

**Monash IVF Group Limited**  
**Appendix 4D Half year report**  
**ACN 169 302 309**

|                                |                                  |
|--------------------------------|----------------------------------|
| Reporting period:              | Half year ended 31 December 2021 |
| Previous corresponding period: | Half year ended 31 December 2020 |
| Release date:                  | 17 February 2022                 |

**Results for announcement to the market**

|   |                            |                            |                                    | A\$'000 |
|---|----------------------------|----------------------------|------------------------------------|---------|
| Revenue from ordinary activities  | Up                         | 11.2%                      | to                                 | 100,975 |
| Adjusted Earnings before interest, tax, depreciation (EBITDA) <sup>(1)(2)(3)</sup>  | Up                         | 8.5%                       | to                                 | 26,766  |
| Earnings before interest and tax (EBIT) <sup>(3)</sup>  | Down                       | (20.8%)                    | to                                 | 17,870  |
| Adjusted Earnings before interest and tax (EBIT) <sup>(2)(3)</sup>  | Up                         | 4.5%                       | to                                 | 19,387  |
| Adjusted Net profit from ordinary activities after tax attributable to members <sup>(2)(3)</sup>  | Up                         | 11.6%                      | to                                 | 13,287  |
| Net profit from ordinary activities after tax attributable to members <sup>(3)</sup>  | Down                       | (17.5%)                    | to                                 | 12,085  |
| <p>(1) EBITDA is earnings before interest, tax, depreciation and amortisation. EBITDA is a non-IFRS measure which is used by the Group as a key indicator of underlying performance. This non-IFRS measure is not subject to audit or review.</p> <p>(2) Adjusted reflects non-regular items relating to pre-tax impact from discontinued acquisition opportunities (\$1,049K) and Fertility Solutions AASB 3 earn-out fair value adjustment (\$468K). Non-regular items for the previous corresponding period include JobKeeper Subsidy impact (\$5,058K pre-tax), Sydney CBD activity (\$848K pre-tax), and Fertility Solutions Earn Out Fair Value adjustment (\$200K). Refer to page 5 of the Directors Report. Adjusted EBITDA, EBIT and NPAT are both a non-IFRS measures.</p> <p>(3) The 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service.</p> |                            |                            |                                    |         |
| <b>Dividends</b>  | <b>Date paid / payable</b> | <b>Amount per security</b> | <b>Franked amount per security</b> |         |
| <b>Interim Dividend</b> (current reporting period)  | 4 April 2022               | 2.2¢                       | 2.2¢                               |         |
| <b>Interim Dividend</b> (previous corresponding period)   | 7 April 2021               | 2.1¢                       | 2.1¢                               |         |
| <b>Final Dividend</b> year ending 30 June 2021  | 8 October 2021             | 2.1¢                       | 2.1¢                               |         |
| Record date for determining entitlements to the Interim Dividend:   |                            | 8 March 2022               |                                    |         |

Brief explanation: Please refer to the commentary in the review of operations and activities section of the Directors Report and the 1H22 Results Announcement accompanying this Financial Report.

**Net tangible assets per security**

|  | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing (per share) | \$0.03         | \$0.01                        |
| Net assets backing (per share)         | \$0.70         | \$0.68                        |

**Share of net profit/(loss) after tax from associates**

| Associate  | % of holdings | Share of profit/(loss) -<br>\$A'000 |
|--|---------------|-------------------------------------|
| Compass Fertility Trust ("trading as Compass Fertility") | 25.0%         | \$87                                |

**Review of the financial report**

The financial report has been subject to review by KPMG and refer to the attached Lead Auditor's Independence Declaration on page 9 and the Independent Auditor's Review Report for the six month period ended 31 December 2021.

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

The Directors present their report together with the consolidated financial report of Monash IVF Group Ltd ('the Group'), being the Company (Monash IVF Group Ltd), its subsidiaries, and the Group's interest in associated entities as at and for the six month period ended 31 December 2021, and the auditor's review report thereon.

## Directors

The Directors of the Company at any time during or since the end of the interim period are:

Mr Richard Davis  
Mr Neil Broekhuizen  
Mr Josef Czyzewski  
Dr Richard Henshaw  
Mrs Zita Peach  
Mrs Catherine West  
Mr Michael Knaap

## Principle activity

The Group is a leader in the field of human fertility services and is one of the leading providers of Assisted Reproductive Services (ARS) which is the most significant component of fertility care in Australia and Malaysia. ARS encompass a range of techniques used to assist patients experiencing infertility to achieve a clinical pregnancy. In addition, the Group is a significant provider of specialised women's imaging services.

## Operational and Financial Review

The Group reported Adjusted NPAT<sup>(1)(2)(6)</sup> of \$13.4m, as compared to \$12.0m in pcp.

| \$m                                     | 1H22          | 1H21 <sup>(7)</sup> | % Change |
|---|---------------|---------------------|----------|
| Group Revenue                           | \$101.0       | \$90.8              | 11.2%    |
| Adjusted EBITDA <sup>(1)(2)</sup>       | \$26.8        | \$24.7              | 8.5%     |
| EBIT                                    | \$17.9        | \$22.6              | (20.8%)  |
| Adjusted EBIT <sup>(1)(2)</sup>         | \$19.4        | \$18.6              | 4.5%     |
| Adjusted NPAT <sup>(1)(2)(6)</sup>      | \$13.4        | \$12.0              | 11.7%    |
| Reported NPAT <sup>(6)</sup>            | \$12.2        | \$14.8              | (17.6%)  |
| EPS (cents)                             | 3.1           | 3.7                 | (16.2%)  |
| DPS (cents)                             | 2.2           | 2.1                 | 4.8%     |
|   | 31 Dec 21     | 30 June 21          |          |
| Net Cash (m) <sup>(3)</sup>             | \$3.9         | \$7.2               |          |
| Net Cash to Equity ratio <sup>(4)</sup> | Cash positive | Cash positive       |          |
| Return on Equity (pa.) <sup>(5)</sup>   | 9.1%          | 8.6%                |          |

(1) Non-IFRS measures

(2) Refer to earnings reconciliation on page 5 for Adjusted vs Reported EBITDA, EBIT and NPAT

(3) Cash balances less borrowings

(4) Net Cash to equity is debt divided by equity

(5) Return on equity is Adjusted NPAT for the twelve-month period to 31 December 2021 divided by closing equity

(6) Attributable to ordinary shareholders and non-controlling interest

(7) The 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service.

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021  
**Operational and Financial Review** (continued)

**Highlights:**

- Adjusted NPAT<sup>(1)(2)(5)</sup> of \$13.4m, 11.7% above 1H21
- Continued IVF industry volume growth<sup>(3)(4)</sup> – 3.6% 1H22 growth following 23.8% growth in 1H21
- Above Industry MVF domestic stimulated cycle growth of 6.6% resulting in 0.7% Market Share growth in MVF Key Markets<sup>(4)</sup> compared to 1H21
- 11% new Australian patient registration growth in 1H22 compared to 1H21 supporting 2H22 new patient stimulated cycle growth
- 4 new domestic Fertility Specialists attracted during 1H22
- New Singapore IVF clinic to be commissioned during 2H22 with 4 experienced Fertility Specialists commencing with Monash IVF Singapore. 200+ stimulated cycles anticipated in Year 1
- Balance Sheet continues to be in a strong position to support organic and non-organic growth aspirations
- Return on Equity improved to 9.1% compared to 8.6% in 1H21
- 2.2 cents per share fully franked interim FY2022 dividend

**Revenue**



- 3.6% IVF Industry<sup>(3)(4)</sup> growth increased MVF revenue by \$2.1m or 2.3%;
- 0.7% MVF Market Share<sup>(3)(4)</sup> growth increased ARS revenue by \$2.1m or 2.3% driven by market share gains in QLD, NSW and SA and stable market share in Victoria;
- 4.4% average ARS revenue per stimulated cycle increase compared to pcp which drove \$2.7m or 3.0% ARS revenue growth following 2-3% price increases across all domestic Markets and lower Ni-PGT patient remediation cycles compared to pcp;
- Whilst International Revenue declined by \$0.5m, Q2 Kuala Lumpur Revenue increased by 15% following a 30% decline in Q1 due to weak macroeconomic conditions in Kuala Lumpur following COVID-19 restrictions in Q1;
- \$3.7m Day Surgery & Other revenue growth including full period impact from the Sydney CBD day hospital. In addition, \$1.8m revenue recognized for insurance recovery relating to Ni-PGT which offset approximately \$1.0m of costs incurred during 1H22.

(1) Non-IFRS measures

(2) Refer to earnings reconciliation on page 5 for Adjusted vs Reported EBITDA, EBIT and NPAT

(3) MBS items 13200/1

(4) Key Markets is Victoria, New South Wales, Queensland, South Australia and Northern Territory

(5) Attributable to ordinary shareholders and non-controlling interest

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

**Expenditure before interest and tax**

The table below provides a summary of 1H22 Expenditure before interest and tax compared to 1H21:

|   | 31 Dec 21<br>\$m | 31 Dec 20<br>\$m<br>Restated (1) | %<br>Change  |
|---|------------------|----------------------------------|--------------|
| Employee benefits expense (excl. Job Keeper Subsidy) <sup>(2)</sup> | 34.2             | 28.7                             | 19.2%        |
| Clinician fees  | 17.7             | 16.0                             | 10.6%        |
| Raw materials and consumables used                                  | 10.0             | 10.8                             | (7.4%)       |
| IT and communications expense                                       | 2.3              | 1.7                              | 35.3%        |
| Property and maintenance expenses                                   | 1.9              | 1.9                              | -%           |
| Marketing and advertising expense                                   | 3.3              | 3.4                              | (2.9%)       |
| Professional and other fees   | 2.7              | 1.8                              | 50.0%        |
| Other expenses <sup>(2)</sup>                                       | 2.1              | 2.2                              | (4.5%)       |
| <b>Total</b>  | <b>74.2</b>      | <b>66.5</b>                      | <b>11.6%</b> |
| <i>% of Group revenues</i>  | <i>73.5%</i>     | <i>73.2%</i>                     |              |
| Depreciation and amortisation <sup>(1)(2)</sup>                     | 7.4              | 5.6                              | 32.1%        |
| Non-regular items <sup>(2)</sup>                                    | 1.5              | (4.0)                            | (137.5%)     |
| <b>Total expenditure before interest and tax</b>                    | <b>83.1</b>      | <b>68.1</b>                      | <b>22.0%</b> |
| <i>% of Group revenues</i>  | <i>82.3%</i>     | <i>75.0%</i>                     |              |

(1) The 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service.  
(2) Adjusted for Non-regular items. Refer to page 5 for Non-regular items

Total operating expenditure excluding Non-regular items, Depreciation and Amortisation represents 73.5% of total Revenue as compared to 73.3% in 1H21. The following details key expenditure movements in 1H22 against 1H21:

- **Employee benefits expense** increased by 19.2% or \$5.5m. Employee Benefits Expense is 34% of Group Revenue which is consistent with 1H21 and pre-Pandemic in 1H20. The increase compared to pcp is primarily due to labour expenditure at the new Sydney CBD fertility clinic and day hospital which opened in late 1H21, Enterprise Bargaining Agreement increases of between 2.5% and 3.0%, increase in operational IVF FTE in line with activity growth, additional labour costs due to higher use of sick leave, reduction in annual leave taken and additional costs for health & safety protocols;
- **Clinician fees** have increased commensurate with increases in IVF volumes;
- **Raw material and consumables** decreased by 7.4% or \$0.8m as 1H21 included higher number of Ni-PGT remediation cycles at 'no-out-of-pocket' expenditure for patients impacted by the suspension of the Ni-PGT genetic testing program;
- **IT and communication expense** increased by 35.3% or \$0.6m due to further investments to strengthen cyber security protection protocols, measures and infrastructure including additional network maintenance initiatives;
- **Marketing and advertising expense** has remained largely in line with the prior year comparative period following a significant increase during 1H21;
- **Professional and other fees** increased by 50.0% or \$0.9m primarily due to a \$1.0m increase in insurance costs (medical malpractice and Directors & Officers liability insurance) reflecting appropriate insurance policies in the current settings;
- **Depreciation and amortisation expenses** increased by \$1.8m primarily due to the new Sydney CBD fertility clinic and day hospital rental amortisation and PPE depreciation, laboratory growth assets, ultrasound machines and IT infrastructure assets.

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

**Earnings before interest, depreciation, interest and tax (EBITDA<sup>(1)</sup>)**

Adjusted EBITDA<sup>(1)(2)</sup> is \$26.8m as compared to \$24.7m in 1H21, an increase of 8.5%. The increase in Adjusted EBITDA is due primarily to volume leverage gains from strong domestic IVF activity partly offset by:

- Short-term margin decline in Ultrasound and Kuala Lumpur (IVF) due to the Pandemic environment in Q1;
- Inclusion of the new Sydney CBD fertility clinic and day hospital fixed cost base which commenced in late 1H21;
- Additional labour for higher use of sick leave and lower annual leave taken (Pandemic related);
- Increased cost base to support health & safety measures and protocols;
- \$1.0m increase in medical malpractice and D&O liability insurance reflecting appropriate insurance policies in the current settings

**Finance costs**

\$0.7m Net Finance cost, a decrease of \$0.7m compared pcp. The decline was primarily due to lower average carrying value of debt (\$0.5m impact).

**Taxation**

The effective tax rate is 29.0% as compared to 30.0% in pcp. The effective tax rate reflects the 30% Australian and 24% Malaysia corporate tax rates and a higher contribution of taxable income from Australian operations.

**Segment analysis**

| \$m                                   | Australia |                     |          | International |                     |          |
|---------------------------------------|-----------|---------------------|----------|---------------|---------------------|----------|
|                                       | 1H22      | 1H21 <sup>(6)</sup> | % change | 1H22          | 1H21 <sup>(6)</sup> | % change |
| Revenue                               | 96.01     | 85.31               | 12.6%    | 4.97          | 5.47                | (9.2%)   |
| Adjusted EBIT <sup>(1)(2)(6)</sup>    | 18.10     | 16.63               | 8.8%     | 1.29          | 1.93                | (33.0%)  |
| Adjusted NPAT <sup>(1)(2)(5)(6)</sup> | 12.43     | 10.62               | 17.0%    | 0.94          | 1.43                | (33.7%)  |
| Reported NPAT <sup>(5)(6)</sup>       | 11.22     | 13.37               | (16.0%)  | 0.94          | 1.43                | (33.7%)  |

**Australia**

Australia revenue increased by 12.6% to \$96.01m due to the following:

- MVF Australian 1H22 Stimulated Cycles<sup>(3)</sup> increased by 6.6% due to IVF industry<sup>(4)</sup> growth of 3.6% and market share gains in MVFs Key markets<sup>(4)</sup>;
- MVF Stimulated Cycles<sup>(3)</sup> market share in Key Markets<sup>(4)</sup> grew by 0.7% to 20.8% due to share gains in SA, QLD and NSW and constant share in VIC;
- New patient stimulated cycles grew by 9% compared to total Key Markets<sup>(4)</sup> Industry stimulated cycle growth of 3.6% supporting growth in the pipeline for future returning patients;
- Ultrasound volumes declined by 4.2% to 42,118 compared to pcp and Non-invasive Pre-natal testing (NIPT) declined by 2.1% to 7,769;

Adjusted EBIT increased by \$1.5m or 8.8% to \$18.1m.

(1) Non-IFRS measures

(2) Refer to earnings reconciliation on page 5 for Adjusted vs Reported EBITDA, EBIT and NPAT

(3) MBS Items 13200/1

(4) Key Markets is Victoria, New South Wales, Queensland, South Australia and Northern Territory

(5) Attributable to ordinary shareholders and non-controlling interest

(6) 1H21 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service.

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

**Segment analysis** (continued)

*International*

The International segment comprises the Kuala Lumpur and Johor Bahru clinics. Whilst International Revenue declined by \$0.5m or 9.2% and stimulated cycles declined by 19.4% compared to pcp, Q2 Kuala Lumpur Revenue increased by 15% following a 30% decline in Q1 due to weak macroeconomic conditions in Kuala Lumpur following COVID-19 restrictions in Q1. In addition, average revenue per stimulated cycle increased by 12.7%. Due to the Q1 weakness in Kuala Lumpur, EBIT declined by \$0.6m or 33.0% compared to pcp whilst NPAT declined by \$0.5 or 33.7%.

**Earnings reconciliation**

The table below provides a reconciliation of 1H22 Adjusted EBIT and NPAT to the reported statutory metrics:

| \$m   | EBITDA      | EBIT        | 1H22 NPAT   | 1H21 NPAT   |
|---|-------------|-------------|-------------|-------------|
| <b>Reported Statutory</b>                       | <b>25.3</b> | <b>17.9</b> | <b>12.2</b> | <b>14.7</b> |
| Acquisition transaction costs                   | 1.0         | 1.0         | 0.7         | -           |
| Acquisition earn-out fair value adjustment      | 0.5         | 0.5         | 0.5         | 0.2         |
| Job Keeper Subsidy                              | -           | -           | -           | (3.5)       |
| Sydney CBD fertility clinic commissioning costs | -           | -           | -           | 0.6         |
| <b>Adjusted</b>                                 | <b>26.8</b> | <b>19.4</b> | <b>13.4</b> | <b>12.0</b> |

- \$1.0m pre-tax acquisition related transaction costs including domestic and international business acquisitions that were pursued but did not complete.
- \$0.5m increase to AASB3 Business Combinations earn-out provision for increase to estimated purchase price payments to Fertility Solutions vendors following stronger than anticipated performance during 1H22. The earn-out period ends at 30 June 2023.

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

**Statement of Financial Position and Capital Metrics**

| Balance Sheet (\$m)                                | 31 Dec 21     | 30 June 21    | % change       |
|--|---------------|---------------|----------------|
| <b>Cash and cash equivalents</b>                   | <b>6.9</b>    | <b>8.8</b>    | <b>(21.6%)</b> |
| Other current assets                               | 16.1          | 13.7          | 17.5%          |
| Current lease liabilities                          | (5.2)         | (5.8)         | (10.3%)        |
| Current liabilities                                | (28.7)        | (33.6)        | (14.6%)        |
| Borrowings (excluding capitalised fees)            | -             | (1.6)         | (100.0%)       |
| <b>Net working capital</b>                         | <b>(10.9)</b> | <b>(18.6)</b> | <b>(41.4%)</b> |
| Borrowings (excluding capitalised fees)            | (3.0)         | -             | 100%           |
| Goodwill & Intangibles                             | 259.7         | 260.0         | (0.1%)         |
| Right of use assets                                | 40.9          | 42.4          | (3.5%)         |
| Lease liabilities                                  | (37.7)        | (38.5)        | (2.1%)         |
| Property Plant & Equipment                         | 25.1          | 24.9          | 0.8%           |
| Other assets/liabilities                           | (1.6)         | (1.2)         | 33.3%          |
| <b>Net assets</b>                                  | <b>272.5</b>  | <b>268.9</b>  | <b>1.3%</b>    |
|  |               |               |                |
| Capital Metrics                                    | 31 Dec 21     | 30 June 21    | +/-            |
| <b>Net Cash (\$m) <sup>(1)</sup></b>               | <b>3.9</b>    | <b>7.2</b>    | <b>(3.3)</b>   |
| Leverage Ratio (Net Debt / EBITDA <sup>(2)</sup> ) | Cash positive | Cash positive | -              |
| Interest Cover (EBITDA <sup>(2)</sup> / Interest)  | 168.8x        | 55.7x         | 113.1x         |
| Net Debt to Equity Ratio <sup>(3)</sup>            | Cash positive | Cash positive | -              |
| <b>Return on Equity<sup>(4)</sup></b>              | <b>9.1%</b>   | <b>8.6%</b>   | <b>0.5%</b>    |
| <b>Return on Assets<sup>(5)</sup></b>              | <b>7.0%</b>   | <b>6.6%</b>   | <b>0.4%</b>    |

(1) Net Cash is Cash balances less borrowings

(2) EBITDA is based on normalized EBITDA excluding AASB16 lease impact for covenant purposes as defined in the Syndicated Debt Facility Agreement. EBITDA is not an IFRS measure

(3) Net debt divided by equity at the balance date

(4) Adjusted NPAT for the previous 12-month period divided by closing equity at the balance date

(5) Adjusted NPAT for the previous 12-month period divided by closing assets at the balance date

Balance Sheet continues to be in a strong position to support organic and non-organic growth aspirations including new clinic infrastructure in Melbourne, Gold Coast, Brisbane, Penrith, Darwin, Singapore, Bali and attraction of new suitable clinicians.

Net Cash is \$3.9m, a decline of \$3.3m compared to 30 June 2021. The \$40m Syndicated Debt Facility was extended by three years to December 2024 and ability to raise further debt remains strong considering the strength of earnings and available headroom in key banking covenants. The key Net Leverage Ratio is cash positive and well within the 3.5x covenant requirement. The Interest Cover Ratio improved by 113.1x to 168.8x and well above the 3.0x covenant requirement.

Key capital metrics improve with Return on Equity increasing from 8.6% to 9.1% and Return on Assets increasing from 6.6% to 7.0%.



Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

**Statement of Cash Flows**

| Cash Flows (\$m)                               | 1H22          | 1H21 <sup>(2)</sup> | Change%        |
|--|---------------|---------------------|----------------|
| <b>EBITDA</b>                                  | <b>25.2</b>   | <b>28.7</b>         | <b>(12.2%)</b> |
| Movement in working capital                    | (4.3)         | (5.0)               | (14.0%)        |
| Income taxes paid                              | (6.3)         | (3.0)               | 110.0%         |
| <b>Net operating cash flows (post-tax)</b>     | <b>14.6</b>   | <b>20.7</b>         | <b>(29.5%)</b> |
| Capital expenditure                            | (3.6)         | (6.2)               | (41.9%)        |
| Payments for businesses                        | (1.3)         | (0.7)               | (85.7%)        |
| <b>Cash flows used in investing activities</b> | <b>(4.9)</b>  | <b>(6.9)</b>        | <b>(29.0%)</b> |
| <b>Free cash flow<sup>(1)</sup></b>            | <b>9.7</b>    | <b>13.8</b>         | <b>(29.7%)</b> |
| Dividends paid                                 | (8.2)         | (5.0)               | 64.0%          |
| Interest on borrowings                         | (0.5)         | (0.5)               | (0.0%)         |
| Payments of lease liabilities                  | (4.3)         | (3.8)               | (13.2%)        |
| Proceeds/(Repayment) of borrowings             | 1.4           | (12.2)              | (111.5%)       |
| Other  | 0.0           | 0.2                 | (100.0%)       |
| <b>Cash flows used in financing activities</b> | <b>(11.6)</b> | <b>(21.3)</b>       | <b>(45.5%)</b> |
| <b>Net cash flow movement</b>                  | <b>(1.9)</b>  | <b>(7.5)</b>        | <b>(74.7%)</b> |
| <b>Closing cash balance</b>                    | <b>6.9</b>    | <b>7.6</b>          | <b>(9.2%)</b>  |

(1) Free cash flow is a non-IFRS measure used by the Group as a key indicator of cash generated from operating and investing activities and is not subject to audit or review. Calculated as Net cash flow generated from operating activities less Net cash flows used in investing activities.

(2) The 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service.

Key cash flow highlights are as follows:

- Pre-tax conversion of EBITDA to operating cash flow was strong at 83% and consistent with pcp;
- Movement in working capital improved by \$0.7m to -\$4.3m compared to -\$5.0m in pcp;
- Free cash flow<sup>(1)</sup> of \$9.7m has increased by \$3.3m or 52% compared to 1H21 excluding \$7.4m Job Keeper Subsidy receipts in 1H21;
- \$6.3m income tax payments which includes \$3.9m relating to the FY2021 tax return submission;
- Investment activities continue to focus on future growth initiatives including:
  - \$3.6m capital expenditure for growth and replacement laboratory assets for growth and expansion, IT infrastructure (including cyber security) and commencement of new clinic in Melbourne;
  - \$1.3m earn-out payment relating to the Fertility Solutions acquisition in FY19 due to earnings out-performance in FY21.
- Cash flow from Financing activities includes:
  - \$1.4m increase in gross borrowings to \$3.0m;
  - \$8.2m dividend payment relating to the FY21 final dividend paid in October 2021.

**Dividends**

On 17 February 2022, a fully franked dividend of 2.2 cents per share was declared. The record date for the dividend is 8 March 2022 and the payment date for the dividend is 4 April 2022.

**Matters subsequent to the end of the financial year**

On 17 February 2022, a fully franked dividend of 2.2 cents per share was declared. The record date for the dividend is 8 March 2022 and the payment date for the dividend is 4 April 2022. Except as disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Monash IVF Group Limited  
**Directors' Report**  
for the half year ended 31 December 2021

## Outlook

Given the impact of the Victorian elective surgery suspension in January 2022 and the general Omicron surge across the Australian eastern States, financial performance in January 2022 has been adversely impacted in both the IVF and Ultrasound businesses.

Notwithstanding the impact in January 2022 and subject to any further adverse impact from the on-going Pandemic, the Company remains confident revenue and earnings (before non-regular items) can continue to grow in 2H22.

## Commitment and Contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group and certain of its subsidiaries have been named as defendants in proceedings filed in the Supreme Court of Victoria in relation to, or in connection with, the Group's non-invasive pre-implantation genetic screening technology (Ni-PGT or cell-free PGT-A). The proceedings filed makes a series of allegations against Monash IVF Group in relation to the Ni-PGT testing including those patients who had embryos classified as aneuploid as a result of Ni-PGT testing may have had embryos destroyed or did not proceed to embryo transfer. Ni-PGT testing was suspended in October 2020.

The Group has filed the defence in accordance with the Court's directions. The Group has notified its insurers of the claim. The Group has provided for associated costs expected to be incurred in defending the claim. The claim does not specify an amount of damages and it is not currently possible to determine the ultimate impact of this claim, if any, on the Group.

## Environmental regulations

The Group is not subject to any significant environmental regulations under Commonwealth or State legislation.

## Likely developments

The Group remains committed, prudent and focused on profitably growing the Business through leveraging its scientific capabilities and scale across the clinic network both domestically and internationally.

## Indemnification and insurance of officers and auditors

Since the end of the previous financial period, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

## Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for the six month period ended 31 December 2021.

This report is made in accordance with a resolution of the directors.



**Richard Davis**  
Chairman



**Michael Knaap**  
Chief Executive Officer and Managing Director

Dated in Melbourne this 17th day of February 2022



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Monash IVF Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Monash IVF Group Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Chris Sargent  
*Partner*

Melbourne  
17 February 2022

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the half year ended 31 December 2021

|   | Note     | Consolidated<br>31 December |   |
|---|----------|-----------------------------|---|
|   |          | 2021<br>\$'000              | 2020<br>\$'000<br>Restated <sup>(2)</sup> |
| Revenue from services   |          | <b>100,975</b>              | <b>90,775</b>                             |
| <b>Operating expenses</b>   |          |                             |   |
| Employee benefits expense <sup>(1)</sup>                              |          | (34,154)                    | (23,914)                                  |
| Clinician fees  |          | (17,668)                    | (15,964)                                  |
| Raw materials and consumables used                                    |          | (10,000)                    | (10,806)                                  |
| IT and communications expense   |          | (2,305)                     | (1,724)                                   |
| Depreciation and amortization expense                                 |          | (7,379)                     | (6,123)                                   |
| Property expense  |          | (1,942)                     | (1,876)                                   |
| Marketing and advertising expense                                     |          | (3,308)                     | (3,397)                                   |
| Professional and other fees   |          | (3,737)                     | (1,850)                                   |
| Other expenses  |          | (2,612)                     | (2,556)                                   |
| <b>Operating profit</b>   |          | <b>17,870</b>               | <b>22,565</b>                             |
| <b>Net finance costs</b>  | <b>6</b> | <b>(739)</b>                | <b>(1,430)</b>                            |
| <b>Profit before tax</b>  |          | <b>17,131</b>               | <b>21,135</b>                             |
| Income tax expense  |          | (4,962)                     | (6,341)                                   |
| <b>Profit for the period</b>  |          | <b>12,169</b>               | <b>14,794</b>                             |
| <b>Other comprehensive income/(loss)</b>                              |          |                             |   |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |          |                             |   |
| Exchange difference on translation of foreign operations              |          | 9                           | (270)                                     |
| <b>Other comprehensive income/(loss) for the period, net of tax</b>   |          | <b>9</b>                    | <b>(270)</b>                              |
| <b>Total comprehensive income for the period</b>                      |          | <b>12,178</b>               | <b>14,524</b>                             |
| <b>Profit attributable to:</b>  |          |                             |   |
| Owners of the Company   |          | 12,085                      | 14,654                                    |
| Non-controlling interests   |          | 84                          | 140                                       |
| <b>Profit for the period</b>  |          | <b>12,169</b>               | <b>14,794</b>                             |
| <b>Total comprehensive income attributable to:</b>                    |          |                             |   |
| Owners of the Company   |          | 12,094                      | 14,384                                    |
| Non-controlling interests   |          | 84                          | 140                                       |
| <b>Total comprehensive income for the period</b>                      |          | <b>12,178</b>               | <b>14,524</b>                             |
| <b>Earnings per share</b>   |          |                             |   |
| Basic earnings per share (cents)                                      |          | 3.1                         | 3.7                                       |
| Diluted earnings per share (cents)                                    |          | 3.1                         | 3.7                                       |

<sup>(1)</sup> 31 December 2020 includes JobKeeper Subsidy impact of \$5.06m (refer note 6).

<sup>(2)</sup> The 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service. Refer to note 12 for further details.

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Financial Position

As at 31 December 2021

|   | Note | Consolidated               |   |
|---|------|----------------------------|---|
|   |      | 31 December 2021<br>\$'000 | 30 June 2021<br>\$'000<br>Restated <sup>(1)</sup> |
| <b>Current assets</b>                                     |      |                            |   |
| Cash and cash equivalents                                 |      | 6,859                      | 8,761   |
| Trade and other receivables                               |      | 11,180                     | 9,523   |
| Inventory   |      | 4,953                      | 4,217   |
| <b>Total current assets</b>                               |      | <b>22,992</b>              | <b>22,501</b>                                     |
| <b>Non current assets</b>                                 |      |                            |   |
| Equity accounted investment                               |      | 1,017                      | 942   |
| Trade and other receivables                               |      | 473                        | 460   |
| Plant and equipment                                       |      | 25,109                     | 24,940  |
| Right of use assets                                       |      | 40,881                     | 42,350  |
| Intangible assets   |      | 259,651                    | 259,273   |
| <b>Total non current assets</b>                           |      | <b>327,131</b>             | <b>327,965</b>                                    |
| <b>Total assets</b>                                       |      | <b>350,123</b>             | <b>350,466</b>                                    |
| <b>Current liabilities</b>                                |      |                            |   |
| Borrowings  |      | -                          | 1,629   |
| Trade and other payables                                  |      | 15,911                     | 18,559  |
| Lease liabilities   |      | 5,165                      | 5,840   |
| Current tax liability                                     |      | 976                        | 3,137   |
| Contingent consideration                                  |      | 557                        | 1,205   |
| Employee benefits   |      | 11,274                     | 10,710  |
| <b>Total current liabilities</b>                          |      | <b>33,883</b>              | <b>41,080</b>                                     |
| <b>Non current liabilities</b>                            |      |                            |   |
| Borrowings  |      | 2,802                      | -   |
| Lease liabilities   |      | 37,666                     | 38,519  |
| Contingent consideration                                  |      | 539                        | 628   |
| Employee benefits   |      | 1,325                      | 1,239   |
| Deferred tax liability                                    |      | 1,430                      | 558   |
| <b>Total non current liabilities</b>                      |      | <b>43,762</b>              | <b>40,944</b>                                     |
| <b>Total liabilities</b>                                  |      | <b>77,645</b>              | <b>82,024</b>                                     |
| <b>Net assets</b>   |      | <b>272,478</b>             | <b>268,442</b>                                    |
| <b>Equity</b>   |      |                            |   |
| Share capital   |      | 506,786                    | 506,786   |
| Reserves  |      | (136,657)                  | (136,874)   |
| Profits reserve   |      | 62,917                     | 59,009  |
| Retained earnings   |      | (162,735)                  | (162,735)   |
| <b>Total equity attributable to Owners of the Company</b> |      | <b>270,311</b>             | <b>266,186</b>                                    |
| Non-controlling interests                                 |      | 2,167                      | 2,256   |
| <b>Total equity</b>                                       |      | <b>272,478</b>             | <b>268,442</b>                                    |

<sup>(1)</sup> The 30 June 2021 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service. Refer to note 12 for further details.

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Condensed Consolidated Statement of Changes in Equity**  
for the half year ended 31 December 2021

|  | Contributed equity | Other equity reserve<br>(1) | Profits reserve<br>(2) (5) | Retained earnings | Other reserves<br>(3) | Total<br>(5)   | Non-controlling interest | Total equity   |
|--|--------------------|-----------------------------|----------------------------|-------------------|-----------------------|----------------|--------------------------|----------------|
|  | \$'000             | \$'000                      | \$'000                     | \$'000            | \$'000                | \$'000         | \$'000                   | \$'000         |
| <b>Consolidated balance at 30 June 2020</b> (5)                                | <b>506,786</b>     | <b>(136,811)</b>            | <b>41,784</b>              | <b>(162,735)</b>  | <b>33</b>             | <b>249,057</b> | <b>2,314</b>             | <b>251,371</b> |
| Profit/(loss) for the period   | -                  | -                           | 14,654                     | -                 | -                     | 14,654         | 140                      | 14,794         |
| Total other comprehensive income/(loss)  | -                  | -                           | -                          | -                 | (270)                 | (270)          | -                        | (270)          |
| <b>Total other comprehensive income for the period</b>                         | <b>-</b>           | <b>-</b>                    | <b>14,654</b>              | <b>-</b>          | <b>(270)</b>          | <b>14,384</b>  | <b>140</b>               | <b>14,524</b>  |
| <b>Transactions with owners in their capacity as owners directly in equity</b> |                    |                             |                            |                   |                       |                |                          |                |
| Share-based payment transactions   | -                  | -                           | -                          | -                 | 49                    | 49             | -                        | 49             |
| Dividends paid   | -                  | -                           | -                          | -                 | -                     | -              | (137)                    | (137)          |
| <b>Consolidated balance at 31 December 2020</b>                                | <b>506,786</b>     | <b>(136,811)</b>            | <b>56,438</b>              | <b>(162,735)</b>  | <b>(188)</b>          | <b>263,490</b> | <b>2,317</b>             | <b>265,807</b> |
| <b>Consolidated balance at 30 June 2021</b> (5)                                | <b>506,786</b>     | <b>(136,811)</b>            | <b>59,009</b>              | <b>(162,735)</b>  | <b>(63)</b>           | <b>266,186</b> | <b>2,256</b>             | <b>268,442</b> |
| Profit/(loss) for the period   | -                  | -                           | 12,085                     | -                 | -                     | 12,085         | 84                       | 12,169         |
| Total other comprehensive (loss)/income  | -                  | -                           | -                          | -                 | 9                     | 9              | -                        | 9              |
| <b>Total other comprehensive income for the period</b>                         | <b>-</b>           | <b>-</b>                    | <b>12,085</b>              | <b>-</b>          | <b>9</b>              | <b>12,094</b>  | <b>84</b>                | <b>12,178</b>  |
| <b>Transactions with owners in their capacity as owners directly in equity</b> |                    |                             |                            |                   |                       |                |                          |                |
| Share-based payment transactions   | -                  | -                           | -                          | -                 | 208                   | 208            | -                        | 208            |
| Dividends paid   | -                  | -                           | (8,177)                    | -                 | -                     | (8,177)        | (173) (4)                | (8,350)        |
| <b>Consolidated balance at 31 December 2021</b>                                | <b>506,786</b>     | <b>(136,811)</b>            | <b>62,917</b>              | <b>(162,735)</b>  | <b>154</b>            | <b>270,311</b> | <b>2,167</b>             | <b>272,478</b> |

(1) The Other Equity Reserve represents the difference between the Issued Capital in Healthbridge Enterprises Pty Ltd and the consideration paid to acquire Healthbridge Enterprises Pty Ltd on 26 June 2014.

(2) The profits reserve comprises the transfer of net profit for the period and characterises profits available for distribution as dividends in future periods.

(3) Other reserves include share-based payments, foreign currency translation and hedging reserve.

(4) \$173K dividend declared and paid to non controlling interest holders in KL Fertility.

(5) The 30 June 2020 and 30 June 2021 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service. Refer to note 12 for further details.

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Condensed Consolidated Statement of Cash Flows**  
for the half year ended 31 December 2021

|  | Note | Consolidated<br>31 December |   |
|--|------|-----------------------------|---|
|  |      | 2021<br>\$'000              | 2020<br>\$'000<br>(Restated) <sup>(2)</sup> |
| <b>Cash flows from operating activities</b>                      |      |                             |   |
| Receipts from customers  |      | 101,869                     | 85,797                                      |
| JobKeeper subsidy receipts <sup>(1)</sup>                        |      | -                           | 7,406                                       |
| Payments to suppliers and employees                              |      | (80,980)                    | (69,485)                                    |
| <b>Cash generated from operations</b>                            |      | <b>20,889</b>               | <b>23,718</b>                               |
| Income taxes paid  |      | (6,255)                     | (2,969)                                     |
| <b>Net cash flows from operating activities</b>                  |      | <b>14,634</b>               | <b>20,749</b>                               |
| <b>Cash flows from investing activities</b>                      |      |                             |   |
| Payments for plant and equipment and intangible assets           |      | (3,646)                     | (6,167)                                     |
| Payments for business acquisitions (including transaction costs) |      | (1,257)                     | (654)                                       |
| <b>Net cash flows used in investing activities</b>               |      | <b>(4,903)</b>              | <b>(6,821)</b>                              |
| <b>Cash flows from financing activities</b>                      |      |                             |   |
| Proceeds/(Repayment) of borrowings                               |      | 1,370                       | (12,150)                                    |
| Net interest paid on borrowings                                  |      | (454)                       | (549)                                       |
| Payments of lease liabilities                                    |      | (4,373)                     | (3,777)                                     |
| Dividends paid   |      | (8,177)                     | (4,952)                                     |
| <b>Net cash flows used in financing activities</b>               |      | <b>(11,634)</b>             | <b>(21,428)</b>                             |
| <b>Net movement in cash</b>                                      |      | <b>(1,903)</b>              | <b>(7,499)</b>                              |
| <b>Cash and cash equivalents at the beginning of the period</b>  |      | <b>8,761</b>                | <b>15,072</b>                               |
| Effects of exchange rate changes on foreign currency cash        |      | 1                           | 9   |
| <b>Cash and cash equivalents at the end of the period</b>        |      | <b>6,859</b>                | <b>7,582</b>                                |

<sup>(1)</sup> As at 31 December 2020, \$7.4m Jobkeeper subsidy cash receipts were received. This consists of \$1.7m relating to amounts accrued in FY20 and \$5.7m relating to FY21 of which \$5.1m had a beneficial impact. Refer to Note 6.

<sup>(2)</sup> The 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service. Refer to note 12 for further details.

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2021

### 1. Reporting entity

Monash IVF Group Limited (the 'Company') is a for profit company primarily involved in the area of assisted reproductive services and the provision of specialist women's imaging services. The Company is incorporated in Australia and listed on the Australian Stock Exchange (ASX: MVF). These condensed consolidated interim financial statements as at and for the half-year ended 31 December 2021 comprises the Company and its subsidiaries (collectively referred to as the 'Group'). The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available on the Company's website: [www.monashivfgroup.com.au](http://www.monashivfgroup.com.au) and upon request from the Company's registered office at Level 1, 21-31 Goodwood Street, Richmond, Victoria.

### 2. Basis of preparation

This condensed consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the Corporations Act 2001 and IAS 34 *Interim Financial Reporting*. This condensed consolidated interim financial report does not include all notes of the type normally included within the annual financial report and accordingly should be read in conjunction with the annual financial report for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the Board of Directors on 17 February 2022.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of IFRS Interpretations Committee decision in relation to accounting for Software as a Service. Refer to note 12 for further details.

#### *Going concern*

As at 31 December 2021, the Group has a net current asset deficiency of \$10,891,000 (30 June 21: \$18,579,000). The Directors consider that there are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due based on forecast operating cash flows which indicate that cash reserves are sufficient to fund operations, the availability of committed but undrawn external debt facilities, and given certain current liabilities such as employee entitlements and deferred revenue will not be fully settled in the short term to cause a liquidity shortfall.

The Directors have considered forecast cash flow scenarios (including adverse downside scenarios due to COVID-19) for at least the twelve-month period from the date of approval of these financial statements. As a result, the Directors consider that the Group is able to pay its debts as and when they are due and these financial statements can be prepared on a going concern basis.

### 3. Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2021.

### 4. Seasonality of operations

The Group's operating segments are not materially subject to seasonality factors that may result in fluctuations in revenues and profitability between 1 July to 31 December and 1 January to 30 June in each period.



**Notes to the Condensed Consolidated Financial Statements**  
for the half-year ended 31 December 2021

**5. Segment reporting**

|  | Monash IVF<br>Group<br>Australia<br>\$'000 | Monash IVF<br>Group<br>International<br>\$'000 | Total<br>\$'000 |
|--|--|--|-----------------|
| 31 December 2021                                     |  |  |                 |
| <b>Total Revenue - external</b>                      | <b>96,009</b>                              | <b>4,966</b>                                   | <b>100,975</b>  |
| <b>Adjusted EBIT<sup>(1)</sup></b>                   | <b>18,096</b>                              | <b>1,291</b>                                   | <b>19,387</b>   |
| Acquisition costs <sup>(1)</sup>                     | (1,049)                                    | -  | (1,049)         |
| Earn Out Fair Value Adjustment <sup>(1)</sup>        | (468)                                      | -  | (468)           |
| <b>Reported EBIT</b>                                 | <b>16,579</b>                              | <b>1,291</b>                                   | <b>17,870</b>   |
| Net finance costs                                    | (691)                                      | (48)   | (739)           |
| <b>Profit before income tax expense</b>              | <b>15,888</b>                              | <b>1,243</b>                                   | <b>17,131</b>   |
| Income tax expense                                   | (4,664)                                    | (298)  | (4,962)         |
| <b>Profit for the period</b>                         | <b>11,224</b>                              | <b>945</b>                                     | <b>12,169</b>   |
| Depreciation and amortisation expense                | (6,981)                                    | (398)  | (7,379)         |
| <b>Segment assets</b>                                | <b>335,421</b>                             | <b>14,202</b>                                  | <b>350,123</b>  |
| Acquisition of plant and equipment and intangibles   | 3,569                                      | 77   | 3,646           |
| <b>Segment liabilities</b>                           | <b>(73,847)</b>                            | <b>(3,798)</b>                                 | <b>(77,645)</b> |
| 31 December 2020 (Restated) <sup>(3)</sup>           |  |  |                 |
| <b>Total Revenue - external</b>                      | <b>85,306</b>                              | <b>5,469</b>                                   | <b>90,775</b>   |
| <b>Adjusted EBIT<sup>(2)</sup></b>                   | <b>16,627</b>                              | <b>1,928</b>                                   | <b>18,585</b>   |
| Add Back for JobKeeper Subsidy impact <sup>(2)</sup> | 5,058                                      | -  | 5,058           |
| Sydney CBD <sup>(2)</sup>                            | (848)                                      | -  | (848)           |
| Earn Out Fair Value Adjustment <sup>(2)</sup>        | (200)                                      | -  | (200)           |
| <b>Reported EBIT</b>                                 | <b>20,637</b>                              | <b>1,928</b>                                   | <b>22,565</b>   |
| Net finance costs                                    | (1,378)                                    | (52)   | (1,430)         |
| <b>Profit before income tax expense</b>              | <b>19,259</b>                              | <b>1,876</b>                                   | <b>21,135</b>   |
| Income tax expense                                   | (5,891)                                    | (450)  | (6,341)         |
| <b>Profit for the period</b>                         | <b>13,368</b>                              | <b>1,426</b>                                   | <b>14,794</b>   |
| Depreciation and amortisation expense                | (5,753)                                    | (370)  | (6,123)         |
| <b>Segment assets</b>                                | <b>327,469</b>                             | <b>14,115</b>                                  | <b>341,584</b>  |
| Acquisition of plant and equipment and intangibles   | 6,168                                      | 40   | 6,208           |
| <b>Segment liabilities</b>                           | <b>(71,501)</b>                            | <b>(3,621)</b>                                 | <b>(75,122)</b> |

<sup>(1)</sup> Non-regular items include transaction costs on discontinued acquisition opportunities (\$1,049K pre-tax) and Fertility Solutions Earn Out Fair Value adjustment (\$468K).

<sup>(2)</sup> Non-regular items include JobKeeper Subsidy impact (\$5,058K pre-tax), Sydney CBD activity (\$848K pre-tax), and Fertility Solutions Earn Out Fair Value adjustment (\$200K).

<sup>(3)</sup> 31 December 2020 amounts have been restated due to the IFRS Interpretations Committee decision in relation to accounting for Software as a Service. All adjustments relates to the Australian segment.

## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2021

### 6. Expenses

| Consolidated 31 December        | 1H22<br>\$'000 | 1H21<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>Net finance costs</b>        |                |                |
| Interest expense                | 203            | 683            |
| Amortisation of borrowing costs | -              | 168            |
| Interest on lease liabilities   | 537            | 580            |
| Less interest revenue           | (1)            | (1)            |
| <b>Net finance costs</b>        | <b>739</b>     | <b>1,430</b>   |

#### Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the period ended 31 December 2021 was 29.0% (31 December 2020: 30.0%). The 31 December 2021 tax rate is consistent with the tax rates applicable in each jurisdiction the Group operates in.

#### Employee benefits expense: JobKeeper

JobKeeper payments receivable from the ATO are recognised by a 'for profit' entity as a government grant as the payment is a wage subsidy provided by the Government with the objective of keeping the organisation connected with the economy and their workers during the COVID-19 pandemic period. The related amounts paid to employees are recognised as employee benefit expenses. The JobKeeper payment is recognised only when there is reasonable assurance that the organisation will comply with the conditions and that the grant will be received. The income is recognised in profit and loss matching the employee salary expense which is what the grant is intended to compensate. In the period to 31 December 2020, the Group received JobKeeper subsidy of \$7.4m. This consists of \$1.7m relating to amounts accrued in FY20 and \$5.7m relating to FY21 of which \$5.06m had a beneficial impact. The benefit relating to the JobKeeper subsidy was not received in 2H21.

### 7. Dividends

| Dividends during the half year                         | Franking      | Payment Date                  | Per share (cents) | 1H22<br>\$'000 | 1H21<br>\$'000 |
|--|---------------|-------------------------------|-------------------|----------------|----------------|
| Final dividend in respect of the 2021 financial year   | Fully franked | 8 October 2021                | 2.1               | 8,177          |                |
| Interim dividend in respect of the 2020 financial year | Fully franked | 2 October 2020 <sup>(1)</sup> | 2.1               |                | 4,952          |
| <b>Paid in cash</b>                                    |               |                               |                   | <b>8,177</b>   | <b>4,952</b>   |

<sup>(1)</sup> On 1 April 2020, the Company announced the deferral of the payment of the interim dividend until 2 October 2020. This deferral was considered a prudent measure due to the economic environment caused by the COVID-19 pandemic.

#### Dividends not recognized at half year end

Since 31 December 2021, the Directors have approved a fully franked interim dividend of (2.2) cents per fully paid share which is payable on 4 April 2022 with a record date of 8 March 2022.

|  |                      |
|--|----------------------|
| The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December 2021, but not recognized as a liability at half year end: | <b>(\$8,571,966)</b> |
|--|----------------------|

There is no dividend reinvestment plan in place.

**Notes to the Condensed Consolidated Financial Statements**  
for the half-year ended 31 December 2021

**8. Share capital and Earnings per share**

| Share Capital                       | Number of shares issued | \$'000         |
|-------------------------------------|-------------------------|----------------|
| Opening balance at 1 July 2021      | 389,634,840             | 506,786        |
| Closing balance at 31 December 2021 | <b>389,634,840</b>      | <b>506,786</b> |

| Earnings per share (cents) | Consolidated<br>31 December |      |
|----------------------------|-----------------------------|------|
|                            | 2021                        | 2020 |
| Basic earnings per share   | 3.1                         | 3.7  |
| Diluted earnings per share | 3.1                         | 3.7  |

| Profit attributable to ordinary shareholders   | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| Profit after income tax attributable to the ordinary shareholders used in calculating basic and diluted earnings per share | 12,085         | 14,654         |

| Weighted average number of shares (basic)                   | 2021<br>Number     | 2020<br>Number     |
|---|--------------------|--------------------|
| <b>Weighted average number of ordinary shares</b>           | <b>389,634,840</b> | <b>389,634,840</b> |
| Adjustments for calculation of diluted earnings per share   | 2,322,056          | 1,404,064          |
| <b>Weighted average number of ordinary shares (diluted)</b> | <b>391,956,896</b> | <b>391,038,904</b> |

*Basic earnings per share*

The calculation of basic earnings per share has been based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

*Diluted earnings per share*

The calculation of diluted earnings per share has been based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

**9. Financial instruments**

*Carrying amounts and fair value*

**Valuation methodology of financial instruments**

For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's financial instruments carried at fair value were valued using market observable inputs. For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, Level 2 and Level 3 during the period. There were no Level 2 or 3 financial instruments held at 31 December 2021.

## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2021

### Fair values

The carrying amounts and estimated fair values of all the Group's financial instruments including borrowings, recognised in the financial statements are materially the same. The valuation category, methods and assumptions used to estimate the fair value of financial instruments are as follows:

#### Level 1

##### *Cash*

The carrying amount is fair value due to the asset's liquid nature.

##### *Receivables/payables*

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

##### *Interest-bearing loans and borrowings*

The carrying amount approximates fair value given these are floating rate borrowings where quoted price of an identical instrument is available and transacted at arm's length.

The Group's activities expose its financial instruments to a variety of market risks. The interim financial report does not include all risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial report for the year ended 30 June 2021. There have been no significant changes in risk management factors or policies since 30 June 2021.

## 10. Commitment and contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group and certain of its subsidiaries have been named as defendants in proceedings filed in the Supreme Court of Victoria in relation to, or in connection with, the Group's non-invasive pre-implantation genetic screening technology (Ni-PGT or cell-free PGT-A). The proceedings filed makes a series of allegations against Monash IVF Group in relation to the Ni-PGT testing including those patients who had embryos classified as aneuploid as a result of Ni-PGT testing may have had embryos destroyed or did not proceed to embryo transfer. Ni-PGT testing was suspended in October 2020.

The Group has filed the defence in accordance with the Court's directions. The Group has notified its insurers of the claim. The Group has provided for associated costs expected to be incurred in defending the claim. The claim does not specify an amount of damages and it is not currently possible to determine the ultimate impact of this claim, if any, on the Group.

## 11. Events occurring after the balance sheet date

On 17 February 2022, a fully franked interim dividend of 2.2 cents per share was declared. The record date for the dividend is 8 March 2022 and the payment date for the dividend is 4 April 2022.

Except as disclosed above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2021

### 12. Comparative Balances

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRS IC) issued two final agenda decisions which impact Software-as-a-Service (SaaS) arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over the period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As a result, Monash IVF has amended its accounting policy to align with the IFRS IC agenda decision and retrospectively adjusted these intangible assets in the statement of financial position. The impact of this change in accounting policy for the comparative reporting period and the beginning of the earliest period presented is shown below. All adjustments outlined below relates to the Australian segment.

#### Consolidated statement of financial position

| 1 July 2021                | Reported<br>\$'000 | Adjusted<br>\$'000 | Restated<br>\$'000 |
|----------------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>              |                    |                    |                    |
| Intangible asset           | 259,976            | (703)              | 259,273            |
| Net deferred tax liability | (769)              | 211                | (558)              |
| <b>Total Assets</b>        | <b>259,207</b>     | <b>(492)</b>       | <b>258,715</b>     |
| <b>Equity</b>              |                    |                    |                    |
| Profit reserves            | 59,501             | (492)              | 59,009             |
| <b>Total Equity</b>        | <b>59,501</b>      | <b>(492)</b>       | <b>59,009</b>      |
| <br>                       |                    |                    |                    |
| 1 July 2020                | Reported<br>\$'000 | Adjusted<br>\$'000 | Restated<br>\$'000 |
| <b>Assets</b>              |                    |                    |                    |
| Intangible asset           | 262,165            | (1,073)            | 261,092            |
| Net deferred tax liability | (1,551)            | 322                | (1,229)            |
| <b>Total Assets</b>        | <b>260,614</b>     | <b>(751)</b>       | <b>259,863</b>     |
| <b>Equity</b>              |                    |                    |                    |
| Profit reserves            | 42,535             | (751)              | 41,784             |
| <b>Total Equity</b>        | <b>42,535</b>      | <b>(751)</b>       | <b>41,462</b>      |

**Notes to the Condensed Consolidated Financial Statements**  
for the half-year ended 31 December 2021

**Consolidated statement of comprehensive income**

| Period ended 31 December 2020                  | Reported<br>\$'000 | Adjusted<br>\$'000 | Restated<br>\$'000 |
|--|--------------------|--------------------|--------------------|
| IT and communications expense                  | (1,683)            | (41)               | (1,724)            |
| Depreciation and amortization expense          | (6,303)            | 180                | (6,123)            |
| <b>Profit before tax</b>                       | <b>20,996</b>      | <b>139</b>         | <b>21,135</b>      |
| Income tax expenses                            | (6,299)            | (42)               | (6,341)            |
| <b>Profit for the period</b>                   | <b>14,698</b>      | <b>97</b>          | <b>14,794</b>      |
| <b>Total comprehensive income for the year</b> | <b>14,428</b>      | <b>97</b>          | <b>14,524</b>      |
| <b>Earnings per share</b>                      |                    |                    |                    |
| Basic  | 3.7                |                    | 3.7                |
| Diluted  | 3.7                |                    | 3.7                |

**Consolidated statement of cashflows**

| Period ended 31 December 2020                             | Reported<br>\$'000 | Adjusted<br>\$'000 | Restated<br>\$'000 |
|---|--------------------|--------------------|--------------------|
| Payments to suppliers and employees                       | (69,444)           | (41)               | (69,485)           |
| <b>Net cash from operation activities</b>                 | <b>20,790</b>      | <b>(41)</b>        | <b>20,749</b>      |
| Payments for property, plant and equipment<br>intangibles | (6,208)            | 41                 | (6,167)            |
| <b>Net cash from investing activities</b>                 | <b>(6,862)</b>     | <b>41</b>          | <b>(6,821)</b>     |

In the opinion of the directors of Monash IVF Group Limited (the "Company"):

1. The condensed consolidated financial statements and notes that are set out on pages 10 to 20 are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declaration made to the directors for the half year ended 31 December 2021 in accordance with the 4th edition of the ASX Corporate Governance Principles & Recommendations.

Signed in accordance with a resolution of directors:



**Mr Richard Davis**  
*Chairman*



**Mr Michael Knaap**  
*Chief Executive Officer and Managing Director*

Dated in Melbourne this 17th day of February 2022



# Independent Auditor's Review Report

To the shareholders of Monash IVF Group Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Monash IVF Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Monash IVF Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Monash IVF Group Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

The **Half-year Period** is the 6 months ended on 31 December 2021.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.





## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Monash IVF Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Chris Sargent  
Partner

Melbourne  
17 February 2022