

ASX Announcement

22 August 2024

Monash IVF delivers another strong operational performance in FY24

- **Monash IVF Group delivered 17% growth in FY24 Underlying NPAT¹ to \$29.9m (in line with guidance);**
- **Monash IVF Group recorded a Reported Net Loss after Tax of \$5.9m in FY24. Included in this Reported Net Loss after Tax is the estimated \$32.6m Loss after Tax attributable to the settlement of the NiPGT Class Action.**

Monash IVF Group Limited (ASX: MIVF, the “Company” or Monash IVF”), a leader in reproductive and fertility services in Australia, with a growing presence in South-East Asia, announces its results for the year ended 30 June 2024.

All three of Monash IVF’s businesses - Domestic IVF, Women’s Imaging and International ARS – delivered strong revenue and earnings growth in financial year 2024.

From a strategic and operational perspective:

- Our market leading success rates increased by 1.5% to 40.5%²;
- The acquisition of Fertility North in Perth was completed in March 2024 and is performing well;
- 12 new domestic fertility specialists joined Monash IVF, and an additional eight joined as part of Fertility North acquisition;
- The major infrastructure transformation we have invested in over recent years is nearing completion, with the new Brisbane Clinic scheduled for completion in CY2025;
- Significant ramp-up in volume growth across SE Asia clinics, especially in 2H24.

FY24 Financial Outcomes Summary

- Revenue increased 19.4% to \$255.0m (FY23: \$213.6m);
- Underlying Group NPAT^{1,3} increased 17.4% to \$29.9 (FY23: \$25.4m);
- Underlying Group EBITDA¹ increased 17.5% to \$62.8m (FY23: \$53.4m);
- EBITDA margin maintained at 25%;
- 104% conversion of EBITDA to pre-tax operating cash flow⁴;
- FY24 Final Fully Franked Dividend declared of 2.5 cents per share.

¹ Underlying EBITDA, EBIT and NPAT excludes certain non-regular items and are non-IFRS measures

² Clinical pregnancy rate per embryo transferred for women aged under 43 years

³ NPAT including minority interests

⁴ Non-IFRS measure; EBITDA conversion to pre-tax operating cashflows excludes working capital impact from NiPGT Class Action balances

FY24 Australia Operational Summary

- FY24 Australian segment Underlying EBIT¹ increased by 11.1% on pcp to \$40.2m;
- Monash IVF domestic Stimulated Cycles⁵ market share grew by 1.5% to 21.7% during FY24 vs pcp (including acquisitions); Victoria, New South Wales, Queensland and Western Australia all contributed to market share growth;
- Successful integration of Fertility North acquisition (completed in March 2024);
- Women's Imaging ultrasound scans in Sydney and Melbourne combined increased by 3.9% in FY24 vs pcp;
- Significant infrastructure projects completed across IVF and ultrasound, with highlights including the commissioning of the new Melbourne day hospital and laboratory in January 2024, commissioning of the Gold Coast day hospital in October 2023 and new relocated ultrasound clinics to St. Leonards and Northern Beaches in Sydney.

FY24 International Operational Summary

- FY24 International segment Underlying EBIT¹ increased by 62.1% to \$3.1m;
- International Stimulated Cycles increased by 19.9% in FY24 vs pcp, with 38.6% growth delivered in 2H24;
- Singapore and Johor Bahru delivered strong stimulated cycles growth across the year;
- KL Fertility stimulated cycle volumes rebounded in 2H24 increasing by 13.8%, compared to a 6.9% decline in 1H24.

Settlement of NIPGT Class Action

Refer to separate Monash IVF ASX Announcement dated 22 August 2024.

In relation to the Class Action Settlement, Mr Michael Knaap, Chief Executive Officer and Managing Director, commented:

"Monash IVF's Reported Results were impacted by the settlement of the Class Action brought against Monash IVF back in 2020, in relation to the Company's non-invasive pre-implementation genetic screening technology. This has been a very challenging and emotional period for all parties, with the mediation and resultant agreed settlement providing financial certainty and allowing all parties to move towards closure."

In relation to Monash IVF's operational performance and underlying financial results, Mr Knaap commented:

"Monash IVF Group has delivered a second consecutive year of double-digit revenue and underlying earnings growth, which is a significant achievement given the ongoing cost of living and inflationary pressures impacting the broader macroeconomic environment. This resilient performance reflects the largely non-discretionary nature of IVF and ultrasound services, combined with the benefits of our geographic diversification, across both Australia and SE Asia."

"Group Revenue increased 19.4% in FY24 and Underlying EBITDA increased by 17.5%, with all three of our businesses contributing to the strong growth. Particularly pleasing was the buoyant rebound in International in the second half, providing momentum heading into FY25."

⁵ MBS items 132000/1

“Australian industry growth in stimulated cycles was 2.4% in FY24, consisting of first half growth of 5%, partially offset by a relatively flat market in the second half. Short term volatility in industry volumes occurs from time to time. However, demand drivers for Monash IVF’s traditional IVF services remain compelling, and going forward will be supplemented by additional demand drivers such as a growing LGBTQIA+ patient segment and incremental referrals from an increased uptake of genetic carrier screening.”

“Our recent significant investment in clinic infrastructure, the onboarding of new fertility specialists and the PIVET and Fertility North acquisitions have contributed to a further 1.5% increase in Australian stimulated cycles market share to 21.7%, taking the total increase in market share to 3.8% over the past four years. Our major infrastructure transformation is nearing completion, with four new flagship sites providing a best in class experience for our patients and clinicians.”

“Our market leading success rates continue to move from strength to strength reflecting our leading-edge science and world class embryology team. Clinical pregnancy rate per embryo transferred (women aged <43 years) increased a further 1.5% to 40.5% in the first four months of this calendar year, which is an exceptional result.”

“Our International business gathered positive momentum across FY24. Singapore and Jahor Bahru performed strongly across the year, with KL Fertility turning the corner to deliver robust second half growth. New patient consults, positive industry indicators and the move to a new expanded Singapore clinic sets our SE Asia business up for an exciting growth phase ahead. With existing clinics bedded down and industry growth returning to the region, we will actively explore new opportunities in South-East Asia.”

“As we look into FY25 and beyond, our diversified revenue base across Domestic ARS (presence in all mainland capital cities), Ultrasound and SE Asia provides a stable platform for Monash IVF to deliver sustainable revenue and earnings growth. Recent investment in future growth and our market leading success rates position Monash IVF to grow above market, deliver best in class experiences and outcomes for our patients, and drive efficiencies across our businesses.”

Balance Sheet and Cash flow

Net Debt increased by \$17.7m to \$48.7m as at 30 June 2024, with a net debt to equity ratio of 19.7% and significant headroom remaining under key banking covenants. The Syndicated Debt Facility was extended to February 2027 and increased from \$50m to \$90m.

Monash IVF’s strong balance sheet as at 30 June 2024 provides capacity to fund its share of the Class Action Settlement through existing cash reserves and our existing debt facility.

Cash flow conversion from EBITDA⁴ to pre-tax operating cashflows was strong at 104% compared to 100% in FY23.

Outlook

The Group is anticipating revenue and underlying NPAT growth in FY25 compared to FY24 notwithstanding flat new patient registrations (excluding acquisitions) in 2H24 v 2H23. Growth can be achieved noting the following:

- Full year contribution from Fertility North acquisition which completed in March 2024;
- Contribution from new fertility specialists that joined Monash IVF during previous two years; we will continue to focus on attracting new fertility specialists to join the Group in FY25;
- Increased contribution from recently opened day surgeries as theatre utilisation ramps up;
- Contributions from recent investment in emerging growth drivers, including genetics and increased donor activity;
- Continued growth in Women's Imaging business through recent capacity expansion;
- On-going growth in International business including Singapore and Kuala Lumpur momentum; and,
- On-going focus on margin improvement through an Optimisation and Efficiency program as well as progressing enhancements to patient management systems.

Update on 1H25 financial performance will be provided at the Annual General Meeting in November 2024.

Authorised by the Board of Directors.

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