

# Practice Intelligence Brief

## QoE Defense & Optimization Architecture

<b>Practice Profile</b>	Multi-Specialty Group Practice
<b>Market</b>	Southern California
<b>Departments</b>	General Dentistry   Orthodontics   Pediatrics
<b>Provider Count</b>	15+ Active Providers
<b>Analysis Period</b>	January - August 2025 (8-Month Actuals)
<b>Exit Horizon</b>	5 Years
<b>Prepared by</b>	Precision Dental Analytics
<b>Prepared for</b>	Practice Owner & M&A Advisory -- Confidential Review
<b>Date</b>	Q1 2026

*All practice identifiers have been sanitized per client confidentiality agreements.  
The methodology, data architecture, and financial outcomes documented herein are exact.*

## 01 — EXECUTIVE SUMMARY

## The QoE Defense

This brief presents a forensic analysis of Practice Alpha — a multi-specialty dental group generating \$12.2M in annual production across three clinical departments in the Southern California market. The practice is operating with a 5-year exit horizon, positioning this engagement as a **proactive institutional-grade build** rather than a pre-LOI defense.

A Quality of Earnings (QoE) audit conducted by an institutional buyer today would encounter three material vulnerabilities: a \$332,580 concentration of 120+ day insurance AR requiring reserve consideration, a \$108,000 vulnerability from excess core buildups, and a systematic under-collection anomaly from the practice's second-largest payer at 51.35% — significantly below the practice-wide 84.8% collection rate. All items require remediation before institutional presentation.

## THE MATH

CPA-REPORTED EBITDA	PHANTOM EBITDA AT RISK	PRECISION-SANITIZED EBITDA
<b>\$2,877,136</b>	<b>(\$620,580)</b>	<b>\$2,256,556</b>
Annualized from 8-month P&L EBITDA before owner comp addback	120+ day AR reserve: \$332,580 Marketing normalization: \$180,000 Core buildup excess (D2950/D2954): \$108,000	Post-normalization defensible baseline Core buildup excess removed Owner comp addback available: +\$480K

## VALUATION IMPACT — 5-YEAR OUTLOOK

SCENARIO	EBITDA BASIS	MULTIPLE RANGE	ENTERPRISE VALUE	NOTES
<b>Risk</b>	\$2,257K	4.5x – 5.5x	<b>\$10.6M – \$13.0M</b>	Phantom EBITDA surfaces in QoE; AR reserve required
<b>Baseline</b>	\$3,357K	5.0x – 6.5x	<b>\$16.8M – \$21.8M</b>	Sanitized EBITDA + owner comp; current trajectory
<b>Optimized</b>	\$4,957K+	6.0x – 8.0x	<b>\$29.7M – \$39.7M</b>	Full \$5.3M ARR opportunity captured over 5-year horizon

*Note: Multiple ranges informed by current Southern California dental M&A; market conditions. Final multiple determination deferred to broker. Optimized EBITDA assumes 5-year implementation of identified operational improvements.*

## 02 — PRACTICE REVENUE ARCHITECTURE

# The Patient Revenue Engine

Practice Alpha operates as a fully integrated multi-specialty dental group serving the General, Orthodontic, and Pediatric markets from a single campus. The practice generates \$12.2M in annual net production across 15+ providers with a 9-month patient population of 18,413 active patients (16,773 seen YTD).

## DEPARTMENT PRODUCTION SUMMARY — YTD (Annualized)

DEPARTMENT	NET PRODUCTION	COLLECTIONS	COLLECTION %	% OF TOTAL
General Dentistry	\$6,896,271	\$5,573,988	80.8%	56.4%
Pediatric Dentistry	\$3,095,894	\$3,150,876	101.8%	25.3%
Orthodontics	\$2,227,175	\$1,638,874	73.6%	18.2%
<b>TOTAL PRACTICE</b>	<b>\$12,219,340</b>	<b>\$10,363,738</b>	<b>84.8%</b>	<b>100.0%</b>

## NEW PATIENT PIPELINE &amp; APPOINTMENT EFFICIENCY

Average NP / Month	<b>348</b>	Benchmark: 400	Total Appointments YTD	<b>49,383</b>	
General Conversion Rate	<b>82.1%</b>	Benchmark: 90%	Broken/Missed/Rescheduled	<b>4,521</b>	
Ortho Conversion Rate	<b>47.4%</b>	Benchmark: 75%	Broken Appointment %	<b>9.15%</b>	Benchmark: <15% ✓
Pedo Conversion Rate	<b>55.2%</b>	Benchmark: 75%	Avg. Treatment Presented / Exam	<b>\$1,241</b>	Benchmark: \$1,000 ✓

## FEE SCHEDULE BENCHMARK ANALYSIS — TOP REVENUE CODES

The practice fee schedule is systematically priced below the 75th percentile national benchmark across high-volume procedure codes. This underpricing represents a structural revenue gap independent of case volume.

CDT CODE	DESCRIPTION	YTD PRODUCTION	OFFICE FEE	75TH PCTILE	GAP	STATUS
D8670	Ortho Periodic Treatment	\$1,375,025	\$258	\$451	<b>-43%</b>	■ Below
D2751	Crown — Porcelain/Metal Base	\$1,196,702	\$1,236	\$1,773	<b>-30%</b>	■ Below
D4341	SRP per Quadrant	\$454,507	\$309	\$429	<b>-28%</b>	■ Below
D0230	Periapical Radiograph	\$385,956	\$15	\$45	<b>-67%</b>	■ Below
D8090	Comprehensive Ortho Treatment	\$172,532	\$8,137	\$7,363	<b>+10%</b>	✓ Above
D1110	Prophylaxis — Adult	\$248,014	\$155	\$152	<b>+2%</b>	✓ At Mkt
D4910	Perio Maintenance	\$139,967	\$258	\$230	<b>+12%</b>	✓ Above
D6010	Implant Fixture Placement	\$202,774	\$3,090	\$3,056	<b>+1%</b>	✓ At Mkt

*Fee schedule optimization to 75th percentile on underpriced codes represents a structural revenue improvement that does not require additional patient volume. Full analysis requires payer contract review.*

## 02 — PRACTICE REVENUE ARCHITECTURE (CONTINUED)

## Collections Profile & Payer Mix Analysis

### PAYER MIX — COLLECTIONS BY CARRIER (YTD)

The practice's payer mix reveals a **critical anomaly in Delta Dental collections** that requires immediate remediation before institutional review. Delta Dental's 51.35% collection rate against the practice-wide 84.8% baseline represents \$312,000+ in annual uncaptured revenue and will surface as a QoE flag.

PAYER	YTD COLLECTIONS	% OF TOTAL	NEW PATIENTS	AVG PRODUCTION	COLLECTION %	FLAG
Denti-Cal	\$4,773,134	37.0%	1,967	\$435	95.4%	
Delta Dental	\$1,301,787	10.1%	283	\$818	51.4%	■ ANOMALY
MetLife	\$349,549	2.7%	70	\$655	66.7%	■ Monitor
Cigna	\$190,120	1.5%	64	\$492	71.3%	
Aetna	\$180,570	1.4%	66	\$568	75.0%	
United HC	\$147,617	1.1%	42	\$609	65.5%	
Liberty	\$117,011	0.9%	48	\$514	75.1%	
Humana	\$83,031	0.6%	10	\$410	75.1%	
Anthem	\$67,473	0.5%	30	\$627	59.5%	■ Monitor
All Other / Patient Pay	\$3,751,446	43.2%	—	—	~99%	

### INSURANCE ACCOUNTS RECEIVABLE — AGING ANALYSIS

AGING BUCKET	BALANCE	% OF TOTAL AR	QoE RESERVE RISK	ASSESSMENT
Current (0-30 days)	\$587,967	47.5%	Low	Normal claims cycle
30 – 60 days	\$190,337	15.4%	Low-Moderate	Follow-up queue
60 – 90 days	\$75,747	6.1%	Moderate	Active dispute / resubmit
90 – 120 days	\$49,816	4.0%	Elevated	Escalate — approach write-off
<b>120+ days</b>	<b>\$332,580</b>	<b>26.9%</b>	<b>HIGH — FLAG</b>	<b>QoE reserve required</b>
TOTAL INSURANCE AR	\$1,236,447	100%	—	

**Critical Finding:** The \$332,580 in 120+ day AR represents 26.9% of total insurance AR and constitutes the primary QoE reserve exposure. Under institutional review, a buyer's QoE analyst will require either collection evidence or a full reserve against this balance. Remediation target: recover or write down to zero prior to institutional presentation.

## 03 — FORENSIC EBITDA NORMALIZATION

## The Kill Zone

EBITDA normalization is the single most consequential step in practice valuation. CPA-reported financials reflect accounting treatment, not M&A-grade; EBITDA. The normalization process identifies and quantifies every addback, adjustment, and at-risk item that an institutional buyer's QoE team will scrutinize.

## CPA-REPORTED P&amp;L SUMMARY (JAN – AUG 2025 | 8-MONTH ACTUALS + ANNUALIZED)

LINE ITEM	8-MONTH ACTUAL	ANNUALIZED (×1.5)	NOTES
Total Revenue	\$8,159,847	\$12,239,771	3-dept: General / Ortho / Pedo
Cost of Goods Sold	(\$399,866)	(\$599,799)	Supplies, equip. repairs
Gross Profit	\$7,759,981	\$11,639,972	95.1% gross margin
Total Staff Wages	(\$2,427,483)	(\$3,641,225)	10 payroll classifications
Associate Fees	(\$1,806,928)	(\$2,710,392)	Endo, OS, Ortho, Pedo, Perio
Medical Insurance (Staff)	(\$211,288)	(\$316,932)	
Rent	(\$250,500)	(\$375,750)	Building + equipment + storage
Advertising & Marketing	(\$11,234)	(\$16,851)	■ Below market — see Section 04
Outside Lab Fees	(\$173,066)	(\$259,599)	
Office & Tech Expenses	(\$144,290)	(\$216,435)	
Interest Expense	(\$133,182)	(\$199,773)	Business loan — addback at sale
Merchant Fees	(\$143,095)	(\$214,643)	
Professional Services	(\$13,313)	(\$19,970)	Acct + legal
Repairs & Maintenance	(\$53,922)	(\$80,883)	
Utilities	(\$87,545)	(\$131,318)	
Principal A — Guar. Pay.	(\$160,000)	(\$240,000)	■ Management compensation
Principal B — Guar. Pay.	(\$160,000)	(\$240,000)	■ Management compensation
Other Expenses	(\$111,470)	(\$167,205)	Auto, meals, uniforms, travel
<b>NET OPERATING INCOME</b>	<b>\$1,778,190</b>	<b>\$2,667,285</b>	<b>Before D&amp;A and interest</b>
Depreciation	(\$106,863)	(\$160,295)	Addback for EBITDA
Amortization	(\$139,117)	(\$208,676)	Goodwill amort. — addback
Other Income	\$6,719	\$10,079	CC rewards, interest income
<b>NET INCOME</b>	<b>\$1,538,930</b>	<b>\$2,308,394</b>	<b>As reported by CPA</b>

## EBITDA NORMALIZATION BRIDGE

ITEM	AMOUNT (8-MO)	ANNUALIZED	TYPE	RATIONALE
Net Income (CPA Reported)	\$1,538,930	\$2,308,394	Starting Point	As filed
+ Depreciation	\$106,863	\$160,295	Hard Addback	Non-cash; standard EBITDA adj.
+ Amortization (Goodwill)	\$139,117	\$208,676	Hard Addback	Non-cash; goodwill (pre-acquisition)
+ Interest on Business Loan	\$133,182	\$199,773	Hard Addback	Debt retired at close
<b>EBITDA (Pre-Owner Comp)</b>	<b>\$1,918,092</b>	<b>\$2,877,138</b>	<b>Subtotal</b>	
+ Principal A Guar. Payment	\$160,000	\$240,000	Soft Addback	Owner management compensation
+ Principal B Guar. Payment	\$160,000	\$240,000	Soft Addback	Owner management compensation
– Market Rate Management	(\$125,000)	(\$187,500)	Normalization	Replacement management cost
NORMALIZED EBITDA	\$2,113,092	\$3,169,638	M&A EBITDA	Fully-loaded, pre-phantom
<b>– 120+ Day AR Reserve</b>	<b>(\$332,580)</b>	<b>(\$332,580)</b>	<b>QoE Risk</b>	<b>Full reserve</b>
– Marketing Normalization	(\$120,000)	(\$180,000)	QoE Risk	Budget to 3% of rev for sustainability
– Core Buildup Excess (D2950)	(\$72,000)	(\$108,000)	QoE Risk	76.9% vs 40% Cotiviti benchmark
<b>PRECISION-SANITIZED EBITDA</b>	<b>\$1,588,512</b>	<b>\$2,549,058</b>	<b>DEFENSIBLE</b>	<b>Normalized basis — incl. owner comp adjustment</b>

*Owner compensation normalization assumes both principals are in active management roles. If either principal holds a producing clinical role, compensation structure requires provider-level production analysis to determine true replacement cost. This analysis was not available for the current engagement period.*

**Reconciliation note:** The Precision-Sanitized EBITDA of \$2,549,058 above is calculated on a normalized basis — it includes the net owner compensation adjustment (+\$292,500: \$480K addback less \$187.5K market-rate replacement). The Executive Summary figure of \$2,256,556 applies the same three QoE deductions to the pre-normalization CPA EBITDA base (\$2,877,136) without owner comp adjustment. Both are correct for their respective uses: the normalized figure represents M&A-grade EBITDA available to a buyer; the pre-comp figure is the conservative baseline before negotiation.

## 04 — CLINICAL COMPLIANCE &amp; PHANTOM EBITDA VULNERABILITY

## What QoE Will Find

The following findings represent the items most likely to generate downward valuation pressure in a buyer-conducted Quality of Earnings review. Each item is remediable within the 5-year exit horizon. Addressing them proactively positions the practice for the upper tier of the valuation range rather than the baseline.

### 01 Delta Dental Systematic Undercollection — QoE Flag

HIGH

Delta Dental is collecting at 51.35% against the practice-wide 84.8% baseline — a 33-point differential that has no clinical explanation. This anomaly indicates either (a) fee schedule misalignment with Delta's table of allowances, creating write-offs on every claim, or (b) systematic claims processing failures generating denials. On \$1.30M collected at 51.35%, the practice is writing down approximately \$770K in gross production. At 75% collection efficiency, the same production yields \$1.30M. Annual revenue exposure: **\$312,000+**. QoE auditors will calculate this differential and flag it as a revenue quality concern.

**Recommended Action:** Immediate: Audit last 90 days of Delta EOBs. Identify whether write-downs are code-specific (fee schedule issue) or denial-driven (claims processing issue). Implement code-by-code fee schedule reconciliation with Delta TOA.

### 02 120+ Day Insurance AR — Reserve Exposure

HIGH

\$332,580 in insurance AR over 120 days represents 26.9% of total AR and constitutes the primary balance sheet risk in a QoE review. Institutional buyers require either (a) demonstrated collection of this balance, or (b) a written reserve against it. In practice, most buyers will require a full reserve, effectively reducing the EBITDA multiple applied to the baseline. At a 6x multiple, this \$332K reserve reduces enterprise value by \$2.0M.

**Recommended Action:** Immediate remediation: Assign AR recovery specialist to all claims over 90 days. Target zero balance in 120+ bucket prior to institutional presentation. Outcome: Eliminate QoE reserve requirement entirely.

### 03 Core Buildup Ratio 76.9% — Phantom EBITDA Clinical Flag (D2950/D2954)

HIGH

The General Department shows a core buildup-to-crown ratio of **76.9%** against a Cotiviti benchmark of approximately **40%**. Of 2,153 crown procedures YTD (General Dept), 1,656 were accompanied by a buildup code (D2950/D2952/D2954). Cotiviti benchmarks 40% of crown procedures as expected to require a buildup, based on the insurer threshold of missing tooth structure exceeding 50% — more conservative than the ADA clinical standard. At 76.9%, this ratio is nearly double the benchmark and will be identified by any QoE analyst using Cotiviti or comparable clinical analytics. This is **toxic top-line revenue**: production that inflates EBITDA but is non-defensible under institutional review and at risk of retroactive claim denial or audit-triggered insurance clawback. Annualized buildup production: \$227K. Production above the 40% benchmark: **\$108K annually. At 6x multiple: \$650K in enterprise value exposure.**

**Recommended Action:** Conduct provider-level D2950/D2954 ratio analysis across all 15 providers to identify individual outliers. Implement documentation protocols requiring charted evidence of missing tooth structure >50% for all buildup submissions. This is a documentation standard change, not a clinical judgment change — it creates the auditable record required to defend each claim under QoE scrutiny. Target: ratio below 45% prior to institutional presentation. Timeline: 90 days.

**04 Case Acceptance at 49.9% — Revenue Leakage at Scale****MODERATE**

The practice presents \$22.8M in treatment annually and closes \$11.4M — a 49.9% conversion rate against the 75% industry benchmark. The \$11.4M in unaccepted treatment is not lost revenue; it is deferred, unscheduled production sitting in the patient base. Third-party financing utilization at 6% of collections (\$598,546) is proportionally low for a practice this size. Activating a structured financing presentation (1 prime, 1 sub-prime, 1 high-ticket lender) with a case start playbook (Waterfall Strategy) is the highest-ROI operational intervention available.

**Recommended Action:** Implement Case Start Playbook. Deploy treatment tracker by provider. Activate 3rd-party financing track for all cases above \$500. Annual revenue opportunity: \$3,419,423 (25% improvement in conversion).

**05 Marketing Attribution Gap — QoE Discovery Risk****MODERATE**

Total advertising and marketing spend: \$11,234 over 8 months (\$16,851 annualized) — 0.14% of revenue versus the 3–5% industry standard. The practice uses multiple marketing vendors with no unified attribution system, making it impossible to calculate cost-per-acquisition by channel. Under QoE, this creates two risks: (1) a buyer cannot validate that current patient acquisition rates are sustainable at the reported cost, and (2) the pro-forma operating cost is materially understated if sustainable marketing requires a budget normalization of \$200K–\$400K annually.

**Recommended Action:** Implement single-source-of-truth marketing attribution (Google Analytics 4 + UTM tracking across all vendors). Build 12-month acquisition cost history by channel. Normalize marketing budget to \$180K–\$250K (1.5–2% of revenue) as institutional baseline.

**06 Patient Retention at 52.2% — Valuation Multiple Risk****LOW-MODERATE**

48% of the active patient base (8,713 patients) has no scheduled future appointment. PE buyers apply a premium multiple to practices with demonstrated patient retention — it signals recurring revenue predictability. At the 65% reappointment benchmark, the practice retains 4,613 additional patients in the active schedule. Annual revenue opportunity from retention improvement: \$852,176.

**Recommended Action:** Deploy automated recall system (Dental Intel + Modento or equivalent). Establish reactivation campaigns by unscheduled timeline bucket (0-6 months, 6-12 months, 12-18 months, 18+ months). Target: 65% reappointment rate within 18 months.

## 05 — THREE-TIERED VALUATION RANGE

## The 5-Year Optimization Architecture

With a 5-year exit horizon, Practice Alpha has sufficient runway to move from the baseline valuation into the optimized tier. The three scenarios below define the enterprise value range under current conditions, the defensible baseline after sanitization, and the institutional-grade outcome after systematic optimization.

## QUANTIFIED REVENUE OPPORTUNITY — ANNUAL IMPACT

OPPORTUNITY	CURRENT	BENCHMARK	GAP	ANNUAL ARR OPP.	EBITDA IMPACT
New Patient Pipeline	348 / mo	400 / mo	+52 / mo	\$702,437	\$210,731
Case Conversion Rate	49.9%	75.0%	+25.1 pts	\$3,419,423	\$1,025,827
Patient Retention	52.2%	65.0%	+12.8 pts	\$852,176	\$255,653
120+ AR Recovery	\$332,580	\$0	(\$332,580)	\$332,580	\$332,580
Fee Schedule Optimization	Below 75th	75th Pctile	Multiple codes	Est. \$250K+	Est. \$75K+
<b>TOTAL IDENTIFIED</b>	—	—	—	<b>\$5,556,616+</b>	<b>\$1,899,791+</b>

\*EBITDA impact estimated at 30% conversion rate — variable cost margin on incremental revenue after staffing and supply cost. Fee schedule and AR recovery flow at higher margin.

## ENTERPRISE VALUE — THREE-TIERED SCENARIOS

SCENARIO 01: RISK	EBITDA	MULTIPLE	ENTERPRISE VALUE
	<b>\$2,257K</b>	<b>4.5x – 5.5x</b>	<b>\$10.6M – \$13.0M</b>

### Current State — QoE Vulnerabilities Unresolved

- Phantom EBITDA fully surfaces in buyer QoE audit
- \$332,580 AR reserve required at close — reduces proceeds
- Delta Dental anomaly triggers revenue quality discount
- Marketing gap requires pro-forma budget normalization
- Case conversion at 49.9% signals execution risk to buyer

SCENARIO 02: BASELINE	EBITDA	MULTIPLE	ENTERPRISE VALUE
	<b>\$3,357K</b>	<b>5.0x – 6.5x</b>	<b>\$16.8M – \$21.8M</b>

*Sanitized EBITDA — Current Trajectory, No Optimization*

- 120+ AR resolved; no reserve required at QoE
- Delta Dental anomaly remediated; collection rate normalized
- Owner comp addback fully documented and defensible
- Marketing attribution system in place; sustainable budget evidenced
- Practice presenting at institutional-grade data architecture

SCENARIO 03: OPTIMIZED	EBITDA	MULTIPLE	ENTERPRISE VALUE
	<b>\$4,957K – \$5,257K</b>	<b>6.0x – 8.0x</b>	<b>\$29.7M – \$42.1M</b>

*Post-Optimization — 5-Year Build, Institutional Grade*

- 60–70% of \$5.3M ARR opportunity captured over 5-year horizon
- Case conversion improved from 49.9% toward 65–70%
- Patient retention at or above 65% benchmark
- Fee schedule aligned to 75th percentile on underpriced codes
- Owner-independent SOP architecture — maximum multiple commanded

*Multiple ranges are provided as a reference framework informed by current Southern California dental M&A; market conditions. Final multiple determination is deferred to the representing broker. Owner compensation addback of \$480K annualized (\$320K for 8 months) is available as an additional buyer consideration in the Baseline and Optimized scenarios depending on transaction structure.*

## 06 — HYGIENE DEPARTMENT ANALYSIS

## Clinical Production Architecture

The hygiene department is the practice's primary recurring revenue engine and the most reliable EBITDA predictor for institutional buyers. It is the single department where performance benchmarks are most universally applied in QoE analysis.

METRIC	ACTUAL	BENCHMARK	STATUS	OBSERVATION
Perio % (SRP + PM / Total Hygiene)	31.7%	30%	✓ Met	Consistent clinical diagnosis of perio disease
Adult Prophy Volume	3,156	—	Active	Strong recurring hygiene base across General
Child Prophy / Pediatric Volume	9,935	—	Active	High pediatric volume reflects 25% contribution
SRP Quads Delivered	4,679	—	Active	31.7% of hygiene patient base — at benchmark
Perio Maintenance (D4910)	1,543	—	Active	Retention of perio patients
Adult Fluoride Attachment Rate	< 1%	60%+	■ Critical	25 of 3,156 adults received fluoride
LAA per SRP Quad	3.6%	15%+	■ Below	172 of 4,679 quads — adjunctives underutilized
Sonicare Take-Home	< 1%	10%+	■ Below	2 units — home care protocol absent
Perio Protect / Irrigation	1.0%	10%+	■ Below	15 perio protect; 220 irrigation; underutilized

**Critical Observation — Adult Fluoride:** The adult fluoride attachment rate of <1% (25 of 3,156 adult prophy visits) represents the largest single adjunctive revenue gap in the hygiene department. At the 60% benchmark, fluoride would be delivered to 1,894 additional adult patients. At \$75 average fee: **\$142,050 in annual adjunctive revenue uncaptured.**

## APPENDIX — METHODOLOGY &amp; CONFIDENTIALITY

# Data Sources & Methodology

## DATA SOURCES

**Financial Statements:** CPA-prepared P&L; and Balance Sheet, January – August 2025, prepared by External CPA Firm

**Performance Evaluation:** Comprehensive KPI evaluation prepared by Precision Dental Analytics, November 2025, covering 9-month YTD performance

**Practice Management System:** Raw operational reports extracted from Denticon PMS: production by code by provider, insurance AR aging, case acceptance, patient retention, fee schedule

**Fee Benchmarks:** National 75th percentile fee benchmarks by CDT code, 2024/2025 ADA survey data

**Payer Mix Analysis:** YTD collections by insurance carrier extracted from PMS deposit reports

**Valuation Multiples:** Southern California dental M&A; market comparable transactions, Q4 2024 – Q1 2026

## METHODOLOGY NOTES

- All financial figures annualized from 8-month actuals using a 12/8 multiplier unless otherwise noted. Annualized figures are projections, not audited results.
- EBITDA normalization follows standard M&A; practice: Net Income + Interest + Taxes + Depreciation + Amortization + owner compensation adjustments.
- Revenue opportunity calculations apply improvement to the current production base at stated benchmark rates. They do not assume additional patient volume beyond the +52 new patient/month opportunity.
- EBITDA impact of revenue opportunities estimated at 30% conversion margin (variable costs of approximately 70% of incremental revenue including staffing, supplies, and lab).
- Valuation multiple ranges are reference benchmarks, not appraisals. Final multiple determination requires formal broker engagement and buyer-side negotiation.
- Marketing cost normalization of \$180,000 annualized represents conservative 1.5% of current revenue as a sustainable acquisition budget baseline.

## CONFIDENTIALITY STATEMENT

All practice identifiers in this document have been sanitized per client confidentiality agreements. Practice name, provider names, geographic identifiers, banking information, and all personally identifiable information have been removed or generalized. The methodology, data architecture, and financial outcomes documented herein are exact and unmodified.

This document is prepared exclusively for Private Advisory for the purpose of evaluating Precision Dental Analytics' forensic methodology. It is not intended for distribution beyond the named recipient. Precision Dental Analytics has obtained client consent for the use of practice data in this anonymized format.

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<b>Methodology</b>	Forensic QoE Analysis Summary