

ASX ANNOUNCEMENT

29 October 2021: VIRTUS HEALTH LIMITED (ASX:VRT)

Update on Funding for Genetic Testing, Reduced COVID-19 risk and Capital Management

Sydney, Australia – Virtus Health Limited (**Virtus**) (ASX:VRT) ("Virtus") provides an update as follows:

New funding for Genetic Testing

Virtus welcomes new funding from the Australian Government that from Monday next week (1 November 2021) Medicare reimbursement will be available for the screening of serious genetic conditions via Pre-Implantation Genetic Testing (**PGT**) services within the IVF process. As part of Virtus's strategic growth plan, the organisation has invested in its already market leading capability in Reproductive Genetics. That capability has resulted in Virtus' Reproductive Genetics service being engaged by other industry participants for the provision of this important service to support patients in their fertility journey. Whilst not yet material in its financial contribution to Virtus, it provides a relevant reference point as to a new driver of growth in demand for Assisted Reproductive Services in Australia.

Reduced COVID risk & Capital Management

The risk from the uncertainty caused by the COVID-19 Delta outbreak on Virtus's balance sheet has reduced with strong vaccination rates and easing restrictions. Since the time of the FY21 Results announcement and share placement, the demand for services across Virtus Health clinics has continued to grow, despite the extended NSW and Victorian lockdowns.

Whilst Virtus remains committed to the Adora Acquisition, given the ongoing cash generation from the business in 1Q22, recent share price performance, and the reduced risk from COVID-19 Delta outbreak, the business is reviewing its capital management options.

Notwithstanding the foregoing, investment in Virtus's strategic growth plan is continuing, funded from operating cash flows, and focused on the previously announced:

- *Precision Fertility* Digital Platform - improving clinician & patient engagement and IVF success rates via the implementation of an innovative digital platform, while sustainably & materially reducing operating costs in the medium term;
- Optimising the Core - the Agreement for Lease has now been signed for a new ARS clinic, with a *One Lab* uniquely designed embryology & andrology lab and 3 theatre day hospital in Spring Hill Brisbane; and
- Reproductive Genetics Capability - progress is continuing in the development of the Southern Hemispheres Centre of Reproductive Genetic Excellence in collaboration with a tertiary institution based in Asia.

A further update will be provided to shareholders at the upcoming AGM.

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 exceptional fertility care and related specialised diagnostic and day hospital services. We have a successful medical collaboration, with 128 leading fertility specialists, supported by over 1,300 professional staff.