Directors' Report

for the year ended 30 June 2020

The Directors present their report together with the consolidated financial report of Monash IVF Group Ltd ('the Group'), being the Company (Monash IVF Group Ltd), its subsidiaries, and the Group's interest in associated entities as at and for the year ended 30 June 2020, and the auditor's report thereon.

Directors

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

Mr Richard Davis
Ms Christina Boyce (resigned effective 29 June 2020)
Mr Neil Broekhuizen
Mr Josef Czyzewski
Dr Richard Henshaw
Ms Zita Peach
Mr Michael Knaap

Information on the Directors' and Company Secretary's experience is outlined on page 38 and 39. Information on the Directors' responsibilities is outlined in the Corporate Governance Statement.

Principle activity

The Group is a leader in the field of human fertility services and is one of the leading providers of Assisted Reproductive Services (ARS) which is the most significant component of fertility care in Australia and Malaysia. ARS encompass a range of techniques used to assist patients experiencing infertility to achieve a clinical pregnancy. In addition, the Group is a significant provider of specialist women's imaging services.

Operational and Financial Review

The Group reported an Adjusted net profit after tax (NPAT)[1] of $14.4m before $2.6m non-regular items. Refer to page 29 for non-regular items adjusted. It should be noted that FY20 includes impact from AASB16 Lease accounting which increases EBITDA by $7.2m, EBIT by $1.6m and NPAT by $0.3m.

$m	FY20	FY19	% Change
Group Revenue	$145.4	$152.0	(4.3%)
EBITDA[1]	$32.8	$37.2	(11.8%)
Adjusted EBITDA[1][2][6]	$34.8	$37.8	(8.0%)
EBIT	$21.8	$31.3	(30.2%)
Adjusted EBIT[1][6]	$24.4	$32.7	(25.3%)
NPAT attributable to ordinary shareholders	$11.7	$19.9	(40.9%)
Adjusted NPAT[1][6]	$14.4	$20.9	(31.2%)
EPS (cents)	4.6	8.4	(45.2%)
DPS (cents)	2.1	6.0	(65.0%)
	30 Jun 20	**30 Jun 19**	
Net Debt (m)[3]	$4.2	$84.7	
Net Debt to Equity ratio [4]	1.7%	48.8%	
Return on Equity (pa.) [5]	5.7%	12.1%	

(1) Adjusted reflects non-regular items relating to transaction costs on acquisition activity, restructuring costs, certain pre-IPO patient claim, closure of interest rate swaps and work-in-progress Sydney CBD clinic premise operating costs. Refer to page 29.
(2) EBITDA is earnings before interest, tax, depreciation and amortisation. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance. This non IFRS measure is not subject to audit or review.
(3) Debt less cash balances
(4) Net debt to equity is debt divided by equity
(5) Return on equity is Adjusted NPAT divided by closing equity
(6) Adjusted EBITDA, Adjusted EBIT and Adjusted NPAT are non-IFRS measures

Directors' Report (cont)

- $14.4m Adjusted NPAT[1] is above $14m guidance provided on 29 June 2020 (reported NPAT of $11.7m);
- $3.9m adverse NPAT impact during March to June 2020 compared to pcp due predominately to COVID-19 temporary shutdown;
- Recovery from temporary suspension of IVF procedures in Australia was strong with stimulated cycles up by 33.6% from June to July 2020 vs pcp;
- Kuala Lumpur clinic has recovered from Movement Control Orders in Malaysia demonstrating 72% stimulated cycle growth in July vs pcp;
- Ultrasound clinics continued to operate throughout Q4 although impeded by heavy but effective infection control and social distancing measures;
- Market share gains across SA, QLD and NSW although Victoria lost market share following departure of five specialists in September 2019;
- Balance Sheet strong following $80m equity raising which has reduced debt while navigating COVID-19 and allows for investment into future growth opportunities including new Sydney CBD clinic and partnerships in SE Asia;
- Deferred 1H20 dividend to be paid on 2 October 2020;
- AASB16 Lease accounting has on impact on FY20 by increasing EBITDA by $7.2m, EBIT by $1.6m and NPAT by $0.3.

COVID-19 trading recovery summary

Key Events

- On 25 March 2020, National Cabinet acting on the advice of Australian Health Protection Principal Committee temporarily suspended all non-urgent elective surgery, including IVF procedures;
- On 21 April 2020, National Cabinet announced that certain elective surgery procedures, including IVF could recommence from 27 April;
- On 27 March 2020, Movement Control Orders (MCO) were implemented in Malaysia which were subsequently eased on 9 June 2020.

Impact

- The temporary suspension of IVF procedures resulted in a 71% decline in Australian stimulated cycles in April to mid May 2020;
- The MCO in Malaysia resulted in a 76% decline in International stimulated cycles in April and May 2020;
- $3.9m adverse NPAT impact during March to June 2020 as compared to pcp predominately due to COVID-19 which includes $4.9m (pre-tax) Job Keeper Subsidy to maintain engagement with workforce during hibernation and recovery periods;
- Ultrasound clinics remained open and scan volumes were moderately impacted (3.4% decline in March to June 2020) by movement restrictions in-place; however, cost of service delivery increased due to heightened infection control measures;

Key Actions

- As a key priority, the Group implemented measures designed to protect the health and safety of its patients, employees and doctors;
- Implementation of a number of initiatives to assist in mitigating financial impact of COVID-19;

(1) Adjusted NPAT is a non-IFRS measure

Directors' Report (cont)

COVID-19 trading recovery summary - continued

- $80m equity raising in response to potential extended shutdown due to COVID-19, reduce debt and pursue growth opportunities including build of a new Sydney CBD fertility clinic, Joint venture/partnership and acquisition opportunities across South East Asia and transformation of Melbourne footprint;
- Patient engagement activities during shut-down period has driven the strong recovery of pent up demand and increased marketing activities post equity raising is driving growth in the patient pipeline leading into FY21.

Recovery

- Following recommencement of IVF services in Australia, stimulated cycles increased by 34.3% between 18 May and 30 June 2020 compared to pcp, with 32.1% growth continuing into July 2020;
- Kuala Lumpur is in recovery following easing of the Movement Control Orders on 9 June resulting in a 23.5% stimulated cycle growth in June to July 2020 with July up by 72% compared to pcp;
- The Victorian IVF business has continued to operate notwithstanding Stage 4 restrictions (effective 2 August 2020) as IVF has been exempt from the current suspension of non-urgent elective surgery in Victoria.

Revenue

Group revenues declined by $6.6m or 4.3% to $145.4m compared to pcp. A summary of the decrease in revenues is detailed in the waterfall chart below:

- MVF February YTD volume decline reduced revenue by $3.5m reflecting Full-Service stimulated cycle growth in QLD, SA and NSW offset by declines in VIC due to departure of five fertility specialists
- MVF Domestic March to June volume decline reduced revenue by $5.7m as organic stimulated cycles declined by 472 during March to June as compared to pcp following the temporary shutdown partly offset by 34.8% stimulated cycle growth from mid May to 30 June 2020 compared to pcp
- Fertility Solutions and Tasmania contribution of $3.3m is due to Fertility Solutions acquisition in September and contribution from Fertility Tasmania (from August) subsequent to taking a controlling interest
- International revenue declined by $2.1m as stimulated cycles reduced by 189 (March to June 2020) which was largely driven during the Movement Restriction Orders in place in Malaysia
- Ultrasound, Diagnostics and Other income is largely in line with pcp as Ultrasound revenue increased by $0.2m, offset by ancillary services related to ARS related activity including genetic screening.

Directors' Report (cont)

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

Adjusted EBITDA[(1)(2)] is $34.8m as compared to $37.8m. For comparative purposes, Adjusted EBITDA excluding the impact from AASB16 Leases (+$7.2m) declined by $10.2m or 26.7% due primarily to:

- Negative impact from COVID-19 temporary suspension which reduced stimulated cycles by 71% in the period from 1 April to mid May. The Group was eligible for the Job Keeper Subsidy for Q4FY20 ($4.9m pre-tax) utilised to maintain and engage workforce;
- $3.4m negative impact from decline in ARS activity prior to COVID-19 suspension due to departure of Victorian specialists partly offset by growth in SA, NSW, QLD and cost out program impact as at February YTD;
- $1.1m marketing expenditure increase is driving pipeline growth leading into FY21 through radio, TV, digital channels and patient enquiry/registration conversion. Increase in media investment between May to July 2020 was $0.7m.

Finance costs

Net finance cost is $5.7m, an increase of $1.9m compared pcp. The increase is due to the closure of interest rate swaps as a result of hedge accounting in-effectiveness following repayment of debt ($1.1m), the application of the new leasing standard ($1.1m) partly offset by $0.2m lower underlying debt costs.

Taxation

The effective tax rate is 27.1% as compared to 27.9% in pcp. The effective tax rate reflects the 30% Australian and 24% Malaysian corporate tax rates as well as capturing the research and development tax incentives available from continued scientific innovation.

Segment analysis

	Australia			International		
$m	FY20	FY19	% change	FY20	FY19	% change
Revenue	135.5	140.4	(3.5%)	9.9	11.6	(14.7%)
Adjusted EBITDA[(1)(2)]	30.3	32.5	(6.8%)	4.5	5.3	(15.1%)
Adjusted EBIT[(1)(2)]	20.6	27.7	(25.6%)	3.8	5.0	(24.0%)
NPAT	9.0	16.0	(43.8%)	2.8	3.8	(26.3%)

Australia

Australia revenue declined by 3.5% to $135.5m due to the following:

FY20 stimulated cycles declined by 5.6% to 7,181 reflecting:

- 10.1% increase in South Australian cycles February 2020 YTD resulting in market share gains;
- 1.9% increase in New South Wales cycles February 2020 YTD whilst maintaining total market share;
- 15.9% increase in Queensland cycles February 2020 YTD. The Fertility Solutions acquisition added 133 stimulated cycles between mid September 2019 to February 2020 resulting in market share gains;
- 14.6% decline in Victorian cycles February 2020 YTD due to departure of specialists;
- 366 cycle decline in March to June compared to pcp due primarily to COVID-19 disruption;
- Fertility Tasmania contributed 99 cycles following consolidation into the Group from August 2019;

(1) Adjusted EBITDA and Adjusted EBIT are non-IFRS measures
(2) Adjusted reflects non-regular items relating to transaction costs on acquisition activity, restructuring costs, certain pre-IPO patient claim, closure of interest rate swaps and AASB16 depreciation/interest on Work-in-progress Sydney CBD clinic premise costs Refer to next page

Directors' Report (cont)

Segment analysis - continued

- MyIVF, provider of low cost services, which ceased operations in March 2020, reducing stimulated cycles by 45 during the year;
- FY20 Frozen Embryos declined by 5.2% driven by the decline in stimulated cycles;
- Ultrasound scans increased by 1.8% to 82,311 and Non-invasive prenatal testing increased by 2.8% to 13,478.

Adjusted EBIT declined by $7.1m or 25.6% to $20.6m due to impact from COVID-19 temporary shutdown of services, impact from departure of specialists in Victoria, which was partly offset by volume growth in South Australia and Queensland, $1.1m increase in marketing driving COVID-19 recovery and future pipeline. Adjusted EBIT is also increased by $1.6m due to AASB 16 Leases and $0.5m benefit from cost out program during Q3FY20.

International

International revenue declined by $1.7m or 14.7% to $9.9m. The International segment comprises the Kuala Lumpur clinic which was heavily impacted by movement control orders (MCO) effective 27 March. The Clinic experienced a 76% decline in April and May stimulated cycles compared to pcp. The MCO was eased on 9 June which resulted in improved volumes in June although below pcp by 14%. Strong growth has been experienced in July following conversion of some pent up demand created due to the MCO. Stimulated Cycles during FY20 declined by 205 or 19.8% and frozen embryos declined by 156 or 15.3%.

International Adjusted EBIT declined by $1.2m or 24.0% due to volume declines which was heavily impacted by the MCO in place during Q4.

AASB16 Leases impact

Implementation of AASB16 Leases on 1 July 2019 had the following impact on FY20 profitability as compared to FY19:

- Increased EBITDA by $7.2m;
- Increased EBIT by $1.6m;
- Increased NPAT by $0.3m.

Earnings reconciliation

The table below provides a summary of FY20 non-regular items as compared to FY19:

	FY20 $m	FY19 $m
Statutory NPAT[(1)]	**11.7**	**19.9**
1H20 non-regular items	1.2	-
2H20 Restructuring costs	0.2	-
2H20 Acquisition costs	0.1	-
2H20 Interest rate swap closure	0.8	-
2H20 New Sydney CBD premise costs	0.4	
FY19 Mosman clinic closure and CEO separation costs	-	1.0
Adjusted NPAT[(1)]	**14.4**	**20.9**

Directors' Report (cont)

Earnings reconciliation - continued

The table below provides a reconciliation of FY20 Adjusted EBITDA, EBIT and NPAT to the reported statutory metrics:

$m	EBITDA	EBIT	NPAT[1]
Reported Statutory	**32.8**	**21.8**	**11.7**
1H20 non-regular items	1.7	1.7	1.2
2H20 Restructuring costs	0.2	0.3	0.2
2H20 Acquisition costs	0.1	0.1	0.1
2H20 Interest rate swap closure	-	-	0.8
2H20 New Sydney CBD premise costs	-	0.5	0.4
Adjusted	**34.8**	**24.4**	**14.4**

(1) Attributable to members

- $1.2m 1H20 non-regular items includes post-tax impact from Fertility Solutions acquisition transaction costs ($0.3m), pre-IPO patient claim ($0.5m) and restructuring costs associated with the cost reduction program ($0.4m);
- $0.2m 2H20 restructuring costs primarily relates to the closure of the MyIVF low-cost clinic;
- $0.1m 2H20 acquisition costs relates to the Johor Bahru, Malaysia acquisition which completed in June 2020;
- $0.8m closure of interest rate swaps are for the termination of $30m swaps following part repayment of Syndicated Banking Facility. This resulted in transfer of balances in the hedge reserve to profit & loss for accounting purposes;
- $0.4m New Sydney CBD IVF premise (lease depreciation and interest expense) from execution of the lease in February 2020. Construction works commenced in late June and is on-track to be ready for patient treatments during Q2FY21.

Statement of Financial Position and Capital Metrics

Balance Sheet ($m)	FY20	FY19	% change
Cash and cash equivalents	**15.1**	**4.3**	**251.2%**
Other current assets	15.6	11.2	39.3%
Current lease liabilities	(2.3)	-	-
Current liabilities	(35.6)	(24.2)	(47.1%)
Net working capital	**(7.2)**	**(8.7)**	**17.2%**
Borrowings	(19.3)	(89.0)	(78.3%)
Goodwill & Intangibles	262.1	257.1	1.9%
Right of use assets	36.5	-	-
Lease liabilities	(36.3)	-	-
Property Plant & Equipment	19.1	16.5	15.8%
Other assets/liabilities	(2.8)	(2.5)	(12.0%)
Net assets	**252.1**	**173.4**	**45.4%**

Directors' Report (cont)

Statement of Financial Position and Capital Metrics - continued

Capital Metrics			+/-
Net Debt ($m)	**4.2**	**84.7**	**(80.5)**
Leverage Ratio (Net Debt / EBITDA)	0.15x	2.24x	2.09x
Interest Cover (EBITDA / Interest)	8.4x	10.6x	(2.2x)
Net Debt to Equity Ratio	1.7%	48.8%	47.1%
Return on Equity	**5.8%**	**12.1%**	**(6.3%)**
Return on Assets	**4.1%**	**7.2%**	**(3.1%)**

The $80m equity raising has resulted in a stronger balance sheet and reduction of debt to navigate any future developments in COVID-19. In addition, it has created flexibility to pursue identified organic and non-organic growth opportunities in Australia and South East Asia including the Sydney CBD fertility clinic construction, JV/partnership opportunities in SE Asia and transformation of Melbourne footprint.

Net debt has decreased by $80.5m to $4.2m noting financial banking covenant requirements are waived until 30 June 2021 (which was executed prior to the equity raising). A decision was made to right size the $110m Syndicated Debt Facility to $40m effective 24 August 2020. The $40m accordion facility remains available for acquisitions and capex.

The key Net Leverage Ratio has reduced to 0.15x which is well within the 3.5x covenant requirement when re-introduced. The Interest Cover Ratio worsened by 2.2x to 8.4x but well above the 3.0x covenant requirement.

Goodwill and Intangibles increased by $5.0m due to goodwill associated with the Fertility Solutions and Johor Bahru acquisitions and software enhancements (patient management systems).

Current Liabilities increased by $11.4m which includes $5.0m liability for the 1H20 deferred interim dividend due to be paid on 2 October 2020. In addition, timing of working capital increased trade payables and deferred revenue due to strong recovery experienced in June and July.

Right of use assets of $36.5m and Lease Liabilities of $36.3m recognised in accordance with AASB16 Leases implemented on 1 July 2019.

Cash Flows ($m)	FY20	FY19	Change%
EBITDA	**32.8**	**36.4**	**(9.9%)**
Movement in working capital	2.6	3.5	(25.7%)
Income taxes paid	(4.3)	(6.8)	36.8%
Net operating cash flows (post-tax)	**31.1**	**33.1**	**(6.0%)**
Capital expenditure	(7.5)	(6.5)	(15.4%)
Payments for businesses	(3.1)	-	(100%)
Cash flows used in investing activities	**(10.6)**	**(6.5)**	**(63.1%)**
Free cash flow[1]	**20.5**	**26.6**	**(22.9%)**
Proceeds from issue of shares	77.5	-	100%
Dividends paid	(7.1)	(13.2)	46.2%
Interest on borrowings	(3.5)	(3.6)	2.8%
Payments of lease liabilities	(7.2)	-	(100%)
Proceeds/(Repayment) of borrowings	(69.7)	(9.0)	(674%)
Other	0.3	(0.4)	175.0%
Cash flows used in financing activities	**(9.7)**	**(26.2)**	**63.0%**
Net cash flow movement	**10.8**	**0.4**	**2600%**
Closing cash balance	**15.1**	**4.3**	**251.2%**

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

Directors' Report (cont)

Statement of Financial Position and Capital Metrics - continued

Key cash flow highlights are as follows:

- Pre-tax conversion of EBITDA to operating cash flow was strong at 107.9% following 78.0% conversion at 31 December 2019;
- Investment activities continued to drive future growth including:
  - $2.5m Fertility Solutions and $0.6m Johor Bahru acquisitions (including transaction costs);
  - Capital expenditure including commencement of new Sydney CBD clinic build, new Penrith clinic, refurbishment of Dulwich clinic, medical equipment and IT infrastructure including cyber security enhancements;
- Financing activities includes the $80m equity raising (net of transaction costs) partly offset by $69.7m net repayment of debt. In addition, $7.1m FY19 final dividend paid and $1.1m for termination of interest rate swaps;
- $7.2m Payment for Leases including premises are now classified in Financial activities due to changes in AASB16 Leases.

Dividends

No final FY20 dividend has been declared by the Board. The FY20 interim dividend will be paid on 2 October 2020.

Outlook

Industry fundamentals remain strong as the community seeks assistance when trying to conceive which has not changed due to the on-going Pandemic. The Group's strong balance sheet, positions it well to navigate through the COVID-19 Pandemic and optimise future earnings through strategic and operational momentum gained during FY20 as illustrated in the Business Strategies and Prospects for Future Financial Years section below.

Notwithstanding strong long-term industry fundamentals, current positive treatment volume recovery and patient pipelines, the Group is not providing FY21 guidance due to the continued uncertainty created by the on-going COVID-19 Pandemic. An update will be provided at the FY20 AGM.

Directors' Report (cont)

Business Strategies and Prospects for Future Financial Years

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

Directors' Report (cont)

Business Strategies and Prospects for Future Financial Years - continued

Our Pillars are defined as follows below:

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

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

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

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

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

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

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

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

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

Key development in Our Pillars during the year are noted below:

Scientific Leadership

- Scientific advancements continue to differentiate our value proposition to patients;
- Improved success rates and preparation for national reporting guidelines and framework;
- Implementation of multi-centre clinical trial to investigate new microinjection technology with progress made to commercialise during FY21;
- Sperm selection device development in partnership with Memphasys (ASX: MEM) is progressing with final stages of testing in a Monash IVF clinical trial;
- Group scientific collaboration on the "Monash Way" is continuing to unify scientific practices through the Group Scientific Advisory Committee (GSAC) optimising patient outcomes and creating a more scalable operation.

Doctor partnerships

- All 24 Victorian fertility specialists are now contracted with more than 97% of specialists contracted across the Group;
- Future growth and succession planning strengthened with 12 specialists currently in our fertility specialist traineeship program including two new Victorian fertility specialists ready for patient management in Q1FY21;

Directors' Report (cont)

Business Strategies and Prospects for Future Financial Years - continued

- Clear strategy to attract new experienced clinicians across the country;
- Priority to attract new experienced Sydney based fertility specialists to support new NSW flagship clinic in Sydney due to open in Q2;
- Exceptional contribution from our clinician group during COVID-19, supporting the safe clinical protocols and recovery;
- Creating opportunity for doctor growth and patient engagement through digital pathways (eg. Webinars/Facebook) and telehealth.

Clinic infrastructure

- New Sydney CBD flagship clinic commenced construction in June and due to open during Q2FY20;
- New Sydney CBD flagship clinic will represent best practice patient experience and is a key initiative to attract new specialists in Sydney;
- Transformation of Melbourne footprint and patient experience is progressing to ensure our infrastructure is best-in-class in our largest state based business;
- New Penrith, NSW clinic opened in October 2019 servicing the western region of NSW;
- Refurbishment of Dulwich, SA clinic – continuation of modernising clinic atmospherics to reflect best-in-class patient experience.

Patient experience

- Patient experience principle remains focussed on care, empathy, support, empowerment and a consistent patient journey throughout our network of clinics;
- Successfully maintained patient engagement during temporary suspension of services which ensured pent up patient demand converted to treatment following re-commencement of services.

Digital transformation

- Cyber security defences protected data and systems against a targeted and sophisticated cyber attack in 1H20. Upgrades and replacement of legacy systems are further enhancing patient data security;
- Technology enhancements to patient management systems are enabling improvements to interactions with patients, clinicians and employees.

People engagement

- Our pro-active approach when responding to COVID-19 included strong engagement and communication strategies to ensure our People and Patients are safe and protected in Monash IVF environments. This is a critical pillar ensuring we have a safe and secure workforce to safeguard continuity of service where possible;
- People engagement remains a key priority as we focus on recognising our People's passion and pride in working at Monash IVF. Our People continue to be rewarded for demonstrating our principles in action;
- Building and growing capability in our People is enabling us to continue to lead the way now and in the future with a focus on a specialised learning and development framework.

Brand and marketing

- New "Brave Together" advertising campaign illustrates innovative marketing investment following the recommencement of services during Q4FY20. The advertising campaign reflects our progressive, empathetic and empowering approach to patient care;
- $1.1m increase in marketing investment is supporting new patient pipeline exceeding pcp and pre COVID-19 levels during May to July;

Directors' Report (cont)

Business Strategies and Prospects for Future Financial Years - continued

- Enhancements to the patient engagement strategy is building knowledge, support, and empowering patients to make decisions earlier in the journey and proactively safeguard their fertility;
- Our marketing investment, innovation and strategy are key activities to engage with our Clinician group to ensure their private practices are supported by Monash IVF.

Business risks

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

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

The risk management framework together with the risk assessments and mitigation strategies are regularly reviewed both individually and collectively by the Executive Team, the Audit and Risk Committee and the Board. A simple prioritisation system has been adopted to scale the relative importance of all the identified risks.

From review of the Group's key business, operational and financial risks, processes are in-place to reduce the inherent nature of these risks to an acceptable and manageable level. As a result, the Group does not have any 'high' priority residual risks. Notwithstanding this, the Group considers the below as important risks that require continued management to ensure the Group meets its objectives:

COVID-19 Pandemic

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

Relationships with staff in key roles, including clinicians

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

Directors' Report (cont)

Business Strategies and Prospects for Future Financial Years - continued

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

Change in Government funding arrangements for Assisted Reproductive Services

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

Risk of increased competition

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

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

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

Occupational Health and Safety

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

Directors' Report (cont)

Information on directors

Director	Experience
Mr Richard Davis Independent Chairman Member of Audit & Risk Management Committee Member of Remuneration & Nomination Committee	Mr. Richard Davis joined the Group in June 2014 and is currently serving as a Non-executive director of ASX listed companies, InvoCare Limited and Australian Vintage Limited (Chairman). Richard worked for InvoCare for 20 years until 2008. For the majority of that time he held the position of CEO and managed the growth of that business through a number of ownership changes and over 20 acquisitions, including offshore in Singapore. Prior to InvoCare Limited, Richard worked as an accounting partner of Bird Cameron. Richard holds a Bachelor of Economics from the University of Sydney.
Mr Josef Czyzewski Independent Non-executive Director Chair of Audit & Risk Management Committee Member of Remuneration & Nomination Committee	Mr. Josef Czyzewski joined the Group in June 2014 and has over 30 years of experience in senior finance positions and significant experience in the health industry. Josef has held the positions of CFO at Healthscope Limited, and more recently CFO/General Manager Strategy and Development at Spotless Group Limited following its takeover by private equity interests in 2012. Prior to that time, Josef held various senior finance positions with BHP Billiton including VP Finance and Corporate Treasurer. He holds a Bachelor of Commerce from the University of Newcastle and is a Graduate Member of the Australian Institute of Company Directors.
Ms Christina ('Christy') Boyce Independent Non-executive Director Chair of Remuneration & Nomination Committee Member of Audit & Risk Management Committee Resigned effective 29 June 2020	Ms Christy Boyce joined the Group in June 2014. Christy is also a director of Port Jackson Partners. Christy is a former director of Greencross Limited and Oneview Healthcare. Christy has over 20 years of management consulting experience in both Australia and the United States and has worked extensively with major corporations on corporate strategy. Prior to joining Port Jackson Partners, Christy spent 14 years with McKinsey and Company, where she was a partner. She holds a Bachelor of Economics from the University of Sydney, a Masters of Management from the Kellogg Graduate School of Business (Northwestern University) and is a Graduate Member of the Australian Institute of Company Directors.
Mr Neil Broekhuizen Independent Non-executive Director Member of Audit & Risk Management Committee	Mr. Neil Broekhuizen is the Joint Chief Executive Officer of Ironbridge. Neil has over 30 years experience in the finance industry, including 27 years in private equity with Investcorp and Bridgepoint in Europe, and Ironbridge in Australia. He has sat on the Ironbridge Investment Committee since inception. Neil is currently the Independent Non-executive Chairman of Bravura Solutions, having previously served as a director. Neil is qualified as a Chartered Accountant and holds a BSC (Eng) Honours degree from Imperial College, University of London.

Directors' Report (cont)

Information on directors - continued

Director	Experience
Dr Richard Henshaw Executive Director	Dr Richard Henshaw MD FRANZCOG FRCOG has practiced in the field of reproductive medicine since 1995. Richard works as a Fertility Specialist for the Group. Richard has served on many national bodies, including RANZCOG Council, the IVF Medical Directors Group of Australia and New Zealand, and the Reproductive Technology Accreditation Committee.
Ms Zita Peach Independent Non-executive Director Chair of Remuneration & Nomination Committee effective 1 July 2020	Ms Zita Peach has more than 25 years of commercial experience in the pharmaceutical, biotechnology, medical devices and health services industries, and has worked for major industry players such as CSL Limited and Merck Sharp & Dohme, the Australian subsidiary of Merck Inc. Zita's most recent executive position is Managing Director for Australia and New Zealand and Executive Vice President, South Asia Pacific for Fresenius Kabi, a leading provider of pharmaceutical products and medical devices to hospitals. Previously, Ms Peach was Vice President, Business Development, for CSL Limited, a position she held for ten years. Zita is Chair of Pacific Smiles Group Limited and Non-executive Director of ASX-listed, Starpharma Holdings Limited and Visioneering Technologies, inc. She is also a member of the Hudson Institute of Medical Research Board. Ms Peach is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Marketing Institute.
Mr Michael Knaap Chief Executive Officer Managing Director	Mr Michael Knaap joined Monash IVF Group in August 2015 as the Chief Financial Officer and Company Secretary. In October 2018 Mr. Knaap was appointed Interim CEO and in April 2019 he was appointed Chief Executive Officer and Managing Director. Michael has more than 17 years' experience in senior finance executive roles in the FMCG sector in both listed and unlisted organisations. Michael's role prior to joining Monash IVF Group was with Patties Foods Limited where he held a number of executive positions in 6 years, including the role of CFO and Company Secretary. Michael holds a Bachelor of Accounting from Monash University and is a Certified Practising Accountant.

Directors' Report (cont)

Company Secretary

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

Malik joined Monash IVF Group in 2014 as a senior finance leader and has continued to progress his career with Monash IVF Group. Malik has more than 15 years experience in the finance sector including 10 years at KPMG as a Manager in Audit and Assurance where his client portfolio included ASX listed organisations Origin Energy Limited, AusNet Services and Dulux Group Limited. Malik was also the External Audit Manager for the Monash IVF Group for 6 years prior to its listing on the ASX in 2014.

Director Meetings

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

Member	Attended	Eligible to Attend
Mr Richard Davis (Chair)	18	18
Mr Josef Czyzewski	17	18
Ms Christy Boyce	18	18
Ms Zita Peach	18	18
Mr Neil Broekhuizen	18	18
Dr Richard Henshaw	17	18
Mr. Michael Knaap	18	18

For the purposes of the equity raising, a Due Diligence Working Group (DDWG) was created which included participation from Richard Davis, Josef Czyzewski, Neil Broekhuizen, Michael Knaap and Malik Jainudeen (CFO). There were six DDWG meetings held and were attended by all participants.

In addition, the Board of Directors participated in numerous teleconferences to the above formal Board meetings, in particular in response to the emerging COVID-19 Pandemic in March, April and May 2020.

Committee meetings

	ARC		REM	
Member	Attended	Held	Attended	Held
Mr Richard Davis	4	4	5	5
Mr Josef Czyzewski (ARC Chair)	4	4	4	5
Ms Christy Boyce (REM Chair)	4	4	5	5
Ms Zita Peach	n/a	n/a	5	5
Mr Neil Broekhuizen	4	4	n/a	n/a

Remuneration Report – Audited

for the year ended 30 June 2020

The Company's Directors present the 2020 Remuneration Report prepared in accordance with Section 300A of the *Corporations Act 2001*, for the Company and the Group for the year ending 30 June 2020 ("FY20"). The information provided in this Remuneration Report has been audited by KPMG as required by Section 308(3C) of the *Corporations Act 2001*. The Remuneration Report forms part of the Directors' Report.

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

Executive Summary

The 2020 financial year has seen unprecedented challenges across Australia with the global COVID-19 pandemic.

Throughout the year the employees of Monash IVF Group have worked tirelessly to adjust to these challenges, enabling the Monash IVF Group to deliver quality patient care in a safe manner that protects our patients, our people and our doctors.

In response to the challenges being faced during this time, and considering the circumstances and performance in FY20, the following remuneration outcomes relate to FY20 and FY21;

- Short-term incentive (STI) payments for KMP in FY20 reflect the achievement of non-financial metrics ranging from 15-20%. No STI was payable for financial achievements in FY20.
- Long Term Incentive (LTI) FY18 plans relating to EPS and TSR are not expected to vest due to performance.

Increases to the 2021 financial year fixed pay for KMP including Executives have been placed on hold for review in January 2021.

- No increase to the 2021 financial year fees for Directors.

In taking these decisions, the Board has been mindful that returns to shareholders for the 2020 financial year did not meet our expectations. At the same time, the Board wants to acknowledge the considerable efforts of employees across the Group, and to thank them as they have continued to provide high quality service to our patients through difficult times and events and supporting our strong recovery.

The Monash IVF Executive team are commended for their commitment and have worked closely with the Board to navigate the COVID-19 situation with increased consultation meetings to ensure alignment with the regulatory requirements, government recommendations, workforce planning including Stand down periods, Job Keeper, restructuring and undertaking a Capital Equity Raise.

The Monash IV Group Executive had also been focused on preparing plans for strong and fast market share growth. The Board will consider in FY21 a special bonus of 5% of TFR available should market share targets be met over the first 3 month period post shutdown.

Our remuneration framework continues to be focused on driving a performance culture by linking Executive Remuneration to strategic objectives both financial and non-financial.

Executive Remuneration in FY20 remains at levels which are competitive with Executives in comparable companies and roles. Fixed remuneration continues to sit at or below the industry benchmark; a higher proportion of remuneration is performance based and at risk relative to industry peers. The Board varies rewards to Management in accordance with short and long term financial performance.

COVID-19 continues to have an impact on many of our patients, employees, doctors and on the community more widely. We will continue to be guided by our principles as we support our patients, our people and our doctors in these challenging times.

Director and KMP Changes in FY20

There have been two changes to Directors and KMP in 2020. These include;

- Director, Christy Boyce tendered her resignation on 29 June 2020. In the ASX announcement made on 29 June 2020 it was stated that, during Ms Boyce's tenure as a non-executive director, she retained her partnership at Port Jackson Partners, a boutique strategy consulting firm. Port Jackson Partners has recently been acquired by Ernst & Young (EY) and Ms Boyce was appointed a partner of EY. As EY's policy stipulates that 'Partners and Employees should not serve as directors, officers or trustees of entities

Remuneration Report – Audited (cont)

Director and KMP Changes in FY20 - continued

- with publicly traded shares, or debt and for-profit private entities', Ms Boyce must resign as a Director of the Company. The Board will undertake a search to appoint a new non-executive director.
- On the 27th March 2020, Brett Comer the Chief Operations Officer tendered his resignation. Following this Monash IVF Group made an internal succession appointment of Hamish Hamilton to the position of Chief Operations Officer on 30th March 2020. Hamish Hamilton has been with Monash IVF Group since 2009 and has extensive experience in science and scientific leadership and operational leadership. He has held positions including Scientific Director in Darwin, General Manager Repromed & Regional Manager SA/NT and Ultrasound and has provided interim leadership for both QLD and NSW.

1.0 Remuneration Snapshot

1.1 Remuneration Governance

The Board is ultimately responsible for remuneration decisions. To assist the Board's governance and oversight of remuneration, this is delegated to the Remuneration and Nomination Committee (Committee). Under the Remuneration and Nomination Committee Charter, it must have at least three members, the majority of whom (including the Chair) must be independent Directors and all of whom must be non-executive Directors.

The Committee is composed of four independent Directors. Ms Christina Boyce chaired the Remuneration and Nomination Committee until her resignation on 29th June 2020. Ms Boyce was appointed Chair of the Remuneration and Nomination Committee on 4 June 2014. Mr Davis and Mr Czyzewski were appointed on 4 June 2014 and Ms Peach was appointed on 16 December 2016. Ms Zita Peach was appointed to the Remuneration Chair on 23 June 2020.

During FY20, the Remuneration and Nomination Committee met five times with full attendance by all members. The Remuneration and Nomination Committee may invite the CEO, CFO/Company Secretary and Chief People & Culture Officer to attend Committee meetings to assist in deliberations (excluding matters relating to their own employment).

From time to time, the Remuneration and Nomination Committee seeks independent external advice on the appropriateness of the remuneration framework and remuneration arrangements. No recommendations as defined in section 9B of the Corporations Act were received in FY20.

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

- Group remuneration principles, strategy and practices
- Non-executive director fee frameworks, policy regarding fee allocation, and fee pools sufficient for appropriate fee levels, Board renewal, Board roles, market practice, and director workload
- Overall remuneration framework for Executives
- Terms and conditions underpinning Executive & Doctor Service Agreements (ESA), including restraint and notice period
- Eligibility for, and conditions of, incentive plans, including equity-based incentive plans
- Remuneration packages for all Senior Executives including structure and incentives
- Metrics and associated targets for Incentive plans
- Terms and conditions associated with incentive plans including equity plan rules, escrow and other restrictions on disposal
- Structure and quantum of Senior Executive termination payments
- Treatment of outstanding incentives in case of cessation of employment
- Exercise of malus or clawback if relevant to incentive plan payments.

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

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

Remuneration Report – Audited (cont)

1.0 Remuneration Snapshot - continued

The Remuneration and Nomination Committee Charter is available on the Company's website at http://ir.monashivfgroup.com.au/Investor-Centre/?page=Corporate-Governance. The Charter is reviewed annually and was last reviewed in May 2020. Further information on the Remuneration and Nomination Committee is provided in the Corporate Governance Statement in this Annual Report.

1.2 Principles used to determine the nature and amount of remuneration

The executive remuneration framework is designed to:

- Ensure employees including KMP and executive management are rewarded fairly and competitively according to role accountability, market positioning, skills, experience and performance.
- Alignment with the overall business strategy and ensure all policies and processes are observed to enable the attraction and retention of key personnel who create value for shareholders
- Be simple, flexible, consistent and scalable across the organisation allowing for sustainable business growth
- Encompass long term and short term variable performance elements for Executives, employees and contractors who have the ability to impact overall organisation performance to best align incentives
- Support the business strategy
- Reinforce the organisations mission, principles and culture and is reviewed regularly to ensure employees act ethically and responsibly
- Comply with all relevant legal and regulatory provisions

2.0 Remuneration Policy

2.1 Executive remuneration policy

For the majority of senior executives, total remuneration consists of:

Total Fixed Remuneration (TFR)	• Is determined as base salary and inclusive of all standard leave provisions and superannuation guaranteed contributions. • Reflects the individuals' accountability, position requirements and experience. • Benchmarked by the scale and size of the company.
Short Term Incentive (STI)	• Ensures a proportion of remuneration is tied to key performance indicators for the relevant financial year and aligned to the strategic goals of the organization. • The STI is available to eligible employees and is based on a balanced scorecard of financial and non-financial objectives.
Long Term Incentive (LTI)	• Ensures that a proportion of remuneration is tied to longer term Group performance measured over 3 years. • Creates alignment with long term shareholder interests and reward the creation of sustainable shareholder wealth.

The Group's remuneration framework for FY20 for the CEO, CFO and COO had three components, two of which vary with performance. TFR levels sit at or below median for similar organisations. A higher proportion performance based remuneration is at risk relative to peers. The remuneration structure aligns the remuneration opportunity with the level of position accountability.

Remuneration Report – Audited (cont)

2.0 Remuneration Policy - continued

The diagram below summarises the framework for FY20. The framework continues to be reviewed each year.

Executive Remuneration Framework

Total Fixed Remuneration (TFR)

Comprises:

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

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

TFR is at or below median for companies of similar size.

At Risk Remuneration

Short Term Incentive (STI)

- The STI includes a Non-Financial Gateway (ANZARD Success Rate Average)
- Financial Measure (70%) being EBITDA for Group and/or Specific Business Units
- Non-financial Measures (30%) are linked to key strategic initiatives built around a balanced scorecard including but not limited to;
    - Engagement (People, Patient, Doctor)
    - Market Share
    - Scientific Success Rates

Long Term Incentive Plan (LTI)

- EPS growth hurdles based on predefined growth rates over a 3 year period (50%)
- TSR hurdles based on Group's relative TSR performance against ASX300 Healthcare Index (50%)

Comprise share rights which vest in accordance with 3 year EPS growth and relative TSR above threshold performance requirement.

Total fixed remuneration (TFR) consists of base remuneration (which is calculated on a total cost basis) as well as non-monetary benefits and superannuation.

TFR levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers market rates and individual experience in the position. TFR is also reviewed on promotion. There are no guaranteed increases in base pay or superannuation included in executive contracts.

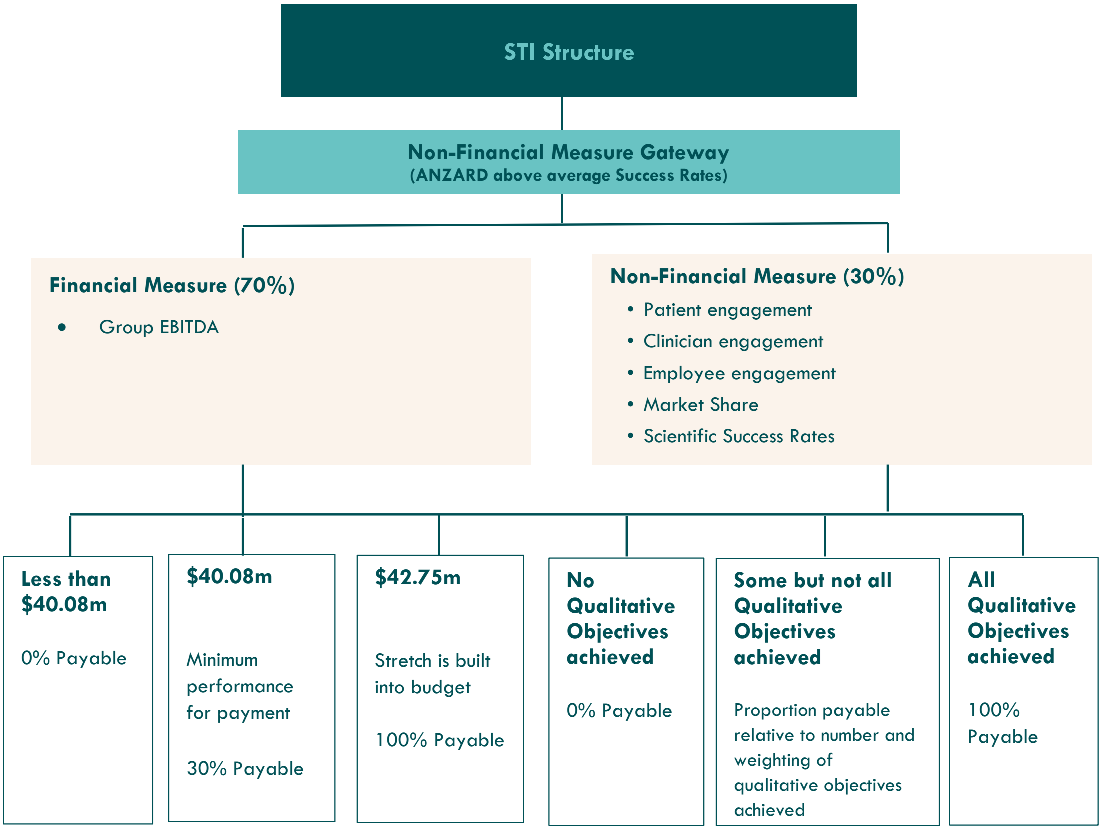
KMP TFR sits at or below the median level for ASX listed companies of similar size (based on a market capital of $175M - $375M).

Remuneration Report – Audited (cont)

2.0 Remuneration Policy - continued

Short-term Incentive Plan

Overview of FY20 Short term incentive plan:



The Group's STI is a variable component of remuneration and is designed to focus on strategic objectives prioritised by the Board for the financial year.

The introduction of a Non-Financial Gateway was introduced in FY20 for the Short Term Incentive Plan (STI). This target required the Group to achieve above the average ANZARD (Australia and New Zealand Assisted Reproduction Database) clinical pregnancy rates (success rates). In FY20 Clinical Pregnancy rates achieved were above the ANZARD average.

The financial measure within the STI Plan is Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). EBITDA is compared to budget EBITDA to assess achievement. EBITDA may be normalised to assess cash earning operating performance by adjustment for any amounts for individually significant, non-recurring, abnormal or unusual gains or losses of the Group. For the majority of the senior management team, threshold performance was set at $40.08m for FY20. At this level, 30% of the amount allocated for EBITDA achievement is payable. Stretch EBITDA performance was set at $42.75m, at which the entire amount allocated for EBITDA is payable. Achievement between these two levels of performance results in a pro-rata payment of STI.

The qualitative non-financial measures defined for KMP (including the CEO) include Patient Engagement which is measured using Patient NPS, Clinician Engagement assessed using an annual Doctor Engagement survey, Employee Engagement also measured annually using an employee engagement survey, Scientific Success Rates based on clinical pregnancy rates and Market Share based on MBS data. The CEO and CFO both were measured on

Remuneration Report – Audited (cont)

2.0 Remuneration Policy - continued

International Expansion targets and the CFO included a Domestic Acquisition target. In FY20 the maximum STI payout for KMP's was 20% of the Non-Financial metrics.

STI in FY21

In FY20 Monash IVF Group performed a review of the STI framework and will introduce the following change to the Financial Metric in FY21. The Financial Metric change will replace Group EBITDA for an Earnings Per Share (EPS) target to further align variable incentives to shareholder value.

Long-term Incentive plan

KMP including CEO, CFO & COO are eligible to receive an LTI grant. Grants under LTI Plan are subject to the following conditions:

- The invitations issued to eligible persons will include information such as award conditions and, upon acceptance of an invitation, the Board will grant awards in the name of the eligible person. Awards may not be transferred, assigned or otherwise dealt with except with the approval of the Board.
- Awards will only vest where the conditions advised to the participant by the Board have been satisfied. An unvested award will lapse in a number of circumstances, including where conditions are not satisfied within the relevant time period, or in the opinion of the Board, a participant has committed an act of fraud or misconduct or gross dereliction of duty. If a participant's engagement with the Company (or one of its subsidiaries) terminates before an award has vested, the Board may determine the extent to which the unvested awards that have not lapsed will become vested awards or, if the award offer does not so provide and the Board does not decide otherwise, the unvested awards will automatically lapse.
- Awards are subject to malus and clawback conditions whereby the Board may, in its discretion, and subject to applicable laws, determine the performance rights or shares already allocated following the vesting or exercise of a performance right are forfeited, recovered or the conditions modified. The Board's decision in regards to unfair benefits obtained by the participant is final and binding.
- Where there is a takeover bid or a scheme of arrangement proposed in relation to the Company, the Board may determine that the participant's unvested awards will become vested awards. In such circumstances, the Board shall promptly notify each participant in writing that the awards have become vested awards, or that he or she may, within the time period specified in the notice and where applicable in accordance with the class or category of award, exercise such vested awards. A participant is not entitled to participate, in their capacity as holder of awards, in any new issue of shares in the Company, nor in any return of capital, buyback or other distribution or payment to shareholders, unless the Board determines otherwise. In the event of a bonus issue or rights issue, the rights of the award will be altered in a manner (if any) determined by the Board, consistent with the ASX Listing Rules.
- In the event of any reorganisation of the issued ordinary capital of the Company before the exercise of an award, the number of shares attached to each award will be reorganised in the manner specified in the LTI plan and in accordance with the ASX Listing Rules or, if the manner is not specified, the Board will determine the reorganisation. In any event, the reorganisation will not result in any additional benefits being conferred on participants which are not conferred on shareholders of the Company.
- Participants who hold an award issued pursuant to the LTI plan have no rights to vote under the LTI award at meetings of the Company until that award has vested (and is exercised, if applicable) and the participant is the holder of a valid share in the Company. Shares acquired upon vesting of the award will, upon issue, rank equally in all respects with other shares.
- No award or share may be offered under the LTI plan if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time.

Remuneration Report – Audited (cont)

2.0 Remuneration Policy - continued

Overview of the FY20 LTI Plan:

Performance Rights Granted

EPS Compound Annual Growth Rate
("EPS Hurdle")
50% of allocation subject to the hurdle

Vesting Framework

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

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

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

Relative Total Shareholder Return
("TSR Hurdle")
50% of allocation subject to the hurdle

Vesting Framework

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

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

The LTI plan is a performance rights plan with vesting rights dependent upon the satisfaction of pre-defined performance hurdles and continuous employment. As indicated in the last remuneration report, LTI grants will be issued on a rolling annual basis. This ensures Executives maintain a continuous focus on sustainable long term growth and returns, and provides an appropriate balance to the focus on annual results demanded by the STI.

Performance rights were granted in two tranches during FY20, with each tranche subject to separate vesting conditions. The Executives did not pay any money to be granted those performance rights. The expiry date of the rights will be on the fifth anniversary of their grant.

Details of current performance rights granted to Executives during FY20 are set out in the following table:

Mr. Michael Knaap (CEO)	EPS	50%	147,205
	TSR	50%	147,205
Mr. Malik Jainudeen (CFO)	EPS	50%	36,801
	TSR	50%	36,801

The performance periods and vesting schedules for the performance rights granted in FY20 are as follows:

Performance Measure	Performance Period
Earnings Per Share	1 July 2019 to 30 June 2022
Relative TSR	11 days after FY19 results announcement to 11 days after FY22 results announcement

Remuneration Report – Audited (cont)

2.0 Remuneration Policy - continued

Earnings per share	
Performance	% of rights that will vest
Less than 10%	0%
10%	20%
Between 10 and 12%	20% to 100% (pro-rata)
Greater than or equal to 12%	100%

Relative TSR	
Performance	% of rights that will vest
Less than ASX300 Healthcare Index	0%
Equal to ASX300 Healthcare Index	20%
Between ASX300 Healthcare Index and ASX300 Healthcare Index + 5%	20% to 100% (pro-rata)
Greater than ASX300 Healthcare Index + 5%	100%

The graduated vesting scale in the Senior Executive LTI plan was designed to minimise the likelihood of excessive risk taking as a performance threshold is approached.

The Board believes this vesting framework strengthens the performance link over the long-term and accordingly encourages executives to focus on long-term performance. The Board also acknowledges that the value of certain strategic initiatives may take several years to deliver.

Non-Executive Director (NED) Remuneration Policy

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as Directors. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year, the amount fixed by the Company in a general meeting. This amount has been fixed by the Company at $950,000. For the 2020 financial year, the fees payable to the current NEDs are $569,943 in aggregate.

Role	2020 $	2019 $
Fees		
Chair	143,222	139,050
Other Non-Executive Directors	89,116	86,520
Additional Fees		
Audit & Risk Committee – Chair	16,974	16,480
Audit & Risk Committee – Member	8,487	8,240
Remuneration & Nomination Committee – Chair	16,974	16,480
Remuneration & Nomination Committee – Member	8,487	8,240

Remuneration Report – Audited (cont)

3.0 Executive and Non-Executive Remuneration

Remuneration Summary

The Executive Remuneration outcomes for FY20 for the CEO and KMP Executives reflect the performance outcomes achieved over the year.

Executive	Component	Commentary
CEO **Michael Knaap**	TFR	$500,000 per annum.
	STI	The CEO has the opportunity to earn an annual incentive of 60% of his total fixed remuneration package based on meeting certain defined criteria. The FY20 STI criteria were subject to both financial (70%) and non-financial (30%) outcomes.
	LTI (Performance Rights)	294,410 performance rights were granted in FY20. These rights vest at the end of the 3 year performance period subject to meeting certain EPS and TSR outcomes.
	Notice Period	6 Months
	Term of Agreement	No Fixed Term
Executive Director **Dr Richard Henshaw**	TFR	$346,951 per annum. Dr Richard Henshaw was the only doctor during FY20 who served as a Director. He was paid a salary by Monash IVF Group.
	STI	n/a
	LTI (Performance Rights)	n/a
	Notice Period	6 Months
	Term of Agreement	No Fixed Term
CFO **Malik Jainudeen**	**TFR**	$300,000 per annum.
	STI	The CFO has the opportunity to earn an annual incentive of 30% of his total fixed remuneration package based on meeting certain defined criteria. The FY20 STI criteria were subject to both financial (70%) and non-financial (30%) outcomes.
	LTI (Performance Rights)	73,602 performance rights were granted in FY20. These rights vest at the end of the 3 year performance period subject to meeting certain EPS and TSR outcomes.
	Notice Period	3 Months
	Term of Agreement	No Fixed Term
COO **Brett Comer** COO for the period of 1 July 2019 to 27 March 2020	TFR	$350,000 per annum
	STI	n/a
	LTI (Performance Rights)	COO forfeited performance rights due to his resignation.
	Notice Period	n/a
	Term of Agreement	n/a

Remuneration Report – Audited (cont)

3.0 Executive and Non-Executive Remuneration - continued

Executive	Component	Commentary
COO **Hamish Hamilton** COO for the period from 30 March 2020	TFR	$300,000 per annum
	STI	The COO has the opportunity to earn an annual incentive of 30% of his total fixed remuneration package based on meeting certain defined criteria. The FY20 STI criteria were subject to both financial (70%) and non-financial (30%) outcomes.
	LTI (Performance Rights)	No performance rights were granted in FY20
	Notice Period	3 Months
	Term of Agreement	No Fixed Term

The following table shows the proportional weighting of each element of remuneration for each of the senior executives based on achieving maximum opportunity:

	Fixed Remuneration (%)	Short Term Incentive (%)	Long Term Incentive (%)
Mr. Michael Knaap	45.4	27.3	27.3
Mr. Richard Henshaw	100	-	-
Mr. Malik Jainudeen	64.5	19.4	16.1
Mr Hamish Hamilton(1)	76.9	23.1	-

(1) Mr Hamish Hamilton commenced as COO on 30 March 2020 and is considered KMP from that date. The proportional weighting of each element of remuneration has been calculated from 30 March 2020 and in accordance with the contract terms of the position held from this time.

3.1 Details of Remuneration for Key Management Personnel

Key Management Personnel ("KMP")

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

Name	Position	Period Covered Under this Report
Non-Executive Directors		
Mr Richard Davis	Non-Executive Chairman	Full Financial Year
Ms Christina Boyce	Non-Executive Director	From 1 July 2020 to 29 June 2020
Mr Josef Czyzewski	Non-Executive Director	Full Financial Year
Mr Neil Broekhuizen	Non-Executive Director	Full Financial Year
Ms Zita Peach	Non-Executive Director	Full Financial Year
Executive Directors		
Mr Michael Knaap	Chief Executive Officer	Full Financial Year
Dr Richard Henshaw	Executive Director	Full Financial Year
Other KMP		
Mr Malik Jainudeen	Chief Financial Officer	Full Financial Year
Mr Brett Comer	Chief Operations Officer	From 1 July 2020 – 27 March 2020
Mr Hamish Hamilton	Chief Operations Officer	From 30 March 2020

Remuneration Report – Audited (cont)

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

		Short term employee benefits				Post-employment benefits			Share based payments	
		Salary & fees $	STI Cash incentive $	Other benefits $	Total $	Superannuation $	Other long term benefits $	Termination benefits $	Rights $	Total $
Non-Executive Directors										
Mr Richard Davis[1]	**2020**	**142,640**	**-**	**-**	**142,640**	**13,551**	**-**	**-**	**-**	**156,191**
	2019	142,037	-	-	142,037	13,493	-	-	-	155,530
Mr Josef Czyzewski[1]	**2020**	**102,021**	**-**	**-**	**102,021**	**9,692**	**-**	**-**	**-**	**111,713**
	2019	101,589	-	-	101,589	9,651	-	-	-	111,240
Ms Christina Boyce[1]	**2020**	**102,021**	**-**	**-**	**102,021**	**9,692**	**-**	**-**	**-**	**111,713**
	2019	101,589	-	-	101,589	9,651	-	-	-	111,240
Mr Neil Broekhuizen[1]	**2020**	**86,907**	**-**	**-**	**86,907**	**8,256**	**-**	**-**	**-**	**95,163**
	2019	86,539	-	-	86,539	8,221	-	-	-	94,760
Ms Zita Peach[1]	**2020**	**86,907**	**-**	**-**	**86,907**	**8,256**	**-**	**-**	**-**	**95,163**
	2019	86,539	-	-	86,539	8,221	-	-	-	94,760
Total Non-Executive Directors	**2020**	**520,496**	**-**	**-**	**520,496**	**49,447**	**-**	**-**	**-**	**569,943**
	2019	518,293	-	-	518,293	49,237	-	-	-	567,530
Executive Directors										
Mr Michael Knaap[2]	**2020**	**479,471**	**49,500**	**-**	**528,971**	**21,002**	**-**	**-**	**11,475**	**561,448**
	2019	401,706	43,884	35,076	480,666	20,531	-	-	18,968	520,165
Dr Richard Henshaw	**2020**	**325,948**	**-**	**-**	**325,948**	**21,003**	**-**	**-**	**-**	**346,951**
	2019	292,147	-	-	292,147	24,977	-	-	-	317,124
Mr David Morris[3]	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	147,678	-	-	147,678	10,066	-	484,156	(27,544)	614,356
Total Executive Directors	**2020**	**805,419**	**49,500**	**-**	**854,919**	**42,005**	**-**	**-**	**11,475**	**908,399**
	2019	841,531	43,884	35,076	920,491	55,574	-	484,156	(8,576)	1,451,645

(1) Includes Board Remuneration reduction of 30% in the month of April in response to COVID-19.

(2) In FY19, Mr Michael Knaap was appointed interim CEO on 9 October 2018. Prior to this date he was CFO and Company Secretary. On 15 April 2019 he was appointed CEO & Managing Director. The total remuneration for the period Mr Knaap acted as CEO & Managing Director was $103,792. Total remuneration for the period Mr Knaap acted as CEO and Interim CEO was $416,373. Mr Knaap received a higher duties allowance whilst acting as Interim CEO over the period of October 2018 to April 2019.

(3) Mr David Morris ceased his employment on 9 October 2018.

Remuneration Report – Audited (cont)

3.1 Details of Remuneration for Key Management Personnel – continued

		Short term employee benefits				Post-employment benefits			Share based payments	
		Salary & fees $	STI Cash incentive $	Other benefits $	Total $	Superannuation $	Other long term benefits $	Termination benefits $	Rights $	Total $
Other Key Management										
Mr. Malik Jainudeen [(1)]	**2020**	**279,469**	**14,850**	**-**	**294,319**	**21,003**	**-**	**-**	**6,641**	**321,963**
	2019	157,228	12,423	34,747	204,398	15,252	-	-	-	219,650
Mr. Hamish Hamilton [(2)]	**2020**	**244,013**	**12,841**	**-**	**256,854**	**21,003**	**-**	**-**	**-**	**277,857**
	2019	-	-	-	-	-	-	-	-	-
Mr Brett Comer [(3)]	**2020**	**267,580**	**-**	**-**	**267,580**	**15,040**	**50,576**	**-**	(12,145)	**321,051**
	2019	317,262	22,430	-	339,692	25,000	-	-	12,145	376,837
Total Other Key Management Personnel	**2020**	**791,062**	**27,691**	**-**	**818,753**	**57,046**	**50,576**	**-**	**(5,504)**	**920,871**
	2019	474,490	34,853	34,747	544,090	40,252	-	-	12,145	596,487
Total KMP Remuneration	**2020**	**2,116,977**	**77,191**	**-**	**2,194,168**	**148,498**	**50,576**	**-**	**5,971**	**2,399,213**
	2019	1,834,314	78,737	69,823	1,982,874	145,063	-	484,156	3,569	2,615,662

(1) In FY19, Mr Malik Jainudeen commenced as Interim CFO on 9 October 2018 and is considered Key Management Personnel from that date. On 15 April 2019 he was appointed CFO & Company Secretary. Mr Malik Jainudeen received a Higher Duties Allowance whilst acting as Interim CFO over the period of October 2018 to April 2019.

(2) Mr Hamish Hamilton commenced in the position of COO on 30 March 2020.and is considered Key Management Personnel from that date.

(3) Mr Brett Comer ceased his employment on 27 March 2020, other benefits include all entitlements paid out. Mr Brett comer received share rights in FY20 and were forfeited upon his resignation.

Remuneration Report – Audited (cont)

3.1 Details of Remuneration for Key Management Personnel - continued

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

Name	Type	Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 19	Granted in FY20	Vested in FY20	Lapsed or Forfeited	Balance of Unvested Equity 30 Jun 2020	Fair Value per Security
					Number	Number	Number	Number	Number	$
Mr. Michael Knaap	Rights	TSR	17-Mar-17	9-Sep-19	19,447	-	-	(19,447)	-	0.63
	Rights	EPS	29-Jan-18	30-Jun-20	29,680	-	-	(29,680)	-	1.19
	Rights	TSR	29-Jan-18	4-Sep-20	29,680	-	-	-	29,680	0.49
	Rights	EPS	20-Dec-18	30-Jun-21	57,145	-	-	-	57,145	1.00
	Rights	TSR	20-Dec-18	30-Aug-21	24,490	-	-	-	24,490	0.45
	Rights	EPS	16-Oct-19	30-Jun-22	-	147,205	-	-	147,205	0.94
	Rights	TSR	16-Oct-19	30-Jun-22	-	147,205	-	-	147,205	0.46
					160,442	**294,410**	**-**	**(49,127)**	**405,725**	
Mr. Malik Jainudeen	Rights	EPS	16-Oct-19	30-Jun-22	-	36,801	-	-	36,801	0.94
	Rights	TSR	16-Oct-19	30-Jun-22	-	36,801	-	-	36,801	0.46
					-	**73,602**	**-**	**-**	**73,602**	
Mr. Brett Comer (1)	Rights	EPS	20-Dec-18	30-Jun-20	51,426	-	-	(51,426)	-	1.00
	Rights	TSR	20-Dec-18	30-Aug-21	22,040	-	- -	(22,040)	-	0.45
	Rights	EPS	16-Oct-19	30-Jun-22	-	51,522	- -	(51,522)	-	0.94
	Rights	TSR	16-Oct-19	30-Jun-22	-	51,521	- -	(51,521)	-	0.46
					73,466	**103,043**	**-**	**(176,509)**	**-**	
Total					**233,908**	**471,055**	**-**	**(225,636)**	**479,327**	

(1) Mr Brett Comer tendered his resignation on 27 March 2020 therefore forfeits all performance rights.

Remuneration Report – Audited (cont)

3.1 Details of Remuneration for Key Management Personnel - continued

Analysis of incentives included in remuneration

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

	Cash Incentive (2020)			Cash Incentive (2019)		
		% of Available Incentive			% of Available Incentive	
	Payable $	Payable %	Not Payable %	Paid $	Paid %	Not Paid %
Executive Directors						
Mr Michael Knaap	49,500	16.5	83.5	43,884	21.4	78.6
Dr Richard Henshaw	-	-	-	-	-	-
Other Key Management Personnel						
Mr Malik Jainudeen	14,850	16.5	83.5	12,423	25.0%	75.0
Mr Brett Comer	-	-	-	22,430	21.4%	78.6
Mr Hamish Hamilton	12,841	20	80	-	-	-

STI Non – Financial

The qualitative non-financial measures defined for KMP in Fy20 included the following:

Strategic Objective	Measure	FY20 Outcome
Patient Engagement	Deliver an ongoing improvement in Patient Engagement. A patient NPS Survey is undertaken.	Partial Achievement Due to COVID-19 IVF was significantly impacted whilst Ultrasound maintained a strong NPS.
People Engagement	To foster a culture of Engagement with all Monash IVF Group employees, assessed via an annual employee survey on improvement targets	Achieved
Doctor Engagement	Foster a culture of engagement with all Monash IVF Group Clinicians, assessed via a clinician engagement survey on improvement targets	Achieved
Scientific Success Rates	Deliver a focused improvement in clinical pregnancy success rates above ANZARD and improvement above previous year	Achieved
Domestic Market Growth	Increase market share growth in all IVF Key markets	Not Achieved

Note: CEO and CFO Non-Financial Metrics included a focus on the International Expansion. In addition, the CFO included a metric focused on Domestic Acquisitive Growth. In FY20 these measures were not achieved due to the impact of COVID-19 and resources realigned to the hibernation and recovery requirements associated to COVID-19.

3.2 Loans to Key Management Personnel

No loans were issued to KMP during 2020.

Remuneration Report – Audited (cont)

3.3 Key Management Personnel Shareholdings

The following details Monash IVF Group ordinary shares held by Directors and KMP during 2020:

Name	Balance at start of year	Granted as remuneration	Net Change	Balance at end of year
Non-Executive Directors				
Mr Richard Davis	52,799	-	129,268	182,067
Mr Josef Czyzewski	142,027	-	99,355	241,382
Ms Christina Boyce	106,215	-	48,104	154,319
Mr Neil Broekhuizen	100,000	-	32,787	132,787
Ms Zita Peach	56,000	-	36,803	92,803
Executive Directors				
Mr Michael Knaap	54,444	-	96,211	150,655
Dr Richard Henshaw	1,411,632	-	(52,790)	1,358,842
Other Key Management Personnel				
Mr Malik Jainudeen	-	-	19,231	19,231
Mr Hamish Hamilton	N/A	-	71,535	71,535
Mr Brett Comer	-	-	-	N/A
Total	**1,923,117**	**-**	**480,504**	**2,403,621**

(1) Net Change primarily comprises pro rata allocations from the $80M Equity Raising completed in May 2020.

4.0 Link to Group Performance

4.1 Group Performance

The revenue and earnings of the Group for the five years to 30 June 2020 are summarised below:

Measure	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Revenue	145,417	151,980	150,736	155,182	156,561
Reported EBITDA	32,833	37,242	38,109	48,974	49,584
Adjusted EBITDA (2)	34,797	37,815	38,109	48,974	49,584
Net Profit After Tax (1)	11,726	19,807	21,181	29,619	28,775
STI Payable	24.1%	29.4%	0%	17.8%	84.6%
Total Shareholder Return (1)	-61%	34%	-35%	3%	48%
Closing Share Price ($)	0.53	1.40	1.08	1.78	1.82
Dividend Per Share (cents)	2.1	6.0	6.0	8.8	8.5
Earnings per Share (cents) (1)	4.6	8.4	9.1	12.6	12.2

1) The Net Profit after Tax, total shareholder return and earnings per share are not comparable for certain years due to the capital structure and discontinued operations.
2) Adjusted reflects non-regular items relating to transaction costs on acquisition activity ($539,000 pre-tax), restructuring costs ($848,000) pre-tax), certain pre-IPO patient claim ($728,000 pre-tax).

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

Directors' Report

for the year ended 30 June 2020

Matters subsequent to the end of the financial year

Subsequent to 30 June 2020 and related to the COVID-19 Pandemic, the Group's largest operating market, Victoria in Australia has experienced a surge in COVID-19 cases resulting in its capital city, Melbourne moving to Stage 4 restrictions. Whilst this is disrupting operational efficiency and patient movement, provision of IVF and Ultrasound services are continuing notwithstanding Stage 4 restrictions. IVF services are exempt from the non-urgent elective surgery ban in-place in Victoria due to the service being "time critical and has minimal impact on hospital bed capacity".

Effective 24 August 2020, the Group has right sized the $110m Syndicated Debt Facility to $40m. The $40m accordion facility remains available for acquisitions and capital expenditure.

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

Environmental regulations

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

Likely developments

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

Indemnification and insurance of officers and auditors

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 57 and forms part of the directors' report for the year ended 30 June 2020.

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

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

Dated in Melbourne this 24th day of August 2020