

ASX ANNOUNCEMENT

19 November 2020: VIRTUS HEALTH LIMITED (ASX: VRT)

CHAIR ADDRESS TO VIRTUS HEALTH 2020 AGM

I would like to start by thanking our doctors, scientists, staff, our suppliers, our executive team and the Board for their extensive contributions over the past 12 months. The impacts of the COVID-19 pandemic across the World were felt across every area of our business.

Shareholders will be pleased to know that despite significant challenges, we met the disruption head on, working quickly to implement a range of measures to protect patients and staff, as well as protecting our financial position.

The challenges were met with calm and decisive leadership, agility, flexibility, implementing technology and perhaps most importantly, strength and resilience with a view to the future. Efforts taken are to be commended. I am sure all shareholders will join me in saying thank you and well done.

Twelve months ago, when I first addressed you as Chair-elect, no one could predict that a global pandemic was only months away.

COVID-19 disrupted everything, and 2020 will be remembered as one of the toughest years in recent history. Virtus Health was not immune to the disruption – our financial results for FY20 were significantly impacted due to clinic and facility shutdowns. However, the difference for Virtus Health is that the year was also a period of renewal.

With my tenure as Chair beginning and our new CEO, Kate Munnings joining in March, we were in a unique position, in the midst of the pandemic, to use the period of disruption to reset our strategy and build an ambitious growth pathway: to be the global leader in *Precision Fertility*.

Financial Highlights FY20

Liquidity and long-term sustainability was at the forefront of the Board's deliberations during the year and we are pleased with our current position.

Virtus and its banking partners agreed to relevant normalisations to covenant calculations that extend to the reporting period ending 31 December 2020. Whilst this normalization flexibility has not been needed to date, it has provided us with confidence that we have adequate financial capacity. Importantly, after diligent analysis and consideration of multiple scenarios, we determined that we did not need to raise equity in a discounted market.

Although our financial performance in FY20 was impacted by clinic and facility shutdowns, there were some notable performances during the financial year. Our Queensland business achieved an increase in EBITDA, several Day Hospitals improved EBITDA, including East Melbourne, Alexandria and Hobart, and Complete Fertility in the UK achieved strong growth in EBITDA after a weak prior year result. Virtus TFC clinics in Australia achieved cycle growth of 11.6% and we achieved cycle volume growth in Singapore and the Aagaard clinic in Denmark.

We are also pleased to confirm, as previously advised, that payment of the interim dividend to shareholders on the register at 26 March 2020, originally scheduled for 16 April 2020, will be made on 30 November 2020.

The Board adopted a prudent approach whilst the impact of COVID-19 was fully assessed, causing us to defer payment of the interim dividend. However, the strength of recent trading and operating cash flow has provided the Board with confidence to proceed with payment of the dividend to shareholders.

While COVID-19 continues to present macroeconomic challenges, Virtus' business performance and related cash flow generation has led to a \$23million improvement in the group net debt position since 30 June 2020 with net debt as at 30 September 2020 down from \$127million to \$104million. Unused and available debt facilities amount to \$102million.

Q1 FY21

We commenced this current financial year with restrictions operating in all of the geographies in which our clinics and businesses are located. We are delighted to report the swift recovery across all geographies following the easing of COVID-19 restrictions for the first three months of this financial year with volumes out-performing prior year activity across every segment for the three months to September.

As a result, our unaudited financial performance for the first quarter is very pleasing with group revenue and underlying EBITDA up on prior period. Kate will talk more to this in her CEO presentation today and a brief summary of our unaudited results is provided below:

Metric	Q1FY2021 (A\$m)	Q1FY2020 (A\$m)	Change (%)
Revenue	83.87	70.25	19.4%
Underlying EBITDA	23.40	15.29	53.0%
Underlying EBT	19.43	10.44	86.1%

Underlying numbers exclude:

- Job Keeper receipts in Q1FY21
- Other non-trading items
- Impacts of adopting AASB 16 – Leases

While current momentum is positive, we remain cautious with many economies in deep recession and a second wave of COVID-19 cases and lockdowns experienced across Europe, the impact on the Company of COVID-19 pandemic remains uncertain and cannot be accurately predicted. To date we have not seen indications that COVID-19 will have a material impact for the ART sector in the first half of FY21.

Board and governance

Virtus is one of the top five assisted reproduction providers in the world. That's an enviable position to hold, and one we will continue to build on as we execute our strategic initiatives.

It is a privilege to be the Chair of the Board of Virtus Health, and at such an exciting time in the company's history. We help people create one of the greatest experiences one can have – that of being a parent. We have world-class doctors, scientists, embryologists, nurses and operational staff all working towards a common goal - success for our patients.

Our vision, to achieve *Precision Fertility*, will see us introduce technology-enabled care that empowers our teams to deliver more personalized services, more precise treatment and, ultimately, greater success rates for our patients.

Kate will talk more to our new strategic direction shortly. I once again thank and congratulate the team at Virtus Health and I thank my fellow directors - Dr Lyndon Hale, Greg Coultas, Shane Solomon and Michael Stanford for their commitment, diligence and contributions in 2020, and for making such positive inroads towards what I believe is a bright and promising future for this important company.

Thank you to our shareholders for your continued support and interest in Virtus Health which plays a pivotal role in helping people become parents.

-ENDS-

Authorised by the Board of Directors of Virtus Health.

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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 120 of the world's leading fertility specialists supported by over 1200 professional staff, we are the largest network and provider of fertility services in Australia and Ireland, with a growing presence in Denmark, UK and Singapore. Our combined expertise creates a unique and powerful body of knowledge which when combined with the collegial team approach of our specialists and scientists, means we are able to find new and advanced solutions for achieving success for our patients.