dentalcorp

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three months and year ended December 31, 2024

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*In this Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**"), "we", "us", "our", "Dentalcorp" and the "Company" mean,* dentalcorp Holdings Ltd., *its wholly-owned subsidiaries,* dentalcorp Health Services Ltd., DCC Health Services (Québec) Inc. *and* 1348856 B.C. Ltd., *as well as 100% of the accounts of certain other entities (the "**Professional Corporations**") in which the Company does not hold an equity interest but which are consolidated as a result of such other entities' contractual relationships with the Company.*

*This MD&A contains important information about our business and our financial performance and financial condition for the three months and year ended December 31, 2024. This MD&A should be read in conjunction with our consolidated financial statements for the years ended December 31, 2024 and 2023 (the "**Annual Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and our other recent filings on SEDAR+ at www.sedarplus.com, including our Annual Information Form (the "**AIF**").*

*This MD&A also contains 'forward-looking information' and 'forward-looking statements', within the meaning of applicable securities laws (collectively, "**forward-looking information**") which is based on management's reasonable assumptions and beliefs in light of the information currently available to us and is made as of the date of this MD&A. See "About Forward-Looking Information" for more information.*

All dollar amounts in this MD&A are in millions of Canadian dollars unless otherwise stated. All percentage changes have been calculated using the rounded numbers as they appear in the tables. This MD&A is dated March 20, 2025.

*The Company's subordinated voting shares ("**Subordinate Voting Shares**") are traded on the Toronto Stock Exchange (the "**TSX**") under the symbol "DNTL".*

COMPANY OVERVIEW

Dentalcorp was founded in 2011 and has grown into Canada's leading and one of North America's fastest growing essential, consumer healthcare services companies. As the largest provider of dental services in Canada as at December 31, 2024, we have a network of 561 dental practices delivering leading patient experiences to over 2.3 million Canadians who visit our practices over 5.5 million times annually. Our nationwide network is supported by approximately 10,200 team members, including over 1,850 dentists, over 2,600 hygienists and over 5,750 auxiliary dental health professionals. Leveraging our industry-leading technology, know-how and scale, we offer professionals the opportunity to retain their clinical autonomy while unlocking their potential for future growth and aiming to deliver the best patient experience and clinical outcomes. Since inception, we have achieved a double-digit compounded annual growth rate in both revenue and practice count. Our practices are conveniently located and readily accessible to approximately 80% of the Canadian population, and there is significant white space for continued expansion and growth across the broader North American dental market.

Our patient-centric culture is anchored in our corporate values, which underpin the success of our organization and also support the realization of our re-defined purpose, which is to be Beyond Brilliant Through Frictionless Dentistry. Our values are embedded into everything we do and act as a behaviour code relevant to all of our teams:

- *Beyond the Status Quo*: It's endlessly pursuing new ways to reduce friction, having a growth mindset and innovating for industry leading solutions.
- *Brilliant Together*: We collaborate beyond roles or borders, because that's how we perform better. It's pitching in to lend a hand, sharing our knowledge and expertise, and communicating openly to win as one team.
- *Beyond Excellence*: We strive for our best in every moment to deliver with excellence - every day. It's taking ownership of our decisions, accountability for our work, balancing the 'now' vs 'next' and always doing what's right.
- *Brilliant Experiences*: We put people at the center to create positive and memorable experiences. It's creating an unrivalled culture by showing up with empathy and respect for everyone we impact.

Dentalcorp is an acquirer of choice for independent practice owners, with a proven track record of providing dentists with administrative support, clinical autonomy, operational excellence and leading professional development and career opportunities. Our selection criteria for a dental practice location includes: (i) $2.0 million or more in revenue, (ii) $400 thousand or more in EBITDA; (iii) multiple dentists and hygienists for a diverse pool of revenue producers; (iv) strong clinical reputation and practice standards; and (v) attractive location and facility types. The average age of a Partner Dentist (as defined herein) at the time of acquisition of their practice is early 40s, and within our network, the average age of all dentists is mid-40s. Since inception in 2011, the Company has a Partner Dentist retention rate of more than 90%.

There are approximately 16,000 dental practices in Canada which are independently owned, presenting ample white space for our continued growth. Management estimates that of this total, approximately 10,000 practices meet the Company's Partner Dentist acquisitions selection criteria as described above, and approximately 5,000 practices meet the Company's selection criteria for capacity utilization, patient chart acquisitions or supplementary locations for existing Partner Dentists. Our current pipeline of opportunities includes over 730 identified opportunities, of which over 150 are in more advanced stages of negotiation.

After joining the Dentalcorp network, a practice's patient visits generally increase by approximately 10% to 15%. Our practices develop long-standing and recurring relationships with existing patients resulting in approximately 91% of patients revisiting a practice within 12 months.

Immediately following the acquisition of a practice, our ability to drive operational efficiencies at an acquired practice is generally expected to result in a 10% to 15% increase in Practice-Level EBITDA Margin (a non-IFRS measure). See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Ratios*". Once integrated into our network, approximately 75% to 80% of practice-level expenses for a given practice are variable, including: (i) dentist and hygienist compensation; (ii) laboratory fees; (iii) dental assistant costs; (iv) consumables, which vary on volume; and (v) other expenses, including marketing.

Summary of Key Factors Affecting Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, which are discussed in the *"Risk Factors"* section and in the AIF.

Our ability to continue to grow our business and generate improvements in our financial performance depends on our ability to execute on our strategy of: (i) continuing our differentiated, repeatable acquisition program; (ii) growing organically through patient additions, increased patient demand for services and expanded high-value service offerings; and (iii) driving operational efficiencies at our practices.

Continuing our differentiated, repeatable acquisition program

Our ability to pursue our differentiated, repeatable acquisition program depends on our ability to continue our acquisition program and build on our strong brand and leading value proposition to dental professionals, in order to further penetrate the highly fragmented dental market in Canada.

Growing organically through patient additions, increased patient demand for services and expanded high-value service offerings

Our ability to grow organically through patient additions, increased patient demand for services and expanded high-value service offerings depends on our ability to attract new patients at existing and newly acquired practices; our ability to promote regular dental care; and our ability to expand dental services and capabilities at more practices to satisfy the full spectrum of patient needs.

Driving operational efficiencies at our practices

Our ability to drive operational efficiencies at our practices depends on our ability to achieve savings through reducing administrative burdens, consolidating procurement and leveraging our network scale and plug-and-play technology platform to drive margin enhancement within our practices.

Recent Company Developments

Declaration of inaugural dividend

As part of the Company's long-term strategy to maximize shareholder value, the Company's Board of Directors (the "**Board**") has declared 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 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 which the Board considers relevant.

Bought deal treasuring offering and secondary offering

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 Company's Chief Executive Officer ("**CEO**") and Chairman, for gross proceeds to the selling shareholders of $50.0 million. Immediately prior to the closing of the Offering, the CEO converted 479,287 Multiple Voting Shares into Subordinate Voting Shares.

Strategic partnership with VideaHealth

On November 4, 2024, the Company announced that it has entered into a strategic partnership with VideaHealth, Inc. ("**VideaHealth**"), a leader in dental AI solutions, in order to deploy artificial intelligence technology to advance patient care across our nationwide network of dental practices. The partnership with VideaHealth marks a notable milestone in the Company's long-term growth agenda and is expected to allow the Company to set new benchmarks for clinical excellence and operational efficiency across our network. As of the date of this MD&A, the Company has implemented VideaHealth's dental AI solution in approximately 100 dental practices within our network.

'Blend and extend' hedging strategy

On October 17, 2024, the Company executed on a 'blend and extend' hedging strategy by entering transactions that provide for, effectively, a fixed interest rate for borrowings under the Credit Facilities (as defined herein) for the remainder of their term. The interest rate swap transactions were for a notional amount of $1,050.0 million and had an effective date of October 31, 2024. Per the terms of the interest rate swap agreements, the Company pays a blended fixed rate of 3.205% plus CORRA Advances (defined herein) plus an adjustment of 0.29547% plus the Applicable Margin (defined herein) totaling approximately 6.0%, payable on a monthly basis. See "*Liquidity and Capital Resources – Current Credit Facilities"*.

Strategic investment in Dental Innovation Alliance

On September 18, 2024, the Company announced that it has entered into an agreement to make an indirect investment in Dental Innovation Alliance VC Fund I, LP (the "**Fund**"). The Fund was launched in 2024 and seeks to make investments in early-stage dental technology companies focused on clinical outcomes, access to care and practice performance. It is expected that by leveraging advancements in technology, including artificial intelligence, the Fund's portfolio companies will aim to revolutionize dental care by improving clinical precision, accessibility and efficiency. As at the date of this MD&A, the Company has invested $0.1 million into the Fund.

Normal course issuer bid

On August 29, 2024, the Company announced a normal course issuer bid ("**NCIB**"). Pursuant to the 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 Credit Facilities (as defined herein).

Per the terms of the 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 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 NCIB.

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

Update on arrangements with the Company's CEO

On June 18, 2024, the Company announced that it entered into an arrangement whereby its full interest in its loans to GR BCM2 #2 Acquisition Limited Partnership (the "**Partnership**"), a limited partnership owned and controlled, directly or indirectly, by Mr. Graham Rosenberg, the Company's CEO and Chairman, which have an aggregate principal amount of $52.3 million, are non-interest bearing, are 50% forgivable if the Company's share price exceeds $28.00 per Subordinate Voting Share, mature in 2026, are limited in recourse to 8.1 million shares of the Company owned by the Partnership and are secured by such shares (provided that the Company has agreed to postpone and subordinate such security to a third party lender in an amount not to exceed $50.0 million) – were transferred to a private holding company which is owned and controlled, directly or indirectly, by Mr. Rosenberg ("**CEO HoldCo**").

In consideration for the transfer of these loan receivables, CEO HoldCo issued $52.3 million aggregate face amount of redeemable preferred shares to the Company, consisting of its 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 "**Exchange Transaction**"). The Exchange Transaction was approved by the TSX and subsequently completed on July 17, 2024. Please refer to the Company's Press Release dated June 18, 2024 for additional information with respect to the Exchange Transaction and the Company's management information circular dated April 9, 2024 for information regarding the Company's Management Loan Program (the "**MLP**"), which are each available under the Company's profile on SEDAR+ at www.sedarplus.com. See "*Related Party Transactions – Restructure and settlement of the MLP Loans*".

Canadian Dental Care Plan

On May 1, 2024, the Company began providing dental services to eligible patients under the federal government's Canadian Dental Care Plan ("**CDCP**"). The CDCP is a federally funded initiative designed to provide dental insurance coverage to uninsured Canadian residents who meet specific eligibility criteria. The CDCP aims to enhance oral health outcomes by mitigating financial barriers to dental care. Beginning in 2024, the federal government of Canada has committed $13.0 billion over five years to the CDCP. The CDCP is administered by Health Canada, with support from a third-party benefits administrator.

As of December 31, 2024, the Company has at least one provider in over 90% of its practices delivering dental services to eligible patients under the CDCP.

Key management changes

On February 29, 2024, the Company announced that Mr. Guy Amini had stepped down as President of the Company. The Company's Chief Financial Officer ("**CFO**"), Mr. Nate Tchaplia, and CEO and Chairman, Mr. Graham Rosenberg, have since assumed Mr. Amini's day-to-day responsibilities. On the same day, the Company also announced the immediate appointment of Mr. Kevin Mosher as a Director, succeeding Mr. Gino Volpacchio who resigned from his position. Effective February 29, 2024, Mr. Matthew Miclea also resigned from his position as Chief Operating Officer of the Company and Mr. Jeremy Goldlist was appointed Chief of Staff and Corporate Secretary.

On June 18, 2024, the Company announced that Mr. Nate Tchaplia, the Company's then CFO, was promoted to the role of President, while retaining his responsibilities as CFO. On the same day, the Company also announced that Mr. Kevin Mosher, a member of the Board, immediately assumed additional responsibilities as Executive Director. Subsequently, effective December 31, 2024, Mr. Mosher completed his duties as Executive Director and returned to exclusively serving as a member of the Board.

Amendment and extension of Credit Facilities

On January 18, 2024, the Company entered into a Second Amended Credit Agreement (as defined herein) with the Credit Facilities Lenders (as defined herein) to decrease the amounts available to be drawn down under the Delayed Draw Facility (as defined herein) to $350.0 million. The maturity date of the Credit Facilities (as defined herein) was also extended from May 27, 2026 to January 18, 2028. See "*Liquidity and Capital Resources – Current Credit Facilities*".

OUTLOOK

The following outlines our actual performance against the key metrics provided in our outlook for the fourth quarter and year ended December 31, 2024[(1)(2)]:

	Q4, 2024		Year ended December 31, 2024	
	Outlook	**Actual**	**Outlook**	**Actual**
Revenue growth	8.0%-10.0%	**9.7%**	9.5%-10.5%	**8.4%**
Same Practice Revenue Growth[(3)]	3.5%-4.5%	**2.7%**	4.0%	**2.3%**
Adjusted EBITDA Margin[(3)]	~18.4%	**18.6%**	~18.4%	**18.5%**
Adjusted Free Cash Flow per Share[(3)]	N/A	**N/A**	15.0%-20.0%	**16.2%**

Notes:

(1) Fourth quarter December 31, 2024 outlook key metrics were provided in the management's discussion and analysis of financial condition and results of operations for the three and nine months ended September 30, 2024.

(2) Year ended December 31, 2024 outlook key metrics were provided in the management's discussion and analysis of financial condition and results of operations for the three months and year ended December 31, 2023.

(3) Non-IFRS measures. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures*" for further details concerning Same Practice Revenue Growth, Adjusted EBITDA Margin, and Adjusted Free Cash Flow per Share including definitions and reconciliations to the relevant reported IFRS measure.

For the fourth quarter of 2024, revenue growth of 9.7% was within the range of our outlook of 8.0% to 10.0%. Same Practice Revenue Growth of 2.7% for the fourth quarter of 2024 was lower than our outlook of 3.5% to 4.5%, primarily due to an increase in appointment deferrals caused by uncertainty regarding the CDCP and the federal government of Canada's announcement on December 11, 2024 that they were unable to confirm the timing of expansion of eligibility under the CDCP to all remaining Canadians aged 18 to 64. Adjusted EBITDA Margin of 18.6%, exceeded our outlook of approximately 18.4%, as the Company continued to realize operating leverage in the business.

For the year ended December 31, 2024, revenue growth of 8.4% was lower than our outlook of 9.5% to 10.5% and Same Practice Revenue Growth of 2.3% was lower than our outlook of more than 4.0%, primarily due to an increase in appointment deferrals caused by uncertainty regarding the CDCP and the federal government of Canada's announcement on December 11, 2024 that they were unable to confirm the timing of expansion of eligibility under the CDCP to all remaining Canadians aged 18 to 64. Adjusted EBITDA Margin of 18.5%, exceeded our outlook of approximately 18.4%. For the year ended December 31, 2024, Adjusted Free Cash Flow per Share, on a fully diluted basis, grew by 16.2%, which was within the range of our outlook of 15.0% to 20.0%.

Full Year 2025 Outlook

The Company's revenue and Same Practice Revenue Growth for the year ended December 31, 2025 is expected to increase by 10.0% to 11.0% (to between $1,699.6 and $1,715.1 million), and by 3.0% to 5.0%, respectively, over the same period in 2024. Adjusted EBITDA Margin is expected to increase by 20 basis points or more to approximately 18.7% for the year ended December 31, 2025, as the Company continues to drive operating leverage off a fully built-out corporate infrastructure, designed to support significant expansion of the business. The Company is also expecting Pre-tax Adjusted free cash flow per Share to grow by more than 15.0% (to more than $0.91 per Share) for the year ended December 31, 2025.

First Quarter 2025 Outlook

The Company's revenue and Same Practice Revenue Growth for the first quarter of 2025 is expected to increase by 8.0% to 9.0% (to between $402.2 million and $405.9 million) and by 3.0% to 5.0%, respectively, over the same period last year. Adjusted EBITDA Margin for the first quarter of 2025 is estimated to increase by 20 plus basis points to approximately 18.5% (to between $74.4 million and $75.1 million) for the three months ended March 31, 2025 compared to the same period in 2024.

Additional Outlook Metrics

The Company is also anticipating the following with respect to the time periods referenced:

- *Acquisitive growth:* For the three months ended March 31, 2025 and year ended December 31, 2025, PF Adjusted EBITDA after rent attributable to practices acquired in 2025 is expected to be more than $8.0 million and $25.0 million, respectively. PF Adjusted EBITDA after rent attributable to practices acquired in 2024 was $21.4 million, which was in line with our outlook of more than $20.0 million.
- *Organic growth:* medium-term target for Same Practice Revenue Growth of approximately 4.0% or more with an approximate 10% to 15.0% expected increase in visit frequency following an acquisition and 0.5% to 1.0% for Same Practice Revenue Growth derived from the expansion of specialty service offerings.
- *Leverage:* medium-term target to achieve a Net Debt / PF Adjusted EBITDA after rent Ratio of 3.0 to 3.5, with any anticipated deleveraging to be driven primarily by free cash flow and acquisition pacing.

The foregoing outlook with respect to the three months ended March 31, 2025 and year ended December 31, 2025 and the above additional outlook metrics are based on the Company's current strategies and may be considered forward-looking information under applicable securities laws. Such targets are based on estimates and assumptions made by the Company regarding, among other things, the assumptions set out under "*About Forward-Looking Information*". Management discloses financial outlook metrics for the purpose of providing further information about the Company's prospective results of operations. Readers are cautioned that actual results may vary materially from the above targets if the Company's assumptions are incorrect and as a result of the risks and uncertainties that may impact our business. See "*About Forward-Looking Information*" and "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures*" for further details concerning Adjusted EBITDA Margin, Net Debt / PF Adjusted EBITDA after rent Ratio, PF Adjusted EBITDA after rent, Pre-Tax Adjusted free cash flow per Share, and Same Practice Revenue Growth, including definitions and reconciliations to the relevant reported IFRS measure.

OVERALL PERFORMANCE

Key Indicators of Performance

To evaluate our performance, we monitor a number of key indicators. The key indicators that we monitor are described below.

IFRS Measures

Revenue

The Company recognizes revenue from the provision of dental and healthcare services ("**services**"). Revenue from services is primarily affected by (i) the number of practice locations; (ii) the number of our partner dentists who, either directly or indirectly through a Professional Corporation, are responsible for the operational oversight of, and the provision of dental services at, one or more of the Company's practice locations ("**Partner Dentist**"); (iii) the number of all other dentists ("**Associate Dentists**") and hygienists who provide services at our dental practices; (iv) the number of dental and healthcare patients ("**patients**"); and (v) the type of services being provided to patients.

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 will be significant.

Cost of revenue

Cost of revenue primarily consists of revenue allocations to dentists, wages to hygienists, and laboratory fees and consumables used in the provision of services and is primarily affected by revenue allocation rates within the Company's service agreements with Partner Dentists and Associate Dentists and the type and volume of services being provided by dentists and hygienists. Other costs of revenue include credit card and payment processing fees.

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 costs 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 ("**SG&A**"). This decision is based on the belief that this presentation offers enhanced relevance and clarity for users of the financial statements, as it better reflects the context in which these expenses are incurred.

The change in accounting policy has been applied retrospectively in accordance with *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors* ("**IAS 8**"). Consequently, all comparative information in the Annual Financial Statements and this MD&A has been restated to conform with current period presentation. See "*Material New Accounting Standards Adopted"* for more information.

Selling, general and administrative expenses

SG&A primarily consists of employee benefits, including salaries, wages, benefits, contract labour, payroll taxes for administrative and support staff at our dental practices and support centre, and incentive compensation for support centre teams. Incentive compensation is primarily affected by the Company's operating results, management's assessment of an individual's performance and Board's approval.

Other expenses in SG&A include: (i) variable compensation expenses; (ii) professional services, including practice acquisition and integration costs; (iii) sales and marketing, including brand investment activities; (iv) occupancy costs for our head office and dental practices which are not otherwise included in depreciation and finance costs, including infrastructure and facilities costs required to support our dental practices; and (v) administrative costs, including the cost of management information systems, the allowance for expected credit losses, and other general and administrative costs of operating the business.

As noted above under "*Cost of revenue*", effective July 1, 2024, the Company opted to change its accounting policy to present variable compensation expenses within SG&A. The change in accounting policy has been applied retrospectively in accordance with IAS 8. Consequently, all comparative information in the Annual Financial Statements and this MD&A has been restated to conform with current period presentation. See "*Material New Accounting Standards Adopted*" for more information.

Net finance costs

Net finance costs primarily relate to (i) interest expense and standby charges on borrowings; (ii) interest accretion on borrowings and lease liabilities; and (iii) loss on modification on borrowings; offset by interest earned on cash held. Net finance costs are primarily affected by the amount of borrowings, the Company's actual and effective interest rates, additions to and acquisitions of property leases, and the Company's incremental borrowing rate.

Income tax recovery

Current tax is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, in the jurisdictions in which the Company operates and generates taxable income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Annual Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. 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.

Non-IFRS and Other Financial Measures

This MD&A makes reference to certain non-IFRS and other financial measures. Terms by which non-IFRS and other financial measures are identified include, but are not limited to, "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted EBITDA Growth from Acquisitions Completed in Prior Period", "Adjusted free cash flow", "Adjusted net income", "Adjusted free cash flow per Share", "Pre-tax Adjusted free cash flow per Share", "EBITDA", "Gross Profit Margin", "Net debt / PF Adjusted EBITDA after rent Ratio", "PF Adjusted EBITDA Margin", "PF Adjusted EBITDA", "PF Adjusted EBITDA after rent", "PF Revenue", "Practice-Level EBITDA", "Practice-Level EBITDA Margin", "Same Practice EBITDA Growth" and "Same Practice Revenue Growth". These non-IFRS and other financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, may include or exclude certain items as compared to similar IFRS measures and may not be comparable to similarly-titled measures reported by other companies. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We believe these non-IFRS and other financial measures are useful to investors, lenders and others in assessing our performance and highlighting trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. Our management also uses non-IFRS measures for purposes of comparing to prior periods; preparing annual operating budgets; developing future projections and earnings growth prospects; measuring the profitability of ongoing operations; analyzing our financial condition, business performance and trends, including the operating performance of the business after taking into consideration the acquisitions of dental practices; and determining components of employee compensation. As such, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from management's perspective, including how we evaluate our financial performance and how we manage our capital structure. We also believe that securities analysts, investors and other interested parties frequently use these non-IFRS and other financial measures and industry metrics in the evaluation of issuers.

Changes during the last twelve months

During the three months ended December 31, 2024, the following changes to non-IFRS and other financial measures were made:

- changed the definition of "Adjusted EBITDA", "Adjusted net income" and "Adjusted free cash flow" to remove 'other adjustments' as this category is no longer applicable to both the periods presented and future reporting periods.
- changed the definition of "Adjusted EBITDA" to remove 'change in fair value of derivative instruments' from 'net impact of unrealized foreign exchange gains or losses on non-cash balances, change in fair value of derivative instruments, and share of associate losses'.
- changed the definition of "Adjusted EBITDA" to group 'change in fair value of derivative instruments', 'change in fair value of contingent consideration', 'change in fair value of preferred shares', and 'change in fair value of other financial liability' into 'change in fair value of financial instruments at fair value through profit or loss'. Refer to '*Results of Operations*' for additional information.
- changed the definition of "Adjusted net income" to add an adjustment for 'change in fair value of other financial liability'. Refer to '*Results of Operations*' for additional information.

During the three months ended June 30, 2024, the following changes to non-IFRS and other financial measures were made:

- changed the definition of “Adjusted EBITDA”, “Adjusted net income” and “Adjusted free cash flow” to add an adjustment for certain short-term benefits paid to the CEO during the three months ended June 30, 2024 in contemplation of the CEO continuing to facilitate the leadership changes that were announced in June 2024 (see “*Company Overview – Recent Company Developments*”), assist with related transition matters and otherwise assist the Board to develop a long-term plan intended to position the Company to drive sustained value for its practices, patients and shareholders.

During the three months ended March 31, 2024, the following changes to non-IFRS and other financial measures were made:

- changed the definition of “Adjusted EBITDA”, “Adjusted net income” and “Adjusted free cash flow” to remove an adjustment for Initial Public Offering (“**IPO**”) costs that are not applicable for both the three months ended March 31, 2024 and 2023.
- changed the definition of “Adjusted EBITDA”, “Adjusted net income” and “Adjusted free cash flow” to add an adjustment for post-employment benefits that the Company’s former President was entitled to.
- changed the definition of “Adjusted net income” to add an adjustment for loss on modification of borrowings that the Company recognized upon entering into the Second Amended Credit Agreement (as defined herein), see “*Liquidity and Capital Resources – Current Credit Facilities*”.
- changed the definitions of “Same Practice Revenue Growth” and “Same Practice EBITDA Growth” to remove the exclusion of Legacy Specialty Practices.

Non-IFRS Financial Measures

Adjusted EBITDA

“Adjusted EBITDA” is calculated by adding to EBITDA certain expenses, costs, charges or benefits incurred in such period which in management’s view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including: (a) net impact of unrealized foreign exchange gains or losses on non-cash balances and share of associate losses; (b) share-based compensation; (c) external acquisition expenses; (d) change in fair value of financial instruments at fair value through profit or loss; (e) strategic review costs; (f) other corporate costs; (g) loss on disposal of dental practices; (h) loss on disposal and impairment of property and equipment and intangible assets; (i) loss on settlement of other receivables; (j) impairment of right-of-use assets; (k) post-employment benefits; and (l) short-term benefits. Adjusted EBITDA is a supplemental measure used by management and other users of our financial statements to assess the financial performance of our business without regard to the effects of interest, depreciation and amortization costs, expenses that are not considered reflective of underlying business performance, and other expenses that are expected to be one-time or non-recurring. We use Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis from period to period and to provide for a more complete understanding of factors and trends affecting our business. The most comparable IFRS measure to Adjusted EBITDA is Net loss and comprehensive loss, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

Adjusted free cash flow

“Adjusted free cash flow” is calculated by adding or subtracting from cash flow from operating activities: (a) external acquisition expenses; (b) strategic review costs; (c) other corporate costs; (d) post-employment benefits; (e) short-term benefits; (f) repayment of principal on leases; (g) maintenance capital expenditure; and (h) changes in working capital. We use Adjusted free cash flow to facilitate a comparison of our operating performance on a consistent basis from period to period, to provide for a more complete understanding of factors and trends affecting our business, and to determine components of employee compensation. The most comparable IFRS measure to Adjusted free cash flow is cash flow from operating activities, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

Adjusted net income

“Adjusted net income” is calculated by adding to Net loss and comprehensive loss certain expenses, costs, charges or benefits incurred in such period which in management’s view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including: (a) amortization of intangible assets; (b) share-based compensation; (c) change in fair value of contingent consideration; (d) external acquisition expenses; (e) strategic review costs; (f) other corporate costs; (g) loss on disposal of dental practices; (h) change in fair value of preferred shares; (i) loss on disposal and impairment of property and equipment and intangible assets; (j) loss on settlement of other receivables; (k) impairment of right-of-use assets; (l) loss on modification of borrowings; (m) post-employment benefits; (n) short-term benefits; (o) change in fair value of other financial liability; and (p) the tax impact of the above. We use Adjusted net income to facilitate a comparison of our operating performance on a consistent basis from period to period and to provide for a more complete understanding of factors and trends affecting our business. The most comparable IFRS measure to Adjusted net income is Net loss and comprehensive loss, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

EBITDA

“EBITDA” means, for the applicable period, net loss and comprehensive loss plus (a) net finance costs, (b) income tax recovery, and (c) depreciation and amortization. Management does not use EBITDA as a financial performance metric, but we present EBITDA to assist investors in understanding the mathematical development of Adjusted EBITDA and Same Practice EBITDA Growth. The most comparable IFRS measure to EBITDA is Net loss and comprehensive loss, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

PF Adjusted EBITDA

“PF Adjusted EBITDA” in respect of a period means Adjusted EBITDA for that period plus the Company’s estimate of the additional Adjusted EBITDA that it would have recorded if it had acquired each of the dental practices that it acquired during that period on the first day of that period, calculated in accordance with the methodology described in the reconciliation table in “*Reconciliation of Non-IFRS Measures*”. Both creditors and the Company use PF Adjusted EBITDA to assess our borrowing capacity, which management believes, given the highly acquisitive nature of our business, is more reflective of our operating performance. We also use PF Adjusted EBITDA to determine components of employee compensation. The most comparable IFRS measure to PF Adjusted EBITDA is Net loss and comprehensive loss, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

PF Adjusted EBITDA after rent

“PF Adjusted EBITDA after rent” in respect of a period means PF Adjusted EBITDA less interest and principal repayments on leases and lease interest and principal repayments on acquisitions. Both creditors and the Company use PF Adjusted EBITDA after rent to assess our borrowing capacity, which management believes, given the highly acquisitive nature of our business, is more reflective of our operating performance. The most comparable IFRS measure to PF Adjusted EBITDA after rent is Net loss and comprehensive loss, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

PF Revenue

“PF Revenue” in respect of a period means revenue for that period plus the Company’s estimate of the additional revenue that it would have recorded if it had acquired each of the dental practices that it acquired during that period on the first day of that period, calculated in accordance with the methodology described in the reconciliation table in “*Reconciliation of Non-IFRS Measures*”. Given the highly acquisitive nature of our business, management believes PF Revenue is more reflective of our operating performance. We use PF Revenue to determine components of employee compensation. The most comparable IFRS measure to PF Revenue is revenue, for which a reconciliation is provided in “*Reconciliation of Non-IFRS Measures*”.

Practice-Level EBITDA

“Practice-Level EBITDA” in respect of a practice means the EBITDA estimated by management to be attributable to that practice and excludes costs classified by management as corporate-level costs. We present Practice-Level EBITDA to assist investors in understanding the mathematical development of PF Adjusted EBITDA.

Pre-tax Adjusted free cash flow

“Pre-tax Adjusted free cash flow” in respect of a period means Adjusted free cash flow *less* cash income tax (recovery) expense. We use Pre-tax Adjusted free cash flow to facilitate a comparison of our operating performance on a consistent basis from period to period, to provide for a more complete understanding of factors and trends affecting our business, and to determine components of employee compensation. The most comparable IFRS measure to Pre-tax Adjusted free cash flow is cash flow from operating activities.

Non-IFRS Ratios

Adjusted EBITDA Margin

"Adjusted EBITDA Margin" means Adjusted EBITDA *divided by* revenue. We use Adjusted EBITDA Margin to facilitate a comparison of our operating performance on a consistent basis from period to period and to provide for a more complete understanding of factors and trends affecting our business.

Adjusted free cash flow per Share

"Adjusted free cash flow per Share" means Adjusted free cash flow *divided by* the total number of Shares (as defined herein) on a fully diluted basis. Adjusted free cash flow per Share is utilized to determine components of employee compensation.

Net debt / PF Adjusted EBITDA after rent Ratio

"Net debt / PF Adjusted EBITDA after rent Ratio" means non-current borrowings *divided by* PF Adjusted EBITDA after rent. We use Net debt / PF Adjusted EBITDA after rent Ratio to assess our borrowing capacity.

PF Adjusted EBITDA Margin

"PF Adjusted EBITDA Margin" means PF Adjusted EBITDA *divided by* PF Revenue. Both creditors and the Company use PF Adjusted EBITDA Margin to assess our borrowing capacity, which management believes, given the highly acquisitive nature of our business, is more reflective of our operating performance.

Practice-Level EBITDA Margin

"Practice-Level EBITDA Margin" means Practice-Level EBITDA *divided by* revenue. We use Practice-Level EBITDA Margin to facilitate an understanding of an individual dental practice's operating performance on a consistent basis from period to period.

Pre-tax Adjusted free cash flow per Share

"Pre-tax Adjusted free cash flow per Share" means Pre-tax Adjusted free cash flow, *divided by* the total number of Shares on a fully diluted basis. Pre-tax Adjusted free cash flow per Share is utilized to determine components of employee compensation.

Certain Supplementary Financial Measures

Adjusted EBITDA Growth from Acquisitions Completed in Prior Period

"Adjusted EBITDA Growth from Acquisitions Completed in Prior Period" in respect of a period is the percentage of Adjusted EBITDA for the period attributable to dental practices that were acquired in the corresponding period in the immediately prior year as compared to actual Adjusted EBITDA attributable to such dental practices plus management's estimate of Adjusted EBITDA attributable to such dental practices for any portion of such period that they were not owned by the Company in the corresponding period in the immediately prior year.

Gross Profit Margin

"Gross profit margin" means gross profit *divided by* revenue.

Same Practice EBITDA Growth

"Same Practice EBITDA Growth" in respect of a period means the percentage change in EBITDA derived from Established Practices in that period as compared to EBITDA from the same dental practices in the corresponding period in the immediately prior year. A dental practice will be deemed to be an "Established Practice" in a period if it was operating as part of Dentalcorp for the entirety of the relevant period and for the entirety of the corresponding period in the immediately prior year.

Same Practice Revenue Growth

"Same Practice Revenue Growth" in respect of a period means the percentage change in revenue derived from Established Practices in that period as compared to revenue from the same dental practices in the corresponding period in the immediately prior year.

Selected Annual Information

The following table sets out selected annual information of the Company as at and for the years ended December 31, 2024, 2023 and 2022:

	Year ended December 31,		
	2024	2023	2022
	$	$	$
	(expressed in millions of dollars)		
Revenue	**1,545.1**	1,425.7	1,250.3
Net loss and comprehensive loss	**(59.4)**	(85.6)	(16.6)
Loss per share - basic and diluted	**(0.31)**	(0.46)	(0.09)

	As at December 31,		
	2024	2023	2022
	$	$	$
	(expressed in millions of dollars)		
Total assets	**3,381.6**	3,290.3	3,376.0
Total non-current financial liabilities	**1,098.3**	1,067.9	1,405.6

During the year ended December 31, 2024, the Company continued to execute on its growth strategy of accretive acquisitions and to maximize value from acquired dental practices. Revenue for the year ended December 31, 2024 was $1,545.1 million compared to $1,425.7 million for the year ended December 31, 2023, an increase of $119.4 million or 8.4%. Refer to "*Results of Operations*" for commentary.

Net loss and comprehensive loss for the year ended December 31, 2024 was $59.4 million compared to $85.6 million for the year ended December 31, 2023, a decrease of $26.2 million or 30.6%. Refer to "*Results of Operations*" for commentary.

Total assets at December 31, 2024 was $3,381.6 million compared to $3,290.3 million at December 31, 2023, an increase of $91.3 million or 2.8%. Refer to "*Financial Condition*" for commentary.

Total non-current financial liabilities at December 31, 2024 were $1,098.3 million compared to $1,067.9 million at December 31, 2023, an increase of $30.4 million or 2.8%. Refer to "*Financial Condition*" for commentary.

Financial highlights

Revenue for the three months ended December 31, 2024 was $397.5 million compared to $362.2 million for the three months ended December 31, 2023, an increase of $35.3 million or 9.7%. Revenue for the year ended December 31, 2024 was $1,545.1 million compared to $1,425.7 million for the year ended December 31, 2023, an increase of $119.4 million or 8.4%.

Net loss and comprehensive loss for the three months ended December 31, 2024 was $13.1 million compared to $35.2 million for the three months ended December 31, 2023, a decrease of $22.1 million or 62.8%. Net loss and comprehensive loss for the year ended December 31, 2024 was $59.4 million compared to $85.6 million for the year ended December 31, 2023, a decrease of $26.2 million or 30.6%.

Adjusted EBITDA for the three months ended December 31, 2024 was $73.9 million compared to $65.8 million for the three months ended December 31, 2023, an increase of $8.1 million or 12.3%. Adjusted EBITDA for the year ended December 31, 2024 was $285.2 million compared to $259.7 million for the year ended December 31, 2023, an increase of $25.5 million or 9.8%. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures*".

PF Adjusted EBITDA for the three months ended December 31, 2024 was $75.0 million compared to $67.6 million for the three months ended December 31, 2023, an increase of $7.4 million or 10.9%. PF Adjusted EBITDA for the year ended December 31, 2024 was $299.9 million compared to $273.7 million for the year ended December 31, 2023, an increase of $26.2 million or 9.6%. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures*".

PF Revenue for the three months ended December 31, 2024 was $401.5 million compared to $368.7 million for the three months ended December 31, 2023, an increase of $32.8 million or 8.9%. PF Revenue for the year ended December 31, 2024 was $1,599.4 million compared to $1,475.8 million for the year ended December 31, 2023, an increase of $123.6 million or 8.4%. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures*".

Adjusted net income for the three months ended December 31, 2024 was $27.4 million compared to $0.1 million for the three months ended December 31, 2023, an increase of $27.3 million or 27300.0%. Adjusted net income for the year ended December 31, 2024 was $81.5 million compared to $66.3 million for the year ended December 31, 2023, an increase of $15.2 million or 22.9%. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures*".

Adjusted free cash flow for the three months ended December 31, 2024 was $39.3 million compared to $33.9 million for the three months ended December 31, 2023, an increase of $5.4 million or 15.9%. Adjusted free cash flow for the year ended December 31, 2024 was $151.8 million compared to $127.2 million for the year ended December 31, 2023, an increase of $24.6 million or 19.3%. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures*".

Adjusted free cash flow per Share for the three months ended December 31, 2024 was $0.20 per Share compared to $0.18 per Share for the three months ended December 31, 2023, an increase of $0.02 or 11.1% per Share. Adjusted free cash flow per Share for the year ended December 31, 2024 was $0.79 per Share compared to $0.68 per Share for the year ended December 31, 2023, an increase of $0.11 or 16.2% per Share. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Ratios*".

Same Practice Revenue Growth for the three months and year ended December 31, 2024 was approximately 2.7% and 2.3%, respectively, compared to 6.7% and 6.5% for the three months and year ended December 31, 2023, respectively. Refer to "*Outlook*" for commentary.

Same Practice EBITDA Growth for the three months and year ended December 31, 2024 was approximately 1.0% and 3.3%, respectively, compared to 10.9% and 7.7% for the three months and year ended December 31, 2023, respectively. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Certain Supplementary Financial Measures*".

Adjusted EBITDA Growth from Acquisitions Completed in Prior Period was 9.0%, driven by overall demand for services, pricing increases, the Company's insourcing initiatives, and the rigors of the Company's integration program. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Certain Supplementary Financial Measures*".

Results of Operations

Results for the three months and year ended December 31, 2024 compared to the three months and year ended December 31, 2023

The following table shows the consolidated statements of loss and comprehensive loss and selected non-IFRS financial measures for the three months and years ended December 31, 2024 and 2023:

	Three months ended December 31,		Year ended December 31,	
	2024	**2023(i)**	**2024**	**2023(i)**
	$	**$**	**$**	**$**
	(expressed in millions of dollars)		(expressed in millions of dollars)	
Revenue	**397.5**	362.2	**1,545.1**	1,425.7
Cost of revenue	**197.8**	182.3	**772.4**	716.3
Gross profit	**199.7**	179.9	**772.7**	709.4
Selling, general and administrative expenses	**130.1**	117.9	**502.7**	474.4
Depreciation and amortization	**51.0**	50.7	**204.7**	203.1
Share-based compensation	**2.8**	5.1	**12.6**	12.1
Foreign exchange (gain) loss	**(0.4)**	0.3	**(0.7)**	0.3
Net finance costs	**23.0**	23.2	**92.4**	93.1
Change in fair value of financial instruments at fair value through profit or loss	**5.3**	23.6	**24.8**	5.6
Other losses	**8.2**	2.2	**10.9**	23.3
Loss before income taxes	**(20.3)**	(43.1)	**(74.7)**	(102.5)
Income tax recovery	**(7.2)**	(7.9)	**(15.3)**	(16.9)
Net loss and comprehensive loss	**(13.1)**	(35.2)	**(59.4)**	(85.6)
Non-IFRS Financial Measures(ii)				
Adjusted EBITDA	**73.9**	65.8	**285.2**	259.7
Adjusted EBITDA Margin	***18.6%***	*18.2%*	***18.5%***	*18.2%*
PF Adjusted EBITDA	**75.0**	67.6	**299.9**	273.7
PF Adjusted EBITDA Margin	***18.7%***	*18.3%*	***18.8%***	*18.5%*
PF Adjusted EBITDA after rent	**63.2**	56.6	**253.5**	229.2
PF Revenue	**401.5**	368.7	**1,599.4**	1,475.8
Adjusted net income	**27.4**	0.1	**81.5**	66.3
Adjusted free cash flow	**39.3**	33.9	**151.8**	127.2
Adjusted free cash flow per Share	**0.20**	0.18	**0.79**	0.68
Gross Profit Margin	***50.2%***	*49.7%*	***50.0%***	*49.8%*

Notes:

(i) Amounts have been restated from those previously reported as a result of a change in accounting policy. For more information, see "*Material New Accounting Standards Adopted*".

(ii) Non-IFRS financial measures and ratios. For more information, see "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures*".

Revenue

Revenue for the three months ended December 31, 2024 was $397.5 million compared to $362.2 million for the three months ended December 31, 2023, representing an increase of $35.3 million or 9.7%. Revenue for the year ended December 31, 2024 was $1,545.1 million compared to $1,425.7 million for the year ended December 31, 2023, representing an increase of $119.4 million or 8.4%.

The increase in revenue for the three months and year ended December 31, 2024 was primarily driven by incremental revenue from practices that were acquired over the last twelve months, contribution of a full year of revenue from practices that were acquired during the three months and year ended December 31, 2023 and positive Same Practice Revenue Growth of 2.7% and 2.3%, respectively, for the three months and year ended December 31, 2024. Refer to "*Outlook*" for additional commentary.

Cost of revenue

Cost of revenue for the three months ended December 31, 2024 was $197.8 million compared to $182.3 million for the three months ended December 31, 2023, representing an increase of $15.5 million or 8.5%. Cost of revenue for the year ended December 31, 2024 was $772.4 million compared to $716.3 million for the year ended December 31, 2023, representing an increase of $56.1 million or 7.8%.

Cost of revenue as a percentage of revenue for the three months ended December 31, 2024 was 49.8% compared to 50.3% for the three months ended December 31, 2023, a decrease of 0.5%. Cost of revenue as a percentage of revenue for the year ended December 31, 2024 was 50.0% compared to 50.2% for the year ended December 31, 2023, a decrease of 0.2%. The decreases were primarily due to a reduction in laboratory fees.

Selling, general and administrative expenses

SG&A for the three months ended December 31, 2024 was $130.1 million compared to $117.9 million for the three months ended December 31, 2023, representing an increase of $12.2 million or 10.3%. SG&A for the year ended December 31, 2024 was $502.7 million compared to $474.4 million for the year ended December 31, 2023, representing an increase of $28.3 million, or 6.0%.

SG&A as a percentage of revenue for the three months ended December 31, 2024 was 32.7% compared to 32.6% for the three months ended December 31, 2023, an increase of 0.1%. The increase was primarily due to higher variable compensation due to improved performance from our dental practices, partially offset by a decrease in marketing and administration expenses from cost reduction as a result of corporate cost management initiatives.

SG&A as a percentage of revenue for the year ended December 31, 2024 was 32.5% compared to 33.3% for the year ended December 31, 2023, a decrease of 0.7%. The decrease was primarily due to a decrease in employment, marketing and administrative expenses resulting from cost reduction as a result of corporate cost management initiatives and a decrease in professional fees due to the inclusion of costs associated with the strategic review process during the year ended December 31, 2023. These decreases were partially offset by higher variable compensation due to improved performance from our dental practices.

Depreciation and amortization

Depreciation and amortization for the three months ended December 31, 2024 was $51.0 million compared to $50.7 million for the three months ended December 31, 2023, representing an increase of $0.3 million or 0.6%. Depreciation and amortization for the year ended December 31, 2024 was $204.7 million compared to $203.1 million for the year ended December 31, 2023, representing an increase of $1.6 million, or 0.8%.

Effective October 1, 2024, the Company revised its estimate of the useful lives of certain categories of equipment. This change was made to better reflect the 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 both the three months and year ended December 31, 2024. As this change was accounted for prospectively, it had no impact on comparative values.

The increase in depreciation and amortization for the three months ended December 31, 2024 was primarily due to the change in useful lives of certain categories of equipment noted above, the impact of fully depreciated property and equipment and the impact of the disposal of property and equipment, right-of-use (“**ROU**”) assets and intangible assets (collectively, “**depreciable assets**”) on disposal of dental practices.

The increase in depreciation and amortization for the year ended December 31, 2024 was primarily due to capital expenditures and dental practice acquisitions of depreciable assets, partially offset the change in useful lives of certain categories of equipment noted above, the impact of fully depreciated property and equipment and the impact of the disposal of depreciable assets on disposal of dental practices.

Share-based compensation

Share-based compensation expense for the three months ended December 31, 2024 was $2.8 million compared to $5.1 million for the three months ended December 31, 2023, representing a decrease of $2.3 million or 45.1%. Share-based compensation expense for the year ended December 31, 2024 was $12.6 million compared to $12.1 million for the year ended December 31, 2023, representing an increase of $0.5 million or 4.1%.

For the three months and year ended December 31, 2024, the Company recognized a loss of $0.3 million and a gain of $0.2 million, respectively, in relation to its cash-settled share-based compensation arrangements, compared to a loss of $1.4 million and a gain of $2.3 million, respectively, for the three months and year ended December 31, 2023, a decrease of $1.1 million or 78.6% and $2.1 million or 91.3%, respectively. The cash-settled share-based compensation arrangements are revalued at the end of each reporting period and are primarily impacted by the Company's share price, and, to a lesser extent, by changes to the expected life of the securities issued pursuant to such arrangements, the expected volatility of the Company's share price and the risk-free rate. An increase (decrease) in the Company's share price (and other assumptions) will result in an increase (decrease) in the share-based payment liability and a loss (gain) recognized in share-based compensation expense in the consolidated statements of loss and comprehensive loss.

For the three months and year ended December 31, 2024, the Company recognized an expense of $2.5 million and $12.8 million, respectively, in relation to its equity-settled share-based compensation arrangements, compared to an expense of $3.7 million and $14.4 million, respectively, for the three months and year ended December 31, 2023, a decrease of $1.2 million or 32.4% and $1.6 million or 11.1%, respectively.

The decrease in share-based compensation expense for the three months ended December 31, 2024 was primarily due to (i) the timing of expense recognition under graded vesting arrangements, (ii) the settlement of vested restricted share unit ("**RSU**"), performance share unit ("**PSU**") and deferred share unit ("**DSU**") grants and (iii) employee forfeitures, partially offset by the impact of an increase in RSU, PSU and DSU grants.

The decrease in share-based compensation expense for the year ended December 31, 2024 was primarily due to (i) the timing of expense recognition under graded vesting arrangements, (ii) the settlement of vested RSU, PSU and DSU grants and (iii) employee forfeitures; partially offset by (i) accelerated vesting of stock options ("**Options**") and RSUs held by the Company's former President on his departure from the Company on February 29, 2024 and (ii) an increase in RSU, PSU and DSU grants.

Foreign exchange (gain) loss

Foreign exchange gain for the three months and year ended December 31, 2024 was $0.4 million and $0.7 million, respectively compared to a loss of $0.3 million and $0.3 million, respectively, for the three months and year ended December 31, 2023, representing a positive change of $0.7 million or 233.3%, and $1.0 million or 333.3%, respectively.

The Company holds a portion of its cash in USD. The changes for the three months and year ended December 31, 2024 compared to the three months and year ended December 31, 2023 were primarily due to an increase in the value of USD relative to CAD.

Net finance costs

Net finance costs for the three months ended December 31, 2024 were $23.0 million compared to $23.2 million for the three months ended December 31, 2023, representing a decrease of $0.2 million or 0.9%. Net finance costs for the year ended December 31, 2024 were $92.4 million compared to $93.1 million for the year ended December 31, 2023, representing a decrease of $0.7 million or 0.8%.

The decrease in net finance costs for the three months ended December 31, 2024 was primarily due to a decrease in interest expense and stand-by charges of $0.8 million due to a reduction in amounts available to be drawn down under both the Revolving Facility and Delayed Draw Facility (see "*Liquidity and Capital Resources – Current Credit Facilities*"), partially offset by a decrease in interest income of $0.2 million due to lower interest rates and an increase in interest accretion on lease liabilities of $0.4 million due to dental practice acquisitions.

The decrease in net finance costs for the year ended December 31, 2024 was primarily due to a decrease in interest expense and stand-by charges of $5.6 million due to the repayment of $26.1 million owing under the Delayed Draw Facility in the third quarter of 2023 and a reduction in amounts available to be drawn down under both the Revolving Facility and Delayed Draw Facility (see "*Liquidity and Capital Resources – Current Credit Facilities*"); partially offset by (i) a $2.3 million loss on modification of borrowings, (ii) a decrease in interest income of $1.5 million due to lower interest rates, and (iii) an increase in interest accretion on lease liabilities of $1.1 million due to dental practice acquisitions.

Change in fair value of financial instruments at fair value through profit or loss

Change in fair value of financial instruments at fair value through profit or loss ("**FVTPL**") for the three months ended December 31, 2024 was a loss of $5.3 million compared to a loss of $23.6 million for the three months ended December 31, 2023, representing a decrease of $18.3 million, or 77.5%. Change in fair value of financial instruments at FVTPL for the year ended December 31, 2024 was a loss of $24.8 million compared to a loss of $5.6 million for the year ended December 31, 2023, representing an increase of $19.2 million, or 342.9%.

Change in fair value of financial instruments at fair value through profit or loss includes change in fair value of derivative instruments, contingent consideration, other financial liability and preferred shares.

Change in fair value of derivative instruments

Change in fair value of derivative instruments for the three months ended December 31, 2024 was a loss of $3.7 million compared to a loss of $22.6 million for the three months ended December 31, 2023, representing a decrease of $18.9 million, or 83.6%. Change in fair value of derivative instruments for the year ended December 31, 2024 was a loss of $19.6 million compared to a gain of $2.1 million for the year ended December 31, 2023, representing a decrease of $21.7 million, or 1033.3%.

The Company has entered into a number of interest rate swaps to hedge the Company's exposure to interest rate risk on the Company's borrowings. In accordance with the terms of the interest rate swaps, the Company pays a fixed rate of interest and receives payments that match the floating rate of interest attached to the underlying borrowings. An increase (decrease) in the spread between long and short-term interest rates will result in a gain (loss) being recognized on the interest rate swap. Refer to *"Hedging Arrangements"* below.

Change in fair value of contingent consideration

Change in fair value of contingent consideration for the three months ended December 31, 2024 was a gain of $1.2 million compared to $0.1 million for the three months ended December 31, 2023, representing an increase of $1.1 million or 1100.0%. Change in fair value of contingent consideration for the year ended December 31, 2024 was a loss of $3.8 million compared to $0.8 million for the year ended December 31, 2023, representing an increase of $3.0 million or 375.0%.

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 Practice-Level EBITDA of an acquired practice, subject to certain adjustments, over an agreed-upon period. At the end of each reporting period, the Company's earn-out arrangements are remeasured at fair value with the changes in fair value recognized in the consolidated statements of loss and comprehensive loss. An increase (decrease) in the performance of the underlying dental practice relative to the earn-out metrics will result in an increase (decrease) in the contingent consideration liability and a loss (gain) on change in fair value of contingent consideration.

Change in fair value of other financial liability

Change in fair value of other financial liability for the three months and year ended December 31, 2024 was a loss of $3.0 million and $3.0 million, respectively, compared to $nil and $nil, respectively, for the three months and year ended December 31, 2023, representing an increase of $3.0 million or 100.0%.

During the years ended December 31, 2024 and 2023, the Company launched several new company-owned dental practices (the "De novo practices"), whereby the Company has agreed to share with the Associate Dentists a percentage of the profits of such 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. The Associate Dentists and the Company also have 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. The change in fair value of $3.0 million is due to the improved performance of one of the Company's De novo dental practices, resulting in an increase in the estimated fair value of the financial liability as at December 31, 2024.

Change in fair value of preferred shares

Change in fair value of preferred shares for the three months and year ended December 31, 2024 was a gain of $0.2 million and $1.6 million, respectively, compared to a loss of $1.1 million and $6.9 million, respectively, for the three months and year ended December 31, 2023, representing a change of $1.3 million or 118.2% and $8.5 million or 123.2%, respectively.

During the year ended December 31, 2023, the Company restructured the loans receivable (the "**MLP Loans**") held by the President and former President (the "**MLP Managers**") under the MLP. Pursuant to the restructurings, the Company's full interest in the MLP Loans were transferred to private holding companies owned and controlled by the MLP Managers (each, a "**HoldCo**"). As consideration for the transfer of the MLP Loans, each HoldCo issued preferred shares to the Company (the "**Management Preferred Shares**").

During the year ended December 31, 2024, the Company restructured the MLP Loans held by the CEO. Pursuant to the restructurings, the Company's full interest in the MLP Loans were transferred to CEO HoldCo. As consideration for the transfer of the MLP Loans, CEO HoldCo issued Management Preferred Shares to the CEO.

The Company has classified the Management Preferred Shares as a financial asset at FVTPL. At the end of each reporting period, the Management Preferred Shares are remeasured at fair value with the changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Other losses

Other losses for the three months ended December 31, 2024 was $8.2 million compared to $2.2 million for the three months ended December 31, 2023, representing an increase of $6.0 million or 272.7%. Other losses for the year ended December 31, 2024 was $10.9 million compared to $23.3 million for the year ended December 31, 2023, representing a decrease of $12.4 million or 53.2%.

Other losses for the three months ended December 31, 2024 consist of loss on disposal of dental practices of $8.0 million related to adjustments on acquisitions completed in previous periods and loss on disposal of property and equipment and intangible assets of $0.2 million. For the three months ended December 31, 2023, other losses consist of loss on disposal of property and equipment and intangible assets of $1.6 million and loss on impairment of property and equipment of $0.6 million.

Other losses for the year ended December 31, 2024 consist of loss on disposal of dental practices of $10.3 million related to adjustments on acquisitions completed in previous period and loss on disposal of property and equipment and intangible assets of $0.6 million. For the year ended December 31, 2023, other losses consist of loss on disposal of dental practices of $21.0 million, loss on disposal of property and equipment and intangible assets of $1.6 million, loss on impairment of property and equipment of $0.6 million and share of associate losses of $0.1 million.

Loss on disposal of dental practices

During the three months ended December 31, 2024 and 2023, the Company did not dispose of any dental practices.

During the year ended December 31, 2024, the Company disposed of its interest in five dental practices for aggregate consideration of $4.7 million. The net assets of the dental practices at the date of disposal were $15.0 million resulting in a loss on disposal of $10.3 million.

During the year ended December 31, 2023, the Company disposed of its interest in 17 dental practices for aggregate consideration of $9.5 million. The net assets of the dental practices at the date of disposal were $30.5 million resulting in a loss on disposal of $21.0 million.

The disposals were a part of the Company’s program to rationalize certain non-core standalone specialty practices.

Income tax recovery

Income tax recovery for the three months ended December 31, 2024 was $7.2 million compared to $7.9 million for the three months ended December 31, 2023, representing a decrease of $0.7 million or 8.9%. Income tax recovery for the year ended December 31, 2024 was $15.3 million compared to $16.9 million for the year ended December 31, 2023, representing a decrease of $1.6 million or 9.5%.

The increase in income tax recovery for the three months ended December 31, 2024 was primarily due to movements in the origination and reversal of temporary differences. The decrease in the income tax recovery for the year ended December 31, 2024 was due to an increase in the current tax expense, offset by an increase in the deferred tax recovery. As at December 31, 2024, the current tax expense remains outstanding.

Net loss and comprehensive loss

Net loss and comprehensive loss for the three months ended December 31, 2024 was $13.1 million compared to $35.2 million for the three months ended December 31, 2023, representing a decrease of $22.1 million or 62.8%. Net loss and comprehensive loss for the year ended December 31, 2024 was $59.4 million compared to $85.6 million for the year ended December 31, 2023, representing a decrease of $26.2 million or 30.6%.

The decrease in net loss and comprehensive loss for the three months ended December 31, 2024 was due to (i) an increase in revenue of $35.3 million, (ii) an increase in cost of revenue of $15.5 million, (iii) an increase in SG&A of $12.2 million, (iv) an increase in depreciation and amortization of $0.3 million, (v) a decrease in share-based compensation expense of $2.3 million, (vi) an increase in foreign exchange gain of $0.7 million, (vii) a decrease in net finance costs of $0.2 million, (viii) a decrease in the loss on change in fair value of financial instruments at FVTPL of $18.3 million, (ix) an increase in other losses of $6.0 million, and (x) a decrease in income tax recovery of $0.7 million.

The decrease in net loss and comprehensive loss for the year ended December 31, 2024 was due to (i) an increase in revenue of $119.4 million, (ii) an increase in cost of revenue of $56.1 million, (iii) an increase in SG&A of $28.3 million, (iv) an increase in depreciation and amortization of $1.6 million, (v) an increase in share-based compensation expense of $0.5 million, (vi) an increase on foreign exchange gain of $1.0 million, (vii) a decrease in net finance costs of $0.7 million, (viii) an increase in the loss on change in fair value of financial instruments at FVTPL of $19.2 million, (ix) a decrease in other losses of $12.4 million, and (x) a decrease in income tax recovery of $1.6 million.

Adjusted EBITDA, PF Adjusted EBITDA, and PF Adjusted EBITDA after rent

Adjusted EBITDA for the three months ended December 31, 2024 was $73.9 million compared to $65.8 million for the three months ended December 31, 2023, representing an increase of $8.1 million or 12.3%. PF Adjusted EBITDA for the three months ended December 31, 2024 was $75.0 million compared to $67.6 million for the three months ended December 31, 2023, representing an increase of $7.4 million or 10.9%. PF Adjusted EBITDA after rent for the three months ended December 31, 2024 was $63.2 million compared to $56.6 million for the three months ended December 31, 2023, representing an increase of $6.6 million or 11.7%.

Adjusted EBITDA for the year ended December 31, 2024 was $285.2 million compared to $259.7 million for the year ended December 31, 2023, representing an increase of $25.5 million or 9.8%. PF Adjusted EBITDA for the year ended December 31, 2024 was $299.9 million compared to $273.7 million for the year ended December 31, 2023, representing an increase of $26.2 million or 9.6%. PF Adjusted EBITDA after rent for the year ended December 31, 2024 was $253.5 million compared to $229.2 million for the year ended December 31, 2023, representing an increase of $24.3 million or 10.6%.

The increase in Adjusted EBITDA, PF Adjusted EBITDA, and PF Adjusted EBITDA after rent for the three months and year ended December 31, 2024 was primarily driven by revenue growth, which includes Same Practice Revenue Growth of approximately 2.7% and 2.3%, respectively, underpinned by the strength of our practice acquisitions, as well as practice level and corporate cost management initiatives.

PF Revenue

PF Revenue for the three months ended December 31, 2024 was $401.5 million compared to $368.7 million for the three months ended December 31, 2023, an increase of $32.8 million or 8.9%. The increase was due to the increase in revenue of $35.3 million arising from both Same Practice Revenue growth of approximately 2.7% and growth from acquisitions.

PF Revenue for the year ended December 31, 2024 was $1,599.4 million compared to $1,475.8 million for the year ended December 31, 2023, an increase of $123.6 million or 8.4%. The increase was due to the increase in revenue of $119.4 million arising from both Same Practice Revenue growth of approximately 2.3% and growth from acquisitions.

Adjusted net income

Adjusted net income for the three months ended December 31, 2024 was $27.4 million compared to $0.1 million for the three months ended December 31, 2023, an increase of $27.3 million or 27300.0%. Adjusted net income for the year ended December 31, 2024 was $81.5 million compared to $66.3 million for the year ended December 31, 2023, an increase of $15.2 million or 22.9%.

The increase in Adjusted net income for the three months ended December 31, 2024 was primarily driven by revenue growth, which includes Same Practice Revenue Growth of approximately 2.7% underpinned by the strength of our practice acquisitions, practice-level and corporate cost management initiatives, and a decrease in the loss on change in fair value of derivative instruments of $18.9 million.

The increase in Adjusted net income for the year ended December 31, 2024 was primarily due to revenue growth, which includes Same Practice Revenue Growth of approximately 2.3%, underpinned by the strength of our practice acquisitions, and practice-level and corporate cost management initiatives, partially offset by a loss of $21.7 million on change in fair value of derivative instruments.

Adjusted free cash flow

Adjusted free cash flow for the three months ended December 31, 2024 was $39.3 million compared to $33.9 million for the three months ended December 31, 2023, an increase of $5.4 million or 15.9%. Adjusted free cash flow for the year ended December 31, 2024 was $151.8 million compared to $127.2 million for the year ended December 31, 2023, an increase of $24.6 million or 19.3%.

The movements in Adjusted free cash flow for the three months and year ended December 31, 2024 were primarily driven by the underlying growth of the business, cost management initiatives and a decrease in interest paid on borrowings under the Credit Facilities (as defined herein) due to the hedging of our interest rate exposure and lower levels of borrowings.

Reconciliation of Non-IFRS Measures

The following table shows the reconciliations of net loss and comprehensive loss to EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PF Adjusted EBITDA, PF Adjusted EBITDA Margin, PF Adjusted EBITDA after rent, and the reconciliation of revenue to PF Revenue[1]:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
	(expressed in millions of dollars)		(expressed in millions of dollars)	
Net loss and comprehensive loss	**(13.1)**	(35.2)	**(59.4)**	(85.6)
Adjustments:				
Net finance costs[a]	**23.0**	23.2	**92.4**	93.1
Income tax recovery	**(7.2)**	(7.9)	**(15.3)**	(16.9)
Depreciation and amortization	**51.0**	50.7	**204.7**	203.1
EBITDA[t]	**53.7**	30.8	**222.4**	193.7
Add:				
Net impact of unrealized foreign exchange gains or losses on non-cash balances and share of associate losses[b]	**—**	—	**—**	0.1
Share-based compensation	**2.8**	5.1	**12.6**	12.1
External acquisition expenses[c]	**1.2**	0.8	**4.3**	4.3
Change in fair value of financial instruments at fair value through profit or loss	**5.3**	23.6	**24.8**	5.6
Strategic review costs[d]	**—**	0.1	**—**	6.4
Other corporate costs[e]	**2.7**	1.9	**7.4**	13.0
Loss on disposal of dental practices[f]	**8.0**	—	**10.3**	21.0
Loss on disposal and impairment of property and equipment and intangible assets[g]	**0.2**	2.2	**0.6**	2.2
Post-employment benefits[i]	**—**	—	**2.3**	—
Short-term benefits[j]	**—**	—	**0.5**	—
Loss on settlement of other receivables[k]	**—**	0.9	**—**	0.9
Impairment of right-of-use assets[l]	**—**	0.4	**—**	0.4
Adjusted EBITDA[t]	**73.9**	65.8	**285.2**	259.7
Adjusted EBITDA Margin[u]	**18.6%**	18.2%	**18.5%**	18.2%
Adjusted EBITDA[t]	**73.9**	65.8	**285.2**	259.7
Adjustments:				
Acquisition adjustment[p]	**1.1**	1.8	**14.7**	14.0
PF Adjusted EBITDA[t]	**75.0**	67.6	**299.9**	273.7
PF Adjusted EBITDA Margin[u]	**18.7%**	18.3%	**18.8%**	18.5%
PF Adjusted EBITDA[t]	**75.0**	67.6	**299.9**	273.7
Adjustments:				
Interest and principal repayments on leases[a]	**(11.7)**	(10.8)	**(45.2)**	(43.1)
Lease interest and principal repayments on acquisitions[q]	**(0.1)**	(0.2)	**(1.2)**	(1.4)
PF Adjusted EBITDA after rent[t]	**63.2**	56.6	**253.5**	229.2
PF Adjusted EBITDA after rent Margin[u]	**15.7%**	15.4%	**15.8%**	15.5%
Revenue	**397.5**	362.2	**1,545.1**	1,425.7
Adjustments:				
Acquisition adjustment[r]	**4.0**	6.5	**54.3**	50.1
PF Revenue[t]	**401.5**	368.7	**1,599.4**	1,475.8

The following table shows the reconciliation of net loss and comprehensive loss to Adjusted net income[(1)]:

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
	(expressed in millions of dollars)		**(expressed in millions of dollars)**	
Net loss and comprehensive loss	**(13.1)**	(35.2)	**(59.4)**	(85.6)
Adjustments:				
Amortization of intangible assets	**29.4**	26.5	**110.8**	104.3
Share-based compensation	**2.8**	5.1	**12.6**	12.1
Change in fair value of contingent consideration[(m)]	**(1.2)**	(0.1)	**3.8**	0.8
Change in fair value of other financial liability[(o)]	**3.0**	—	**3.0**	—
Change in fair value of preferred shares[(n)]	**(0.2)**	1.1	**(1.6)**	6.9
External acquisition expenses[(c)]	**1.2**	0.8	**4.3**	4.3
Strategic review costs[(d)]	**—**	0.1	**—**	6.4
Other corporate costs[(e)]	**2.7**	1.9	**7.4**	13.0
Loss on disposal of dental practices[(f)]	**8.0**	—	**10.3**	21.0
Loss on disposal and impairment of property and equipment and intangible assets[(g)]	**0.2**	2.2	**0.6**	2.2
Loss on modification of borrowings[(h)]	**—**	—	**2.3**	—
Post-employment benefits[(i)]	**—**	—	**2.3**	—
Short-term benefits[(j)]	**—**	—	**0.5**	—
Loss on settlement of other receivables[(k)]	**—**	0.9	**—**	0.9
Impairment of right-of-use assets[(l)]	**—**	0.4	**—**	0.4
	32.8	3.7	**96.9**	86.7
Estimated tax impact of the above	**(5.4)**	(3.6)	**(15.4)**	(20.4)
Adjusted net income[(p)]	**27.4**	0.1	**81.5**	66.3

The following table shows the reconciliation of cash flow from operations to Adjusted free cash flow[(1)]:

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
	(expressed in millions of dollars)		**(expressed in millions of dollars)**	
Cash flow from operating activities	**44.5**	38.7	**194.2**	153.4
Adjustments:				
External acquisition expenses[(c)]	**1.2**	0.8	**4.3**	4.3
Strategic review costs[(d)]	**—**	0.1	**—**	6.4
Other corporate costs[(e)]	**2.7**	1.9	**7.4**	13.0
Post-employment benefits[(i)]	**—**	—	**2.3**	—
Short-term benefits[(l)]	**—**	—	**0.5**	—
	48.4	41.5	**208.7**	177.1
Deduct:				
Repayment of principal on leases	**(7.0)**	(6.6)	**(26.8)**	(26.0)
Maintenance capital expenditure[(s)]	**(5.4)**	(2.9)	**(18.1)**	(14.4)
Changes in working capital[(v)]	**3.3**	1.9	**(12.0)**	(9.5)
Adjusted free cash flow[(t)]	**39.3**	33.9	**151.8**	127.2
Adjusted free cash flow per Share[(u)]:	**0.20**	0.18	**0.79**	0.68
Weighted average number of shares outstanding:				
Basic	**191,410,764**	187,783,107	**189,595,939**	187,516,418
Diluted	**194,356,783**	188,990,106	**191,914,128**	188,416,584

Notes:

(1) Adjustments that are included in the definitions of the Non-IFRS Measures that are not applicable for the reported periods presented have been excluded from the table.

(a) For the three months and year ended December 31, 2024, our finance costs included $11.7 million and $45.2 million, respectively, in cash rent expense (three months and year ended December 31, 2023 – $10.8 million and $43.1 million, respectively).

(b) Represents the sum of (i) unrealized foreign exchange gains or losses on non-cash balances and (ii) share of associate losses.

(c) Represents professional fees and other expenses paid to third parties that are incurred in connection with individual practice acquisitions and are not related to the underlying business operations of the Company.

(d) Represents costs related to the strategic review process and other costs incurred by the Company to evaluate strategic alternatives to unlock shareholder value.

(e) Represents costs associated with the implementation of new corporate technology systems, the undertaking of vendor consolidations, termination benefits and restructuring activities, and professional fees related to the settlement of the management loan program and issuance of preferred shares, executive search arrangements, other non-recurring capital market initiatives and the implementation of the CDCP. Also included are costs associated with the purchase of profit rights held by Associate dentists in the cash flows of our dental practices and losses of dental practices that were disposed of during the period.

(f) Represents the loss on disposal of dental practices that were disposed of during the three months and years ended December 31, 2024 and 2023.

(g) Represents the loss on disposal and impairment of property and equipment and intangible assets which primarily occurred upon the closure of certain dental practice locations and the subsequent disposal of leasehold improvements and equipment that could not be transferred to other dental practices.

(h) Represents the loss on modification of the Credit Facilities (as defined herein) upon entering into the Second Amended Credit Agreement (as defined herein) during the three months ended March 31, 2024. See "*Liquidity and Capital Resources – Current Credit Facilities*".

(i) Represents post-employment benefits provided to the Company's former President.

(j) Represents short-term benefits paid to the CEO during the year ended December 31, 2024 in contemplation of the CEO continuing to facilitate the leadership changes announced in June 2024 (see "*Company Overview – Recent Company Developments*") and developing a long-term plan to assist the Board in driving sustained value for the Company's practices, patients and shareholders.

(k) Associated with the MLP, the Company provided a deemed interest benefit to the MLP Managers on the MLP Loans. Income taxes on the deemed interest benefit are paid by the Company on behalf of the MLP Managers and are then repayable by the MLP Managers to the Company. On the restructuring of certain of the MLP Loans during the year ended December 31, 2023, $0.9 million of the cumulative deemed interest benefit owing by certain of the MLP Managers were settled and a loss of $0.9 million was included in employment expenses in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

(l) Represents impairment of right-of-use assets recognized during the three months and year ended December 31, 2023.

(m) On acquisition, and at each subsequent reporting date, obligations under earn-out arrangements are measured at fair value with the changes in fair value recognized in the consolidated statement of loss and comprehensive loss.

(n) The Management Preferred Shares are classified as a financial asset at FVTPL. During the three months and year ended December 31, 2024, the Company recognized a gain on change in fair value of preferred shares of $0.2 million and $1.6 million, respectively, in the consolidated statements of loss and comprehensive loss (three months and year ended December 31, 2023 – a loss of $1.1 million and $6.9 million, respectively).

(o) During the years ended December 31, 2024 and 2023, the Company launched several De novo practices, whereby the Company issued certain put and call options over the Associate Dentists' profit rights measured at each reporting date, 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.

(p) The Company regularly acquires dental practices and estimates that if the acquisitions for the three months and years ended December 31, 2024 and 2023 had occurred on the first day of the applicable fiscal period, it would have recorded additional Adjusted EBITDA of $1.1 million and $1.8 million for the three months ended December 31, 2024 and 2023, respectively, and $14.7 million and $14.0 million for the years ended December 31, 2024 and 2023, respectively. These estimates are based on the amount of Practice-Level EBITDA budgeted by us to be earned by the relevant practices at the time of their acquisition by us. There can be no assurance that if we had acquired these practices on the first day of the applicable fiscal period, they would have actually generated such budgeted Practice-Level EBITDA, nor is this estimate indicative of future results.

(q) The Company regularly acquires dental practices and estimates that if the acquisitions for the three months and years ended December 31, 2024 and 2023 had occurred on the first day of the applicable fiscal period, it would have recorded additional lease interest and principal repayments of $0.1 million and $0.2 million for the three months ended December 31, 2024 and 2023, respectively, and $1.2 million and $1.4 million for the years ended December 31, 2024 and 2023, respectively. There can be no assurance that if we had acquired these practices on the first day of the applicable fiscal period, they would have actually generated such additional lease interest and principal repayments, nor is this estimate indicative of future lease interest and principal repayments.

(r) The Company regularly acquires dental practices and estimates that if the acquisitions for the three months and years ended December 31, 2024 and 2023 had occurred on the first day of the applicable fiscal period, it would have recorded additional revenue of $4.0 million and $6.5 million for the three months ended December 31, 2024 and 2023, respectively, and $54.3 million and $50.1 million for the years ended December 31, 2024 and 2023, respectively. These estimates are based on the amount of revenue budgeted by us to be earned by the relevant practices at the time of their acquisition by us. There can be no assurance that if we had acquired these practices on the first day of the applicable fiscal period, they would have actually generated such budgeted revenue, nor is this estimate indicative of future results.

(s) Represents capital expenditures for general maintenance and safety compliance of dental practices for the period.

(t) These are non-IFRS financial measures. For more information on each non-IFRS financial measure, see "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures*".

(u) These are non-IFRS ratios. For more information on each non-IFRS ratio, see "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Ratios*".

(v) Represents the change in non-cash working capital items for the period.

Selected quarterly summary of financial results

The following table provides historical information and other data of the Company which should be read in conjunction with the Annual Financial Statements:

	Three months ended							
	31-Dec-24	**30-Sep-24**	**30-Jun-24**	**31-Mar-24**	**31-Dec-23**	**30-Sep-23**	**30-Jun-23**	**31-Mar-23**
	(expressed in millions of dollars, except per share amounts)							
Revenue	**397.5**	375.4	399.8	372.4	362.2	336.9	368.3	358.3
Net loss and comprehensive loss	**(13.1)**	(22.7)	(11.9)	(11.7)	(35.2)	(9.8)	(7.3)	(33.3)
Loss per share - basic and diluted	**(0.07)**	(0.12)	(0.06)	(0.06)	(0.19)	(0.05)	(0.04)	(0.18)

Seasonality

The Company typically realizes slightly lower revenue in the first and third quarters of each year compared to the second and fourth quarters. Management believes this is generally attributable to patient preference during the winter months and school breaks for the first quarter and vacation timing for both patients and providers during the third quarter.

Liquidity and Capital Resources

Our primary sources of liquidity include cash-on-hand, cash provided by our operations, amounts available for borrowing under our Credit Facilities (defined herein) and capital-raising activities in the Canadian capital markets. We believe that our capital structure provides us with significant financial flexibility to pursue our future growth strategies. Over the medium term, our goal is to achieve a Net Debt / PF Adjusted EBITDA after rent Ratio of 3.0 to 3.5, with any anticipated deleveraging to be driven primarily by free cash flow and acquisition pacing. Notwithstanding the foregoing, we may fund any significant expansion through capital raising activities in the capital markets. See "*Overall Performance – Key Indicators of Performance – Non-IFRS and Other Financial Measures – Non-IFRS Ratios*" and "*About Forward-Looking Information*".

As of December 31, 2024, we had $79.5 million in cash and working capital of $33.0 million as compared to cash and working capital of $39.0 million and $15.7 million, respectively, as at December 31, 2023. Working capital is calculated as current assets less current liabilities.

Cash Flows for the three months and years ended December 31, 2024 and 2023

Our cash flows in the applicable periods are summarized in the following table:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
	(expressed in millions of dollars)			
Total cash provided by (used in):				
Operating activities	**44.5**	38.7	**194.2**	153.4
Investing activities	**(77.5)**	(62.8)	**(170.8)**	(172.1)
Financing activities	**40.3**	(39.1)	**16.5**	(52.3)
Increase (decrease) in cash	**7.3**	(63.2)	**39.9**	(71.0)
Net foreign exchange difference	**0.3**	(0.2)	**0.6**	(0.5)
Cash, beginning of period	**71.9**	102.4	**39.0**	110.5
Cash, end of period	**79.5**	39.0	**79.5**	39.0

Operating Activities

Cash flows provided by operating activities were $44.5 million for the three months ended December 31, 2024, compared to $38.7 million for the three months ended December 31, 2023, an increase of $5.8 million or 15.0%. The increase in operating cash flows for the three months ended December 31, 2024 was primarily due to a negative change in non-cash working capital items, partially offset by Same Practice Revenue Growth of approximately 2.7%, growth through acquisitions, operational efficiencies and a decrease in interest paid on borrowings.

Cash flows provided by operating activities were $194.2 million for the year ended December 31, 2024, compared to $153.4 million for the year ended December 31, 2023, an increase of $40.8 million or 26.6%. The increase in operating cash flows for the year ended December 31, 2024 was primarily due to Same Practice Revenue Growth of approximately 2.3%, growth through acquisitions, operational efficiencies, and a decrease in interest paid on borrowings, partially offset by a negative change in working capital.

Investing Activities

Cash flows used in investing activities were $77.5 million for the three months ended December 31, 2024, compared to $62.8 million for the three months ended December 31, 2023, an increase of $14.7 million or 23.4%. The increase in cash flows used in investing activities for the three months ended December 31, 2024 resulted from (i) an increase in acquisition related payments of $2.4 million, (ii) an increase in purchase of property and equipment of $6.7 million, (iii) an increase in purchase of intangible assets of $5.4 million, and (iv) an increase in settlement of contingent consideration of $0.4 million; partially offset by a decrease in development expenditures of $0.2 million.

Cash flows used in investing activities were $170.8 million for the year ended December 31, 2024, compared to $172.1 million for the year ended December 31, 2023, a decrease of $1.3 million or 0.8%. The decrease in cash flows used in investing activities for the year ended December 31, 2024 resulted from (i) a decrease in acquisition related payments of $11.4 million, (ii) a decrease in the settlement of contingent consideration of $10.1 million, (iii) a decrease in development expenditures of $2.3 million; partially offset by (i) an increase in purchase of property and equipment of $12.2 million, (ii) a decrease in proceeds from the disposal of dental practices of $2.6 million, (iii) an increase in purchase of intangible assets of $7.6 million, and (iv) an investment of $0.1 million in the Fund.

Financing Activities

Cash flows provided by financing activities were $40.3 million for the three months ended December 31, 2024, compared to cash flows used in financing activities of $39.1 million for the three months ended December 31, 2023, an increase in cash flows provided by financing activities of $79.4 million or 203.1%. The increase in cash flows provided by financing activities resulted from (i) an increase in proceeds from issuance of shares of $50.0 million related to the Offering, (ii) a decrease in repayment of borrowings of $26.1 million, (iii) a decrease in share repurchases under the NCIB of $6.4 million, and (iv) a decrease in cash settlements of share-based payments of $0.6 million; partially offset by (i) an increase in fees paid on issuance of shares of $3.3 million related to the Offering, and (ii) an increase in the repayment of principal on leases of $0.4 million.

Cash flows provided by financing activities were $16.5 million for the year ended December 31, 2024, compared to cash flows used in financing activities of $52.3 million for the year ended December 31, 2023, an increase in cash flows provided by financing activities of $68.8 million or 131.5%. The increase in cash flows provided by financing activities resulted from an increase in proceeds from issuance of shares of $50.0 million related to the Offering, (ii) a decrease in repayment of borrowings of $26.1 million, (iii) a decrease in share repurchases under the NCIB of $8.7 million, and (iv) a decrease in cash settlements of share-based payments of $2.7 million; partially offset by (i) a decrease in proceeds received from borrowings of $11.4 million, (ii) an increase in fees paid on issuance of shares of $3.3 million related to the Offering, (iii) incurred transaction costs related to borrowings of $3.2 million, and (iii) an increase in repayment of principal on leases of $0.8 million.

Current Credit Facilities

On May 27, 2021, the Company entered into a credit agreement (the "**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.

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.

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 ("**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.

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 to be 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.

For the year ended December 31, 2024, the Delayed Draw Facility was also subject to a stand-by fee on the unutilized amount of $200.0 million at rate ranging between 0.50%-0.55% (year ended December 31, 2023: 0.55%).

Revolving Facility

As at December 31, 2024, no funds have been drawn down under the Revolving Facility. The Company may drawdown 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.

For the year ended December 31, 2024, the Revolving Facility was also subject to a stand-by fee on the unutilized amount of $150.0 million at a rate ranging between 0.50%-0.55% (year ended December 31, 2023: 0.55%).

Financial covenants

Under the Second Amended Credit Agreement, the Company is subject to financial covenants 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.

Hedging Arrangements

Interest Rate Swaps

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 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.

As at December 31, 2024, the outstanding interest rate swaps combined to provide a 100.0% hedge of the Company’s interest rate exposure under the Credit Facilities (December 31, 2023: 76.2%).

Contractual Obligations and Commitments

Our contractual obligations and commitments primarily consist of trade and other payables, lease liabilities and commitments, contingent consideration for acquired practices, and borrowings. Our contractual obligations and commitments as of December 31, 2024 are shown in the following table:

	Payments Due by Period					
	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	(expressed in millions of dollars)					
Trade and other payables	157.5	—	—	—	—	157.5
Lease liabilities and commitments	46.6	46.5	45.7	44.2	257.8	440.8
Contingent consideration	0.3	—	—	0.4	—	0.7
Borrowings	—	—	—	1,050.0	—	1,050.0
Total contractual obligations	**204.4**	**46.5**	**45.7**	**1,094.6**	**257.8**	**1,649.0**

Financial Condition

Our financial position in the applicable periods is summarized in the following table:

	As at December 31, 2024 $	As at December 31, 2023 $
	(expressed in millions of dollars)	
Assets		
Current assets		
Cash	**79.5**	39.0
Trade and other receivables	**101.2**	86.6
Inventories	**30.8**	39.5
Prepaid and other assets	**16.9**	14.8
	228.4	179.9
Non-current assets		
Trade and other receivables	**7.3**	8.7
Prepaid and other assets	**3.2**	3.7
Other financial assets	**0.1**	3.8
Preferred shares	**20.5**	—
Deferred tax asset	**94.7**	104.8
Property and equipment	**179.6**	177.3
Right-of-use assets	**283.6**	273.6
Intangible assets	**266.8**	322.1
Goodwill	**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	**157.5**	125.3
Contract liabilities	**5.0**	6.6
Lease liabilities	**29.5**	28.0
Income tax payable	**3.1**	—
Contingent consideration	**0.3**	4.3
	195.4	164.2
Non-current liabilities		
Contract liabilities	**1.1**	1.6
Lease liabilities	**293.5**	279.7
Borrowings	**1,047.0**	1,046.6
Derivative financial liability	**15.8**	—
Other financial liability	**4.8**	—
Deferred tax liability	**17.7**	40.7
Contingent consideration	**29.6**	19.7
Share-based payment liability	**2.1**	2.3
	1,411.6	1,390.6
Total liabilities	**1,607.0**	1,554.8
Shareholders' equity		
Share capital	**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 following is a comparison of key financial position accounts:

Trade and other receivables

Trade and other receivables as at December 31, 2024 amounted to $108.5 million compared to $95.3 million as at December 31, 2023. The increase of $13.2 million or 13.9% was primarily due to an increase in revenue during the fourth quarter compared to the comparative period in 2023 and $0.5 million in note receivables entered into as consideration for the disposal of dental practices.

Inventories

Inventories as at December 31, 2024 amounted to $30.8 million compared to $39.5 million as at December 31, 2023. The decrease of $8.7 million or 22.0% was primarily due to a decrease in the purchase of consumable inventories and a decrease in the price of cost of consumables, partially offset by inventory acquired through acquisitions.

Prepaid and other assets

Prepaid and other assets as at December 31, 2024 amounted to $20.1 million compared to $18.5 million as at December 31, 2023. The increase of $1.6 million or 8.6% was primarily due to the $3.2 million accrual of deferred financing costs related to the modification of borrowings and $2.6 million of retention bonuses paid to employees, partially offset by the amortization of prepaid assets over time.

Property and equipment

Property and equipment as at December 31, 2024 amounted to $179.6 million compared to $177.3 million as at December 31, 2023. The increase $2.3 million or 1.3% was primarily due to capital expenditure additions of $38.7 million, additions through acquisitions of $25.6 million and $0.6 million in additions related to the De novo dental practices, partially offset by depreciation expense of $61.5 million, disposal of property and equipment of $0.5 million due to disposal of dental practices and $0.6 million in disposals resulting from a merger of dental practices.

Right-of-use-assets

Right-of-use assets as at December 31, 2024 amounted to $283.6 million compared to $273.6 million as at December 31, 2023. The increase of $10.0 million or 3.7% was primarily due to additions through acquisitions of $22.7 million, additions of $6.7 million, and adjustments due to lease modifications of $17.7 million, partially offset by depreciation expense of $32.4 million, disposal of ROU assets of $3.1 million due to disposal of dental practices, cancellations of $0.6 million, and the derecognition of ROU assets upon entering sublease agreements of $1.0 million.

Intangible assets

Intangible assets as at December 31, 2024 amounted to $266.8 million compared to $322.1 million as at December 31, 2023. The decrease of $55.3 million or 17.2% was primarily due to amortization expense of $110.8 million and disposal of intangible assets of $0.3 million on disposal of dental practices, which was partially offset by acquisitions of $47.4 million and additions due to the purchase of intangible assets of $7.6 million and capitalized development expenses of $0.8 million.

Goodwill

Goodwill as at December 31, 2024 amounted to $2,297.4 million compared to $2,216.4 million as at December 31, 2023. The increase of $81.0 million or 3.7% was due to additions through acquisitions of $84.9 million, which were partially offset by the disposal of goodwill of $3.9 million on disposal of dental practices.

Trade and other payables

Trade and other payables as at December 31, 2024 were $157.5 million compared to $125.3 million as at December 31, 2023. The increase of $32.2 million or 25.7% was primarily due to an increase of $15.1 million in trade payable and other general accruals, both of which were due to timing of payments, an increase in payables to dental partners of $10.4 million for revenue allocation arrangements resulting from higher revenue earned during the fiscal year, and an increase in payroll and related accruals of $2.8 million.

Lease liabilities

Lease liabilities as at December 31, 2024 amounted to $323.0 million compared to $307.7 million as at December 31, 2023. The increase of $15.3 million or 5.0% was primarily due to additions through acquisitions of $22.2 million, additions of $6.7 million, adjustments due to lease modifications of $17.7 million and interest accretion of $18.4 million, which were partially offset by lease payments of $45.2 million, disposals of lease liabilities of $3.6 million on disposal of dental practices, and cancellations of $0.9 million.

Borrowings

The carrying amount of borrowings as at December 31, 2024 amounted to $1,047.0 million compared to $1,046.6 million as at December 31, 2023. The increase of $0.4 million was due to the loss on modification of borrowings of $2.3 million and interest accretion of $0.9 million, partially offset by transaction costs of $2.8 million related to the Second Amended Credit Agreement.

Derivative financial liability

Derivative financial liability as at December 31, 2024 amounted to $15.8 million compared to an assets position of $3.8 million as at December 31, 2023. The decrease of $19.6 million or 515.8% was due to a loss on derivative instruments of $19.6 million during the year ended December 31, 2024. Refer to *"Results of Operations – Results for the three months and year ended December 31, 2024 compared to the three months and year ended December 31, 2023 – Change in fair value of financial instruments at fair value through profit or loss"*.

Other financial liability

Other financial liability as at December 31, 2024 amounted to $4.8 million compared to $nil as at December 31, 2023. The increase of $4.8 million or 100.0% is due to the improved performance of one of the Company's De novo dental practices, resulting in an increase in the estimated fair value of the financial liability. Refer to *"Results of Operations – Results for the three months and year ended December 31, 2024 compared to the three months and year ended December 31, 2023 – Change in fair value of financial instruments at fair value through profit or loss"*.

Contingent consideration

Contingent consideration as at December 31, 2024 amounted to $29.9 million compared to $24.0 million as at December 31, 2023. The increase of $5.9 million or 24.6% was due to consideration for acquisitions of $8.1 million and the change in fair value of $3.8 million, partially offset by settlement payments of $6.0 million. Refer to *"Results of Operations – Results for the three months and year ended December 31, 2024 compared to the three months and year ended December 31, 2023 – Change in fair value of financial instruments at fair value through profit or loss"*.

Share-based payment liability

Share-based payment liability as at December 31, 2024 amounted to $2.1 million compared to $2.3 million as at December 31, 2023, a decrease of $0.2 million or 8.7%. The decrease was primarily due to a decrease in expected volatility, risk-free interest rates, and forfeitures and cancellations that occurred during the year ended December 31, 2024. In addition, as at December 31, 2024, the Company extended the expected lives of the outstanding Legacy Options granted under the Legacy Option Plan (as defined herein) closer to their contractual terms. This was partially offset by an increase in the Company's share price.

Tax balances

Tax balances comprise of deferred tax asset, deferred tax liability, and income tax payable.

The net of the deferred tax asset and deferred tax liability as at December 31, 2024 amounted to $77.0 million compared to $64.1 million as at December 31, 2023, an increase of $12.9 million or 20.1%. The increase was primarily due to the origination and reversal of temporary differences, partially offset by the acquisition of dental practices during the year ended December 31, 2024.

The income tax payable as at December 31, 2024 amounted to $3.1 million compared to $nil as at December 31, 2023, an increase of $3.1 million or 100.0%. The increase was primarily due to a reduced amount of losses available to claim compared to the previous year.

Business Combinations

During the three months and year ended December 31, 2024, the Company completed 12 and 33 dental practice acquisitions, respectively (representing 12 and 30 dental practice locations, respectively) by way of the acquisition of all of the issued and outstanding shares of such dental practice businesses. Each of the acquisitions complements the Company's acquisition and growth strategies.

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. Goodwill is measured and recognized as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, over (b) the fair value of net assets acquired, and liabilities assumed. At the acquisition date, the Company measures the fair values of all assets acquired and liabilities assumed that arise from contractual contingencies. The Company measures the fair values of all non-contractual contingencies if, as of the acquisition date, it is more likely than not that the contingency will give rise to an asset or liability.

Related Party Transactions

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

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
Short-term employee benefits	**0.4**	1.3	**2.1**	2.6
Share-based payment transactions				
Equity incentive plan(i)	**1.1**	1.5	**6.2**	8.3
Post-employment benefits(ii)	**—**	—	**2.3**	—
	1.5	2.8	**10.6**	10.9

Notes:

(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 SG&A.

Restructure and settlement of the MLP Loans

During the year ended December 31, 2024 and 2023, the Company settled MLP loans owed to the Company by the Company's CEO, President and former President (see "*Company Overview – Recent Company Developments – Update on arrangements with the Company's CEO"* and Notes 12 and 18 of the Annual Financial Statements). 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.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Contingencies

The Company does not have any material contingencies.

During the year ended December 31, 2024, the Company entered into an irrevocable Standby Letter of Credit (the "**Letter of Credit**") with the Canadian Imperial Bank of Commerce 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 pursuant to statutes administered by 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 three months and year ended December 31, 2024, the Company recognized interest of $0.3 million and $0.4 million, respectively on the Letter of Credit.

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.

Significant accounting judgments, estimates and assumptions

The preparation of the Annual Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and 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 applying the Company's accounting policies

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 Annual 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 Cash-generating units (**"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.

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.

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.

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.

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 incremental borrowing rate ("**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.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("**DCP**") and internal controls over financial reporting ("**ICFR**"), as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

Disclosure Controls & Procedures

DCP are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the CEO and Chief Financial Officer ("**CFO**"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Company's management, under the supervision of the CEO and the CFO, has designed and maintained a set of DCP to ensure that information required to be disclosed by the Company in its interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Controls Over Financial Reporting

ICFR is a process designed under the supervision of the CEO and CFO, and effected by management and other personnel of the Company, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. However, because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements on a timely basis.

The Company used the control framework set forth by the COSO Integrated Framework (2013) to design the Company's ICFR.

Senior management, including the CEO and CFO, have evaluated and concluded that the Company's DCP and ICFR were designed and operating effectively as at December 31, 2024.

Material New Accounting Standards Adopted

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 SG&A. This decision is based on the belief that such presentation offers enhanced relevance and clarity for users of the Company's 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 for the three months and year ended December 31, 2023 has been restated to conform with current period presentation.

The following table summarizes the impact to the consolidated financial statements for the three months and year ended December 31, 2023:

	For the three months ended December 31, 2023		
	Previous accounting policy	Adjustments	Restated
Cost of revenue	185.8	(3.5)	182.3
Gross profit	176.4	3.5	179.9
Selling, general and administrative expenses	114.4	3.5	117.9
Loss before income taxes	(43.1)	—	(43.1)
Net loss and comprehensive loss	(35.1)	—	(35.1)

	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)

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 *Amendment 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 of the Annual Financial Statements. All other amendments had no impact on the Annual 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 government (ESG)-linked features. In addition, there are amendments to disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income 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 profit or 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 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 they will have a material impact. All new standards and amendments to existing standards will be adopted by the Company as of their effective date.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, trade and other receivables, other financial assets, preferred shares, trade and other payables, borrowings, derivative financial liability, other financial liability and contingent consideration. A description of the Company's fair values of financial instruments is included in the Annual Financial Statements.

Risk Factors

The Company has identified a number of risk factors that could cause actual results to vary significantly from the results discussed herein. For a detailed description of risk factors associated with the Company, refer to the "*Risk Factors*" section of the AIF, a copy of which is available on SEDAR+ at www.sedarplus.com.

In addition, the Company's operations expose it to various financial risks, including credit risk, interest rate risk, foreign exchange rate risk and liquidity risk, as summarized below. The Company's comprehensive risk management program is designed to address the uncertainties of financial markets and aims to minimize any potential negative impact on the Company's financial performance.

Credit risk

Credit risk is 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. For a comprehensive discussion of the Company's credit risk, refer to Note 16 of the Annual Financial Statements.

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 are 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.

Outstanding Share Information

Our current authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares (together with the Subordinate Voting Shares, the "**Shares**"), (iii) an unlimited number of Preferred Shares, issuable in series. As of the date of this MD&A, we had 188,895,677 Subordinate Voting Shares and 8,704,535 Multiple Voting Shares issued and outstanding.

As of the date of this MD&A, we have 2,750,193 and 6,220,356 share options issued and outstanding under the Company's share option plan (the "**Legacy Option Plan**") and Equity Incentive Plan, respectively, which are exercisable for 8,970,549 Subordinate Voting Shares. The Company also has 2,109,721 RSUs and PSUs issued and outstanding under the Equity Incentive Plan and 160,060 DSUs issued and outstanding under the Company's Deferred Share Unit Plan, which may be settled into 2,109,721 and 160,060 Subordinate Voting Shares, respectively.

Principal Shareholders

The following table sets out the shareholders who beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of the Company's voting securities as at the date of this MD&A:

Name of Shareholder	Number of Shares Owned	Percentage of Outstanding Shares	Percentage of Total Voting Rights(i)
L Catterton Investor	69,919,445	35.4%	25.3%
Graham Rosenberg	8,766,681	4.4%	31.6%

Notes:

(i) Percentage of total voting power with respect to all of the Company's Subordinate Voting and Multiple Voting Shares, voting as a single class. The holders of the Company's Multiple Voting Shares are entitled to 10 votes per Share, and the holders of the Company's Subordinate Voting Shares are entitled to one vote per Share.

About Forward-Looking Information

Forward-looking information includes, but is not limited to, statements about the Company's objectives, strategies to achieve those objectives, our financial outlook, and the Company's beliefs, plans, expectations, anticipations, estimates, or intentions. Forward-looking information includes words like could, expect, may, anticipate, assume, believe, intend, estimate, plan, project, guidance, outlook, target, and similar expressions suggesting future outcomes or events.

Our forward-looking information includes, but is not limited to, the information and statements under "*Outlook*" relating to our goals for the three months ended March 31, 2025 and the year ended December 31, 2025 for Revenue, Same Practice Revenue Growth, Adjusted EBITDA Margin and Pre-tax Adjusted free cash flow per Share, as well as our medium-term expectations regarding Same Practice Revenue Growth, PF Adjusted EBITDA after rent attributable to practices acquired in 2025, and Net Debt / PF Adjusted EBITDA after rent Ratio. Such forward-looking information relating to these metrics are not projections; they are goals based on the Company's current strategies and may be considered forward-looking information under applicable securities laws and subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management.

The purpose of disclosing such forward-looking information is to provide investors with more information concerning the financial results that the Company currently believes are achievable based on the assumptions below. Readers are cautioned that the information may not be appropriate for other purposes. While these targets are based on underlying assumptions that management believes are reasonable in the circumstances, readers are cautioned that actual results may vary materially from those described above.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in actions, events, conditions, results, performance or achievements to be different or materially different from those projected in the forward-looking statements. Forward-looking information is based on many factors and assumptions including, but not limited to, the impact of, and the enrollment of patients in, the CDCP; expectations regarding the Company's business, operations and capital structure ; that the Company's acquisition program continues as it has historically, including the Company maintaining its ability to continue to make and integrate acquisitions at attractive valuations including a reduction in acquisition purchase multiples as compared to prior periods; the Company's ability to realize pricing increases, materially driven by Provincial fee guides; a continued increase in patient visit volumes through patient recall and insourcing initiatives that drive the expansion of service offerings and frequency of visits to contribute to optimal patient care; the impact of the investments the Company has made in its corporate infrastructure and teams, and the upgrades to its core information technology systems; the Company's ability to mitigate anticipated supply chain disruptions, geopolitical risks, inflationary pressures and labour shortages, and generate cash flow; no changes in the competitive environment or legal or regulatory developments affecting our business; and visits by patients to our Practices at or above the same rate as current visits.

Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of known and unknown risk factors, many of which are beyond the control of the Company, and could cause actual results to differ materially from the forward-looking statements. Such risks include, but are not limited to, the Company's potential inability to successfully execute its growth strategy and complete additional acquisitions; its dependence on the integration and success of its acquired dental practices; its dependence on the parties with which the Company has contractual arrangements and obligations; changes in relevant laws, governmental regulations and policy and the costs incurred in the course of complying with such changes; risks relating to the current economic environment; risk associated with disease outbreaks; competition in the dental industry; increases in operating costs; litigation and regulatory risk; and the risk of a failure in internal controls and other factors described under "Risk Factors" in the AIF and in this MD&A. Accordingly, we warn readers to exercise caution when considering statements containing forward-looking information and caution them that it would be unreasonable to rely on such statements as creating legal rights regarding the Company's future results or plans. We are under no obligation (and we expressly disclaim any such obligation) to update or alter any statements containing forward-looking information or the factors or assumptions underlying them, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws. All of the forward-looking information in this MD&A is qualified by the cautionary statements herein.

Additional Information

Additional information relating to Dentalcorp and other recent filings with Canadian securities regulatory authorities, including the Company's most recent annual information form, is available on SEDAR+ at www.sedarplus.com.