



Independent Auditor's Report

To the shareholders of Monash IVF Group Limited

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with Australian Accounting Standards and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

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Key Audit Matters

The **Key Audit Matters** we identified are:

- Recoverable value of goodwill
- Legal provisions, insurance recoveries and contingent liabilities

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable value of goodwill (\$273.4m)

Refer to Note 16 to the Financial Report

The key audit matter

A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 54% of total assets) and the extent of judgement involved. We focused on the significant forward-looking assumptions the Group applied in its value in use models, including:

- Forecast cash flows, growth rates and terminal growth rates in light of current market conditions impacting each CGU and the broader macro economic environment. These conditions impact our consideration of forecasting risk; and
- Discount rates, which vary according to the conditions and environment the specific CGU is subject to.

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

How the matter was addressed in our audit

Our procedures included:

- We considered the appropriateness of the Group's value in use methodology to perform the annual test of goodwill for impairment against the requirements of the accounting standards.
- We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas.
- We compared the forecast cash flows contained in the value in use models to Board approved forecasts.
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts included in the models.
- We assessed the Group's underlying methodology and documentation for the allocation of corporate costs and corporate assets to each CGU, for consistency with our understanding of the business and the criteria in the accounting standards.
- We considered the sensitivity of the models by varying key assumptions, such as forecast cash flows, growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to identify those CGUs at higher risk of impairment and to



<p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>focus our further procedures.</p> <ul style="list-style-type: none"> • We challenged the Group’s forecast cash flow and growth assumptions having regard to the current financial performance, macro economic environment and cost inflation. We used our knowledge of the Group, business and patients and our industry experience. • Working with our valuation specialists, we: <ul style="list-style-type: none"> - independently developed a comparable discount rate range from publicly available market data for comparable entities and adjusted by specific risk factors to the Group and the industry it operates in; - assessed the terminal growth rates based on the industry in which the Group operates and current economic environment; and - compared the implied multiples for comparable entities to the implied multiples from the Group’s value in use models. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
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Legal provisions, insurance recoveries and contingent liabilities	
Refer to Note 27 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group has recognised provisions of \$64.4m in connection with the ongoing Class Action relating to the use of Ni-PGT testing, and has also recognised a receivable of \$19.9m relating to expected insurance recoveries.</p> <p>The Group’s accounting for the Class Action is a key audit matter due to the judgements required by us in assessing the Group’s determination of:</p> <ul style="list-style-type: none"> • The existence of a present legal or constructive obligation arising from a past event, considering the conditions of the event against the criteria in the accounting standards. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the Directors’ determination of the most likely outcome of the Group’s litigation process, including the potential outcome of mediation discussions, its potential impact on the financial report and the extent of uncertainty in outcomes. • Enquiring of management and the Directors for updates regarding the Class Action, the range of possible outcomes and associated estimation of financial outflows and insurance recoveries. • Meeting with the Group’s external lawyers regarding the matter, discussing the range of

<ul style="list-style-type: none"> • Reliable estimates of the amounts which may be payable or recoverable in connection with the matter. • Ongoing legal proceedings, and mediation discussions leading to a wider range of estimation outcomes for us to consider. 	<p>possible outcomes and the degree of accuracy of any estimation of financial outflows.</p> <ul style="list-style-type: none"> • Reading the independent legal advice obtained by the Board of Directors relating to the litigation and insurance recoveries. • Reading the terms of settlement between the Group and other parties. • Comparing the basis for recognition and measurement of the provision and receivable for consistency with criteria in the accounting standards. • Checking amounts payable or receivable in connection with the matter to the Group's underlying documentation such as insurance contracts and correspondence and settlement terms. • Considering the Group's disclosures in relation to the matter against our understanding of the matter and the requirements of the accounting standards.
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Other Information

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

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

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

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

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



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Monash IVF Group Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included within the Directors' report for the year ended 30 June 2024.

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

KPMG

Chris Sargent

Partner

Melbourne

22 August 2024