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

Reporting period:	Half year ended 31 December 2023
Previous corresponding period:	Half year ended 31 December 2022
Release date:	23 February 2024

Results for announcement to the market

				A$'000
Revenue from ordinary activities	Up	21.7%	to	125,704
Earnings before interest and tax (EBIT)	Up	23.9%	to	20,274
Net profit from ordinary activities after tax attributable to members	Up	20.0%	to	12,773
Underlying Earnings before interest, tax, depreciation (EBITDA)(1)(2)	Up	20.0%	to	32,164
Underlying Earnings before interest and tax (EBIT)(2)	Up	19.3%	to	22,476
Underlying Net profit from ordinary activities after tax attributable to members and minority interest(2)	Up	18.7%	to	14,955

(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) Underlying include acquisition transaction costs ($480K pre-tax), commissioning costs ($1,403K pre-tax), AASB16 net non-cash lease expenditures ($763K pre-tax) and class-action legal costs ($318K pre-tax). Underlying for the previous corresponding period include acquisition transaction costs ($397K pre-tax), stamp duty ($660K pre-tax), commissioning costs including lease expenditures ($1,379K pre-tax) and Fertility Solutions Earn AASB 3 earn-out fair value adjustment ($46K). Refer to page 4 of the Directors Report. Underlying EBITDA, EBIT and NPAT are non-IFRS measures.

Dividends	Date paid / payable	Amount per security	Franked amount per security
Interim Dividend (current reporting period)	5 April 2024	2.5¢	2.5¢
Interim Dividend (previous corresponding period)	7 April 2023	2.2¢	2.2¢
Final Dividend year ending 30 June 2023	11 October 2023	2.2¢	2.2¢
Record date for determining entitlements to the Interim Dividend:		8 March 2024	

Brief explanation: Please refer to the commentary in the review of operations and activities section of the Directors Report and the 1H24 Results Announcement accompanying this Financial Report.

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing (per share)	$0.00	$0.03
Net assets backing (per share)	$0.72	$0.70

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")	30.0%	$113

Review of the financial report

The financial report has been subject to review by KPMG and no dispute or qualification is contained in the attached Lead Auditor's Independence Declaration on page 9 and the Independent Auditor's Review Report for the six month period ended 31 December 2023.

The Directors present their report together with the consolidated financial report of Monash IVF Group Ltd ('the Group'), being the Company (Monash IVF Group Ltd), its subsidiaries, and the Group's interest in associated entities as at and for the six month period ended 31 December 2023, and the auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the interim period are:
Mr Richard Davis
Mr Josef Czyzewski
Ms Catherine West
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 Underlying NPAT(1)(2)(6) of $15.0m, as compared to $12.6m in pcp.

$m	1H24	1H23	% Change
Group Revenue	$125.7	$103.3	21.7%
Underlying EBITDA(1)(2)	$32.2	$26.8	20.0%
Underlying EBIT(1)(2)	$22.5	$18.8	19.3%
Underlying NPAT(1)(2)(6)	$15.0	$12.6	18.7%
Reported EBITDA(1)(2)	$30.0	$24.3	23.5%
Reported EBIT	$20.3	$16.4	23.9%
Reported NPAT(6)	$12.9	$10.8	19.4%
EPS (cents)	3.3	2.7	22.2%
DPS (cents)	2.5	2.2	13.6%
	31 Dec 23	30 June 23	
Net Debt ($m)(3)	$37.1	$31.0	
Net Debt to Equity ratio(4)	13.2%	11.3%	
Return on Equity (pa.)(5)	9.9%	9.3%	

(1) EBITDA and Underlying NPAT are non-IFRS measures
(2) Refer to earnings reconciliation on page 4 for Underlying vs Reported EBITDA, EBIT and NPAT
(3) Debt less cash balances
(4) Net debt to equity is debt divided by equity
(5) Return on equity is Underlying NPAT for the twelve-month period to 31 December 2023 divided by closing equity
(6) Attributable to ordinary shareholders and non-controlling interest

Group Underlying Results

The Group delivered underlying NPAT[(1)(2)(3)] of $15.0m at the top end with profit guidance provided in November 2023 and 18.7% above pcp. Underlying NPAT[(1)(2)(3)] was achieved following a 21.7% increase in Revenue to $125.7m and a 20.0% increase in Underlying EBITDA[(1)] to $32.9m compared to pcp.

The 21.7% increase in Group Revemue in 1H24 was largely driven by:

- Strong revenue growth from Domestic IVF business, driven primarily by market share gains and acquisitions. Patient pricing increased by average 5%-8% across the majority of services. 1H24 Monash IVF Australian Stimulated Cycles increased by 15.1% v pcp, which was well above industry growth of 5.1%;
- Ultrasound revenue increased by $1.7m due to 7.0% growth in scan volumes and increase in average revenue per scan due to positive scan mix and price increases. Scan activity grew by 11.0% in Melbourne and 5.4% in Sydney, partly offset by Gold Coast which was closed during 2H23;
- International Revenue increased by $0.4m due to 4.1% stimulated cycle increase driven by 16.1% growth in Singapore, increase in Johor Bahru partly offset by 6.9% stimulated cycle decline in the Kuala Lumpur clinic.

The Group achieved 1H24 Underlying EBITDA[(1)(2)] of $32.2m. EBITDA[(1)(2)] growth was driven by an increase in EBITDA in the Domestic ARS and Ultrasound businesses, partially offset by a decline in EBITDA in the International business. Key drivers for Underlying EBITDA growth/movements are as follows:

- $4.4m EBITDA growth in domestic IVF business in 1H24 compared to pcp driven by IVF industry and market share growth including the PIVET and ART Associates QLD acquisitions;
- Patient price growth was partly offset by 4-5% average wage increases following enterprise bargaining agreements (EBA), superannuation increases, CPI increases in supplier pricing and higher fixed costs for new infrastructure clinics primarily in VIC, NSW and QLD. Other cost base increases include $0.7m increase in short and long-term incentive provisional expenditure, higher marketing and cyber security expenditure;
- $1.2m EBITDA growth in Ultrasound business due to 7.0% scan growth, as Sydney and Melbourne grew by 5.4% and 11.0% respectively; following a more stable workforce in Melbourne and relocation to two new clinics in Sydney, thus increasing scan capacity to support patient demand;
- $0.2m International EBITDA decline in 1H24 due to a stimulated cycle decrease in Kuala Lumpur by 6.9% partly offset by growth in the Singapore IVF clinic.

From an operational perspective, we continued to successfully attract new clinicians to Monash IVF, with nine fertility specialists joining YTD FY24, following on from the 25 clinicians that joined in FY23. The PIVET Medical Centre is fully integrated and was rebranded to Monash IVF West Leederville in November 2023. In December 2023 we announced the acquisition of another business in Perth, Fertility North. On completion this will see another eight doctors join Monash IVF in Western Australia.

Monash IVF continues to deliver market leading success rates, with incremental increases in success rates across CY2023. The clinical pregnancy rate per embryo transferred (women aged <43 years) was 38.9% CY23 (Jan-Nov), up from 38.0% in CY22. Ongoing investment in infrastructure continued across all states, with completed projects including the new day surgery in Cremorne, new Rockhampton clinic and two new ultrasound clinics in Sydney. The new flagship Brisbane clinic is in design phase, and the completion of this project in FY25 will be a major milestone in our clinic transformation, with four new flagship sites in Melbourne, Sydney, Gold Coast and Brisbane completed over the last four years.

Net Finance Costs increased to $2.5m, $0.9m higher than pcp which included impact for non-cash interest on Lease Liabilities (under IFRS16), increase due to a higher BBSY rate (+1.9% average) and average value of borrowings during the period.

(1) EBITDA and Underlying NPAT are non-IFRS measures
(2) Refer to earnings reconciliation on page 4 for Underlying vs Reported EBITDA, EBIT and NPAT
(3) Attributable to ordinary shareholders and non-controlling interest

Underlying NPAT[(1)(2)(3)] was $15.0m whilst Reported NPAT was $12.9m. Reported NPAT includes certain non-regular items relating to acquisition costs, new premise commissioning costs, non-cash lease expenditure and class-action legal costs. Refer to page 4 for further information.

Segment analysis

	Australia			International		
$m	1H24	1H23	% change	1H24	1H23	% change
Revenue	118.41	96.28	23.0%	7.30	7.04	3.7%
Underlying EBIT [(3)(6)]	21.48	17.57	22.3%	1.00	1.27	(21.3%)
Underlying NPAT [(3)(4)(6)]	14.32	11.84	20.9%	0.65	0.76	(14.5%)
Reported NPAT [(4)(6)]	12.24	10.20	20.0%	0.65	0.64	-

Australia

Australia revenue increased by $22.1m or 23.0% to $118.4m due to the following:

- $14.4m Domestic ARS revenue growth ($5.0m from patient price increases across all domestic markets, $3.1m from Industry growth and $7.4m growth from market share gains and acquisitions in QLD, VIC, NSW and WA;
- $1.7m Ultrasound revenue growth due to 7.0% growth in scan volumes in Melbourne and Sydney combined and average scan price increases and
- $4.8m Day Surgery & Other revenue growth including contribution from the new Gold Coast Day Hospital and increases in genetics income.

The Australia CGU achieved 1H24 Underlying EBIT of $21.5m. The domestic IVF business was solid in growing EBIT despite a challenging macro environment.

International

The International segment comprises of the existing Kuala Lumpur and Johor Bahru clinics and Bali and Singapore clinics. International Revenue increased by $0.3m or 3.7% to $7.3m and stimulated cycles increased by 4.1% compared to pcp following activity increases in Singapore and Johor Bahru. This was partly offset by declines in Kuala Lumpur. Underlying EBIT declined by $0.3m or 21.3% to $1.0m compared to pcp and Underlying NPAT was consistent with pcp.

(1) MBS items 13200/1
(2) MBS item 13202
(3) Underlying EBITDA and NPAT are non-IFRS measures
(4) NPAT including minority interest
(5) Key Markets are Victoria, New South Wales, Queensland, South Australia and Northern Territory
(6) Refer to earnings reconciliation on page 4 for Underlying vs Reported EBITDA, EBIT and NPAT

Earnings reconciliation

The table below provides a reconciliation of 1H24 Underlying EBIT and NPAT to the reported statutory metrics:

$m	EBITDA	EBIT	1H24 NPAT	1H23 NPAT
Reported Statutory	**30.0**	**20.3**	**12.9**	**10.8**
Acquisition transaction costs	0.5	0.5	0.4	0.7
Commissioning costs	1.4	1.4	1.0	1.0
Acquisition earn-out fair value adjustment	-	-	-	0.1
Class Action legal costs	0.3	0.3	0.2	-
Adjusted	**32.2**	**22.5**	**14.5**	**12.6**
AASB 16 Lease Accounting	-	-	0.5	-
Underlying (1)	**32.2**	**22.5**	**15.0**	**12.6**

(1) Non-IFRS measures

A total of $2.9m in pre-tax items are included in the reconciliation of Reported Statutory to Underlying, which fall under the following three main categories:

- $0.5m acquisition costs including the Fertility North acquisition;
- $1.4m commissioning costs related to pre-opening expenditure for new fertility clinics and day hospitals including Melbourne, Gold Coast, Brisbane and Sunshine. In addition, new relocated ultrasound clinics in St Leonards and Northen Beaches supporting greater capacity;
- $0.3m uninsured legal costs relating to the ongoing class action;
- $0.7m relating to net pre-tax non-cash lease expenditure under IFRS 16 lease accounting which includes new day hospitals in Melbourne and Gold Coast and new Ultrasound practices in Sydney. Non-cash lease expenditure has been disclosed as a non-regular item due to the length of term of the new leases and the associated unwinding of the fair value of future lease payments.

1H23 included non-regular items that increased Underlying(1) EBITDA, EBIT and NPAT by $2.5m pre-tax and $1.8m post-tax.

Statement of Financial Position and Capital Metrics

Balance Sheet ($m)	31 Dec 23	30 June 23	% change
Cash and cash equivalents	**5.9**	**8.0**	**(26.3%)**
Other current assets	26.7	21.9	21.9%
Current lease liabilities	(6.9)	(6.3)	(9.5%)
Current borrowings	(42.8)	-	100%
Other current liabilities	(41.9)	(40.2)	(4.2%)
Net working capital	**(59.0)**	**(16.6)**	**(255%)**
Non-current Borrowings	-	(38.9)	(100%)
Goodwill & Intangibles	279.1	280.4	(0.5%)
Right of use assets	76.0	59.0	28.8%
Lease liabilities	(72.0)	(54.8)	(31.4%)
Property Plant & Equipment	60.4	50.4	19.8%
Other assets/liabilities	(4.6)	(4.4)	(4.5%)
Net assets	**280.8**	**275.1**	**2.1%**

Capital Metrics	31 Dec 23	30 June 23	+/-
Net Debt ($m) (1)	**37.1**	**31.0**	**6.1**
Leverage Ratio (Net Debt / EBITDA(2))	0.72x	0.70x	0.02x
Interest Cover (EBITDA(2) / Interest)	27.9x	42.6x	(14.7x)
Net Debt to Equity Ratio(3)	13.2%	11.3%	1.9%
Return on Equity(4)	**9.9%**	**9.3%**	**0.6%**
Return on Assets(5)	**6.2%**	**6.0%**	**0.2%**

Significant headroom remains available in key banking covenants. The key Net Leverage Ratio is at 0.72x and well within the 3.5x covenant requirement. The Interest Cover Ratio is at 27.9x and well above the 3.0x covenant requirement. Key capital metrics increased with Return on Equity increasing from 9.3% to 9.9% and Return on Assets increasing from 6.0% to 6.2%. The Syndicated Debt Facility as at 31 December 2023 is classified as a current liability as it is due for maturity in December 2024. Since 31 December 2023 and on 20 February 2024, the Syndicated Debt Facility has been increased from $50m to $70m and will be due to mature in February 2027.

Plant and Equipment increased by $10.0m reflecting $12.9m of capital expendute for new clinic infrastructure costs for the new Day Hospitals in Cremorne (VIC) and Gold Coast, commencement of new Brisbane and Sunshine fertility clinics and infrastructure costs for completed Ultrasound practices in St Leonards and Northen Beaches. Further increase in medical and IT equipment including commencement of new transformational fertility patient management system.

Lease Liabilities increased by $17.2m primarily due to the present value of future cash rent payments on three large, long-term rental facilities in Perth, Brisbane and Sunshine.

(1) Net debt is debt less cash balances (excluding capitalised bank fees)
(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)	1H24	1H23	Change%
EBITDA[1]	**30.0**	**24.3**	**23.5%**
Movement in working capital	(0.4)	(2.6)	(84.6%)
Income taxes paid	(3.7)	(6.2)	(40.3%)
Net operating cash flows (post-tax)	**25.9**	**15.5**	**67.0%**
Capital expenditure	(12.9)	(13.7)	(5.8%)
Payments for businesses	(4.0)	(4.8)	(16.7%)
Cash flows used in investing activities	**(16.9)**	**(18.5)**	**(8.6%)**
Free cash flow[2]	**9.0**	**(3.0)**	**(399.3%)**
Dividends paid	(8.6)	(8.6)	(0.0%)
Interest on borrowings	(1.2)	(0.5)	140.0%
Payments of lease liabilities	(5.3)	(5.4)	(1.9%)
Net Proceeds of borrowings	4.0	17.0	(76.5%)
Cash flows used in financing activities	**(11.1)**	**2.5**	**(544.0%)**
Net cash flow movement	(2.1)	(0.5)	324.0%
Closing cash balance	**5.9**	**7.4**	**(20.3%)**

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

- Pre-tax conversion of EBITDA to operating cash flow was strong at 99%, exceeding 1HFY23 of 89% and 1HFY22 of 83%;
- $12.9m capital expenditure including completed new day hospitals in Cremorne (VIC) and Gold Coast, commencement of construction of new fertility clinics in Brisbane and Sunshine and new ultrasound practices in St Leonards and Northern Beaches, IT infrastructure including cyber security and medical equipment;
- $4.0m payments for business acquisitions includes $2.3m Pivet earn-out payment, $0.6m payment for ART ART Associates Qld relating to the Year 1 payout, $0.6m final Fertility Solution Earn Out payment and $0.5m payments for non-recurring acquisition costs (Fertility North acquisition);
- Interest on borrowings increased by $0.6m due to higher average borrowings compared to pcp and increases in the BBSY during 1H24;
- $4m net debt drawdown primarily for committed infrastructure projects and acquisition payments;
- $8.6m dividend payments for the 2.2 cps FY23 final dividend paid in October 23.

Matters subsequent to the end of the financial year

On 23 February 2024, a fully franked interim dividend of 2.5 cents per share was declared. The record date for the dividend is 8 March 2024 and the payment date for the dividend is 5 April 2024.

As noted in December 2023, the Group executed a share sale agreement to acquire Fertility North Holdings Pty Ltd. The transaction is subject to a number of conditions precedent including Australian Competition & Consumer Commission approval and on 22 February 2024, the Australian Competition & Consumer Commission confirmed they will not oppose the transaction. Remaining condition precedent items are being progressed.

On 20 February 2024, the Group extended the maturity profile of its Syndicated Debt Facility to February 2027 and increased the size of the Facility from $50m to $70m.

Commitment and Contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group became aware that it and a certain number 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 those patients who had embryos classified as aneuploid as a result of Ni-PGT testing may have had embryos destroyed or did not proceed to embryo transfer. Ni-PGT testing was suspended in October 2020. As announced to the ASX on 21 August 2023, an amended statement of claim was filed in the Supreme Court of Victoria which, amongst other things, seeks aggravated damages and exemplary damages from the Group.

The Group filed its amended defence on 27 October 2023 and the conduct of the proceedings (including the discovery process) continues towards an anticipated trial date of 15 October 2024. The cost of the Group's defence of the Class Action remain funded by its insurer. 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. The aggravated damages and exemplary damages claim, and the costs of defending that, are uninsured. Legal costs and damages, if any, in excess of insurance proceeds will be funded by Monash IVF.

Outlook

The Australian IVF Industry and Monash IVF will continue to be a beneficiary of underlying structural demand drivers whilst supplemented by emerging services such as genetics and egg freezing, growing patient segments, in particular the LGBTQIA+ segment and new patient acquisition channels. Whilst macroeconomic conditions in Australia including cost of living and monetary policy is impacting affordability of certain services and goods, it is not currently impacting Monash IVF's new patient registrations to date.

FY2024 Underlying Group NPAT(1)(2) is expected to be between $29.0m and $30.0m compared to $25.5m in the prior comparative period (excluding contribution from the Fertility North acquisition). Non regular items in FY2024 will include acquisition costs, commissioning of new premises including day hospital operations, class action related costs and non-cash AASB16 Lease Accounting expenditure.

The key drivers of revenue and earnings growth in 2H24 compared to 2H23 are:

- Full Year contribution from the PIVET Medical Centre acquisition which occurred in May 2023;
- Contribution from new fertility specialists attracted during 2H23 and 1H24 which will drive growth in activity in 2H24. The Group will continue to focus on attraction of suitable fertility specialists;
- On-going and sustainable conversion of IVF new patient registrations growth experienced during 1H24 and February 2024 YTD;
- Growth in reproductive genetic carrier screening which will lead to onward referrals to IVF;
- Commencement and contribution from new day hospital operations;
- Continued improvement in the Ultrasound businesses;
- Further progress in South-East Asia including Singapore and Kuala Lumpur.

(1) Underlying NPAT is a non-IFRS measure
(2) Including minority interest

Environmental regulations

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

Likely developments

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

Indemnification and insurance of officers and auditors

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for the six month period ended 31 December 2023.

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

Richard Davis
Chairman

Michael Knaap
Chief Executive Officer and Managing Director

Dated in Melbourne this 23rd day of February 2024

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

To the Directors of Monash IVF Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Monash IVF Group Limited for the half-year ended 31 December 2023 there have been:

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

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

KPMG

KPMG

Chris Sargent

Partner

Melbourne

23 February 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2023

	Note	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Revenue from services		**125,704**	**103,323**
Employee benefits expense		(41,176)	(35,278)
Clinician fees		(23,291)	(18,361)
Raw materials and consumables used		(13,688)	(11,354)
IT and communications expense		(2,807)	(2,388)
Depreciation and amortization expense		(9,689)	(7,959)
Property expense		(3,825)	(2,219)
Marketing and advertising expense		(4,004)	(3,304)
Professional and other fees		(4,070)	(3,254)
Other expenses		(2,880)	(2,846)
Operating profit		**20,274**	**16,360**
Net finance costs	6	(2,529)	(1,603)
Profit before tax		**17,745**	**14,757**
Income tax expense		(4,865)	(3,917)
Profit for the period		**12,880**	**10,840**
Other comprehensive income/ (loss)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		(204)	-
Tax on cash flow hedges		61	-
Exchange difference on translation of foreign operations		8	40
Other comprehensive income/ (loss) for the period, net of tax		**(135)**	**40**
Total comprehensive income for the period		**12,745**	**10,880**
Profit attributable to:			
Owners of the Company		12,773	10,642
Non-controlling interests		107	198
Profit for the period		**12,880**	**10,840**
Total comprehensive income attributable to:			
Owners of the Company		12,638	10,682
Non-controlling interests		107	198
Total comprehensive income for the period		**12,745**	**10,880**
Earnings per share			
Basic earnings per share (cents)		3.3	2.7
Diluted earnings per share (cents)		3.3	2.7

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

Condensed Consolidated Statement of Financial Position
for the half year ended 31 December 2023

		Consolidated	
		31 December 2023	30 June 2023
	Note	$'000	$'000
Current assets			
Cash and cash equivalents		5,929	8,005
Trade and other receivables		20,134	15,503
Inventory		6,566	6,430
Total current assets		**32,629**	**29,938**
Non current assets			
Equity accounted investment		1,379	1,277
Trade and other receivables		165	166
Plant and equipment		60,386	50,372
Right of use assets		75,988	59,014
Intangible assets		279,119	280,452
Derivative financial instruments		101	305
Deferred tax asset		371	370
Total non current assets		**417,509**	**391,956**
Total assets		**450,138**	**421,894**
Current liabilities			
Trade and other payables		24,653	21,196
Lease liabilities		6,937	6,332
Current tax liability		1,377	1,230
Contingent consideration		3,174	5,710
Employee benefits		12,646	12,035
Borrowings [(1)]		42,800	-
Total current liabilities		**91,587**	**46,503**
Non current liabilities			
Borrowings		-	38,866
Lease liabilities		72,005	54,841
Contingent consideration		4,252	5,200
Employee benefits		1,474	1,410
Total non current liabilities		**77,731**	**100,317**
Total liabilities		**169,318**	**146,820**
Net assets		**280,820**	**275,074**
Equity			
Share capital		506,786	506,786
Reserves		(137,172)	(136,207)
Profits reserve		69,558	65,357
Retained earnings		(162,735)	(162,735)
Total equity attributable to Owners of the Company		**276,437**	**273,201**
Non-controlling interests		4,383	1,873
Total equity		**280,820**	**275,074**

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

[(1)] Since 31 December 2023, the Group has extended the maturity profile of its Syndicated Debt Facility. Refer to Note 2 for further information.

Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2023

	Contributed equity	Other equity reserve (1)	Profits reserve (2)	Retained losses(1)	Other reserves (3)	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated balance at 30 June 2022	**506,786**	**(136,811)**	**60,662**	**(162,735)**	**15**	**267,917**	**1,976**	**269,893**
Profit/(loss) for the period	-	-	10,642	-	-	**10,642**	198	**10,840**
Total other comprehensive income/(loss)	-	-	-	-	40	**40**	-	**40**
Total other comprehensive income for the period	**-**	**-**	**10,642**	**-**	**40**	**10,682**	**198**	**10,880**
Transactions with owners in their capacity as owners directly in equity								
Share-based payment transactions	-	-	-	-	117	**117**	-	**117**
Dividends paid	-	-	(8,572)	-	-	**(8,572)**	(113) (4)	**(8,685)**
Consolidated balance at 31 December 2022	**506,786**	**(136,811)**	**62,732**	**(162,735)**	**172**	**270,144**	**2,061**	**272,205**
Consolidated balance at 30 June 2023	**506,786**	**(136,811)**	**65,357**	**(162,735)**	**604**	**273,201**	**1,873**	**275,074**
Profit/(loss) for the period	-	-	12,773	-	-	**12,773**	107	**12,880**
Total other comprehensive income/(loss)	-	-	-	-	(135)	**(135)**	-	**(135)**
Total other comprehensive income for the period	**-**	**-**	**12,773**	**-**	**(135)**	**12,638**	**107**	**12,745**
Transactions with owners in their capacity as owners directly in equity								
Share-based payment transactions	-	-	-	-	(830)	**(830)**	-	**(830)**
Issue of shares(5)	-		-		-	**-**	2,521(5)	**2,521**
Dividends paid	-	-	(8,572)	-	-	**(8,572)**	(118) (4)	**(8,690)**
Consolidated balance at 31 December 2023	**506,786**	**(136,811)**	**69,558**	**(162,735)**	**(361)**	**276,437**	**4,383**	**280,820**

(1) The Other Equity Reserve and Retained Losses relate to pre IPO balances as at 26 June 2014.
(2) The profits reserve comprises the transfer of net profit for the period and characterises profits available for distribution as dividends in future periods.
(3) Other reserves include share-based payments, foreign currency translation and hedging reserve.
(4) $118K dividend declared and paid to non controlling interest holders in KL Fertility (1H23: $113K).
(5) Issue of shares to minority interest holders in the new Gold Coast Day Hospital (A.C.N 646484906 Pty Ltd)

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

Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2023

	Note	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Cash flows from operating activities			
Receipts from customers		124,053	105,018
Payments to suppliers and employees		(94,447)	(83,312)
Cash generated from operations		**29,606**	**21,706**
Income taxes paid		(3,717)	(6,163)
Net cash flows from operating activities		**25,889**	**15,543**
Cash flows from investing activities			
Payments for plant and equipment and intangible assets		(12,917)	(13,693)
Payments for business acquisitions (including transaction costs)		(3,964)	(4,762)
Net cash flows used in investing activities		**(16,881)**	**(18,455)**
Cash flows from financing activities			
Proceeds of borrowings		7,500	20,000
Repayments of borrowings		(3,500)	(3,000)
Net interest paid on borrowings		(1,189)	(545)
Payments of lease liabilities		(5,331)	(5,415)
Dividends paid		(8,572)	(8,572)
Net cash flows used in financing activities		**(11,092)**	**2,468**
Net movement in cash		**(2,084)**	**(444)**
Cash and cash equivalents at the beginning of the period		**8,005**	**7,874**
Effects of exchange rate changes on foreign currency cash		8	-
Cash and cash equivalents at the end of the period		**5,929**	**7,430**

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

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2023

1. Reporting entity

Monash IVF Group Limited (the 'Company') is a for profit company primarily involved in the area of assisted reproductive services and the provision of specialist women's imaging services. The Company is incorporated in Australia and listed on the Australian Stock Exchange (ASX: MVF). These condensed consolidated interim financial statements as at and for the half-year ended 31 December 2023 comprises the Company and its subsidiaries (collectively referred to as the 'Group'). The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 are available on the Company's website: www.monashivfgroup.com.au and upon request from the Company's registered office at Level 1, 510 Church Street, Cremorne, Victoria.

2. Basis of preparation

This condensed consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the Corporations Act 2001 and IAS 34 *Interim Financial Reporting*. This condensed consolidated interim financial report does not include all notes of the type normally included within the annual financial report and accordingly should be read in conjunction with the annual financial report for the year ended 30 June 2023.

These interim financial statements were authorised for issue by the Board of Directors on 23 February 2024.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

As at 31 December 2023, the Group has a net current asset deficiency of $58,958,000 (30 June 23: $16,565,000).

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. As at 31 December 2023, the Group's Syndicated Debt Facility is classified as current. Since 31 December 2023 the Group has extended the maturity profile of the Syndicated Debt Facility and Working Capital Facility to February 2027 and have increased the size of the Syndicated Debt Facility from $50m to $70m.

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

3. Use of estimates and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2023.

There are no new accounting standards that have a material impact on the Group's interim financial report for this financial year.

4. Seasonality of operations

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

5. Segment reporting

31 December 2023	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Total Revenue - external	**118,406**	**7,298**	**125,704**
Adjusted EBIT[1]	**21,477**	**999**	**22,476**
Acquisition costs[1]	(480)	-	(480)
Commissioning costs[1]	(1,403)	-	(1,403)
Class Action legal costs[1]	(319)	-	(319)
Reported EBIT	**19,275**	**999**	**20,274**
Net finance costs	(2,542)	13	(2,529)
Profit before income tax expense	**16,733**	**1,012**	**17,745**
Income tax expense	(4,498)	(367)	(4,865)
Profit for the period	**12,235**	**645**	**12,880**
Depreciation and amortisation expense	(9,065)	(624)	(9,689)
Segment assets	**435,190**	**14,948**	**450,138**
Acquisition of plant and equipment and intangibles	12,882	35	12,917
Segment liabilities	**161,564**	**7,754**	**169,318**

31 December 2022	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Total Revenue - external	**96,284**	**7,039**	**103,323**
Adjusted EBIT[2]	**17,577**	**1,265**	**18,842**
Acquisition costs[2]	(397)	-	(397)
Stamp Duty[2]	(660)	-	(660)
Commissioning costs[2]	(1,226)	(153)	(1,379)
Earn Out Fair Value Adjustment[2]	(46)	-	(46)
Reported EBIT	**15,248**	**1,112**	**16,360**
Net finance costs	(1,566)	(37)	(1,603)
Profit before income tax expense	**13,682**	**1,075**	**14,757**
Income tax expense	(3,486)	(431)	(3,917)
Profit for the period	**10,196**	**644**	**10,840**
Depreciation and amortisation expense	(7,654)	(305)	(7,959)
Segment assets	**380,774**	**16,128**	**396,902**
Acquisition of plant and equipment and intangibles	12,387	1,306	13,693
Segment liabilities	**117,121**	**7,576**	**124,697**

(1) Non-regular items include acquisition transaction costs ($480K pre-tax), commissioning costs ($1,403K pre-tax) and class-action legal costs ($319K pre-tax).

(2) Non-regular items include transaction costs on acquisition opportunities ($397K pre-tax), stamp duty ($660K pre-tax), commissioning costs include lease expenditure for premises prior to operating commencement ($1,379K pre-tax) and Fertility Solutions Earn Out Fair Value adjustment ($46K).

6. Expenses

Consolidated 31 December	2023 $'000	2022 $'000
Net finance costs		
Interest expense	1,313	512
Interest on lease liabilities	1,241	1,093
Less interest revenue	(25)	(2)
Net finance costs	**2,529**	**1,603**

Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the period ended 31 December 2023 was 27.4% (31 December 2022: 26.5%). The 31 December 2023 tax rate is broadly consistent with the tax rates applicable in each jurisdiction the Group operates in.

7. Dividends

Dividends during the half year	Franking	Payment Date	Per share (cents)	2023 $'000	2022 $'000
Final dividend in respect of the 2023 financial year	Fully franked	11 October 2023	2.2	8,572	
Final dividend in respect of the 2022 financial year	Fully franked	7 October 2022	2.2		8,572
Paid in cash during the year				**8,572**	**8,572**

Dividends not recognized at half year end

Since 31 December 2023, the Directors have approved a fully franked interim dividend of 2.3 cents per fully paid share which is payable on 5 April 2024 with a record date of 8 March 2024.

The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December 2023, but not recognized as a liability at half year end:	**($8,571,966)**

There is no dividend reinvestment plan in place.

8. Share capital and Earnings per share

Share Capital	Number of shares issued	$'000
Opening balance at 1 July 2023	389,634,840	506,786
Closing balance at 31 December 2023	**389,634,840**	**506,786**

Earnings per share (cents)	Consolidated 31 December	
	2023	2022
Basic earnings per share	3.3	2.7
Diluted earnings per share	3.3	2.7

Profit attributable to ordinary shareholders	2023 $'000	2022 $'000
Profit after income tax attributable to the ordinary shareholders used in calculating basic and diluted earnings per share	12,773	10,642

Weighted average number of shares (basic)	2023 Number	2022 Number
Weighted average number of ordinary shares	**389,634,840**	**389,634,840**
Adjustments for calculation of diluted earnings per share	3,042,785	3,203,777
Weighted average number of ordinary shares (diluted)	**392,677,625**	**392,838,617**

Basic earnings per share

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

Diluted earnings per share

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

9. Financial instruments

Carrying amounts and fair value

Valuation methodology of financial instruments

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

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

All of the Group's financial instruments carried at fair value were valued using market observable inputs. For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, Level 2 and Level 3 during the period. There were no Level 3 financial instruments held at 31 December 2023.

Fair values

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

Level 1
Cash

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

Receivables/payables

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

Interest-bearing loans and borrowings

The carrying amount approximates fair value given these are floating rate borrowings.

Level 2
Derivatives

The fair values of interest rate swaps are $101,288 (30 June 2023: $305,123) calculated at the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies.

The Group's activities expose its financial instruments to a variety of market risks. The interim financial report does not include all risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial report for the year ended 30 June 2023. There have been no significant changes in risk management factors or policies since 30 June 2023.

10. Events occurring after the balance sheet date

On 23 February 2024, a fully franked interim dividend of 2.5 cents per share was declared. The record date for the dividend is 8 March 2024 and the payment date for the dividend is 5 April 2024.

As noted in December 2023, the Group executed a share sale agreement to acquire Fertility North Holdings Pty Ltd. The transaction is subject to a number of conditions precedent including Australian Competition & Consumer Commission approval and on 22 February 2024, the Australian Competition & Consumer Commission confirmed they will not oppose the transaction. Remaining condition precedent items are being progressed.

On 20 February 2024, the Group extended the maturity profile of its Syndicated Debt Facility and Working Capital Facility to February 2027. The Syndicated Debt Facility has been increased from $50m to $70m.

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

11. Commitments and contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group became aware that it and a certain number 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 those patients who had embryos classified as aneuploid as a result of Ni-PGT testing may have had embryos destroyed or did not proceed to embryo transfer. Ni-PGT testing was suspended in October 2020. As announced to the ASX on 21 August 2023, an amended statement of claim was filed in the Supreme Court of Victoria which, amongst other things, seeks aggravated damages and exemplary damages from the Group.

The Group filed its amended defence on 27 October 2023 and the conduct of the proceedings (including the discovery process) continues towards an anticipated trial date of 15 October 2024. The cost of the Group's defence of the Class Action remain funded by its insurer. 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. The aggravated damages and exemplary damages claim, and the costs of defending that, are uninsured. Legal costs and damages, if any, in excess of insurance proceeds will be funded by Monash IVF.

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

1. The condensed consolidated financial statements and notes that are set out on pages 14 to 19 are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the six month period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declaration made to the directors for the half year ended 31 December 2023 in accordance with the 4th edition of the ASX Corporate Governance Principles & Recommendations.

Signed in accordance with a resolution of directors:

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

Dated in Melbourne this 23rd day of February 2024

Independent Auditor's Review Report

To the shareholders of Monash IVF Group Limited

Report on the Half-year Financial Report

Conclusion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed consolidated statement of financial position as at 31 December 2023;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 including selected explanatory notes; and
- The Directors' Declaration.

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

Basis for Conclusion

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

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

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Chris Sargent

Partner

Melbourne

23 February 2024