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ASX Announcement

MONASH IVF GROUP LIMITED (ASX:MVF)

Monday, 27 April 2020

MONASH IVF GROUP ANNOUNCES FULLY UNDERWRITTEN ~\$80M EQUITY RAISING AND OPERATIONAL INITIATIVES TO STRENGTHEN BALANCE SHEET AND PURSUE IDENTIFIED FUTURE GROWTH OPPORTUNITIES

Monash IVF Group Limited (**Monash IVF** or **the Company**) is pleased to announce a comprehensive package of initiatives designed to address the business impacts of COVID-19 and to enhance Monash IVF's balance sheet flexibility to navigate COVID-19 and pursue identified future growth opportunities.

The initiatives announced today complement the previously announced cost reduction and cash preservation initiatives implemented by Monash IVF in response to the non-urgent elective surgery restrictions implemented by the Australian Government to safely manage the COVID-19 pandemic.

The initiatives announced today include:

- A\$80.0 million fully underwritten equity capital raising, comprising a ~A\$39.8 million institutional placement (**Placement**) and a ~A\$40.2 million 1-for-3.05 accelerated pro rata non-renounceable entitlement offer (**Entitlement Offer**) (together, the **Equity Raising** or **Offer**)
- Syndicated Debt Facility (expiring Jan 2022) amended to suspend covenant testing until 30 June 2021

These initiatives allow Monash IVF to:

- reduce debt which enhances Monash IVF's balance sheet flexibility to navigate COVID-19; and
- pursue identified organic and inorganic growth opportunities in Australia and South East Asia.

Immediately following the Equity Raising, Monash IVF will repay debt of ~\$77m¹, and have total liquidity (cash and undrawn facilities) of ~\$97m.

TRADING UPDATE

Monash IVF's FY20 year to date (**YTD**) trading through to February 2020, and volumes through to 25 March 2020, were largely in line with previous guidance. At the end of February 2020, unaudited revenue for FY20YTD was \$100.4m which is 0.3% higher up on pcp.

However, trading performance has been materially impacted since Government restrictions on non-urgent elective surgeries (including assisted reproductive services (**ARS**) / IVF treatments) were announced on 25 March 2020.

On 21 April 2020, the National Cabinet announced that certain elective surgery procedures, including IVF, can recommence from today (27 April 2020).

As a large scale and full service IVF provider with leading technologies, Monash IVF is well positioned to provide services to patients wishing to resume or commence ARS.

¹ Proceeds of the Offer less anticipated transaction costs.

Monash IVF is planning for a gradual return of patients, and the initiatives announced today enhance Monash IVF's balance sheet and allows the pursuit of identified organic and inorganic growth opportunities in Australia and South East Asia during this period.

In addition to the announced initiatives, Monash IVF has also identified or implemented cash preservation initiatives that are designed to reduce Monash IVF's monthly net operating cash flow burn to ~\$4m² (unaudited) during a full hibernation³ period.

COVENANT WAIVERS FROM EXISTING LENDERS

In conjunction with the Offer, Monash IVF's lending group has agreed to suspend covenant testing to 30 June 2021. Following the Offer, Monash IVF will have total liquidity – comprised of cash and undrawn facilities – of ~\$97m.

INTERIM DIVIDEND PAYMENT

As previously announced on 1 April 2020, the Company has decided to defer the payment of the 1H20 interim dividend until 2 October 2020 subject to further COVID-19 developments and the financial position of the Company at that time. The Board does not currently expect to pay a final dividend in respect of FY20 or an interim dividend in respect of 1H21.

EQUITY RAISING

Monash IVF has today announced a fully underwritten Equity Raising of ~A\$80 million comprising a Placement and an Entitlement Offer.

The Placement and the Entitlement Offer will result in the issue of ~154 million new fully paid ordinary shares in Monash IVF (**New Shares**), representing approximately ~65% of existing Monash IVF shares on issue. Each New Share issued under the Placement and the Entitlement Offer will rank equally with existing shares on issue⁴.

Placement

The ~A\$39.8 million Placement⁵ is fully underwritten and will be offered to institutional investors at A\$0.52 per share, representing a 26.8% discount to the last traded price of \$0.71 on Friday, 24 April 2020. The Placement is being conducted today, Monday, 27 April 2020.

Entitlement Offer

The Entitlement Offer of ~A\$40.2 million will consist of a 1-for-3.05 accelerated pro rata non-renounceable entitlement offer, including:

- a fully underwritten institutional entitlement offer to raise ~A\$22.1 million (**Institutional Entitlement Offer**); and
- a fully underwritten retail entitlement offer to raise ~A\$18.1 million, which will open on Monday, 4 May 2020 and close at 5pm (Sydney time) on Wednesday, 20 May 2020 (**Retail Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 Monash IVF share for every 3.05 shares they hold as at 7.00pm (Sydney time) on Wednesday, 29 April 2020 (the **Record Date**). All New Shares in the Entitlement Offer will be issued at a price of \$0.52 per New Share which represents:

² This includes contribution from JobKeeper subsidy.

³ Hibernation refers to Monash IVF not providing Assisted Reproductive Services (ARS) in Australia or Malaysia, ultrasound clinics remaining open and cash preservation measures put into place.

⁴ New Shares will not be entitled to the 1H20 interim dividend which had a record date of 6 March 2020 and is expected to be paid on 2 October 2020.

⁵ In accordance with Class Waiver Decision – Temporary Extra Placement Capacity – granted by ASX on 31 March 2020, the Placement is within Monash IVF's placement capacity calculated as if Monash IVF's placement capacity under Listing Rule 7.1 is 25% and not 15%, and by reference to the number of Monash IVF shares that may be issued under the Entitlement Offer, and accordingly no shareholder approval is required in connection with the Placement. Monash IVF shares issued under the Placement do not have rights to participate in the Entitlement Offer.

- A 26.8% discount to the last close price of \$0.71 on Friday, 24 April 2020;
- A 18.1% discount to the theoretical ex-rights price (**TERP**)⁶ of \$0.635.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

Macquarie Capital (Australia) Limited is acting as Sole Lead Manager, Bookrunner and Underwriter to the Equity Raising. The Placement and the Entitlement Offer are fully underwritten.

Monash IVF's shares will remain in a trading halt pending completion of the Placement and the Institutional Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today, Monday, 27 April 2020. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Entitlement Offer.

Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Monday, 4 May 2020 and close at 5.00pm (Sydney time) on Wednesday, 20 May 2020. Eligible retail shareholders who take up their entitlement in full can also apply for additional shares in excess of their entitlement up to a maximum of 100% of their entitlement under an oversubscription facility.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Monash IVF expects to lodge with the ASX and dispatch on Monday, 4 May 2020.

GROWTH INITIATIVES

Monash IVF has a strong growth agenda both in Australia and South East Asia, and a successful track record of execution. A portion of the Equity Raising (approximately \$7m in aggregate) is currently targeted for deployment into specific growth initiatives including:

- Opening of the new Sydney CBD fertility clinic as a flagship offering in NSW
- Joint venture, partnership and acquisition opportunities across South East Asia

Monash IVF also plans to pursue longer term growth initiatives including transformation of its Melbourne footprint and further clinic upgrades.

⁶ Theoretical ex-rights price (TERP) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of MVF's Shares as traded on ASX on Friday, 24 April 2020, being the last trading day prior to the announcement of the Entitlement Offer.

EQUITY RAISING TIMETABLE

Event	Date
Announcement of Offer and Trading halt, Institutional Entitlement Offer and Placement opens	Monday, 27 April 2020
Institutional Entitlement Offer and Placement closes	Monday, 27 April 2020
Trading halt lifted. Trading resumes on an "ex-entitlement" basis	Tuesday, 28 April 2020
Record date for the Entitlement Offer (7:00pm)	Wednesday, 29 April 2020
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Monday, 4 May 2020
Settlement of New Shares issued under the Institutional Entitlement Offer and the Placement	Tuesday, 5 May 2020
Issue and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement	Wednesday, 6 May 2020
Retail Entitlement Offer closes (5:00pm)	Wednesday, 20 May 2020
Announcement of final results of Retail Offer	Friday 22 May 2020
Settlement of Retail Entitlement Offer	Tuesday, 26 May 2020
Issue and normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 27 May 2020
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Friday, 29 May 2020

COMMENTS FROM Monash IVF'S CHIEF EXECUTIVE OFFICER

"Monash IVF believes the support from the Equity Raising in addition to the cash preservation measures will provide the business with the balance sheet flexibility that is appropriate for the current uncertain macroeconomic environment and will assist the company to continue to execute a number of exciting growth initiatives.

Monash IVF is poised to resume IVF treatment while prioritising the health and safety of our patients, doctors and employees."

Authorised by the Board of Directors of the Company.

Michael Knaap
Chief Executive Officer and Managing Director
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Chief Financial Officer and Company Secretary
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ADDITIONAL DETAILS

Further details of the Offer are set out in the Investor Presentation provided to the ASX today (**Investor Presentation**). The presentation contains important information including key risks and foreign selling restrictions with respect to the Placement and the Entitlement Offer.

IMPORTANT INFORMATION

This letter is issued by Monash Group IVF Limited. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any entitlements or securities in Monash Group IVF Limited in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or Monash Group IVF Limited ordinary shares.

FORWARD LOOKING STATEMENTS

This announcement contains certain “forward-looking statements” that are based on management’s beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can be generally identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Monash IVF, statements about the industry and the markets in which Monash IVF operates and statements about the future performance of the Monash IVF business. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Monash IVF and its subsidiaries, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Monash IVF’s business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Monash IVF’s control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the key risks in Appendix 3 of the Investor Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect Monash IVF and its subsidiaries.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Monash IVF as at the date of this announcement. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Monash IVF or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), Monash IVF disclaims any obligation or undertaking to update forward-looking statements in this announcement

to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

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This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 as amended (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States. The New Shares may not be issued to, purchased or traded by, or taken up by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

IMPORTANT NOTICE TO NOMINEES

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Retail Entitlement Offer to any of your clients (or any other person) acting for the account or benefit of any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.