D R A I

PORTFOLIO OPERATIONAL QOE REVIEW

Harbor Point Dental Partners

Prepared for the ownership and management of Harbor Point Dental Partners

ENGAGEMENT ID
ENG-2026-P004

ENGAGEMENT STAGE
Portfolio Review (no transaction)

PMS SYSTEMS
Mixed: Dentrix (5), Eaglesoft (2), Open Dental (1)

DATA COVERAGE
Jul 1, 2024 to Jun 30, 2026 (T24)

DATE PREPARED
July 23, 2026

PORTFOLIO
8-Location Group (Mid-Atlantic US)

SAMPLE · FICTIONAL ENGAGEMENT · ILLUSTRATIVE FIGURES

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This is a sample document built on a fictional portfolio. It demonstrates the structure, methodology, and depth of the DRAI Portfolio Operational QoE Review. No real practice data appears in this document.

NATURE OF THIS DOCUMENT

This review is a diagnostic analysis of uncaptured revenue within a portfolio the client already owns and operates. It is not a transaction document. No sale, acquisition, listing, or financing event is assumed or referenced. No valuation multiple is applied anywhere in this analysis.

DRAI Consulting identifies and quantifies revenue leakage and provides an improvement roadmap sequenced by opportunity size and implementation difficulty. DRAI does not opine on practice valuation, deal structures, clinical decisions, hiring, vendor selection, or compensation. This document does not constitute financial, legal, tax, investment, or clinical advice.

DRAI Consulting is a founder-led advisory practice with a systematised analytical backend and a network of senior dental M&A and operations advisors. All analysis in this document was produced under the direct control of the engagement principal.

1. Executive Summary **4**

2. Engagement Scope and Portfolio Profile **6**

3. Findings Overview **8**

4. Category Detail **9**

4.1 Lapsed Recall 9

4.2 Unscheduled Accepted Treatment 10

4.3 No-Shows and Cancellations 11

4.4 Provider Variance (Production at Risk) 12

4.5 New Patient Retention 13

5. EBITDA Conversion and Recurring Recovery **14**

6. Cross-Location Performance Comparison **17**

7. Improvement Roadmap **20**

8. Structural Risk Summary **22**

9. Appendices **23**

A. Per-Location Data Schedules 24

B. Provider Concentration Detail 26

C. Sources of Information and Data Provenance 27

D. Methodology, Assumptions and Basis of Estimates 28

E. Definitions and Abbreviations 30

F. Limitations, Caveats and Data Reliability 31

G. Reference: Common Operational Responses 32

H. Model Inputs: Client Cost Structure Applied 33

Defined Terms (Short Form)

The full glossary appears in Appendix E.

Operational QoE	Operational Quality of Earnings: a diagnostic quantification of recoverable revenue and operational risk built from practice management system (PMS) data.
Recoverable Production	Production the portfolio is not currently capturing, stated at full fee-schedule value before contractual write-offs, quantified per category under conservative and moderate scenarios.
Contractual Write-Offs	The difference between fee-schedule production and contracted reimbursement (insurance adjustments). A structural feature of payer contracts, not a collections failure.
Net Collection Ratio	Collections divided by net production (production after contractual write-offs). Portfolio T12: 96.0%.
Internal Benchmark Cohort	The portfolio's own highest-performing locations on the measured operational metrics. All attainability comparisons in this review are made against this cohort, not against industry figures.
Basis of Estimates	The three-tier sourcing convention applied to every figure: Basis 1 (Measured), Basis 2 (Derived), Basis 3 (Estimated). See Appendix D.5. No figure is sourced to a third-party study.

DRAI Consulting was engaged by the ownership of Harbor Point Dental Partners to quantify uncaptured revenue across its 8-location portfolio and to identify where recoverable dollars are concentrated across locations. The analysis covers the trailing 24 months of practice management system data across all eight locations (three PMS platforms), the portfolio's own cost structure as submitted at intake, and structured management questionnaires. There is no transaction attached to this review. The return described in this document is EBITDA the portfolio retains, annually and recurring.

AGGREGATE RECOVERABLE PRODUCTION · MODERATE

$1,776,000

Annual, at full fee-schedule value, across the four recoverable categories. Conservative: $1,090,000.

STEADY-STATE ANNUAL EBITDA RECOVERY

$492,000

Recurring each year at the moderate scenario, after contractual write-offs, collections, and the portfolio's own variable costs. Conservative: $302,000.

YEAR 1 REALISED EBITDA RECOVERY

$295,000

At a 60% Year 1 realisation rate; steady state from Year 2 onward. Conservative: $181,000.

Findings Summary

Of the five operational categories analysed (Lapsed Recall, Unscheduled Accepted Treatment, No-Shows and Cancellations, Provider Variance, New Patient Retention), four are recoverable revenue categories and together represent $1,776,000 in annual recoverable production at the moderate scenario ($531,000 lapsed recall, $453,000 unscheduled accepted treatment, $558,000 no-shows and cancellations, $234,000 new patient retention). The fifth, Provider Variance, is a structural risk quantification: $109,000 to $192,000 of production at risk tied to the Founder's clinical concentration at Locations 1 and 4. Production at risk is never added to recoverable revenue in this report.

The distinctive finding of a portfolio review is concentration: the three locations with the largest recoverable amounts hold 49.7% of the portfolio's total recoverable production (Section 6.4), and the portfolio's own two highest-performing locations already operate at the levels the scenarios assume (Section 6.2). The benchmark in this review is internal. Every attainability claim is anchored to performance the portfolio itself already demonstrates.

METHODOLOGY NOTE · CLIENT COST STRUCTURE AND BASIS OF ESTIMATES

EBITDA conversion runs through the portfolio's own cost structure as submitted in the Client Cost Structure Questionnaire (Form P3), submitted July 10, 2026, not through an acquirer's underwriting model and not through an industry blend. The conversion bridge shows contractual write-offs as an explicit step: recoverable production is stated at full fee-schedule value, reduced by the portfolio's measured 19.9% contractual write-off rate, and only then converted at the 96.0% net collection ratio and the portfolio's 36.0% incremental margin.

Every figure carries one of three bases: Basis 1 (measured from portfolio data), Basis 2 (portfolio data plus a stated DRAI assumption), or Basis 3 (a DRAI scenario estimate presented as a range). No figure in this report is sourced to a third-party study, benchmark publication, or industry survey. See Appendix D.5.

The Recurring Return

Because there is no transaction, no valuation multiple is applied anywhere in this document. The economic anchor is annual and recurring: at the moderate scenario the portfolio retains $492,000 of additional EBITDA each year at steady state, $295,000 of it realised in Year 1, and $1,279,000 cumulatively over the first three years. Recovery work initiated in the first quarter typically repays the cost of a portfolio review within the first quarters of realised recovery, and the recovered EBITDA recurs every year the underlying workflows are sustained.

Reading the three headline figures: the first is annual production the portfolio is not capturing, stated at full fee before write-offs; the second is what that production is worth in EBITDA each year once captured, after write-offs, collections, and the portfolio's own variable costs; the third is the portion of that annual figure realised in the first year while workflows ramp. They are three readings of the same analysis, not additive amounts. Figures are rounded to the nearest $1,000; totals are sums of rounded components (Appendix D.6).

Findings Classification Matrix

CATEGORY	ZONE	RECOVERABLE PROD. (MOD.)	INCREMENTAL EBITDA (MOD.)	OBSERVATION SUMMARY	ROADMAP WINDOW
4.1 Lapsed Recall	Opportunity	$531,000	$147,000	4,920 patients overdue 90+ days; per-location lapse rates run 17.1% to 36.3% of active patients	Immediate (0 to 30 days)
4.2 Unscheduled Accepted Treatment	Opportunity	$453,000	$125,000	$2,150,000 of accepted, unscheduled treatment value; concentrated at the three acquired locations	6-Month
4.3 No-Shows and Cancellations	Operational Risk	$558,000	$154,000	Weighted no-show rate 14.7%; location range 8.9% to 21.4%	Immediate (0 to 30 days)
4.5 New Patient Retention	Opportunity	$234,000	$65,000	Portfolio 12-month new patient attrition 39.2% vs 24% to 26% at the internal benchmark cohort	12-Month
Total Recoverable		**$1,776,000**	**$491,000**	**Four recoverable categories; moderate scenario**	
4.4 Provider Variance	Structural Risk	$192,000 at risk	Not converted	Founder concentration at Locations 1 and 4; production at risk, excluded from recoverable totals	Ongoing (mitigation)

Per-category incremental EBITDA is computed through the Section 5.1 bridge individually and rounded to the nearest $1,000; the sum of category figures may differ from the aggregate bridge figure by up to $4,000 of rounding. The aggregate bridge figure ($492,000) is the governing number.

Ownership's Operating Implications

1. The return is annual and recurring, not one-time. A transaction-linked analysis converts recovered EBITDA to a one-time value impact through a multiple. A portfolio holds its locations, so the recovered EBITDA repeats: $492,000 at the moderate scenario in every steady-state year the workflows are sustained. Over three years that is $1,279,000 of cumulative retained EBITDA; the annual figure, not a headline multiple, is the number that compounds.

2. The recoverable dollars are concentrated, so deployment should be too. Locations 6, 5, and 7 hold 49.7% of total recoverable production while producing under 34% of portfolio collections. The roadmap (Section 7) sequences deployment into these locations first, where the same workflow change captures the most dollars.

3. The benchmark is the portfolio's own best performance, which settles attainability. Every scenario in this review is anchored at or below levels Locations 2 and 3 already sustain on the same patient base, the same payer environment, and the same fee schedules. The probable drivers of the spread are operational (recall automation coverage, treatment coordination capacity, schedule recovery discipline), not market conditions. Where management context supports a specific probable driver, it is stated in the category detail.

2.1 Engagement Scope and Methodology

This review quantifies uncaptured revenue across the five locked Operational QoE categories using the portfolio's practice management system exports for the trailing 24 months, structured intake questionnaires, and the portfolio's own cost structure. The five categories and their scenario methodology are identical to every other DRAI Operational QoE product; what changes at portfolio stage is the anchor (recurring annual EBITDA rather than a transaction figure), the cost structure (the client's own rather than an acquirer's), and the cross-location comparison in Section 6, which exists only in the portfolio product.

Scope boundaries: DRAI identifies and quantifies. The improvement roadmap in Section 7 sequences the recovery work by size and difficulty but does not select vendors, recommend hires, set compensation, or direct clinical practice. Common operational responses observed in group practices appear in Appendix G as reference material without recommendation.

2.2 Client and Portfolio Profile

Client	Harbor Point Dental Partners, a founder-led dental group, Mid-Atlantic US
Locations	8. Five founded or opened organically (2012 to 2021); Locations 6 and 7 acquired in 2024; Location 8 acquired in 2025
Ownership	Founder holds majority ownership; two minority partners (non-clinical). Founder practices clinically at Locations 1 and 4
Providers	11 dentists (1 Founder, 10 associates including 4 part-time) and 14 hygienists
PMS Systems	Dentrix at Locations 1 to 5; Eaglesoft at Locations 6 and 7; Open Dental at Location 8. Acquired locations retain their pre-acquisition platforms
Central Operations	Centralised recall automation deployed at Locations 1 to 5 only; acquired locations run manual recall (per Form 2A). Treatment coordination staffed at Locations 1 to 3
Reported EBITDA (T12)	$2,850,000 (management-reported, unaudited; 18.7% of collections)
Engagement Basis	Portfolio review of owned locations. No transaction, counterparty, or deal timeline exists or is assumed

Portfolio composition and operating context per the Group Overview Questionnaire (Form 2A), submitted July 8, 2026 and per-location Form 2B submissions. Management-attributed statements are identified as such wherever they inform a probable driver.

2.3 Operational Baseline (Portfolio, T12)

METRIC	VALUE	BASIS
Gross production (full fee schedule)	$19,800,000	Basis 1 · PMS exports, all locations
Contractual write-offs (insurance adjustments)	($3,941,000)	Basis 1 · measured; 19.9% of gross production
Net production	$15,859,000	Basis 1
Collections	$15,225,000	Basis 1
Net collection ratio (collections / net production)	96.0%	Basis 1
Active patients	18,400	Basis 1
New patients (T12)	2,640	Basis 1
Patients overdue for recall 90+ days	4,920 (26.7% of active)	Basis 1
Weighted no-show and unrecovered cancellation rate	14.7%	Basis 1
New patient 12-month attrition (weighted)	39.2%	Basis 1
Reported EBITDA (T12, management)	$2,850,000	Management-reported, unaudited
Data reliability status	No material discrepancies	Per-location reliability review; Appendix F.2

The distinction between gross production, net production, and collections is carried through every calculation in this report. Recoverable production is stated at full fee-schedule value because that is how the PMS reports it; the Section 5.1 bridge removes contractual write-offs before any collection or margin assumption is applied.

2.4 Sources of Information and Per-Location Data Provenance

Six standard summary-level PMS exports per location (no patient names or identifiers), extracted July 9, 2026. Report names vary by platform; equivalences are documented in Appendix C. Because the portfolio runs three PMS platforms, all metrics are normalised to common definitions before comparison (Appendix F.3).

LOCATION	PMS	HISTORY	EXPORT DATE	COVERAGE	RELIABILITY
Location 1	Dentrix	Founded 2012	July 9, 2026	T24	No material discrepancies
Location 2	Dentrix	Founded 2015	July 9, 2026	T24	No material discrepancies
Location 3	Dentrix	Founded 2017	July 9, 2026	T24	No material discrepancies
Location 4	Dentrix	Opened 2019	July 9, 2026	T24	No material discrepancies
Location 5	Dentrix	Opened 2021	July 9, 2026	T24	No material discrepancies
Location 6	Eaglesoft	Acquired 2024	July 9, 2026	T24	No material discrepancies
Location 7	Eaglesoft	Acquired 2024	July 9, 2026	T24	No material discrepancies
Location 8	Open Dental	Acquired 2025	July 9, 2026	T12 only	No material discrepancies

2.5 Limitations of Scope

This review does not audit financial statements, does not verify collections against bank deposits beyond the intake reliability review, does not opine on valuation, and does not constitute advice on transactions, staffing, vendors, compensation, or clinical care. Estimates carry the variance range described in Appendix F.2. Location 8 contributes 12 months of data (post-acquisition); its trailing comparisons are annualised accordingly (Appendix F.3).

The table below synthesises the five categories. The four recoverable categories are quantified as recoverable production and converted to incremental EBITDA through the Section 5.1 bridge. Provider Variance is quantified as production at risk and is deliberately excluded from every recoverable total in this report: adding a risk figure to a recovery figure would count downside exposure as upside. It is disclosed exactly once, as production at risk (Sections 4.4 and 8), and no offset enters the Section 5.1 bridge because recoverable totals never include it.

#	CATEGORY	ZONE	OBSERVATION	RECOVERABLE PRODUCTION (CONS. TO MOD.)	INCREMENTAL EBITDA (CONS. TO MOD.)
4.1	Lapsed Recall	Opportunity	4,920 patients overdue 90+ days; reactivation scenarios 18% and 28%	$340,000 to $531,000	$94,000 to $147,000
4.2	Unscheduled Accepted Treatment	Opportunity	$2,150,000 accepted-not-scheduled value; conversion scenarios 13% and 21%	$280,000 to $453,000	$77,000 to $125,000
4.3	No-Shows and Cancellations	Operational Risk	$1,240,000 T12 lost production; recovery scenarios 25% and 45%	$310,000 to $558,000	$86,000 to $154,000
4.5	New Patient Retention	Opportunity	Attrition 39.2% vs targets of 33% and 28%; benchmark cohort runs 24% to 26%	$160,000 to $234,000	$44,000 to $65,000
	Total Recoverable			**$1,090,000 to $1,776,000**	**$301,000 to $491,000**
4.4	Provider Variance	Structural Risk	Founder generates $1,650,000 T12 in-chair production (22.0% of dentist production) at Locations 1 and 4	$109,000 to $192,000 at risk	Not converted; excluded from totals

Recoverable production is stated at full fee-schedule value (gross). EBITDA conversion applies the portfolio's measured 19.9% contractual write-off rate, the 96.0% net collection ratio, and the portfolio's own 36.0% incremental EBITDA margin per the Client Cost Structure Questionnaire (Form P3), submitted July 10, 2026. Scenario rates are Basis 3 estimates presented as ranges; every derivation is shown in Section 4 with the counts that produce each figure. Cell-level rounding convention per Appendix D.6.

> **HOW TO READ CONSERVATIVE AND MODERATE**
>
> Conservative and moderate are not confidence intervals. They are two execution scenarios: conservative assumes partial deployment of the recovery workflows with existing staff capacity; moderate assumes full deployment as sequenced in Section 7. Both are anchored at or below performance the portfolio's internal benchmark cohort already demonstrates (Section 6.2), which is what makes them defensible without any reference to third-party studies.

SECTION 4.1 · CATEGORY 1 OF 5

Lapsed Recall

ZONE: OPPORTUNITY · ROADMAP WINDOW: IMMEDIATE (0 TO 30 DAYS)

Source: Recall / Continuing Care exports, all 8 locations (Dentrix, Eaglesoft, Open Dental equivalents per Appendix C), extracted July 9, 2026, T24 coverage.

PATIENTS OVERDUE 90+ DAYS	SHARE OF ACTIVE PATIENTS	AVG PRODUCTION PER REACTIVATED PATIENT	BENCHMARK COHORT LAPSE RATE
4,920	26.7%	$385	17.1% to 19.6%
Basis 1 · measured	Portfolio; location range 17.1% to 36.3%	Basis 1 · portfolio T12 recall visit production	Locations 2 and 3 · Basis 1

RECOVERABLE PRODUCTION · CONSERVATIVE	RECOVERABLE PRODUCTION · MODERATE
$340,000	$531,000
18% reactivation · Basis 3	28% reactivation · Basis 3

INCREMENTAL EBITDA · CONSERVATIVE	INCREMENTAL EBITDA · MODERATE
$94,000	$147,000
Through Section 5.1 bridge	Through Section 5.1 bridge

OBSERVATION

4,920 active patients across the portfolio are overdue for hygiene recall by 90 days or more, 26.7% of the active base. The spread is the portfolio-review finding: the internal benchmark cohort (Locations 2 and 3) holds lapse rates of 17.1% and 19.6% of active patients, while Location 5 runs 36.3% and Location 6 runs 40.0%. Per-location detail appears in Appendix A.1.

Probable driver: centralised recall automation covers Locations 1 to 5 only; Locations 6 to 8 run manual recall retained from their pre-acquisition operations (management-attributed, per Form 2A and the Form 2B responses for those locations). The two acquired Eaglesoft locations carry the highest lapse counts in the portfolio.

RECOVERY MODELLING

Conservative: 886 reactivated patients (18% of 4,920) x $385 average production per reactivated patient, computed per location and summed = $340,000. Moderate: 1,378 reactivated patients (28%) x $385, computed per location and summed = $531,000.

Reactivation rates are Basis 3 DRAI scenario estimates, presented as a range and not sourced to any third-party study. The moderate rate assumes extension of the existing central recall automation to all eight locations; the internal evidence for attainability is that the benchmark cohort sustains its lapse rates with that automation in place. Patient counts are rounded per location; portfolio recomputation from the totals shown may differ by up to $4,000 of rounding (Appendix D.6).

Unscheduled Accepted Treatment

ZONE: OPPORTUNITY · ROADMAP WINDOW: 6-MONTH

Source: Treatment plan exports filtered to accepted status only (accepted, not presented), all 8 locations, extracted July 9, 2026, T24 coverage.

ACCEPTED, UNSCHEDULED VALUE

$2,150,000

Basis 1 · full fee schedule

SHARE AT ACQUIRED LOCATIONS

44%

Locations 6, 7, 8 · Basis 1

TREATMENT COORDINATION COVERAGE

Locations 1 to 3

Per Form 2A · management-attributed

FILTER DISCIPLINE

Accepted only

Presented-not-accepted plans are excluded

RECOVERABLE PRODUCTION · CONSERVATIVE

$280,000

13% conversion · Basis 3

RECOVERABLE PRODUCTION · MODERATE

$453,000

21% conversion · Basis 3

INCREMENTAL EBITDA · CONSERVATIVE

$77,000

Through Section 5.1 bridge

INCREMENTAL EBITDA · MODERATE

$125,000

Through Section 5.1 bridge

OBSERVATION

$2,150,000 of treatment accepted by patients has not been converted to scheduled appointments. Only plans in accepted status are counted; treatment presented but not accepted is excluded entirely, so the figure does not inflate patient intent. The three acquired locations hold 44% of the value with 33% of portfolio collections.

Probable driver: dedicated treatment coordination exists at Locations 1 to 3 and does not exist at the acquired locations (management-attributed, Form 2A). Location 5 also carries elevated unscheduled value alongside its front-desk turnover reported in Form 2B.

RECOVERY MODELLING

Conservative: $2,150,000 x 13% conversion, computed per location and summed = $280,000. Moderate: $2,150,000 x 21% conversion, computed per location and summed = $453,000.

Conversion rates are Basis 3 DRAI scenario estimates for portfolios deploying structured follow-up on accepted plans, presented as a range and not sourced to any third-party study. Accepted plans age; the scenarios apply to the current open value, not to a growing balance. Per-location cells in Appendix A.2.

No-Shows and Cancellations

ZONE: OPERATIONAL RISK · ROADMAP WINDOW: IMMEDIATE (0 TO 30 DAYS)

Source: Schedule summary exports, all 8 locations, extracted July 9, 2026, T24 coverage. No-show and unrecovered-cancellation definitions normalised across the three PMS platforms (Appendix F.3).

T12 LOST PRODUCTION	WEIGHTED NO-SHOW RATE	LOCATION RANGE	BENCHMARK COHORT RATE
$1,240,000	14.7%	8.9% to 21.4%	8.9% to 10.2%
Basis 1 · full fee schedule	Basis 1 · portfolio	Location 2 lowest; Location 6 highest	Locations 2 and 3 · Basis 1

RECOVERABLE PRODUCTION · CONSERVATIVE	RECOVERABLE PRODUCTION · MODERATE
$310,000	$558,000
25% recovery · Basis 3	45% recovery · Basis 3

INCREMENTAL EBITDA · CONSERVATIVE	INCREMENTAL EBITDA · MODERATE
$86,000	$154,000
Through Section 5.1 bridge	Through Section 5.1 bridge

OBSERVATION

The portfolio lost $1,240,000 of scheduled production to no-shows and unrecovered cancellations in the trailing 12 months. The weighted rate of 14.7% spans a 12.5-point spread: Location 2 operates at 8.9% while Location 6 operates at 21.4%. This is classified Operational Risk rather than pure Opportunity because an elevated no-show rate degrades provider utilisation and scheduling reliability beyond the direct lost production.

Probable driver: the benchmark cohort runs confirmation cadence and a maintained short-notice list; Form 2B responses for Locations 5, 6, and 8 report no structured schedule-recovery workflow (management-attributed).

RECOVERY MODELLING

Conservative: $1,240,000 T12 lost production x 25% recovery fraction, computed per location and summed = $310,000. Moderate: $1,240,000 x 45%, computed per location and summed = $558,000.

Recovery fractions are Basis 3 DRAI scenario estimates, presented as a range and not sourced to any third-party study. The moderate fraction assumes confirmation and short-notice-list workflows at every location; the internal benchmark cohort demonstrates the operating pattern, and the recovery is applied against measured lost production, not against a modelled ideal schedule.

SECTION 4.4 · CATEGORY 4 OF 5

Provider Variance

ZONE: STRUCTURAL RISK · ROADMAP WINDOW: ONGOING (MITIGATION, NOT CAPTURE)

Source: Provider production and collections exports, all 8 locations, extracted July 9, 2026, T24 coverage; Form 2A ownership and scheduling context.

FOUNDER T12 IN-CHAIR PRODUCTION	SHARE OF DENTIST PRODUCTION	PANEL ATTRITION SCENARIOS	REDISTRIBUTION SCENARIOS
$1,650,000	22.0%	38% / 45%	82.6% / 74.2%
Basis 1 · Locations 1 and 4	Of $7,500,000 total · Basis 1	Basis 3 · if Founder schedule ends	Basis 3 · to remaining clinicians

PRODUCTION AT RISK · CONSERVATIVE	PRODUCTION AT RISK · MODERATE
$109,000	$192,000
Not added to recoverable totals	Not added to recoverable totals

TREATMENT IN RECOVERABLE TOTALS	EBITDA CONVERSION
Excluded	Not applied
Risk is never summed with recovery	Risk quantification only

OBSERVATION

The Founder generates $1,650,000 of trailing 12-month in-chair production, 22.0% of total dentist production, concentrated at Locations 1 and 4. No departure timeline is stated (per Form 2A); the concentration itself is the structural element. If the Founder's clinical schedule reduces or ends within the planning horizon, a portion of that panel does not redistribute to remaining clinicians.

This category is quantified as production at risk and is deliberately excluded from every recoverable total in this report. It is disclosed exactly once and is never summed with recoverable revenue: risk quantification and recovery quantification are kept fully separate throughout this report.

RISK MODELLING

Conservative: $1,650,000 x 38% panel attrition x (1 minus 82.6% redistribution) = $109,000 production at risk. Moderate: $1,650,000 x 45% panel attrition x (1 minus 74.2% redistribution) = $192,000 production at risk.

Attrition and redistribution rates are Basis 3 DRAI scenario estimates for clinician transitions in group practices, presented as ranges and not sourced to any third-party study. Mitigation (associate capacity and panel transition at Locations 1 and 4) is sequenced in the Ongoing roadmap window; mitigation reduces risk and is never counted as recoverable revenue.

PORTFOLIO IMPLICATION

For an owned portfolio the relevance of this figure is continuity planning, not deal positioning: $109,000 to $192,000 of annual production depends on a single clinician's schedule. Appendix B carries the full provider concentration detail.

New Patient Retention

ZONE: OPPORTUNITY · ROADMAP WINDOW: 12-MONTH

Source: New patient exports and patient activity exports, all 8 locations, extracted July 9, 2026; 12-month retention measured on the July 2024 to June 2025 new patient cohort.

NEW PATIENTS (T12)	12-MONTH ATTRITION (WEIGHTED)	BENCHMARK COHORT ATTRITION	AVG FIRST-YEAR PRODUCTION PER RETAINED NP
2,640	39.2%	24% to 26%	$740
Basis 1	Basis 1 · portfolio	Locations 2 and 3 · Basis 1	Basis 1 · measured; lifetime value never used

RECOVERABLE PRODUCTION · CONSERVATIVE

$160,000

33% attrition target · Basis 3

RECOVERABLE PRODUCTION · MODERATE

$234,000

28% attrition target · Basis 3

INCREMENTAL EBITDA · CONSERVATIVE

$44,000

Through Section 5.1 bridge

INCREMENTAL EBITDA · MODERATE

$65,000

Through Section 5.1 bridge

OBSERVATION

39.2% of new patients do not return within 12 months of first visit, against 24% and 26% at the internal benchmark cohort. The location spread runs from 24% (Location 2) to 52% (Location 6). Locations at or below the scenario target contribute zero to the recoverable figure; the computation only credits improvement where a measured gap to the target exists, which concentrates this category's dollars at Locations 4 through 8.

Probable driver: the benchmark cohort schedules the next hygiene visit before the patient leaves the first appointment and runs a structured first-year contact sequence; Form 2B responses indicate neither practice is consistent at the acquired locations (management-attributed).

RECOVERY MODELLING

Conservative: locations above a 33% attrition target improve to that target: 217 additional retained patients x $740 average first-year production, computed per location and summed = $160,000. Moderate: improvement to a 28% target: 316 additional retained patients x $740, computed per location and summed = $234,000.

Attrition targets are Basis 3 DRAI scenario estimates set above (more conservative than) the benchmark cohort's measured 24% to 26%, and are not sourced to any third-party study. The recoverable basis is measured average first-year production per retained new patient ($740, Basis 1); patient lifetime value is never used as a recoverable basis anywhere in this report.

5.1 Production-to-EBITDA Conversion Bridge (Corrected Bridge)

The bridge converts recoverable production, stated at full fee-schedule value, into recurring annual EBITDA. The contractual write-off step is shown explicitly: fee-schedule production is first reduced by the portfolio's measured write-off rate, and the net collection ratio is applied only to net production. Collapsing those two steps into a single gross yield silently assumes near-zero insurance write-offs and overstates conversion; this report inherits the corrected two-step treatment as locked methodology (Appendix D.3).

BRIDGE STEP	MODERATE	CONSERVATIVE	BASIS
Aggregate recoverable production (full fee schedule, per Section 3)	$1,776,000	$1,090,000	Four recoverable categories
Less: contractual write-offs at 19.9% (portfolio T12 measured rate)	($353,000)	($217,000)	Basis 1
= Net recoverable production	$1,423,000	$873,000	
x Net collection ratio (96.0%, portfolio T12 actual)	$1,366,000	$838,000	Basis 1
Less: variable cost stack at 64.0% of recovered collections (Section 5.2)	($874,000)	($536,000)	Client cost structure, Form P3
= Steady-State Annual EBITDA Recovery (recurring)	**$492,000**	**$302,000**	**Implied margin 36.0%**
Year 1 realised at 60% realisation rate	$295,000	$181,000	Basis 3; Section 5.6 sensitivity

No structural risk offset appears in this bridge because production at risk (Section 4.4) is excluded from recoverable production entirely rather than added and then subtracted. No valuation multiple is applied at any step. Each line is computed from the prior displayed line; recomputation from this table ties exactly.

5.2 Variable Cost Stack (Client's Own Cost Structure)

COMPONENT	% OF RECOVERED COLLECTIONS	SOURCE	BASIS
Hygiene labor	14.8%	Client clinical wages 24.6% of collections x 60% hygiene allocation	Basis 2
Lab fees	7.8%	Client T12 actual (Form P3)	Basis 1
Clinical supplies	5.9%	Client T12 actual (Form P3)	Basis 1
Associate provider compensation	31.0%	Client associate compensation structure (Form P3)	Basis 1
Variable overhead	4.5%	Variable component of client 57.5% total overhead (Form P3)	Basis 2
Total variable cost	**64.0%**	**Implied incremental EBITDA margin 36.0%**	

All ratios are the portfolio's own, per the Client Cost Structure Questionnaire (Form P3), submitted July 10, 2026. The 60% hygiene allocation of clinical wages and the split of total overhead into variable and fixed components are DRAI assumptions (Basis 2), stated here and in Appendix H. Fixed costs are excluded because recovered production flows across existing capacity; where recovery requires added capacity, the roadmap identifies it (Section 7.5).

5.3 Incremental EBITDA Margin Sensitivity

The portfolio's 36.0% incremental margin is materially lower than the margins produced by industry-blended cost stacks, because the portfolio's own associate compensation structure (31.0% of collections) is the largest single variable cost. Using the client's actual stack is the conservative and correct treatment; the sensitivity below shows the moderate-scenario steady-state recovery at alternative margins.

INCREMENTAL EBITDA MARGIN	STEADY-STATE ANNUAL EBITDA RECOVERY (MODERATE)
30.0%	$410,000
36.0% (portfolio actual, used)	**$492,000**
42.0%	$574,000
50.0%	$683,000

Computed as recoverable collections of $1,366,000 (moderate) x margin. See Appendix H.2 for why the portfolio's own stack sits where it does.

5.4 Contractual Write-Off Rate Sensitivity

Because the write-off step is explicit in the corrected bridge, its sensitivity can be shown directly. A two-point movement in the portfolio's payer mix moves the moderate steady-state recovery as follows.

CONTRACTUAL WRITE-OFF RATE	STEADY-STATE ANNUAL EBITDA RECOVERY (MODERATE)
17.9%	$504,000
19.9% (portfolio measured, used)	**$492,000**
21.9%	$480,000

Computed by re-running the full Section 5.1 bridge at each write-off rate, holding the 96.0% net collection ratio and 36.0% margin constant. The portfolio's measured T12 rate is 19.9% (Basis 1); the sensitivity rows are illustrative recomputations, not payer-mix forecasts.

> **WHY THE WRITE-OFF LINE IS VISIBLE**
>
> PMS platforms report production at full fee-schedule value. Between that figure and cash sit two different reductions with two different meanings: contractual write-offs (a structural feature of payer contracts) and collection performance (an operations outcome). A bridge that applies a high collection ratio directly to full-fee production conflates the two and silently assumes the payer contracts write off almost nothing. Showing the 19.9% write-off step before the 96.0% collection step keeps both reductions visible, auditable, and separately sensitised.

5.5 Recurring Recovery Model

Recovery is partially realised in Year 1 (60% of full annual capture) because workflow rollout, recall reactivation cadence, and treatment coordination capacity ramp over the first two to three quarters. From Year 2 the recovery runs at steady state and recurs in every year the workflows are sustained. There is no exit event in this model and no terminal value; the table simply shows what the portfolio retains.

YEAR	REALISATION	EBITDA RECOVERY (MODERATE)	CUMULATIVE
Year 1	60%	$295,000	$295,000
Year 2 (steady state)	100%	$492,000	$787,000
Year 3 (steady state)	**100%**	**$492,000**	**$1,279,000**

Years beyond Year 3 continue at the steady-state figure subject to sustained execution; they are not tabulated because the recurring annual figure, not a cumulative headline, is the governing number. Conservative scenario: Year 1 $181,000; steady state $302,000; three-year cumulative $785,000.

5.6 Year 1 Realisation Rate Sensitivity

YEAR 1 REALISATION RATE	YEAR 1 EBITDA RECOVERY	3-YEAR CUMULATIVE
40%	$197,000	$1,181,000
60% (mid-range, used)	**$295,000**	**$1,279,000**
80%	$394,000	$1,378,000

40% reflects deployment with existing staff capacity only; 80% reflects dedicated recovery staffing from the first quarter. The 60% mid-range is a Basis 3 assumption, sensitised here.

> **READING THE RECOVERY**
>
> Three figures describe the same analysis at three depths: $1,776,000 of annual recoverable production (what the PMS data shows is being missed, at full fee), $492,000 of steady-state annual EBITDA recovery (what that is worth each year after write-offs, collections, and the portfolio's own costs), and $295,000 of Year 1 realised recovery (what lands while the workflows ramp). Because the portfolio keeps its locations, the middle figure recurs annually. It is not converted to a one-time value by a multiple anywhere in this document, and recovery work initiated in the first quarter typically repays the cost of the review within the first quarters of realised recovery.

This section exists only in the portfolio product. Every other DRAI Operational QoE report analyses one target; a portfolio review analyses the spread between locations the client already owns, using the client's own highest-performing locations as the benchmark. The question it answers is not "how does this portfolio compare to the industry" but "how far is each location from what this portfolio has already proven it can do, and where are the recoverable dollars concentrated."

6.1 Location Ranking by Recoverable Production (Moderate Scenario)

LOCATION	PMS	COLLECTIONS T12	NO-SHOW	LAPSED RATE	NP ATTRITION	NCR	RECOVERABLE (MOD.)	% OF LOC. COLLECTIONS
Location 6	Eaglesoft	$1,493,000	21.4%	40.0%	52%	94.6%	$336,000	22.5%
Location 5	Dentrix	$1,640,000	18.6%	36.3%	48%	95.1%	$293,000	17.9%
Location 7	Eaglesoft	$1,742,000	16.0%	30.0%	44%	95.6%	$254,000	14.6%
Location 4	Dentrix	$1,870,000	14.8%	28.4%	41%	95.9%	$231,000	12.4%
Location 8	Open Dental	$1,572,000	17.2%	25.7%	46%	95.3%	$221,000	14.1%
Location 1	Dentrix	$2,604,000	12.4%	21.0%	34%	96.8%	$206,000	7.9%
Location 3 *	Dentrix	$2,027,000	10.2%	19.6%	26%	96.5%	$126,000	6.2%
Location 2 *	Dentrix	$2,277,000	8.9%	17.1%	24%	97.2%	$109,000	4.8%
Portfolio							**$1,776,000**	**11.7%**

* Internal benchmark cohort (Section 6.2). Ordered by recoverable production, largest first. All metrics Basis 1, T12, normalised across PMS platforms per Appendix F.3. Recoverable figures are the sums of the per-category location cells in Appendix A.2; Provider Variance (production at risk) is portfolio-level and excluded.

WHAT THE RANKING SHOWS

The ordering is nearly the inverse of operational performance: the three locations with the largest recoverable amounts (6, 5, and 7) carry the portfolio's highest no-show rates, highest lapse rates, and highest new patient attrition. Location 1, the portfolio's largest producer, sits mid-table on recoverable dollars but carries $206,000 of recoverable production at just 7.9% of its collections; scale is not the probable driver of leakage in this portfolio, operating pattern is.

6.2 The Internal Benchmark Cohort

Locations 2 and 3 are the benchmark cohort: the two highest-composite performers on the measured metrics. They are ordinary members of the portfolio (same fee schedules, same payer environment, same regional patient base, same brand), which is precisely what makes them the right benchmark. Nothing in the scenarios asks any location to perform at a level the portfolio has not already demonstrated.

METRIC (T12)	BENCHMARK COHORT (L2, L3)	PORTFOLIO WEIGHTED	LOWEST-PERFORMING LOCATION	SPREAD (COHORT TO LOWEST)
No-show and unrecovered cancellation rate	9.5%	14.7%	21.4% (Location 6)	11.9 pts
Lapsed recall (share of active patients)	18.3%	26.7%	40.0% (Location 5)	21.7 pts
New patient 12-month attrition	25.0%	39.2%	52% (Location 6)	27.0 pts
Net collection ratio	96.8%	96.0%	94.6% (Location 6)	2.2 pts

All figures Basis 1. The scenario rates in Section 4 are set at or below what the benchmark cohort's measured performance implies; Appendix D.5 maps each scenario input to its basis.

6.3 Where the Spread Is Largest

The widest gap in the portfolio is new patient attrition: 28 points separate Location 2 (24%) from Location 6 (52%). The second-widest is the no-show rate at 12.5 points. Both gaps concentrate in the same three locations (5, 6, and 7), and both share a management-attributed probable driver: the operating workflows that the benchmark cohort runs (automated recall, confirmation cadence, first-visit rebooking, treatment coordination) were never extended to the locations acquired in 2024 and 2025, and Location 5 has carried front-desk turnover through the measurement period (Form 2A, Form 2B).

The write-off spread reads differently: contractual write-off rates run from 17.8% (Location 2) to 23.0% (Location 6). That spread is predominantly payer-mix composition rather than operations, it is a Basis 1 measured input to the bridge, and no recoverable figure in this report is built on changing it. It is noted because it moves the value of a recovered dollar by location: a dollar of recovered production at Location 2 converts to more cash than the same dollar at Location 6.

6.4 Concentration of Recoverable Dollars

LOCATION (RANKED)	RECOVERABLE PRODUCTION (MOD.)	SHARE OF PORTFOLIO	CUMULATIVE SHARE
Location 6	$336,000	18.9%	18.9%
Location 5	$293,000	16.5%	35.4%
Location 7	$254,000	14.3%	49.7%
Location 4	$231,000	13.0%	62.7%
Location 8	$221,000	12.4%	75.2%
Location 1	$206,000	11.6%	86.8%
Location 3	$126,000	7.1%	93.9%
Location 2	$109,000	6.1%	100.0%
Portfolio	**$1,776,000**	**100.0%**	

THE CONCENTRATION FINDING

Three of eight locations hold 49.7% of the portfolio's recoverable production. All three joined the portfolio by acquisition in 2024 and 2025 or carry sustained staffing turnover. The practical consequence for sequencing: the first wave of roadmap deployment (Section 7) reaches half the portfolio's recoverable dollars by covering three locations, before any work begins at the remaining five.

6.5 Reading the Comparison

The cross-location comparison is not a second estimate of recoverable revenue; it is the same $1,776,000, cut by location instead of by category, and the two cuts tie exactly (Appendix A.2). What the comparison adds is evidence and sequence. Evidence: the recoverable figures rest on performance levels the portfolio's own benchmark cohort already sustains, so the scenarios require no appeal to third-party studies. Sequence: the dollars are concentrated where the benchmark workflows are absent, which converts the analysis directly into the deployment order in Section 7.

A note on what this comparison does not claim: it does not claim Locations 6 through 8 are poorly run in general, and it does not attribute intent. The acquired locations were integrated commercially but not operationally (management-attributed, Form 2A); their PMS platforms, recall workflows, and scheduling practices remain as acquired. The gap measured here is the unfinished portion of those integrations, stated in dollars.

The roadmap sequences the four recoverable categories by opportunity size and implementation difficulty, and adds the Provider Variance mitigation as an ongoing workstream. Windows are start windows: they mark when work on a category begins. Each category's recoverable production is counted once, in the window where its capture lands; the windows sum exactly to the portfolio total of $1,776,000 with no category double-counted.

WINDOW	CATEGORIES	TARGET CAPTURE (MOD.)	DIFFICULTY
Immediate (0 to 30 days)	Lapsed Recall + No-Shows and Cancellations	$1,089,000	Low
6-Month (months 2 to 6)	Unscheduled Accepted Treatment	$453,000	Medium
12-Month (months 6 to 12)	New Patient Retention (full cohort capture)	$234,000	Medium
Ongoing (months 6 to 18)	Provider Variance mitigation (risk, not capture)	Risk mitigation	High
Total recoverable sequenced		**$1,776,000**	

7.1 Immediate Window (0 to 30 Days): Lapsed Recall + No-Shows and Cancellations

Target capture $1,089,000 (moderate). Both categories deploy under existing operational leadership without hiring: extension of the central recall automation to Locations 6 to 8, and confirmation-cadence plus short-notice-list workflows at every location without them. Deployment order follows the Section 6.4 concentration: Locations 6, 5, and 7 first. Sequencing these two categories first establishes early capture velocity and funds organisational attention for the heavier 6-month window.

7.2 6-Month Window (Months 2 to 6): Unscheduled Accepted Treatment

Target capture $453,000 (moderate). Converting accepted, unscheduled treatment at this scale requires dedicated coordination capacity, which exists today at Locations 1 to 3 only (per Form 2A). The New Patient Retention infrastructure (first-visit rebooking, first-year contact sequence) also launches in this window, but its capture is counted in the 12-month window when cohorts mature; nothing is counted twice.

7.3 12-Month Window (Months 6 to 12): New Patient Retention Full Capture

Target capture $234,000 (moderate). Retention cohorts launched in the 6-month window complete their first full cycle; capture is measured on the same per-location, gap-to-target basis as the Section 4.5 estimate, so locations already at or below target contribute nothing and claim nothing. By this window the Immediate-window workflows should be producing measurable movement in the monthly no-show and recall statistics; the measurement plan in 7.5 defines the tracking.

7.4 Ongoing (Months 6 to 18): Provider Variance Mitigation

Risk mitigation, not capture: no recoverable dollars are counted in this window. The workstream reduces the $109,000 to $192,000 production at risk quantified in Section 4.4 through associate capacity and gradual panel transition at Locations 1 and 4. Mitigation of a risk figure is never added to recovery; its success metric is the reduction of the Founder's concentration share, tracked in the Appendix B schedule.

7.5 Resource Requirements and Measurement

Recall automation extension to Locations 6 to 8: platform seat expansion, no new roles (Immediate window).

Treatment coordination capacity for Locations 4 to 8: identified at intake as the material resource addition; scale and staffing model are operational decisions for practice leadership (6-Month window).

Associate capacity at Locations 1 and 4 for the Provider Variance mitigation: identified as a dependency; timing tied to the Founder's own scheduling decisions (Ongoing).

Measurement: the five category metrics in this report are monthly PMS statistics. Tracking recovery against the Section 5.5 model requires no new instrumentation beyond the normalised export set in Appendix C.

> **BOUNDARY OF THIS ROADMAP**
>
> The roadmap identifies which categories to work, in what order, at which locations, and what capacity is required at a structural level. Vendor selection, hiring decisions, compensation structures, and clinical staffing are operational decisions for practice leadership; DRAI does not opine on them. Common operational responses observed in group practices appear in Appendix G as reference material without recommendation.

This section identifies structural elements of the portfolio that bear on the durability of the recovery. Identification only: common market responses to these elements appear in Appendix G as reference material, and DRAI does not recommend any specific response.

IDENTIFIED STRUCTURAL ELEMENT · PROVIDER VARIANCE (FOUNDER CONCENTRATION)

The Founder generates $1,650,000 of T12 in-chair production (22.0% of dentist production) at Locations 1 and 4, with no stated departure timeline (Form 2A). Quantified production at risk: $109,000 conservative to $192,000 moderate (derivation in Section 4.4; excluded from all recoverable totals). For an owned portfolio this is a continuity exposure: the recovery modelled in Sections 5 and 7 does not depend on the Founder's schedule, but a portion of baseline production does.

Other Structural Elements (Identified, Not Material to the Recovery Model)

PMS platform fragmentation. Three platforms across eight locations. Treated in this review as a data-normalisation matter (Appendix F.3) rather than a leakage category: no recoverable dollars are attributed to consolidation. It is identified because fragmentation is the common thread behind the acquired locations' absent workflows, and because any future platform decision will reset per-location reporting baselines.

Location 8 data history. Twelve months of post-acquisition data. All Location 8 figures are T12-based and its trailing comparisons are annualised; the shorter history widens the practical uncertainty of its cells in Appendix A.2, inside the overall variance range stated in Appendix F.2.

Payer mix at acquired locations. Contractual write-off rates at Locations 6 and 7 (23.0% and 20.8%) sit above the portfolio's 19.9% weighted rate. This is a measured input, not a finding: no recoverable figure is built on renegotiating payer contracts, and the Section 5.4 sensitivity shows the bridge's exposure to this rate directly.

No other structural elements scanned at this engagement stage (lease and real estate posture, ownership history, prior PMS migrations at the organic locations) were material to the recovery model.

9. APPENDICES

The appendices carry the per-location schedules, provenance, methodology, and limitations that support every figure in the body of this report.

Appendix A	Per-Location Data Schedules: baseline (A.1) and recoverable production allocation (A.2)
Appendix B	Provider Concentration Detail
Appendix C	Sources of Information and Data Provenance (per location, per PMS platform)
Appendix D	Methodology, Assumptions and the Basis of Estimates convention
Appendix E	Definitions and Abbreviations
Appendix F	Limitations, Caveats, Data Reliability and the Mixed-PMS Comparability Convention
Appendix G	Reference: Common Operational Responses (no recommendations)
Appendix H	Model Inputs: Client Cost Structure Applied

A.1 Per-Location Operational Baseline (T12)

LOCATION	GROSS PROD.	WRITE-OFF %	NET PROD.	COLLECTIONS	NCR	ACTIVE PTS	NEW PTS	NO-SHOW	LAPSED 90+	NP ATTR.
Location 1	$3,300,000	18.5%	$2,690,000	$2,604,000	96.8%	2,900	380	12.4%	610	34%
Location 2	$2,850,000	17.8%	$2,343,000	$2,277,000	97.2%	2,450	330	8.9%	420	24%
Location 3	$2,600,000	19.2%	$2,101,000	$2,027,000	96.5%	2,300	310	10.2%	450	26%
Location 4	$2,450,000	20.4%	$1,950,000	$1,870,000	95.9%	2,250	320	14.8%	640	41%
Location 5	$2,200,000	21.6%	$1,725,000	$1,640,000	95.1%	2,150	300	18.6%	780	48%
Location 6	$2,050,000	23.0%	$1,578,000	$1,493,000	94.6%	2,050	310	21.4%	820	52%
Location 7	$2,300,000	20.8%	$1,822,000	$1,742,000	95.6%	2,200	340	16.0%	660	44%
Location 8	$2,050,000	19.5%	$1,650,000	$1,572,000	95.3%	2,100	350	17.2%	540	46%
Portfolio	**$19,800,000**	**19.9%**	**$15,859,000**	**$15,225,000**	**96.0%**	**18,400**	**2,640**	**14.7%**	**4,920**	**39.2%**

All values Basis 1, extracted July 9, 2026, T12 ending June 30, 2026. Location 8 figures reflect its 12 months of post-acquisition data. Write-off % is contractual adjustments as a share of gross production; portfolio rates are weighted. No-show and NP attrition portfolio figures are patient-weighted. The portfolio write-off rate and net collection ratio in this table are the rates applied in the Section 5.1 bridge.

This schedule scales with portfolio size: one row per location, with the same eleven measured columns, whether the portfolio holds five locations or twenty-five. For portfolios above roughly fifteen locations the schedule continues across additional pages; no column is dropped.

A.2 Per-Location Recoverable Production Allocation (Moderate Scenario)

LOCATION	LAPSED RECALL	UNSCHEDULED TREATMENT	NO-SHOWS	NP RETENTION	LOCATION TOTAL
Location 1	$66,000	$55,000	$68,000	$17,000	$206,000
Location 2	$45,000	$32,000	$32,000	$0	$109,000
Location 3	$49,000	$37,000	$40,000	$0	$126,000
Location 4	$69,000	$59,000	$72,000	$31,000	$231,000
Location 5	$84,000	$71,000	$94,000	$44,000	$293,000
Location 6	$89,000	$80,000	$112,000	$55,000	$336,000
Location 7	$71,000	$64,000	$79,000	$40,000	$254,000
Location 8	$58,000	$55,000	$61,000	$47,000	$221,000
Portfolio	**$531,000**	**$453,000**	**$558,000**	**$234,000**	**$1,776,000**

Every cell is computed per location from that location's own measured inputs (lapsed count, open accepted value, lost production, attrition gap) at the uniform scenario rates stated in Section 4, then rounded to the nearest $1,000. Row and column totals are sums of the rounded cells and tie exactly to the Section 3 category totals and the Section 6 location totals. New Patient Retention cells are zero at Locations 2 and 3 because both sit below the 28% attrition target; the computation credits improvement only where a measured gap exists. Provider Variance is portfolio-level production at risk and does not allocate to locations in this schedule.

The conservative-scenario allocation follows the identical structure at the conservative rates; its portfolio totals appear in Section 3 ($340,000 / $280,000 / $310,000 / $160,000, total $1,090,000).

B.1 Per-Dentist Production (T12, In-Chair)

PROVIDER	ROLE	PRIMARY LOCATIONS	T12 PRODUCTION	SHARE OF DENTIST PRODUCTION
Founder	Owner-dentist	Locations 1, 4	$1,650,000	22.0%
Associate A	Associate dentist	Locations 1, 2	$1,030,000	13.7%
Associate B	Associate dentist	Locations 2, 3	$940,000	12.5%
Associate C	Associate dentist	Locations 3, 4	$760,000	10.1%
Associate D	Associate dentist	Locations 5, 6	$700,000	9.3%
Associate E	Associate dentist	Locations 6, 7	$640,000	8.5%
Associate F	Associate dentist	Locations 7, 8	$660,000	8.8%
Associates G-J (4)	Associate dentists (part-time)	Rotating	$1,120,000	14.9%
Total dentist production (in-chair)			**$7,500,000**	**100.0%**

Hygiene production ($12,300,000 T12 at full fee, all locations) is not included in dentist concentration. Personal names do not appear; providers are identified by role per DRAI convention.

B.2 Key-Person Risk Indicators

Founder share of dentist production	22.0% ($1,650,000 of $7,500,000)
Founder clinical footprint	Locations 1 and 4; approximately four clinical days per week (Form 2A)
Stated departure timeline	None stated (Form 2A). The concentration, not a timeline, is the structural element
Next-largest provider share	Associate A at 13.7%; no other provider above 13%
Production at risk (Section 4.4)	$109,000 conservative to $192,000 moderate; excluded from recoverable totals

C.1 PMS Exports (Six per Location, Summary Level)

Extracted July 9, 2026 covering T24 (Location 8: T12). All exports are summary-level: no patient names, patient identifiers, dates of birth, or identity-paired health data were requested or received.

STANDARD EXPORT	DENTRIX (L1 TO L5)	EAGLESOFT (L6, L7)	OPEN DENTAL (L8)
Recall / continuing care statistics	Continuing Care report	Recall report	Recall list summary
Treatment plan status (accepted only)	Treatment Manager	Treatment plan report export	Treatment plan module
Schedule summary (no-shows, cancellations)	Schedule statistics report	Appointment history export	Appointments module
Provider production and collections	Provider P&C report	Production/collection by provider	Production and income by provider
Patient activity (counts only)	Patient list counts	Active patient report	Patient status counts
New patient report	New Patient List summary	New patient report	New patient count export

C.2 Qualitative and Client-Submitted Inputs

Group Overview Questionnaire (Form 2A), submitted July 8, 2026: portfolio structure, central operations coverage, acquisition history, provider scheduling context
Per-location Details Questionnaires (Form 2B), all eight locations, submitted July 6 to 9, 2026: local PMS platform, recall automation status, staffing transitions, data reliability response
Client Cost Structure Questionnaire (Form P3), submitted July 10, 2026: the portfolio's own cost structure applied in Section 5.2 (full disclosure in Appendix H)
Management clarification responses (one batched written round, July 15, 2026): probable-driver context attributed to management where cited

C.3 Third-Party Sources

NONE

This report cites no third-party studies, surveys, industry benchmarks, or publications. Every figure is either measured from the portfolio's own data, derived from it with a stated DRAI assumption, or presented as a DRAI scenario estimate under the Basis of Estimates convention in Appendix D.5. Where a scenario input could not be anchored to portfolio data, it is presented as a range and identified as an estimate rather than attributed to an external source.

D.1 The Five-Category Scope

The five categories (Lapsed Recall, Unscheduled Accepted Treatment, No-Shows and Cancellations, Provider Variance, New Patient Retention) are fixed across every DRAI Operational QoE product and never expand. Four are recoverable revenue categories; Provider Variance is a structural risk quantification. The category definitions and measurement rules are identical across products, which is what allows a portfolio reviewed today to be re-measured on the same basis in any later engagement.

D.2 Recoverable Production Computation

Each recoverable category is computed per location from measured inputs at uniform scenario rates: Lapsed Recall (lapsed count x reactivation rate x measured average production per reactivated patient), Unscheduled Accepted Treatment (accepted-not-scheduled value x conversion rate), No-Shows and Cancellations (measured T12 lost production x recovery fraction), New Patient Retention (attrition gap to target x new patient count x measured average first-year production per retained patient). Recoverable production is stated at full fee-schedule value because PMS platforms report production at full fee; the bridge (D.3) is what converts it to cash-equivalent terms. Accepted-status filter discipline: treatment presented but not accepted is never counted.

D.3 The Corrected Conversion Bridge

The bridge applies, in order: (1) the portfolio's measured contractual write-off rate (19.9%), converting full-fee production to net production; (2) the portfolio's measured net collection ratio (96.0%), converting net production to expected collections; (3) the portfolio's own variable cost stack (64.0%), converting collections to incremental EBITDA. The two-step separation of write-offs from collection performance is locked methodology: an earlier generation of the bridge applied a net collection ratio directly to full-fee production, which silently assumed near-zero contractual write-offs and overstated conversion. The correction, inherited by this product from the buy-side v5.3 rebuild, makes the write-off step a visible, separately-sensitised line (Section 5.4).

Two further locked rules: production at risk (Provider Variance) is never added to recoverable production, eliminating the possibility of a risk figure inflating a recovery total; and no valuation multiple is applied anywhere in a portfolio review, because no transaction exists. The recurring annual EBITDA figure is the terminal output of the model.

D.4 Client Cost Structure (Variable Cost Stack)

The stack is built from the Client Cost Structure Questionnaire (Form P3), submitted July 10, 2026: clinical wages 24.6% of collections (hygiene share allocated at 60%, a DRAI assumption), lab fees 7.8%, clinical supplies 5.9%, associate compensation 31.0%, and the variable component of the portfolio's 57.5% total overhead, estimated at 4.5%. Total 64.0%; implied incremental margin 36.0%. Fixed costs are excluded because recovered production flows across existing capacity; capacity additions the roadmap identifies (treatment coordination) are operating decisions whose cost sits with practice leadership and is not netted from the recovery model. Appendix H carries the full input disclosure.

D.5 Basis of Estimates (Three-Tier Convention)

Every figure in this report carries one of three bases. The convention exists so that a reader can always answer: where did this number come from?

BASIS	MEANING	EXAMPLES IN THIS REPORT
Basis 1 · Measured	Computed directly from the portfolio's PMS exports or client-submitted records; no assumption applied	All baseline metrics; write-off rate 19.9%; net collection ratio 96.0%; $385 per reactivated patient; $740 first-year production per retained new patient; lost production $1,240,000
Basis 2 · Derived	Measured portfolio data combined with one or more stated DRAI assumptions, each identified where the figure appears	Hygiene labor at 14.8% (60% allocation assumption); variable overhead at 4.5% (variable-component split assumption)
Basis 3 · Estimated	A DRAI scenario estimate, presented as a conservative-to-moderate range, informed by DRAI's prior engagement work and disciplined by the portfolio's internal benchmark evidence	Reactivation 18% to 28%; conversion 13% to 21%; recovery fraction 25% to 45%; attrition targets 33% and 28%; panel attrition and redistribution rates; 60% Year 1 realisation

NO THIRD-PARTY SOURCING

No figure in this report is sourced to a third-party study, benchmark publication, or industry survey, and no such citation appears anywhere in this document. Scenario inputs that cannot be measured from portfolio data are presented as DRAI estimates and sensitised, not attributed to external authority. The attainability evidence offered for every scenario is internal: the portfolio's own benchmark cohort (Section 6.2).

D.6 Internal Benchmark Method and Rounding Convention

The internal benchmark cohort is the portfolio's highest-composite-performing locations on the measured category metrics (here Locations 2 and 3). Scenario rates are set at or below the performance the cohort's measured metrics imply, so no scenario asks the portfolio to exceed its own demonstrated operating level. For portfolios of five or fewer locations the cohort is the single highest-composite location; above roughly twenty locations a top-quartile cohort replaces the top-two convention. The cohort is identified in the report wherever benchmark comparisons appear.

Rounding: every displayed dollar figure is rounded to the nearest $1,000 at the cell level; totals are sums of rounded cells; each bridge line is computed from the prior displayed line. Tables therefore tie exactly as displayed, and a portfolio-level recomputation of a per-location category figure (for example, total reactivated patients x $385) may differ from the displayed total by up to $4,000 of accumulated cell rounding. Percentages are displayed to one decimal and applied as displayed in the bridge.

Active patient	A patient with at least one completed visit in the trailing 18 months, normalised across PMS platforms (F.3).
Basis of Estimates	The three-tier figure-sourcing convention defined in Appendix D.5.
Collections	Cash received against net production in the period.
Contractual write-offs	The difference between fee-schedule production and contracted reimbursement under payer agreements; also called insurance adjustments.
Conservative / moderate scenarios	Two execution scenarios (partial and full deployment), not confidence intervals; defined per category in Section 4.
Gross (fee-schedule) production	Production valued at the practice's full fee schedule before contractual write-offs.
Incremental EBITDA margin	The share of a recovered collections dollar retained after the portfolio's variable costs; 36.0% in this report.
Internal benchmark cohort	The portfolio's own highest-performing locations, used as the attainability anchor (D.6).
Lapsed recall	An active patient overdue for hygiene recall by 90 days or more.
Net collection ratio	Collections divided by net production; 96.0% portfolio T12.
Net production	Gross production less contractual write-offs.
New patient attrition	The share of a new patient cohort with no second visit within 12 months of first visit.
No-show rate	No-shows plus unrecovered cancellations as a share of scheduled appointments, normalised across platforms.
Operational QoE	Operational Quality of Earnings: DRAI's diagnostic quantification of recoverable revenue and operational risk from PMS data.
PMS	Practice management system (Dentrix, Eaglesoft, and Open Dental in this portfolio).
Production at risk	Provider Variance exposure: production that may not redistribute if a concentrated clinician's schedule ends. Never added to recoverable totals.
Realisation rate	The share of steady-state annual capture realised in Year 1 while workflows ramp; 60% mid-range applied.
Recoverable production	Production the portfolio is not capturing, stated at full fee-schedule value, quantified per category and scenario.
Revenue leakage	The aggregate of uncaptured revenue across the four recoverable categories.
Roadmap window	The start window in which work on a category begins (Section 7).
Steady-state annual EBITDA recovery	The recurring annual EBITDA figure produced by the Section 5.1 bridge from Year 2 onward.
T12 / T24	Trailing 12 / 24 months ending June 30, 2026.

F.1 Scope Limitations

This review is a diagnostic quantification, not an audit. DRAI has not audited financial statements, verified tax positions, examined payer contracts, or observed clinical operations. Management-reported EBITDA is presented as reported and is not the basis of any recoverable figure. DRAI does not opine on valuation, transactions, staffing, vendors, compensation, or clinical care.

F.2 Data Reliability

Recoverable revenue estimates are based on PMS-reported data for the trailing 24 months (Location 8: 12 months) and carry an inherent variance range of plus or minus 15% based on data entry accuracy at practice level. A standard reliability review was conducted during intake: the Form 2B reliability question was asked of each location's office manager, and no location flagged a material discrepancy between bank deposits and PMS-reported collections in the trailing 12 months. If a flagged variance had existed, it would be described here and reflected in the affected sections.

F.3 Mixed-PMS Comparability Convention

The portfolio operates three PMS platforms, whose native reports differ in definitions. Before comparison, all metrics are normalised to the common definitions in Appendix E: active patient (completed visit within 18 months), no-show rate (no-shows plus unrecovered cancellations over scheduled appointments), lapsed recall (90+ days overdue), treatment plan status (accepted only), and new patient attrition (no second visit within 12 months). Where a platform cannot produce a metric under the common definition, the nearest producible definition is used and the difference is noted; in this engagement all eight locations produced all normalised metrics. Location 8's trailing comparisons are annualised from 12 months of data, and its cells carry the wider practical uncertainty noted in Section 8.

F.4 Forward-Looking Statements

Recovery scenarios, realisation rates, and the recurring recovery model are forward-looking estimates dependent on execution, staffing, patient behaviour, and payer conditions. Actual results will differ. The scenarios are presented as ranges for precisely that reason.

F.5 Non-Advisory Status

DRAI Consulting is not a licensed financial advisor, broker-dealer, law firm, or accounting firm, and this document is not financial, legal, tax, or clinical advice. Operational decisions referenced in the roadmap are decisions for practice leadership.

F.6 No Reliance

This document is prepared solely for the ownership and management of Harbor Point Dental Partners for internal operational planning. No third party may rely on it for any purpose. It is not prepared for, and must not be used in, any transaction process.

APPENDIX G | REFERENCE: COMMON OPERATIONAL RESPONSES

The responses below are commonly observed in group dental practices addressing the categories in this report. They are reference material only. DRAI does not recommend any specific response, vendor, platform, staffing model, or structure, and nothing in this appendix modifies the diagnostic boundary stated in Sections 2.1 and 7.5.

G.1 Recall Reactivation. Commonly observed: extension of centralised recall automation across all locations; segmented outreach by lapse duration; hygiene schedule capacity review preceding reactivation waves so recovered demand can be seated.

G.2 Schedule Recovery. Commonly observed: multi-touch confirmation cadence; maintained short-notice lists; same-week rebooking outreach for no-shows; cancellation-reason capture to separate recoverable from non-recoverable losses.

G.3 Treatment Plan Conversion. Commonly observed: dedicated treatment coordination roles covering multiple locations; follow-up sequences on accepted-not-scheduled plans ordered by plan value and age; financial-arrangement conversations scheduled at acceptance rather than after.

G.4 New Patient Retention. Commonly observed: next hygiene visit scheduled before the patient leaves the first appointment; structured first-year contact sequence; first-visit experience review at locations with elevated attrition.

G.5 Provider Concentration. Commonly observed: gradual panel transition to associates; associate capacity building at the concentrated locations; scheduling patterns that introduce continuity of care across more than one clinician per panel. These reduce production at risk; they do not create recoverable revenue and are never counted as such.

G.6 PMS Fragmentation. Commonly observed: platform consolidation to a single system over a multi-quarter migration; alternatively, normalised cross-platform reporting without migration (the approach this review itself applies). Platform decisions reset reporting baselines and are identified in Section 8 as a structural consideration, without recommendation.

H.1 Why the Client's Own Cost Structure

A portfolio review models what the owner keeps, so conversion runs through the owner's actual cost structure as submitted in the Client Cost Structure Questionnaire (Form P3), submitted July 10, 2026. An acquirer's underwriting stack would answer a question nobody in this engagement is asking, and an industry-blended stack would overstate conversion for this portfolio (H.2). The stack applied is the portfolio's own, disclosed in full below.

INPUT (FORM P3)	VALUE STATED BY CLIENT	USED IN
Clinical wages (hygiene and assistant, % of collections)	24.6%	Section 5.2 (hygiene share at 60% allocation, Basis 2)
Lab fees (% of collections)	7.8%	Section 5.2
Clinical supplies (% of collections)	5.9%	Section 5.2
Associate compensation (% of collections, production-paid)	31.0%	Section 5.2
Total overhead (% of collections)	57.5%	Variable component (4.5%) in Section 5.2, Basis 2
Recall automation coverage	Locations 1 to 5	Sections 4.1, 6.3, 7.1
Treatment coordination coverage	Locations 1 to 3	Sections 4.2, 7.2
Founder clinical schedule	~4 days/week, Locations 1 and 4	Sections 4.4, 8; Appendix B

H.2 Material Differences vs an Industry-Blended Stack

The portfolio's 64.0% variable cost stack implies a 36.0% incremental margin, well below the 50%+ margins an industry-blended stack produces. The difference is dominated by associate compensation: this portfolio pays associates 31.0% of collections, and associates deliver most non-Founder production. Modelling this portfolio at a blended margin would overstate the steady-state annual recovery by roughly half. Using the client's own stack is the conservative treatment, and it is why the $492,000 recurring figure in this report is defensible in front of the client's own accountant.

> **METHODOLOGY INTEGRITY NOTE**
>
> Three commitments govern every figure in this document: the corrected bridge (contractual write-offs visible and applied before the collection ratio; Appendix D.3), the separation of risk from recovery (production at risk never added to recoverable totals), and the Basis of Estimates convention (every figure Measured, Derived, or Estimated, with no third-party sourcing anywhere; Appendix D.5). These are inherited from the DRAI methodology standard locked in July 2026 and apply unchanged across the buy-side, sell-side, and portfolio products.

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