Monash IVF Group

Monash IVF Group Limited
Appendix 4E Preliminary final report
ACN 169 302 309

Reporting period:	Year ended 30 June 2021
Previous corresponding period:	Year ended 30 June 2020
Release date:	24 August 2021

Results for announcement to the market

				A$'000
Revenue from ordinary activities	Up	26.3%	to	183,605
Earnings before interest, tax, depreciation (EBITDA)(1)	Up	56.2%	to	51,283
Earnings before interest and tax (EBIT)	Up	75.8%	to	38,391
Adjusted Net profit from ordinary activities after tax attributable to members(2)(3)	Up	59.4%	to	22,879
Net profit from ordinary activities after tax attributable to members	Up	114.5%	to	25,148

(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.

(2) Adjusted reflects non-regular items relating to pre-tax impact from JobKeeper Subsidy payments received from Q1FY2021 ($5,058,000), Acquisition earn-out fair value adjustment ($678,000) and Sydney CBD fertility clinic commissioning costs ($848,000) Refer to page 7 of the financial report.

(3) Adjusted NPAT is a non-IFRS measure.

Dividends	Date paid / payable	Amount per security	Franked amount per security
Interim Dividend FY2021	7 April 2021	2.1¢	2.1¢
Final Dividend FY2021	8 October 2021	2.1¢	2.1¢
Total corresponding year Dividends		2.1¢	2.1¢
Record date for determining entitlements to the Final Dividend:		10 September 2021	

Brief explanation: Please refer to the commentary in the review of operations and activities section of the Directors Report and FY2021 Results Announcements accompanying this Financial Report.

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing (per share)	$0.02	($0.03)
Net assets backing (per share)	$0.69	$0.65

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

Associate	% of holdings	Share of profit/(loss) - $A'000
Compass Fertility Trust ("trading as Compass Fertility")	25.0%	$55

Review of the financial report

The financial report has been subject to an audit by KPMG and no dispute or qualification is contained in the attached independent audit report for the year ended 30 June 2021.

Monash IVF Group Limited
ACN 169 302 309

Financial Report

For the year ended 30 June 2021

Contents

The financial report is presented in Australian dollars.

Monash IVF Group Limited is a company limited by shares, incorporated and domiciled in Victoria, Australia. Its registered office and principal place of business is:

Level 1, 21-31 Goodwood Street,
Richmond, Victoria 3121
Australia

The Directors present their report together with the consolidated financial report of Monash IVF Group Limited ('the Group'), being the Company (Monash IVF Group Limited), its subsidiaries, and the Group's interest in associated entities as at and for the year ended 30 June 2021, and the auditor's report thereon.

Directors

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

Mr Richard Davis
Mr Josef Czyzewski
Ms Catherine West (appointed 8 September 2020)
Ms Zita Peach
Mr Neil Broekhuizen
Dr Richard Henshaw
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 NPAT of $25.5m[6], as compared to $11.8m in pcp.

$m	FY2021	FY2020	% Change
Group Revenue	$183.6	$145.4	26.3%
EBITDA[1]	$51.3	$32.8	56.2%
EBIT	$38.4	$21.8	75.8%
Adjusted NPAT[1][2] attributable to ordinary shareholders	**$22.9**	**$14.4**	**59.4%**
Adjusted NPAT[1][2][6] including non-controlling interest	**$23.3**	**$14.4**	**61.5%**
Reported NPAT attributable to ordinary shareholders	$25.1	$11.7	114.5%
Reported NPAT[6]	$25.5	$11.8	116.9%
EPS (cents)	6.5	4.6	41.3%
DPS (cents)	4.2	2.1	100.0%
	31 Dec 20	30 June 20	
Net Debt (m)[3]	-$7.1	$4.2	
Net Debt to Equity ratio [4]	-2.7%	1.7%	
Return on Equity (pa.) [5]	8.6%	5.7%	

(1) EBITDA and Adjusted NPAT are non-IFRS measures
(2) Reported NPAT is adjusted by -$2.2m. Refer to earnings reconciliation on following pages.
(3) Debt less cash balances
(4) Net debt to equity is debt divided by equity
(5) Return on equity is Adjusted NPAT for the twelve-month period to 30 June 2021 divided by closing equity
(6) Attributable to ordinary shareholders and non-controlling interest

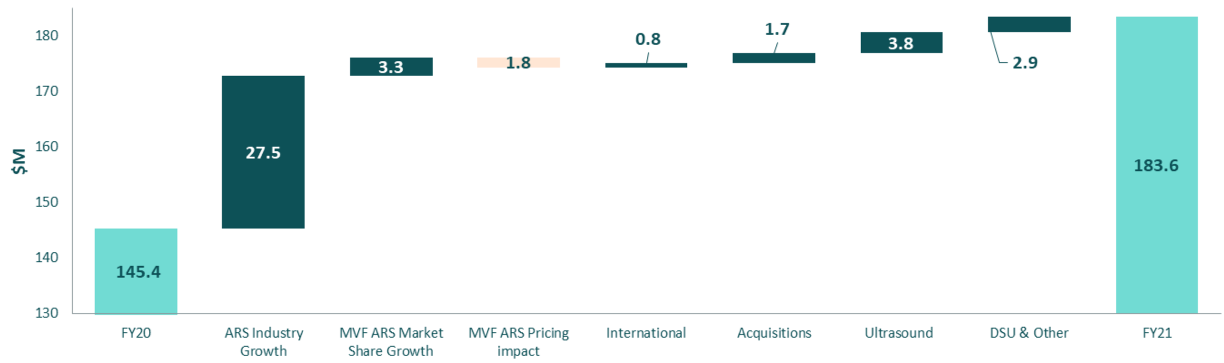
Operational and Financial Review (continued)

Highlights:

- *Reported NPAT[(1)] of $25.5m, an increase of 116.9%*
- *Adjusted NPAT[(1)(2)(5)] of $23.3m, an increase of 61.5% and ahead of profit guidance range, ($21m to $23m)*
- *26.3% Revenue growth as result of 36.6% stimulated cycle[(3)] growth and 12.9% ultrasound scan growth*
- *Strong IVF industry volumes[(3)] – 31.3% FY21 growth*
- *21.0% market share[(4)] in FY2021 – 0.6% higher than pcp*
- *Record Doctor Engagement NPS scores demonstrating a "culture of success"*
- *$32.8m Free Cash Flow[(5)] generation - 100% conversion of EBITDA to pre-tax operating cash flows*
- *2.1 cents per share fully franked final FY2021 dividend*

Revenue

Group revenues increased by $38.2m or 26.3% to $183.6m compared to pcp. A summary of the increase in revenues is detailed in the waterfall chart below:



- Strong revenue growth delivered in 1H21 and 2H21 as compared to FY2020 due to Industry volume and MVF market share growth;
- Pent-up demand/deferred treatment created during Q4FY2020 as a result of temporary COVID-19 related elective surgery suspension was more than recovered by September 2020;
- Following meeting the pent-up demand/deferred treatment, revenue levels were maintained and accelerated in 2H21 with $92.8m revenue generated in 2H21 compared to $90.8m in 1H21;
- Average ARS revenue per stimulated cycle declined by 2% compared to FY2020 (having a negative $1.8m impact) as a result of 'no out-of-pocket' stimulated cycle remediation offers provided to patients impacted by the Ni-PGT-A suspension. Average price per stimulated cycle improved by 1.5% in 2H21 as compared to 1H21 following price increases across all domestic markets except for Victoria which increased prices on 1 July 2021;
- $1.7m revenue increase from Acquisitions from full-year impact from Fertility Solutions. Higher proportion of full-service treatments were performed as compared to pcp;
- $0.8m International revenue growth notwithstanding the Kuala Lumpur clinic continuing to be impacted by movement control orders. Stimulated cycles increased by 22% although average price declined by 11%;
- $3.8m Ultrasound revenue growth as scan volumes and NIPT increased by 13% and 18% respectively compared to pcp.

(1) Including Ordinary Shareholders and Non-controlling Interest
(2) Refer to earnings reconciliation on following pages for reconciliation from reported to adjusted
(3) MBS items 13200/1
(4) MVF Key Markets – Victoria, New South Wales, Queensland, South Australia and Northern Territory
(5) Non-IFRS measure

Expenditure before interest and tax

The table below provides a summary of FY2021 Expenditure before interest and tax compared to FY2020:

	FY2021 $m	FY2020 $m	% Change
Employee benefits expense	55.8	49.0	(13.9%)
Clinician fees	32.7	25.7	(27.2%)
Raw materials and consumables used	19.9	16.4	(21.3%)
IT and communications expense	4.1	3.1	(32.3%)
Property expenses	3.8	3.3	(15.2%)
Marketing and advertising expense	6.4	5.7	(12.3%)
Professional and other fees	3.8	4.1	7.3%
Other expenses	5.9	5.3	(11.3%)
Total operating expenditure	132.4	112.6	(17.6%)
% of Group revenue	72.1%	77.4%	
Depreciation and amortisation	12.9	11.0	(17.3%)
Total expenditure before interest and tax	145.3	123.6	(17.6%)
% of Group revenue	79.1%	85.0%	

Total operating expenditure represents 72.1% of total Revenue as compared to 77.4% in FY2020. The following details key expenditure movements in FY2021 against FY2020:

- **Employee benefits expense** increased by $6.8m or 13.9% to $55.8m. The increase is reflective of the operating workforce required to deliver and support volume growth experienced across all clinics noting FY2020 included impact from workforce stand down during parts of Q4FY2020 following the initial temporary suspension of IVF services. In addition, salaries and wages includes increases in enterprise agreements for nursing and science and the full year impact from the Fertility Solutions acquisition in FY2020;
- **Clinician fees and Raw Materials/Consumables** have increased commensurate with increases in IVF volumes;
- **IT and communication expense** increased by $1.0m or 32.3% to $4.1m due to further investment to strengthen cyber security measures, safety of our IT infrastructure, additional IT operational support (including telehealth) and patient communication digitisation activities. General IT operating expenditure was also delayed in Q4FY2020 to FY2021 subject to recovery and sustainability of operating performance;
- **Property expenses** increased by $0.5m or 15.2% to $3.8m due primarily to deferral of maintenance expenditure in Q4FY2020 following the suspension of IVF services;
- **Marketing and advertising expense** increased by $0.7m or 12.3% to $6.4m as we continue to invest in revenue generating activities supporting growth in new patients accessing our fertility network during FY2021 and building new patient pipeline growth into FY2022;
- **Professional and other fees** decreased by $0.3m or 7.3% to $3.8m due to acquisition related costs incurred in 1H20 partly offset by higher legal expenditure during FY2021;
- **Other expenses** increased by $0.6m or 11.3% to $5.9m due to a $0.7m increase to the Fertility Solutions acquisition earn-out provision following strong operating performance in FY2021;
- **Depreciation and amortisation expense** increased by $1.9m primarily due to a $0.9m increase in lease amortisation (including $0.8m for the new Sydney CBD flagship clinic which opened in November 2020) and $1.0m increase in asset depreciation including depreciation on the new Sydney CBD flagship clinic and growth asset equipment depreciation.

Earnings before interest, depreciation, interest and tax (EBITDA(1))

Adjusted EBITDA(1)(2) is $47.7m as compared to $34.8m in FY2020, an increase of 37.1%. The increase in EBITDA(1)(2) is due primarily to:

- Volume leverage gained from strong industry volume growth and market share growth across domestic IVF and Ultrasound;
- Sustainable investment made in marketing activities (+12.3%), new clinical infrastructure including Sydney CBD fertility clinic and doctor attraction costs;
- Continued investment in our People including scientists and nursing resources to meet demand and improve our service offering;
- EBITDA includes $1.7m expenditure for ex-gratia 'no patient out of pocket' Ni-PGTa patient remediation offers and costs relating to the Ni-PGTa proceedings and claims against Monash IVF. Indemnity has been granted by our medical malpractice insurer in relation to the proceedings.

Finance costs

$2.5m Net Finance cost, a decrease of $3.2m compared to pcp. The decline was due to a $2.6m interest reduction from lower debt and $1.1m positive impact from closure of interest rate swaps in FY2020 partly offset by a $0.3m increase in the unwinding of the discount on interest for lease liabilities in accordance with AASB16 *Leases*.

Taxation

The effective tax rate is 29.0% as compared to 27.1% in pcp. The effective tax rate reflects the 30% Australian and 24% Malaysian corporate tax rates, a higher contribution of taxable income from Australian operations and adjustments relating to the FY20 tax return compared to the FY20 tax provision at 30 June 2020.

Segment analysis

	Australia			International		
$m	FY2021	FY2020	% change	FY2021	FY2020	% change
Revenue	172.9	135.5	27.6%	10.7	9.9	8.1%
Adjusted EBIT(1)(2)	30.6	20.6	48.4%	4.2	3.8	11.8%
Reported NPAT	22.4	9.0	150.0%	3.1	2.8	11.0%

Australia

Australia revenue increased by 27.6% to $172.9m due to the following:

- MVF IVF Australia stimulated cycles grew by 36.6% or 2,627 cycles in FY2021 compared to FY2020;
- Pent up demand/deferred treatment created during Q4FY2020 following temporary suspension of IVF services was entirely recovered during Q1FY2021. Strong underlying growth post recovery of the pent up demand was achieved during Q2FY2021 to Q4FY2021 as a result of ARS industry volume growth and MVF domestic market share gains;
- Stimulated cycles grew in the following States and each achieved market share growth:
  - Queensland +42.0% cycle growth
  - Victoria +39.9% cycle growth
  - New South Wales +35.9% cycle growth
  - Northern Territory +62.9% cycle growth
- South Australian stimulated cycles grew by 22.7% and Tasmania by 12.5% with both experiencing slight reduction in market share;

(1) EBITDA and Adjusted EBIT are non-IFRS measures
(2) Refer to page 7 for a reconciliation of statutory to reported

Segment analysis (continued)

- Domestic Key Markets[3] stimulated cycle market share grew by 0.6% to 21.0% due to higher marketing investment driving a 40% increase in new patients that accessed our IVF network, new fertility specialists attracted to grow volumes in NSW, Queensland and Victoria, full year contribution from Fertility Solutions and market share recovery in our Victorian IVF business;
- Day Hospital revenue increased by 37.5% to $2.3m reflecting increased IVF activity in South Australia and contribution from the new day hospital as part of the Sydney CBD fertility clinic offering;
- Ultrasound scan volumes increased by 12.9% to 92,776 compared to pcp whilst non-invasive pre-natal testing (NIPT) increased by 17.8% to 15,877.

Adjusted EBIT increased by $10.0m or 48.4% to $30.6m due primarily to volume growth as detailed above. EBIT margin increased from 15.2% to 17.7% which includes an increase in marketing ($0.7m), doctor attraction costs, increased occupancy and depreciation costs for the new Sydney CBD fertility clinic ($1.1m) and expenditure for Ni-PGT-A remediation offers which includes ex-gratia patient "no out-of-pocket" costs.

International

International revenue increased by$0.8m or 8.1% to $10.7m. The International segment comprises the Kuala Lumpur and Johor Bahru clinics which continued to be restricted by COVID-19 measures in-place to protect the community. The Kuala Lumpur clinic was resilient in performing 1,008 stimulated cycles compared to 829 in FY2020 and 1,034 in FY2019. Whilst more than 1,000 stimulated cycles were performed, the average price per stimulated cycle declined by 11% due to promotional and discount offerings in-light of competitive pricing pressure and weaker economic conditions. The Johor Bahru clinic, acquired in June 2020, performed relatively low volumes due to closure of the Singapore border to Malaysia.

International Adjusted EBIT increased by $0.4m or 11.8% due primarily to revenue movements described above.

Earnings reconciliation

The table below provides a reconciliation of FY2021 Adjusted EBIT and NPAT to the reported statutory metrics:

$m	EBITDA	EBIT	NPAT
Reported Statutory	**51.3**	**38.4**	**25.5**
New Sydney CBD IVF premise commissioning costs	0.8	0.8	0.6
JobKeeper Subsidy Profit Impact	(5.1)	(5.1)	(3.5)
Acquisition earn-out fair value adjustment	0.7	0.7	0.7
Adjusted	47.7	34.8	23.3

- $0.8m pre-tax New Sydney CBD IVF clinic commissioning costs prior to opening in November 2020 including costs for AASB16 lease depreciation and interest expense ($0.5m), pre-opening operational costs and accreditation costs;

- $5.1m pre-tax impact from Job Keeper Subsidy payments received for Q1FY2021 which had been critical to ensuring our specialised workforce was maintained and engaged;

- $0.7m increase to AASB3 Business Combinations earn-out provision for increase to estimated purchase price payments to Fertility Solutions vendors as a result of stronger than anticipated performance during FY2021.

(3) Key Markets include Victoria, New South Wales, Queensland, South Australia and Northern Territory

Statement of Financial Position and Capital Metrics

Balance Sheet ($m)	30 June 21	30 June 20	% change
Cash and cash equivalents	**8.8**	**15.1**	**(41.7%)**
Other current assets	13.7	15.6	(12.2%)
Current lease liabilities	(5.8)	(2.3)	(152.2%)
Current borrowings	(1.6)	-	(100.0%)
Other Current liabilities	(33.7)	(35.6)	5.3%
Net working capital	**(18.6)**	**(7.2)**	**(158.3%)**
Borrowings (excluding capitalised fees)	-	(19.3)	100.0%
Goodwill & Intangibles	260.0	262.1	(0.8%)
Right of use assets	42.4	36.5	16.2%
Lease liabilities	(38.5)	(36.3)	(6.1%)
Plant & Equipment	25.0	19.1	30.9%
Other assets/liabilities	(1.4)	(2.8)	50.0%
Net assets	**268.9**	**252.1**	**6.7%**
Capital Metrics	31 June 21	30 June 20	+/-
Net Debt ($m)(1)	**(7.1)**	**4.2**	**(11.3)**
Leverage Ratio (Net Debt / EBITDA(2))	(0.18x)	0.15x	(0.33x)
Interest Cover (EBITDA(2) / Interest)	55.7x	8.4x	47.3x
Net Debt to Equity Ratio(3)	(2.7%)	1.7%	(4.3%)
Return on Equity(4)	**8.6%**	**5.7%**	**2.9%**
Return on Assets(5)	**6.6%**	**4.1%**	**2.5%**

Whilst uncertainty remains due to the on-going Pandemic, the Balance Sheet is positioned to withstand any potential impact the Pandemic may present and is positioned to execute and capitalise on the following potential growth opportunities (but not limited to), as illustrated in the April 2020 Equity Raising (~$7m known opportunities at the time):

- $4.5m new state-of-the-art Sydney CBD fertility clinic opened in November 2020;
- $0.8m to date expenditure on new clinic infrastructure projects either approved and ready to commence construction or at design stage including Melbourne, Gold Coast and Penrith;
- $1.3m expenditure to date on South East Asian growth opportunities (Johor Bahru and Jakarta);
- South East Asian expansion plans progressing although hampered due to COVID-19 environment in the region;
- non-organic growth opportunities – domestic and abroad.

Net debt has decreased by $11.3m to net cash positive position driven by strong cash flow generation and free cash flow(6). Borrowings at 30 June 2021 is $1.6m as compared to $19.3m at 30 June 2020, a reduction of $17.7m. $38.4m of debt capacity is available under the Syndicated Debt Facility which is due to mature in January 2022. The key Net Leverage Ratio has reduced to (0.18x) which is well within the 3.5x covenant requirement. The Interest Cover Ratio improved by 47.3x to 55.7x and well above the 3.0x covenant requirement. In December 2020, the waiver of bank covenant testing, which was executed in April 2020, was voluntarily ceased which allowed for the declaration of dividends going forward. Key capital metrics improved with Return on Equity increasing from 5.7% to 8.6% and Return on Assets increasing from 4.1% to 6.6%.

(1) Net debt is debt less cash balances
(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) NPAT for the previous 12-month period divided by closing equity at the balance date
(5) NPAT for the previous 12-month period divided by closing assets at the balance date

Statement of Cash Flows

Cash Flows ($m)	FY2021	FY2020	Change%
EBITDA[(1)]	**51.3**	**32.8**	**56.4%**
Movement in working capital	-	2.6	(100%)
Income taxes paid	(7.2)	(4.3)	(67.4)
Net operating cash flows (post-tax)	**44.1**	**31.1**	**41.8%**
Capital expenditure	(10.0)	(7.5)	(33.3%)
Payments for businesses	(1.3)	(3.1)	58.1%
Cash flows used in investing activities	**(11.3)**	**(10.6)**	**(6.6%)**
Free Cash flow[(1)]	**32.8**	**20.5**	**60.0%**
Proceeds from issue of shares	-	77.5	(100%)
Dividends paid	(13.1)	(7.1)	(84.5%)
Interest on borrowings	(0.7)	(3.5)	80.0%
Payments of lease liabilities	(7.6)	(7.2)	(5.6%)
Proceeds/(Repayment) of borrowings	(17.7)	(69.7)	74.6%
Other	-	0.3	(100%)
Cash flows used in financing activities	**(39.1)**	**(9.7)**	**(303%)**
Net cash flow movement	(6.3)	10.8	(158%)
Closing cash balance	**8.8**	**15.1**	**(41.7%)**

Key cash flow highlights are as follows:

- Pre-tax conversion of EBITDA to operating cash flow remained strong at 100% as compared to 107.9% in the pcp;
- $32.8m Free Cash Flow[(1)] generation, an increase of 60.0%
- $25.2m operational cash flow generation[(2)], an increase of $11.9m compared to pcp;
- $11.3m Investment activities expenditure continue to focus on future growth initiatives including:
  - New Sydney CBD flagship fertility clinic completed in November 2020 and commencement of new footprints in Melbourne and Gold Coast ($5.3m);
  - $2.1m investment in new state-of-the-art laboratory assets and technology;
  - $2.0m investment in IT infrastructure and capability including patient management system enhancements;
  - $0.7m Fertility Solutions earn-out payment for FY21 performance;
  - $0.6m minority investment in new Jakarta clinic which opened in February.
- Cash flow from Financing activities includes:
  - $17.7m reduction of gross borrowings to $1.6m;
  - $13.1m dividend payments includes the FY21 interim dividend and the deferred FY20 interim dividend;
  - $2.8m reduction in interest payments compared to pcp as a result of lower debt;
  - 5.6% increase in lease payments for properties including the new Sydney CBD fertility clinic.

Dividends

On 24 August 2021, a fully franked final FY2021 dividend of 2.1 cents per share was declared. The record date for the dividend is 10 September 2021 and the payment date for the dividend is 8 October 2021.

(1) EBITDA and Free Cash Flow are non-IFRS measures
(2) Operational cash flow generation is Net Operating Cash Flow (post tax) less Cash Flow from Investing activities less Payment of Lease Liabilities

Commitments & Contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group became aware that it 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 that 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.

Outlook

We believe there is a fundamental shift in the Community whereby the on-going Pandemic has changed the mindset of our patient cohort with greater focus on family, health and wellbeing resulting in re-direction of priorities towards family extension. This shift has driven strong industry growth in FY2021 and is expected to be maintained in FY2022.

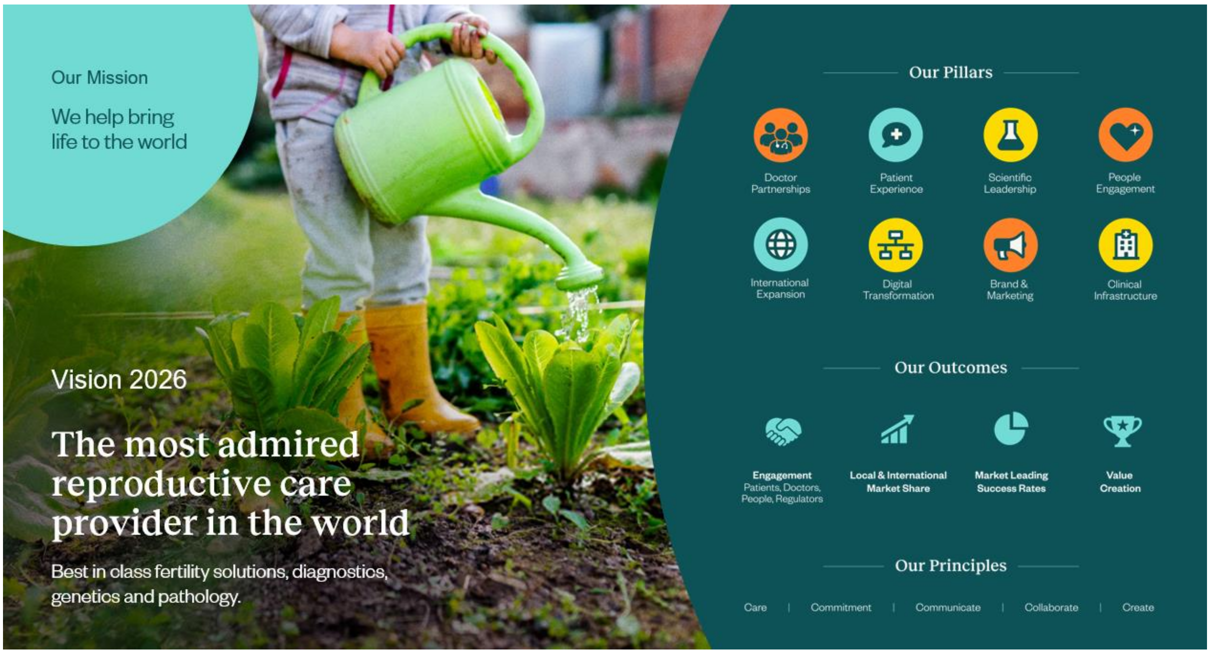
The Group's current strong balance sheet positions it well to continue to navigate through the COVID-19 Pandemic and optimise future earnings through strategic and operational gains made during FY2021. Factors that will support future growth includes:

- Attraction of new fertility specialists In FY2021 will drive further volume growth in FY2022 and the Group is well placed to attract further experienced fertility specialists;
- Opening of new clinical infrastructure in the latter part of FY2022 including new projects that are well advanced in Melbourne, Gold Coast and Penrith;
- Conversion of the current strong new patient and returning patient pipelines. 2H21 new domestic patient registrations were 8% higher than 1H21 and 35% higher than 2H20;
- Sustainable marketing investment that is expected to continue to grow the new patient pipeline;
- Expansion of genetics capabilities and service offerings such as the soon to be commercialised reproductive genetic screening kits;
- Continuous improvements to pregnancy rates and patient experience;
- Identify and execute on non-organic growth opportunities in Australia and abroad;
- Continue expansion into South East Asia noting implementation and benefits derived from the Strategy will not materialise for a number of years.

Subject to an adverse impact from the on-going Pandemic, the Group is confident revenue and earnings can grow in FY2022. An update will be provided at the 2021 Annual General Meeting.

Business Strategies and Prospects for Future Financial Years

Monash IVF Group's mission is to help bring life to the World by providing Best-in-Class fertility solutions to all, including diagnostics, genetics and pathology. This is supported by our Vision to be the most admired fertility solutions provider in the world by patients, doctors, our people and other industry stakeholders. Our Mission and Vision will be delivered through Our Pillars as illustrated below:



Our Pillars are defined as follows below:

Patient experience - We are committed to providing best in class clinical care across the fertility and pregnancy journey; delivering through a patient experience that is empathetic, empowering and personalised.

Doctor partnership - We will develop mutually beneficial long term partnerships with our doctors that benefits our patients through excellence in clinical care and to drive growth in our doctors' businesses.

Scientific leadership - Our focus in world-class research and science will deliver market leading success rates, innovative services and attract partnership opportunities.

Clinical infrastructure – Provide high quality, fit-for-purpose infrastructure to support our best in class offering through investing in new and existing facilities and businesses.

People engagement - Through passion, pride and capability our people are leading the way in helping bring life to the world.

Brand & marketing – Our brand and marketing conveys our leadership in reproductive health and develops strong brand salience through progressive, empathetic and empowering engagement with the community, patients and our People.

Digital & systems transformation – Investing in next generation technology, platforms and systems to enhance interactions with our patients, doctors and People. Grow and diversify revenue streams through enhanced digital capabilities and partnerships.

International expansion - Export our expertise in fertility services to Asia and beyond through effective partnerships.

Our Pillars will drive achievement of Our Outcomes to Engage with our Key Stakeholders, continually improve our patient outcomes, grow our market share and create value for our Key Stakeholders including patients, doctors, staff and shareholders.

Business Strategies and Prospects for Future Financial Years (continued)

Key development in particular key Pillars during the year are noted below:

Scientific Leadership

Clinical pregnancy rates continue to improve across the Group with pregnancy rates 4.5% higher than CY2018. Initiatives to drive future improvements include:

- Publication of the first PIEZO clinical trial (a gentler form of microinjection) with continued recruitment of the phase 2 multi-centre clinical trial across 5 Monash IVF sites
- Sperm selection device development (Felix) in partnership with Memphasys (ASX:MEM) progressing and on track for phase 1 clinical trial
- A continued focus on Research and Development with the submission and presentation of 21 scientific/clinical abstracts at national and international conferences
- Transition of Monash IVF Group genetic laboratories to G-Category status to enable best-in-class Preimplantation Genetic Screening.

Doctor Partnerships

- Partnership and relationships with Monash IVF fertility specialists and Women's Ultrasound sonologists have never been stronger with recent engagement scores at record levels demonstrating a "culture of success"
- Five new experienced Fertility Specialists joined Monash IVF to deliver future growth and succession planning;
- Four new Fertility Specialists credentialled following completion of the Monash IVF training program and now fully integrated, treating patients and building solid patient pipelines;
- Broadening Genetics Suite of Services - Acquisition of the only domestic genomic pathologist with a dual FRCPA and FRANZCOG as Monash IVF's Medical Director of Genetics who will lead our next generation genetics services.

Clinical Infrastructure

- New clinical infrastructure is paramount to execution of our strategic growth objectives;
- New Sydney CBD flagship clinic opened in November representing best practice patient experience with four Fertility Specialists now based at the new Clinic including three new experienced CREI qualified Fertility subspecialists;
- Since commencement, the new Sydney CBD clinic has performed more than 200 stimulated cycles and will improve earnings during FY22;
- Transformation of Melbourne footprint is well advanced with new fertility clinic and day hospital expected to open in Cremorne towards the end of FY22;
- New Gold Coast, Penrith and Darwin fertility clinics expected to open towards the end of FY22;
- New Gold Coast day hospital expected to open towards the end of FY22.

People Engagement

- Positive Engagement scores in key stakeholder groups driving activity and a "culture of success"
- Record Group engagement score in 2021, with an increase of 4% points compared to FY20 and exceeded the Vision 2022 target and industry benchmark;
- The Employer Value proposition has been a key priority, and we continue to position ourselves as a dynamic industry leader in reproductive care and how we offer dynamic workplaces for those driven to make a difference.
- Transforming our people & culture through exceptional employee experiences and ways of working, continues to be at the heart of our people strategy.

Business Strategies and Prospects for Future Financial Years (continued)

Marketing

- Marketing investment is a key driver of our market share gains and a 40% increase in new patient stimulated cycles;
- Over the last 12 months the new brand was launched, with targeted advertising and comprehensive events strategy and website upgrades;
- Our GP engagement strategy has continued to drive strong GP referrals and engagement.

Business risks

The Monash IVF Group continually considers the benefits of implementing a risk management framework, all of which contributes to the increased likelihood that the Group will be able to achieve its organisational objectives. Accordingly, the Group has a risk management framework and has implemented systematic processes for:

- Better identification of opportunities and threats;
- Prevention of potential risks from being realised;
- Reduction of the element of chance;
- Increased accountability and transparency for decisions;
- More effective allocation and use of resources;
- Improved incident management and reduction in loss and the cost of risk;
- Improved stakeholder confidence and trust;
- Improved compliance with relevant legislation and accreditation processes;
- Proactive rather than reactive management; and
- Enhanced governance.

The risk management framework together with the risk assessments and mitigation strategies are regularly reviewed both individually and collectively by the Executive Team, the Audit and Risk Committee and the Board. A simple prioritisation system has been adopted to scale the relative importance of all the identified risks. From review of the Group's key business, operational and financial risks, processes are in-place to reduce the inherent nature of these risks to an acceptable and manageable level. This includes high inherent risk presented by the COVID-19 Pandemic and is a key priority when managing risk. The Group considers the below as important risks that require continued management to ensure the Group meets its objectives.

COVID-19 Pandemic

COVID-19 and the risk of transmission of infection may impact Monash IVF's operations in Australia and South East Asia through the imposition of government and regulatory requirements (which can change over time), including suspension of elective surgery, recommendations to postpone treatment where possible and the need for social distancing impacting staff movement within the partner healthcare system and patient willingness to access services. Monash IVF is continually working with industry bodies, regulator and governments to understand and shape regulatory positions but these positions and related actions can impact Monash IVF operations in the future. Economic conditions during and post the Pandemic may adversely impact financial performance and market position. In addition, Monash IVF employees may come into close proximity with patients and other members of the public during the course of business, increasing risk of transmission and impact on workforce. While protocols have been established and are effective in responding to the risk of transmission, the workforce may be infected with COVID-19 resulting in disruption of operations and services whilst they are isolating and/or recovering.

Business risks (continued)

Relationships with staff in key roles, including clinicians

The relationships between Monash IVF Group, the staff and clinicians are key to our recruitment and retention strategies, ability to grow the businesses and replacement of retiring clinicians. The loss or disengagement of clinicians or inability to attract new clinicians to the organisation would likely impact the revenue and profitability of the organisation.

There are similar risks to the organisation relating to the departure or disengagement of the Executive and Leadership Teams and staff in key roles, defined by regulatory requirements. Comprehensive training and development programs, competitive remuneration frameworks, commitment to patient centred care and opportunities to participate in world class research activities all contribute to attracting and retaining the very best talent in the industry.

Change in Government funding arrangements for Assisted Reproductive Services

There is a risk that the Commonwealth Government will change the funding (including levels, conditions or eligibility requirements) it provides for Assisted Reproductive Services (ARS). Patients receive partial re-imbursement for ARS treatment through Commonwealth Government Programs, including the Medicare Benefit Schedule (MBS) and Extended Medicare Safety Net (EMSN). If the level of re-imbursement were to be reduced or capped, patients would face higher out-of-pocket expenses for ARS potentially reducing the demand for services provided by the Group. The Group is not aware of any changes to Commonwealth Government funding for ARS in the short to medium term.

Risk of increased competition

In each of the markets the Group operates in, there is a risk that:

- Existing competitors may undertake aggressive marketing campaigns, product innovation or price discounting;
- New market entrants may participate in the Sector and gain market share;
- Further growth in low cost offerings provided by competitors may reduce the Group's market share; and
- An increase in publicly provided ARS services may reduce the Group's market share.

The Group continues to strategically position the ARS service as a specialised premium offering as a point of differentiation against low cost competitors. In addition, the Group has previously partnered with State based governments in the provision of publicly provided ARS services and will look to continue to partner with governments to provide greater access to ARS services to the community.

Occupational Health and Safety

Monash IVF employees are at risk of workplace accidents and incidents. In the event that a Monash IVF employee is injured in the course of their employment, Monash IVF may be liable for penalties or damages. This has the potential to harm both the reputation and financial performance of Monash IVF.

Information on Directors

Director	Experience
Mr Richard Davis Independent Chairman Member of Audit & Risk Management Committee Member of Remuneration & Nomination Committee	Mr. Richard Davis joined the Group in June 2014 and is currently serving as a non-executive director of ASX listed companies, InvoCare Limited and Australian Vintage Limited (Chairman). Richard worked for InvoCare for 20 years until 2008. For the majority of that time he held the position of CEO and managed the growth of that business through a number of ownership changes and over 20 acquisitions, including offshore in Singapore. Prior to InvoCare Limited, Richard worked as an accounting partner of Bird Cameron. Richard holds a Bachelor of Economics from the University of Sydney.
Mr Josef Czyzewski Independent Non-executive Director Chair of Audit & Risk Management Committee Member of Remuneration & Nomination Committee	Mr. Josef Czyzewski joined the Group in June 2014 and has over 30 years of experience in senior finance positions and significant experience in the health industry. Josef has held the positions of CFO at Healthscope Limited, and more recently CFO/General Manager Strategy and Development at Spotless Group Limited following its takeover by private equity interests in 2012. Prior to that time, Josef had held various senior finance positions with BHP Billiton including VP Finance and Corporate Treasurer. He holds a Bachelor of Commerce from the University of Newcastle and is a Graduate Member of the Australian Institute of Company Directors.
Mr Neil Broekhuizen Independent Non-executive Director Member of Audit & Risk Management Committee	Mr. Neil Broekhuizen is the Joint Chief Executive Officer of Ironbridge. Neil has over 30 years experience in the finance industry, including 28 years in private equity with Investcorp and Bridgepoint in Europe and Ironbridge in Australia. He has sat on the Ironbridge Investment Committee since inception. He is the Independent Non-executive Chairman of Bravura Solutions. Neil is qualified as a Chartered Accountant and holds a BSC (Eng) Honours degree from Imperial College, University of London.

Director	Experience
Ms Catherine West Independent Non-executive Director Member of Remuneration & Nomination Committee Appointed 8 September 2020	Ms Catherine West was appointed Non-executive Director to Monash IVF Group on 8 September 2020. She is an experienced ASX listed non-executive director and has over 25 years of legal, business affairs and strategy experience in customer focused businesses in the media, entertainment, telecommunications and medical sectors in Australia, the UK and Europe. Catherine is a non-executive director of ASX listed Nine Entertainment where she is Chair of the People and Remuneration Committee and a member of the Audit and Risk Committee. Catherine is also a non-executive director of the Endeavour Group and Peter Warren Automotive Group. In addition, she is Vice-President of the Sydney Breast Cancer Foundation at Chris O'Brian Lifehouse, a director of the NIDA Foundation, National Institute of Dramatic Art and a Governor of Wenona School. She was previously on the board of Southern Phone, a reginal telecommunications company, before its successful sale to AGL. Catherine is also a consultant to the healthcare sector and to media companies internationally. Catherine holds a Bachelor of Laws (Hons) and a Bachelor of Economics from the University of Sydney. She is also a Graduate Member of the Australian Institute of Company Directors.
Ms Zita Peach Independent Non-executive Director Chair of Remuneration & Nomination Committee effective 1 July 2020	Ms Zita Peach has more than 25 years of commercial experience in the pharmaceutical, biotechnology, medical devices and health services industries, and has worked for major industry players such as CSL Limited and Merck Sharp & Dohme, the Australian subsidiary of Merck Inc. Zita's most recent executive position is Managing Director for Australia and New Zealand and Executive Vice President, South Asia Pacific for Fresenius Kabi, a leading provider of pharmaceutical products and medical devices to hospitals. Previously, Zita was Vice President, Business Development, for CSL Limited, a position she held for ten years. Ms Peach is Chair of Pacific Smiles Group Limited and Non-Executive Director of ASX-listed Starpharma Holdings Limited and Visioneering Technologies, Inc. Zita is also a member of the Hudson Institute of Medical Research Board. Ms Peach is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Marketing Institute.
Dr Richard Henshaw Executive Director	Dr Richard Henshaw MD FRANZCOG FRCOG has practiced in the field of reproductive medicine since 1995. Richard works as a Fertility Specialist for the Group. Richard has served on many national bodies, including RANZCOG Council, the IVF Medical Directors Group of Australia and New Zealand, and the Reproductive Technology Accreditation Committee.

Director	Experience
Mr Michael Knaap Chief Executive Officer Managing Director	Mr Michael Knaap was appointed to the role of Chief Executive Officer and Managing Director for Monash IVF Group on 15 April 2019. Following his tenure as MVF Group's Chief Financial Officer and Company Secretary since August 2015, Michael was appointed to Interim CEO in October 2018. Mr Knaap has nearly 20 years experience in executive positions with a strong operational, strategic and leadership background. Prior to joining MVF Group, Michael was with Patties Foods Limited where he held a number of executive positions over six years, including the role of Chief Financial Officer and Company Secretary. He holds a Bachelor of Accounting from Monash University and is a Certified Practicing Accountant.

Company Secretary

Mr Malik Jainudeen was appointed to the role of Monash IVF Group Chief Financial Officer and Company Secretary on 15 April 2019.

Malik joined Monash IVF Group in 2014 as a senior finance leader and has continued to progress his career with Monash IVF Group. Malik has more than 17 years experience in the finance sector including 10 years at KPMG as a Manager in Audit and Assurance where his client portfolio included ASX listed organisations Origin Energy Limited, AusNet Services and Dulux Group Limited. Malik was also the External Audit Manager for the Monash IVF Group for 6 years prior to its listing on the ASX in 2014.

Director Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Member	Attended	Eligible to Attend
Mr Richard Davis (Chair)	16	16
Mr Josef Czyzewski	16	16
Ms Catherine West	14	14
Ms Zita Peach	16	16
Mr Neil Broekhuizen	16	16
Dr Richard Henshaw	16	16
Mr. Michael Knaap	16	16

Committee meetings

	ARC		REM	
Member	Attended	Held	Attended	Held
Mr Richard Davis	5	5	5	5
Mr Josef Czyzewski (ARC Chair)	5	5	5	5
Ms Zita Peach (REM Chair)	-	-	5	5
Ms Catherine West	-	-	3	3
Mr Neil Broekhuizen	5	5	-	-

The Company's Directors present the 2021 Remuneration Report prepared in accordance with Section 300A of the *Corporations Act 2001*, for the Company and the Group for the year ending 30 June 2021 ("FY21"). The information provided in this Remuneration Report has been audited by KPMG as required by Section 308(3C) of the *Corporations Act 2001*. The Remuneration Report forms part of the Directors' Report.

The Remuneration Report outlines the remuneration strategies and arrangements for the Key Management Personnel (KMP) who have authority and responsibility for planning, directing and controlling the activities of Monash IVF Group.

Executive Summary

As a leader and at the forefront of advancements in the field of human fertility services including Assisted Reproductive Services, our business decisions are made in this context. Our approach to remuneration reflects the focus on outcomes that support the long-term sustainability of Monash IVF Group, value creation for Monash IVF Group's key stakeholders, attraction and retention of our people and ultimately, helping our patients start or grow their family.

The structure of Executive Remuneration is underpinned by key principles including alignment of remuneration to business strategy and priorities, is market competitive, rewards performance, is simple and transparent and is effectively governed through the Remuneration and Nomination Committee.

Following the initial uncertainty from the Pandemic during March and April 2020 which saw IVF services temporarily suspended across Australia, Monash IVF Group has emerged stronger, demonstrating profitable growth in FY2021 and is in a position to execute both organic and non-organic growth in the short and long-term. Throughout the on-going Pandemic, the Monash IVF Group workforce has adapted to the constantly changing operating environment including lockdown of cities but have worked tirelessly to ensure Monash IVF Group patients continue to be provided with empathetic and high quality care in a manner that is safe and protects its patients, people and clinicians.

In FY21, the Group achieved profit growth of 61.5% (before certain non-regular items as noted on page 7) as compared to FY20. Profitable growth was achieved through industry volume growth and Monash IVF Group market share growth. In assessing performance and remuneration outcomes for FY21, the Board considered the speed of recovery from the initial temporary elective surgery suspension in March and April 2020 and the sustainability of future financial and operational outcomes.

In summary, the following remuneration outcomes occurred in FY2021:

- As noted in the FY2020 Remuneration Report, increases to KMP fixed remuneration including other Executives were placed on hold for review on 1 January 2021. Following this review, the CEO, CFO and COO received a 5% increase to total fixed renumeration effective 1 January 2021;
- As noted in the FY2020 Remuneration Report, the Board has considered and has paid a Special Bonus payment of 5% of TFR to certain KMP and Other Executives following the strong and fast market share recovery and growth experienced in the three months following the recommencement of IVF services in May 2020. No further STI was paid for the positive market share growth outcomes achieved between August 2020 to June 2021;
- In FY21, maximum short-term incentive available for the CFO has increased from 30% of TFR to 40%. The reason for the increase is to adjust maximum at risk remuneration which remains below peer comparators;
- Following performance during FY2021, Short-term incentive (STI) payments will be made to the CEO, CFO and COO whereby financial targets were out-performed (70% of STI) and some non-financial metrics were met (16.3% - 18.6%);
- Long-term incentive (LTI) payments for performance rights issued in FY2019 to the CEO are not expected to vest due to operational performance and capital management changes during the testing period.

Effective 1 July 2021, maximum remuneration (fixed and at risk remuneration combined) for Key Management Personnel was adjusted following completion of a benchmarking process to comparable peers. The Board entered into the external benchmarking process to be informed on Executive remuneration at the time. This benchmark considered organisations of comparable size and supported an outcome that total remuneration sat below the industry benchmark (including roles and performance metrics). As of 1 July 2021, the Board agreed to increase the total remuneration for the CEO, CFO and COO to bring these closer to comparable peers. This adjustment

Executive Summary (continued)

included a fixed remuneration adjustment of approximately 10%. CEO, CFO and COO maximum total remuneration including “at-risk” remuneration, based on financial and non-financial targets included an adjustment of 20%, 20% and 27.7% respectively.

The CEO’s 3-year remuneration CAGR is 4.9% for fixed remuneration and 8.0% for total maximum remuneration. The adjustments to the CEO, CFO and COO maximum remuneration now sit at or below the industry benchmark and supports internal promotions whilst ensuring KMP are retained and appropriately incentivised to continue to deliver the Vision 2026 business strategy.

Director and Key Management Personnel (KMP) changes in FY21

Effective 8 September 2020, Monash IVF Group welcomed the appointment of Ms Catherine West as Independent Non-Executive Director. In FY21 Catherine was also appointed as a member of Remuneration and Nomination Committee. No further changes were made to the Director or Executive structure in FY21.

Non-Executive Director remuneration arrangements in FY2021

As noted in last year’s report, fees payable to Non-Executive Directors were reviewed regarding fee adjustments effective 1 July 2020 and no adjustments to Director base or Committee fees were made during FY21. Following a review of Director and Committee fees it is noted that a 2% increase will be applied in FY22. This increase is inclusive of the 0.5% increase to Superannuation Contribution effective 1 July 2021 where applicable.

1.0 Remuneration Snapshot

1.1 Remuneration Governance

The Board is responsible for the oversight and decision making relating to all remuneration decisions. The Remuneration and Nomination Committee (Committee) enables the board to discharge their governance responsibilities in all matters relating to remuneration and engagement of all Executive and Non-Executive. Under the Remuneration and Nomination Committee Charter, the Committee must have at least three members, the majority of whom (including the Chair) must be independent Directors and all of whom must be non-executive Directors.

The Committee is composed of four independent Directors. Ms Zita Peach was appointed to Chair of the Committee on 23 June 2020. Mr Richard Davis, Mr Josef Czyzewski and Ms Catherine West are also members of the Committee.

During FY21, the Remuneration and Nomination Committee met four times with full attendance by all members. The Remuneration and Nomination Committee at times invites the CEO, CFO/Company Secretary, Chief People & Culture Officer and other non-executive directors (non-member of the Committee) to attend Committee meetings to assist in deliberations (excluding matters relating to their own employment). From time to time, the Remuneration and Nomination Committee seeks independent external advice on the appropriateness of the remuneration framework and remuneration arrangements. No recommendations as defined in section 9B of the Corporations Act were received in FY21.

The Committee is responsible for reviewing and making recommendations to the Board in relation to:

- Group remuneration principles, strategy and practices;
- Non-executive director fee frameworks, policy regarding fee allocation, and fee pools sufficient for appropriate fee levels, Board renewal, Board roles, market practice, and director workload;
- Appointment of new directors, review of Board and Board committee membership and performance, Managing Director succession planning and the appointment of other Executives;
- Overall remuneration framework for Executives;
- Terms and conditions underpinning Executive & Doctor Service Agreements (ESA), including restraint and notice period;
- Eligibility for, and conditions of, incentive plans, including equity-based incentive plans;
- Remuneration packages for all Senior Executives including structure and incentives;

1.0 Remuneration Snapshot (continued)

- Metrics and associated targets for Incentive plans;
- Terms and conditions associated with incentive plans including equity plan rules, escrow and other restrictions on disposal;
- Structure and quantum of Senior Executive termination payments;
  Treatment of outstanding incentives in case of cessation of employment;
  Exercise of malus or clawback if relevant to incentive plan payments.

The Remuneration and Nomination Committee are also responsible for monitoring and reporting to the Board:

- Remuneration relative to industry benchmarks;
- Achievement of performance requirements for the payment of incentives;
- Diversity, inclusion objectives and pay equity.

The Remuneration and Nomination Committee Charter is available on the Company's website at http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance. The Charter is reviewed annually and was last reviewed in June 2021. Further information on the Remuneration and Nomination Committee is provided in the Corporate Governance Statement in this Annual Report.

1.2 Principles of Remuneration Framework

The following summarises the key principles which underpin the structure of Executive Remuneration arrangements across the Group.

Remuneration Principles	
Principle	Design and operational implications of Remuneration Framework
Aligned to organisations strategy and business priorities	▪ Remuneration framework will ensure alignment with the overall business strategy and ensure all policies and processes are observed to enable the attraction and retention of key personnel who create value for shareholders. ▪ Operates in support of Our Principles and aligns to the organisations desired culture
Market Competitive	▪ Ensure employees including KMP and executive management are rewarded fairly and competitively according to role accountability, market positioning, skills, experience and performance. ▪ Remuneration decisions will be informed by utilising relevant market benchmarking
Rewards Performance	▪ Encompass long term and short term variable performance elements for those who have the ability to impact overall organisation performance ▪ Short term and long-term remuneration incentives and outcomes ▪ Performance targets to be met for payment (at threshold or target) are set after considering previous performance, forecast and budget
Simple and Transparent	▪ A simple, flexible, consistent and scalable remuneration framework is to be used across the organisation allowing for sustainable business growth ▪ The structure must be easily communicated and can reinforce the organisations mission, principles and culture
Effective Governance	▪ The Remuneration and Nomination Committee and Board will ensure that remuneration outcomes reflect both risk and performance and is reviewed regularly to ensure employees act ethically and responsibly ▪ Comply with all relevant legal and regulatory provisions

2.0 Remuneration Structure

2.1 Executive Remuneration Structure

The Group combines Total Fixed Remuneration, Short and Long term incentives to form an overall Total Remuneration position. This structure is designed to consider market positioning and benchmarking which is intended to attract and retain people, reward individual and company performance aligned to the execution of strategy and drive sustainable high performance over the short and long term.

The Board reviews the structure and effectiveness of the remuneration arrangements annually to ensure their alignment to business performance and strategy.

Purpose of each remuneration component		
Total Fixed Remuneration (TFR)	**Short Term Incentive (At Risk)**	**Long-Term Incentive (At Risk)**
To attract and retain, paying competitively, reflecting the individuals accountability, position requirements and experience. TFR is determined as base salary and inclusive of all standard leave provisions and superannuation guaranteed contributions.	Rewards performance for achieving stretch targets and further rewards the achievement of both financial and non-financial goals. Achievement is measured using an annual balanced scorecard of measures aligned to the organisations strategic vision and objectives.	Rewards and retains key contributors by creating alignment with long term shareholder interests and reward the creation of sustainable shareholder wealth.

The Group's remuneration framework for FY21 for the CEO, CFO and COO continued to retain these three components, with short-term incentives and long-term incentives at risk. In FY21, the CEO and CFO TFR sat below the average of similar organisations whilst the COO TFR was at the median for similar organisations. The remuneration structure aligns the remuneration opportunity with the level of position accountability.

2.2 Executive Remuneration Structure for FY21

The diagram below summarises the framework for FY21. The framework continues to be reviewed each year.

Performance Driven | **Alignment with Shareholder Interests** | **Market Competitive Remuneration**

Total Available Remuneration

Total Fixed Remuneration (TFR)

TFR is determined on the basis of market rates (where applicable, the size and complexity of the role and the individual's skill and experience relative to position requirements).

TFR Comprises of:

- Cash salary
- Salary sacrifice items
- Employer superannuation contributions in line with statutory regulations

TFR levels are reviewed annually by the Committee through a process that considers market rates and individual experience in the position. TFR is also reviewed on promotion.
There are no guaranteed increases in executive remuneration.

At Risk Remuneration

Short Term Incentive (STI)

- Balanced Scorecard Model that includes a Non-Financial Gateway (ANZARD Success Rate Average)
- 70% financial Measure based on EPS performance
- Non-financial Measures (30%) are linked to key strategic initiatives built around a balanced scorecard including but not limited to:
  - Engagement (People, Patient, Doctor)
  - Market Share growth
  - Scientific Success Rates
  - Doctor attraction

Long Term Incentive Plan (LTI)

- EPS growth hurdles based on predefined growth rates over a 3 year period (70%)
- TSR hurdles based on Group's relative TSR performance against ASX300 Healthcare Index (30%)
- Comprise performance rights which vest in accordance with 3 year EPS growth and relative TSR above threshold performance requirements.

3.0 At Risk Remuneration Framework

The following table summarises the short term incentive and long term incentive reward components for certain KMP including the performance measures and delivery mechanism applicable for the performance period ended 30 June 2021.

	Short Term Incentive (at risk)		Long Term Incentive (at risk)	
Incentive Opportunity	Threshold	Target	Threshold	Target
	Short and Long – Term Incentive opportunities are expressed as a percentage of TFR			
CEO	30%	100%	20%	100%
CFO	30%	100%	20%	100%
COO	30%	100%	20%	100%
Performance Measures	• STI scorecard KPIs include financial and non-financial measures • A non-financial gateway is in-place whereby no STI is payable if the Group's clinical pregnancy rates (success rates) is below the ANZARD average • 70% of STI is based on the Earnings per Share (EPS) financial measure. EPS may be adjusted for certain individual significant, non-regular, abnormal or unusual gains or losses • 30% of STI is based on qualitative non-financial measures which include patient engagement, people engagement, doctor engagement, scientific success rates and domestic market share • Pro-rata payment of STI is made if achievement is between threshold and target		• LTI KPIs are earnings per share growth (EPS)(70%) and Total Shareholder Return (TSR)(30%) • TSR measures returns made against the performance of a comparator group with hurdles based on predefined growth rates over a 3-year period • EPS compound annual growth rate (CAGR) provides a tangible measure of shareholder value with hurdles based on predefined growth rates over a 3-year period	
Delivery Mechanisms	STI awards for the CEO, CFO and COO are paid as cash and subject to continued employment		LTI awards are granted as performance rights, are subject to testing against the above performance measures and continued employment. The CEO, CFO and COO were not required to pay any money to be granted performance rights	

3.1 FY21 Special Business Recovery Short Term Incentive

As noted in the FY2020 Remuneration Report, the Board indicated that the Executives have been and continue to focus on planning and execution for recovery of the Business following the Federal Government's initial Pandemic response in March and April 2020 whereby elective surgery including IVF treatments were temporarily suspended. The Board offered the Executives a special bonus of 5% of TFR available should market share targets be met over the period from May to July 2020. The market share target was set at 1% above the pre-COVID Key Markets market share (VIC, NSW, SA, NT, QLD) average between the period from October 2019 to March 2020.

Following performance in the period between May and July 2020, the Group's Key Markets market share increased by greater than 1% compared to the period October 2019 to March 2020, and accordingly, the Executives achieved the special business recovery bonus of 5% of TFR available.

Following the special bonus STI payment, a stretch market share target was offered for the period August 2020 to June 2021. The detail and outcome of this market share target is detailed on page 23.

3.2 FY21 Short Term Incentive

A non-financial gateway is in-place whereby no STI is payable if the Group's clinical pregnancy rates (success rates) is below the ANZARD average for the period 1 July 2020 to 31 March 2021. This period is applicable due to the availability of pregnancy outcomes information at the time of reporting. The available ANZARD target average applicable is 38.13%. The Group's clinical pregnancy rates for the period between July 2020 to March 2021was 42.3% and accordingly, the non-financial gateway was achieved.

The quantitative financial measure defined for the CEO, CFO and COO in FY21 was as follows:

Strategic Objective	Weighting	Measure	FY21 Outcome
Earnings per Share (EPS)	70%	EPS is considered the most relevant financial measure to further align variable incentives to shareholder value. EPS Target was set at FY21 Group Budget (4.8 cents per share normalised) and threshold set at 93.75% (4.5 cents per share normalised) of FY21 Group Budget. The FY21 Group Budget includes minority interest and excludes Job Keeper Subsidy impact and adjustment to acquisition earn-out provisions.	Normalised EPS achieved was 6.0 cents per share and was above the 4.8 cents per share target as a result of operating performance. Accordingly, payout for the EPS measure was 100%.

<u>STI Non – Financial</u>

The qualitative non-financial measures defined for KMP in FY21 included the following:

Strategic Objective	Weighting	Measure	FY21 Outcome
Patient Engagement	5% (CEO, CFO, COO)	Deliver an ongoing improvement in Patient Engagement as measured by the patient Net Promoter Score (NPS) Survey targeting engagement improvements. Patient Engagement NPS was measured in the IVF and Ultrasound businesses separately.	Patient Engagement NPS achieved for the IVF business was above stretch target by +1. Payout for the Patient Engagement measure was 100%. The Patient Engagement NPS achieved for the Ultrasound business was +4 above threshold and therefore was between threshold and target. Payout for the Ultrasound Patient Engagement measure was 53.3%.
People Engagement	5% (CEO, CFO, COO)	To foster a culture of Engagement with all Monash IVF Group employees as measured by annual employee Net Promoter Score (NPS) Survey targeting engagement improvements.	Employee Engagement Percentage achieved 1% above stretch target. Payout for the People Engagement measure was 100%.

3.0 At Risk Remuneration Framework (continued)

Strategic Objective	Weighting	Measure	FY21 Outcome
Doctor Engagement	5% (CEO, CFO, COO)	Foster a culture of engagement with all Monash IVF Group Clinicians. This is measured by a clinician Net Promoter Score (NPS) Survey targeting engagement improvements.	Doctor engagement Percentage achieved was 1% above threshold target and therefore payout for Doctor Engagement was 44%.
Scientific Success Rates	7.5% (CEO, CFO) 5% (COO)	Deliver a focused improvement in clinical pregnancy success rates above ANZARD and improvement above previous year. Clinical Success Rate target was set at 42.4% and threshold set at 41.55%. The period subject to testing is July 2020 to March 2021. Target set is compared to 40% in FY2020.	Clinical Success Rates achieved was 0.1% below stretch target. Payout is calculated between threshold and stretch target for Clinical Success Rates at 91.8%.
Domestic Market Growth	7.5% (CEO, CFO) 5% (COO)	Market share growth in all IVF Key markets. Market Share target was set at 24.4% for the period from August 2020 to June 2021 compared to 21.7% in the period from May to July 2020 whereby the special market share bonus was paid. This also compared to 20.4% during FY20. Refer to page 22 for further information on the special bonus. Threshold was set at 23.3%.	Market share for the period from August 2020 to June 2021 was below threshold and stretch target. Payout for the Market Share measure was 0%. Notwithstanding the STI target was not met, actual market share was above FY2020 by 0.6%.
Dr. Acquisition (COO only)	5% (COO only)	Increased fertility specialists nationally through acquisition of new doctors and conversion of trainee doctors to fully contracted to support succession planning and growth.	Targets set for Dr acquisitions in FY21 were not met. Payout for Dr acquisitions was 0%.

3.3 FY21 Long-term Incentive grant

The LTI plan is a performance rights plan with vesting rights dependent upon the satisfaction of pre-determined performance hurdles and continuous employment. LTI grants are made on a rolling annual basis to ensure Executives maintain a continuous focus on sustainable long-term growth and returns and provides an appropriate balance with short-term incentives which are focussed on annual returns.

The terms and overview of the FY2021 LTI grant to KMP and other eligible employees, including the CEO, CFO and COO are summarised below.

3.0 At Risk Remuneration Framework (continued)

Performance Rights Granted

EPS Compound Annual Growth Rate
("EPS Hurdle")
70% of allocation subject to the hurdle

Vesting Framework

The EPS component of the allocation will be measured at the end of the 3-year performance period.

20% will vest at threshold performance.
100% will vest at maximum performance, with pro-rata vesting between threshold and maximum.

EPS threshold performance is 10% per annum over the three-year period

Relative Total Shareholder Return
("TSR Hurdle")
30% of allocation subject to the hurdle

Vesting Framework

The TSR component of the allocation will be measured at the end of the 3-year performance period relative to the ASX300 Healthcare Accumulation Index (Index) performance.

20% will vest at threshold performance when TSR equals index returns, 100% vest at maximum performance if TSR equals index returns + 5 percentage points on an annualised basis, with pro-rata vesting between threshold and maximum

The LTI award opportunity is based on a percentage of the participant's total fixed remuneration as at the grant date. The number of performance rights issued is determined by dividing the long-term incentive component of the participant's fixed remuneration by the volume weighted average price of Monash IVF Group Limited shares traded on the Australian Stock Exchange over the 10 trading days immediately following the release of the FY2020 full-year results announcement. The grant price for the 2021 grant was therefore $0.628.

Performance rights were granted in two tranches during FY2021, with each tranche subject to separate vesting conditions. Executives did not pay any money to be granted the performance rights and the expiry date of the rights will be on the fifth anniversary of their grant.

Details of the FY2021 LTI grant to KMP is set out below:

KMP	% of TFR	Performance Rights granted	Allocation	# of performance rights
Mr. Michael Knaap (CEO)	60%	EPS TSR	70% 30%	351,140 150,489
Mr. Malik Jainudeen (CFO)	25%	EPS TSR	70% 30%	83,604 35,831
Mr. Hamish Hamilton (COO)	25%	EPS TSR	70% 30%	83,604 35,831

3.0 At Risk Remuneration Framework (continued)

The performance periods and vesting schedules for the FY2021 performance rights are set out in the following table:

Performance Measure	Earnings per share
Performance Period	1 July 2020 to 30 June 2023
Performance	**% of rights that will vest**
Less than 10% per annum	0%
10% per annum	20%
Between 10% to 12% per annum	20% to 100% pro rata
Greater than 10% per annum	100%

Performance Measure	Relative TSR
Performance Period	11 days after FY2020 results announcement to 11 days after FY2023 results announcement
Performance	**% of rights that will vest**
Less than Index return	0%
Equal to index return	20%
Between Index return and Index return +5%	20% to 100% pro rata
Equal to or greater than Index return +5%	100%

The graduated vesting scale in the LTI plan was designed to minimise the likelihood of excessive risk taking as a performance threshold is approached. The Board believes this vesting framework strengthens the performance link over the long-term and accordingly encourages executives to focus on long-term performance. The Board also acknowledges that the value of certain strategic initiatives may take several years to deliver.

Further terms and conditions of the LTI plan are as follows:

- The invitations issued to eligible persons will include information such as award conditions and, upon acceptance of an invitation, the Board will grant awards in the name of the eligible person. Awards may not be transferred, assigned or otherwise dealt with except with the approval of the Board.
- Awards will only vest where the conditions advised to the participant by the Board have been satisfied. An unvested award will lapse in a number of circumstances, including where conditions are not satisfied within the relevant time period, or in the opinion of the Board, a participant has committed an act of fraud or misconduct or gross dereliction of duty. If a participant's engagement with the Company (or one of its subsidiaries) terminates before an award has vested, the Board may determine the extent to which the unvested awards that have not lapsed will become vested awards or, if the award offer does not so provide and the Board does not decide otherwise, the unvested awards will automatically lapse.
- Awards are subject to malus and clawback conditions whereby the Board may, in its discretion, and subject to applicable laws, determine the performance rights or shares already allocated following the vesting or exercise of a performance right are forfeited, recovered or the conditions modified. The Board's decision in regards to unfair benefits obtained by the participant is final and binding.

3.0 At Risk Remuneration Framework (continued)

- Where there is a takeover bid or a scheme of arrangement proposed in relation to the Company, the Board may determine that the participant's unvested awards will become vested awards. In such circumstances, the Board shall promptly notify each participant in writing that the awards have become vested awards, or that he or she may, within the time period specified in the notice and where applicable in accordance with the class or category of award, exercise such vested awards. A participant is not entitled to participate, in their capacity as holder of awards, in any new issue of shares in the Company, nor in any return of capital, buyback or other distribution or payment to shareholders, unless the Board determines otherwise. In the event of a bonus issue or rights issue, the rights of the award will be altered in a manner (if any) determined by the Board, consistent with the ASX Listing Rules.
- In the event of any reorganisation of the issued ordinary capital of the Company before the exercise of an award, the number of shares attached to each award will be reorganised in the manner specified in the LTI plan and in accordance with the ASX Listing Rules or, if the manner is not specified, the Board will determine the reorganisation. In any event, the reorganisation will not result in any additional benefits being conferred on participants which are not conferred on shareholders of the Company.
- Participants who hold an award issued pursuant to the LTI plan have no rights to vote under the LTI award at meetings of the Company until that award has vested (and is exercised, if applicable) and the participant is the holder of a valid share in the Company. Shares acquired upon vesting of the award will, upon issue, rank equally in all respects with other shares.
- No award or share may be offered under the LTI plan if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time.

4.0 Executive and Non-Executive Remuneration

4.1 KMP Remuneration

The respective total reward mix for KMP in FY21 is as follows, assuming business performance results in target vesting for STI and maximum grant value for LTI.

KMP	Fixed Pay	STI	LTI	At Risk
Mr. Michael Knaap	45.4%	27.3%	27.3%	54.6%
Mr. Malik Jainudeen	60.6%	24.2%	15.2%	39.4%
Mr. Hamish Hamilton	64.5%	19.4%	16.1%	35.5%
Dr. Richard Henshaw	100%	0.0%	0.0%	0.0%

KMP	Component	Commentary
Mr. Michael Knaap – Chief Executive Officer & Managing Director	TFR	1 July to 31 December 2020 - $500,000 per annum pro rata 1 January to 30 June 2021 - $525,000 per annum pro rata
	STI	The CEO has the opportunity to earn an annual incentive of 60% of total fixed remuneration based on meeting certain defined criteria. The FY2021 STI criteria were subject to both financial (70%) and non-financial (30%) outcomes. STI is only applicable if the clinical pregnancy rate is at or above the ANZARD mean.
	LTI (performance rights)	501,629 performance rights were granted in FY2021 which is equivalent to 60% of TFR. These rights vest at the end of the 3-year performance period subject to meeting certain EPS and TSR outcomes.
	Notice period	6 months
	Term of Agreement	No Fixed Term

4.0 Executive and Non-Executive Remuneration (continued)

KMP	Component	Commentary
Dr. Richard Henshaw (Executive Director)	TFR	$369,000 per annum. Dr. Henshaw was the only doctor during FY2021 who served as a director. He was paid a salary for his clinician duties and medical leadership roles.
	STI	Not eligible for a STI payment
	LTI (performance rights)	Not eligible for a LTI offer
	Notice period	6 months
	Term of Agreement	No Fixed Term

KMP	Component	Commentary
Mr. Malik Jainudeen (Chief Financial Officer & Company Secretary)	TFR	1 July to 31 December 2020 - $300,000 per annum pro rata 1 January to 30 June 2021 - $315,000 per annum pro rata
	STI	The CFO has the opportunity to earn an annual incentive of 40% of total fixed remuneration based on meeting certain defined criteria. The FY2021 STI criteria were subject to both financial (70%) and non-financial (30%) outcomes. STI is only applicable if the clinical pregnancy rate is at or above the ANZARD mean.
	LTI (performance rights)	119,435 performance rights were granted in FY2021 which is equivalent to 25% of TFR. These rights vest at the end of the 3-year performance period subject to meeting certain EPS and TSR outcomes.
	Notice period	3 months
	Term of Agreement	No Fixed Term

KMP	Component	Commentary
Mr. Hamish Hamilton (Chief Operating Officer)	TFR	1 July to 31 December 2020 - $300,000 per annum pro rata 1 January to 30 June 2021 - $315,000 per annum pro rata
	STI	The COO has the opportunity to earn an annual incentive of 30% of total fixed remuneration based on meeting certain defined criteria. The FY2021 STI criteria were subject to both financial (70%) and non-financial (30%) outcomes. STI is only applicable if the clinical pregnancy rate is at or above the ANZARD mean.
	LTI (performance rights)	119,435 performance rights were granted in FY2021 which is equivalent to 25% of TFR. These rights vest at the end of the 3-year performance period subject to meeting certain EPS and TSR outcomes.
	Notice period	3 months
	Term of Agreement	No Fixed Term

4.0 Executive and Non-Executive Remuneration (continued)

4.2 Non-Executive Director (NED) Remuneration Policy

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as Directors. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year, the amount fixed by the Company in a general meeting. This amount has been fixed by the Company at $950,000. For the 2021 financial year, the fees payable to the current NEDs are $559,804 in aggregate reflecting a $10,139 reduction compared to FY2020. It should be noted that in FY2020, the Board made a decision to reduce NED remuneration by 30% in the month of April 2020 in response to COVID-19. Regular fee payments re-commenced in May 2020.

Role	2021 $	2020 $
Fees		
Chair	143,222	143,222
Other Non-Executive Directors	89,116	89,116
Additional Fees		
Audit & Risk Committee – Chair	16,974	16,974
Audit & Risk Committee – Member	8,487	8,487
Remuneration & Nomination Committee – Chair	16,974	16,974
Remuneration & Nomination Committee – Member	8,487	8,487

5.0 Details of Remuneration for Key Management Personnel

5.1 Key Management Personnel ("KMP")

KMP have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other executives. KMP comprise the directors of the Company and the senior executives for the Group named in this report.

Name	Position	Period Covered Under this Report
Non-Executive Directors		
Mr Richard Davis	Non-Executive Chairman	Full Financial Year
Mr Josef Czyzewski	Non-Executive Director	Full Financial Year
Mr Neil Broekhuizen	Non-Executive Director	Full Financial Year
Ms Zita Peach	Non-Executive Director	Full Financial Year
Ms Catherine West	Non-Executive Director	8 September 2020 to 30 June 2021

Name	Position	Period Covered Under this Report
Executive Directors		
Mr Michael Knaap	Chief Executive Officer	Full Financial Year
Dr Richard Henshaw	Executive Director	Full Financial Year
Other KMP		
Mr Malik Jainudeen	Chief Financial Officer	Full Financial Year
Mr Hamish Hamilton	Chief Operations Officer	Full Financial Year

5.0 Details of Remuneration for Key Management Personnel (continued)

The following table details of the remuneration received by the Group's KMP for the current and prior financial years.

		Short term employee benefits				Post-employment benefits			Share based payments	
		Salary & Fees $	STI Cash incentive $	Other benefit $	Total $	Superannuation $	Other long-term benefits $	Termination benefits $	Rights $	Total $
Non-Executive Directors										
Mr Richard Davis[1]	**2021**	**146,298**	**-**	**-**	**146,298**	**13,898**	**-**	**-**	**-**	**160,196**
	2020	142,640	-	-	142,640	13,551	-	-	-	156,191
Mr Josef Czyzewski[1]	**2021**	**104,637**	**-**	**-**	**104,637**	**9,940**	**-**	**-**	**-**	**114,577**
	2020	102,021	-	-	102,021	9,692	-	-	-	111,713
Ms Christina Boyce[1]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	102,021	-	-	102,021	9,692	-	-	-	111,713
Mr Neil Broekhuizen[1]	**2021**	**94,780**	**-**	**-**	**94,780**	**2,823**	**-**	**-**	**-**	**97,603**
	2020	86,907	-	-	86,907	8,256	-	-	-	95,163
Ms Zita Peach[1]	**2021**	**96,888**	**-**	**-**	**96,888**	**9,204**	**-**	**-**	**-**	**106,092**
	2020	86,907	-	-	86,907	8,256	-	-	-	95,163
Ms Catherine West[2]	**2021**	**74,279**	**-**	**-**	**74,279**	**7,057**	**-**	**-**	**-**	**81,336**
	2020	-	-	-	-	-	-	-	-	-
Total Non-Executive Directors	**2021**	**516,882**	**-**	**-**	**516,882**	**42,922**	**-**	**-**	**-**	**559,804**
	2020	520,496	-	-	520,496	49,447	-	-	-	569,943
Executive Directors										
Mr Michael Knaap	**2021**	**501,235**	**304,138**	**-**	**805,373**	**21,694**	**-**	**-**	**81,092**	**908,159**
	2020	479,471	49,500	-	528,971	21,002	-	-	11,475	570,535
Dr Richard Henshaw	**2021**	**343,792**	**-**	**-**	**343,792**	**21,694**	**-**	**-**	**-**	**365,486**
	2020	325,948	-	-	325,948	21,003	-	-	-	346,951
Total Executive Directors	**2021**	**845,027**	**304,138**	**-**	**1,149,165**	**43,388**	**-**	**-**	**81,092**	**1,273,645**
	2020	805,419	49,500	-	854,919	42,005	-	-	11,475	908,399

[1] FY2020 includes Board remuneration reduction of 30% in the month of April in response to COVID-19.
[2] Ms Catherine West was appointed as a Non-Executive Director on 8 September 2020.

5.0 Details of Remuneration for Key Management Personnel (continued)

		Short term employee benefits				Post-employment benefits			Share based payments	
		Salary & Fees $	STI Cash incentive $	Other benefit $	Total $	Superannuation $	Other long-term benefits $	Termination benefits $	Rights $	Total $
Other Key Management Personnel (KMP)										
Mr Malik Jainudeen	**2021**	**296,985**	**126,655**	**-**	**423,640**	**21,236**	**-**	**-**	**18,405**	**463,281**
	2020	279,469	14,850	-	294,319	21,003	-	-	6,641	329,111
Mr Hamish Hamilton	**2021**	**296,879**	**96,575**	**-**	**393,454**	**21,368**	**-**	**-**	**14,979**	**429,801**
	2020	244,013	12,841	-	256,854	21,033	-	-	-	277,857
Mr Brett Comer[1]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	267,580	-	-	267,580	15,040	50,576	-	(12,145)	321,051
Total Other KMP Remuneration	**2021**	**593,864**	**223,230**	**-**	**817,094**	**42,604**	**-**	**-**	**33,384**	**893,082**
	2020	791,062	27,691	-	818,753	57,046	50,576	-	(5,504)	920,871
Total KMP Remuneration	**2021**	**1,955,773**	**527,368**	**-**	**2,483,141**	**128,914**	**-**	**-**	**114,476**	**2,726,531**
	2020	2,116,977	77,191	-	2,194,168	148,498	50,576	-	5,971	2,399,213

[1] Mr Brett Comer ceased his employment on 27 March 2020. Other long-term benefits includes entitlement paid out.

5.0 Details of Remuneration for Key Management Personnel (continued)

Details of unvested performance rights and the movement during the financial year is detailed below:

Name	Type	Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 20	Granted in FY21	Vested in FY21	Lapsed or Forfeited	Balance of Unvested Equity 30 Jun 2021	Fair Value per Security
					Number	Number	Number	Number	Number	$
Mr Michael Knaap	Rights	TSR	29 Jan 18	7 Sep 20	29,680	-	-	(29,680)	-	0.49
	Rights	EPS	20 Dec 18	30 Jun 21	57,145	-	-	(57,145)	-	1.00
	Rights	TSR	20 Dec 18	7 Sep 21	24,490	-	-	-	24,490	0.45
	Rights	EPS	16 Oct 19	30 Jun 22	147,205	-	-	-	147,205	0.94
	Rights	TSR	16 Oct 19	30 Aug 22	147,205	-	-	-	147,205	0.46
	Rights	EPS	16 Oct 20	30 Jun 23	-	351,140	-	-	351,140	0.61
	Rights	TSR	16 Oct 20	30 Aug 23	-	150,489	-	-	150,489	0.32
					405,725	**501,629**	**-**	**(86,825)**	**820,529**	
Mr Malik Jainudeen	Rights	EPS	16 Oct 19	30 Jun 22	36,801	-	-	-	36,801	0.94
	Rights	TSR	16 Oct 19	30 Aug 22	36,801	-	-	-	36,801	0.46
	Rights	EPS	16 Oct 20	30 Jun 23	-	83,604	-	-	83,604	0.61
	Rights	TSR	16 Oct 20	30 Aug 23	-	35,831	-	-	35,831	0.32
					73,602	**119,435**	**-**	**-**	**193,037**	
Mr Hamish Hamilton	Rights	EPS	16 Oct 20	30 Jun 23	-	83,604	-	-	83,604	0.61
	Rights	TSR	16 Oct 20	30 Aug 23	-	35,831	-	-	35,831	0.32
					-	**119,435**	**-**	**-**	**119,435**	
					479,327	**740,499**	**-**	**(86,825)**	**1,133,001**	

5.0 Details of Remuneration for Key Management Personnel (continued)

5.2 Analysis of incentives included in remuneration

Details of the vesting profile of the STI cash incentives awarded as remuneration to each director of the Company and other KMP are detailed below:

	Cash Incentive (2021)			Cash Incentive (2020)		
		% of Available Incentive			% of Available Incentive	
	Payable and Paid	Payable and Paid	Not Payable	Paid	Paid	Not Paid
	$	%	%	$	%	%
Executive Directors						
Mr Michael Knaap	$304,138	89.4%	10.6%	49,500	16.5%	83.5%
Dr Richard Henshaw	-	-	-	-	-	-
Other Key Management Personnel						
Mr Malik Jainudeen	$126,655	89.8%	10.2%	14,800	16.5%	83.5%
Mr Hamish Hamilton	$96,575	88.2%	11.8%	12,841	20.0%	80.0%

5.3 Loans to Key Management Personnel

No loans were issued to KMP during 2021.

5.4 Key Management Personnel Shareholdings

The following details Monash IVF Group ordinary shares held by Directors and KMP during 2021:

Name	Balance at start of year	Granted as remuneration	Net Change	Balance at end of year
Non-Executive Directors				
Mr Richard Davis	182,067	-	-	182,067
Mr Josef Czyzewski	241,382	-	-	241,382
Mr Neil Broekhuizen	132,787	-	217,213	350,000
Ms Zita Peach	92,803	-	-	92,803
Ms Catherine West	-	-	37,100	37,100
Executive Directors				
Mr Michael Knaap	150,655	-	-	150,655
Dr Richard Henshaw	1,358,842	-	-	1,358,842
Other Key Management Personnel				
Mr Malik Jainudeen	19,231	-	-	19,231
Mr Hamish Hamilton	71,535	-	52,300	123,835
Total	**2,249,302**	**-**	**306,613**	**2,555,915**

6.0 Link to Group Performance

6.1 Group Performance

The revenue and earnings of the Group for the five years to 30 June 2021 are summarised below:

Measure	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Revenue	**183,605**	**145,417**	**151,980**	**150,736**	**155,182**
Reported EBITDA	51,281	32,833	37,242	38,109	48,974
Underlying EBITDA	**47,749**	**34,797**	**37,815**	**38,109**	**48,974**
Net Profit After Tax (1)	25,505	11,726	19,807	21,181	29,619
STI Payable	**81.1%**	**24.1%**	**29.4%**	**0%**	**17.8%**
Total Shareholder Return (1)	61%	-59%	34%	-35%	3%
Closing Share Price ($)	**0.85**	**0.53**	**1.40**	**1.08**	**1.78**
Dividend Per Share (cents)	4.2	2.1	6.0	6.0	8.8
Earnings per Share (cents) (1)	**6.5**	**4.6**	**8.4**	**9.1**	**12.6**

During the period, Revenue, EBITDA, NPAT, TSR and EPS were key performance measures. EBITDA is a major component of the STI plans for KMP including the CEO, CFO and COO whilst TSR and EPS growth are long term metrics used to measure the CEO, CFO and COO's remuneration via the Executive Long Term Incentive Plan. CEO, CFO and COO remuneration varies with the outcomes of these measures above a required threshold performance level.

1) The Net Profit after Tax, total shareholder return and earnings per share are not comparable for certain years due to the capital structure and discontinued operations.

Matters subsequent to the end of the financial year

On 24 August 2021, a fully franked dividend of 2.1 cents per share was declared. The record date for the dividend is 10 September 2021 and the payment date for the dividend is 8 October 2021.

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.

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 36 and forms part of the directors' report for the year ended 30 June 2021.

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

Richard Davis	**Michael Knaap**
Chairman	**Chief Executive Officer and Managing Director**

Dated in Melbourne this 24th day of August 2021

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 audit of Monash IVF Group Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Chris Sargent

Partner

Melbourne

24 August 2021

This statement, approved by the Board, reports on the Group's key governance framework, principles and practices as at 30 June 2021. These principles and practices are subject to regular review and when necessary revised to reflect legislative changes or corporate governance best practice.

The Board of Directors is committed to maintaining the Group's pre-eminent status as a leader in the fields of Assisted Reproductive Services (ARS) and specialist women's imaging. This commitment will lead to sustainable growth and shareholder returns. The Board is a strong advocate of good corporate governance and its fulfilment of these practices and obligations will enhance the ability for shareholders to be appropriately rewarded.

Monash IVF Group Limited complies in all material respects with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The details of this compliance and reasons for any non compliance are set out in this statement. A separate Appendix 4G has been lodged with the Australian Securities Exchange Limited (ASX).

Principle 1 Lay solid foundations for management and oversight

1.1 Roles and responsibilities of the Board and Management and delegation

The role of the Board is to oversee good governance practice in all aspects of the Group's undertakings. This includes setting and approving the strategic direction of the Group and to guide and monitor Monash IVF Group management and its businesses in achieving their strategic objectives. The Board is committed to maximising performance through continued investment in all aspects of the business including research, education and innovation in clinical services to improve patient outcomes.

The Board is committed to a high standard of corporate governance practice and fosters a culture of compliance which values ethical behaviour, integrity, teamwork and respect for others.

The Monash IVF Group Limited Board Charter outlines the role and responsibilities of the Board along with direction on Board composition, structure and membership requirements. The Charter clearly outlines matters expressly reserved for the Board's determination and those matters delegated to Management.

The Company's Chief Executive Officer and Managing Director, Michael Knaap, has responsibility for day-to-day management of Monash IVF Group Limited in its entirety. Michael was previously the Chief Financial Officer and held the position of Interim Chief Executive Officer between October 2018 and April 2019. Michael was appointed to Chief Executive Officer and Managing Director on 15 April 2019 and is supported by the Executive Team which is responsible for implementation of Board directed strategies at an operational level.

The Monash IVF Group Limited Board Charter is available on the Monash IVF Group Limited website http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

1.2 and 1.3 Board and Senior Executive Appointments

In the event of a new appointment to a director or senior executive role, appropriate probity and integrity checks, such as experience, education, criminal record and bankruptcy history, are undertaken to ensure the individual has an appropriate background to hold the role with Monash IVF Group Limited. Should the role be for election of a director for the first time a comprehensive check of the candidates personal and professional history would occur including details of any other material directorships or non-executive roles.

With the exception of the Managing Director & CEO, one third of all eligible Directors, and any other Director who has held office for over three years since their last election, must retire in rotation at the Annual General Meeting (AGM). This is in accordance with the Company's Constitution. A retiring Director holds office until the conclusion of the meeting at which he or she retires. They may stand for re-election by security holders at that meeting. The Board may appoint a new Director to fill a casual vacancy and that Director will hold office until the close of the next AGM, unless elected at that meeting.

Principle 1 Lay solid foundations for management and oversight (continued)

The Board makes recommendations in respect of the election or re-election of each Director based on tenure, skills and experience of the Director in relation to Board composition. The Remuneration and Nomination Committee ensures that appropriate background checks take place for the appointment of a new Director. The details of those Directors who stand for re-election will be provided in the Notice of Meeting which is sent to security holders prior to the AGM. The Board provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director, in addition a statement by the Board as to whether it supports the election or re-election of the candidate and a summary of the reasons as to why the Board has taken this view. Additionally, each Director standing for re-election makes a short presentation to security holders at the meeting itself.

All Board members have a written agreement outlining the terms of their appointment clearly articulating the expectations, roles and responsibilities and remuneration of their role.

All employment agreements for senior executives clearly set out their terms of appointment, remuneration and requirements to adhere to company policies and procedures. Industry regulation and Company policy requires police checks for employees which are undertaken prior to commencement. Employment contracts require employees to disclose any offences that would result in an adverse police check.

1.4 Company Secretary

Mr Malik Jainudeen was appointed in the role of Company Secretary and Chief Financial Officer with Monash IVF Group Limited in April 2019. Malik's role is to work closely with the Board and its committees to advise on governance matters and to oversee meeting protocols are adhered to including comprehensive minutes.

1.5 Diversity and Inclusion Policy

Monash IVF Group recognises that its business success is a reflection of the quality of its people and is proud of its strong diverse and inclusive workforce. The Company's workforce is made up of individuals with a diverse set of skills, values, experiences, backgrounds and attributes including those gained on account of their gender, age, disability, ethnicity, marital or family status, religious or cultural background and sexual orientation. Monash IVF Group is committed to supporting and further developing this through attracting, engaging and retaining diverse talent as supported by a Diversity & Inclusion policy.

Monash IVF Group is a recognised employer under the Workplace Gender Equity Act 2012 and is compliant with the requirements of the Australian Government Workplace Gender Equity Agency. The breakdown of gender diversity at Monash IVF Group is listed below:

Organisational Level	Number of Women	% of Women	Target
Non-Executive Directors	2	40%	30%
Senior Management	9	50%	50%
Team Leader	43	80%	50%
Total Staff (inc above)	669	91%	

The Board recognises the high proportion of women in the workplace and acknowledges that this gender diversity is reflective of the nature of the organisation. The Remuneration and Nomination Committee sets measurable objectives to achieve gender diversity and Monash IVF Group achieves diversity above industry standard with 50% female representation of Executives reporting to the CEO. Board representation continues to be targeted at a minimum of 30% female representation. These measures were met during the year. Senior Management is defined as Executive Directors and Management personnel in operational leadership positions generally specific to state leadership teams.

Monash IVF Group has in place a Flexible Work Arrangements policy to promote work/life balance and to accommodate family care in line with the operational requirements of the Business. During FY21, 58 employees have taken primary and secondary parental leave, utilising the Group's generous parental leave policy. Flexible hour working arrangements either formally and informally are widely used across Monash IVF Group.

Principle 1 Lay solid foundations for management and oversight (continued)

The Diversity and Inclusion Policy is overseen by the Remuneration and Nomination Committee. The Committee has no executive powers with regard to its findings and recommendations however is responsible for monitoring, reviewing and reporting to the Board on the Company's performance in respect to diversity in accordance with the Company's Diversity and Inclusion Policy. The Board is committed to targeting a board composition aligned to its workforce and patient base over time.The Diversity Policy is available on the Monash IVF Group Limited website http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

Monash IVF Group is committed to providing a diverse and culturally inclusive work environment to ensure that all employees are valued and safe in their workplace. Monash IVF Group provides an Equal Employment Opportunity policy framework in relation to harassment, bullying, discrimination and grievance procedures. The policies are available to all employees via the Company intranet. The Group also offers an employee assistance program that provides a confidential counselling service to support employee wellbeing in the workplace. To ensure a full understanding of respectful workplace obligations, the organisation utilises a Learning Management System, an online learning management portal to manage and track the full compliance of all respectful workplace topics. Monash IVF Group continued their partnership with Pride in Diversity, a national not-for-profit employer support program for LGBTI workplace and is specifically designed to assist employers and employees with all aspects of inclusion including awareness and education.

1.6 Director Performance Evaluation

The Remuneration and Nomination Committee Chair undertakes the process of performance reviews of the Board, its Committees and the Chairman. Objectives of the review are to ensure the Board adheres to ASX governance principles and to identify opportunities to improve the functioning of the Board as a whole. The focus is on the performance of the Board as a whole and, to a lesser extent, the Board committees. The Chairman performs individual appraisals on each director.

The annual review completed by Monash IVF Group Limited Board was undertaken in July 2021. It involved directors completing a confidential online questionnaire covering aspects outlined in the Board Charter. The results were aggregated and discussed by the Board to inform areas or opportunities for improvement.

1.7 Senior Executive Evaluations

Monash IVF Group Limited has an annual Performance Review Policy for all senior executives and managers as stated in the Board Charter. Senior executive and manager performance is reviewed by the CEO against KPIs which are both financial and non financial in nature. The performance evaluation process has been undertaken in accordance with this policy for the current financial year. The Remuneration and Nomination Committee has oversight of this process.

The Chairman of the Board performs the CEO performance review against annual key performance indicators. Michael Knaap's performance was formally reviewed in August and recommendations as a result were taken to the Board. The Board oversees and monitors the key performance indicators and strategic plan for the Group which also allows the Board to monitor the performance of senior executives outside the annual review process.

Principle 2 Structure of the Board to be effective and add value

The Constitution of the Company provides that the number of Directors must at any time be no more than ten and no less than three members. The Monash IVF Group Limited Board currently consists of seven directors, five independent and two non independent members. The Board charter prescribes that the Chair of the Board must be independent and the Board should consist of individuals who contribute a mix of skills and a diversity of professional backgrounds. Further information on the Board members is available in the Directors Report.

Monash IVF Group Limited believes the current Board of seven members adequately allows its members to carry out its responsibilities without unnecessarily debasing its effectiveness with an excessive number that can hinder individual engagement and involvement of Board members. To add efficiency to the Board, two committees are in-place; the Remuneration and Nomination Committee and the Audit and Risk Committee. The Board Charter prescribes that all committee members be Independent Directors.

Principle 2 Structure of the Board to be effective and add value (continued)

2.1 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is governed by the Remuneration and Nomination Committee Charter as found on the Monash IVF Group Limited website at http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

Following the resignation of the Chair of the Remuneration and Nomination Committee, Christina Boyce on 29 June 2020, Ms Zita Peach has been appointed the Chair of the Remuneration and Nomination Committee. Ms Catherine West was appointed to the Remuneration and Nomination Committee on 8 September 2020.

The Remuneration and Nomination Committee consist of four independent Directors of the Board:

- Ms Zita Peach (Chair)
- Mr Richard Davis
- Mr Josef Czyzewski
- Ms Catherine West

The Committee met 5 times with all Committee members in attendance.

The Committee assists the Board by reviewing and making recommendations to the Board in relation to:

- the Company's remuneration policy;
- Board succession issues and planning;
- Board member and re-election of members to the Board and its committees;
- Director induction and continuing professional development programs for Directors;
- remuneration packages of senior executives;
- non-executive Directors and executive Directors, equity-based incentive plans and other employee benefit programs;
- Company superannuation arrangements;
- the Company's recruitment, retention and termination policies;
- succession plans of the CEO, senior executives and executive Directors;
- the process for the evaluation of the performance of the Board, its Board Committees and individual Directors;
- the review of the performance of senior executives;
- review of the Company's remuneration policies and packages; and
- the size and composition of the Board and strategies to address Board diversity and the Company's performance in respect of the Company's Diversity and Inclusion Policy, including whether there is any gender or other inappropriate bias in remuneration for Directors, senior executives or other employees.

2.2 Board Skill Matrix

On establishing the Board in 2014 the desirable skills, attributes and experience required was considered in searching for potential Board members. The below skill matrix outlines the Board of Director skill set during FY21:

Principle 2 Structure of the Board to be effective and to add value (continued)

	Mr Richard Davis	Mr Joe Czyzewski	Ms Zita Peach	Mr Neil Broekhuizen	Dr Richard Henshaw	Mr Michael Knaap	Ms Catherine West
Executive Leadership Held an executive leadership position, publicly listed or large private multinational. Expertise in engaging multiple stakeholders, and delivering sustainable success.	●	●	●	◑	◕	●	◕
Strategic Direction Setting Experience and track record in constructively reviewing, and challenging a plan of action designed to achieve the long term goals of the organisation.	●	◕	●	◕	●	◕	◕
New Business Development Background in business development that delivers long term value to the organisation.	◕	◑	●	●	◕	◕	◕
Mergers and Acquisitions Experience M&A including implementation advisory.	●	●	●	●	◕	◕	●
International Business Development Knowledge and experience in overseas markets in which the company operates including cultural, political, regulatory and business requirements.	◕	◕	●	◕	◔	◕	◔
Health Services Successful experience in industry health and/or the health services sector.	◔	◔	◕	◑	●	◕	◔
Clinical/Medical Experience Demonstrated experience and held a successful clinical position relevant to the organisation.	○	○	○	○	◕	○	○
Accounting/Finance Experience in financial accounting and reporting, corporate finance, risk and internal controls.	●	●	◕	●	○	●	◕
Regulatory / Government Relations Legal background or experience in regulatory and public policy. Experience in risk and mitigation principles	◑	◑	◕	◑	◕	◑	◕
Technology Expertise in digital technology, cyber security, digital marketing, social media.	○	◑	●	◕	◑	◑	◕
Work, Health and Safety Experience relating to health, safety, environment, social responsibility, and community.	◑	◔	◕	◔	◔	◕	◕

Monash IVF Group Limited believe the current Director skill set is adequate to ensure an appropriate and diverse mix of backgrounds, expertise, experience and qualifications exist to assist with being able to understand and effectively advice on Group strategy and growth.

2.3, 2.4 and 2.5 Board members, roles and independence

A summary of the Board members, their roles, independence and appointment dates are as follows:

Director	Position	Independent	Appointment Date
Mr Richard Davis	Independent Chairman	Yes	4/6/2014
Mr Josef Czyzewski	Independent non-executive Director	Yes	4/6/2014
Ms Zita Peach	Independent non-executive Director	Yes	12/10/2016
Mr Neil Broekhuizen	Independent non-executive Director	Yes	4/6/2014

Principle 2 Structure of the Board to be effective and to add value (continued)

Director	Position	Independent	Appointment Date
Mr Michael Knaap	CEO and Managing Director	No – CEO and Managing Director	15/4/2019
Dr Richard Henshaw	Executive Director	No – Fertility Specialist with Monash IVF Group Limited	30/4/2014
Ms Catherine West	Independent non-executive Director	Yes	8/9/2020

The Board Charter outlines that at least half of the Board should be independent directors, one of whom is the Chairman. A director is deemed to be "independent" if free of any business or other relationship with the Company that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of unfettered and independent judgement.

The Board has assessed, using the criteria set out in the ASX Corporate Governance Principles and Recommendation, the independence of non-executive directors in light of their interests and relationships and considers at least half to be independent. The independence status and length of service of each director is outlined in the table above. The percentage of Board members considered independent was 71%.

Mr Richard Davis was appointed Monash IVF Group Limited Chairman in June 2014. He is a non-executive Independent Director. Mr Davis, in his role as Chair, provides leadership to the Board and advice and support to the CEO. The Chair of the Board is responsible for overseeing Board dynamics and ensuring all directors contribute effectively and constructively to Group meetings and strategic agendas.

2.6 Director Induction and Professional Development

Monash IVF Group Limited has a comprehensive induction process for Directors and senior executives. This induction includes meetings with senior management and staff to gain an understanding of the core business, strategy, financial, operational and risk management matters and factors relevant to the sectors and environments in which the Company operates as well as visits to laboratories and clinics to gain a more in depth understanding of the business.

The Chairman periodically reviews whether there is a need for Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively. Directors are active in undertaking professional development opportunities for the purpose of development and maintenance of their skills. The Board and its Committees are provided with updates and information from both management and external experts on various topics relevant to the Company's circumstances, including emerging business and governance issues relevant to the Company and material developments in laws and regulations. The Board and individual Directors attend at operational sites, meet staff in operations and receive presentations from management across the Group's operations. Board members have been continuously informed via research papers and presentations, financial and business results and discussion involving market strategic initiatives contributing to the continued professional development of the Board.

Principle 3 Instill a culture of acting lawfully, ethically and responsibly

3.1 Organisational values

The Board and senior executives are firmly committed to ensuring that all employees observe high standards of lawful, ethical behaviour and conduct. Setting the cultural tone for the organisation, Monash IVF Group's core values are as follows:

Principle 3 Instill a culture of acting lawfully, ethically and responsibly (continued)

Our Principles

Care

Promotes a team environment that values, encourages and supports differences
Genuinely cares about people
Is available and ready to help
Demonstrates real empathy with the joys and pains of others

Collaborate

Build strong formal and informal, internal and external networks across a variety of functions and locations
Partners with others to achieve quality outcomes and share in the successes
Values, calls upon and utilises the experience and expertise of others
Shares information for the benefit of individual, team, clinic and or organisation

Communicate

Promotes a team environment that values, encourages and supports differences
Genuinely cares about people
Is available and ready to help
Demonstrates real empathy with the joys and pains of others

Commitment

Is dedicated to meeting the expectations and requirements of patients, clinicians and internal stakeholders
Persists in accomplishing objects despite obstacles and setbacks
Pushes self and others to achieve

Create

Challenges the traditional way of thinking and adopts change where required
Shows initiative and can spot and seize opportunities
Empowers others to bring creative ideas and suggestions to life

Monash IVF Group's performance review process requires assessment of the extent to which personnel have demonstrated behaviour consistent with these values. The values also form the foundation for the monthly and annual employee CUDOS Awards, recognising and celebrating outstanding employee behaviour in line with these values.

The principles are provided with sufficient guidance to enable personnel to make decisions consistent with the Board's risk appetite and core values.

3.2 Code of Conduct and whistleblower program

Monash IVF Group Limited recognises the need to observe the highest standards of corporate practice, business conduct and responsible decision making. Accordingly, the Board adheres to a formal Code of Conduct which outlines Monash IVF Group Limited policies on various matters including ethical conduct, business and personal conduct, compliance, privacy, security of information, financial integrity and conflicts of interest. This Code clearly states the standard of responsibility and ethical conduct expected of staff, directors or doctors engaged by the Company. The Code recognises the numerous legislative and compliance matters that affect the business.

Principle 3 Instill a culture of acting lawfully, ethically and responsibly (continued)

The Code of Conduct promotes ethical and responsible decision making by directors, contractors and employees. The Code also gives direction in the avoidance of conflicts of interest and mandates high standards of personal integrity, objectivity and honesty in the dealings of all Monash IVF Group Limited Board members and staff, detailing guidelines to ensure the highest standards are maintained. Monash IVF Group holds all staff to act according to this code to maintain standards in confidentiality and general behaviour. The code is provided to all staff as part of the Group induction process and compliance is reviewed regularly. The Board or Audit and Risk Management Committee are informed of any material breaches of the entity's code of conduct.

3.3 Whistleblower policy

The Company has a Whistleblower policy which has been communicated to all Company personnel and published on the Company's website.

The Whistleblower Policy promotes and supports the reporting of matters of concern and suspected wrongdoing, such as dishonest or fraudulent conduct, breaches of legislation and other conduct that may cause financial loss or be otherwise detrimental to its reputation or interests. The Policy sets out the approach to disclosure, investigation and reporting and outlines the protection to be afforded to those who report such conduct against reprisals, discrimination, harassment or other disadvantage resulting from their reports. All disclosures received under the Whistleblower Policy are reported to the Audit and Risk Management Committee with details of investigations completed.

Monash IVF Group Limited Code of Conduct policy and Whistle Blower policy can be found in full on our website under www.monashivfgroup.com.au/investor-centre/corporate-governance/

3.4 Anti-Bribery and Corruption policy

The Company has an Anti-Bribery and Corruption policy which has been communicated to all Company personnel and published on the Company's website.

The Anti-Bribery and Corruption policy describes the standards of ethical conduct and behaviour required of all Individuals within the Monash IVF Group, noting that all representatives must act within the law and not engage in corrupt practices or acts of bribery that expose Monash IVF Group, its employees and clinical partners to the risks of prosecution, fines and imprisonment, as well as endangering Monash IVF Group's reputation. Where these standards are not met, then appropriate disciplinary action may be taken. Monash IVF Group will apply a zero-tolerance approach to acts of bribery and/or corruption by any Individual or third-party representative. The Board or Audit and Risk Committee are informed of any material breaches of the entity's Anti-Bribery and Corruption policy.

Monash IVF Group Limited Anti-Bribery and Corruption policy can be found in full on our website under www.monashivfgroup.com.au/investor-centre/corporate-governance/

Principle 4 Safeguard integrity in corporate reporting

4.1 Audit and Risk Management Committee

The Audit and Risk Management Committee for Monash IVF Group Limited are responsible for supervising the process of corporate governance, financial reporting and risk management, internal control, continuous disclosure, non-financial risk monitoring and external audit. The Committee's role, as outlined in the Audit and Risk Management Committee Charter, is to monitor the Group's compliance with laws and regulations and adherence to the Group Code of Conduct and to promote discussion with regard to risk between Board, management and the external auditor.

Monash IVF Group Limited engages the services of an external auditor; who's independence and performance is monitored and reviewed by the Audit and Risk Management Committee. The external auditors and Audit & Risk Committee and Audit Chair met on a number of occasions independently of Management.

Principle 4 Safeguard integrity in corporate reporting (continued)

The Audit and Risk Management Committee consists of three non-executive Independent Directors with experience and qualifications in financial management as outlined in the Audit and Risk Management Committee Charter. Current members of the Committee are:

- Mr Josef Czyzewski (Chair)
- Mr Richard Davis
- Mr Neil Broekhuizen

The Committee met five times during the year.

Details of the Committee members' experience and technical expertise are set out in the directors' biographies which can be viewed on the Board of Directors pages in the latest Annual Report. The Audit and Risk Management Committee Charter is available on the Monash IVF Group Limited website at
http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

4.2 Financial Statement Approval

Monash IVF Group Limited CEO and Managing Director, Mr Michael Knaap, and CFO, Mr Malik Jainudeen, reviewed and verified that the half year and full year reporting statements as listed in reports to the ASX and shareholders are true and accurate. A declaration to that effect has been signed by both to declare that the financial records have been entered and maintained as per the Corporations Act (2001) accounting standards and they give a fair and true view of the financial position and performance of Monash IVF Group Limited. Further a detailed questionnaire is completed by senior operational, administrative and financial management attesting to the validity and integrity of the processes that they control prior to the approval of the financial statements. These questionnaires are reviewed by the Audit and Risk Management Committee.

4.3 Process for verifying Periodic Corporate Reports

Monash IVF Group Limited is committed to providing security holders and other external stakeholders with timely, consistent and transparent corporate reporting. The process which is followed to verify the integrity of periodic corporate reports is tailored based on the nature of the relevant report, its subject matter and where it will be published. Monash IVF Group Limited seeks to adhere to the following general principles with respect to the preparation and verification of its corporate reporting:

- periodic corporate reports prepared by, or under the oversight of, the relevant subject matter expert for the area being reported on;
- the relevant report is in compliance with any applicable legislation or regulations;
- the relevant report reviewed (including any underlying data), with regard to ensuring it is not inaccurate, false, misleading or deceptive; and
- where required by law or by Monash IVF Group policy, relevant reports authorised for release by the appropriate approver required under that law or policy.

Consistent with these principles, the non-audited sections of the Annual Report and Corporate Governance Statement for the Reporting Period were prepared by the relevant subject matter experts and reviewed and verified by relevant senior executives and senior managers prior to Board approval. ASX announcements (other than administrative announcements) during the Reporting Period were also reviewed and approved in accordance with the Continuous Disclosure policy, which includes review by the Board, CEO and CFO prior to publication.

Principle 5 Make timely and balanced disclosure

5.1 Continuous Disclosure

Monash IVF Group Limited is committed to effective communication with its investors and the wider community. The Company strives to ensure that all Stakeholders, market participants, patients and the wider community are informed in a timely manner of its activities and performance in line with its Continuous Disclosure Policy.

Principle 5 Make timely and balanced disclosure (continued)

This policy complies with the continuous disclosure obligations under the Corporation Act (2001) and the ASX Listing Rules and as much as possible seeks to achieve and exceed best practice to promote investor confidence in Monash IVF Group Limited.

Continuous disclosure principles and requirements are well understood by the Monash IVF Group Limited Company Secretary and the Board of Directors and are in place to ensure all relevant information, especially of a sensitive nature, is made available in a timely manner. Any matters requiring disclosure are raised for consideration whenever necessary. The Monash IVF Group Limited website is structured to provide shareholders and the community with easy access to information.

5.2 and 5.3 Material market announcements and presentations

The Company Secretary ensures that the Board receives copies of all material market announcements promptly after they have been made and ensures that any new investor or analyst presentation is released on the ASX before the presentation is given. The Continuous Disclosure Policy can be found on the Monash IVF Group website at http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance.

Principle 6 Respect the rights of security holders

6.1 Communication with Shareholders

Monash IVF Group Limited ensures shareholders are fully informed of its governance processes and are notified of any major developments affecting the Group. In line with the Monash IVF Group Limited Communication Policy the Company's website is considered to be the primary means to provide information to all stakeholders. It has been designed to enable information to be accessed in a clear and readily accessible manner including:

- Company information including Board members;
- A 'Corporate Governance' landing page with documents including the Company's codes, policies and charters;
- all announcements and releases to the ASX;
- copies of presentations to shareholders, institutional investors, brokers and analysts;
- any media or other releases;
- all notices of meetings and explanatory material;
- annual and half yearly reports;
- any other relevant information concerning non-confidential activities of the Company including business developments.

The Company website can be found at www.monashivfgroup.com.au where information can be clearly located under heading:

- Home – homepage with Company history and overview
- About – information on Our People, Collaborations and Career Opportunities
- Research and Innovation – lists current and published research and our scientific firsts.

6.2 Investor Relations

In addition to the Company website, there is a dedicated Investor Relations page found at http://ir.monashivfgroup.com.au/Investor-Centre/ which provides investors and shareholders with information on Monash IVF Group Limited Board members, Announcements, Corporate Governance documents, Results presentations and webcasts. The Investor Centre also acts as a portal for two way communication between the Company and investors with links to a 'Contact Us' page which allows individuals to email enquiries and also provides postal address and contact number to allow access to the Company. The Communication Policy can be located at: http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

Principle 6 Respect the rights of security holders (continued)

6.3 and 6.4 Attendance at Company meetings

As cited in the Monash IVF Group Limited Communications Policy, the Company encourages full participation of Shareholders at the Annual General Meeting which provides an excellent opportunity for the Company to provide information to its shareholders and to receive Shareholder feedback.

The next Annual General Meeting will be held on 19 November 2021.

In the event Shareholders are not able to attend the meetings, questions can be directed to the Group for addressing at the Annual General Meeting and the presentations and webcasts are promptly added to the website. These can be found at http://ir.monashivfgroup.com.au/Investor-Centre/?page=Presentations-Webcasts

All resolutions put to the Annual General Meeting will be decided by way of a poll. Shareholders are also able to direct any questions via the Group's share registry provider, Link Market Services.

6.5 Electronic Communication

The Company recognises that electronic communication is often a more efficient and more desired form of communication. Monash IVF Group Limited Communications Policy addresses this and accordingly Shareholders are given the option to communicate with the Company Share Registry electronically.

The Company's email system allows staff and stakeholders to communicate with ease with Management and staff of the Company. Doctors, employees and other stakeholders have access to this system and are encouraged to use it to improve the flow of information and communication generally.

The Monash IVF Group Limited Communications Policy can be located at http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

Principle 7 Recognise and Manage Risk

The Monash IVF Group Limited Board, primarily through the Audit and Risk Management Committee, reviews and manages risk areas for the Group. Refer to section 4.1 for further information.

7.1 Audit and Risk Committee

The identification and appropriate management of risks is an important priority for the Monash IVF Group Limited Board. 'Risks' are identified as any possible outcomes that could materially impact the Company's financial performance, assets, reputation, people or the environment.

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The Audit and Risk Management Committee oversees and governs risk management strategy and policy, to monitor risk management and to establish procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

The Committee abides by the Audit and Risk Management Committee Charter to assist the Board in fulfilling its corporate governance and oversight responsibilities in actively identifying risks and developing appropriate mitigating actions. The Committee adheres to the Risk Management Policy for the business which highlights the risks relevant to Company operations and oversees that the entity is operating with due regard to the risk appetite set by the Board.

Monash IVF Group Limited's Audit & Risk Management Committee Charter can be found on the website at: http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

This Charter prescribes that the Audit and Risk Management Committee consist of at least three Board Directors that are non-executive independent Directors.

Principle 7 Recognise and Manage Risk (continued)

7.2 Risk Management

Monash IVF Group provides a framework for risk management which supports the achievement of our strategic and operational objectives. We are committed to maintaining an organisational philosophy and culture which ensures that effective risk management is integrated into day to day activities.

The Group maintains a Risk Register that documents all identified risks, lists appropriate preventative actions to mitigate risks, reviews process of risk reduction and nominates responsible persons who take ownership of the risk strategy process. The Risk Register is reviewed by the Risk Owners, Leadership teams and Executive Team help determine whether risks are still current, controls are effective and identify any emerging risks, which are then flagged to the Audit and Risk Management Committee. A review of Risk Management is undertaken annually.

Specialist software used to record adverse events and feedback ensures that exposures to risk are continually monitored to ensure they are adequately understood and managed. This system of reporting also allows for formal monitoring of patient safety, identification training needs and informs clinical policy decision making.

7.3 Internal Audit

Monash IVF Group Limited does not have a designated Internal Audit Function at present but the Group performs internal audit activities from a clinical and operational perspective to ensure compliance with various external accreditation requirements.

The CEO and CFO have key responsibility in ensuring that internal controls are in place, operating effectively and reviewed for continual improvement. As part of the various accreditation and licencing processes undertaken by the business, key internal audit functions are undertaken. These audits are then made available to accreditation and licensing bodies. Certain financial internal controls are tested by KPMG as part of their financial statement audit procedures. The Group believes internal controls implemented such as segregation of duties, delegation processes, treasury controls and structured approval processes counter many risks. The Group will continue to assess whether an independent third party internal audit function or designated in-house internal audit function is required.

7.4 Risk Exposure

Monash IVF Group Limited provides assisted reproductive services in Australia and Malaysia and specialist women's imaging services in Australia. The Group is committed to performing services in an open and transparent environment and in a manner that is honest and ethical. The Group embraces responsibility for corporate actions and encourages a positive impact on the environment and stakeholders including patients, employees, investors and the community.

Since its early pioneering days in assisted reproductive treatment, resulting in the first IVF pregnancy in 1973, Monash IVF Group Limited has played an important role in the local communities it serves and society at large. Its focus on evidenced based fertility care provides the opportunity to commit resources to scientific research, clinical teaching and training. The Group's services are offered to all and do not discriminate, including nature and complexities of infertility.

From an ethical and social perspective, Monash IVF Group Limited and its subsidiary companies ensure national regulation and state legislation drives the standards of care to ensure its protects its patients, donors and any children born as a result of treatment provided by the Group.

All Monash IVF Group facilities meet the appropriate standards for accreditation including:

- Assisted reproductive treatment sites in Australia are accredited with the Reproductive Technology Accreditation Committee (RTAC) and the Group ensures appropriate documentation is held by sites,
- doctors, nurses and scientists. This accreditation incorporates components covering ethics and safety in practice and management of adverse events.
- Day surgeries are accredited with National Safety and Quality Health Service (NSQHS) standards which ensure quality standards are consistent with an exceptional standard of care expected by consumers in health facilities.
- Diagnostic laboratories are accredited to ISO 15189 and relevant NPAAC Guidelines.

Principle 7 Recognise and Manage Risk (continued)

- Diagnostic imaging (ultrasound) facilities are accredited with the Department of Health Diagnostic Imaging Accreditation Scheme (DIAS).
- The Group's Malaysian clinic whilst not legally requiring the same level of regulation, operates to the same standards having been externally accredited to the international RTAC standards.

The Group recognises that its staff and Doctors are instrumental to the success of the Organisation. Comprehensive recruitment, credentialing, induction, training and development programs are designed to attract and retain staff equipped to deliver outstanding customer care. Staff actively participate in the continual improvement of the Group's internal policies and processes and are encouraged to participate in innovation and research.

The Monash IVF Group Workplace Health and Safety Policy framework covers policies on general safety in the workplace. Monash IVF Group Limited recognises protecting the environment is a critical issue and a key responsibility of the Business and corporate community. Monash IVF Group is an organisation that is not involved in manufacturing or resource extraction and hence it considers its environmental footprint to be small.

The Group adopts a philosophy of clinical excellence in an environment of safe and supportive service provision. No material environmental or social sustainability risks have been identified. The Group adopts the approach of a responsible corporate citizen with regard to the management of waste and hazardous materials. The Group is not a significant consumer of electricity, water or gas and accordingly, the opportunities for material reductions in utility consumption are limited.

The Quality Management System in place in each laboratory supports the review and monitoring of quality of product from suppliers. New consumables undergo a full quality screening process and products are thoroughly evaluated to review where and how products are manufactured before being used in the laboratories. All products are reviewed formally on an annual basis to ensure they maintain quality standards and informally on a day to day basis. Currently all Monash IVF Group clinics use predominantly products from the top two suppliers of laboratory products in Australia in order to maintain consistency in quality.

The Group takes cyber security and its potential consequences extremely seriously. The Group has comprehensive security arrangements in place to isolate attacks on its systems and ensure that attempted intrusions are identified and viruses are not spread across the Group's network or systems. The Group's IT systems operate safely and securely as demonstrated by a recent cyber-attack that failed to propagate through our systems. Our preventative controls isolated the attack to a comparatively small subset of system resources, while we hardened our firewall and email filtering to stop this and future attacks from coming through. Numerous levels of redundancy and backup are built into the IT systems providing a high degree of system availability and protection of data. The Group periodically engages an independent third party to review the Group's cyber security risk. Recommendations from these reviews continue to be implemented and the Group continues to invest to further enhance cyber security measures in place.

Economic risk continues to be potentially material to Monash IVF Group Limited. Our services in Australia are indirectly funded to a significant extent by the Australian Federal Government through the Medicare Benefit Schedule and Extended Medicare Safety Net. Any change to the funding arrangements could lead to a reduction in revenue affecting financial performance and sustainability of the Group. Market contraction and changes to market dynamics can significantly affect business outcomes and is a risk for the Group. Market competitiveness has heightened in recent years with the introduction of low cost providers. One area where Monash IVF Group Limited has been integral in leading the industry has been in advocating for governing bodies to be more transparent in reporting outcomes of treatments to allow patients to be better informed before commencing treatment. Tightening industry standards on consistency of data gathering, outcome reporting and transparency of results to the community will lead to improved outcomes for patients and the industry generally.

Principle 8 Remunerate fairly and responsibly

8.1 Remuneration and Nomination Committee

As outlined above under 'Structure the Board to add value' Monash IVF Group Limited has a combined Remuneration and Nomination Committee which assists the Board with discharging its responsibilities to Shareholders with regard to developing and monitoring remuneration policies and practices for Directors, Senior Executives and employees.

The Committee works under the guidance of the Remuneration and Nomination Committee Charter and Remuneration Policy. All members of the Committee are non-executive independent Directors.
Details of the Committee members' experience and technical expertise are set out in the directors' biographies which can be viewed on the Board of Directors pages in the latest Annual Report. Details of the number of times the Committee met throughout the period and individual attendances of the members can be viewed in the Directors Report in the latest Annual Report.

8.2 Remuneration of executive and non-executive directors

Under the guidance of the Remuneration and Nomination Committee and the Remuneration Policy the Monash IVF Group Limited Board has established a framework for remuneration that is designed to ensure consistent and reasonable remuneration policies and practices are observed which optimise the attraction and retention of directors and management and fairly rewards Directors and senior management for positive performance.

Monash IVF Group Limited remuneration practices for Executive appointments are expanded on in the Remuneration Report. The Monash IVF Group Limited Remuneration Policy can be found on the Group website at: http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance

8.3 Equity Based remuneration

The Board may award incentive payments to the CEO, CFO and Senior Executives in the form of equity. The Corporations Act prohibits key management personnel (or closely-related parties) of an ASX-listed Australian company from entering into an arrangement that would limit their exposure to an element of their remuneration subject to a holding lock. Equity-based awards are made on the condition that Corporations Act requirements are complied with.

Directors and officers cannot buy and sell securities when in possession of price sensitive information and during at minimum the following periods, referred to as Prohibited Periods:

- the period from the end of the Company's financial year (30 June) until the announcement of the Company's full year results to the ASX; the period from the end of the Company's half year (31 December) until the announcement of the Company's half year results to the ASX.

Approval from the Chair is required prior to any transacting in shares contemplated by directors and Managing Director, and approval from the Managing Director for any transacting contemplated by the CFO and Company Secretary.

A copy of the Securities Trading Policy is available on the Company's website. Directors and senior executives are not permitted to hedge their exposure to Company securities. Employees, directors and senior executives are not permitted to use Company securities as collateral in any financial transaction, including margin loan arrangements.

Monash IVF Group Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue from services		**183,605**	**145,417**
Employee benefits expense[1]		(55,765)	(48,996)
Clinician fees		(32,673)	(25,743)
Raw materials and consumables used		(19,893)	(16,408)
IT and communications expense		(4,104)	(3,059)
Depreciation expense	2.4,2.5	(10,703)	(9,106)
Amortisation expense	2.6	(2,189)	(1,894)
Property expense		(3,820)	(3,345)
Marketing and advertising expense		(6,387)	(5,718)
Professional and other fees		(3,814)	(4,052)
Other expenses		(5,866)	(5,263)
Operating profit		**38,391**	**21,833**
Net finance costs	4.4	(2,451)	(5,707)
Profit before tax		**35,940**	**16,126**
Income tax expense	1.5	(10,435)	(4,366)
Net profit after tax for the year		**25,505**	**11,760**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		-	1,115
Tax on cash flow hedges		-	(336)
Exchange difference on translation of foreign operations		(233)	(77)
Other comprehensive income/(loss) for the year, net of tax		**(233)**	**702**
Total comprehensive income for the year		**25,272**	**12,462**
Profit attributable to:			
Owners of the Company		25,148	11,726
Non-controlling interests		357	34
Profit for the year		**25,505**	**11,760**
Total comprehensive income attributable to:			
Owners of the Company		24,915	12,428
Non-controlling interests		357	34
Total comprehensive income for the year		**25,272**	**12,462**
Earnings per share			
Basic earnings per share (cents)	1.4	6.5	4.6
Diluted earnings per share (cents)	1.4	6.4	4.5

[1] Includes JobKeeper Subsidy impact of $5.06m (refer note 1.1).

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

Consolidated Statement of Financial Position

for the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets			
Cash and cash equivalents	4.5	8,761	15,072
Trade and other receivables	2.1	9,523	10,442
Current tax assets		-	1,202
Inventory	2.2	4,217	3,949
Total current assets		**22,501**	**30,665**
Non current assets			
Equity accounted investment		942	393
Trade and other receivables	2.1	460	181
Plant and equipment	2.4	24,940	19,111
Right of use assets	2.5	42,350	36,514
Intangible assets	2.6	259,976	262,165
Total non current assets		**328,668**	**318,364**
Total assets		**351,169**	**349,029**
Current liabilities			
Trade and other payables	2.3	18,559	25,504
Borrowings	4.3	1,629	-
Lease liabilities		5,840	2,316
Current tax liabilities		3,137	-
Contingent consideration		1,205	600
Employee benefits	3.1	10,710	9,442
Total current liabilities		**41,080**	**37,862**
Non current liabilities			
Borrowings	4.3	-	18,943
Lease liabilities		38,519	36,314
Contingent consideration		628	1,200
Employee benefits	3.1	1,239	1,037
Deferred tax liability	1.5	769	1,551
Total non current liabilities		**41,155**	**59,045**
Total liabilities		**82,235**	**96,907**
Net assets		**268,934**	**252,122**
Equity			
Share capital	4.1	506,786	506,786
Reserves		(136,874)	(136,778)
Profits reserve		59,501	42,535
Retained earnings		(162,735)	(162,735)
Total equity attributable to Owners of the Company		**266,678**	**249,808**
Non-controlling interests		2,256	2,314
Total equity		**268,934**	**252,122**

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Contributed equity $'000	Other equity reserve [1] $'000	Profits reserve [2] $'000	Retained earnings $'000	Other reserves [3] $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Consolidated balance at 30 June 2019	**428,757**	**(136,811)**	**42,834**	**(162,735)**	**(673)**	**171,372**	**219**	**171,591**
Profit/(loss) for the period	-	-	11,726	-	-	11,726	34	11,760
Total other comprehensive income/(loss)	-	-	-	-	702	702	-	702
Total other comprehensive income for the period	**-**	**-**	**11,726**	**-**	**702**	**12,428**	**34**	**12,462**
Transactions with owners in their capacity as owners directly in equity								
Non-controlling interest change	-	-	-	-	-	-	2,061	2,061
Issue of ordinary shares	78,029	-	-	-	-	78,029	-	78,029
Share-based payment transactions	-	-	-	-	4	4	-	4
Dividends paid/declared[4]	-	-	(12,025)	-	-	(12,025)	-	(12,025)
Consolidated balance at 30 June 2020	**506,786**	**(136,811)**	**42,535**	**(162,735)**	**33**	**249,808**	**2,314**	**252,122**
Consolidated balance at 30 June 2020	**506,786**	**(136,811)**	**42,535**	**(162,735)**	**33**	**249,808**	**2,314**	**252,122**
Profit/(loss) for the period	-	-	25,148	-	-	25,148	357	25,505
Total other comprehensive income/(loss)	-	-	-	-	(233)	(233)	-	(233)
Total other comprehensive income for the period	**-**	**-**	**25,148**	**-**	**(233)**	**24,915**	**357**	**25,272**
Transactions with owners in their capacity as owners directly in equity								
Share-based payment transactions	-	-	-	-	137	137	-	137
Dividends paid[5]	-	-	(8,182)	-	-	(8,182)	(415)	(8,597)
Consolidated balance at 30 June 2021	**506,786**	**(136,811)**	**59,501**	**(162,735)**	**(63)**	**266,678**	**2,256**	**268,934**

[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 distributions as dividends in future periods.
[3] Other reserves includes share based payments, foreign currency translation and hedging reserve.
[4] Dividends paid/declared in FY2020 includes the final FY2019 dividend paid during FY2020 and the FY2020 interim dividend that was declared in February 2020 but not paid until October 2020.
[5] Dividends paid in FY2021 includes the FY2020 interim dividend paid during FY2021.

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers		183,067	146,351
JobKeeper Subsidy receipts		7,406	3,313
Payments to suppliers and employees		(139,149)	(114,304)
Cash generated from operations		**51,324**	**35,360**
Income taxes paid		(7,270)	(4,281)
Net cash flows generated from operating activities	4.5	**44,054**	**31,079**
Cash flows from investing activities			
Payments for plant and equipment and intangible assets		(10,033)	(7,507)
Payments for business acquisitions (including transactions costs)		(1,254)	(3,056)
Net cash flows used in investing activities		**(11,287)**	**(10,563)**
Cash flows from financing activities			
Proceeds/(Repayment) of borrowings		(17,650)	(69,721)
Interest paid on borrowings		(725)	(3,450)
Interest paid on closure of interest rate swaps		-	(1,087)
Payments of lease liabilities		(7,569)	(7,202)
Dividends paid		(13,134)	(7,074)
Proceeds from sale of non-controlling interest		-	1,300
Net proceeds from issue of ordinary shares		-	77,532
Net cash flows used in financing activities		**(39,078)**	**(9,702)**
Total cash flows from activities		**(6,311)**	**10,814**
Cash and cash equivalents at the beginning of the year		15,072	4,281
Effects of exchange rate changes on foreign currency cash flows and cash balances		-	(23)
Cash and cash equivalents at end of the year	4.5	**8,761**	**15,072**

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

Contents

Section 1
Our Financial Performance

This section provides information that is most relevant to understanding the financial performance of the Group during the financial year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

1.1 Revenue and Expenses

Revenue recognition

Revenue is recognised when performance obligations have been satisfied, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from rendering of services is recognised on completion of services provided. Revenue is recognised when the customer has consumed the benefits of the service, whether on completion of a medical procedure, on supply of drugs, or on completion of analytical tests. If payments received from patients exceed the revenue recognised, the difference is recognised as deferred revenue.

Deferred revenue

Fees for fertility treatment paid in advance of performing the service are recognised as deferred revenue until the time the service is rendered to the customer when the fees are recognised as revenue.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are recognised in comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

In March 2020, the Australian Government announced the introduction of JobKeeper, an economic response package to the Coronavirus pandemic. Under the JobKeeper grant, businesses impacted by the Coronavirus were able to access a subsidy from the Government to continue paying their employees. Employers who have turnover under $1 billion were eligible for the subsidy if their turnover reduces by more than 30 per cent relative to the comparable prior year period for at least a month between April and September 2020. The COVID-19 impact on the group turnover in April 2020 resulted in a greater than 30% reduction compared to April 2019 due to the temporary suspension of IVF procedures requiring hospitalisation between 25 March and 27 April 2020 in Australia. Accordingly, the Group was eligible to claim a fortnightly payment of $1,500 per eligible employee from 30 March 2020 to 30 September 2020.

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 between April and September 2020. 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 was intended to compensate.

1.1 Revenue and Expenses (continued)

As a government grant, there is an accounting policy choice whereby the organisation presents the grant income gross from the expense or net of the related expense. The grant income has been disclosed net of the related employee expense as the subsidy support was used to fund existing employee wages during the period.

The grant amount recognised in employee benefits expense is $5.7m (FY20: $4.9m).

1.2 Operating segments

The Group determines and presents operating segments based on information that internally is provided to and used by the Chief Executive Officer, who is the Group's Chief Operating Decision Maker (CODM). An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The financial results of each operating segment are regularly reviewed by the Group's Chief Executive Officer in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

The basis of inter-segmental transfers is market pricing. Results are calculated before consideration of net borrowing costs and tax expense. Segment assets exclude deferred tax balances and cash, which have been included as unallocated assets.

Identification of reportable operating segments

The two geographic segments being Australia and International reflect Monash IVF Group's reporting structure to the CODM. Monash IVF Group considers that the two geographic segments are appropriate for segment reporting purposes under AASB 8 "*Operating Segments*". These segments comprise the following operations:

- Monash IVF Group Australia: provider of Assisted Reproductive Services, Ultrasound and other related services.

- Monash IVF Group International: provider of Assisted Reproductive Services in South East Asia.

Segment results

2021	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Total revenue – external	**172,902**	**10,703**	**183,605**
Adjusted EBIT (before non-recurring items)(1)	**30,613**	**4,246**	**34,859**
Proceeds from Jobkeeper(1)	5,058	-	5,058
Fertility Solutions Earn Out(1)	(678)	-	(678)
Sydney CBD clinic premise costs(1)	(848)	-	(848)
Reported EBIT	**34,145**	**4,246**	**38,391**
Net finance costs	(2,350)	(101)	(2,451)
Profit before income tax expense	**31,795**	**4,145**	**35,940**
Income tax expense	(9,399)	(1,036)	(10,435)
Profit for the year	**22,396**	**3,109**	**25,505**
Depreciation and amortisation expense	(12,252)	(640)	(12,892)
Segment assets	**337,246**	**13,923**	**351,169**
Acquisition of plant and equipment and intangibles	9,916	117	10,033
Segment liabilities	**79,335**	**2,900**	**82,235**

2020	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Total revenue – external	**135,503**	**9,914**	**145,417**
Adjusted EBIT (before non-recurring items)(2)	**20,631**	**3,797**	**24,428**
Acquisition costs	(539)	-	(539)
Restructuring costs	(848)	-	(848)
Provision for patient claim	(728)	-	(728)
Sydney CBD clinic premise costs	(480)	-	(480)
Reported EBIT	**18,036**	**3,797**	**21,833**
Net finance costs	(4,510)	(110)	(4,620)
Finance cost - Interest rate swaps closure cost	(1,087)	-	(1,087)
Profit before income tax expense	**12,439**	**3,687**	**16,126**
Income tax expense	(3,481)	(885)	(4,366)
Profit for the year	**8,958**	**2,802**	**11,760**
Depreciation and amortisation expense	(10,345)	(655)	(11,000)
Segment assets	**338,204**	**10,825**	**349,029**
Acquisition of plant and equipment and intangibles	7,759	40	7,799
Segment liabilities	**92,373**	**4,534**	**96,907**

(1) Non-recurring items include the receipt of Jobkeeper subsidy impact ($5,058,000 pre-tax), Sydney CBD clinic premise and commissioning costs prior to opening in November 2020 ($848,000 pre-tax) and Fertility Solutions earn out fair value adjustment ($678,000).

(2) 2020 one-off non recurring items include transaction costs on acquisition activity including Fertility Solutions and Johor Bahru ($539,000 pre-tax), restructuring costs ($848,000 pre-tax) and provision for certain historical patient claim in FY13 ($728,000 pre-tax) and new Sydney CBD clinic premises costs prior to commencement of construction ($480,000 pre-tax). The Jobkeeper subsidies received in FY20 is included within Adjusted EBIT as it supported the Business during temporary suspension of services and ramp up activities following re-commencement of operations.

1.3 Dividends

Dividends during the year	Franking	Payment Date	Per share (cents)	2021 $'000	2020 $'000
Interim dividend in respect of the current financial year	Fully franked	7 April 2021	2.1	8,182	4,952
Final dividend in respect of the prior financial year	Fully franked	-	-	-	7,074
Total			**2.1**	**8,182**	**12,025**
Current liability – Dividend payable[1]				-	4,952
Paid in cash during the year				13,134	7,074

[1] On 1 April 2020, The Company announced the deferral of the payment of the interim dividend until 2 October 2020 which was recognised as a liability as at 30 June 2020 and paid during FY2021. This deferral was considered a prudent measure due to the economic environment caused by the COVID-19 pandemic.

Dividend franking account		
Amount of franking credits available at 30 June to shareholders for subsequent financial years	**11,998**	**12,803**

Monash IVF Group's dividend policy is to target a payout ratio of between 60% and 70% of Statutory NPAT. The level of payout ratio is expected to vary between periods depending on general operating conditions, operating cashflow and profit, funding, strategic growth opportunities and availability of franking credits.

Subsequent to 30 June 2021, the Board has declared a fully franked 2021 final dividend of 2.1 cents per share. Total dividend declared for FY21 is 4.2 cents. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2021, but not recognised as a liability at year end is $8,182,332.

1.4 Earnings per share

Earnings per share	2021 Cents per share	2020 Cents per share
Basic earnings per share	6.5	4.6
Diluted earnings per share	6.4	4.5

Profit attributable to ordinary shareholders	2021 $'000	2020 $'000
Profit after income tax attributable to the ordinary shareholders used in calculating basic and diluted earnings per share	25,148	11,726

Weighted average number of shares	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	389,634,840	257,550,107
Adjustments for calculation of diluted earnings per share [1]	1,309,892	550,148
Weighted average number of ordinary shares used in calculating diluted earnings per share	390,944,732	258,100,255

[1] The calculation of the weighted average number of shares has been adjusted for the effect of share based rights granted from the date of issue. Refer to Section 3.2 for further details.

1.4 Earnings per share (continued)

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.

1.5 Taxation

Income Tax expense

	2021 $'000	2020 $'000
Current tax	11,241	3,867
Deferred tax	(894)	661
Under/(over) provided in prior year	88	(162)
Total income tax expense	**10,435**	**4,366**
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	35,940	16,126
Tax at the Australian tax rate of 30% (2020: 30%)	10,782	4,838
Tax effect of amounts which are not deductible in calculating taxable income:		
Effect of tax rates in foreign jurisdiction	(256)	(231)
Research and development	(250)	(250)
Other items	71	171
Under/(over) provision of previous year	88	(162)
Income tax expense	**10,435**	**4,366**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or to items recognised directly in equity or in OCI. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

1.5 Taxation (continued)

Deferred Tax

	1 July 2019				30 June 2020				30 June 2021	
$'000	Deferred tax asset	Deferred tax liability	Recognised in profit or loss	Recognised directly in equity	Deferred tax asset	Deferred tax liability	Recognised in profit or loss	Recognised directly in equity	Deferred tax asset	Deferred tax liability
Plant and equipment	-	(214)	(94)	-	-	(308)	(225)	-	-	(533)
Intangible assets	-	(5,944)	-	-	-	(5,944)	-	-	-	(5,944)
Receivables	-	-	(494)	-	-	(494)	494	-	-	-
Other	-	-	-	845	845	-	-	(111)	734	-
Leases	-	-	(155)	-	635	-	(40)	-	595	-
Derivatives	336	-		(336)	-	-	-	-	-	-
Trade payables and provisions	785	-	(208)	-	577	-	13	-	590	-
Employee benefits	2,848	-	290	-	3,138	-	651	-	3,789	-
Tax (liabilities)/assets before set off	**3,969**	**(6,158)**	**(661)**	**509**	**5,195**	**(6,746)**	**894**	**(111)**	**5,708**	**(6,477)**
Set off tax	(3,969)	3,969	-	-	(5,195)	5,195	-	-	(5,708)	5,708
Net tax assets/(liabilities)	**-**	**(2,189)**	**-**	**-**	**-**	**(1,551)**	**-**	**-**	**-**	**(769)**

1.5 Taxation (continued)

Recognition and Measurement

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

- In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Offsetting deferred tax

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

Tax consolidation

Monash IVF Group Limited and its wholly Australian owned controlled entities are part of a tax consolidation group under Australian taxation law. Monash IVF Group Limited is the head entity in the tax-consolidated group. Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Monash IVF Group Limited and each of the entities in the tax consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity.

Key estimate and judgement:
Recovery of deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Key estimate and judgement:
Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the worldwide provision for income taxes and in assessing whether deferred tax balances are recognised on the statement of financial position. Changes in circumstances will alter expectations, which may impact the amount of provision for income taxes and deferred tax balances recognised.

Section 2
Our Operating Asset Base

This section provides information relating to the Group's Operating Base, highlighting the primary operating assets used and liabilities incurred to support the Group's operating activities.

2.1 Trade and other receivables

	2021 $'000	2020 $'000
Current		
Trade receivables	5,030	4,183
Provision for expected credit losses	(831)	(747)
Net trade receivables	**4,199**	**3,436**
Other debtors	731	2,431
Accrued income	328	1,060
Prepayments	2,942	2,761
GST receivable	1,323	754
Total current trade and other receivables	**9,523**	**10,442**
Non current		
Other debtors	**460**	**181**

Provision for expected credit losses

The consolidated entity has recognised an expense of $84,000 (2020: $287,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2021. The increase in provision for expected credit losses during the year was predominately driven to reflect counterparties that have been impacted by the current economic environment.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method less provision for expected credit losses. A financial asset (including trade receivables) not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. AASB 9 replaced the 'incurred loss model' in AASB 139 with an 'expected credit loss' (ECL) model. Loss allowances for trade receivables are measured at an amount equal to 12 month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, debtor ageing and credit assessment including forward-looking information.

Credit Risk

Credit risk is the risk of financial loss to the Group if a patient or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, being patients.

Patient fees for most treatments are received in advance and recognised as deferred revenue if the procedure is yet to be performed. This reduces the risk of non-collectability. Outstanding receivables predominantly relate to amounts owing from Medicare and storage fee patient accounts. Payment reminder notices are issued to patients

2.1 Trade and other receivables (continued)

with outstanding balances at 30, 60 and 90 days. After which, collection of this debt may be handled by a collection agency. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Prepayments

Payments made for the receiving of goods or services rendered in future years are recognised as a prepayment.

2.2 Inventory

	2021 $'000	2020 $'000
Consumables – at cost	4,217	3,949
Total inventory	**4,217**	**3,949**

Inventories are recorded using the FIFO method and are valued at the lower of cost and net realisable value. Inventories include medical supplies to be consumed in providing future patient services.

2.3 Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade payables	2,245	3,024
Accrued expenses	9,019	10,804
Deferred revenue	7,295	6,725
Dividend payable	-	4,951
Total trade and other payables	**18,559**	**25,504**

Trade and other payables are carried at amortised cost and are not discounted. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid in accordance with vendor terms.

2.4 Plant and equipment

	2021 $'000	2020 $'000
Cost		
Opening balance at 1 July	**58,169**	**53,678**
Additions	10,033	4,613
Acquisitions through business combinations	-	2,030
Disposals	-	(2,152)
Closing balance at 30 June	**68,202**	**58,169**
Accumulated depreciation and impairment losses		
Opening balance at 1 July	**(39,058)**	**(37,155)**
Depreciation for the year	(4,204)	(3,466)
Acquisitions through business combinations	-	(589)
Disposals	-	2,152
Closing balance at 30 June	**(43,262)**	**(39,058)**
Carrying amount		
At 1 July (Opening balance)	19,111	16,523
At 30 June (Closing balance)	**24,940**	**19,111**

2.4 Plant and equipment (continued)

Capital commitments

Expenditure contracted for but not recognised as liabilities:

	2021 $'000	2020 $'000
Capital plant and equipment	613[1]	3,345

[1] Capital plant and equipment includes the new Melbourne, Darwin and Gold Coast fertility clinic and day hospital projects in development.

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised on a net basis within "other income" in profit or loss. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of the plant and equipment are recognised in profit or loss as incurred.

Key estimate and judgement:

Depreciation
The Group's plant and equipment are depreciated over their useful economic lives between 2-10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

2.5 Right of Use Assets

Leases as lessee

$'000	2021		
	Buildings	Equipment	Total
Cost			
Opening balance at 1 July	57,705	1,770	59,475
Additions / modifications	12,397	-	12,397
Disposals	(1,780)	-	(1,780)
Closing balance at 30 June	**68,322**	**1,770**	**70,092**
Accumulated depreciation			
Opening balance at 1 July	(22,566)	(395)	(22,961)
Depreciation for the year	(6,323)	(176)	(6,499)
Disposals	1,718	-	1,718
Closing balance at 30 June	**(27,171)**	**(571)**	**(27,742)**
Carrying amount			
At 1 July (Opening balance)	35,139	1,375	36,514
At 30 June (Closing balance)	**41,151**	**1,199**	**42,350**

2.5 Right of Use Assets (continued)

$'000	2020 Buildings	2020 Equipment	2020 Total
Cost			
Opening balance at 1 July	-	-	-
Recognition of right-of-use asset on initial application of AASB16	46,143	-	46,143
Adjusted Opening balance at 1 July	**46,143**	**-**	**46,143**
Additions / modifications	9,469	1,770	11,239
Acquisitions through business combinations	2,132	-	2,132
Disposals	(39)	-	(39)
Closing balance at 30 June	**57,705**	**1,770**	**59,475**
Accumulated depreciation			
Opening balance at 1 July	-	-	-
Recognition of right-of-use asset on initial application of AASB16	(17,360)	-	(17,360)
Adjusted Opening balance at 1 July	**(17,360)**	**-**	**(17,360)**
Depreciation for the year	(5,245)	(395)	(5,640)
Disposals	39	-	39
Closing balance at 30 June	**(22,566)**	**(395)**	**(22,961)**
Carrying amount			
At 1 July (Adjusted opening balance)	28,783	-	28,783
At 30 June (Closing balance)	**35,139**	**1,375**	**36,514**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the lease liabilities and right-of-use assets recognised.

The Group leases property and equipment. The leases typically run for a period of between one to ten years, with an option to renew the lease after this date. Lease payments are renegotiated at periods to reflect market rentals. The Group has elected not to recognise right of use assets and lease liabilities for short term and/or low value assets such as IT and office equipment.

2.5 Right of Use Assets (continued)

	2021 $'000	2020 $'000
Amounts recognised in profit and loss		
Depreciation on right of use assets	6,499	5,640
Interest on lease liabilities	1,386	1,046
Expenses relating to low value assets	89	77
Amounts recognised in statement of cash flows		
Payments of lease liabilities	7,569	7,202

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $5.1 million.

2.6 Intangible assets

$'000	Goodwill	Software	Trademark	Total
2021				
Net book value				
Balance at 1 July 2020	233,169	9,151	19,845	262,165
Amortisation expense	-	(2,189)	-	(2,189)
Balance at 30 June 2021	**233,169**	**6,962**	**19,845**	**259,976**
At 30 June 2021				
Cost	233,169	14,046	19,845	267,060
Accumulated amortisation and impairment losses	-	(7,084)	-	(7,084)
Balance at 30 June 2021	**233,169**	**6,962**	**19,845**	**259,976**
2020				
Net book value				
Balance at 1 July 2019	229,108	8,151	19,845	257,104
Additions	-	2,894	-	2,894
Acquisitions through business combinations	4,061	-	-	4,061
Amortisation expense	-	(1,894)	-	(1,894)
Balance at 30 June 2020	**233,169**	**9,151**	**19,845**	**262,165**
At 30 June 2020				
Cost	233,169	14,046	19,845	267,060
Accumulated amortisation and impairment losses	-	(4,895)	-	(4,895)
Balance at 30 June 2020	**233,169**	**9,151**	**19,845**	**262,165**

Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. The cost of system development, including purchased software, is capitalised and amortised over the estimated useful life, being three to eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.6 Intangible assets (continued)

International Financial Reporting Standards Interpretations Committee final agenda decisions not yet adopted

The International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or customisation costs in a cloud computing arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result 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 at 30 June 2021, the Group has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable as the Group has yet to complete its assessment of the impact of the IFRIC agenda decision. The Group expects to adopt this IFRIC agenda decision in its half year financial statements ending on 31 December 2021.

Trademark

Trademarks are reported at historical cost less impairment. Trademarks have an indefinite useful life where there is no expiry and no foreseeable limit on the period of time over which these assets are expected to contribute to the cash flows of the Group. Similar to goodwill, these are tested for impairment annually.

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment testing

Goodwill and other indefinite life intangible assets become impaired when their carrying value exceeds their recoverable amount. Recoverable amount is the greater of fair value less costs to sell or value in use. In determining the recoverable amount, judgments and assumptions are made in the determination of likely net sale proceeds or in the determination of future cash flows which support a value in use. Specifically, with respect to future cash flows, judgments are made in respect to the quantum of those future cash flows and the discount rates (cost of capital and debt) applied to determining the net present value of these future cash flows.

The carrying amounts of the Group's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows of other assets or groups of assets (the 'cash-generating' units). The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

2.6 Intangible assets (continued)

The following CGUs were tested for impairment during the year:

	2021 $'000	2020 $'000
Goodwill and trademark allocated to:		
Australia	219,030	219,030
Ultrasound	28,232	28,232
International	5,752	5,752
	253,014	**253,014**

Impairment testing assumptions

The recoverable amount of a CGU is based on value-in-use calculations. The following key assumptions were utilised for the impairment testing:

- The respective discount rate was a pre-tax measure based on the rate of 10 year Government bonds issued by the Australian and Malaysian Government respectively in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in equities generally and the systemic risk of the specific CGU. A pre-tax discount rate of 10.4% (FY20: 10.5%) for the Australian CGU, 10.4% (FY20: 11.0%) for the Ultrasound CGU and 11.1% (FY20: 10.5%) for the International CGU was applied in determining the recoverable amount. The discount rate and related risk factors also had regard to the current COVID-19 environment.

- Cash flow forecasts are based on the Board-approved FY22 budget, projected for four years plus a terminal value. The FY22 budget reflects management's best estimate of forecast operating performance having regard to the IVF markets in Australia and Malaysia, anticipated ultrasound activity and economic uncertainties during and post the COVID-19 pandemic.

- A long-term growth rate into perpetuity of 2.5% (FY20: 2.5%-3.0%) has been determined based on an assessment of historical growth rates, expectations of future growth rates and market specific dynamics.

Impact of possible changes in key assumptions

All CGU's in the Group have been tested for impairment and have met their required hurdle rates to support the current carrying values. Any reasonable possible change to relevant assumptions and inputs would not result in the recoverable amount being lower than the carrying amount.

Result of Impairment testing

The recoverable amount of all CGU's are deemed recoverable.

Section 3
Our People

This section provides financial insight into employee reward and recognition for creating a high performance culture and the Group's ability to attract and retain talent. This section is to be read in conjunction with the Remuneration Report, as set out in the Directors Report.

3.1 Employee benefits

	2021 $'000	2020 $'000
Current liability		
Long service leave	5,483	4,021
Annual leave	5,227	5,421
Total current employee benefits	**10,710**	**9,442**
Non current liability		
Long service leave	1,239	1,037
Total non current employee benefits	**1,239**	**1,037**
Total employee benefits provision	**11,949**	**10,479**

Provision for employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits are expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits are measured at their present value of the estimated future cash outflow to be made in respect of services provided by the employees up to the reporting date. The discount rate is the yield at the reporting date on corporate bonds issued by the relevant markets that have maturity dates approximating the terms of the Group's obligations.

3.2 Share-based payments

Senior executives' long-term incentive plan

The Group will provide benefits to certain employees in the form of share-based payment options and/or performance rights. The fair values of these instruments granted under the plans are recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employee becomes unconditionally entitled to the instruments.

Fair value is measured at grant date using a combination of Binomial tree and Monte-Carlo Simulation models, for the respective performance hurdles. The valuation was performed by an independent valuer which models the future security price.

The fair value of the instruments granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of instruments that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit and loss with a corresponding adjustment to equity.

Under the Company's Long Term Incentive ("LTI") Plan, awards constituting share appreciation rights, performance rights or options, or any different class or category of award on such terms as the Board determines, may be offered to eligible persons selected by the Directors. Key management personnel and other senior management are eligible to participate under the LTI Program.

3.2 Share-based payments (continued)

The senior executive LTI are performance rights plans with vesting rights dependent upon the satisfaction of pre-defined performance hurdles and continuous employment. Current performance hurdles are based on achievement of pre-defined Earning Per Share ("EPS") Hurdle and a Total Shareholder Return ("TSR") Hurdle over a three year performance period. The Board may amend the performance hurdles or specify a different performance hurdle(s) if it considers it necessary. For further detail on the specific LTI plans, refer to the Remuneration Report.

Long term incentive program (equity settled)

A description of the equity plans applicable during the year are described below:

Grant date	Vesting conditions
(2021 Plan) 16 October 2020	EPS - Subject to meeting certain EPS hurdles and 3 year service period to 30 June 2023 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY23 results announcement
(2020 Plan) 16 October 2019	EPS - Subject to meeting certain EPS hurdles and 3 year service period to 30 June 2022 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY22 results announcement
(2019 Plan) 20 December 2018	EPS - Subject to meeting certain EPS hurdles and 3 year service period to 30 June 2021 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY21 results announcement
(2018 Plan) 29 January 2018	EPS - Subject to meeting certain EPS hurdles and 3 year service period to 30 June 2020 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY20 results announcement
(2017 Plan) 17 March 2017	EPS - Subject to meeting certain EPS hurdles and 3 year service period to 30 June 2019 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY19 results announcement

3.2 Share-based payments (continued)

Key estimate and judgement: Share-based payments

As a result of the combination of non-market (EPS) and market (TSR) vesting conditions, the fair value of the share rights plan has been measured using Binomial tree and Monte Carlo simulation respectively. The inputs used in the measurement of the fair values at grant date of the equity-settled share based payment plans were as follows:

	2021	2020	2019	2018
Fair value at grant date (EPS condition)	$0.61	$0.94	$1.00	$1.19
Fair value at grant date (TSR condition)	$0.32	$0.46	$0.45	$0.49
Share price at grant date	$0.62	$0.94	$1.00	$1.36
Expected volatility – Monash IVF	40%	35%	30%	37%
Expected volatility – ASX 300 Healthcare Index	16%	15%	15%	14%
Expected life (years)	6	6	6	5
Expected dividends	0.00%	6.0%	6.0%	5.5%
Risk free interest rate (based on government bonds)	0.13%	0.83%	1.88%	2.13%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general instrument holder behavior.

Reconciliation of outstanding performance rights

The number of performance rights under the company's long-term incentive plan were as follows:

2021 Grant Date	Expiry Date	Balance at 1 July 2020	Granted during the year	Lapsed during the year	Forfeited during the year	Vested during the year	Balance at 30 June 2021
29 Jan 2018	30 June 2020	47,605	-	(47,605)[1]	-	-	-
20 Dec 2018	30 June 2021	134,531	-	(94,172)[2]	-	-	40,359
16 Oct 2019	30 June 2022	368,012	-	-	-	-	368,012
16 Oct 2020	30 June 2023	-	901,521	-	-	-	901,521
		550,148	**901,521**	**(141,777)**	**-**	**-**	**1,309,892**

(1) TSR vesting conditions for performance rights granted in FY18 were not satisfied therefore these rights lapsed.
(2) EPS vesting conditions for performance rights granted in FY19 were not satisfied therefore these rights lapsed.

2020 Grant Date	Expiry Date	Balance at 1 July 2019	Granted during the year	Lapsed during the year	Forfeited during the year	Vested during the year	Balance at 30 June 2020
17 Mar 2017	30 June 2019	19,447	-	(19,447)[1]	-	-	-
29 Jan 2018	30 June 2020	95,210	-	(47,605)[2]	-	-	47,605
20 Dec 2018	30 June 2021	207,997	-	-	(73,466)[3]	-	134,531
16 Oct 2019	30 June 2022	-	471,055	-	(103,043)[3]	-	368,012
		322,654	**471,055**	**(67,052)**	**(176,509)**	**-**	**550,148**

(1) TSR vesting conditions for performance rights granted in FY17 were not satisfied therefore these rights lapsed.
(2) EPS vesting conditions for performance rights granted in FY18 were not satisfied therefore these rights lapsed
(3) The performance rights for Brett Comer (Chief Operating Officer) were forfeited due to resignation and departure on 27 March 2020.

3.3 Key management personnel

Compensation	2021 $	2020 $
Short-term employee benefits	2,483,141	2,194,168
Post-employment benefits	128,914	199,074
Share-based payments	114,476	5,971
Total key management personnel compensation	**2,726,531**	**2,399,213**

For further information on key management personnel refer to the Remuneration Report.

Transactions with key management personnel and related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Section 4
Our Funding Structure

This section provides information relating to the Group's capital structure and its exposure to financial risk, how they affect the Group's financial position and performance, and how the risks are managed.

The Directors determine the appropriate capital structure of Monash IVF, specifically how much is raised from the shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the current and future activities of the Group. The Directors review the Group's capital structure regularly and do so in the context of the Group's ability to continue as a going concern, to invest in opportunities that grow the business and enhance shareholder value.

4.1 Share capital and reserves

	Number of shares	$'000
Opening balance at 1 July 2019	235,785,884	428,757
Shares issued	153,848,956	80,001
Capital raising fees	-	(1,972)
Closing balance at 30 June 2020	**389,634,840**	**506,786**
Opening balance at 1 July 2020	389,634,840	506,786
Closing balance at 30 June 2021	**389,634,840**	**506,786**

Ordinary shares
Ordinary shares are classified as share capital. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital management
The Group's policy is to maintain a strong capital base so as to maintain investor and market confidence and to sustain future growth of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital structure. In order to maintain an optimal capital structure, the Group may amend the amount of dividends declared and paid, return capital to shareholders or increase borrowings or equity to fund growth and future acquisitions.

Other equity reserve
The other equity reserve represents the difference between the issued capital in Healthbridge Enterprises Pty Ltd and Monash IVF Group Ltd on 26 June 2014, being the date Monash IVF Group Ltd acquired Healthbridge Enterprises Pty Ltd.

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

4.1 Share capital and reserves (continued)

Share option reserve

Share option reserve represents the grant-date fair value of equity-settled share-based payment awards granted to employees, which is generally recognised as an expense, with corresponding increase in equity over the vesting period of the awards.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to highly probable forecast transactions. The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in OCI. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Escrow arrangements

The following ordinary shareholders have entered into voluntary escrow arrangements in relation to certain ordinary shares they hold in Monash IVF Group Ltd. An 'escrow' is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to exceptions set out in the escrow arrangement.

	30 June 2021		30 June 2020	
	Number of shares subject to escrow (m)	Escrowed shares (as a % of shares on issue	Number of shares subject to escrow (m)	Escrowed shares (as a % of shares on issue) Escrowed shares
Doctors [1] [2]	14.3	3.7%	15.0	3.8%
Sydney Ultrasound for Women[3]	1.2	0.3%	1.5	0.4%
Total	**15.5**	**4.0%**	**16.5**	**4.2%**

(1) FY21 Includes 1.0m shares subject to escrow held by Richard Henshaw (Executive Director) (FY20:1.0m shares)
(2) Doctors

The escrow applied to a pre-IPO Doctor was calculated by reference to the aggregate value of that person's pre-reorganisation equity interests in Healthbridge Enterprises Pty Ltd as follows:

Shares equivalent to 10% of a Doctor's interest prior to the re-organisation were held in short-term escrow, with 3.33% released each year from escrow on the first trading day in Shares following the Company's FY15, FY16 and FY17 financial results announcements to the ASX. This concluded the release of the pre-IPO doctor short-term escrow.

Shares held in long-term escrow are subject to the following conditions:

1. Shares equivalent to 20% of a Doctor's interest prior to the re-organisation will be released when the Doctor reaches the age of 63. These shares may be otherwise released from escrow in the following circumstances:
   - for Doctors who were aged 63 or older at the time of re-organisation or who turned 63 within two years of Completion, these shares can be released from escrow from June 2016; or
   - where a Doctor becomes a 'relocated leaver' (as described below), these Shares can be released from escrow five years after the date that they become a 'relocated leaver'; or
   - where a Doctor dies or leaves the Group as a result of becoming permanently disabled or seriously disabled, these shares can be released from escrow on the date of the relevant occurrence (as resolved by the Board acting reasonably); or
   - if the Board determines to release the shares from escrow earlier.

4.1 Share capital and reserves (continued)

2. Shares equivalent to 20% of a Doctor's interest prior to re-organisation can be released from escrow:
   - on retirement by the Doctor from the ARS industry (provided a Doctor must have used their best endeavours to transition their practice to another Doctor to the satisfaction of the Board); or
   - if the Doctor becomes a 'good leaver' or a 'relocated leaver' (as described below); or
   - five years after the Doctor leaves Monash IVF Group in other circumstances.

Doctors will be able to sell any non-escrowed Shares at any time, subject to complying with insider trading restrictions and the Group's Securities Trading Policy.

The escrow arrangements describe the circumstances in which a Doctor is a 'good leaver' or a 'relocated leaver' in the following manner:

(a) A Doctor is a 'good leaver' where:
   - they leave the Group as a result of death, serious disability or permanent incapacity through ill health (as determined by the Group's Board, acting reasonably); or
   - they or the Group terminates the Doctor's contract in specific circumstances; or

The Board determines, in its discretion, that the Doctor is a 'good leaver'.

(b) A Doctor is a 'relocated leaver' if they terminate their contract and the Board is satisfied that:
   - the Doctor genuinely intends to relocate permanently to a place which is more than 100 km from any clinic operated by the Group or any of its subsidiaries; and
   - the Doctor also intends to provide Assisted Reproductive Services in the place the Doctor is relocating to; and
   - the Doctor has used their best endeavours to transition their practice to another Doctor at the Group.

(3) Escrow for Sydney Ultrasound for Women (SUFW)

All shares issued to the vendors of SUFW are escrowed such that 53.3% of the shares issued were escrowed until the first trading day after the release of the FY16 results. 3.3% were escrowed until the first trading day after the release of the FY17 results and 3.3% are escrowed until the first trading day after the release of the FY18 results. The remaining 40.1% is subject to escrow and is consistent with the Doctors above in points 1 and 2. Doctors will be able to sell any non-escrowed Shares at any time, subject to complying with insider trading restrictions and the Group's Securities Trading Policy. The escrow arrangements describing the circumstances in which a SUFW Doctor is a 'good leaver' or a 'relocated leaver' is the same as described above.

4.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk;
- Foreign exchange risk;
- Interest risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

4.2 Financial risk management (continued)

Risk management policies are in place to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its recruitment, training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- Preparing forward-looking financial analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements, subject to the Group meeting future undertakings.

2021	Carrying amount $'000	Total Contractual cash flows $'000	Within 1 year $'000	1-5 years $'000	Over 5 years $'000
Non-derivative financial liabilities					
Secured bank loans	1,629	(1,629)	(1,629)	-	-
Trade and other payables	18,559	(18,559)	(18,559)	-	-
Lease liabilities	44,359	(48,704)	(6,412)	(27,321)	(14,971)
Contingent consideration	1,833	(1,833)	(1,205)	(628)	-
	66,380	**(70,725)**	**(27,805)**	**(27,949)**	**(14,971)**

2020	Carrying amount $'000	Total Contractual cash flows $'000	Within 1 year $'000	1-5 years $'000	Over 5 years $'000
Non-derivative financial liabilities					
Secured bank loans	19,279	(19,964)	(457)	(19,507)	-
Trade and other payables	25,503	(25,503)	(25,503)	-	-
Lease liabilities	38,631	(42,417)	(2,545)	(20,360)	(19,512)
Contingent consideration	1,800	(1,800)	(600)	(1,200)	-
	85,213	**(89,684)**	**(29,105)**	**(41,067)**	**(19,512)**

Foreign exchange risk

The Group is not exposed to material levels of foreign currency risk at the reporting date or during the financial year.

4.2 Financial risk management (continued)

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Interest rate risk may be managed using a mix of floating rate debt and fixed rate instruments. Interest rate swaps may be used to mitigate interest rate risk on floating rate debt. Interest rate swaps are not entered into for trading purposes and are not classified as held for trading. At 30 June 2021, there was no fixed interest rate exposure following the closure or maturity of the $50 million of interest rate swaps during FY20. There were no fixed interest rate swaps in place at 30 June 2021 (FY20: nil).

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows including the impact of hedging instruments:

	2021 $'000	2020 $'000
Fixed rate instruments		
Financial assets	1,754	2,004
Financial liabilities	(44,359)	(38,631)
	(42,605)	**36,627**
Variable rate instruments		
Financial assets	7,007	13,068
Financial liabilities	(1,629)	(19,279)
	5,378	**(6,211)**

Cash flow sensitivity analysis for variable rate instruments

A reasonable possible change of a 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss by $53,780 (FY20: $62,110). This assumes that all other variables remain constant.

Market risk – Operational risk

The Group is exposed to legislative and/or Government policy changes to funding for IVF and related healthcare services which may impact patient out-of-pocket costs resulting in potentially higher or lower demand.

4.3 Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, the loans and borrowings are classified as non-current.

4.3 Borrowings (continued)

Total loan facilities available to the Group in Australian dollars

$'000	2021 Limit	2021 Utilised	2020 Limit	2020 Utilised
Syndicated Debt facility[(1)]	40,000	500	110,000	16,000
Working capital facility	5,000	1,129	5,000	3,279
Accordion facility[(2)]	40,000	-	40,000	-
Total loan facilities	**85,000**	**1,629**	**155,000**	**19,279**
Borrowings				
Borrowings		1,629		19,279
Capitalised finance facility fees		-		(336)
Total borrowings		**1,629**		**18,943**

(1) In August 2020, the Group right sized and reduced the $110m Syndicated Debt Facility to $40m.
(2) An un-committed $40m accordion facility for acquisition and capital expenditure purposes.

In December 2018, the Group amended and extended the syndicated debt facility, working capital facility and accordion facility with a maturity date of January 2022. The banking facilities are secured via a first ranking security over substantially all of the Group's entities. The Group is subject to certain financial undertakings under the banking facilities. As at 30 June 2021, the Group is compliant with its financial undertakings.

As at 30 June 2021, the Group had $3,165,022 of bank guarantees in place (FY20: $2,969,000).

Reconciliation of movements of liabilities arising from financing activities

$'000	Balance at 1 July 2020	Additions	Principal repayments	Other	Balance at 30 June 2021
Loans	19,279	11,000	(28,650)	-	1,629
Lease liabilities	38,631	13,297	(7,569)	-	44,359
Total interest bearing loans and borrowings	57,910	24,297	(36,219)	-	45,988

Recognition and measurement

Derivative financial instruments, including hedge accounting

The Group may hold derivative financial instruments to hedge certain floating interest rate exposures. On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedging items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the change in the cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributed transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes to therein are accounted for as described below. All derivative financial instruments are valued using unadjusted quoted prices in active markets for identical assets or liabilities.

4.3 Borrowings (continued)

Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in OCI and presented in the hedging reserve in equity. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in OCI and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in OCI is recognised immediately in profit or loss. In other cases the amount recognised in OCI is transferred to profit or loss in the same period that the hedged item affects profit or loss.

4.4 Net Finance Costs

	2021 $'000	2020 $'000
Finance income		
Interest income	1	11
Finance costs		
Interest expense	725	3,272
Interest expense on closure of swaps	-	1,087
Amortisation of borrowing costs[1]	341	313
Interest on lease liabilities	1,386	1,046
Total finance costs	**2,452**	**5,718**
Net finance costs	**2,451**	**5,707**

[1] Includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

4.5 Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank	7,007	13,068
Short-term bank deposits	1,754	2,004
Total cash and cash equivalents	**8,761**	**15,072**

Reconciliation of profit after income tax to net cash inflow from operating activities	2021 $'000	2020 $'000
Profit for the period	25,505	11,760
Adjustments:		
Depreciation and amortisation	12,891	11,000
Net finance cost included in financing activities	1,065	5,707
Provision for Fertility Solutions Earn-out	678	-
Provision for expected credit losses	84	287
Other	390	1,224
Operating profit before changes in working capital and provisions	**40,613**	**29,978**
Change in net operating assets and liabilities		
(Increase)/decrease in trade and other receivables	640	(3,811)
(Increase)/decrease in inventory	(268)	34
Increase/(decrease) in trade and other payables	(1,958)	5,092
Increase/(decrease) in provisions and employee benefits	1,470	987
Increase/(decrease) in income and deferred taxes	3,557	(1,201)
Net cash from operating activities	**44,054**	**31,079**

Section 5
Our Business Portfolio

This section provides further insight into the legal structure and group of subsidiary companies.

5.1 Controlled entities

Parent entity	Place of business/country
Monash IVF Group Limited	Australia

Controlled entities	Place of business /country	Ownership interest 2021	Ownership interest 2020
Healthbridge Enterprises Pty Ltd	Australia	100%	100%
Monash IVF Group Acquisitions Pty Ltd	Australia	100%	100%
Healthbridge IVF Holdings Pty Ltd	Australia	100%	100%
Healthbridge Shared Services Pty Ltd	Australia	100%	100%
Healthbridge Repromed Pty Ltd	Australia	100%	100%
Repromed Finance Pty Ltd	Australia	100%	100%
Repromed Holdings Pty Ltd	Australia	100%	100%
Repromed NZ Holding Pty Ltd	Australia	100%	100%
Repromed Australia Pty Ltd	Australia	100%	100%
Adelaide Fertility Centre Pty Ltd	Australia	100%	100%
Monash IVF Holdings Pty Ltd	Australia	100%	100%
Monash IVF Finance Pty Ltd	Australia	100%	100%
Monash IVF Pty Ltd	Australia	100%	100%
Monash Reproductive Pathology and Genetics Pty Ltd	Australia	100%	100%
Monash Ultrasound Pty Ltd	Australia	100%	100%
Monash IVF Auchenflower Pty Ltd	Australia	100%	100%
Yoncat Pty Ltd	Australia	100%	100%
My IVF Pty Ltd	Australia	100%	100%
ACN 169 060 495 Pty Ltd	Australia	100%	100%
Palantrou Pty Ltd	Australia	100%	100%
ACN 166 701 819 Pty Ltd	Australia	100%	100%
ACN 166 702 487 Pty Ltd	Australia	100%	100%
KL Fertility & Gynaecology Centre Sdn. Bhd.	Malaysia	90%	90%
KL Fertility Daycare Sdn. Bhd.	Malaysia	100%	100%
Sydney Ultrasound for Women Partnership	Australia	100%	100%
Ultrasonic Diagnostic Services Trust No.2	Australia	100%	100%
ACN 604 384 661 Pty Ltd	Australia	100%	100%
Ultrasonic Diagnostic Services Pty Ltd	Australia	100%	100%
Fertility Australia Pty Ltd	Australia	100%	100%
Fertility Australia Trust	Australia	100%	100%
MVF Sunshine Coast Pty Ltd	Australia	100%	100%
Hobart IVF Pty Ltd	Australia	57.4%	57.4%

5.1 Controlled entities (continued)

Controlled entities	Place of business /country	Ownership interest 2021	2020
Gold Coast Ultrasound for Women Pty Ltd	Australia	51%	51%
Monash IVF Asia Pte Ltd	Singapore	90%	90%
Monash IVF South Malaysia Pte Ltd	Malaysia	62%	62%

5.2 Investments accounted for using the equity method

	Principal Activity	Ownership Interest %		Share of Net Profit/Loss $'000	
Name of company		2021	2020	2021	2020
Compass Fertility	Fertility Services	25%	25%	55	205

5.3 Parent entity

As at 30 June 2021 and throughout the financial year ending on that date, the parent company of the Group was Monash IVF Group Limited.

Results of parent entity	2021 $'000	2020 $'000
Profit after tax	13,977	11,189
Other comprehensive income	-	-
Total comprehensive income	**13,977**	**11,189**
Financial position of parent entity at year end		
Current assets	-	2,472
Total assets	494,365*	541,171*
Current liabilities	6,006	4,952
Total liabilities	27,153	25,447
Net assets	**521,518**	**515,724**
Total equity of the parent entity comprising of:		
Share capital	506,786	506,786
Retained earnings	14,732	8,938
Total equity	**521,518**	**515,724**

*Includes Intercompany balances with its subsidiaries, as at 30 June 2021, these balances are not expected to be settled within twelve months.

Expenditure contracted for but not recognised as liabilities

Parent Entity	2021 $'000	2020 $'000
Capital plant and equipment	613	3,345

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of cross guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries

5.4 Deed of cross guarantee

The below listed entities are parties to a Deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly Owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The below companies represent the parties to the Deed of cross guarantee ('closed group'):

- Monash IVF Group Ltd
- Monash IVF Group Acquisition Pty Ltd
- Healthbridge Enterprises Pty Ltd
- Healthbridge Shared Services Pty Ltd
- Healthbridge IVF Holdings Pty Ltd
- Healthbridge Repromed Pty Ltd
- ACN 169060495 Pty Ltd
- ACN 166701819 Pty Ltd
- My IVF Pty Ltd
- Monash IVF Holdings Pty Ltd
- Palantrou Pty Ltd
- ACN 166702487 Pty Ltd
- Repromed Finance Pty Ltd
- Monash IVF Finance Pty Ltd
- Repromed Holdings Pty Ltd
- Monash IVF Pty Ltd
- Repromed Australia Pty Ltd
- Repromed NZ Holding Pty Ltd
- Monash Ultrasound Pty Ltd
- Monash Reproductive Pathology & Genetics Pty Ltd
- Monash IVF Auchenflower Pty Ltd
- Yoncat Pty Ltd
- Adelaide Fertility Centre Pty Ltd
- Sydney Ultrasound for Women Partnership
- Ultrasonic Diagnostic Services Trust No. 2
- ACN 604384661 Pty Ltd
- Ultrasonic Diagnostic Services Pty Ltd
- Fertility Australia Pty Ltd
- Fertility Australia Trust
- MVF Sunshine Coast Pty Ltd

An extract of the consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed of cross guarantee, after eliminating all transactions between parties to the Deed of cross guarantee is set out as follows:

5.4 Deed of cross guarantee (continued)

Extract of the statement of profit or loss and other comprehensive income	2021 $'000	2020 $'000
Profit before tax	28,608	13,890
Income tax expense	(9,273)	(3,463)
Net profit after tax	**19,335**	**10,427**
Other comprehensive income, Items that will not be reclassified to profit or loss:		
Cash flow hedges	-	779
Tax on cash flow hedges	-	(62)
Other comprehensive income for the year, net of tax	**-**	**717**
Total comprehensive income for the year	**19,335**	**11,144**
Summary of movements in retained earnings		
Opening balance at 1 July	(117,917)	(116,319)
Profit for the period	19,335	10,427
Dividends paid/declared	(8,182)	(12,025)
Closing balance at 30 June	**(106,764)**	**(117,917)**
Statement of financial position		
Current assets		
Cash and cash equivalents	5,629	12,421
Trade and other receivables	8,931	9,477
Current tax asset	-	1,098
Inventory	4,038	3,806
Total current assets	**18,598**	**26,802**
Non current assets		
Investment in subsidiaries	13,174	12,943
Trade and other receivables	778	-
Plant and equipment	23,187	17,085
Right of use assets	42,321	36,514
Deferred tax asset	11,251	-
Intangible assets	254,224	256,412
Total non current assets	**344,935**	**322,954**
Total assets	**363,533**	**349,756**
Current liabilities		
Trade and other payables	25,822	27,014
Borrowings	1,629	-
Lease liabilities	5,749	2,316
Current tax payable	2,943	-
Contingent consideration	1,205	600
Employee benefits	10,695	9,435
Total current liabilities	**48,043**	**39,365**
Non current liabilities		
Borrowings	-	18,942
Lease liabilities	38,519	36,314
Deferred tax liability	11,885	819
Contingent consideration	628	1,200
Employee benefits	1,215	1,026
Total non current liabilities	**52,247**	**58,301**
Total liabilities	**100,290**	**97,666**
Net assets	**263,243**	**252,090**
Equity		
Contributed equity	506,786	506,786
Reserves	(136,779)	(136,779)
Retained earnings	(106,764)	(117,917)
Total equity	**263,243**	**252,090**

As at 30 June 2021, the Deed of cross guarantee Group has a net current asset deficiency of $19,699,000 (FY20: $12,563,000). Refer to the basis of preparation note in relation to going concern considerations.

Section 6
Other disclosures

6.1 Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2021 $	2020 $
Audit services - KPMG		
Audit and review of financial statements	273,500	270,000
Other services - KPMG		
Taxation services	128,650	177,000
Other auditors (Non-KPMG)		
Audit and review of financial statements	10,600	11,122
Total services	**412,750**	**458,122**

6.2 Events occurring after the reporting period

On 24 August 2021, a fully franked final dividend of 2.1 cents per share was declared. The record date for the dividend is 10 September 2021 and the payment date for the dividend is 8 October 2021.

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.

6.3 Commitment and contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group became aware that it 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 that 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.

6.4 Reporting entity

Monash IVF Group Ltd (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. Monash IVF Group Ltd was incorporated on 30 April 2014. The Company is incorporated in Australia and listed on the Australian Stock Exchange. Its registered office is at Level 1, 21-31 Goodwood Street, Richmond, Victoria and is limited by shares. The consolidated financial statements comprise the Company and its controlled entities (collectively 'the consolidated entity', 'Monash Group' or 'Group').

6.5 Basis of preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the international Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 24 August 2021.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional and presentational currency of the Company and the majority of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC), relating to the rounding off of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with that legislative instrument to the nearest thousand, unless specifically stated to be otherwise.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Monash IVF Group Ltd as at 30 June 2021 and the results of all subsidiaries for the year then ended. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Intra-group balances and transactions, arising from intra-group transactions are eliminated at consolidation.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

6.5 Basis of preparation (continued)

Basis of measurement

The financial report has been prepared on an accrual basis and is based on historical cost (unless otherwise stated), except for derivative financial instruments and contingent consideration assumed in a business combination, which have been measured at fair value.

Foreign currency translation

Transactions in foreign currencies are translated at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised costs in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income (OCI), and presented in the foreign currency translation reserve (translation reserve) in equity.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated recoverable amount of goodwill and other non-current assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash generating units, or CGUs). Refer to Note 2.6 for further details on impairment testing.

(ii) Provision for ECL on receivables

The Group calculates the doubtful debts provision under the expected credit loss (ECL) model. The Group assesses credit losses based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Measurement of ECL allowance for trade receivables is disclosed in Note 2.1.

(iii) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

6.5 Basis of preparation (continued)

(iv) Deferred consideration

The measurement of deferred consideration requires management to estimate the amount likely to be paid in the future. This requires the exercise of judgement, in particular where the amounts is payable is dependent to the future financial performance of the business that has been acquired.

(v) Leases

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the lease liabilities and right-of-use assets recognised.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Going concern

As at 30 June 2021, the group has a net current asset deficiency of $18,579,000 (FY20: $7,197,000). 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.

6.6 New standards and interpretations

A number of new standards are effective for annual periods beginning after 1 July 2021 and earlier applications permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Reference to Conceptual Framework (Amendments to AASB 3)
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to AASB 137)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to AASB 116)
- Classification of Liabilities as Current or Non-current (Amendments to AASB 101)

Directors' Declaration

for the year ended 30 June 2021

1. In the opinion of the Directors of Monash IVF Group Ltd (the 'Company'):

   (a) the consolidated financial statements and notes set out on pages 55 to 88 and the Remuneration report on pages 18 to 34 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 5.1 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly Owned Companies) Instrument 2016/785.

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

4. The Directors draw attention to page 86 to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated in Melbourne and Sydney, 24th day of August 2021

Mr. Richard Davis
Chairman

24 August 2021

Mr. Michael Knaap
Chief Executive Officer and Managing Director

24 August 2021

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Independent Auditor's Report

To the shareholders of Monash IVF Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Monash IVF Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.
This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Goodwill ($233.2 million)

Refer to Note 2.6 of the Financial Report

The key audit matter

At 30 June 2021 the Group's balance sheet includes goodwill contained within three cash generating units (CGUs) – Australia, International and Ultrasound.

A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 66% of total assets). We focused on the significant forward-looking assumptions the Group applied in its value in use models, including:

- Forecast cash flows, growth rates and terminal growth rates in light of market conditions impacting each CGU and continued economic uncertainties during and post the COVID-19 pandemic. These conditions impact our consideration of forecasting risk; and
- Discount rates, which vary according to the conditions and environment the specific CGU is subject to from time to time.

The models are largely manually developed, use adjusted historical performance and a range of internal and external sources as inputs to the assumptions. Modelling using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. Where the Group has not met prior year forecasts in relation to a specific CGU we factor this into our assessment of forecast assumptions. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

How the matter was addressed in our audit

Our procedures included:

- We considered the appropriateness of the Group's value in use methodology to perform the annual test of goodwill for impairment against the requirements of the accounting standards.
- We assessed the integrity of the value in use models used, including the accuracy of the underlying calculations formulas.
- We met with management and those charged with governance to understand the impact of COVID-19 on each CGU, including its expected impact on forecast results, particularly in relation to the International CGU.
- We compared the forecast cash flows contained in the value in use models to Board approved forecasts.
- We assessed the Group's underlying methodology and documentation for the allocation of corporate costs and corporate assets to each CGU, for consistency with our understanding of the business and the criteria in the accounting standards.
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts included in the models.
- We considered the sensitivity of the models by varying key assumptions, such as forecast cash flows, growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to identify those CGUs at higher risk of impairment and to focus our further procedures.
- We challenged the Group's forecast cash flow and growth assumptions in light of the expected continuation of uncertainties arising from the COVID-19 global pandemic. We used our knowledge of the Group, business and customers and our industry experience.
- Working with our valuation specialists, we:
  - independently developed a comparable discount rate range from publicly available

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	market data for comparable entities and adjusted by specific risk factors to the Group and the industry it operates in; - independently assessed the growth rates based on the industry in which the Group operates and current economic environment; and - compared the implied multiples for comparable entities to the implied multiples from the Group's value in use models. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Monash IVF Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report (including the Remuneration Report), Appendix 4E and Corporate Governance Statement. The Chairman's Report, Managing Director & CEO's Report, Financial Overview, Chief Financial Officer's Report and Shareholder Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor’s Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor’s Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Monash IVF Group Limited for the year ended 30 June 2021 complies with *Section 300A* of the *Corporations Act 2001*.

Directors’ responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included within the Directors’ report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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Chris Sargent

Partner

Melbourne

24 August 2021