Note 1. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards does not have any material impact for the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations have been adopted from 1 July 2023:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023.

This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarifies the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:

- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements;
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
AASB 2021-5 was issued in June 2021 and is applicable to annual periods beginning on or after 1 January 2023.

The standard amends AASB 112 to clarify that the initial recognition exemption from the requirement to recognise deferred tax does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. Such transactions include leases and decommissioning, restoration and similar obligations. For lease accounting, the implication is that where the entity has adopted an accounting policy that attributes the tax deduction as being directly related to the repayment of the lease liability, a deferred tax asset will arise on initial recognition of the lease liability, and a deferred tax liability will be recognised on initial recognition of the related component of the lease asset's cost. Alternatively, where the entity attributes the tax deduction as being related to the consumption of the right-of-use asset, the deferred tax liability and deferred tax asset are both attributable to the recognition of the right-of-use asset and will net off resulting in no deferred tax recognised. The amendments to AASB 1 require deferred tax related to such transactions to be recognised by first-time adopters at the date of transaction to AASBs.

AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules
AASB 2023-2 was issued in June 2023 and is applicable for annual reporting periods beginning on or after 1 January 2023 that end on or after 30 June 2023.

This standard amends AASB 112 'Income Taxes' to introduce a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments also require targeted disclosures to help financial statement users better understand an entity's exposure to income taxes arising from the reform, particularly in periods before legislation implementing the rules is in effect. As at the date of approval of these financial statements, the legislation has not been substantively enacted. Therefore, the Group is unable to determine the potential impact.

Note 1. Material accounting policy information (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for derivative financial instruments and contingent consideration assumed in a business combination, which have been measured at fair value.

Non-IFRS information
The notes to the financial statements include certain financial measures which are not prescribed by the AASBs, namely the reference to EBITDA in note 3. Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is used to report the operating segments given the Directors assess this to be one of the core earnings measures for the Group.

Going concern
As at 30 June 2024, the Group has a net current asset deficiency of $63,040,000 (30 June 2023: $16,565,000)

The Directors consider that there are reasonable ground to believe the Group will be able to pay its debts as and when they are due. The primary driver of the net current asset deficiency is due to the $44.5 million net estimated settlement of the Ni-PGT Proceedings as per note 27 (net of insurance receivable). If this were to be settled, it is estimated to be funded from available cash reserves and available committed funding in the Syndicated Debt Facility. Consistent with prior years, the Group's approach to invoicing for certain procedures in advance also contributes to the net current deficiency with deferred revenue amounting to $12.9m at balance date. In addition, forecast operating cash flows and scenarios indicate that cash generation continues to be sufficient to fund operations considering certain current liabilities such as employee entitlements and contract liabilities will not be full settled in the short-term to cause a liquidity shortfall. As a result, these Financial Statements can be prepared on a going concern basis.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Monash IVF Group Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Monash IVF Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Note 1. Material accounting policy information (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

Comparatives have been further disaggregated in the Statement of Cash Flows, Note 3, Note 7, Note 14 and Note 16 to be consistent with current year presentation. There was no effect on profit, net assets, or equity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 ‘Presentation of Financial Statements’, although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 ‘Statement of Cash Flows’. The standard requires income and expenses to be classified into five categories: ‘Operating’ (residual category if income and expenses are not classified into another category), ‘Investing’, ‘Financing’, ‘Income taxes’ and ‘Discontinued operations’. The standard introduces two mandatory sub-totals: ‘Operating profit’ and ‘Profit before finance and income taxes’. There are also new disclosure requirements for ‘management-defined performance measures’, such as earnings before interest, taxes, depreciation and amortisation (‘EBITDA’) or ‘adjusted profit’. The standard provides enhanced guidance on how to organise and group information (aggregation and disaggregation) in the financial statements and whether to provide it in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significantly change to the layout of the statement of profit or loss.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 ‘Presentation of Financial Statements’ to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. The Group does not expect these amendments to have a material impact.

AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture
AASB 2014-10 was issued in December 2014 and is applicable for annual reporting periods beginning on or after 1 January 2025 (as extended by AASB 2021-7). Early adoption is permitted.

Note 1. Material accounting policy information (continued)

This standard makes amendments to AASB 10 'Consolidated Financial Statements' and AASB 128 'Investments in Associates and Joint Ventures' to clarify the extent to which gains or losses are recognised when accounting for sales or contributions of assets between an investor and its associate or joint venture. The standard requires that a full gain or loss is recognised when the transaction involves a business whilst a partial gain or loss is recognised when the transaction involves assets that do not constitute a business. The Group does not expect these amendments to have a material impact.

AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments
The AASB has issued AASB 2024-2 to amend AASB 7 Financial Instruments: Disclosures and AASB 9 Financial Instruments.

This Standard amends requirements related to:

- settling financial liabilities using an electronic payment system; and
- assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

This Standard also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

AASB 2024-2 applies to annual periods beginning on or after 1 January 2026. Earlier application is permitted. The Group does not expect these amendments to have a material impact.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the respective notes.

Note 3. Operating segments

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

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

The basis of inter-segmental transfers is market pricing. Results are calculated before consideration of net borrowing costs and tax expense.

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

- Australia IVF and Ultrasound: provider of Assisted Reproductive Services, Ultrasound and other related services.
- International IVF: provider of Assisted Reproductive Services in South East Asia.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2024	Australia IVF and Ultrasound $'000	International IVF $'000	Total $'000
Revenue			
Revenue to external customers	238,582	16,378	254,960
Total revenue	238,582	16,378	254,960
EBITDA (before non-regular items)	59,127	3,679	62,806
Depreciation and amortisation expense	(17,974)	(604)	(18,578)
Net finance costs	(5,341)	29	(5,312)
Acquisition costs	(762)	-	(762)
Commissioning costs	(2,254)	-	(2,254)
Class Action	(46,556)	-	(46,556)
(Loss)/profit before income tax benefit	(13,760)	3,104	(10,656)
Income tax benefit			4,707
Loss after income tax benefit			(5,949)
Assets			
Segment assets	493,407	15,063	508,470
Total assets			508,470
Total assets includes:			
Acquisition of non-current assets	36,337	5,167	41,504
Liabilities			
Segment liabilities	253,948	7,863	261,811
Total liabilities			261,811

Note 3. Operating segments (continued)

Consolidated - 2023	Monash IVF Group Australia $'000	Monash IVF Group International $'000	Total $'000
Revenue			
Revenue to external customers	200,814	12,776	213,590
Total revenue	200,814	12,776	213,590
EBITDA (before non-regular items)	50,529	2,902	53,431
Depreciation and amortisation expense	(14,337)	(1,006)	(15,343)
Net finance costs	(3,252)	(27)	(3,279)
Acquisition costs	(1,879)	-	(1,879)
Commissioning costs	(2,898)	(153)	(3,051)
Fertility Solutions Earn Out	(40)	-	(40)
Profit before income tax expense	28,123	1,716	29,839
Income tax expense			(7,873)
Profit after income tax expense			21,966
Assets			
Segment assets	405,783	16,111	421,894
Total assets			421,894
Total assets includes:			
Acquisition of non-current assets	48,407	1,345	49,752
Liabilities			
Segment liabilities	138,513	8,307	146,820
Total liabilities			146,820

Note 4. Revenue from contract with customers

Disaggregation of revenue is provided in note 3.

Accounting policies:

Revenue recognition

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

Rendering of services

Revenue from rendering of services is recognised on completion of services provided. Revenue is recognised when the customer has consumed the benefits of the service, whether on completion of a medical procedure, on supply of drugs, or on completion of analytical tests.

Note 5. Expenses

	Consolidated	
	2024 $'000	2023 $'000
(Loss)/profit before income tax includes the following specific expenses:		
Superannuation expense (included as part of employee benefits expense)		
Defined contribution superannuation expense	7,450	5,782
Share-based payments expense (included as part of employee benefits expense)		
Share-based payments expense	405	367

Accounting policies:

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 6. Net finance costs

	Consolidated	
	2024 $'000	2023 $'000
Finance income		
Interest revenue calculated using the effective interest method	(56)	(25)
Finance costs		
Interest and finance charges paid/payable on borrowings	2,470	1,036
Amortisation of borrowing costs[(1)]	388	195
Interest and finance charges paid/payable on lease liabilities	2,510	2,073
Total finance costs	5,368	3,304
Net finance costs	5,312	3,279

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

Accounting policies:

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 7. Income tax

	Consolidated	
	2024 $'000	2023 $'000
Income tax (benefit)/expense		
Current tax	10,597	9,157
Deferred tax - origination and reversal of temporary differences	(15,049)	(1,362)
Adjustment recognised for prior periods	(255)	78
Aggregate income tax (benefit)/expense	(4,707)	7,873
Deferred tax included in income tax (benefit)/expense comprises:		
Increase in deferred tax assets	(24,719)	(1,157)
Increase/(decrease) in deferred tax liabilities	9,670	(205)
Deferred tax - origination and reversal of temporary differences	(15,049)	(1,362)
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
(Loss)/profit before income tax benefit/(expense)	(10,656)	29,839
Tax at the statutory tax rate of 30%	(3,197)	8,952
Tax effect amounts which are deductible in calculating taxable income:		
Research and development	(480)	(823)
Sundry items	(608)	(331)
	(4,285)	7,798
Adjustment recognised for prior periods	(255)	78
Difference in overseas tax rates	(167)	(3)
Income tax (benefit)/expense	(4,707)	7,873

	Consolidated	
	2024 $'000	2023 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets	169	169
Deferred tax liabilities	(28)	92
	141	261

Note 7. Income tax (continued)

	Consolidated	
	2024 $'000	2023 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	4,816	4,214
Lease liabilities	22,741	18,352
Trade and other payables	482	350
Settlement liability	19,749	-
Other	1,772	2,094
Set-off from deferred tax liabilities as per set-off provisions	(34,218)	(24,548)
	15,342	462
Amounts recognised in equity:		
Set-off from deferred tax liabilities as per set-off provisions	(64)	(92)
Deferred tax asset	15,278	370
Movements:		
Opening balance	370	-
Credited to profit or loss	24,719	1,157
Charged to equity	(169)	(169)
Set-off from deferred tax liabilities as per set-off provisions	(9,642)	(618)
Closing balance	15,278	370

Note 7. Income tax (continued)

	Consolidated	
	2024 $'000	2023 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	866	1,071
Intangible assets	5,733	5,733
Right-of-use assets	21,662	17,744
Insurance receivable	5,957	-
Set-off against deferred tax assets as per set-off provisions	(34,218)	(24,548)
	-	-
Amounts recognised in equity:		
Derivative financial instruments	64	92
Set-off against deferred tax assets as per set-off provisions	(64)	(92)
	-	-
Deferred tax liability	-	-
Movements:		
Opening balance	-	731
Charged/(credited) to profit or loss	9,670	(205)
Charged/(credited) to equity	(28)	92
Set-off against deferred tax assets as per set-off provisions	(9,642)	(618)
Closing balance	-	-

Accounting policies:

Tax consolidation

Monash IVF Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Key estimate and judgement:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Note 7. Income tax (continued)

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 8. Earnings per share

	Consolidated	
	2024 $'000	2023 $'000
(Loss)/profit after income tax	(5,949)	21,966
Non-controlling interest	(578)	(127)
(Loss)/profit after income tax attributable to the owners of Monash IVF Group Limited	(6,527)	21,839

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	389,634,840	389,634,840
Adjustments for calculation of diluted earnings per share:[(1)]		
Rights over ordinary shares	-	2,790,483
Weighted average number of ordinary shares used in calculating diluted earnings per share	389,634,840	392,425,323

(1) The calculation of the weighted average number of shares has been adjusted for the effect of share based rights granted from the date of issue. Refer to note 35 for further details.

	Cents	Cents
Basic earnings per share	(1.7)	5.6
Diluted earnings per share	(1.7)	5.6

Note 9. Cash and cash equivalents

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Cash at bank	9,480	6,565
Cash on deposit	1,853	1,440
	11,333	8,005

Accounting policies:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 10. Trade and other receivables

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Trade receivables	6,219	5,733
Less: Allowance for expected credit losses	(625)	(625)
	5,594	5,108
Other receivables	1,492	2,371
Accrued revenue	1,617	878
Prepayments	5,678	4,978
Insurance receivable (note 27)	19,858	-
GST receivable	2,031	2,168
	36,270	15,503
Non-current assets		
Other receivables	173	166
	36,443	15,669

Allowance for expected credit losses
The Group recognised a loss of $nil (2023: reversal of impairment $221,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

Accounting policies:

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Expected credit losses
The Group recognises a loss allowance for expected credit losses on financial assets (including trade receivables) which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 10. Trade and other receivables (continued)

Key estimate and judgement:

Allowance for expected credit losses
The Group calculates the doubtful debts provision under the expected credit loss (ECL) model. The Group assesses credit losses based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Note 11. Inventories

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Consumables - at cost	8,178	6,430

Inventories include medical supplies to be consumed in providing future patient services.

Accounting policies:

Inventories
Consumables are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Note 12. Investment accounted for using the equity method

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business and principal activity	Ownership interest 2024 %	Ownership interest 2023 %
Compass Fertility Trust (trading as 'Compass Fertility')	Australia - fertility services	30%	30%
PT Mitra Brayan	Indonesia - fertility services	33%	33%

Accounting policies:

Investment accounted for using the equity method (associate)
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Note 13. Derivative financial instruments

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Interest rate swap contracts - cash flow hedges	212	305
Non-current liabilities		
Put option liability over non-controlling interest	(4,555)	-
	(4,343)	305

Refer to note 25 for further information on financial risk management and note 26 for further information on fair value measurement.

In April 2023, the Group entered into an interest rate swap of $15 million which is in a hedging relationship with existing debt. The swap will mature on 14 April 2026.

The put option liability is over the ordinary shares of the non-controlling interest in Fertility North Holdings Pty Ltd, based on the present value of the amounts expected to be paid at the time of exercise.

Accounting policies:

Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively with any gain or loss accumulated in the cash flow hedge reserve reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Put option liability

The put option liability over non-controlling interest is initially recognised at the present value of the amounts expected to be paid at the time of exercise with a corresponding entry to other reserves. At each reporting period, the put option liability over non-controlling interests is reassessed and any changes in the estimates of the amounts expected to be paid at the time of exercise are recognised in the consolidated statement of profit or loss and the interest discount is unwound in finance costs.

Note 13. Derivative financial instruments (continued)

Key estimate and judgement:

Put option liability

The estimates and judgements applied in determining the Group's put option liability over non-controlling interest involves a high degree of complexity, as the amounts expected to be paid may differ from the actual amounts paid at the time that the option is exercised. The value of the put option liability over non-controlling interest has been determined as the present value of management's best estimate of the amounts expected to be paid at the time of exercise.

In the determination of the amount expected to be paid at the time of exercise, the Group considers the key terms of the shareholders agreement and the business outlook. The valuations used to determine the carrying amounts of put option liability is based on forward-looking key assumptions that are, by nature, uncertain, and include estimations of future performance, such as EBITDA.

Note 14. Plant and equipment

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Leasehold improvements - at cost	6,133	5,957
Less: Accumulated depreciation	(2,962)	(2,491)
	3,171	3,466
Plant and equipment - at cost	109,334	84,118
Less: Accumulated depreciation	(57,572)	(49,604)
	51,762	34,514
Construction in progress - at cost	11,087	12,392
	66,020	50,372

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Construction in progress $'000	Total $'000
Balance at 1 July 2022	3,042	20,531	6,821	30,394
Additions	460	15,865	8,875	25,200
Additions through business combinations (note 32)	-	529	-	529
Transfers in/(out)	428	2,876	(3,304)	-
Disposals	-	(297)	-	(297)
Exchange differences	-	(49)	-	(49)
Depreciation expense	(464)	(4,941)	-	(5,405)
Balance at 30 June 2023	3,466	34,514	12,392	50,372
Additions	177	14,339	6,303	20,819
Additions through business combinations (note 32)	-	1,613	-	1,613
Transfers in/(out)	-	7,495	(7,608)	(113)
Depreciation expense	(472)	(6,199)	-	(6,671)
Balance at 30 June 2024	3,171	51,762	11,087	66,020

Note 14. Plant and equipment (continued)

Capital commitments

Expenditure contracted for but not recognised as liabilities:

	2024 $'000	2023 $'000
Capital plant and equipment	432	7,970

Accounting policies:

Plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter
Plant and equipment	2-10 years
Construction in progress	not depreciated until ready for use

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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

Key estimate and judgement:

Depreciation

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

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 15. Right-of-use assets

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Buildings	105,977	89,743
Less: Accumulated depreciation	(34,390)	(31,406)
	71,587	58,337
Equipment	1,770	1,770
Less: Accumulated depreciation	(1,269)	(1,093)
	501	677
	72,088	59,014

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

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

For AASB 16 Lease disclosures refer to:
- note 6 for interest on lease liabilities;
- note 36 for lease liabilities and total cash outflow for leases; and
- consolidated statement of cash flows for repayment of lease liabilities.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000	Equipment $'000	Total $'000
Balance at 1 July 2022	63,643	1,023	64,666
Additions	13,226	-	13,226
Disposals	(11,404)	-	(11,404)
Depreciation expense	(7,128)	(346)	(7,474)
Balance at 30 June 2023	58,337	677	59,014
Additions	21,383	-	21,383
Additions through business combinations (note 32)	1,745	-	1,745
Disposals	(342)	-	(342)
Depreciation expense	(9,536)	(176)	(9,712)
Balance at 30 June 2024	71,587	501	72,088

Note 15. Right-of-use assets (continued)

Accounting policies:

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Key estimate and judgement:

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 16. Intangible assets

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Goodwill - at cost	273,351	255,132
Trademarks - at cost	19,850	19,845
Software - at cost	16,997	16,153
Less: Accumulated amortisation	(12,873)	(10,678)
	4,124	5,475
	297,325	280,452

Note 16. Intangible assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Trademarks $'000	Software $'000	Total $'000
Balance at 1 July 2022	233,169	19,845	5,879	258,893
Additions	-	-	2,060	2,060
Additions through business combinations (note 32)	21,963	-	-	21,963
Amortisation expense	-	-	(2,464)	(2,464)
Balance at 30 June 2023	255,132	19,845	5,475	280,452
Additions	-	5	848	853
Additions through business combinations (note 32)	18,219	-	-	18,219
Disposals	-	-	(4)	(4)
Amortisation expense	-	-	(2,195)	(2,195)
Balance at 30 June 2024	273,351	19,850	4,124	297,325

Impairment testing

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

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

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

Goodwill allocated to:	Consolidated 2024 $'000	Consolidated 2023 $'000
Australia	239,367	221,148
Ultrasound	28,232	28,232
International	5,752	5,752
	273,351	255,132

Note 16. Intangible assets (continued)

Trademark allocated to:	Consolidated 2024 $'000	Consolidated 2023 $'000
Australia	19,850	19,845

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

- The respective discount rate was a pre-tax measure based on the rate of 10 year Government bonds issued by the Australian and Malaysian Government respectively in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in equities generally and the systemic risk of the specific CGU. A pretax discount rate of 10.6% (2023: 11.8%) for the Australian CGU, 11.0% (2023: 11.8%) for the Ultrasound CGU and 12.1% (2023: 15.0%) for the International CGU was applied in determining the recoverable amount.
- Cash flow forecasts are based on the Board-approved FY25 budget, projected for four years plus a terminal value. The FY25 budget reflects management's best estimate of forecast operating performance having regard to the IVF markets in Australia and Malaysia and anticipated ultrasound activity.
- A long-term growth rate into perpetuity of 3% (2023: 3.0%) has been determined based on an assessment of historical growth rates, expectations of future growth rates and market specific dynamics.

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

Result of impairment testing
The recoverable amount of all CGU's are deemed recoverable.

Accounting policies:

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

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

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

Note 16. Intangible assets (continued)

Software-as-a-Service (SaaS) arrangements
SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:
- costs recognised as an operating expense over the term of the service contract include fees for use of application software and customisation costs;
- costs recognised as an operating expense as the service is received include configuration costs, data conversion and migration costs, testing costs and training costs;
- costs incurred for the development of software code that enhance, modify or create additional capability to an existing premise system, and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Key estimate and judgement:

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the above accounting policy for intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 17. Trade and other payables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Trade payables	3,075	1,855
Accrued expenses	13,340	10,096
Settlement liability (note 27)	64,400	-
	80,815	11,951

Accounting policies:

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are paid in accordance with vendor terms.

Note 18. Contract liabilities

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Deferred revenue	12,920	9,245

Accounting policies:

Contract liabilities

Contract liabilities represent the Group's obligation to perform fertility treatments and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 19. Lease liabilities

Refer to note 25 for further information on financial risk management.

Accounting policies:

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 20. Employee benefits

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Annual leave	7,265	6,205
Long service leave	5,843	5,830
	13,108	12,035
Non-current liabilities		
Long service leave	1,660	1,410
	14,768	13,445

Note 20. Employee benefits (continued)

Accounting policies:

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within twelve months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 21. Borrowings

	Consolidated	
	2024 $'000	2023 $'000
Non-current liabilities		
Bank loans	60,000	39,000
Capitalised finance facility fees	(435)	(134)
	59,565	38,866

Assets pledged as security
The banking facilities are secured via a first ranking security over substantially all of the Group’s entities. The Group is subject to certain financial undertakings under the banking facilities. As at 30 June 2024, the Group is compliant with its financial undertakings.

Note 21. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024 $'000	2023 $'000
Total facilities		
Bank loans - Syndicated debt facility A	90,000	40,000
Bank loans - Syndicated debt facility B*	-	10,000
ANZ - Working capital facility	1,253	10,000
NAB - Working capital facility (bank guarantees)**	10,000	30,000
Other - Accordion facility	-	30,000
	101,253	120,000
Used at the reporting date		
Bank loans - Syndicated debt facility A	60,000	32,000
Bank loans - Syndicated debt facility B*	-	7,000
ANZ - Working capital facility	871	3,637
NAB - Working capital facility (bank guarantees)**	5,133	-
Other - Accordion facility	-	-
	66,004	42,637
Unused at the reporting date		
Bank loans - Syndicated debt facility A	30,000	8,000
Bank loans - Syndicated debt facility B*	-	3,000
ANZ - Working capital facility	382	6,363
NAB - Working capital facility (bank guarantees)**	4,867	30,000
Other - Accordion facility	-	30,000
	35,249	77,363

* Syndicated debt facility B is no longer available as it has been consolidated as part of debt facility A.
** The NAB working capital facility is used for lease bank guarantees which is off-balance sheet.

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 $90m.

Accounting policies:

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 22. Issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - fully paid	389,634,840	389,634,840	506,786	506,786

Accounting policies:

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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

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

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

	30 June 2024		30 June 2023	
	Number of shares subject to escrow (m)	Escrowed shares (as a % of shares on issue	Number of shares subject to escrow (m)	Escrowed shares (as a % of shares on issue
Doctors [1]	10.70	2.7%	12.20	3.1%
Sydney Ultrasound for Women	0.70	0.2%	1.20	0.3%
Total	11.40		13.40	

[1] 2024 includes 0.5 million shares subject to escrow held by Richard Henshaw (Executive Director) (2023:1.0 million shares)

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

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

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

Note 22. Issued capital (continued)

1. Shares equivalent to 20% of a Doctor's interest prior to the reorganisation will be released when the Doctor reaches the age of 63. These shares may be otherwise released from escrow in the following circumstances:

- for Doctors who were aged 63 or older at the time of reorganisation or who turned 63 within two years of Completion, these shares can be released from escrow from June 2016; or
- where a Doctor becomes a 'relocated leaver' (as described below), these Shares can be released from escrow five years after the date that they become a 'relocated leaver'; or
- where a Doctor dies or leaves the Group as a result of becoming permanently disabled or seriously disabled, these shares can be released from escrow on the date of the relevant occurrence (as resolved by the Board acting reasonably); or
- if the Board determines to release the shares from escrow earlier.

2. Shares equivalent to 20% of a Doctor's interest prior to reorganisation can be released from escrow:

- on retirement by the Doctor from the ARS industry (provided a Doctor must have used their best endeavours to transition their practice to another Doctor to the satisfaction of the Board); or
- if the Doctor becomes a 'good leaver' or a 'relocated leaver' (as described below); or
- five years after the Doctor leaves Monash IVF Group in other circumstances.

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

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

(a) A Doctor is a 'good leaver' where:

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

(b) A Doctor is a 'relocated leaver' if they terminate their contract and the Board is satisfied that:

- the Doctor genuinely intends to relocate permanently to a place which is more than 100 km from any clinic operated by the Group or any of its subsidiaries; and
- the Doctor also intends to provide Assisted Reproductive Services in the place the Doctor is relocating to; and
- the Doctor has used their best endeavours to transition their practice to another Doctor at the Group

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

Note 23. Reserves

Included as part of the Reserves balance are the following:

Foreign currency translation reserve
The foreign currency translation reserve, with a debit balance of $451,683 as at 30 June 2024, is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars (30 June 2023: $115,513 debit balance).

Hedging reserve - cash flow hedges
The hedge reserve, with a balance of $148,400 as at 30 June 2024, is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge (30 June 2023: $213,500).

Note 23. Reserves (continued)

Share-based payments reserve
The share-based payments reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Other equity reserve
The other equity reserve, with a debit balance of $136,811,000 as at 30 June 2024, represents the difference between the issued capital in Healthbridge Enterprises Pty Ltd and Monash IVF Group Ltd on 26 June 2014, being the date Monash IVF Group Ltd acquired Healthbridge Enterprises Pty Ltd (30 June 2023: $136,811,000 debit balance).

Put option liability reserve
The put option liability reserve, with a debit balance of $4,555,000 as at 30 June 2024 arises on recognition of put option liabilities over non-controlling interests (30 June 2023: $nil). Subsequent to initial recognition, the put option liabilities are measured at the present value of the amounts expected to be paid at the time of exercise, with any changes recognised in profit or loss.

Note 24. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2024 $'000	2023 $'000
Fully franked final dividend for the year ended 30 June 2023 (2023: 30 June 2022) of 2.2 cents (2022: 2.2 cents) per ordinary share	8,572	8,572
Fully franked interim dividend for the year ended 30 June 2024 (2023: 30 June 2023) of 2.5 cents (2023: 2.2 cents) per ordinary share	9,751	8,572
Paid in cash (note 36)	18,323	17,144

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

Subsequent to 30 June 2024, the Board declared a fully franked 2024 final dividend of 2.5 cents per share. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2024, but not recognised as a liability at year end is $9,740,871.

Franking credits

	Consolidated	
	2024 $'000	2023 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	15,371	11,085

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 25. Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks:

- market risk (including foreign currency risk, interest rate risk, and operational risk),
- credit risk; and
- liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

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

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Interest rate risk may be managed using a mix of floating rate debt and fixed rate instruments. Interest rate swaps are not entered into for trading purposes and are not classified as held for trading. The policy is to maintain at least 50% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary. The Group is working towards fixing at least 50% of its variable debt.

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

	2024 $'000	2023 $'000
Fixed rate instruments		
Financial assets	1,852	1,440
Financial liabilities	(75,805)	(61,173)
	(73,953)	(59,733)
	-	-
Variable rate instruments		
Financial assets	9,480	6,565
Financial liabilities	(59,565)	(38,866)
	(50,085)	(32,301)

Cash flow sensitivity analysis for variable rate instruments
A reasonable possible change of a 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss by $500,850 (2023: $323,010). This assumes that all other variables remain constant.

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

Monash IVF Group

Note 25. Financial risk management (continued)

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

Patient fees for most treatments are received in advance and recognised as deferred revenue if the procedure is yet to be performed. This reduces the risk of non-collectability. Outstanding receivables predominantly relate to amounts owing from Medicare and storage fee patient accounts. Payment reminder notices are issued to patients with outstanding balances at 30, 60 and 90 days. After which, collection of this debt may be handled by a collection agency. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages this risk through the following mechanisms:
- preparing forward-looking financial analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Financing arrangements
Refer to note 21 for details on financing arrangements.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	80,815	-	-	80,815
Interest-bearing					
Bank loans	6.50%	-	70,392	-	70,392
Lease liabilities	3.00%	9,933	35,199	41,923	87,055
Total non-derivatives		90,748	105,591	41,923	238,262

Note 25. Financial risk management (continued)

Consolidated - 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	11,951	-	-	11,951
Interest-bearing					
Bank loans	5.70%	-	42,506	-	42,506
Lease liabilities	3.00%	8,227	33,547	28,950	70,724
Total non-derivatives		20,178	76,053	28,950	125,181

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 26. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date, such as payables (including variable rate secured bank loans);
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments - interest rate swap contracts	-	212	-	212
Total assets	-	212	-	212
Liabilities				
Put option liability	-	-	4,555	4,555
Total liabilities	-	-	4,555	4,555

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments - interest rate swap contracts	-	305	-	305
Total assets	-	305	-	305

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables, trade and other payables and variable rate bank loans are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Interest rate swaps have been valued using quoted market rates from broker quotes. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. No significant unobservable inputs apply.

The put option liability is based on the present value of the amounts expected to be paid at the time of exercise. The fair value is determined considering EBITDA for the most recent financial year and forecast EBITDA for the following twelve months.

Note 27. Contingent liabilities

As announced to the ASX on 23 December 2020, Monash IVF Group Limited (ASX: MVF, the "Company" or "Monash IVF" or "Monash IVF Group") had been named as defendants in proceedings ("Class Action") 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). Following a mediation attended by the Company on 20 August 2024 and 21 August 2024, the parties have agreed to settle the Class Action subject to execution of a Deed of Settlement and Court approval. The agreed settlement amount is $56 million (pre-tax) inclusive of interest, costs and plaintiff legal fees (Settlement Amount).

As announced to the market on 21 August 2023, legal costs and damages, if any, in excess of insurance proceeds would be funded by the Company. Based on the settlement amount, approximately $19.9 million is advised to be funded by the Company's insurer and the remaining sum of $36.1 million will be paid from the Company's cash reserves and its debt facilities.

The expected financial exposure to the Company, included in this financial report, of the settlement of the Class Action is as follows:

- $64.4 million (pre-tax) consisting of Settlement Amount payable plus defendant legal fees and other related costs;
- $19.9 million (pre-tax) insurance receivable for amounts advised to be available under the Company's existing insurance policy for the Class Action;
- $32.6 million (post-tax) FY24 net loss impact.

The agreed Settlement Amount of $56 million is payable on payments terms of $8 million within 30 days of signing a Deed of Settlement, $12 million within 90 days, $15 million within 180 days and $21 million within 270 days.

The settlement was reached without any admission of liability from the Company and is subject to Court approval.

Monash IVF has also commenced proceedings in the Federal Court of Australia against its insurer, Insurance Australia Limited (trading as CGU Insurance) ("Insurer"), to seek a declaration on the construction of the terms of the policy to confirm the total insurance proceeds available under its insurance policy with the Insurer, over and above the advised cover. The Company and the Insurer are currently under mediation to resolve the matter.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2024 $	2023 $
Short-term employee benefits	2,956,160	2,574,612
Post-employment benefits	197,249	164,493
Share-based payments	318,497	318,178
Total key management personnel compensation	3,471,906	3,057,283

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

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company, and other unrelated audit firms:

	Consolidated	
	2024 $	2023 $
Audit services - KPMG		
Audit and review of the financial statements	334,800	313,850
Other services - KPMG		
Taxation services	108,255	196,190
	443,055	510,040
Audit services - unrelated firms		
Audit and review of the financial statements	24,021	22,443

Note 30. Related party transactions

Parent entity
Monash IVF Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Associates
Interests in associates are set out in note 12.

Key management personnel
Disclosures relating to key management personnel are set out in note 28.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity, Monash IVF Group Limited.

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Profit after income tax	16,102	14,865
Total comprehensive income	16,102	14,865

Note 31. Parent entity information (continued)

Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	-	-
Total assets	573,644	555,071
Total current liabilities	2,533	862
Total liabilities	63,006	37,607
Equity		
Issued capital	506,786	506,786
Other reserve	(62)	-
Other equity reserve	(4,555)	-
Retained profits	8,469	10,678
Total equity	510,638	517,464

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which Monash IVF Group Limited guarantees the debts of those subsidiaries. Refer to note 34.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

	Parent	
	2024 $'000	2023 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	432	7,970

Material accounting policy information:
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Business combinations

Acquisitions during 2024

Acquisition of Fertility North
On 4 March 2024, Monash IVF Group Limited completed the acquisition of 80% of Fertility North Holdings Pty Ltd for initial up-front cash consideration of $12.4m.

Fertility North Holdings Pty Ltd ('Fertility North') was established in 2002 by highly regarded Perth-based fertility specialists, Dr Vince Chapple (Medical Director) and Dr Jay Natalwala (Clinical Director). Fertility North operates from a state-of-the-art clinic located at Joondalup Hospital in Perth, Western Australia, and includes consulting, laboratory and access to co-located day surgery.

Note 32. Business combinations (continued)

The Fertility North acquisition resulted in an additional eight fertility specialists joining the Monash IVF Group and has provided Monash IVF with access to Perth's northern growth corridor which is the fastest growing region in Australia with a large addressable market. Fertility North also compliments Monash IVF's recent acquisition of Pivet Medical Centre which services central and southern Perth.

Goodwill related to the acquisition of Fertility North is $18.2m which includes $5.6m of contingent consideration for earn-out payments (subject to certain conditions) that is applicable over a one to three year period post completion. In FY24, and included in these financial statements, Fertility North contributed revenues of $3.3m and profit after tax of $0.5m including interest expense. If the acquisition occurred on 1 July 2023, Management estimated that consolidated revenue would have been $260.8m and consolidated net profit after tax of $26.9m for the full financial year. The Group incurred acquisition related costs of $0.4m post tax relating to external advisory fees including due diligence, legal, accounting and tax as well as stamp duty costs. These costs are included in 'professional and other fees' in the Group's statement of profit and loss and other comprehensive income.

Fertility North Holdings Pty Ltd minority shareholders have a put option and the Group has an equivalent call option over the remaining 20% of the shares in Fertility North Holdings Pty Ltd, which is exercisable at the earliest of three years from the acquisition date.

The identifiable assets acquired and liabilities assumed for the Fertility North acquisition have been determined at fair value and as follows:

	Fair value $'000
Cash and cash equivalents	867
Trade and other receivables	204
Plant and equipment	1,613
Right-of-use assets	1,745
Trade and other payables	(378)
Provision for income tax	(370)
Provisions	(336)
Contract liabilities	(166)
Lease liability	(1,745)
Loans	(1,634)
Net liabilities acquired	(200)
Goodwill	18,219
Acquisition-date fair value of the total consideration transferred	18,019
Representing:	
Cash paid or payable to vendor	12,444
Contingent consideration	5,575
	18,019

Acquisitions during the year ended 30 June 2023

Acquisition of ART Associates Queensland
On 1 July 2022, Monash IVF Group Limited announced the acquisition of ART Associates Queensland No.2 Pty Ltd (ART Associates Queensland) in Brisbane, Queensland for initial cash consideration of $3.9 million on a debt free basis, with the potential of additional earn out payments, subject to certain clauses, over a five to seven year period from completion. ART Associates Queensland is a specialist fertility clinic in Brisbane performing IVF clinical patient services and processes including nursing, phlebotomy, ultrasound and other related services.

Note 32. Business combinations (continued)

Acquisition of Pivet Medical Centre
On 27 May 2023, Monash IVF Group Limited announced the completion of the acquisition of PIVET Medical Centre ("PIVET") which is a Perth, Western Australia and Cairns, Queensland provider of fertility services. The acquisition included initial up-front cash consideration of $7.0 million on a debt free basis, with the potential of additional earn out payments, subject to certain clauses.

For the year ended 30 June 2023, ART Associates Queensland and Pivet Medical Centre contributed $8.8 million of revenue and net profit after tax of $2.0 million to the consolidated results. If the acquisitions occurred on 1 July 2022, Management estimated that consolidated revenue would have been $223.5 million and consolidated profit after tax for the period would have been $24.0 million.

The Group incurred acquisition related costs of $1.3 million post tax relating to external legal fees, due diligence and stamp duty costs. These costs are included in 'professional and other fees' in the Group's statement of profit or loss and other comprehensive income.

The identifiable assets acquired and liabilities assumed for the ART Associates Queensland and Pivet Medical Centre acquisitions have been determined at fair value:

	Fair value $'000
Inventories	149
Prepayments	150
Plant and equipment	529
Trade and other payables	(500)
Employee benefits	(961)
Net liabilities acquired	(633)
Goodwill	21,963
Acquisition-date fair value of the total consideration transferred	21,330
Representing:	
Cash paid or payable to vendor	10,948
Contingent consideration	10,382
	21,330

Accounting policies:

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 32. Business combinations (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree’s identifiable net assets. All acquisition costs are expensed as incurred to profit or loss

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group’s operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) twelve months from the date of the acquisition or (ii) when the acquirer received all the information possible to determine fair value.

Key estimate and judgement:

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Contingent consideration

Contingent consideration is based on the achievement of future earnings performance and is assessed for the likelihood of achievement.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Healthbridge Enterprises Pty Ltd	Australia	100%	100%
Monash IVF Group Acquisitions Pty Ltd	Australia	100%	100%
Healthbridge IVF Holdings Pty Ltd	Australia	100%	100%
Healthbridge Shared Services Pty Ltd	Australia	100%	100%
Healthbridge Repromed Pty Ltd	Australia	100%	100%
Repromed Finance Pty Ltd	Australia	100%	100%
Repromed Holdings Pty Ltd	Australia	100%	100%
Repromed NZ Holding Pty Ltd	Australia	100%	100%
Repromed Australia Pty Ltd	Australia	100%	100%
Adelaide Fertility Centre Pty Ltd	Australia	100%	100%
Monash IVF Holdings Pty Ltd	Australia	100%	100%
Monash IVF Finance Pty Ltd	Australia	100%	100%
Monash IVF Pty Ltd	Australia	100%	100%
Monash Reproductive Pathology and Genetics Pty Ltd	Australia	100%	100%
Monash Ultrasound Pty Ltd	Australia	100%	100%
Monash IVF Auchenflower Pty Ltd	Australia	100%	100%
Yoncat Pty Ltd	Australia	100%	100%
Palantrou Pty Ltd	Australia	100%	100%
KL Fertility & Gynaecology Centre Sdn. Bhd	Malaysia	90%	90%
KL Fertility Daycare Sdn. Bhd.	Malaysia	100%	100%
Sydney Ultrasound for Women Partnership	Australia	100%	100%
Ultrasonic Diagnostic Services Trust No.2	Australia	100%	100%
ACN 604 384 661 Pty Ltd	Australia	100%	100%
Ultrasonic Diagnostic Services Pty Ltd	Australia	100%	100%
Fertility Australia Pty Ltd	Australia	100%	100%
Fertility Australia Trust	Australia	100%	100%
MVF Sunshine Coast Pty Ltd	Australia	100%	100%
Monash IVF West Pty Ltd	Australia	90%	90%
ART Associates Queensland No.2 Pty Ltd	Australia	100%	100%
ACN 646 484 906 Pty Ltd*	Australia	53%	-
Fertility North Holdings Pty Ltd **	Australia	80%	-
Fertility North Unit Trust	Australia	80%	-
Monash Discretionary Investment Pty Limited	Australia	100%	100%
Monash IVF Asia Pte Ltd	Singapore	90%	90%
Monash IVF Asia (Singapore) Pte Ltd	Singapore	65%	65%
Monash IVF South Malaysia Pte Ltd	Malaysia	62%	62%
Pt Mitra Kasih Medikatama	Indonesia	54%	54%

* Incorporated during the year, with an initial ownership of 100% by Monash IVF Group Limited. This changed to a 53% holding following a capital contribution by the shareholders.

** Acquired during the year. Refer to note 32.

Note 34. Deed of cross guarantee

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

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Monash IVF Group Limited, they also represent the 'Extended Closed Group'.

Note 34. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the entities included as part of the deed.

Statement of profit or loss and other comprehensive income	2024 $'000	2023 $'000
Revenue	220,654	198,648
Materials and consumables used	(19,630)	(19,665)
Clinician fees	(42,165)	(36,385)
Employee benefits expense	(77,616)	(70,146)
Depreciation and amortisation expense	(17,316)	(14,281)
Marketing and advertising expense	(7,188)	(6,619)
IT and communication expense	(4,905)	(5,788)
Property expense	(4,148)	(4,891)
Professional and other fees	(8,112)	(6,884)
Other expenses	(49,258)	(2,559)
Operating profit/(loss)	(9,684)	31,430
Net finance costs	(5,345)	(3,248)
(Loss)/profit before income tax benefit/(expense)	(15,029)	28,182
Income tax benefit/(expense)	5,562	(7,340)
(Loss)/profit after income tax benefit/(expense)	(9,467)	20,842
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(9,467)	20,842

Equity - accumulated losses	2024 $'000	2023 $'000
Accumulated losses at the beginning of the financial year	(102,349)	(106,047)
(Loss)/profit after income tax benefit/(expense)	(9,467)	20,842
Dividends paid	(17,372)	(17,144)
Accumulated losses at the end of the financial year	(129,188)	(102,349)

Note 34. Deed of cross guarantee (continued)

Statement of financial position	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	6,774	5,138
Trade and other receivables	33,700	14,507
Inventories	7,120	6,001
	47,594	25,646
Non-current assets		
Trade and other receivables	100	100
Investments	52,639	34,294
Derivative financial instruments	212	305
Plant and equipment	55,386	47,234
Right-of-use assets	71,920	58,459
Intangible assets	242,042	243,104
Deferred tax asset	24,663	10,871
	446,962	394,367
Total assets	494,556	420,013
Current liabilities		
Trade and other payables	77,705	11,397
Contract liabilities	12,682	9,096
Lease liabilities	7,809	5,935
Income tax payable	1,562	1,457
Employee benefits	11,851	11,103
Contingent consideration	2,511	3,380
	114,120	42,368
Non-current liabilities		
Borrowings	52,731	38,866
Lease liabilities	67,815	54,659
Derivative financial instruments	4,555	-
Deferred tax	9,258	10,373
Employee benefits	1,630	1,381
Contingent consideration	9,395	5,200
	145,384	110,479
Total liabilities	259,504	152,847
Net assets	235,052	267,166
Equity		
Issued capital	506,786	506,786
Reserves	(142,546)	(137,271)
Accumulated losses	(129,188)	(102,349)
Total equity	235,052	267,166

Note 35. Share-based payments

Senior executives' long-term incentive plan

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

Note 35. Share-based payments (continued)

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

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

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

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

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

Long term incentive program (equity settled)

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

Grant date	Vesting conditions
(2024 Plan) 28 November 2023	EPS - Subject to meeting certain Underlying EPS hurdles and 3 year service period to 30 June 2026 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY26 results announcement
(2023 Plan) 23 November 2022	EPS - Subject to meeting certain Underlying EPS hurdles and 3 year service period to 30 June 2025 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY25 results announcement
(2022 Plan) 19 November 2021	EPS - Subject to meeting certain Underlying EPS hurdles and 3 year service period to 30 June 2024 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY24 results announcement
(2021 Plan) 16 October 2020	EPS - Subject to meeting certain Underlying EPS hurdles and 3 year service period to 30 June 2023 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY23 results announcement
(2020 Plan) 16 October 2019	EPS - Subject to meeting certain Underlying EPS hurdles and 3 year service period to 30 June 2022 TSR - Subject to Total Shareholder Return hurdles and a 3 year service period to the 11th trading day after the FY22 results announcement

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

Note 35. Share-based payments (continued)

2024 Plan	Hurdles	Testing date	Opening*	Granted**	Vested and exercised	Expired/ lapsed / forfeited	Vested and unexercised	Closing unvested	Exercisable at 30 June 2024	FV per security
			Number	Number	Number	Number	Number	Number	Number	$
2021	TSR	30/09/2023	256,873	-	(221,041)	-	(35,832)	-	35,832	$0.32
	EPS	30/06/2023	599,367	-	(515,763)	-	(83,604)	-	83,604	$0.61
2022	TSR	30/09/2024	260,376	-	-	-	-	260,376	-	$0.49
	EPS	30/06/2024	607,544	-	-	(607,544)	-	-	-	$0.93
2023	TSR	30/09/2025	319,897	-	-	-	-	319,897	-	$0.60
	EPS	30/06/2025	746,427	-	-	-	-	746,427	-	$1.02
2024	TSR	30/09/2026	-	332,563	-	-	-	332,563	-	$0.79
	EPS	30/06/2026	-	775,979	-	-	-	775,979	-	$1.28
			2,790,484	1,108,542	(736,804)	(607,544)	(119,436)	2,435,242	119,436	

2023 Plan	Hurdles	Testing date	Opening*	Granted**	Vested and exercised	Expired/ lapsed / forfeited	Vested and unexercised	Closing unvested	Exercisable at 30 June 2023	FV per security
			Number	Number	Number	Number	Number	Number	Number	
2020	TSR	30/09/2022	184,006	-	-	(184,006)	-	-	-	$0.46
	EPS	30/06/2022	184,006	-	-	(184,006)	-	-	-	$0.94
2021	TSR	30/09/2023	270,457	-	-	(13,584)	-	256,873	-	$0.32
	EPS	30/06/2023	631,064	-	-	(31,697)	(599,367)	-	599,367	$0.61
2022	TSR	30/09/2024	260,376	-	-	-	-	260,376	-	$0.49
	EPS	30/06/2024	607,544	-	-	-	-	607,544	-	$0.93
2023	TSR	30/09/2025	-	319,897	-	-	-	319,897	-	$0.60
	EPS	30/06/2025	-	746,427	-	-	-	746,427	-	$1.02
			2,137,453	1,066,324	-	(413,293)	(599,367)	2,191,117	599,367	

* Opening balances include rights that are vested and unexercised, as well as unvested rights.

** On vesting, each performance right entitles the participant to one ordinary share in the Company plus an additional number of shares calculated on the basis of the dividends which would have been paid on that one share had it been issued at the time of grant of the performance right and assuming that those dividends were reinvested at the closing price of shares on the distribution date of those dividends. Prior to vesting, performance rights do not entitle the participant to any dividends or voting rights.

Key estimate and judgement:

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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

Note 35. Share-based payments (continued)

	2024	2023	2022	2021
Share price at grant date	$1.28	$1.02	$0.93	$0.62
Expected volatility – Monash IVF	40%	40%	40%	40%
Expected volatility – ASX 300 Healthcare Index	18%	17%	16%	16%
Expected life (years)	6	6	6	6
Expected dividends	0.00%	0.00%	0.00%	0.00%
Risk free interest rate (based on government bonds)	4.16%	3.27%	0.95%	0.13%

Note 36. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024 $'000	2023 $'000
(Loss)/profit after income tax benefit/(expense) for the year	(5,949)	21,966
Adjustments for:		
Depreciation and amortisation expense	18,578	15,343
Net finance costs included in financing activities	2,842	1,206
Provision for Fertility Solutions Earn-out	-	40
Change in operating assets and liabilities:		
Increase in trade and other receivables	(20,570)	(3,205)
Increase in inventories	(1,748)	(1,176)
Increase in trade and other payables	69,276	3,544
Increase in contract liabilities	3,675	586
Increase in deferred tax assets	(14,908)	(328)
Increase in employee benefits	1,323	1,146
Net cash flows generated from operating activities	52,519	39,122

Non-cash investing and financing activities

	Consolidated	
	2024 $'000	2023 $'000
Additions to the right-of-use assets	23,128	13,226

Note 36. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2022	9,764	67,466	77,230
Net cash used in financing activities	(13,000)	(9,178)	(22,178)
Loans received	42,000	-	42,000
Acquisition of leases	-	2,885	2,885
Other changes*	102	-	102
Balance at 30 June 2023	38,866	61,173	100,039
Net cash used in financing activities	(7,500)	(10,511)	(18,011)
Loans received	28,000	-	28,000
Acquisition of leases	-	22,656	22,656
Other changes	299	2,487	2,786
Balance at 30 June 2024	59,665	75,805	135,470

* Capitalised bank fees for the syndicated debt facilities.

Note 37. Events after the reporting period

On 22 August 2024, a fully franked dividend of 2.5 cents per share was declared. The record date for the dividend is 6 September 2024 and the payment date for the dividend is 11 October 2024.

Refer to commitments and contingencies section on a previous page for developments in the Class Action after the reporting date.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.