest rate swaps to match the maturity of the Credit Facilities. The interest rate swap transactions were for a notional amount of $1,050.0 million and had an effective date of October 31, 2024 and a termination date of January 18, 2028. Per the terms of the interest rate swap agreements, the Company pays a blended fixed rate of 3.205% on CORRA Advances, plus an adjustment of 0.29547%, plus the Applicable Margin, totaling approximately 6.0%, payable on a monthly basis.

During the year ended December 31, 2024, the Company recognized a loss on change in fair value of derivative instruments of $19.6 million in change in fair value of financial instruments at FVTPL in the consolidated statements of loss and comprehensive loss (year ended December 31, 2023: a gain of $2.1 million) and a derivative financial liability of $15.8 million in the consolidated statements of financial position (December 31, 2023: a derivative financial asset of $3.8 million).

Investment in Fund

During the year ended December 31, 2024, the Company made an indirect investment in Dental Innovation Alliance VC Fund I, LP (the “Fund”) to support the Company’s commitment to innovation in dental technology. As at December 31, 2024, the Company has recognized an investment of $0.1 million in other financial assets in the consolidated statements of financial position (December 31, 2023: $nil).

Financial risk management objectives

The Company’s activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange rate risk and interest rate risk) and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Risk Management Committee, comprising senior members of management, develops and monitors risk management policy, and reports regularly to the Directors on issues and compliance matters. Risk management principles and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, leading to financial loss for the Company. This risk primarily arises from the Company’s trade and other receivables, Partner receivables and prior to their settlement, loans made under the MLP.

The Company has no significant concentrations of credit risk. The Company does not have any significant exposure to any one financial institution or customer.

Trade receivables

For trade receivables, the Company applies the simplified approach to measuring ECL, which uses a lifetime ECL allowance (refer to Note 2). The ECLs on trade receivables are estimated using a provision matrix based on the Company’s historical credit loss experience and forward-looking information, when available. The allowance for ECL on trade receivables has historically not been significant.

The Company will impair a trade receivable when there is information indicating that there is no realistic prospect of recovery. Any recoveries on amounts previously impaired are recognized in the consolidated statements of loss and comprehensive loss.

The carrying amount of the Company’s trade receivables, net of any loss allowance, represents the maximum exposure to credit risk.

The following tables provide information about the exposure to credit risk and ECLs for trade receivables as at December 31, 2024 and 2023:

For revenue provided:	**At point in time**				**Over time**	
	Current	**31-60 days**	**61-90 days**	**> 90 days**		**Total**
2024						
Expected loss rate	— %	1.0 %	1.0 %	62.2 %	1.0 %	
Trade receivable - gross	31.6	20.4	7.6	8.2	25.5	93.3
Loss allowance	**—**	**0.2**	**0.1**	**5.1**	**0.3**	**5.7**

For revenue provided:	**At point in time**				**Over time**	
	Current	**31-60 days**	**61-90 days**	**> 90 days**		**Total**
2023						
Expected loss rate	— %	1.0 %	1.0 %	65.0 %	1.0 %	
Trade receivable - gross	27.5	8.6	4.5	7.3	30.6	78.5
Loss allowance	—	0.1	—	4.7	0.3	5.1

Partner receivables

The Company has the ability to draw down on any outstanding Partner receivables by cancelling the Company's Subordinate Voting Shares held by the Partner dentist. Where the fair value of the Company's Subordinate Voting Shares is greater than the carrying value of the outstanding Partner receivable, the Company concludes that there has been no significant increase in credit risk since initial recognition and measures the loss allowance at an amount equal to the 12-month ECL. Where the carrying value of the Partner receivable is not expected to be recovered by cancelling the Company's Subordinate Voting Shares, and the Company has assessed that there has been a significant increase in credit risk since initial recognition, the Company measures the loss allowance at the lifetime ECL.

During the year ended December 31, 2024, the Company determined the estimated exposure on Partner receivables to be $9.1 million (year ended December 31, 2023: $7.9 million). The carrying amount of the Partner receivables, net of any loss allowance, represents the maximum exposure to credit risk.

Loan receivables under the Management Loan Program

Refer to Note 2 and Note 18 for details of the MLP.

Market risk

Interest rate risk

As at December 31, 2024 and 2023, the Credit Facilities bore interest at a rate equal to CORRA, plus an adjustment of 0.29547% plus the Applicable Margin. To manage its interest rate risk under the Credit Facilities, the Company enters into interest rate swaps, in which it agrees to exchange its variable interest rate for a fixed rate, based on an agreed-upon notional principal amount. As at December 31, 2024, after taking into account the effect of the interest rate swaps, 100% of the interest rate risk under the Credit Facilities is hedged (December 31, 2023: 76.2%) with the only remaining variability being the Applicable Margin, which is based on the Company's total funded debt to EBITDA ratio as of the end of the most recently completed fiscal quarter, in any given reporting period.

Including the effect of interest rate swaps described above, based on the amounts owing under the Credit Facilities at December 31, 2024, a 1% change in the CORRA rate, with all other variables held constant, would change net finance costs by approximately $nil (December 31, 2023: $2.5 million).

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk in relation to cash and accounts payable that are denominated in USD.

The Company's cash and accounts payable that are denominated in USD are not expected to create significant foreign exchange exposure to the Company. On this basis, the Company has not entered into hedging arrangements to manage its exposure.

As at December 31, 2024, the Company had a net financial asset denominated in USD of $3.0 million (December 31, 2023: net financial asset of $8.7 million). A 10% change in the USD/CDN exchange rate would change foreign exchange by $0.3 million (December 31, 2023: $0.9 million).

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital and borrowings. The Company aims to achieve this flexibility by keeping committed credit lines available. Opportunities to raise additional capital from shareholders are also considered where appropriate.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows to ensure sufficient liquidity is always available to meet liability obligations as they fall due.

The Company's consolidated statements of financial position show an excess of current assets over current liabilities at December 31, 2024 of $33.0 million (December 31, 2023: $15.7 million). Liabilities have been classified as current where it is probable that they will be settled within 12 months or if there is a contractual obligation that may require settlement within 12 months, regardless of how likely settlement under contractual arrangements is judged to be. The Company's current assets, available financing facilities and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the time-frames required.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	$	$	$	$	$	$
2024						
Trade and other payables	157.5	—	—	—	—	157.5
Lease liabilities	46.5	45.1	44.2	42.8	256.1	434.7
Contingent consideration	0.3	—	—	0.4	—	0.7
Borrowings	—	—	—	1,050.0	—	1,050.0
	204.3	**45.1**	**44.2**	**1,093.2**	**256.1**	**1,642.9**

	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	$	$	$	$	$	$
2023						
Trade and other payables	125.3	—	—	—	—	125.3
Lease liabilities	44.0	44.0	42.4	41.3	239.9	411.6
Contingent consideration	2.5	2.6	0.4	—	—	5.5
Borrowings	—	—	1,050.0	—	—	1,050.0
	171.8	46.6	1,092.8	41.3	239.9	1,592.4

17. Income taxes

Income tax recovery

The following are the major components of income tax recovery:

	Year ended December 31, 2024	Year ended December 31, 2023
	$	$
Current tax expense		
Current income tax charge	**3.1**	—
Adjustments relating to previous periods	**0.7**	0.2
Deferred tax recovery		
Relating to origination and reversal of temporary differences	**(17.1)**	(17.3)
Adjustments relating to previous periods	**(2.0)**	0.2
Income tax recovery	**(15.3)**	(16.9)

The reconciliation between the Company's statutory and effective tax rates is as follows:

	Year ended December 31,	
	2024	2023
	$	$
Loss before income taxes	**(74.7)**	(102.5)
Basic tax rate of 26.5% (2023: 26.5%)	**(19.8)**	(27.2)
Non-deductible expenses	**6.1**	9.9
Adjustments relating to previous periods	**(2.4)**	0.4
Change in rate by jurisdiction	**0.8**	—
Income tax recovery	**(15.3)**	(16.9)

Deferred taxes

The significant components of the Company's unrecognized deductible temporary differences and unused tax losses and credits are as follows:

	As at December 31,	
	2024	2023
	$	$
Operating loss carryforward	**20.5**	44.8
Property and equipment	**0.1**	0.2
Lease liabilities	**85.4**	81.4
Intangible assets	**71.7**	64.2
Financing costs	**2.3**	6.2
Restricted interest and financing costs	**9.1**	—
Derivative financial asset	**4.2**	—
Other items	**0.5**	—
Total deferred tax asset	**193.8**	196.8
Property and equipment	**(19.1)**	(22.3)
Right-of-use assets	**(74.9)**	(72.5)
Intangible assets	**(22.8)**	(36.9)
Derivative financial liability	**—**	(1.0)
Total deferred tax liability	**(116.8)**	(132.7)
Gross deductible temporary differences	**77.0**	64.1

The table above reflects the aggregate gross deferred tax asset and aggregate gross deferred tax liability of all entities in the consolidated group. On the face of the consolidated statements of financial position, the deferred tax asset is presented as $94.7 million (December 31, 2023: $104.8 million) and the deferred tax liability is presented as $17.7 million (December 31, 2023: $40.7 million). The difference between the presentation of the gross deferred tax asset and gross deferred tax liability in the table and the presentation on the consolidated statements of financial position is a result of netting of deferred tax assets and deferred tax liabilities that exist within each entity and relate to the same taxing jurisdiction.

18. Share capital

Authorized capital

The Company's authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares; (ii) an unlimited number of Multiple Voting Shares; and (iii) an unlimited number of preferred shares, issuable in series. All of the Multiple Voting Shares are held by the CEO and an affiliate entity of the CEO.

Subordinate and Multiple Voting Shares

The rights of the holders of the Subordinate Voting Shares and the Multiple Voting Shares are substantially identical, except for voting and conversion. The holders of the outstanding Subordinate Voting Shares are entitled to one vote per Subordinate Voting Share, and the holders of the Multiple Voting Shares are entitled to 10 votes per Multiple Voting Share. The Subordinate Voting Shares are not convertible into any other classes of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share.

In addition, all Multiple Voting Shares will convert automatically into Subordinate Voting Shares at such time that is the earlier of the following: (i) January 1, 2028; (ii) the listing by the Company of its Subordinate Voting Shares on a national U.S. stock exchange; and (iii) the CEO and/or his affiliates no longer beneficially own, directly or indirectly, at least 2.5% of the aggregate of the issued and outstanding Subordinate Voting Shares and Multiple Voting Shares (subject to certain limited adjustments consistent with similar calculations under the Company's articles).

The Subordinate Voting Shares and Multiple Voting Shares rank equally with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

Preferred shares

The preferred shares are issuable at any time and from time to time in series. Each series of preferred shares shall consist of such number of preferred shares and having such rights, privileges, restrictions and conditions as determined by the Board of Directors prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of the Company's Subordinate Voting Shares or Multiple Voting Shares, and will not be entitled to vote separately as a class upon a proposal to amend the Company's Articles in the case of certain amendments related to the Subordinate Voting Shares and the Multiple Voting Shares. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the preferred shares are entitled to preference over the Subordinate Voting Shares, Multiple Voting Shares and any other shares ranking junior to the preferred shares from time to time with respect to the payment of paid-up capital remaining after the payment of all outstanding debts on a pro-rata basis and the payment of any or all declared but unpaid cumulative dividends or any or all declared but unpaid dividends on the preferred shares, and may also be given such other preferences over the Subordinate Voting Shares, Multiple Voting Shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

As at December 31, 2024, no preferred shares have been issued by the Company.

Issued and outstanding

		dentalcorp Holdings Ltd.	
	Total number of shares outstanding	**Subordinate Voting Shares**	**Multiple Voting Shares**
As at January 1, 2024	188,250,126	179,066,304	9,183,822
Consideration issued for acquisitions(i)	2,556,715	2,556,715	—
Settlement of contingent consideration(ii)	157,447	157,447	—
Share repurchases and cancellations(iii)	(44,158)	(44,158)	—
Vesting of share-based awards(iv)	252,025	252,025	—
Share subscriptions(v)	75,480	75,480	—
Conversion of Multiple Voting Shares to Subordinate Voting Shares(vi)	—	479,287	(479,287)
Net proceeds from bought deal prospectus(vi)	5,265,000	5,265,000	—
As at December 31, 2024	**196,512,635**	**187,808,100**	**8,704,535**
As at January 1, 2023	186,348,451	177,164,629	9,183,822
Consideration issued for acquisitions(i)	3,211,961	3,211,961	—
Settlement of contingent consideration(ii)	160,501	160,501	—
Share repurchases and cancellations(iii)	(1,537,435)	(1,537,435)	—
Vesting of share-based awards(iv)	66,648	66,648	—
As at December 31, 2023	188,250,126	179,066,304	9,183,822

(i) During the year ended December 31, 2024, the Company issued 2,556,715 Subordinate Voting Shares as consideration for the acquisition of dental practices at a cost of $20.7 million (year ended December 31, 2023: 3,211,961 Subordinate Voting Shares for consideration of $23.0 million). Refer to Note 5.

(ii) During the year ended December 31, 2024, the Company issued 157,447 Subordinate Voting Shares for the settlement of contingent consideration of $1.0 million (year ended December 31, 2023: 160,501 Subordinate Voting Shares for the settlement of contingent consideration of $1.4 million). Refer to Note 16.

(iii) During the year ended December 31, 2024, the Company repurchased and cancelled 44,158 Subordinate Voting Shares for $0.4 million (year ended December 31, 2023: 1,537,435 Subordinate Voting Shares were repurchased for $9.4 million).

2024 Normal course issuer bid

On August 29, 2024, the Company announced a normal course issuer bid (the "2024 NCIB"). Pursuant to the 2024 NCIB, the Company may purchase for cancellation up to 3,600,000 Subordinate Voting Shares, representing approximately 2.0% of the Company's 180,611,643 issued and outstanding Subordinate Voting Shares as at August 20, 2024, subject to such limitations as may be applicable from time to time under the Company's Second Amended Credit Agreement.

Per the terms of the 2024 NCIB, the Company may purchase up to 53,031 of its Subordinate Voting Shares on the TSX during any trading day, which represented 25% of the average daily trading volume of 212,125 Subordinate Voting Shares on the TSX for the six months ended July 31, 2024, other than block purchase exemptions. Purchases under the 2024 NCIB commenced on September 3, 2024 and will continue until September 2, 2025 or such earlier date as the Company completes its purchases pursuant to the 2024 NCIB.

During the year ended December 31, 2024, no Subordinate Voting Shares were repurchased under the 2024 NCIB.

2023 Normal course issuer bid

On May 12, 2023, the Company announced a normal course issuer bid (the "2023 NCIB"). Pursuant to the 2023 NCIB, the Company could purchase for cancellation up to 3,500,000 Subordinate Voting Shares, representing approximately 2.0% of the Company's 178,079,763 issued and outstanding Subordinate Voting Shares as at May 3, 2023, subject to such limitations as may be applicable from time to time under the Company's First Amended Credit Agreement.

Per the terms of the 2023 NCIB, the Company could purchase up to 51,779 of its Subordinate Voting Shares on the TSX during any trading day, which represented 25% of the average daily trading volume of 207,119 Subordinate Voting Shares on the TSX for the six months ended April 30, 2023, other than block purchase exemptions. Purchases under the 2023 NCIB commenced on May 16, 2023 and continued until May 15, 2024.

During the year ended December 31, 2024, no Subordinate Voting Shares were repurchased under the 2023 NCIB (year ended December 31, 2023: 1,470,700 Subordinate Voting Shares were repurchased for $8.7 million).

(iv) During the year ended December 31, 2024, the Company issued 252,025 Subordinate Voting Shares on vesting of RSUs (defined below), PSUs (defined below), and DSUs (defined below) granted to employees, Associate dentists, and former Directors (year ended December 31, 2023: 66,648 Subordinate Voting Shares). The related grant date fair value of the equity-based incentives of $3.4 million, net of withholding taxes of $0.8 million, was transferred from contributed surplus to share capital (year ended December 31, 2023: $3.9 million, net of withholding taxes of $2.9 million).

(v) During the year ended December 31, 2024, the Company issued 75,480 Subordinate Voting Shares to Partner and Associate dentists for $0.8 million.

(vi) On December 2, 2024, the Company completed a "bought deal" treasury offering and secondary offering (the "Offering") of an aggregate of 10,530,000 Subordinate Voting Shares at a price of $9.50 per Subordinate Voting Share. The Offering included a treasury offering of 5,265,000 Subordinate Voting Shares by the Company for gross proceeds to the Company of $50.0 million and a secondary offering of 5,265,000 Subordinate Voting Shares by existing shareholders, including the CEO, for gross proceeds to the selling shareholders of $50.0 million. In connection with the Offering, the Company incurred transaction costs of $3.8 million. Immediately prior to the closing of the Offering, the CEO converted 479,287 Multiple Voting Shares into Subordinate Voting Shares.

Share-based payment arrangements

Legacy Option Plan

On April 30, 2018, the Company established a share option plan for directors, officers and employees of the Company. The plan was further amended in 2020 to remove the performance vesting condition for options granted to non-executive employees and further amended on closing of the IPO to give effect to: (i) certain changes contemplated by the pre-closing capital changes; (ii) the addition of provisions that permit the extension of share options during black-out periods; and (iii) the inclusion of terms and conditions required by the TSX, such as provisions and restrictions relating to the amendment of the share option plan or outstanding share options (the "Legacy Option Plan"). The maximum number of Subordinate Voting Shares reserved for issuance under the Legacy Option Plan is 2,750,193.

Each option under the Legacy Option Plan (a “Legacy Option”) has a contractual term of 10 years and is exercisable at a price equal to the fair value of the Subordinate Voting Shares on the date of grant. The Legacy Options may be exercised at any time from the date of vesting to the date of their expiry and are settled at the option of the holder in either cash or Subordinate Voting Shares. The majority of Legacy Options are subject to a five-year service vesting condition, vesting 20% on each anniversary of the grant date. Select Legacy options have the following vesting terms:

- Legacy Options granted to select executive employees are subject to a performance vesting condition and vest upon the occurrence of a change in control where the market price of the Subordinate Voting Shares is equal to or greater than a Hurdle Price (subject to the 2024 Modification as defined and described below).
- 503,173 Legacy Options vested in equal monthly instalments over a two-year period to May 2023 (the “First Modified Options”). The First Modified Options were only exercisable after all First Modified Options vested, except if employment was terminated for any reason other than for cause or voluntary resignation, in which case, if the date of termination was prior to the first anniversary of the modification date, 50% of the First Modified Options fully vested with the unvested First Modified Options then being forfeited for no consideration.
- 148,368 Legacy Options vested on the first anniversary of the modification date, in May 2022, if certain performance vesting conditions related to continued employment were met (the “Second Modified Options”). If all of the vesting conditions were not met, the Second Modified Options were forfeited for no consideration.

During the year ended December 31, 2024, the Company modified the performance vesting condition on the Legacy Options held by a select executive employee (the “2024 Modification”). The performance conditions were removed and replaced by a five-year service vesting condition, vesting 20% on each anniversary of the original grant date. The Company accounted for the 2024 Modification as a cancellation and issuance of new Legacy Options.

The Legacy Option Plan has been classified as a cash-settled share-based payment arrangement. The table below summarizes the activity related to the Legacy Option Plan for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Number of Legacy Options	Weighted average exercise price $	Number of Legacy Options	Weighted average exercise price $
Legacy Options outstanding, at beginning of year	2,843,337	12.11	2,977,316	12.18
Forfeited and cancelled	(93,144)	12.83	(133,979)	13.70
Legacy Options outstanding, at end of year	**2,750,193**	**12.09**	2,843,337	12.11
Legacy Options exercisable, at end of year	**2,599,435**	**12.08**	2,390,539	11.99

The fair values of the Legacy Options were calculated using the Black-Scholes option pricing model as at December 31, 2024 and 2023. Key inputs into the fair value of the Legacy Options and select other information have been included in the table below:

	Year ended December 31,	
	2024	2023
Share price at year-end	**$8.29**	$6.96
Expected volatility	**27.5%–37.6%**	40.2%–46.3%
Option expected life	**1.66-4.00 years**	2.16-5.00 years
Dividend yield	**— %**	— %
Risk-free rates	**2.97%-3.03%**	3.18%-3.91%
Other information		
Weighted average remaining contractual life of outstanding options	**4.4 years**	5.4 years
Weighted average fair value of options expected to vest	**$0.80**	$0.90
Intrinsic value of options vested	**$nil**	$nil

The expected volatility is based on the historic volatility of comparable public companies (based on the remaining life of the Legacy Options at the end of the reporting period), adjusted for any expected changes to future volatility due to publicly available information. The expected volatility reflects the assumption that the historical volatility over a period similar to the remaining life of the options is indicative of future trends, which may not necessarily be the actual outcome.

As at December 31, 2024, the Company completed a reassessment of the expected life of the Legacy Options, which resulted in an extension of the expected life to be closer to the contractual life. The Company will continue to monitor the expected life of the Legacy Options at each reporting period and make adjustments to the estimate if required.

For the year ended December 31, 2024, share-based compensation expense related to the Legacy Option Plan was a credit of $0.2 million with a corresponding change to the share-based payment liability (year ended December 31, 2023: a credit of $2.3 million). The carrying value of the share-based payment liability in the consolidated statements of financial position as at December 31, 2024 is $2.1 million (December 31, 2023: $2.3 million).

Equity Incentive Plan

The Equity Incentive Plan was established on May 27, 2021 and allows the Company to grant long-term equity-based incentives, including options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”) and share appreciation rights (“SARs”) to eligible participants. Each award of (i) an Option, represents the right to receive Subordinate Voting Shares; (ii) an RSU or PSU, represents the right to receive cash, Subordinate Voting Shares, or a combination of cash and Subordinate Voting Shares, as determined by the Board of Directors; and (iii) an SAR, represents the right to receive cash. The maximum number of Subordinate Voting Shares reserved for issuance under the Equity Incentive Plan and Deferred Share Unit Plan (described below) is 13,887,002.

The Equity Incentive Plan has been classified as an equity-settled share-based payment arrangement.

<u>Options</u>

Options issued under the Equity Incentive Plan have a contractual life of 10 years and are exercisable at the volume weighted average trading price per Subordinate Voting Share on the TSX during the five trading days immediately preceding the date of grant. Unless otherwise designated by the Board of Directors, the Options vest over a five-year period with 20% of the Options vesting on each anniversary of the grant date. Options may be exercised at any time from the day of vesting to the date of expiry and are to be settled in Subordinate Voting Shares.

Select Options were granted under different terms. For Options granted to the CEO, the Options vest 25% on the first anniversary of the grant date, 20% on the second, third, and fourth anniversary dates, and 15% on the fifth anniversary date. For Options granted to the President, the Options vest 45% on the second anniversary of the grant date, 20% on the third and fourth anniversary dates, and 15% on the fifth anniversary date. For Options granted to the former President, these vested 45% on the second anniversary of the grant date, 20% on the third and fourth anniversary dates, and 15% on the fifth anniversary date, but immediately vested upon his departure from the Company.

The table below summarizes the activity related to the Options for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Number of Options	Weighted average exercise price $	Number of Options	Weighted average exercise price $
Options outstanding, at beginning of year	6,236,048	17.49	6,348,498	17.45
Forfeited and cancelled	(15,692)	17.03	(112,450)	15.12
Options outstanding, at end of year	**6,220,356**	**17.50**	6,236,048	17.49
Options exercisable, at end of year	**4,465,915**	**17.53**	2,744,489	17.52

The fair values of the Options were calculated using the Black-Scholes option pricing model as at the date of grant. During the years ended December 31, 2024 and 2023, there were no Options granted. The outstanding Options as at December 31, 2024 had a weighted average remaining contractual life of 5.07 years (December 31, 2023: 7.5 years).

For the year ended December 31, 2024, share-based compensation expense related to the Options was $5.6 million with a corresponding credit to contributed surplus (year ended December 31, 2023: $8.7 million). During the year ended December 31, 2024, the Company included $1.4 million in share-based compensation expense related to the acceleration of the vesting period of Options held by the Company's former President on his departure from the Company. The Options continue to be exercisable for a period of one year from the modification date.

RSUs and PSUs

RSUs and PSUs are issued at the volume weighted average trading price per Subordinate Voting Share on the TSX during the five trading days immediately preceding the date of grant and may be settled in cash, Subordinate Voting Shares, or a combination of cash and Subordinate Voting Shares, as determined by the Board of Directors. All other terms and conditions are determined by the Board of Directors and set forth in the grant agreement at the time of grant.

The table below summarizes the activity related to employee RSUs and PSUs for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Number of RSUs/PSUs	Weighted average exercise price $	Number of RSUs/PSUs	Weighted average exercise price $
RSUs/PSUs outstanding, at beginning of year	1,056,803	8.60	494,596	15.25
Granted(i)	1,786,913	7.26	931,250	7.74
Forfeited and cancelled	(851,031)	8.04	(29,905)	13.07
Vested and cash-settled	—	—	(268,676)	15.91
Vested and equity-settled	(277,646)	9.42	(70,462)	14.15
RSUs/PSUs outstanding, at end of year	**1,715,039**	**7.36**	1,056,803	8.60

(i) The RSUs and PSUs were granted with the following terms and conditions:

- 982,709 RSUs were granted with service vesting conditions ranging from two to five years.
- 804,204 PSUs were granted with vesting conditions ranging from one to five years.

Select PSUs were granted with a non-market performance vesting condition that may adjust the number of PSUs that vest (the "PSU Adjustment Factor") based on the Company's three-year average Short-Term Incentive Plan ("STIP") Payout Percentage. For issuances to executive management, the PSU Adjustment Factor varies depending on the three-year average STIP Payout Percentage, with higher STIP Payout Percentages resulting in a higher adjustment factor, which ranges from zero to 2.0. For all other employees, the PSU Adjustment Factor is similarly tied to the STIP Payout Percentage, with the adjustment factor ranging from zero to 1.00. The adjustment factors are prorated within these ranges based on the exact STIP Payout Percentage.

Select RSUs and PSUs were granted with a market vesting condition that may reduce the number of RSUs and PSUs that vest. If the market price per Subordinate Voting Share on the applicable vesting date exceeds the exercise price of the Legacy Options and Options granted to select employees on January 1, 2021 and November 23, 2021, respectively, the number of RSUs and PSUs eligible to vest is reduced based on the following formula: (i) (a) the excess of the market price over the exercise price of the Legacy Options and Options, respectively, divided by (b) the market price, multiplied by (ii) the number of RSUs or PSUs (as applicable) eligible to vest on the vesting date, after taking into the account the PSU Adjustment Factor in the case of PSUs.

Select PSUs were granted with a non-vesting condition (the "Good Leaver Adjustment Factor"). If select employees cease to be employed due to a termination without cause or resignation for good reason, their PSUs continue to be eligible to vest on the third anniversary of the grant date, subject to adjustment in accordance with the Good Leaver Adjustment Factor. The Good Leaver Adjustment Factor is determined based on the STIP Payout Percentages in the applicable years prior to the employee's date of termination multiplied by the vesting ratio. The vesting ratio is x/3, where x is the year of termination (with the year of grant being year one).

During the year ended December 31, 2024, and upon the departure of the Company's former President, the Company accelerated the vesting of RSUs that were granted in fiscal 2023, such that one-third that were due to vest on January 1, 2025 were immediately vested and the remaining one-third of unvested RSUs were forfeited. During the year ended December 31, 2024, the Company recognized a credit of $0.1 million in share-based compensation expense with a corresponding change to contributed surplus related to the modification.

The table below summarizes the activity related to Associate dentist RSUs and PSUs for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Number of RSUs/PSUs	Weighted average exercise price $	Number of RSUs/PSUs	Weighted average exercise price $
RSUs/PSUs outstanding, at beginning of year	177,780	8.90	90,134	11.09
Granted	267,914	8.01	114,895	7.62
Forfeited and cancelled	(8,127)	9.42	—	—
Vested and equity-settled	(49,471)	9.51	(27,249)	10.73
Vested and not settled	(2,370)	8.44	—	—
RSUs/PSUs outstanding, at end of year	**385,726**	**8.22**	177,780	8.90

For the year ended December 31, 2024, share-based compensation expense related to the RSUs and PSUs was $6.7 million with a corresponding credit to contributed surplus (year ended December 31, 2023: $5.0 million).

SARs

SARs are issued at the volume weighted average trading price per Subordinate Voting Share on the TSX during the five trading days immediately preceding the date of grant and are settled in cash. All other terms and conditions are determined by the Board of Directors and set forth in the grant agreement at the time of grant. No SARs have been granted by the Company.

Deferred Share Unit Plan

The Board of Directors also adopted the Deferred Share Unit Plan in order to provide eligible directors with the opportunity to receive a portion of their compensation in the form of deferred share units ("DSUs"). Each DSU represents a unit equivalent in value to a Subordinate Voting Share based on the volume weighted average trading price per Subordinate Voting Share on the TSX during the five trading days immediately preceding the grant date. The DSU may not be redeemed prior to the eligible director's retirement or later than December 15 of the calendar year following the year in which the retirement occurs. Each award represents the right to receive cash, Subordinate Voting Shares, or a combination of cash and Subordinate Voting Shares, as determined by the Board of Directors.

The table below summarizes the activity related to DSUs for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Number of DSUs	Weighted average exercise price $	Number of DSUs	Weighted average exercise price $
DSUs outstanding, at beginning of year	141,084	9.50	74,245	11.69
Granted	52,030	7.72	66,839	7.11
Vested and equity-settled	(33,054)	9.27	—	—
DSUs outstanding, at end of year	**160,060**	**8.97**	141,084	9.50

For the year ended December 31, 2024, share-based compensation expense related to the DSUs was $0.4 million with a corresponding credit to contributed surplus (year ended December 31, 2023: $0.5 million).

Restricted share awards

During the year ended December 31, 2024, the Company recognized $0.1 million related to restricted share awards issued to Associate dentists (year ended December 31, 2023: $0.2 million).

Management Loan Program

Settlement of MLP Loans with the Company's CEO

During the year ended December 31, 2024, the Company restructured the MLP Loans held by the CEO by transferring the full interests in New MLP Loans for the CEO Preferred Shares (refer to Note 12).

On the transfer of the MLP Loans, the difference of $33.5 million between the fair value of the CEO Preferred Shares and the carrying value of the MLP Loans was recognized in accumulated deficit and share capital in the consolidated statements of financial position and the consolidated statements of changes in shareholders' equity. The Company also reduced share capital by $0.6 million representing transaction costs related to the settlement of the MLP Loans.

In addition, as the Company previously recognized $53.3 million of share-based compensation expense related to the MLP Loans in contributed surplus, the contributed surplus was transferred to share capital.

Settlement of MLP Loans with the Company's President and former President

During the year ended December 31, 2023, the Company restructured the New MLP Loans held by the Company's President and former President by transferring the full interests in the MLP Loans for the Management Preferred Shares (refer to Note 12).

On the transfer of the MLP Loans, the difference of $18.6 million between the fair value of the Management Preferred Shares and the carrying value of both the MLP Loans was recognized in accumulated deficit and share capital in the consolidated statements of financial position and the consolidated statements of changes in shareholders' equity.

In addition, as the Company previously recognized $24.9 million of share-based compensation expense related to the MLP Loans in contributed surplus, the contributed surplus was transferred to share capital.

The table below summarizes the activity related to the MLP Shares for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
	2024		2023	
	Number of MLP Shares	Weighted average exercise price $	Number of MLP Shares	Weighted average exercise price $
MLP Shares outstanding, at beginning of year	5,559,235	9.33	7,955,325	9.83
Settled (Note 12)	(5,559,235)	9.33	(2,396,090)	10.65
MLP Shares outstanding, at end of year	—	—	5,559,235	9.33
MLP Shares exercisable, at end of year	—	—	5,559,235	9.33

During the years ended December 31, 2024 and 2023, no share-based compensation expense was recognized related to the MLP Shares.

19. Net finance costs

The major components of net finance costs are as follows:

	Year ended December 31,	
	2024 $	2023 $
Interest expense and standby charges on borrowings	**71.6**	76.7
Interest accretion on borrowings (Note 15)	**2.2**	2.7
Interest accretion on lease liabilities (Note 10)	**18.4**	17.3
Loss on modification of borrowings (Note 15)	**2.3**	—
Interest income	**(2.1)**	(3.6)
	92.4	93.1

20. Selling, general and administrative expenses

The major components of selling, general and administrative expenses are as follows:

	Year ended December 31,	
	2024	2023[(i)]
	$	$
Employee benefits expense	**324.3**	306.1
Variable compensation	**21.1**	12.6
Professional services	**17.1**	19.1
Sales and marketing	**28.4**	29.9
Occupancy	**44.4**	40.9
Administrative	**67.4**	65.8
	502.7	474.4

(i) Amounts have been restated from those previously reported as a result of a change in accounting policy. See Note 2.

21. Other losses

The major components of other losses are as follows:

	Year ended December 31,	
	2024	2023
	$	$
Loss on disposal of dental practices (Note 6)	**10.3**	21.0
Loss on disposal of property and equipment and intangible assets (Note 9 and 11)	**0.6**	1.6
Loss on impairment of property and equipment and intangible assets (Note 9 and 11)	**—**	0.6
Share of associate losses	**—**	0.1
	10.9	23.3

22. Loss per share

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares on issue during the year. The Company's ordinary shares consist of Subordinate Voting and Multiple Voting Shares.

Diluted earnings per share is calculated by adjusting the income attributable to the equity holders of the Company and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares. The Company has four categories of dilutive potential ordinary shares: stock options, RSUs, PSUs and DSUs.

For those periods in which the Company is in a net loss position, all potentially dilutive ordinary shares have been excluded from the calculation of diluted loss per share as their effect would be anti-dilutive.

The following table reflects the net loss and share data used in the basic and diluted loss per share calculations:

	Year ended December 31,	
	2024	2023
	$	$
Net loss	**(59.4)**	(85.6)
Weighted average number of ordinary shares - basic	**189,595,939**	187,516,418
Effects of dilution from dilutive potential ordinary shares	**—**	—
Weighted average number of ordinary shares - diluted	**189,595,939**	187,516,418
Loss per share - basic	**(0.31)**	(0.46)
Loss per share - diluted	**(0.31)**	(0.46)

There have been no other transactions involving ordinary shares or dilutive potential ordinary shares between the reporting date of the Company and the date of issuance of the consolidated financial statements that would significantly change the number of ordinary shares or dilutive potential ordinary shares outstanding as at December 31, 2024, if those transactions had occurred before the end of December 31, 2024.

23. Commitments, contingencies and guarantees

As at December 31, 2024, the Company has entered into leases that have not yet commenced, amounting to $6.1 million in future cash outflows (December 31, 2023: $3.9 million).

During the year ended December 31, 2024, the Company entered into an irrevocable Standby Letter of Credit (the "Letter of Credit") with the CIBC for $18.6 million in favour of His Majesty the King in right of Canada, as represented by the Minister of National Revenue (the "Minister"). The Letter of Credit has been given to secure the possible obligations of the Company incurred or to be incurred to the Minister. The Letter of Credit is transferable and will expire on April 17, 2025, but shall be deemed to be automatically extended without any formal amendment or notice to that effect, from year to year, for successive periods of one year. Per the terms of the Second Amended Credit Agreement, the Company pays a Letter of Credit fee of 2.75% of the face value of the Letter of Credit, payable on a quarterly basis in arrears, and a 0.25% fronting fee on the date of issuance. For the year ended December 31, 2024, the Company recognized interest of $0.4 million on the Letter of Credit (year ended December 31, 2023: $nil).

During the ordinary course of business, the Company is involved in and potentially subject to legal actions and proceedings. The Company does not expect that any current claim against the Company, individually or in the aggregate, will have a material adverse effect on the Company's financial results. If circumstances change and it becomes probable that the Company will be held liable for claims against it and such claim is estimable, the Company will recognize a provision during the period in which the change in probability occurs, which could be material to the Company's consolidated statements of loss and comprehensive loss or consolidated statements of financial position.

24. Related party transactions

Remuneration of key management personnel during the years ended December 31, 2024 and 2023 was as follows:

	Year ended December 31,	
	2024 $	2023 $
Short-term employee benefits	**2.1**	2.6
Share-based payment transactions		
Equity Incentive Plan(i)	**6.2**	8.3
Post-employment benefits(ii)	**2.3**	—
	10.6	10.9

(i) During the year ended December 31, 2024, and upon the departure of the Company's former President, the vesting period of the Options held by the former President was accelerated, such that all Options were immediately vested and are exercisable for a period of one year. The vesting period for the RSUs granted to the former President of the Company in fiscal 2023 was also accelerated, such that one-third of the RSUs that were due to vest on January 1, 2025 were immediately vested and the remaining one-third of unvested RSUs were forfeited. These changes to the vesting conditions of the Options and RSUs resulted in an additional share-based compensation expense of $1.3 million being recognized during the year ended December 31, 2024.

(ii) During the year ended December 31, 2024, post-employment benefits were provided to the Company's former President on his departure from the Company. This resulted in an expense of $2.3 million being recognized in selling, general and administrative expense in the consolidated statements of loss and comprehensive loss.

Restructure and settlement of the MLP Loans

During the year ended December 31, 2024 and 2023, the Company settled the MLP Loans owing by the Company's CEO, President and former President (refer to Notes 12 and 18). As at December 31, 2024, the Company had MLP Loans receivable of $nil (December 31, 2023: $52.3 million), which were included as a deduction from share capital in the consolidated statements of financial position and consolidated statements of changes in shareholders' equity.

During the year ended December 31, 2024, the Company advanced amounts in respect of income taxes on deemed interest benefits on the MLP Loans in the amount of $0.9 million (year ended December 31, 2023: $2.7 million), of which $3.9 million remained owing to the Company as at December 31, 2024 (December 31, 2023: $3.0 million) and is included in trade and other receivables in the consolidated statements of financial position.

25. Capital management

Capital is regarded as shareholders' equity, as recognized in the consolidated statements of financial position, plus net debt. Net debt is calculated as total borrowings less cash.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, maintain sufficient financial flexibility to pursue its growth objectives, and maintain an optimum capital structure to reduce the cost of capital. The Company monitors its working capital continually and manages it within an approved credit facility approved by the Board of Directors.

As disclosed in Note 15, the Company's borrowings are subject to financial covenants, which are calculated and reported to the Lenders on a quarterly basis. There have been no breaches of these covenants or events of review for the current year.

There has been no change in the Company's capital risk management policies or objectives since the prior year.

26. Subsequent events

Subsequent to December 31, 2024, the Company completed 12 dental practice acquisitions (representing 12 practice locations) by way of the acquisition of all of the issued and outstanding shares of such dental practices. The fair value of the consideration transferred includes cash of $52.8 million, Subordinate Voting Shares of $9.9 million and contingent consideration, the value of which has not yet been determined. The acquisitions complement the Company's existing acquisition and growth strategy and have been accounted for on a provisional basis.

As part of the Company's long-term strategy to maximize shareholder value, the Company's Board of Directors has authorized a dividend of $0.025 per Subordinate Voting Share and Multiple Voting Share, payable on April 22, 2025 to shareholders of record at the close of business on April 4, 2025. It is the intention of the Board of Directors to review the amount of the dividend on a quarterly basis. Future declarations will be dependent on, among other things, the prevailing business environment, the Company's financial and operating results and financial condition, the need for funds to finance ongoing operations or growth initiatives, and other business conditions that the Company's Board of Directors considers relevant.