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

Reporting period:	Half year ended 31 December 2020
Previous corresponding period:	Half year ended 31 December 2019
Release date:	24 February 2021

Results for announcement to the market

				A$'000
Revenue from ordinary activities	Up	17.8%	to	90,775
Earnings before interest, tax, depreciation (EBITDA)[1]	Up	57.7%	to	28,730
Earnings before interest and tax (EBIT)	Up	71.0%	to	22,427
Adjusted Net profit from ordinary activities after tax attributable to members[2][3]	Up	30.5%	to	11,811
Net profit from ordinary activities after tax attributable to members	Up	78.5%	to	14,558

(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 ($200,000) and Sydney CBD fertility clinic commissioning costs ($848,000) Refer to page 6 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 (current reporting period)	7 April 2021	2.1¢	2.1¢
Interim Dividend (previous corresponding period)	3 April 2020	2.1¢	2.1¢
Final Dividend year ending 30 June 2020	-	-	-
Record date for determining entitlements to the Final Dividend:		10 March 2021	

Brief explanation: Please refer to the commentary in the review of operations and activities section of the Directors Report and the 1H21 Results Announcement accompanying this Financial Report.

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing (per share)	$0.01	($0.36)
Net assets backing (per share)	$0.68	$0.74

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%	$90

Review of the financial report

The financial report has been subject to a review by KPMG and no dispute or qualification is contained in the attached independent review report for the six month period ended 31 December 2020.

Monash IVF Group Limited

Directors' Report

for the half year ended 31 December 2020

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 2020, 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
Ms Catherine West
Mr Neil Broekhuizen
Mr Josef Czyzewski
Dr Richard Henshaw
Ms Zita Peach
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 $14.7m(6), as compared to $8.2m in pcp.

$m	1H21	1H20	% Change
Group Revenue	$90.8	$77.0	17.8%
EBITDA(1)	$28.7	$18.2	57.7%
EBIT	$22.4	$13.1	71.0%
Adjusted NPAT(1)(2)(6)	$12.0	$9.1	32.0%
Reported NPAT(6)	$14.7	$8.1	85.4%
EPS (cents)	3.7	3.5	5.7%
DPS (cents)	2.1	2.1	-
	31 Dec 20	30 June 20	
Net Debt (m)(3)	-$0.5	$4.2	
Net Debt to Equity ratio (4)	-0.2%	1.7%	
Return on Equity (pa.) (5)	6.5%	5.7%	

(1) EBITDA and Adjusted NPAT are non-IFRS measures
(2) Reported NPAT is adjusted by -$2.7m. Refer to earnings reconciliation.
(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 31 December 2020 divided by closing equity
(6) Attributable to ordinary shareholders and non-controlling interest

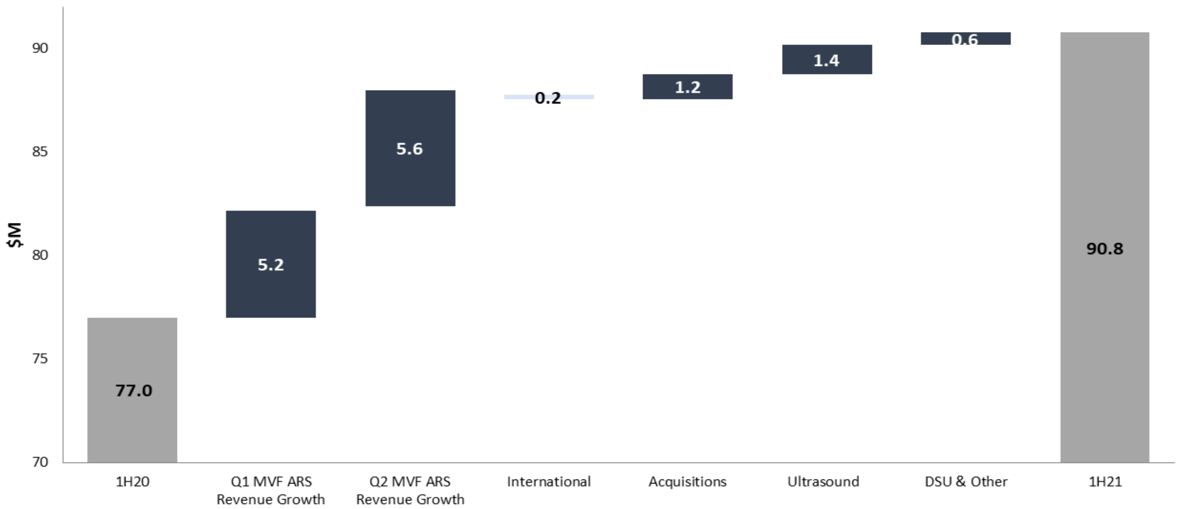
Operational and Financial Review (continued)

Highlights:

- $14.6m Reported NPAT attributable to ordinary equity holders, an increase of 78.5% on pcp;
- $12.0m[(1)] Adjusted NPAT representing 32.0% growth on pcp;
- 27.4% Monash IVF Australia stimulated cycle growth during 1H21 due to the recovery of pent up demand created during temporary suspension of services in Q4FY2020;
- 33.1% Monash IVF Australia stimulated cycle growth in Q2FY2021 due to national industry growth of 20.6% and market share gains across VIC, NSW, QLD and NT during Q2FY2021;
- Sydney CBD Flagship clinic opened in November delivering a best-in-class patient experience, a cornerstone initiative to attract new fertility specialists and grow market share;
- Our Ultrasound businesses remained open throughout the Pandemic and delivered ultrasound scan growth of 11.7%;
- 6.6% Kuala Lumpur stimulated cycle growth as the Clinic has experienced a slower recovery with ongoing impact of COVID-19 on the Malaysian economy. Solid progress made in Southeast Asia expansion plan;
- Improved operating cash flow generation and the Balance Sheet is well positioned for future organic and in-organic growth including support for strategic infrastructure projects;
- Dividends to recommence with 2.1 cent fully franked interim dividend declared for 1H21.

Revenue

Group revenues increased by $13.8m or 17.8% to $90.8m compared to pcp. A summary of the increase in revenues is detailed in the waterfall chart below:



- **$5.2m MVF ARS Revenue growth in Q1 more than** recovered stimulated cycles delayed as a result of COVID-19 related elective surgery suspension in April and May 2020. Stimulated cycle growth (excluding impact from acquisitions) during Q1 was 17.7% as compared to pcp;
- **$5.6m MVF ARS Revenue growth in Q2** following strong IVF sector growth and Monash IVF market share growth. Organic Stimulated cycles (excluding impact from acquisitions) during Q2 increased by 38.3% as compared to pcp. Q2FY21 average price per stimulated cycle declined by 5% compared to Q1FY21 as a result of 'no out-of-pocket' stimulated cycle remediation offers provided to patients impacted by the Ni-PGT-A suspension;

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

- International revenue declined by $0.2m as the Kuala Lumpur clinic is experiencing increased competitor pricing pressure in a challenging operating environment as the Region is subject to continued COVID-19 related restrictions. Stimulated cycles in Kuala Lumpur increased by 6.6% however, average price per stimulated cycle declined by 10% compared to pcp;
- **$1.2m non-organic revenue growth** from the full half-year impact of the Fertility Solutions acquisition in Queensland which completed in September 2019. Fertility Solutions contributed 4% of total domestic stimulated cycles and is performing above expectations;
- **$1.4m Ultrasound revenue growth** as ultrasound scans increased by 11.7% compared to pcp following growth achieved across all markets (VIC, NSW, QLD and SA);
- **$0.6m Day Surgery & Other revenue growth** driven by the strong IVF growth experienced during the first half.

Expenditure before interest and tax

The table below provides a summary of 1H21 Expenditure before interest and tax compared to 1H20:

	31 Dec 20 $m	31 Dec 19 $m	% Change
Employee benefits expense	23.9	26.3	(9.1%)
Clinician fees	16.0	13.3	20.3%
Raw materials and consumables used	10.8	8.1	33.3%
IT and communications expense	1.7	1.4	21.4%
Property expenses	1.9	2.0	(5.0%)
Marketing and advertising expense	3.4	3.1	9.7%
Professional and other fees	1.9	2.6	(26.9%)
Other expenses	2.6	2.0	30.0%
Total operating expenditure	62.2	58.8	5.8%
% of Group revenues	68.5%	76.4%	
Depreciation and amortisation	6.3	5.1	23.5%
Total expenditure before interest and tax	68.5	63.9	7.2%
% of Group revenues	75.4%	83.0%	

Total operating expenditure represents 68.5% of total Revenue as compared to 76.4% in 1H20. The following details key expenditure movements in 1H21 against 1H20:

- **Employee benefits expense** decreased by 9.1% or $2.4m. The decrease is due to a $5.1m net reduction in salaries & wages due to the receipt of the JobKeeper Subsidy received for Q1FY2021 partly offset by increases in enterprise agreements for nursing and science, head count increases to support volume growth across all clinics, full half year impact from Fertility Solutions acquisition in September 2019 and commissioning costs for Sydney CBD clinic;
- **Clinician fees** have increased commensurate with increases in IVF volumes;
- **Raw material and consumables** increased by 33.3% or $2.7m. The increase is at a greater rate than revenue primarily due to higher NIPT testing volumes in Sydney and Melbourne ultrasound clinics, greater use of donor sperm as a result of higher donor related activity and increase from higher day surgery activity in South Australia;
- **IT and communication expense** increased by 21.4% or $0.3m due to further investment to strengthen cyber security measures and safety of our IT infrastructure;
- **Marketing and advertising expense** increased by 9.7% or $0.3m as we invest in revenue generating activities;
- **Professional and other fees** decreased by 26.9% or $0.8m due to acquisition related costs incurred in 1H20 and lower legal expenditure;

Expenditure before interest and tax (continued)

- **Other expenses** increased by 30.0% or $0.5m due largely to higher equipment maintenance costs, Ni-PGT remediation actions and increase in the earn-out provision for Fertility Solutions;
- **Depreciation and amortisation expense** increased by $1.2m primarily due to a $0.8m increase in lease amortisation (including $0.5m for the new Sydney CBD flagship clinic which opened in November 2020) and $0.4m increase in asset depreciation.

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

EBITDA[1] is $28.7m as compared to $18.2m at 31 Dec 2019, an increase of 57.7%. The increase in EBITDA[1] is due primarily to:

- Volume leverage gained from strong industry volume growth and market share growth across domestic IVF and Ultrasound;
- $5.1m impact from Job Keeper Subsidy payments relating to Q1FY2021 which has been critical to ensuring our workforce was maintained and engaged;
- $2.7m cost reduction from FY20 cost-out program implemented during 2H20 which offset impact from:
  - increased marketing investment ($0.6m)
  - Fertility Solutions earn-out provision increase ($0.2m)
- EBITDA includes expenditure for ex-gratia 'no-out-of-pocket' Ni-PGT-A patient remediation offers noting the related proceedings against Monash IVF (as announced on 23 Dec 2020) has been notified to insurers and associated costs have been provided for to defend the claim.

Finance costs

$1.4m Net Finance cost, a decrease of $0.6m compared pcp. The decline was due to a $0.9m interest reduction from lower debt 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 30.0% as compared to 27.0% 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.

(1) EBITDA is a non-IFRS measure

Segment analysis

	Australia			International		
$m	1H21	1H20	% change	1H21	1H20	% change
Revenue	85.31	71.33	19.6%	5.47	5.71	(4.2%)
Adjusted EBIT(1)(2)	16.49	11.73	40.6%	1.93	2.44	(20.9%)
Adjusted NPAT(1)(2)	10.58	7.22	46.5%	1.43	1.88	(23.9%)
Reported NPAT	13.27	6.28	111.3%	1.43	1.88	(23.9%)

Australia

Australia revenue increased by 19.6% to $85.31m due to the following:

- MVF IVF Australia stimulated cycles grew by 22.3% or 453 cycles in Q1FY21, recovering the 366 stimulated cycle decline in March to June 2020, post the temporary shutdown of IVF services;
- Subsequent to the recovery of pent up demand in Q1FY21, stimulated cycles grew by 33.1% or 608 cycles in Q2FY21 compared to pcp. Q2FY21 growth on pcp reflects strong underlying growth driven by ARS industry volume growth and domestic market share gains;
- Queensland stimulated cycles grew by 43.4% due to 23.3% industry growth, contribution from the Fertility Solutions acquisition and organic growth resulting in market share gains notwithstanding closure of low-cost MyIVF clinic;
- New South Wales stimulated cycles grew by 29.6% due to 24.9% industry growth resulting in market share gains;
- Victoria stimulated cycles grew by 23.4% due to 23.1% industry growth resulting in slight market share gains notwithstanding loss of five doctors in pcp;
- South Australia stimulated cycles grew by 14.0% and experienced slight market share decline following strong market share growth in pcp;
- Northern Territory stimulated cycles grew by 46.5% due to 24.0% industry growth resulting in market share gains;
- Tasmania stimulated cycles declined by 6.2% as a result of market share declines;
- 1H21 ultrasound scan volumes increased by 11.7% to 43,946 compared to pcp and non-invasive pre-natal testing (NIPT) increased by 17.9% to 7,932.

Adjusted EBIT increased by $4.8m or 40.6% to $16.5m due primarily to volume growth as detailed above, $2.7m cost reduction from the FY20 cost-out program implemented during 2H20 which is partly offset from an increase in marketing ($0.6m), expenditure for Ni-PGT-A remediation offers which includes ex-gratia patient "no out-of-pocket" costs and $0.2m increase in the Fertility Solutions earn-out provision.

International

International revenue declined by$0.2m or 4.2% to $5.5m. The International segment comprises the Kuala Lumpur and Johor Bahru clinics which continued to be impacted by COVID-19 measures in-place to protect the community. Kuala Lumpur stimulated cycles increased by 33 or 6.6% compared to pcp, however revenue declined by $0.4m or 6.6% 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 declined by $0.5m or 20.9% due primarily to revenue declines.

(1) Adjusted EBIT and Adjusted NPAT are non-IFRS measures
(2) Refer to earnings reconciliation for adjustments to reported

Earnings reconciliation

The table below provides a summary of 1H21 non-regular items as compared to 1H20:

	1H21 $m	1H20 $m
Statutory NPAT	**14.7**	**8.2**
New Sydney CBD IVF premise commissioning costs	0.6	-
JobKeeper Subsidy Impact	(3.5)	-
Acquisition earn-out fair value adjustment	0.2	-
Acquisition transaction costs	-	0.3
Restructuring costs applicable to FY20 cost reduction program	-	0.4
Provision for patient claim	-	0.5
Differences on profile of leases		(0.3)
Adjusted NPAT	12.0	9.1

The table below provides a reconciliation of 1H21Adjusted EBIT and NPAT to the reported statutory metrics:

$m	EBIT	NPAT
Reported Statutory	**22.4**	**14.7**
New Sydney CBD IVF premise commissioning costs	0.8	0.6
JobKeeper Subsidy Impact	(5.1)	(3.5)
Acquisition earn-out fair value adjustment	0.2	0.2
Adjusted	18.4	12.0

- $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 JobKeeper Subsidy payments received for Q1FY21;
- $0.2m increase to AASB3 *Business Combinations* earn-out provision for increase to estimated purchase price payments to Fertility Solutions vendors following stronger than anticipated performance during 1H21.

Statement of Financial Position and Capital Metrics

Balance Sheet ($m)	31 Dec 20	30 June 20	% change
Cash and cash equivalents	**7.6**	**15.1**	**(49.7%)**
Other current assets	15.2	15.6	(2.6)%
Current lease liabilities	(2.9)	(2.3)	26.1%
Current liabilities	(29.9)	(35.5)	(15.8%)
Net working capital	**(10.0)**	**(7.2)**	**(38.9%)**
Borrowings (excluding capitalised fees)	(7.1)	(19.3)	(63.2%)
Goodwill & Intangibles	261.8	262.1	(0.1%)
Right of use assets	33.3	36.5	(8.8%)
Lease liabilities	(32.5)	(36.3)	(10.5%)
Property Plant & Equipment	22.8	19.1	19.4%
Other assets/liabilities	(1.8)	(2.8)	(35.7%)
Net assets	**266.5**	**252.1**	**5.7%**
Capital Metrics	31 Dec 20	30 June 20	+/-
Net Debt ($m) (1)	**(0.5)**	**4.2**	**(4.7)**
Leverage Ratio (Net Debt / EBITDA(2))	(0.02x)	0.15x	(0.17x)
Interest Cover (EBITDA(2) / Interest)	11.9x	8.4x	3.5x
Net Debt to Equity Ratio(3)	(0.2%)	1.7%	(1.9%)
Return on Equity(4)	**6.5%**	**5.7%**	**0.8%**
Return on Assets(5)	**5.1%**	**4.1%**	**1.0%**

Balance Sheet is positioned to support growth agenda following receipt of $77.5m equity raised in Q4FY2020 (net of transaction costs) noting:

- $4.5m utilised for the new state-of-the-art Sydney CBD fertility clinic;
- $1.3m utilised to date on South East Asian growth opportunities;
- Further expenditure of $20m to $25m planned over the next 18 months on transformation of Melbourne, Brisbane and Gold Coast clinic infrastructure and potential new clinics in South East Asia;
- Since 31 December 2019, Gross Borrowings has reduced by $89.4m to manage continued Pandemic uncertainty in Australia and South East Asia in the short to medium term.

Net debt has decreased by $4.7m driven by strong cash flow generation and free cash flow. Gross Borrowings at 31 December 2020 is $7.1m as compared to $19.3m at 30 June 2020, a reduction of $12.2m. $32.9m 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 (0.02x) which is well within the 3.5x covenant requirement. The Interest Cover Ratio improved by 3.5x to 11.9x 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 allows for the declaration of dividends going forward.

Key capital metrics improve with Return on Equity increasing from 5.7% to 6.5% and Return on Assets increasing from 4.1% to 5.1%.

(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)	1H21	1H20	Change%
EBITDA	**28.7**	**18.2**	**57.7%**
Movement in working capital	(4.9)	(4.0)	22.5%
Income taxes paid	(3.0)	(3.4)	(11.8%)
Net operating cash flows (post-tax)	**20.8**	**10.8**	**92.6%**
Capital expenditure	(6.2)	(3.7)	67.6%
Payments for businesses	(0.7)	(2.5)	(72.0%)
Cash flows used in investing activities	**(6.9)**	**(6.2)**	**11.3%**
Dividends paid	(5.0)	(7.1)	(29.6%)
Interest on borrowings	(0.5)	(1.9)	(73.7%)
Payments of lease liabilities	(3.8)	(3.1)	22.6%
Proceeds/(Repayment) of borrowings	(12.2)	7.5	(262.7%)
Other	0.1	0.7	(85.7%)
Cash flows used in financing activities	**(21.4)**	**(3.9)**	**448.7%**
Net cash flow movement	(7.5)	0.7	(1,171.4%)
Closing cash balance	**7.6**	**5.0**	**52.0%**

Key cash flow highlights are as follows:

- Pre-tax conversion of EBITDA to operating cash flow was strong at 82.2% as compared to 78.1% in the pcp;
- $9.6m operational cash flow was generated during 1H21, an increase of $10.0m compared to pcp. Operational cash flow is Net Operating cash flow less cash flow from investing activities less Interest on borrowings less Payments of lease liabilities;
- Investment activities continue to focus on future growth initiatives including:
  - New Sydney CBD flagship fertility clinic which opened in November;
  - Growth and replacement medical equipment expanding capacity in laboratories including ICSI machines, integrated IVF workstations, microscopes and ultrasound machines;
  - $0.7m Fertility Solutions earn-out payment for FY20 performance.
- Cash flow from Financing activities includes:
  - $12.2m reduction of gross borrowings to $7.1m;
  - $5.0m dividend payment relating to the deferred FY20 interim dividend;
  - $1.4m reduction in interest payments compared to pcp as a result of lower debt;
  - $0.7m increase in lease liability payments primarily due to rent payments for the new Sydney CBD fertility clinic and annual rental increases.

Dividends

On 24 February 2021, a fully franked dividend of 2.1 cents per share was declared. The record date for the dividend is 10 March 2021 and the payment date for the dividend is 7 April 2021.

Outlook

Subject to any further COVID-19 related disruption to continuity of services, the following FY21 profit guidance is provided.

The Company's reported NPAT for the year ending 30 June 2021 is expected to be approximately $23.7m to $25.7m, as compared to $11.8m in the prior comparative period. The Company's NPAT before certain non-regular items for the year ending 30 June 2021 is expected to be approximately $21m to $23m, as compared to $14.4m in the prior comparative period.

Total Non-regular items incurred in 1H21 are $2.7m post-tax which includes $3.5m impact from the JobKeeper Subsidy payments received for 1H21 partly offset by $0.6m commissioning and start-up costs prior to opening the Sydney CBD fertility clinic in November 2020 and $0.2m increase in acquisition earn-out provisions. NPAT before certain non-regular items is inclusive of the impact of goodwill and ex-gratia remediation treatment offers to NI-PGT-A patients impacted by the suspension of the NI-PGT program.

Matters subsequent to the end of the financial year

On 24 February 2021, a fully franked dividend of 2.1 cents per share was declared. The record date for the dividend is 10 March 2021 and the payment date for the dividend is 7 April 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 11 and forms part of the directors' report for the six month period ended 31 December 2020.

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 24th day of February 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 review of Monash IVF Group Limited for the half-year ended 31 December 2020 there have been:

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

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

KPMG

Chris Sargent

Partner

Melbourne

24 February 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2020

	Note	Consolidated 31 December 2020 $'000	2019 $'000
Revenue from services		**90,775**	**77,047**
Operating expenses			
Employee benefits expense[1]		(23,914)	(26,348)
Clinician fees		(15,964)	(13,259)
Raw materials and consumables used		(10,806)	(8,077)
IT and communications expense		(1,683)	(1,399)
Depreciation and amortization expense		(6,303)	(5,101)
Property expense		(1,876)	(1,987)
Marketing and advertising expense		(3,397)	(3,145)
Professional and other fees		(1,850)	(2,606)
Other expenses		(2,555)	(2,009)
Operating profit		**22,427**	**13,116**
Net finance costs	**6**	**(1,430)**	**(2,064)**
Profit before tax		**20,996**	**11,052**
Income tax expense		(6,299)	(2,982)
Profit for the period		**14,698**	**8,070**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		-	190
Tax on cash flow hedges		-	(57)
Exchange difference on translation of foreign operations		(270)	21
Other comprehensive (loss)/income for the period, net of tax		**(270)**	**154**
Total comprehensive income for the period		**14,428**	**8,224**
Profit attributable to:			
Owners of the Company		14,558	8,157
Non-controlling interests		140	(87)
Profit for the period		**14,698**	**8,070**
Total comprehensive income attributable to:			
Owners of the Company		14,288	8,311
Non-controlling interests		140	(87)
Total comprehensive income for the period		**14,428**	**8,224**
Earnings per share			
Basic earnings per share (cents)		3.7	3.5
Diluted earnings per share (cents)		3.7	3.5

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

[1] Includes JobKeeper Subsidy impact of $5.06m (refer note 6).

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

		Consolidated	
		31 December 2020	30 June 2020
	Note	$'000	$'000
Current assets			
Cash and cash equivalents		7,582	15,072
Trade and other receivables		11,336	10,442
Current tax assets		-	1,202
Inventory		3,907	3,949
Total current assets		**22,825**	**30,665**
Non current assets			
Equity accounted investment		389	393
Trade and other receivables		468	181
Plant and equipment		22,797	19,111
Right of use assets		33,316	36,514
Intangible assets		261,789	262,165
Total non current assets		**318,759**	**318,364**
Total assets		**341,584**	**349,029**
Current liabilities			
Trade and other payables		16,202	25,504
Lease liabilities		2,926	2,316
Contingent consideration		900	600
Employee benefits		10,275	9,442
Current tax liability		2,536	-
Total current liabilities		**32,839**	**37,862**
Non current liabilities			
Borrowings		6,990	18,943
Lease liabilities		32,537	36,314
Contingent consideration		455	1,200
Employee benefits		1,166	1,037
Deferred tax liability		1,135	1,551
Total non current liabilities		**42,283**	**59,045**
Total liabilities		**75,122**	**96,907**
Net assets		**266,462**	**252,122**
Equity			
Share capital		506,786	506,786
Reserves		(136,999)	(136,778)
Profits reserve		57,093	42,535
Retained earnings		(162,735)	(162,735)
Total equity attributable to Owners of the Company		**264,145**	**249,808**
Non-controlling interests		2,317	2,314
Total equity		**266,462**	**252,122**

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

Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2020

	Contributed equity	Other equity reserve (1)	Profits reserve (2)	Retained earnings	Other reserves (3)	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated balance at 30 June 2019	**428,757**	**(136,811)**	**42,834**	**(160,892)**	**(673)**	**173,215**	**219**	**173,434**
Adjustment on initial application of AASB 16 (net of tax)	-	-	-	(1,303)	-	**(1,303)**	-	**(1,303)**
Adjusted balance at 1 July 2019	**428,757**	**(136,811)**	**42,834**	**(162,195)**	**(673)**	**171,912**	**219**	**172,131**
Profit/(loss) for the period	-	-	8,157	-	-	**8,157**	(87)	**8,070**
Total other comprehensive income/(loss)	-	-	-	-	154	**154**	-	**154**
Total other comprehensive income for the period	**-**	**-**	**8,157**	**-**	**154**	**8,311**	**(87)**	**8,224**
Transactions with owners in their capacity as owners directly in equity								
Non-controlling interest change	-	-	-	-	-	**-**	1,860	**1,860**
Share-based payment transactions	-	-	-	-	107	**107**	-	**107**
Dividends paid	-	-	(7,074)	-	-	**(7,074)**	-	**(7,074)**
Consolidated balance at 31 December 2019	**428,757**	**(136,811)**	**43,917**	**(162,195)**	**(412)**	**173,256**	**1,992**	**175,248**
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	-	-	14,558	-	-	**14,558**	140	**14,698**
Total other comprehensive (loss)/income	-	-	-	-	(270)	**(270)**	-	**(270)**
Total other comprehensive income for the period	**-**	**-**	**14,558**	**-**	**(270)**	**14,288**	**140**	**14,428**
Transactions with owners in their capacity as owners directly in equity								
Share-based payment transactions	-	-	-	-	49	**49**	-	**49**
Dividends paid	-	-	-	-	-	**-**	(137)[4]	**(137)**
Consolidated balance at 31 December 2020	**506,786**	**(136,811)**	**57,093**	**(162,735)**	**(188)**	**264,145**	**2,317**	**266,462**

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

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

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

(4) $137K dividend declared and paid to non controlling interest holders in the KL Fertility and Gynocological Centre business.

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 2020

		Consolidated 31 December	
	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		85,797	75,254
JobKeeper subsidy receipts [1]		7,406	-
Payments to suppliers and employees		(69,444)	(61,020)
Cash generated from operations		**23,759**	**14,234**
Income taxes paid		(2,969)	(3,445)
Net cash flows from operating activities		**20,790**	**10,789**
Cash flows from investing activities			
Payment for plant and equipment and intangible assets		(6,208)	(3,721)
Payments for business acquisitions (including transactions costs)		(654)	(2,453)
Net cash flows used in investing activities		**(6,862)**	**(6,174)**
Cash flows from financing activities			
(Repayment)/Proceeds of borrowings		(12,150)	7,500
Net interest paid on borrowings		(549)	(1,944)
Payments of lease liabilities		(3,777)	(3,057)
Dividends paid		(4,952)	(7,074)
Proceeds from non-controlling interest		-	650
Net cash flows used in financing activities		**(21,428)**	**(3,925)**
Net movement in cash		**(7,499)**	**690**
Cash and cash equivalents at the beginning of the period		**15,072**	**4,281**
Effects of exchange rate changes on foreign currency cash		9	21
Cash and cash equivalents at the end of the period		**7,582**	**4,992**

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

(1) $7.4m Jobkeeper subsidy cash receipts were received, of which $5.7m relates to FY21 and $5.1m has a beneficial impact in FY21. Refer to Note 6.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2020

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 2020 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 2020 are available on the Company's website: www.monashivfgroup.com.au and upon request from the Company's registered office at Level 1, 21-31 Goodwood Street, Richmond, Victoria.

2. Basis of accounting

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 2020.

These interim financial statements were authorised for issue by the Board of Directors on 24 February 2021.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below.

Going concern

As at 31 December 2020, the Group has a net current asset deficiency of $10,014,000 (30 June 2020: $7,196,000). 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 for 2H21 which indicate that cash reserves continue to be sufficient to fund operations, in addition to the continued 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.

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 2020.

4. Seasonality of operations

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

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2020

5. Segment reporting

31 December 2020	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Total Revenue - external	**85,306**	**5,469**	**90,775**
Adjusted EBIT[1]	**16,489**	**1,928**	**18,417**
Add Back for JobKeeper Subsidy impact[1]	5,058	-	5,058
Sydney CBD[1]	(848)	-	(848)
Earn Out Fair Value Adjustment[1]	(200)	-	(200)
Reported EBIT	**20,499**	**1,928**	**22,427**
Net finance costs	(1,378)	(52)	(1,430)
Profit before income tax expense	**19,121**	**1,875**	**20,966**
Income tax expense	(5,849)	(450)	(6,299)
Profit for the period	**13,272**	**1,425**	**14,698**
Depreciation and amortisation expense	(5,933)	(370)	(6,303)
Segment assets	**327,469**	**14,115**	**341,584**
Acquisition of plant and equipment and intangibles	6,168	40	6,208
Segment liabilities	**(71,501)**	**(3,621)**	**(75,122)**

31 December 2019	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Total Revenue - external	**71,333**	**5,714**	**77,047**
Adjusted EBIT[2][3][4]	**11,725**	**2,445**	**14,170**
Acquisition costs[2]	(433)	-	(433)
Restructuring costs[2]	(493)	-	(493)
Provision for patient claim[2]	(728)	-	(728)
Adjustment for AASB 16 Leases[3]	316	21	337
Adjustment for differences on profile of leases[4]	263	-	263
Reported EBIT	**10,650**	**2,466**	**13,116**
Net finance costs	(2,043)	(21)	(2,064)
Profit before income tax expense	**8,607**	**2,445**	**11,052**
Income tax expense	(2,417)	(565)	(2,982)
Profit for the period	**6,190**	**1,880**	**8,070**
Depreciation and amortisation expense	(4,758)	(343)	(5,101)
Segment assets	**312,530**	**7,045**	**319,575**
Acquisition of plant and equipment and intangibles	3,566	155	3,721
Segment liabilities	**(143,835)**	**(492)**	**(144,327)**

(1) Non-regular items include JobKeeper Subsidy impact ($5,058K pre-tax), Sydney CBD activity ($848K pre-tax), and Fertility Solutions Earn Out Fair Value adjustment ($200K).
(2) Transaction costs on acquisition activity including Fertility Solutions ($433K pre-tax), restructuring costs ($493K pre-tax) and provision for patient claim ($728K pre-tax).
(3) AASB 16 Leases accounting changes effective 1 July 2019 on interest expense of lease liability ($337K pre-tax).
(4) Differences on profile of leases adjustment ($263K) being the differences between rent payment and the AASB 16 Leases accounting being the depreciation of the right of use assets and the interest expense on lease liability.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2020

6. Expenses

Consolidated 31 December	1H21 $'000	1H20 $'000
Net finance costs		
Interest expense	683	1,580
Amortisation of borrowing costs	168	156
Interest on lease liabilities	580	337
Less interest revenue	(1)	(9)
Net finance costs	1,430	2,064

Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the period ended 31 December 2020 was 30.0% (31 December 2019: 27.0%). The 31 December 2020 tax rate is consistent with the tax rates applicable in each jurisdiction the Group operates in.

Employee benefits expense: JobKeeper

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

7. Dividends

Dividends during the half year	Franking	Payment Date	Per share (cents)	1H21 $'000	1H20 $'000
Final dividend in respect of the 2019 financial year	Fully franked	11 October 2019	3.0		7,074
Interim dividend in respect of the 2020 financial year	Fully franked	2 October 2020[1]	2.1	4,952	
Paid in cash				**4,952**	**7,074**

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

Dividends not recognized at half year end

Since 31 December 2020, the Directors have approved a fully franked interim dividend of 2.1 cents per fully paid share which is payable on 7 April 2021 with a record date of 10 March 2021.

The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December 2020, but not recognized as a liability at half year end:	**($8,182,331)**

There is no dividend reinvestment plan in place.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2020

8. Share capital and Earnings per share

Share Capital	Number of shares issued	$'000
Opening balance at 1 July 2020	389,634,840	506,786
Closing balance at 31 December 2020	**389,634,840**	**506,786**

Earnings per share (cents)	Consolidated 31 December	
	2020	2019
Basic earnings per share	3.7	3.5
Diluted earnings per share	3.7	3.5

Profit attributable to ordinary shareholders	2020 $'000	2019 $'000
Profit after income tax attributable to the ordinary shareholders used in calculating basic and diluted earnings per share	14,558	8,157

Weighted average number of shares (basic)	2020 Number	2019 Number
Weighted average number of ordinary shares	**389,634,840**	**235,785,884**
Adjustments for calculation of diluted earnings per share	1,404,064	774,262
Weighted average number of ordinary shares (diluted)	**391,038,904**	**236,560,146**

Basic earnings per share

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

Diluted earnings per share

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

9. Financial instruments

Carrying amounts and fair value

Valuation methodology of financial instruments

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

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

All of the Group's financial instruments carried at fair value were valued using market observable inputs. For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, Level 2 and Level 3 during the period. There were no Level 2 or 3 financial instruments held at 31 December 2020.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2020

Fair values

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

Level 1

Cash

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

Receivables/payables

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

Interest-bearing loans and borrowings

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

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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 2020. There have been no significant changes in risk management factors or policies since 30 June 2020.

10. Commitment and contingencies

As announced to the ASX on 23 December 2020, Monash IVF Group and certain of its subsidiaries have been named as defendants in proceedings filed in the Supreme Court of Victoria in relation to, or in connection with, the Group's non-invasive pre-implantation genetic screening technology (Ni-PGT or cell-free PGT-A). The proceedings filed makes a series of allegations against Monash IVF Group in relation to the Ni-PGT testing including 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 is unable to comment further at this time as the matter is before the Court.

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

11. Events occurring after the balance sheet date

On 24 February 2021, a fully franked interim dividend of 2.1 cents per share was declared. The record date for the dividend is 10 March 2021 and the payment date for the dividend is 7 April 2021.

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.

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 12 to 20 are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the Group's financial position as at 31 December 2020 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 2020 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 24th day of February 2021

Independent Auditor's Review Report

To the members 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 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 31 December 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

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 the Code.

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 Company's financial position as at 31 December 2020 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

24 February 2021