

Rhythm Biosciences Quarterly Report September 2019

Highlights:

- **Key lead biomarker antibodies successfully differentiate between cancer and healthy samples and test optimised**
- **R&D Tax Incentive of \$744K received**
- **Strong Balance Sheet with \$4.47m of cash reserves**
- **Regulatory submission in FY'21 remains on track**
- **New Chairman appointed, Mr Otto Buttula**

29 October 2019, Melbourne: In the quarter ended 30 September 2019 medical diagnostics company Rhythm Biosciences Limited (ASX: RHY) continued progress in developing ColoSTAT[®], its global, low-cost, lifesaving blood test for the early detection of colorectal cancer.

In September, Rhythm announced that the recent testing indicated that the new antibodies for the key lead biomarker used in its ColoSTAT[®] test is able to successfully differentiate between cancer and healthy samples, and the test has now been further optimised. This is a significant milestone with these antibodies and biomarker being the cornerstone for the final test kit. The development of these antibodies has created further value to Rhythm by delivering greater control around the manufacturing / supply chain process and additionally removing the reliance on third party commercial partners for this lead biomarker.

Rhythm is pleased to report it has received its R&D tax incentive claim of \$743,822 for FY19. This is reflective of increased investment in the research and development of the business and continuing to de-risk the science as progression is made to finalise the test kit. Further R&D tax incentives are expected to be received in the future, in line with R&D expenditure.

Clinical trial recruitment remains ongoing, with Rhythm's clinical research organization (CRO) and management closely monitoring the recruitment rates. Rhythm and the CRO are working closely with the existing trial sites, which have indicated their forecast recruitment rates will meet the requirements for completion in FY'20. Rhythm stands ready to add additional sites if required.

As Rhythm moves through the development to manufacturing and completion of its final clinical trial, Rhythm is concurrently gearing up business development and commercialisation activity including: engaging governments, developing partnerships with health insurance companies, global IVD companies and with pathology laboratories.

Rhythm BiosciencesACN: 619 459 335
ASX: RHY**Issued Capital**100,750,000 Shares
3,504,200 Options and
Performance Shares**Australian Registered Office**Level 17, 500 Collins Street
Melbourne VIC 3000
www.rhythmbio.com**Directors**Otto Buttula – Chairman of the Board
Trevor John Lockett – Executive Director
Louis James Panaccio – Non-Executive Director
David John White – Non-Executive Director

The completion of the test development, optimisation, validation and transfer to manufacturer program, coupled with the clinical trial analytical results, will form key regulatory components for CE Mark (Europe) and TGA (Australia), that remains on track for submission in FY'21.

Following 13 years of CSIRO research, the science behind the test kit and biomarker selection is robust with Rhythm very focused on the development of the final test kit. The management team has a clear understanding of the next steps for registration and commercialisation of ColoSTAT®, realising shareholder value through bringing to the global mass market our simple, low cost, patient friendly blood test for the detection of colorectal cancer.

Rhythm continues its strong financial management, finishing the September 2019 quarter with a cash balance of \$4.47 million.

On 25 October 2019, the Company advised that it secured Mr Otto Buttula, an eminent sector specialist, highly regarded by investors, to join the board as director and Chairman. Mr Buttula's appointment took effect at the close of the Company's Annual General Meeting on Monday 28 October 2019.

Mr Buttula has had extensive experience and success in investment research, funds management and information technology and has held directorships in a number of public companies. Mr Buttula's executive experience includes co-founder and CEO and Managing Director of IWL Limited, an online financial services company that listed on the ASX in 1999. The company grew from a market capitalisation of \$48 million at listing before a takeover in 2007 by Commonwealth Bank of Australia for \$373 million. Mr Buttula also founded and was Managing Director of Investors Mutual, prior to which he was a co-founder and director of Lonsdale Securities Limited.

Following his completion of executive duties, Mr Buttula was Non-Executive Chairman of platform and stockbroking provider Investorfirst Limited and led the acquisition of HUB24 Limited (ASX: HUB). More recently, he served on the Board as a non-executive director and Head of Audit & Risk at Imugene Limited (ASX: IMU) between 2014 and 2016.

Mr Buttula replaces Mr Shane Tanner as Chairman who resigned as a director. The Board expresses its gratitude to Mr Tanner for his dedication and service to the Company over the last two years.

On 28 October 2019, the Company held its 2019 Annual General meeting, whereby all resolutions were passed without amendment.

For further information, please contact:

Glenn Gilbert
Chief Executive Officer
+61 3 8256 2880

About Rhythm Biosciences

ASX-listed Rhythm Biosciences is developing and commercialising a screening and diagnostic tool for the early detection of colorectal cancer, the third biggest cause of cancer-related deaths globally.

Rhythm's lead product, ColoSTAT[®], is intended to be a simple, affordable, minimally invasive and effective blood test for the early detection of bowel cancer for the global mass market. It is expected to be comparable to, if not better than, the current standard of care, the faecal immunochemical test (FIT), at a lower cost. ColoSTAT[®] also provides an alternative for those who choose not to, or are unable to, be assessed using standard screening programs.

ColoSTAT[®] is designed to be used easily by laboratories without the need for additional operator training or additional infrastructure.

ColoSTAT[®] has the potential to play an important role in reducing the morbidity and mortality rates and healthcare costs associated with colorectal cancer. Globally, over 850,000 people die from colorectal cancer each year.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

RHYTHM BIOSCIENCES LIMITED

ABN

59 619 459 335

Quarter ended ("current quarter")

30 SEPTEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(638)	(638)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs (not included above)	(152)	(152)
(f) administration and corporate costs	(223)	(223)
1.3 Dividends received (see note 3)		
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	744	744
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(260)	(260)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other – long term deposit		
2.6	Net cash from / (used in) investing activities		

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,728	4,728
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(260)	(260)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	4,468	4,468

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	32	5
5.2	Call deposits	4,436	4,723
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,468	4,728

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

101

Director fees and salaries.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	943
9.2 Product manufacturing and operating costs	63
9.3 Advertising and marketing	33
9.4 Leased assets	
9.5 Staff costs	235
9.6 Administration and corporate costs	225
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,499

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 29 October 2019

Print name:Adrien Wing.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.