dentalcorp

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three and six months ended June 30, 2022

CANADA BEST MANAGED COMPANIES | Platinum member

*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., 1348856 B.C. Ltd. and Dentalcorp Holdings (US) 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 by the Company 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 and six months ended June 30, 2022. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021 (the **"Interim Financial Statements"**) which have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) that are applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting; our audited consolidated financial statements for the years ended December 31, 2021 and 2020 (the **"Annual Financial Statements"**); and our other recent filings on SEDAR at www.sedar.com, including our Annual Information Form dated March 25, 2022 (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 August 12, 2022.

*The Company's subordinated voting shares (**"Subordinate Voting Shares"**) are traded on the Toronto Stock Exchange 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 June 30, 2022, we own and operate a network of over 526 dental practices delivering extraordinary patient experiences to over 1.7 million Canadians who visit our practices over 4.5 million times annually. Our nation-wide network is supported by approximately 8,400 team members, including over 1,650 dentists, over 1,950 hygienists, and over 4,750 auxiliary dental health professionals. Leveraging our industry-leading technology, know-how and scale, we offer professionals the unique opportunity to retain their clinical autonomy while unlocking their potential for future growth, while aiming to deliver the best patient experience and clinical outcomes. Every year since inception, we have achieved double-digit growth in our number of practices and our practices are conveniently located and readily accessible to approximately 77% 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 vision to be North America's most trusted healthcare network. Our values are embedded into everything we do and act as a behaviour code relevant to all of our teams:

- *We make a difference:* we care for our patients and each other, and this is at the centre of everything we do. We deliver extraordinary experiences every time. We change lives by giving back to our communities.
- *We are one:* we are one team. We trust and assume positive intent. We are diverse and inclusive. We always respect each other. We act as one network to succeed.
- *We innovate:* we always seek better ways of doing things. We set the standard and then we raise it. We move at pace and deliver with excellence. We embrace change as an opportunity for growth.
- *We are accountable:* we take initiative and are responsible beyond our roles. We aim to do the right thing, every time. We inspire and support each other to perform at our best.
- *We are courageous:* we are bold, authentic and bring heart to our work. We anticipate the future and take action now. We recover fast and are resilient. We respectfully say what needs to be said to achieve the best outcomes.

dentalcorp is the clear acquirer of choice for independent practice owners, with a proven track record of providing dentists with administrative support, clinical autonomy, operational excellence and unique professional development and career opportunities. Our selection criteria for a dental practice location includes: (i) $2.0 million to $2.3 million in revenue, (ii) $450 thousand to $500 thousand 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 dentist at the time of acquisition of their practice is 47 and within our network the average age of dentists by trailing twelve-month weighted average revenue is 43. Approximately 15,000 practices exist in Canada which remain independently owned, presenting ample white space for our continued pursuit of double-digit annual growth. Management estimates that in Canada approximately 8,000 to 10,000 practices meet the Company's Partner acquisitions selection criteria as described above. The remaining approximately 5,000 practices meet the Company's selection criteria for capacity utilization, patient chart acquisitions or supplementary locations for existing Partners. Our current pipeline of opportunities includes over 730 identified opportunities, of which approximately 200 are in more advanced stages of negotiation.

After joining the dentalcorp network, a practice's patient visits generally increase by 25%. Our practices develop long-standing and recurring relationships with existing patients resulting in approximately 85% 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 20% to 25% cost reduction resulting in a 10% to 15% increase in Practice-Level EBITDA Margin following the first year. Approximately 75% to 80% of practice level expenses are variable including: (i) dentist and hygienist compensation; (ii) lab fees; (iii) employment expenses, such as administrative staff and dental assistants; (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 depends on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed in the *"Risk Factors"* section below 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; (iii) driving operational efficiencies at our practices; and (iv) leveraging our platform to expand into other North American geographic regions and private consumer healthcare businesses in the medium to long term.

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 and enter into other North American geographic regions.

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 offering 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, consolidation of procurement and leveraging our network scale and plug-and-play technology platform to drive margin enhancement within our practices.

Leveraging our platform to expand into other geographic regions and private consumer healthcare businesses in the medium to long term

Leveraging our platform to expand into other geographic regions, including regions outside of Canada and other private consumer healthcare businesses in the medium to long term will depend on our ability to successfully leverage our proven acquisition model, support services, proprietary plug-and-play technology and data-driven insights from our patient base to replicate our success in other regions and verticals which advance the health, well-being and vitality of North Americans. The dental services market in the United States is $190 billion. Other verticals may include a range of essential private consumer healthcare services, such as optical, veterinary care and medical aesthetics markets, which like the dental industry are in the early stages of consolidation.

Recent Company Developments

Completion of bought deal prospectus offering

On January 19, 2022, the Company completed a "bought deal" prospectus offering (the **"Offering"**) of 7,055,250 Subordinate Voting Shares of the Company, including 920,250 Subordinate Voting Shares issued pursuant to the exercise in full of the over-allotment option granted by the Company to the underwriters, at a price of $16.30 per Subordinate Voting Share, for total gross proceeds to the Company of $115.0 million.

McGill University

In March 2022, dentalcorp donated $1.0 million over 10 years to McGill University's Faculty of Dental Medicine and Oral Health Sciences to create a first-of-its-kind digital dentistry program in Canada. The gift will go towards establishing: the dentalcorp Professorship in Digital Dentistry; the dentalcorp Fellowship in Digital Dentistry; and the dentalcorp Research Award in Business Practice Management. McGill University will also recognize dentalcorp's gift by designating a new dentalcorp Active Learning Classroom which will provide a bright, modern training space featuring technologically sophisticated tools and resources for dental students to hone their clinical skills and techniques prior to working with real patients.

Align Technology

In March 2022, dentalcorp and Align Technology announced an expanded partnership to bolster dentalcorp's offering of Invisalign® clear aligners to Canadians nationwide through its Ortho Acceleration Program ("**OAP**"). dentalcorp's proprietary OAP takes an integrated approach to learning, providing entire practice teams with the confidence to incorporate innovative digital technology into treatment planning. The program also has a strong focus on how to effectively communicate with patients to engage them in their oral health journey, empowering them to make more informed treatment decisions. This expanded partnership with Align Technology also provides dentalcorp's network of doctors with access to dedicated learning opportunities and treatment planning support.

Risio Institute for Digital Dental Education

In April 2022, dentalcorp formed an exclusive partnership with Risio Institute for Digital Dental Education ("**Risio Institute**") to train Certified Dental Assistants across the dentalcorp network. This innovative partnership will allow students to continue working at a dentalcorp Practice while learning on-demand through a high-quality curriculum designed specifically for online learning. Also, in an apprenticeship-style program, dentalcorp will recruit individuals interested in a career in the dental industry to obtain an employer-funded, recognized diploma while joining a dentalcorp Practice.

University of Alberta

In April 2022, the Company formed a partnership with the University of Alberta School of Dentistry to support student well-being, and access to financial aid and education. The partnership will be recognized by naming facilities at the University of Alberta School as the dentalcorp Student Lab, and the dentalcorp Simulation Lab.

Canada's Best Managed Companies

In May 2022, the Company achieved Platinum Club status as one of Canada's Best Managed Companies. The Platinum Club designation is awarded to organizations that have been named Canada's Best Managed Companies for seven consecutive years or more and dentalcorp is enjoying its eighth year of the prestigious Best Managed designation. This year dentalcorp was recognized for overall business performance and sustained growth.

Partnership with Envista Holdings Corporation

In July 2022, the Company formed a partnership with Envista Holdings Corporation ("Envista") to expand implant services available to Canadians. This partnership further strengthens dentalcorp's existing relationship with Envista and its comprehensive portfolio of companies. Including dental implants and treatment options, Envista's offerings also cover digital imaging technologies and orthodontics which together covers an estimated 90% of dentists' clinical needs for diagnosing, treating, and preventing dental conditions as well as improving the human smile. As part of this new Partnership, Nobel Biocare, part of the Envista portfolio, is providing the dentalcorp network with an extensive implant training program and suite of services that includes dedicated support, clinical education and mentorship, and operatory guidance at a level unmatched in the Canadian market.

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 the number of practice locations, the number of partner dentists, associate dentists and hygienists, the number of dental and health care patients ("**patients**"), and 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 is determined to be significant.

Cost of revenue

Cost of revenue primarily consists of revenue and incentive 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 and associate dentists and the type and volume of dental and health care services being provided by dentists and health care practitioners. Other costs of revenue include credit card and payment processing fees.

Selling, general and administrative

Selling, general and administrative ("**SG&A**") expenses are primarily comprised of employee benefits, including salaries, wages, health/welfare benefits, contract labour, and payroll taxes for administrative and support staff at 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 of director approval.

Other expenses in SG&A include (i) professional services, including practice acquisition and integration costs (ii) sales and marketing, including brand investment activities, (iii) occupancy costs for our head office and practices which are not otherwise included in depreciation and finance costs, including infrastructure and facilities costs required to support our practices, and (iv) 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.

Depreciation and amortization

Depreciation consists of depreciation of property and equipment and right-of-use ("**ROU**") assets. Depreciation is primarily affected by (i) the Company's estimate of the useful lives of property and equipment and ROU assets; (ii) the magnitude of additions to property and equipment and ROU assets for the period; and (iii) the acquisition of practices giving rise to acquired property and equipment and ROU assets during the period.

On acquisition of a practice, the acquired property and equipment and ROU assets are measured at fair value. For the six months ended June 30, 2022 and year ended December 31, 2021, the weighted average contribution of property and equipment and ROU assets to the total fair value of assets acquired was 26.8% and 28.6% respectively, and are being depreciated over the following useful lives: equipment – 5 years, furniture and fittings – 5 years, and leasehold improvements and ROU assets – lesser of useful life (10-15 years) and lease term.

Amortization consists of amortization of intangible assets. Amortization is primarily affected by (i) the Company's estimate of the useful lives of intangible assets; (ii) the magnitude of additions to intangible assets for the period; and (iii) the acquisition of practices giving rise to acquired intangible assets during the period.

On acquisition of a practice, the acquired intangible assets consist of customer relationships, brands, and non-compete agreements and each are measured at their fair value. For the six months ended June 30, 2022 and year ended December 31, 2021, the weighted average contribution of intangible assets to the total fair value of assets acquired was 24.4% and 29.2%, and are being amortized over their useful lives of 7 years.

Share-based compensation

Share-based compensation consists of expenses derived from the Company's (i) legacy option plan; (ii) equity incentive plan; (ii) management loan program (the **"MLP"**); and (iv) deferred share unit plan. Share-based compensation expense is primarily affected by (i) the number of equity instruments granted during the period; (ii) the number of equity instruments that have vested or are expected to vest at the end of the period; and (iii) various assumptions used to value the equity instruments both at grant date and reporting date, including the Company's share price, the expected life or remaining life of the options, volatility and the risk-free rate.

Foreign exchange gain

The Company is impacted by changes in the U.S. dollar **("USD")** to Canadian dollar (**"CDN"**) in relation to cash held in USD, payments to suppliers that are denominated in USD, and prior to completion of the Company's initial public offering (**"IPO"**), on certain term facilities (the **"Pre-IPO Borrowings"**) that were denominated in USD.

Net finance costs

Net finance costs primarily relate to (i) interest expense and standby charges on borrowings, (ii) interest accretion on borrowings, lease liabilities, and the Preferred Share liability; and (iii) loss on modification of the Company's 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.

Change in fair value of derivative instruments

Change in fair value of derivative instruments arises primarily from the revaluation of the Company's cross currency and interest rate swaps that were in place prior to completion of the IPO and is primarily affected by movements in the USD/CDN and quoted interest rates, such hedging arrangements are described below.

Change in fair value of contingent consideration

Change in fair value of contingent consideration consists of changes in the fair value of contingent consideration arising from the Company's acquisition of practices and is primarily affected by a change in the present value of cash flows of the acquired practices over the applicable valuation period.

Change in fair value of conversion option

Change in fair value of conversion option arises from the conversion option on the Preferred Shares (as defined below) and is primarily affected by the assessed probability of an IPO event. The conversion option was exercised on closing of the IPO.

Share of associate losses

Under the equity method, an investment in an associate is recognized initially at cost. The carrying amount of the investment is subsequently adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

Income tax

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 consolidated 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 include, but are not limited to, "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted free cash flow", "Adjusted net income", "Adjusted free cash flow per Share", "EBITDA", "Net debt / PF Adjusted EBITDA after rent Ratio", "PF Adjusted EBITDA", "PF Adjusted EBITDA after rent", "PF Adjusted EBITDA Margin", "PF Revenue", "Practice-Level EBITDA", "Same Practice Revenue Growth" and "Adjusted Same Practice Revenue Growth". These non-IFRS and other financial measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and may include or exclude certain items as compared to similar IFRS 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 which highlight 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 comparison to prior periods, to prepare annual operating budgets, for the development of future projections and earnings growth prospects, to measure the profitability of ongoing operations and in analyzing our financial condition, business performance and trends, including the run-rate of the business after taking into consideration the acquisitions of practices, and to determine components of employee compensation. As such, these measures are provided as additional information to complement those 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 measures and industry metrics in the evaluation of issuers.

Changes during the Second Quarter

During the three months ended June 30, 2022, the Company changed the composition of "Adjusted EBITDA", "Adjusted net income (loss)", and "Adjusted free cash flow" to adjust for the impact of the gain on legal settlement of $14.5 million, offset by relief provided by the Company to Partner dentists and employees of $9.4 million. The net impact of these adjustments has been included in "other one-time adjustments" in the "Reconciliation of Non-IFRS Measures".

During the three month period ended June 30, 2022, the Company renamed "Same Practice Sales Growth" to "Same Practice Revenue Growth" and "Adjusted Same Practice Sales Growth" to "Adjusted Same Practice Revenue Growth".

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 foreign exchange, change in fair value of derivative instruments, change in fair value of conversion option, and share of associate losses; (b) share-based compensation; (c) external acquisition expenses; (d) COVID-19 costs; (e) change in fair value of contingent consideration; (f) IPO costs; (g) other one-time corporate costs (consisting primarily of consulting costs related to our recent Enterprise Resource Planning (**"ERP"**) implementation); and (h) other one-time adjustments. 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 income (loss) and comprehensive income (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) COVID-19 costs; (c) IPO costs; (d) other corporate costs (consisting primarily of consulting costs related to our recent ERP implementation); (e) other one-time adjustments; (f) repayment of principal on leases; and (g) maintenance capex. 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 (loss)

"Adjusted net income (loss)" is calculated by adding to net income (loss) and comprehensive income (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) COVID-19 costs; (f) IPO costs; (g) other corporate costs (consisting primarily of consulting costs related to our recent ERP implementation); (h) other one-time adjustments; and (i) the tax impact of the above. We use Adjusted net income (loss) 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 (loss) is Net income (loss) and comprehensive income (loss), for which a reconciliation is provided in "Reconciliation of Non-IFRS Measures".

EBITDA

"EBITDA" means, for the applicable period, net income (loss) and comprehensive income (loss) plus (a) net finance costs, (b) income tax expense (recoveries), and (c) depreciation and amortization. We present EBITDA to assist investors in understanding the mathematical development of Adjusted EBITDA. 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. The most comparable IFRS measure to EBITDA is Net income (loss) and comprehensive income (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 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 and given the highly acquisitive nature of our business is more reflective of our expected run-rate. We also use PF Adjusted EBITDA to determine components of employee compensation. The most comparable IFRS measure to PF Adjusted EBITDA is Net income (loss) and comprehensive income (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. Both creditors and the Company use PF Adjusted EBITDA after rent to assess our borrowing capacity and given the highly acquisitive nature of our business is more reflective of our expected run-rate. The most comparable IFRS measure to PF Adjusted EBITDA after rent is Net income (loss) and comprehensive income (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 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, PF Revenue is more reflective of our expected run-rate. 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".

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 below) 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 and given the highly acquisitive nature of our business is more reflective of our expected run-rate.

Supplementary Financial Measures

Adjusted Same Practice Revenue Growth

"Adjusted Same Practice Revenue Growth" in respect of a period means the percentage change in revenue derived from Established Practices (other than Legacy Specialty Practices) plus the Company's estimate of the impact on Same Practice Revenue Growth of the COVID-19 Omicron variant. For the six months ended June 30, 2022 compared to the six months ended June 30, 2021, the Company estimates that this impact was a reduction of approximately 2.6%-2.9% which arose from patient cancellations and lost provider days.

Gross Profit Margin

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

Practice-Level EBITDA

"Practice-Level EBITDA" in respect of a practice means 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.

Same Practice Revenue Growth

"Same Practice Revenue Growth" in respect of a period means the percentage change in revenue derived from Established Practices (other than Legacy Specialty Practices) in that period as compared to revenue from the same practices in the corresponding period in the immediately prior year. A 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. A "Legacy Specialty Practice" means a practice acquired prior to mid-2014 using a legacy deal structure that is no longer utilized today.

Financial highlights

Revenue for the three months ended June 30, 2022 was $327.0 million compared to $261.1 million for the three months ended June 30, 2021, an increase of $65.9 million or 25.2%. Revenue for the six months ended June 30, 2022 was $607.2 million compared to $508.1 million for the six months ended June 30, 2021, an increase of $99.1 million or 19.5%.

Net income for the three months ended June 30, 2022 was $2.4 million compared to a net loss of $90.0 million for the three months ended June 30, 2021, an increase of $92.4 million or 102.7%. Net loss for the six months ended June 30, 2022 was $8.6 million compared to $99.0 million for the six months ended June 30, 2021, a decrease of $90.4 million or 91.3%.

Adjusted EBITDA for the three months ended June 30, 2022 was $59.8 million compared to $48.9 million for the three months ended June 30, 2021, an increase of $10.9 million or 22.3%. Adjusted EBITDA for the six months ended June 30, 2022 was $110.0 million compared to $95.4 million for the six months ended June 30, 2021, an increase of $14.6 million or 15.3%.

PF Adjusted EBITDA for the three months ended June 30, 2022 was $61.4 million compared to $50.4 million for the three months ended June 30, 2021, an increase of $11.0 million or 21.8%. PF Adjusted EBITDA for the six months ended June 30, 2022 was $121.2 million compared to $101.0 million for the six months ended June 30, 2021, an increase of $20.2 million or 20.0%.

PF Revenue for the three months ended June 30, 2022 was $332.7 million compared to $266.6 million for the three months ended June 30, 2021, an increase of $66.1 million or 24.8%. PF Revenue for the six months ended June 30, 2022 was $649.1 million compared to $529.3 million for the six months ended June 30, 2021, an increase of $119.8 million or 22.6%.

Adjusted net income for the three months ended June 30, 2022 was $24.2 million compared to an adjusted net loss of $9.5 million for the three months ended June 30, 2021, an increase of $33.7 million or 355.6%. Adjusted net income for the six months ended June 30, 2022 was $52.8 million compared to $2.9 million for the six months ended June 30, 2021, an increase of $49.9 million or 1,732.6%.

Adjusted free cash flow for the three months ended June 30, 2022 was $41.7 million compared to $20.0 million for the three months ended June 30, 2021, an increase of $21.7 million or 108.5%. Adjusted free cash flow for the six months ended June 30, 2022 was $82.1 million compared to $34.8 million for the six months ended June 30, 2021, an increase of $47.3 million or 135.9%.

Same Practice Revenue Growth was 3.1% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. We believe we can continue to achieve similar and higher levels of Same Practice Revenue Growth on a year-over-year basis through, including but not limited to, the expansion of service offerings and frequency of patient visits which contribute to optimal patient care. See "Non-IFRS and Other Measures – Supplementary Financial Measures" and "About Forward-Looking Information."

Same Practice Revenue Growth was (0.1)% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The six-month Same Practice Revenue Growth reflects the impact of the COVID-19 Omicron variant on the Company which increased COVID-19 infection rates, resulting in an increase in patient cancellations and lost provider days primarily during the three months ended March 31, 2021. Adjusted Same Practice Revenue Growth was approximately 2.7% for the six months ended June 30, 2022 compared to the six months ended June 30, 2022. See "Non-IFRS and Other Measures – Supplementary Financial Measures" and "About Forward-Looking Information."

Refer to "Results of Operations" below for additional information on each of IFRS and Non-IFRS measures noted above.

Results of Operations

The following table shows the condensed interim consolidated statements of income (loss) and comprehensive income (loss) and selected non-IFRS financial measures and ratios for the three and six months ended June 30, 2022 and 2021:

	Three months ended		Six months ended	
	June 30, 2022 $	June 30 2021 $	June 30, 2022 $	June 30 2021 $
	(expressed in millions)		(expressed in millions)	
Revenue	**327.0**	261.1	**607.2**	508.1
Cost of revenue	**168.2**	135.0	**309.3**	260.7
Gross profit	**158.8**	126.1	**297.9**	247.4
Selling, general and administrative expenses	**100.4**	87.9	**194.8**	171.2
Depreciation and amortization	**48.0**	38.6	**89.5**	76.5
Share-based compensation	**0.9**	55.5	**6.4**	58.1
Foreign exchange gain	**(0.5)**	(58.2)	**(0.5)**	(76.1)
Net finance costs	**13.5**	52.7	**24.7**	92.3
Change in fair value of derivative instruments	**—**	53.0	**—**	66.4
Change in fair value of contingent consideration	**(0.8)**	0.2	**10.2**	(3.8)
Change in fair value of conversion option	**—**	(11.0)	**—**	(30.8)
Share of associate losses	**0.1**	0.1	**0.1**	0.1
Loss before income taxes	**(2.8)**	(92.7)	**(27.3)**	(106.5)
Income tax recovery	**(5.2)**	(2.7)	**(18.7)**	(7.5)
Net income (loss) and comprehensive income (loss)	**2.4**	(90.0)	**(8.6)**	(99.0)
Non-IFRS Financial Measures and Ratios[(a)]				
Adjusted EBITDA	**59.8**	48.9	**110.0**	95.4
Adjusted EBITDA Margin	**18.3%**	18.7%	**18.1%**	18.8%
PF Adjusted EBITDA	**61.4**	50.4	**121.2**	101.0
PF Adjusted EBITDA Margin	**18.5%**	18.9%	**18.7%**	19.1%
PF Adjusted EBITDA after rent	**51.4**	41.7	**101.2**	83.5
PF Revenue	**332.7**	266.6	**649.1**	529.3
Adjusted net income (loss)	**24.2**	(9.5)	**52.8**	2.9
Adjusted free cash flow	**41.7**	20.0	**82.1**	34.8
Gross profit margin	**48.6%**	48.3%	**49.1%**	48.7%

Notes:

(a) See "Non-IFRS and Other Measures – Non-IFRS Measures and Non-IFRS Ratios".

Results for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021

Revenue

Revenue for the three months ended June 30, 2022 was $327.0 million compared to $261.1 million for the three months ended June 30, 2021, representing an increase of $65.9 million, or 25.2%. Revenue for the six months ended June 30, 2022 was $607.2 million compared to $508.1 million for the six months ended June 30, 2021, representing an increase of $99.1 million, or 19.5%.

The increase in revenue for the three months ended June 30, 2022 was primarily driven by incremental revenue from acquired practices over the last twelve months to June 30, 2022, a positive contribution from the Company's orthodontics in-sourcing agenda, and positive Same Practice Revenue Growth of 3.1%.

The increase in revenue for the six months ended June 30, 2022 was primarily driven by incremental revenue from acquired practices over the last twelve months to June 30, 2022 and a positive contribution from the Company's orthodontics in-sourcing agenda.

Same Practice Revenue Growth for the six months ended June 30, 2022 was (0.1)% compared to the six months ended June 30, 2021. This was primarily due to the impact of the COVID-19 Omicron variant on the Company during the three months ended March 31, 2022 which increased COVID-19 infection rates, resulting in an increase in patient cancellations and lost provider days. After adjusting for this impact, Adjusted Same Practice Revenue Growth was approximately 2.7%.

Cost of revenue

Cost of revenue for the three months ended June 30, 2022 was $168.2 million compared to $135.0 million for the three months ended June 30, 2021, representing an increase of $33.2 million, or 24.6%. Cost of revenue for the six months ended June 30, 2022 was $309.3 million compared to $260.7 million for the six months ended June 30, 2021, representing an increase of $48.6 million, or 18.6%.

Cost of revenue as a percentage of revenue for the three and six months ended June 30, 2022 was 51.4% and 50.9% compared to 51.7% and 51.3% for the three and six months ended June 30, 2021. Included in cost of revenue for the three and six months ended June 30, 2022 was a credit of $8.7 million related to a portion of the gain on legal settlement of $14.5 million, offset by relief provided by the Company to Partner dentists of $8.8 million.

Selling, general and administrative

SG&A for the three months ended June 30, 2022 was $100.4 million compared to $87.9 million for the three months ended June 30, 2021, representing an increase of $12.5 million, or 14.2%. SG&A for the six months ended June 30, 2022 was $194.8 million compared to $171.2 million for the six months ended June 30, 2021, representing an increase of $23.6 million, or 13.8%.

SG&A as a percentage of revenue for the three and six months ended June 30, 2022 was 30.7% and 32.1% compared to 33.7% for both the three and six months ended June 30, 2021. The decrease was primarily due to a credit of $5.8 million being recognized in the three months ended June 30, 2022 related to a portion of the gain on legal settlement of $14.5 million.

Depreciation and amortization

Depreciation and amortization for the three months ended June 30, 2022 was $48.0 million compared to $38.6 million for the three months ended June 30, 2021, representing an increase of $9.4 million, or 24.4%. Depreciation and amortization for the six months ended June 30, 2022 was $89.5 million compared to $76.5 million for the six months ended June 30, 2021, representing an increase of $13.0 million, or 17.0%.

This increase was primarily driven by changes over the last twelve months including (i) capex additions to property and equipment, ROU assets and intangible assets of $27.7 million and (ii) additions to property and equipment, ROU assets and intangible assets through acquisitions of $276.1 million which had a flow through effect on depreciation and amortization expense for the three and six months ended June 30, 2022.

Share-based compensation

Share-based compensation expense for the three months ended June 30, 2022 was $0.9 million compared to $55.5 million for the three months ended June 30, 2021, representing a decrease of $54.6 million or 98.4%. Share-based compensation expense for the six months ended June 30, 2022 was $6.4 million compared to $58.1 million for the six months ended June 30, 2021, representing a decrease of $51.7 million or 89.0%.

The decrease for the three months ended June 30, 2022 was primarily due to (i) a decline in share-based compensation expense related to the MLP of $52.2 million as the shares fully vested on completion of the IPO; (ii) a decline in the Company's share price from $16.46 at June 30, 2021 compared to $11.91 at June 30, 2022 which impacted share compensation expense related to the legacy option plan by $5.5 million; offset by an increase in share-compensation expense related to the equity incentive plan of $3.1 million.

The decrease for the six months ended June 30, 2022 was primarily due to (i) a decline in share-based compensation expense related to the MLP of $52.8 million as the shares fully vested on completion of the IPO; (ii) a decline in the Company's share price from $16.46 at June 30, 2021 compared to $11.91 at June 30, 2022 which impacted share compensation expense related to the legacy option plan by $7.7 million; offset by an increase in share-compensation expense related to the equity incentive plan of $8.6 million.

Foreign exchange gain

Foreign exchange gain for the three months ended June 30, 2022 was \$0.5 million compared to \$58.2 million for the three months ended June 30, 2021, representing a decrease in the gain of \$57.7 million or 99.1%. Foreign exchange gain for the six months ended June 30, 2022 was \$0.5 million compared to \$76.1 million for the six months ended June 30, 2021, representing a decrease in the gain of \$75.6 million or 99.3%.

The decrease was primarily driven by the recapitalization of the Company's U.S dollar denominated borrowings to Canadian dollar denominated borrowings on completion of the IPO.

Net finance costs

Net finance costs for the three months ended June 30, 2022 were \$13.5 million compared to \$52.7 million for the three months ended June 30, 2021, representing a decrease of \$39.2 million or 74.4%. Net finance costs for the six months ended June 30, 2022 were \$24.7 million compared to \$92.3 million for the three months ended June 30, 2021, representing a decrease of \$67.6 million or 73.2%.

The decrease for the three months ended June 30, 2022 was primarily due to a decrease in interest expense and stand-by charges on the Company's borrowings of \$10.0 million resulting from the recapitalization of the Company's borrowings on completion of the IPO, a decrease in interest accretion on the preferred share liability of \$2.5 million due to the conversion of the Company's issued redeemable and convertible preferred shares (the **"Preferred Shares"**) on completion of the IPO, and a decrease in loss on settlement of Pre-IPO borrowings of \$26.7 million.

The decrease for the six months ended June 30, 2022 was primarily due to a decrease in interest expense and stand-by charges on the Company's borrowings of \$32.0 million resulting from the recapitalization of the Company's borrowings on completion of the IPO, a decrease in interest accretion on the preferred share liability of \$6.5 million due to the conversion of the Preferred Shares on completion of the IPO, a decrease in loss on modification of borrowings of \$1.9 million, and a decrease in loss on settlement of Pre-IPO borrowings of \$26.7 million.

Change in fair value of derivative instruments

Change in fair value of derivative instruments for the three months ended June 30, 2022 was nil compared to a loss of \$53.0 million for the three months ended June 30, 2021, representing a decrease in the loss of \$53.0 million, or 100.0%. Change in fair value of derivative instruments for the six months ended June 30, 2022 was nil compared to a loss of \$66.4 million for the six months ended June 30, 2021, representing a decrease in the loss of \$66.4 million, or 100.0%.

The decrease was primarily driven by the recapitalization of the Company's U.S dollar denominated borrowings to Canadian dollar denominated borrowings on completion of the IPO and the settlement of all related outstanding interest and cross currency swaps. No new derivative contracts have been entered into in relation to the Company's Credit Facilities (as defined below).

Change in fair value of contingent consideration

Change in fair value of contingent consideration for the three months ended June 30, 2022 was a gain of \$0.8 million compared to a loss of \$0.2 million for the three months ended June 30, 2021, representing an increase in the gain of \$1.0 million or 500.0%. Change in fair value of contingent consideration for the six months ended June 30, 2022 was a loss of \$10.2 million compared to a gain of \$3.8 million for the six months ended June 30, 2021, representing an increase in the loss of \$14.0 million or 368.4%.

At each reporting period end, the Company's earn-out arrangements are remeasured at fair value with the changes in fair value recognized in the consolidated statements of income (loss) or comprehensive income (loss).

Change in fair value of conversion option

Change in fair value of conversion option for the three months ended June 30, 2022 was nil compared to a gain of \$11.0 million for the three months ended June 30, 2021, representing a decrease in the gain of \$11.0 million or 100.0%. Change in fair value of conversion option for the six months ended June 30, 2022 was nil compared to a gain of \$30.8 million for the six months ended June 30, 2021, representing a decrease in the gain of \$30.8 million or 100.0%.

The decrease was driven by the conversion of the Preferred Shares to Subordinate Voting Shares on closing of the IPO.

Income tax recovery

Income tax recovery for the three months ended June 30, 2022 was \$5.2 million compared to a recovery of \$2.7 million for the three months ended June 30, 2021, an increase of \$2.5 million or 92.6%. Income tax recovery for the six months ended June 30, 2022 was \$18.7 million compared to a recovery of \$7.5 million for the six months ended June 30, 2021, an increase of \$11.2 million or 149.3%.

The increase in income tax recovery is primary due to the recognition of deferred tax assets related to acquired deferred tax liabilities on acquisition of practices.

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

Adjusted EBITDA for the three months ended June 30, 2022 was $59.8 million compared to $48.9 million for the three months ended June 30, 2021, representing an increase of $10.9 million or 22.3%. PF Adjusted EBITDA for the three months ended June 30, 2022 was $61.4 million compared to $50.4 million for the three months ended June 30, 2021, representing an increase of $11.0 million or 21.8%. PF Adjusted EBITDA after rent for the three months ended June 30, 2022 was $51.4 million compared to $41.7 million for the three months ended June 30, 2021, representing an increase of $9.7 million or 23.3%.

Adjusted EBITDA for the six months ended June 30, 2022 was $110.0 million compared to $95.4 million for the six months ended June 30, 2021, representing an increase of $14.6 million or 15.3%. PF Adjusted EBITDA for the three months ended June 30, 2022 was $121.2 million compared to $101.0 million for the six months ended June 30, 2021, representing an increase of $20.2 million or 20.0%. PF Adjusted EBITDA after rent for the six months ended June 30, 2022 was $101.2 million compared to $83.5 million for the six months ended June 30, 2021, representing an increase of $17.7 million or 21.2%.

The increases in Adjusted EBITDA and PF Adjusted EBITDA for the three months ended June 30, 2022 are primarily due to the increase in revenue of $65.9 million, an increase in external acquisition costs of $2.5 million, an increase in other corporate costs of $2.1 million, offset by an increase in cost of revenue of $33.2 million, an increase in selling, general and administrative expenses of $12.5 million, an increase in one-time adjustments (gain) of $5.1 million, a decrease in COVID-19 costs of $1.0 million and a decrease in IPO costs of $7.8 million. PF Adjusted EBITDA after rent was further impacted by an increase in interest and principal repayments on leases of $1.3 million due to the higher volume of leases arising from practice acquisitions.

The increases in Adjusted EBITDA for the six months ended June 30, 2022 are primarily due to the increase in revenue of $99.1 million, an increase in external acquisition costs of $5.7 million, an increase in other corporate costs of $2.7 million, offset by an increase in cost of revenue of $48.6 million, an increase in selling, general and administrative expenses of $23.6 million, an increase in one-time adjustments (gain) of $5.1 million, a decrease in COVID-19 costs of $1.9 million and a decrease in IPO costs of $13.7 million. PF Adjusted EBITDA and PF Adjusted EBITDA after rent are further impacted by an increase in the impact of practice acquisitions on Adjusted EBITDA of $5.6 million and an increase in interest and principal repayments on leases of $2.0 million, respectively.

PF Revenue

PF Revenue for the three months ended June 30, 2022 was $332.7 million compared to $266.6 million for the three months ended June 30, 2021, representing an increase of $66.1 million or 24.8%. The increase was due to the increase in revenue period on period.

PF Revenue for the six months ended June 30, 2022 was $649.1 million compared to $529.3 million for the six months ended June 30, 2021, representing an increase of $119.8 million or 22.6%. The increase was due to (i) the increase in revenue period on period and (ii) the acquisition of 27 dental practices (representing 70 dental practice locations) during the six months ended June 30, 2022 that are forecast to generate $41.9 million in PF revenue compared to 34 dental practices (representing 34 dental practice locations) during the six months ended June 30, 2021 that were forecast to generate $21.2 million in PF revenue.

Adjusted net income (loss)

Adjusted net income for the three months ended June 30, 2022 was $24.2 million compared to a loss of $9.5 million for the three months ended June 30, 2021, representing an increase of $33.7 million or 354.7%. Adjusted net income for the six months ended June 30, 2022 was $52.8 million compared to $2.9 million for the six months ended June 30, 2021, representing an increase of $49.9 million or 1,720.7%.

The increase, achieved in a market under significant pressure from the COVID-19 Omicron variant, is attributable to dentistry's resilience as a non-discretionary healthcare service, the acceleration of the Company's acquisitive growth program, as well as the realization of operating efficiencies across our business.

Adjusted free cash flow

Adjusted free cash flow for the three months ended June 30, 2022 was $41.7 million compared to $20.0 million for the three months ended June 30, 2021, representing an increase in free cash flow of $21.7 million or 108.5%. Adjusted free cash flow for the six months ended June 30, 2022 was $82.1 million compared to $34.8 million for the six months ended June 30, 2021, representing an increase in free cash flow of $47.3 million or 135.9%.

The increase for the three months ended June 30, 2022 was primarily due to an increase in cash flow from operations of $34.2 million, offset by other one-time adjustments of $5.1 million, and a reduction in IPO costs of $7.8 million. See “Changes during the Second Quarter”.

The increase for the six months ended June 30, 2022 was primarily due to an increase in cash flow from operations of $64.1 million, offset by other one-time adjustments of $5.1 million, and a reduction in IPO costs of $13.7 million. See “Changes during the Second Quarter”.

Reconciliation of Non-IFRS Measures

The following table shows the reconciliations of net income (loss) and comprehensive income (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:

	Three months ended		Six months ended	
	June 30, 2022 $	June 30 2021 $	June 30, 2022 $	June 30 2021 $
	(expressed in millions)		(expressed in millions)	
Net loss and comprehensive loss	**2.4**	(90.0)	**(8.6)**	(99.0)
Adjustments:				
Net finance costs[a]	**13.5**	52.7	**24.7**	92.3
Income tax recovery	**(5.2)**	(2.7)	**(18.7)**	(7.5)
Depreciation and amortization	**48.0**	38.6	**89.5**	76.5
EBITDA[l]	**58.7**	(1.4)	**86.9**	62.3
Adjustments:				
Net impact of foreign exchange, change in fair value of derivative instruments, change in fair value of conversion option, and share of associate losses[b]	**(0.4)**	(16.1)	**(0.4)**	(40.4)
Share-based compensation	**0.9**	55.5	**6.4**	58.1
External acquisition expenses[c]	**4.2**	1.7	**8.4**	2.7
COVID-19 costs[d]	**—**	1.0	**—**	1.9
Change in fair value of contingent consideration[e]	**(0.8)**	0.2	**10.2**	(3.8)
IPO costs[f]	**—**	7.8	**—**	13.7
Other corporate costs[g]	**2.3**	0.2	**3.6**	0.9
Other one-time adjustments[h]	**(5.1)**	—	**(5.1)**	—
Adjusted EBITDA[l]	**59.8**	48.9	**110.0**	95.4
Adjusted EBITDA Margin[m]	**18.3** %	18.7 %	**18.1** %	18.8 %
Adjusted EBITDA	**59.8**	48.9	**110.0**	95.4
Adjustments:				
Acquisition adjustment[i]	**1.6**	1.5	**11.2**	5.6
PF Adjusted EBITDA[l]	**61.4**	50.4	**121.2**	101.0
PF Adjusted EBITDA Margin[m]	**18.5** %	18.9 %	**18.7** %	19.1 %
PF Adjusted EBITDA	**61.4**	50.4	**121.2**	101.0
Adjustments:				
Interest and principal repayments on leases[a]	**(9.8)**	(8.5)	**(18.8)**	(16.8)
Lease interest and principal repayments on acquisitions[j]	**(0.2)**	(0.2)	**(1.2)**	(0.7)
PF Adjusted EBITDA after rent[l]	**51.4**	41.7	**101.2**	83.5
Revenue	**327.0**	261.1	**607.2**	508.1
Adjustments:				
Acquisition adjustment[k]	**5.7**	5.5	**41.9**	21.2
PF Revenue[l]	**332.7**	266.6	**649.1**	529.3

The following table shows the reconciliations of adjusted net income (loss):

	Three months ended		Six months ended	
	June 30, 2022 $	June 30 2021 $	June 30 2022 $	June 30 2021 $
	(expressed in millions)		(expressed in millions)	
Net income (loss) and comprehensive income	**2.4**	(90.0)	**(8.6)**	(99.0)
Adjustments				
Amortization of intangible assets	**23.8**	18.3	**44.3**	36.1
Share-based compensation	**0.9**	55.5	**6.4**	58.1
Change in fair value of contingent consideration(e)	**(0.8)**	0.2	**10.2**	(3.8)
External acquisition expenses(c)	**4.2**	1.7	**8.4**	2.7
COVID-19 costs(d)	**—**	1.0	**—**	1.9
IPO costs(f)	**—**	7.8	**—**	13.7
Other corporate costs(g)	**2.3**	0.2	**3.6**	0.9
Other one-time adjustments(h)	**(5.1)**	—	**(5.1)**	—
	27.7	(5.3)	**59.2**	10.6
Tax impact of the above	**(3.5)**	(4.2)	**(6.4)**	(7.7)
Adjusted net income (loss)(l)	**24.2**	(9.5)	**52.8**	2.9

The following table shows the reconciliation of cash flow from operations to adjusted free cash flow:

	Three months ended		Six months ended	
	June 30 2022 $	June 30 2021 $	June 30 2022 $	June 30 2021 $
	(expressed in millions)		(expressed in millions)	
Cash flow from operating activities	**50.9**	16.7	**94.9**	30.8
Adjustments:	**—**	—		
External acquisition expenses(c)	**4.2**	1.7	**8.4**	2.7
COVID-19 costs(d)	**—**	1.0	**—**	1.9
IPO costs(f)	**—**	7.8	**—**	13.7
Other corporate costs(g)	**2.3**	0.2	**3.6**	0.9
Other one-time adjustments(h)	**(5.1)**	—	**(5.1)**	—
	52.3	27.4	**101.8**	50.0
Adjustments:				
Repayment of principal on leases	**(6.1)**	(5.3)	**(11.8)**	(10.5)
Maintenance capex	**(4.5)**	(2.1)	**(7.9)**	(4.7)
Adjusted free cash flow(l)	**41.7**	20.0	**82.1**	34.8
Adjusted free cash flow per Share(m):				
Basic	**0.23**	0.19	**0.46**	0.36
Diluted	**0.22**	0.18	**0.44**	0.34
Weighted average number of shares outstanding:				
Basic	**181,295,708**	103,284,466	**178,089,369**	96,810,423
Diluted	**191,145,376**	108,457,665	**187,869,487**	100,995,414

Notes:

(a) For the three and six months ended June 30, 2022, our finance costs included $9.8 million and $18.8 million cash rent expense, respectively (three and six months ended June 30, 2021 – $8.5 million and $16.8 million, respectively).

(b) Represents the sum of (i) foreign exchange (ii) change in fair value of derivative instruments, (iii) change in fair value of conversion option and (iv) share of associate losses.

(c) Represents professional fees and other expenses paid to third parties related to practice acquisitions. These costs are excluded as they are incurred in connection with each practice acquisition and are not related to underlying business operations of the Company.

(d) Represents costs incurred as a result of the COVID-19 pandemic that are not expected to recur, including additional employee benefits and retention payments to staff, retrofitting expenses at practices, and payments to safety consultants. The Company's cost of revenue was also impacted in 2021 due to the normalization of the cost of consumable inventories from previously inflated rates as a result of COVID-19.

(e) 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 statements of income (loss) or comprehensive income (loss).

(f) Represents costs that are not expected to recur related to the Company's IPO.

(g) Represents costs related to the implementation of new corporate systems and the undertaking of vendor consolidations.

(h) Represents adjustments for the impact of the gain on legal settlement of $14.5 million, offset by relief provided by the Company to Partner dentists and employees of $9.4 million.

(i) The Company regularly acquires dental practices and estimates that if it had acquired each of the practices that it acquired during the three and six months ended June 30, 2022 and 2021 on the first day of the applicable fiscal period, it would have recorded additional Adjusted EBITDA of $1.6 million and $1.5 million for the three months ended June 30, 2022 and 2021, respectively and $11.2 million and $5.6 million for the six months ended June 30, 2022 and 2021, 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. "Practice-Level EBITDA" in respect of a practice means EBITDA estimated by management to be attributable to that practice and excludes costs classified by management as corporate-level costs.

(j) The Company regularly acquires practices and estimates that if it had acquired each of the practices that it acquired during the three and six months ended June 30, 2022 and 2021 on the first day of the applicable fiscal period, it would have recorded additional lease interest and principal repayments of $0.2 million and $0.2 million for the three month periods ended June 30, 2022 and 2021, respectively and $1.2 million and $0.7 million for the six month periods ended June 30, 2022 and 2021, 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.

(k) The Company regularly acquires dental practices and estimates that if it had acquired each of the practices that it acquired during the three months ended June 30, 2022 and 2021 on the first day of the applicable fiscal period, it would have recorded additional revenue of $5.7 million and $5.5 million for the three month periods ended June 30, 2022 and 2021, respectively and $41.9 million and $21.2 million for the six month periods ended June 30, 2022 and 2021, 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.

(l) See "Non-IFRS and Other Measures – Non-IFRS Measures".

(m) See "Non-IFRS and Other Measures – Non-IFRS Ratios".

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							
	30-Jun-22	**31-Mar-22**	**31-Dec-21**	**30-Sep-21**	**30-Jun-21**	**31-Mar-21**	**31-Dec-20**	**30-Sep-20**
	(expressed in millions of dollars, except per share amounts)							
Revenue	**327.0**	280.2	272.5	250.2	261.1	247.0	225.9	204.8
Net income (loss) and comprehensive income (loss)	**2.4**	(11.0)	(43.1)	(18.4)	(90.0)	(9.0)	(32.0)	(25.2)
Loss (income) per share - basic and diluted	**0.01**	(0.06)	(0.26)	(0.11)	(0.87)	(0.10)	(1.70)	(0.28)
Adjusted EBITDA[(a)]	**59.8**	50.1	50.1	46.2	48.9	46.7	32.7	33.0

Notes:

(a) See "Non-IFRS and Other Measures – Non-IFRS Measures".

Liquidity and Capital Resources

Our primary sources of liquidity include cash-on-hand, cash provided by our operations and amounts available for borrowing under our Credit Facilities and capital-raising activities in the capital markets, which may include both the Canadian and the United States and other international capital markets, depending on market conditions. As we continue to expand into other geographic regions, we expect to fund any significant expansion by capital raising activities in the capital markets, and any expansion into new geographic regions may require significant capital raising activities. 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 approximately 3.0 or approximately 1.5 if excluding the estimated impact of increases in Net Debt to fund anticipated future practice acquisitions, with deleveraging anticipated to be driven primarily by adjusted free cash flow. See "Non-IFRS and Other Measures – Supplementary Financial Measures" and "About Forward-Looking Information."

As of June 30, 2022, we had $152.2 million in cash and working capital of $85.6 million as compared to cash and working capital of $141.8 million and $92.6 million, respectively, as at December 31, 2021. Working capital is calculated as current assets less current liabilities.

Cash Flows for the three and six months ended June 30, 2022 and 2021

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

	Three months ended		Six months ended	
	June 30, 2022 $	June 30, 2021 $	June 30, 2022 $	June 30, 2021 $
	(expressed in millions of dollars)		(expressed in millions)	
Total cash provided by (used in):				
Operating activities	**50.9**	16.7	**94.9**	30.8
Investing activities	**(118.0)**	(70.9)	**(292.8)**	(131.2)
Financing activities	**55.0**	83.8	**208.3**	260.5
(Decrease) increase in cash	**(12.1)**	29.6	**10.4**	160.1
Cash, beginning of period	**164.3**	232.0	**141.8**	101.5
Cash, end of period	**152.2**	261.6	**152.2**	261.6

Operating Activities

Cash flows provided by operating activities were $50.9 million for the three months ended June 30, 2022, compared to $16.7 million for the three months ended June 30, 2021, an increase of $34.2 million or 204.8%. Cash flows provided by operating activities were $94.9 million for the six months ended June 30, 2022, compared to $30.8 million for the six months ended June 30, 2021, an increase of $64.1 million or 208.1%.

The increase is primarily due the recapitalization of the Company's borrowings following the IPO and reduction in interest paid and increase in the size of our business due to the dental practice acquisitions completed.

Maintenance capital expenditures were $4.5 million for the three months ended June 30, 2022 compared to $2.1 million for the three months ended June 30, 2021. Maintenance capital expenditures were $7.9 million for the six months ended June 30, 2022 compared to $4.7 million for the six months ended June 30, 2021.

Investing Activities

Cash flows used in investing activities were $118.0 million for the three months ended June 30, 2022, compared to $70.9 million for the three months ended June 30, 2021. The increase in cash flows used in investing activities for the three months ended June 30, 2022 of $47.1 million or 66.4% primarily resulted from an increase in acquisition related payments of $30.1 million, an increase in the settlement of contingent consideration of $12.7 million, an increase in payments for property and equipment of $2.2 million and an increase in payments for intangibles (software and patient lists) of $2.1 million.

Cash flows used in investing activities were $292.8 million for the six months ended June 30, 2022, compared to $131.2 million for the six months ended June 30, 2021. The increase in cash flows used in investing activities for the three months ended June 30, 2022 of $161.6 million or 123.2% primarily resulted from an increase in acquisition related payments of $138.4 million, an increase in the settlement of contingent consideration of $18.0 million, an increase in payments for property and equipment of $1.4 million and an increase in payments for intangibles (software and patient lists) of $3.8 million.

Financing Activities

Cash flows provided by financing activities were $55.0 million for the three months ended June 30, 2022, compared to $83.8 million for the three months ended June 30, 2021, a decrease of $28.8 million or 34.4%. Cash flows provided by financing activities were $208.3 million for the six months ended June 30, 2022, compared to $260.5 million for the six months ended June 30, 2021, a decrease of $52.2 million or 20.0%.

The decrease in cash flows provided by financing activities is primarily due to the net impact of the recapitalization of the Company's borrowings, settlement of derivatives, and issuance of Subordinate Voting Shares on completion of the IPO.

Credit Facilities

Pre-IPO Borrowings

Prior to the IPO, the Company had a lien term facility due June 5, 2025 (the **"First Lien Facility"**) which was fully utilized and bore interest at LIBOR (subject to a floor of 1%) plus an applicable margin of 3.75%. The First Lien Facility was repayable in quarterly instalments of 0.25% of the outstanding loan balance at the date of the repayment date, with the remaining balance to be repayable on June 5, 2025.

The Company also had a second lien term facility due June 5, 2026 (the **"Second Lien Facility"**) which was fully utilized and bore interest at LIBOR (subject to a floor of 1%) plus an applicable margin of 7.50%. The Second Lien Facility was repayable on June 5, 2026.

The Company also had access to a revolving credit facility (the **"Revolving Credit Facility"**) which was unutilized. The Revolving Credit Facility bore interest at LIBOR plus an applicable margin of 3.75% per annum and had a commitment fee of 0.5% per annum on the unutilized facility. The Revolving Credit Facility was repayable on June 5, 2023.

During the three months ended March 31, 2021, the Company amended the terms of the First Lien Facility and the Second Lien Facility with the effect being to increase the aggregate principal amount of borrowings under the First and Second Lien Facilities by U.S.$100.0 million and U.S.$50.0 million.

Following closing of the IPO, the Company used the full amount of the net proceeds from the IPO, as well as funds drawn under the Term Facility (as defined below), to settle all amounts outstanding under the Pre-IPO Borrowings, including all accrued interest and standby fees.

Post-IPO Borrowings

Concurrently with the closing of the IPO, the Company entered into a credit agreement with a syndicate of lenders (the "Lenders"). Under the credit agreement, the Lenders made available to the Company (i) a $100.0 million senior secured revolving credit facility (the "Revolving Facility"); (ii) a $300.0 million senior secured non-amortizing delayed draw acquisition term loan (the "Delayed Draw Facility"); and (iii) a $900.0 million senior secured non-amortizing term loan (the "Term Facility") (collectively, the "Credit Facilities"). The Credit Facilities mature on May 27, 2026 and are secured on a first-priority basis, subject to permitted liens, on substantially all of the Company's present and after acquired assets.

On closing of the IPO, the Company drew down the full $900 million Term Facility as Prime Rate Advances, Bankers' Acceptances ("**BA**") or BA Equivalent Notes and, in conjunction with the proceeds of the IPO, repaid the Pre-IPO Borrowings. The BA or BA Equivalent Notes have a maturity of one, two or three months, subject to availability, and bear interest at a rate equal to CDOR plus an 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 or fiscal year. As at June 30, 2022, the applicable margin was 2.75% (December 31, 2021: 2.50%). No scheduled payments of principal are required under the Term Facility prior to maturity. Interest is payable, one month in advance on the first day of each month.

During the three months ended June 30, 2022, the Company drew down $111.4 million under the Delayed Draw Facility. 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.

As at June 30, 2022, no funds have been drawn down under the Revolving Facility.

A standby fee of 0.55% is payable on the unutilized amount of the Revolving Facility and the Delayed Draw Facility (December 31, 2021: 0.50%).

The credit agreement requires the Company to satisfy certain financial covenants including the maintenance of a maximum total funded debt to EBITDA ratio and minimum interest rate coverage ratio. The Company was in compliance with all financial covenants as at June 30, 2022.

Subsequent to June 30, 2022, the Company reached agreement with the Lenders to increase the amounts available to be drawn down under the Revolving Facility from $100.0 million to $150.0 million and the Delayed Draw Facility from $300.0 million to $700.0 million. There were no other changes to the terms and conditions of the Revolving Facility and Delayed Draw Facility.

Hedging Arrangements

Prior to the IPO, the Company entered into cross-currency swap agreements with financial institutions to manage its foreign exchange and interest rate exposures relating to the First Lien Facility and the Second Lien Facility. These swap agreements covered the interest expense of the Company's borrowings based on U.S.$ LIBOR plus a margin of 3.75% for the First Lien Facility and a margin of 7.50% for the Second Lien Facility.

On closing of the IPO and in conjunction with settlement of the Company's Pre-IPO Borrowings, all outstanding derivative contracts were settled with the counterparty.

No new hedging arrangements were entered into during the three and six months ended June 30, 2022.

Contractual Obligations and Commitments

Our contractual obligations and commitments primarily consist of trade and other payables, lease liabilities, contingent consideration for acquired practices, and borrowings. Our contractual obligations and commitments as of June 30, 2022 are shown in the following table (expressed in millions of dollars):

	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	139.3	—	—	—	—	139.3
Lease liabilities	40.1	40.2	40.1	38.9	241.5	400.8
Contingent consideration	23.5	1.5	—	—	—	25.0
Borrowings	—	—	—	1,006.1	—	1,006.1
Total contractual obligations	**202.9**	**41.7**	**40.1**	**1,045.0**	**241.5**	**1,571.2**

Financial Condition

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

	At June 30, 2022 $	At December 31, 2021 $
	(expressed in millions)	
Consolidated Statements of Financial Position:		
Assets		
Current		
Cash	**152.2**	141.8
Trade and other receivables	**74.4**	73.3
Inventories	**37.7**	35.5
Prepaid and other assets	**10.7**	13.2
	275.0	263.8
Non-current		
Investment in associate	**0.2**	0.3
Trade and other receivables	**13.1**	10.0
Prepaid and other assets	**2.3**	2.6
Property and equipment	**201.9**	167.4
Right-of-use assets	**274.6**	238.3
Intangible assets	**396.3**	345.3
Goodwill	**2,054.2**	1,810.1
	2,942.6	2,574.0
Total assets	**3,217.6**	2,837.8
Liabilities		
Current		
Trade and other payables	**139.3**	108.5
Contract liabilities	**2.7**	2.4
Lease liabilities	**25.6**	23.1
Borrowings	**—**	—
Contingent consideration payable	**21.8**	37.2
	189.4	171.2
Non-current		
Contract liabilities	**0.2**	0.1
Lease liabilities	**273.6**	236.6
Borrowings	**1,006.1**	894.1
Contingent consideration payable	**9.9**	8.4
Share-based payment liability	**9.2**	13.4
	1,299.0	1,152.6
Total liabilities	**1,488.4**	1,323.8
Shareholders’ equity		
Share capital	**2,132.3**	1,918.4
Contributed surplus	**99.1**	89.2
Accumulated deficit	**(502.2)**	(493.6)
Total Shareholders' equity and liabilities	**3,217.6**	2,837.8

The following is a comparison of key financial position accounts:

Trade and other receivables

Trade and other receivables as at June 30, 2022 amounted to $87.5 million compared to $83.3 million as at December 31, 2021. The increase of $4.2 million or 5.0% is primarily due an increase in revenue in the three months ended June 30, 2022 compared to the three months ended December 31, 2021 of $54.5 million or 20.0%, offset by relief provided by the Company to Partner dentists during the three months ended June 30, 2022 of $8.8 million.

Inventories

Inventories as at June 30, 2022 amounted to $37.7 million compared to $35.5 million as at December 31, 2021. The increase of $2.2 million or 6.2% is primarily due to $1.4 million of inventory acquired on acquisition of practices.

Prepaid and other assets

Prepaid and other assets as at June 30, 2022 amounted to $13.0 million compared to $15.8 million as at December 31, 2021. The decrease of $2.8 million or 17.7% is not significant and primarily due to the timing of prepayments made.

Property and equipment

Property and equipment as at June 30, 2022 amounted to $201.9 million compared to $167.4 million as at December 31, 2021. The increase of $34.5 million or 20.6% was primarily due to additions of $10.6 million, additions through acquisitions of $54.8 million, offset by depreciation expense of $30.9 million.

Right-of-use-assets

Right-of-use assets as at June 30, 2022 amounted to $274.6 million compared to $238.3 million as at December 31, 2021. The increase of $36.3 million or 15.2% was primarily due to additions of $4.3 million, additions through acquisitions of $44.7 million, adjustments due to lease modifications of $1.7 million, offset by depreciation expense of $14.4 million.

Intangible assets

Intangible assets as at June 30, 2022 amounted to $396.3 million compared to $345.3 million as at December 31, 2021. The increase of $51.0 million or 14.8% was primarily due to additions of $4.6 million (comprised of $3.1 million of patient lists and $0.7 million of capitalized internally developed software), additions through acquisitions of $90.7 million, offset by amortization expense of $44.3 million.

Goodwill

Goodwill as at June 30, 2022 amounted to $2,054.2 million compared to $1,810.1 million as at December 31, 2021. The increase of $244.1 million or 13.5% was due to additions through acquisitions.

Trade and other payables

Trade and other payables as at June 30, 2022 were $139.3 million compared to $108.5 million as at December 31, 2021. The increase of $30.8 million or 28.4% was due primarily to (i) the timing of payment of trade payables and other accruals of $3.4 million, (ii) the timing of payment of payment of salaries and benefits of $5.2 million, (iii) an increase in payables to Partner dentists of $8.7 million due to revenue growth and timing of payments; and (iv) an increase in holdback and working capital payables on completed practice acquisitions of $13.4 million.

Lease liabilities

Lease liabilities as at June 30, 2022 amounted to $299.2 million compared to $259.7 million as at December 31, 2021. The increase of $39.5 million or 15.2% was primarily due to additions of $4.3 million, additions through acquisitions of $45.2 million, adjustments due to lease modifications of $1.6 million, interest accretion of $7.2 million, offset by lease payments of $18.8 million.

Borrowings

Borrowings as at June 30, 2022 amounted to $1,006.1 million compared to $894.1 million as at December 31, 2021. The increase of $112.0 million or 12.5% was primarily due to the $111.4 million draw down under the Delayed Draw Facility.

Contingent consideration payable

Contingent consideration payable as at June 30, 2022 amounted to $31.7 million compared to $45.6 million as at December 31, 2021. The decrease of $13.9 million or 30.5% was primarily due to settlements of $24.1 million, offset by change in fair value of $10.2 million.

Share-based payment liability

Share-based payment liability as at June 30, 2022 amounted to $9.2 million compared to $13.4 million as at December 31, 2021. The decrease of $4.2 million or 31.3% was primarily due to a decrease in the fair value of the legacy options due to a decline in the Company's share price from 16.27 at December 31, 2021 to $11.91 at June 30, 2022.

Business Combinations

During the three and six months ended June 30, 2022, the Company completed 11 and 27 dental practice acquisitions, respectively (representing 28 and 70 dental practice locations, respectively) by way of the acquisition of all of the issued and outstanding shares of such dental practice business (three and six months ended June 30, 2021: 18 and 34 dental practice acquisitions, respectively (representing 20 and 34 dental practice locations, respectively) by way of the acquisition of all of the issued and outstanding shares of such dental practice business). 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

The remuneration to key management personnel during the three and six months ended June 30, 2022 and 2021 are as follows:

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	$	$	$	$
Short-term employee benefits	**0.4**	0.4	**0.8**	0.8
Share-based payment transactions				
Equity incentive plan	**3.7**	1.3	**8.0**	1.3
MLP(i)	—	52.3	—	52.9
	4.1	54.0	**8.8**	55.0

(i) During the three and six months ended June 30, 2021, the Company amended the terms and conditions of the MLP. This resulted in an additional $51.9 million being recognized in share-based payment transactions.

During the three months ended June 30, 2022, the Company provided $1.9 million ($US1.5 million) to one of its suppliers who is an associate of the Company in the form of a secured convertible promissory note (the "Note"). The Note bears interest at 5% per annum, matures on December 31, 2022, and is secured on a first-priority basis over substantially all of the Associate's assets. The Note also automatically converts into shares of the Associate upon completion of a qualified financing, or at the option of the Company, upon a liquidity event or at any time prior to the conversion or repayment of the Note in full. Upon a liquidity event, the Company also has the option to request repayment of the Note for an amount equal to 110% of the outstanding Principal amount plus all accrued and unpaid interest.

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 ordinary course of business, the Company may be 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.

During the three months ended June 30, 2022, the Company reached settlement of an outstanding legal claim to the favour of the Company for net proceeds of $14.5 million. The settlement gain of $14.5 million has been recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) as a credit to cost of sales of $8.7 million and a credit to selling, general and administration expenses of $5.8 million.

Critical Accounting Estimates and Judgements

The preparation of the Interim Financial Statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Significant judgements and estimates used in the preparation of the Interim Financial Statements are described in detail in the Annual Financial Statements. In preparing the Interim Financial Statements, there were no material changes to the significant accounting judgements and estimates used.

Internal Control Over Financial Reporting

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 (**"NI 52-109"**).

Disclosure Controls & Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the CEO and 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 disclosure controls and procedures 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.

During the three and six months ended June 30, 2022, there were no changes in the Company's ICFR, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Significant New Accounting Standards Adopted

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Annual Financial Statements, except as described below.

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, 2022, including *Amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use, IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Costs of Fulfilling a Contract* and *Amendments to IFRS 3, Business Combinations - Updating a Reference to the Conceptual Framework.* The amendments had no impact on the Interim 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).

New and amended IFRS standards in issue but not yet effective

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

IFRS 17, Insurance Contracts ("IFRS 17") and Amendments to IFRS 17 – IFRS 17 provides consistency in the application of accounting for insurance contracts. The amendments to IFRS 17 address implementation challenges that were identified with IFRS 17. The amendments are effective for annual periods beginning on or after January 1, 2023.

Amendments to IAS 1, Presentation of Financial Statements – Disclosure of Accounting Policies – are intended to help entities in deciding which accounting policies to disclose in their financial statements (i.e., material versus significant). The amendments are effective for annual periods beginning on or after January 1, 2023.

Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current – provides a more general approach to the classification of liabilities based on contractual arrangements in place at the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2023.

Amendments to IAS 8, Accounting Policies – Changes in Accounting Estimates and Errors – clarifies the definition of "accounting policies" and "accounting estimates" to help entities distinguish between them. The amendments are effective for annual periods beginning on or after January 1, 2023.

Amendments to IAS 12, Deferred Tax Related to Assets and Liabilities from a Single Transaction – clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The effective date of the amendments has yet to be set by the Board of Directors.

The Company does not expect that the initial adoption of IFRS 17 and amendments to IFRS 17, IAS 1, IAS 8 will have a material impact on the Company. The Company has not yet completed its assessment of the impact of adoption of amendments to IFRS 10, IAS 12 and IAS 28. All new standards and amendments to existing standards will be adopted by the Company as of their effective date.

Risk Factors

The Company has also identified a number of risk factors that could cause actual results to vary significantly from the results discussed in the "Risk Factors" section of the AIF, a copy of which are available on SEDAR at www.sedar.com.

We may face challenges in expanding into new geographic regions and continuing our growth within these markets.

We may in the future expand into geographic regions outside of Canada, including the U.S., and continue our expansion into such geographic regions in the future. We will face risks entering markets in which we may have limited or no experience and brand recognition. Expanding our network into new geographic regions, including the U.S., will require substantial expenditures and it will be costly to establish, develop and maintain operations, alongside promoting our brand. We may also find it difficult to attract and retain personnel when expanding into new geographic regions, including the U.S., which could also require us to spend significantly more money on employee related benefits, such as health insurance. Our efforts to expand into new geographic regions, including the U.S., may not be successful, which could limit our ability to grow our business.

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 175,476,021 Subordinate Voting Shares and 9,183,822 Multiple Voting Shares issued and outstanding.

As of the date of this MD&A, we have 2,977,316 and 6,348,498 share options issued and outstanding under the Legacy Option Plan and Equity Incentive Plan, respectively, which are exercisable for 9,325,814 Subordinate Voting Shares. The Company also has 499,644 restricted share units and performance share units issued and outstanding under the Equity Incentive Plan and 34,819 deferred share units issued and outstanding under the Deferred Share Unit Plan, which may be settled into 499,644 and 34,819 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 of 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	73,742,046	39.9%	27.6%
Graham Rosenberg	9,770,162	5.3%	34.6%

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 and strategies to achieve those objectives, our financial outlook, and about 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 relating to our goals for future Same Practice Revenue Growth derived from the expansion of services and frequency of patient visits which contribute to optimal patient care, 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 information is based on many assumptions including, but not limited to, the following assumptions for the remainder of 2022 and the medium-term, as applicable: the Company's ability to mitigate anticipated supply chain disruptions, geopolitical risks, inflationary pressures and labour shortages, ability to expand service offerings, cash flow generation ability, no changes in the competitive environment or legal or regulatory developments affecting our business; visits by patients to our Practices at the same rate as current visits; a steady improvement in the general COVID-19 environment including, the continued reopening of the economy and no further significant restrictions.

Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described below under "Risk Factors" and in "Risk Factors" in the AIF. 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, including our other recent filings with Canadian securities regulatory authorities, are available on SEDAR at sedar.com.