



# Independent Auditor's Report

To the shareholders of Monash IVF Group Limited

## Report on the audit of the Financial Report

### Opinion

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

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

### Basis for opinion

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

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

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

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



## Key Audit Matters

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

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Recoverable value of goodwill (\$255.1m)

Refer to Note 2.6 to the Financial Report

#### The key audit matter

At 30 June 2023 the Group's balance sheet includes goodwill related to three cash generating units (CGUs) – Australia, International and Ultrasound.

A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 61% of total assets) and the extent of judgement involved. We focused on the significant forward-looking assumptions the Group applied in its value in use models, including:

- Forecast cash flows, growth rates and terminal growth rates in light of market conditions impacting each CGU and continued economic uncertainties post the COVID-19 pandemic. These conditions impact our consideration of forecasting risk; and
- Discount rates, which vary according to the conditions and environment the specific CGU is subject to.

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

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

#### How the matter was addressed in our audit

Our procedures included:

- We considered the appropriateness of the Group's value in use methodology to perform the annual test of goodwill for impairment against the requirements of the accounting standards.
- We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas.
- We compared the forecast cash flows contained in the value in use models to Board approved forecasts.
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts included in the models.
- We assessed the Group's underlying methodology and documentation for the allocation of corporate costs and corporate assets to each CGU, for consistency with our understanding of the business and the criteria in the accounting standards.
- We considered the sensitivity of the models by varying key assumptions, such as forecast cash flows, growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to identify those CGUs at higher risk of impairment and to focus our further procedures.
- We challenged the Group's forecast cash flow and growth assumptions having regard to the recovery from the uncertainties arising from the COVID-19 pandemic, with a particular focus on the Ultrasound CGU. We used our knowledge of the Group, business and patients and our industry



	<p>experience.</p> <ul style="list-style-type: none"><li>• Working with our valuation specialists, we:<ul style="list-style-type: none"><li>- independently developed a comparable discount rate range from publicly available market data for comparable entities and adjusted by specific risk factors to the Group and the industry it operates in;</li><li>- independently assessed the growth rates based on the industry in which the Group operates and current economic environment; and</li><li>- compared the implied multiples for comparable entities to the implied multiples from the Group's value in use models.</li></ul></li><li>• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li></ul>
--	--

## Other Information

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

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a



true and fair view and is free from material misstatement, whether due to fraud or error

- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Monash IVF Group Limited for the year ended 30 June 2023 complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

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

### Our responsibilities

We have audited the Remuneration Report included within the Directors' report for the year ended 30 June 2023.

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



Chris Sargent

Partner

Melbourne

22 August 2023