

Rights Offer to raise approximately \$4.3 million

- Rhythm to undertake a non-renounceable rights issue offer to eligible shareholders on the basis of one (1) new share for every forty (40) shares held at an issue price of \$0.85 (85 cents) per new share plus 1 Class A Option and 1 Class B Option for every 2 New Shares subscribed under the Offer to raise up to \$4.3 million (“Rights Issue Offer”) before costs.
- Binding commitments received for approximately \$2.75 million for any shortfall shares from the Rights Issue Offer.
- All Directors, have indicated that they intend to take up some or all of their Entitlement, representing an investment of approximately \$0.62 million.

30 July 2021, Melbourne: Rhythm Biosciences Limited (ASX: RHY) is pleased to announce it is undertaking a non-renounceable rights issue offer to raise approximately \$4.3 million from shareholders (“Rights Issue Offer”) before costs.

The funds from the Rights Issue Offer will be applied to:

- Furthering and completing research and development of the current ColoSTAT[®] test;
- USA market entry commencement (CLIA lab developed test & FDA route);
- Commence platform technology research and development program for other cancer targets;
- Completion of the current clinical trial (Study 7) recruitment and preparation for regulatory submissions in Europe and Australia (CE Mark and TGA);
- The scale up of manufacturing capability, including initiating program to transfer core technology to more automated machines / platform;
- Marketing / business development; and
- Working capital purposes.

Rhythm Biosciences

ACN: 619 459 335
ASX: RHY

Issued Capital

202,170,811 Shares
10,370,000 Options

Australian Registered Office

Level 2, 480 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
Eduardo Vom – Non-Executive Director

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Commenting on the Rights Offer, Rhythm CEO, Glenn Gilbert said:

"We are pleased to offer existing eligible shareholders with the opportunity to participate in the capital raising, and I would like to thank all our existing shareholders for their ongoing support. We are further buoyed by the strong support shown by the binding commitments of all parties in the capital raising. We look forward to rewarding all our supportive shareholders with the development and commercialisation of our simple, low cost blood test for the early detection of colorectal cancer and increasing shareholder value."

Rights Issue Offer Details

The Company is undertaking a non-renounceable rights issue offer to eligible shareholders to subscribe for one (1) new shares for every forty (40) shares held an offer price of \$0.85 (85 cents) per share plus 1 Class A Option and 1 Class B Option for every 2 New Shares subscribed under the Offer to raise up to \$4.3 million before costs by the issue of up to ("Rights Issue Offer"). Eligible shareholders are shareholders with a registered address in Australia or New Zealand as at as at the Record Date of 6 August 2021. There is no minimum amount to be raised under the Rights Issue Offer, but the Company has already received binding written commitments from third parties for up to \$2.75 million of any shortfall available (see below).

Rights Issue participants will be offered attaching, unlisted options, comprising 1 Class A Option and 1 Class B Option for every two new shares taken up.

- Class A Options will have an exercise price of \$1.20 and expire on 31 August 2022; and
- Class B Options will have an exercise price of \$1.80 and expire on 31 July 2024.

The Rights Issue Offer will open on 10 August 2021 and close at 5pm (AEST), 3 September 2021. Issues under this Rights Issue Offer will be made under Listing Rule 7.2 exception and therefore do not affect the Company's current Listing Rule 7.1 capacity. No shareholder approval is required for the Rights Issue Offer. Fractional entitlements will be rounded up to the nearest whole number.

The New Shares will be fully paid ordinary shares, will rank equally with the Company's existing issued Shares and the Company will make an application to the ASX for the official quotation of the New Shares.

The Company has received firm, binding written commitments from third parties for up to \$2.75 million of any shortfall available under the Rights Issue Offer ("Shortfall Subscribers"). A commitment fee of 5% of the respective amounts committed will be paid to each of the above Shortfall Subscribers under the Placement.

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Rights Issue Offer) together with the impact of the issue of the New Shares under the Rights Issue Offer and the Placements. It assumes that no options are exercised prior to the Record Date.

Shares	Number
Existing Shares as at date of the Rights Issue Offer	202,170,811
Maximum number of New Shares issued under the Offer (approximately)	5,054,270
Total issued Shares following completion of the Offer (assuming full subscription under the Offer)	207,225,081

Further information pertaining to the Rights Issue Offer will be sent to Eligible Shareholders in Prospectus to be lodged with the ASX on 30 July 2021 and despatched to Shareholders on or around 10 August 2021.

Directors retain the right for up to 3 months after the close of the Offer to place the balance of any New Shares not taken up by Eligible Shareholders.

The following is an indicative timetable for the Rights Issue Offer:

Indicative Rights Issue Timetable¹ Event	Date
Rights Issue announcement and company resumes trading	Friday, 30 July 2021
Record Date	Friday, 6 August 2021
Dispatch of Prospectus and Rights Issue Offer opens	Tuesday, 10 August 2021
Closing of Rights Issue Offer	5.00pm Friday, 3 September 2021
Allotment and issue of New Shares under Rights Issue Offer	Thursday, 9 September 2021
Expected normal trading of New Shares under Rights Issue Offer	Friday, 10 September 2021

1. Dates / times are indicative and subject to change. All times / dates are in reference to Australian Eastern Standard Time

The release of this announcement was authorised by the Chief Executive Officer Mr. Glenn Gilbert on behalf of the Board.

For further information, please contact:

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About Rhythm Biosciences

Rhythm Biosciences (ASX: RHY) is a transformative, predictive diagnostics company, specialising in early cancer detection. Rhythm's initial business pursuit is centred upon technology originally developed by the CSIRO and involves the development and commercialisation of a screening and diagnostic test 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 via increasing current screening rates.

Globally, over 850,000 people die from colorectal cancer each year. Colorectal cancer is typically diagnosed at a later stage when there is a poor prognosis for long-term survival. Annual estimated unscreened 50-74-year old's is estimated at +130m for the US, EU and AU alone, with this market potential being more than \$6.5b.