

ASX ANNOUNCEMENT

DATE: 14 April 2020

VIRTUS HEALTH LIMITED (ASX: VRT)

COVID-19 UPDATE and INTERIM DIVIDEND DEFERMENT

Virtus Health (ASX "VRT") advises that:

further to the market update on 25 March 2020, the current status of the impact of COVID-19 on VRT, is as follows:

- Australia – cycle activity in March was slightly ahead of prior year comparison. Services remain open for patients whose clinician determines that treatment is required, however the Federal Government's suspension of non-urgent elective surgery is expected to reduce cycles until the suspension is lifted.

Telehealth consulting has been enabled and is in use for all fertility specialists to facilitate the continuity of care and treatment for existing and new patients in preparation for the return to normal patient services.

- Australian Day Hospitals - non-IVF activity has ceased in accordance with the Federal Government's suspension of elective surgery. VRT is reviewing the State Government contracts associated with the Federal Government viability guarantee.
- Australian Diagnostics - continues to operate with a reduced service to support the screening of IVF patients and demand for non-IVF diagnostics.
- Singapore – IVF patients continue to be treated in accordance with local government guidelines noting IVF is still considered to be an essential service in Singapore.
- Europe – all Virtus clinics are closed. Telehealth consulting has been enabled for all fertility specialists to facilitate the continuity of care and treatment for existing and new patients in preparation for when the lockdown is lifted. It should be noted that in Denmark there are tentative plans for businesses to reopen at the beginning of June 2020 as the country prepares to return to normal business activity.

Virtus has undertaken a number of initiatives across the group to reduce costs and minimise cash outflow to preserve liquidity including:

- reducing fixed remuneration for Senior Executives and Board by approximately 20% until 30 June 2020;
- standing down of the majority of employees in Australia and Europe;
- only retaining those employees necessary where required to support consulting and prepare for return to normal patient services;
- putting in place steps to access government financial support initiatives in Australia, Ireland and Denmark;
- staff redeployment to other health care services (Europe);
- CAPEX deferrals; and

- cash flow management activities including deferment of company and State tax payments, and negotiating more favourable terms of trade with larger suppliers and lease rental payment abatements.

In this unprecedented environment that COVID-19 has presented, the Board considers it appropriate to defer payment of the interim dividend, scheduled for payment on 16 April 2020, until 30 November 2020. Payment of the dividend will be subject to the extent of the financial impact of COVID-19 on the company at that time. The Board believes this is a prudent approach to ensure the business is well positioned for the anticipated recovery.

At 31 March 2020, total bank facilities drawn were \$173m in borrowings and \$5.2m in guarantees. Unused and available debt facilities amounted to \$84.8m. \$92m of the debt facility expires in September 2021, whilst the remaining \$170m expires in September 2023. There has been no change in the facilities drawn since 31 December 2019. Cash balances at 31 March 2020 are approximately \$24m, an increase of approximately \$11m since 31 December 2019.

Authorised by the Board of Directors of Virtus.

ENDS

Further information:

Kate Munnings

CEO

Virtus Health

+61 (0)2 9425 1722

Kyahn Williamson

Investor Relations

Buchan Consulting

+61 (0)3 9866 4722

kwilliamson@we-worldwide.com

About Virtus Health Limited

Virtus Health Limited (ASX:VRT) brings together leading clinicians, scientists, researchers and support staff to provide the very best in fertility care and related specialised diagnostic and day hospital services. We have developed one of the most successful medical collaborations in the world. With 127 of the world's leading fertility specialists supported by over 1300 professional staff, we are the largest network and provider of fertility services in Australia and Ireland, with a growing international presence in the UK, Denmark and Singapore.