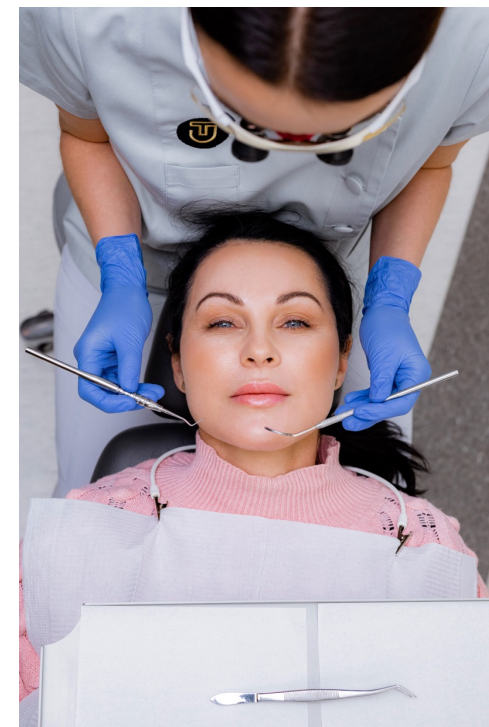




Development of regional network of dental centers

Warsaw, 2021

IDENTITY



The Dentity Group is part of **TARHEEL**  **CAPITAL**

Introduction

Ladies and Gentlemen,

On behalf of Tar Heel Capital, an investment fund, I would like to introduce our initiative. We have created the first dental group in Poland by developing regional dental networks.

Our initiative is a response to the situation on the Polish dental market, which is distinguished in Europe by high medical quality, professional patient care and the qualifications of our doctors. The owners of dental centres are currently facing the challenges brought by the growing awareness of patients and demand for high-class dental services. On the other hand, they face problems with access to qualified medical staff, increasing market regulation and competition from medical corporations.

The model we are proposing is a new idea on the market - we have a different philosophy of building a dental group than the entities which so far have been actively consolidating this market. We believe that our partners in specific regions of Poland know best the specifics of the local market, the expectations of patients and doctors, as well as the directions of development. We also believe in teamwork, which can only be effective and creative if the people working together know each other, meet and exchange experiences and ideas

IDENTITY

We do not rely on a nationwide network managed centrally, but on regional networks, offering them the advantages of being part of a larger group - common purchasing, marketing and financial know-how, **but at the same time maintaining their subjectivity, individual character and developed standards that are best for the patient and to the team.** Such an approach to building a group will, on the one hand, allow you to avoid many of the pitfalls of central consolidation within a medical corporation, and on the other, it allows you to benefit from the economies of scale, relieves the team of administrative, HR and accounting tasks and allows you to focus your attention and energy on ensuring the highest standards of patient service. Many doctors see the advantages of being part of a larger group, but are not convinced to work in a corporate setting - we believe that working with us is the ideal solution for them.

We are addressing you with this material and our meeting proposal because we see great development potential in your company and the team you have built up. Our offer is aimed both at owners of dental centres who are interested in further involvement in management and development and at doctors who, having established their company, wish to realise profit and, for example, devote themselves to working directly with patients or to training activities.

Jacek Przybył
Principal

Who we are

30

transactions
completed

1+

PLN billion of revenue
in 2020

20+

years in the
industry

2000+

people employed in our
portfolio companies

THC is one of the leading private equity funds in Central Europe investing in small and medium-sized companies.

The Fund helps companies become market leaders, and deliver above-average returns to investors. THC adheres to a rigorous investment strategy and successfully combines it with being a partner to entrepreneurs. This is why THC's portfolio companies have on average tripled their returns.

Our principles

- For over 20 years, we have invested our own and entrusted funds on clear principles.
- We are actively involved in building the value of our portfolio companies.
- In our funds, we are the largest investor.

IDENTITY

Investments:

BOROWSKI
STOMATOLOGIA

Dentica
CENTER
MÓJ STOMATOLOG

GALERIA
UŚMIECHU

tulident
estetyka · ortodoncja · implantologia

ESTETIQUE
IMPLANTOLOGIA I STOMATOLOGIA CYFROWA

stomatologia
bez bólu

TWÓJ UŚMIECH
CENTRUM STOMATOLOGICZNE

TOMMA
diagnostyka obrazowa

LiveChat

MERA
SYSTEMY

SURET

TMR Plastics
Discover precision

ROCKFIN
TRUSTED BY INDUSTRIES

ELPLC

flavourtec
E-LIQUIDS

Development of regional networks

The aim of the project is to create and develop within the next 5-7 years regional dental chains in Poland, which will then be sold to an industry investor (Polish or foreign) or another Private Equity fund.

We are looking for cooperation partners throughout Poland. We are currently developing in the provinces:

- Lower Silesian (based on Estetique, Stomatologia Bez Bólu and Twój Uśmiech)
- Malopolskie Province (based on Galeria Uśmiechu)
- Silesian (based on DenticaCenter)

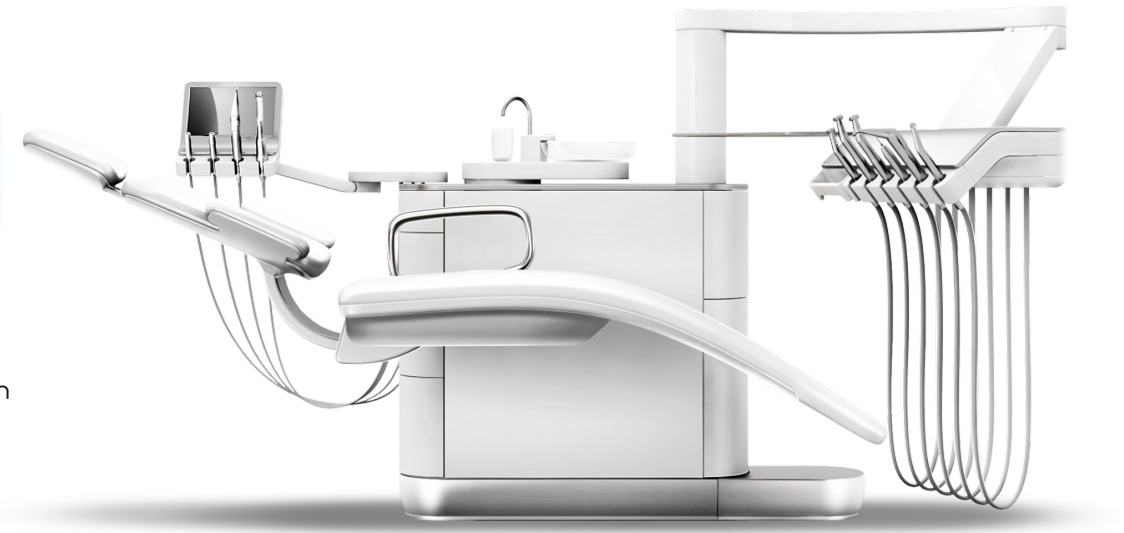
The development of regional networks will be based on:

- Acquisitions of existing dental centres
- Opening of new dental centres

We offer two models of cooperation

- Sale of 70% of shares or setting up a special purpose vehicle with a Partner in a 70/30 shareholding structure
- Sale of 100% shares or the Company

IDENTITY



Our network



Number of dental units

Polanica-Zdrój	3 (eventually 4)
Wrocław 	5
Wrocław	6*



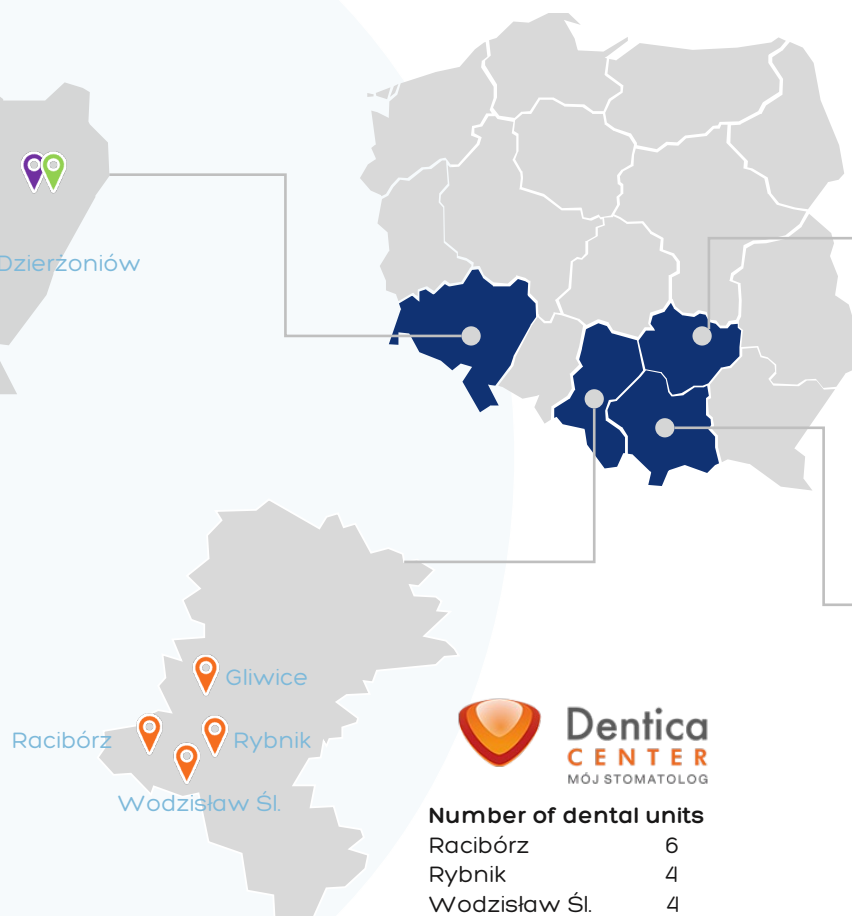
Number of dental units

Jelenia Góra	6
--------------	---



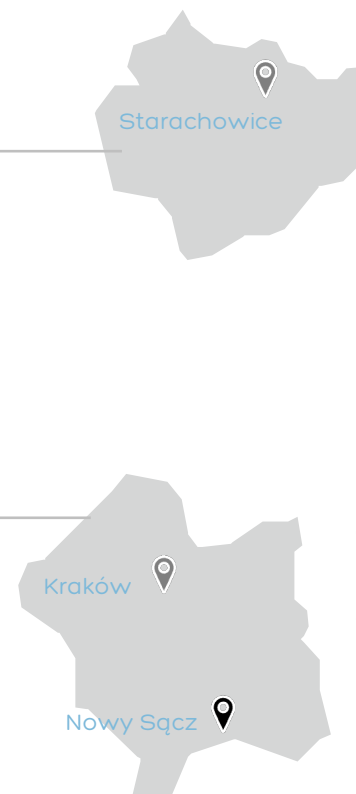
Number of dental units

Dzierżonów	5
------------	---



Number of dental units

Racibórz	6
Rybnik	4
Wodzisław Śl.	4
Gliwice	3 (eventually 9)



BOROWSKI

STOMATOLOGIA

Number of dental units
Starachowice 4+2*

GALERIA

UŚMIECHU

Number of dental units

Kraków	10
Nowy Sącz	6**

* Additional units after renovation in 2022

** Scheduled opening 2022

Cooperation models

IDENTITY

The 70/30 model is aimed at owners who see the potential for further growth and scale-up and have the ambition to build a dental group together with us. The 100 model, on the other hand, is aimed at owners who want to concentrate on improving their qualifications and medical activities and/or wish to realise profits from the sale of a business that has been built up over many years.

Sale of 70 percent of shares

Sale of 70% of shares or establishment of a special purpose vehicle with the Partner in a 70/30 shareholding structure and purchase of the Business (if the dental centre operates on the basis of a JDG or general partnership or a partnership);

As part of the transaction, the Seller shall conclude:

- Share Purchase Agreement or Enterprise Purchase Agreement
- Shareholders Agreement - this regulates the rights and obligations of both the majority shareholder and minority shareholders
- A long-term lease agreement at market rates - if the Seller of the business is also the owner of the real estate where the business is carried out
- Dental services agreement (with attractive remuneration)

One of the partners has the right to remain on the Board. A representative of Identity also joins the Board. The representatives of the fund act exclusively from the Supervisory Board.

For a period of 5-7 years, the partners develop the network together with the fund, after which time they jointly exit the investment and realise profits, at a significantly higher valuation.

Sale of 100 percent of shares

Sale of 100% of the shares or of the Business (if the dental centre operates on the basis of a JDG or a general partnership or a partnership);

As part of the transaction, the Seller shall conclude:

- Share Purchase Agreement or Enterprise Purchase Agreement
- A long-term lease agreement at market rates - if the Seller of the business is also the owner of the real estate in which the business is conducted
- Dental services agreement (with attractive remuneration)

The cooperation model is advisable for partners who wish to exit the business and realise profits and/or concentrate on improving their qualifications and medical activities;

The Fund, or the Company managing the regional network, takes over the full management of the business (administration, finance, HR, Marketing and operational management).

Benefits of working with Dentity

IDENTITY



Transfer of management and administrative responsibilities to the investor, including in part staff recruitment and financial and tax matters. The investor will also provide full HR, accounting and legal services



Continuation of the dental centre in accordance with the model and standards developed by the Seller - including medical and patient service standards. The Fund, as an investor, does not interfere with the medical standards of the dental centre



Support in marketing and sales - audit of existing activities and implementation of marketing strategy for local entities in the group, as well as the opportunity to benefit from internal training systems



Long-term lease agreement for the property on market terms - if the Seller of the business is also the owner of the property where the medical activity is carried out



Economies of scale within the THC purchasing group - lower prices for the purchase of medical supplies, medical equipment, as well as other services necessary to run the practices, within the THC purchasing group



Release of time and responsibility associated with company management

Our Team

Project Manager

experience in managing medical facilities

- Overseeing project development from a national and regional network perspective
- Coordination of new centre openings
- Identification of centres with potential to join the network
- Integration of new centres
- Implementation of patient service standards, treatment plans
- Development of support systems (IT system, purchasing system)
- Development of internal and external training environment

Finance Manager

experience in the medical industry

- Supervision of finance and accounting
- Support in budgeting and financial evaluation of new openings within regional networks
- Implementation of controlling and reporting in the companies and training in management and operational controlling tools
- Overseeing the raising of finance for acquisitions, openings and business development
- Overseeing legal and tax issue

Marketing Manager

experience from major advertising agencies

- Co-creation and implementation of the marketing strategy for the group and local entities within the group
- Planning, execution, and monitoring of marketing projects on a national and local level
- Supervision of website development and implementation
- Cooperation with external subcontractors, e.g. creative and PR agencies
- Monitoring the effectiveness of marketing campaigns based on KPIs

HR Manager

HR experience in dentistry

- Support in recruitment of both medical and support staff
- On-boarding of new employees
- Supervision of formal issues related to the service of employees and doctors
- Implementation of work regulations, occupational health and safety
- Introduction of standard contracts with employees and co-workers
- On-going supervision of training needs of the team

IDENTITY

Areas of support



Development

- Openings
- Acquisitions of competitors
- Integration activities within the group
- Implementation of new services and products



Law

- Consistent contracts and documentation
- Ongoing supervision of legal issues
- Implementation of RODO standards
- Legal audit in relation to current legislation



HR

- Recruitment and induction of new employees
- Work and remuneration regulations
- Motivation systems
- Training system

IDENTITY



Finance

- Implementation of management controlling
- External accounting
- Obtaining finance for investments
- Budgeting and financial evaluation



IT

- Organise your IT infrastructure
- Unified practice management system
- Centralised purchasing platform
- Implementation of cloud solutions



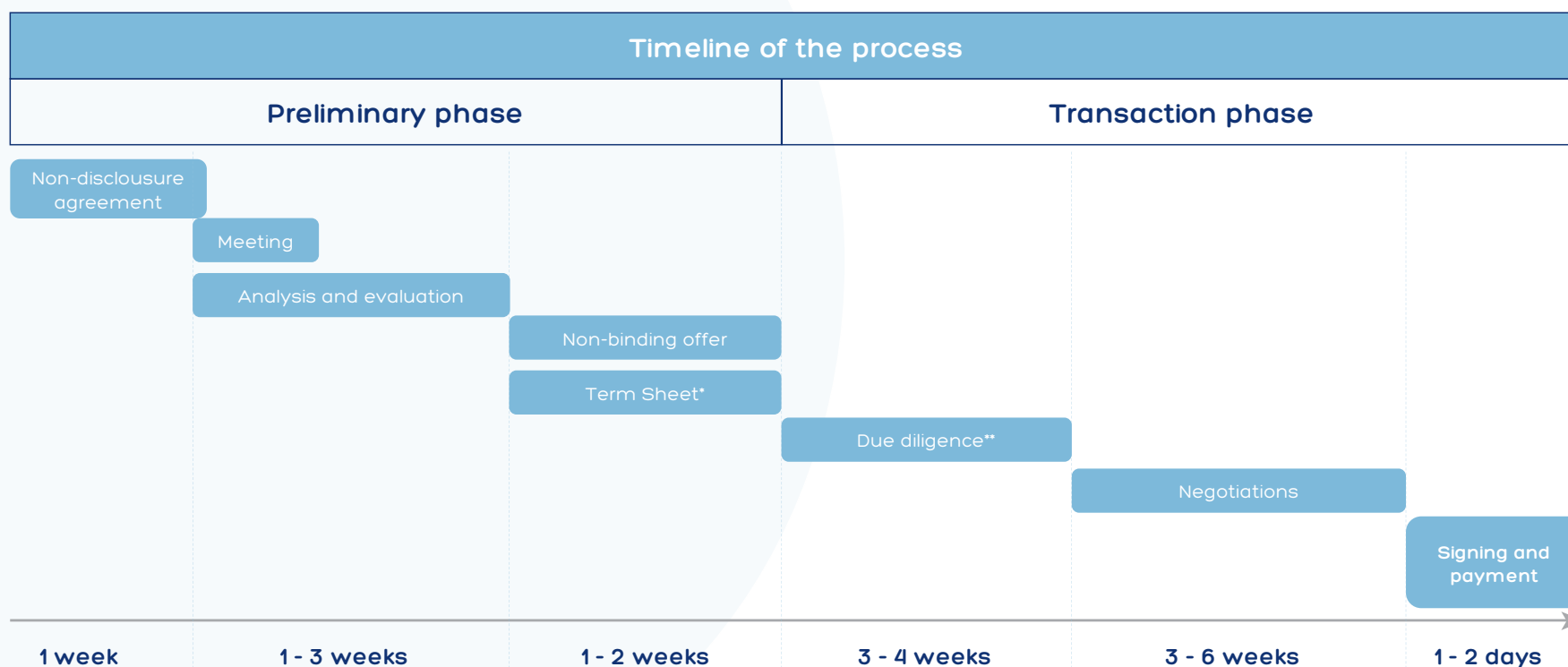
Marketing

- Local and national strategies
- Performance campaigns
- Social media
- Websites

Transaction process

IDENTITY

The decision to sell a business built up over many years with full dedication and commitment is a difficult one and requires detailed information and getting to know each other. At the same time, we know how demanding and time-consuming the work of a dentist is. Therefore, we divided the transaction process into two stages. The expected time needed to close the transaction is between 2 and 4 months.



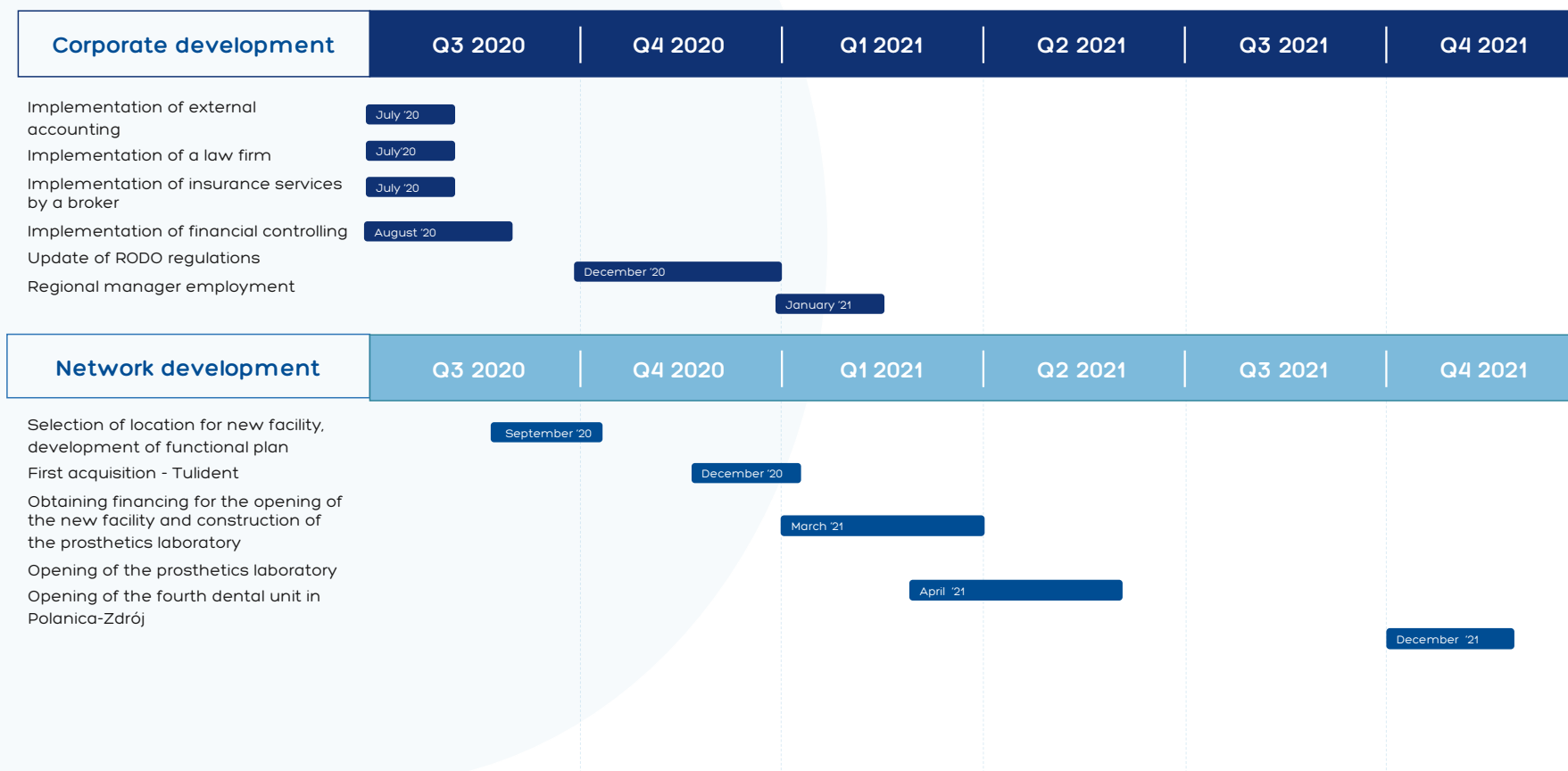
*Term Sheet - also called a Letter of Intent, will contain a description and confirmation of the key terms of the transaction (price, number of shares, transaction structure)

**Due diligence - a detailed investigation of the business to assess the current financial, legal and tax situation of the company and identify potential risks associated with the transaction

Case study Estetique

IDENTITY

In June 2020, the THC fund acquired a 70 percent stake in the Estetique Centre in Polanica-Zdrój specialising in advanced aesthetic dentistry. Below are the implemented and planned activities aimed at developing a regional network based on Estetique.



Media coverage

IDENTITY

Two perspectives on the regional dental networks being built by Tar Heel Capital - from the seller's side and the buyer's side.



Next dental diamond in the THC collection?

“ The model proposed by the Fund is definitely closer to me and preserves everything I have worked for for 35 years. The THC guarantees the growth of the facility I founded, while respecting the legacy and development opportunities for the team of people who make up SBB.”

- lek. Dent. Magdalena Żywicka,
founder of SBB

[read more](#)



Galeria Uśmiechu - a flagship in the Tar Heel Capital fund flotilla

“ In my conception, the partner would provide a base that gives security, helps to structure processes, but also provides a 'blow in the sails', enabling further growth that I could not afford on my own.”

- lek. dent. Tomasz Rozwadowski,
founder of Galerii Uśmiechu

[read more](#)



Estetique Centre on the fast track to growth

“ When we signed the agreement with the THC, we agreed on joint development and the pandemic has not changed that. We believe in the adopted model and the experience of the last six months has shown that we were right - we are pursuing a common goal. In the last period we have made many bold development decisions that, acting alone, we probably would not have dared to make.”

- Aleksandra Szuba-Paszkiewicz,
co-founder Centrum Estetique

[read more](#)



Another national dental network is being created

“ We have a different philosophy for building a dental group in comparison to the players that have been actively consolidating this market so far. We want to build several regional networks by giving them the advantages of being part of a larger group.”

- Jacek Przybył,
Principal in Tar Heel Capital

[read more](#)

Fund experience in health care

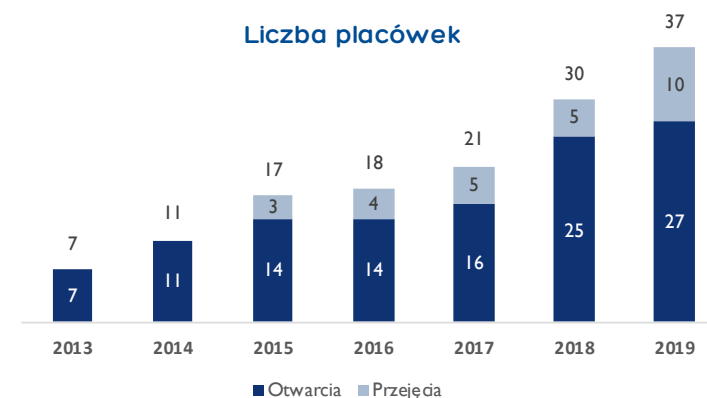
TOMMA was a local company from Greater Poland founded by three engineers. At the time of Tar Heel Capital's investment in 2014, the company had several business units, i.e. own diagnostic labs, outsourcing of diagnostic labs for public hospitals, diagnostic equipment service, teleradiology services and IT related to radiology.

The Fund worked actively with the new management, with whom it began the transformation of the company from a private enterprise to a corporate organisation. The company hired key managers responsible for finance, sales and business development, whose main objective was to develop a nationwide network. Tar Heel Capital provided debt financing to enable the opening of over a dozen new studios, including as many as 10 in 2018, and the acquisition of 5 competitors. The added value of the fund was also the building of a professional finance and accounting department from scratch, along with a whole controlling system.

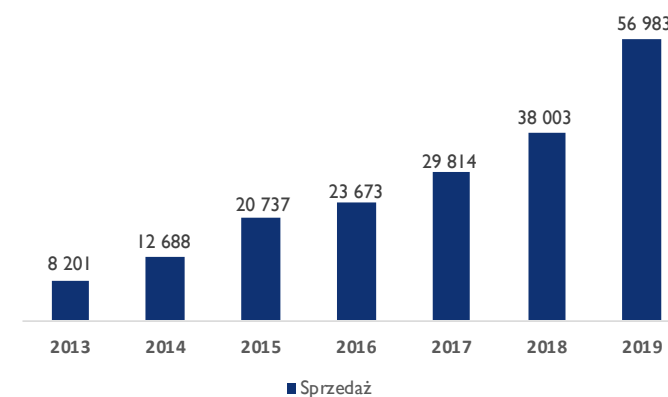
New sales channels were launched, information and positioning image campaigns on the Internet aimed primarily at the private patient segment.



Liczba placówek



Przychody z diagnostyki obrazowej (tys. PLN)



Fund experience in health care



- 10x** increase in revenue during the investment period
- 26** new diagnostic imaging laboratories since the investment in 2014
- 35** studios on the exit date of the investment in 2019
- 5** years needed to build the largest private network in Poland
- 100%** shares of TOMMA Diagnostyka Obrazowa sold to PZU Health

In the past, around 90 per cent of the company's revenue from diagnostics came from reimbursed examinations (hospital patients and NFZ). The Management Board, together with the investor, conducted activities aimed at a significant increase in the share of high-margin commercial examinations (private patients) in revenues, thereby building the position of the least dependent player on the National Health Fund in the imaging diagnostics market. At the time of the sale of the company, nearly 50 per cent of revenues were already generated by private patients.

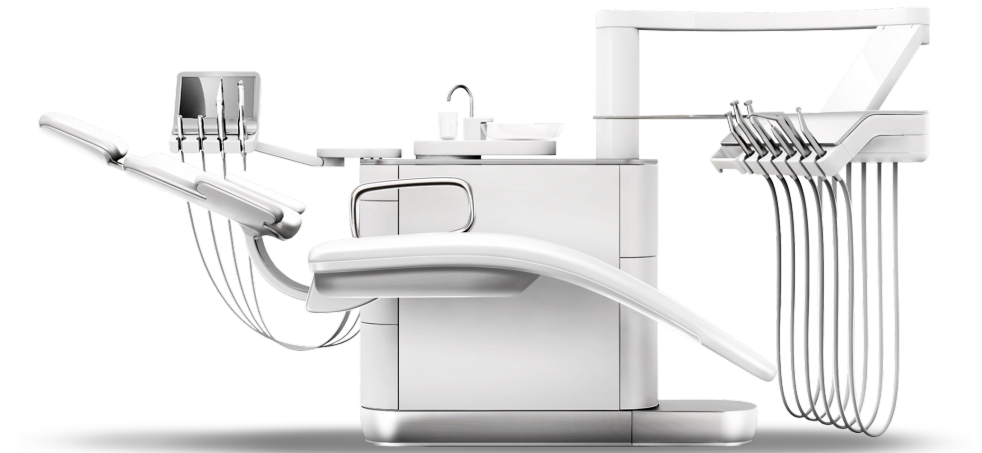
This was achieved by focusing on magnetic resonance imaging, opening new laboratories in the centres of large cities, in well-connected locations, and building a professional sales team from scratch. Thanks to the efforts of the marketing and sales teams, it was possible to build a reliable TOMMA brand that is recognisable among patients.

Tar Heel Capital has left behind an efficient professional organisation with a network of 37 studios, providing good geographical coverage and ready for further dynamic growth. In 2019, the fund finalised the sale of 100 per cent of the company's shares to PZU Health.

What information do we need to make an offer

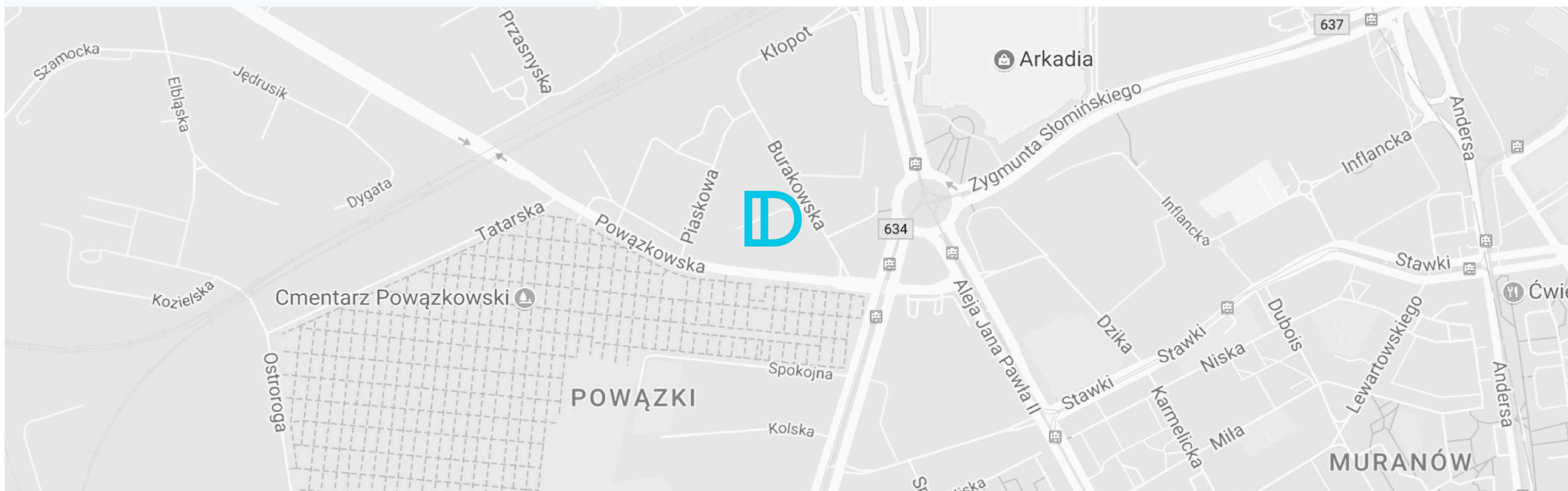
IDENTITY

- Financial statements for the last 3 years (profit and loss account)
- Statement of fixed assets by with purchase date
- List of investment expenditures incurred in the last 3 years
- Statement of revenue and number of patients from IT system (e.g. Prodentis, Felgdent) for the last 3 years, broken down by facility and treatment groups (implantology, prosthetics, orthodontics, surgery, diagnostics, other)
- Current headcount by facility (doctors, hygienists, assistants, receptionists and other administrative staff)



Contact

IDENTITY



Jacek Przybył
Principal



+48 880 490 425



jacek.przybyl@tarheelcap.com



Karol Markiewicz
Senior Analyst



+ 48 501 710 924



karol.markiewicz@tarheelcap.com



Burakowska st. 5/7, 3rd floor,
01-066 Warszawa



22 699 09 34



biuro@identity.pl

The Dentity Group is part of **TARHEEL**  **CAPITAL**

