

## Rhythm Acquires Genetype Genetic Risk Assessment Business Assets

### Highlights

- The acquisition of the Genetype business and assets creates a diversified oncology business with significant growth potential.
- The product and service portfolio of the two businesses are synergistic in their imperatives to improve early detection – a prerequisite for better disease outcomes.
- The Genetype product is already commercially available, providing Rhythm with an immediate revenue stream.
- Rhythm will leverage the deep experience of key members of the Genetype team in both Australia and the US to accelerate growth.
- The transaction is expected to complete on Monday 23 December 2024 and the integration of the Genetype business into the Rhythm business will commence immediately.

Transformative, predictive cancer diagnostics technology company, Rhythm Biosciences Ltd (ASX: **RHY**) (**Rhythm** or the **Company**) has entered into an Asset Sale Agreement (**ASA**) with Genetic Technologies Ltd (**GTG**) (Administrators Appointed) (**GTG Administrators**) for the acquisition of select assets related to the Genetype business.

### Background

Rhythm is committed to accelerating the delivery of the Company's core strategy, i.e., the delivery of high-quality clinical products and services designed to detect cancer early, through focused internal product development and strategic business partnering and M&A opportunities. As such, the Company has assessed several potential targets and is announcing the progress of a transaction with the lead opportunity.

### Transaction Details

The Company has entered a binding ASA to acquire the Genetype Business.

Rhythm has agreed to pay the GTG Administrators a cash purchase price of approximately \$0.625m which is inclusive of the Company agreeing to pay select trade creditors and assuming the statutory employee entitlements for transferring employees in Australia. The acquisition will be funded from existing cash reserves arising from previous Research and Development Tax Incentive payments.

The transaction is expected to complete on 23 December 2024 subject to satisfying conditions precedent relating to the release of securities from the Genetype assets being acquired and the transferring employees accepting their offers of employment.

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Below is a summary of the indicative timeline:

- Execution of Asset Sale Agreement 22 December 2024
- Completion of transaction 23 December 2024
- Business integration from GTG into RHY business Approx. 12 weeks after completion

### **Strategic Rationale**

#### **Business Synergies**

The Genetype business is a world leader in genetic-integrated risk assessment that offers population level predictive risk testing for a range of cancers and other serious and common diseases. Genetype's ability to quantify risk of disease using polygenic risk scores and clinical factors fully supports our goal of detecting disease earlier in a uniquely personal manner. Rhythm's emerging product portfolio of blood-based clinical diagnostics is a natural support for individuals identified as higher risk of disease than average. The combination of a proteomic and genomic product platform is a powerful synergy for the new combined organisation.

#### **Revenue Opportunity**

GTG's recent market entry of the multi disease product line provides Rhythm with an immediate, modest opportunity to generate commercial revenue and accelerate returns for Rhythm's shareholders. Furthermore, the existing Genetype business customers and stakeholders present a valuable opportunity to accelerate ColoSTAT® development, validation, and market entry.

#### **Delivers Diversification**

The addition of a more mature, commercial product platform diversifies the Company's capabilities. The addition of highly skilled Genetype employees in both Australia and the USA further diversifies the Company's capability.

#### **Scale Benefits**

The combined business will offer a complementary suite of technologies, leveraging shared capabilities to drive accelerated commercial growth and maximise value creation. Additionally, the combination immediately expands the geographical footprint while optimising resource utilisation to meet the needs of Rhythm. The two product platforms based on complimentary but distinct technologies, proteomic and genomic, can both be rapidly scaled as demand requires to provide an ongoing product line extension.

#### **Integration and Capital Allocation**

Rhythm will work with GTG Administrators to ensure a smooth integration of the Genetype business post completion, including an agreed form and period of Transitional Support Services.

Funds from Rhythm's recent Research & Development Tax Incentive refund as well as general working capital reserves will be allocated to the Genetype business to ensure the platform delivers its commercial potential.

### Overview of the Asset Sale Agreement

Under the terms of the ASA, it is proposed that Rhythm will acquire all GTG's (and its US subsidiary, geneType Inc's) interest, rights and title in the intellectual property owned and used in the Genetype business, licence and permits, the US premises lease and assets, research assets and customer contracts and supply chain contracts. Eight employees in the Genetype business have been made offers of employment and the Company is pleased to have an experienced and dedicated team join it both in Australia and the United States to ensure business continuity.

The GTG Administrator will support the integration of the Genetype business into Rhythm for a period after completion of the transaction.

"We're thrilled to become part of the Rhythm team and look forward to seeing Genetype realise its potential of positively impacting the lives of people around the globe," said Dr Erika Spaeth, Genetype Director of Clinical & Scientific Affairs

Rhythm CEO Dr David Atkins says the acquisition aligns with the Company's vision of creating a comprehensive approach to understanding cancer risk and early diagnosis to enable earlier treatment and better patient outcomes.

"We're looking forward to welcoming the Genetype team to Rhythm and accelerating the development of the combined business and pleased that the nature of the transaction allows us to continue offering the Genetype solutions without any interruption" he said.

- ENDS -

**This announcement was authorised by the Board of Directors of Rhythm Biosciences Limited.**

**For further information contact us via [investors@rhythmbio.com](mailto:investors@rhythmbio.com).**

<b>David Atkins, PhD</b> Managing Director Chief Executive Officer	<b>Andrea Steele</b> Joint Company Secretary & General Counsel
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#### About Rhythm Biosciences

Rhythm Biosciences Ltd (ASX: RHY) is an Australian innovative, medical diagnostics company aimed at delivering simple, affordable blood tests for accurate and early detection of cancers. Rhythm is focused on improving patient outcomes through detection at the earliest possible stage, reducing the global burden of cancer and saving lives.

Rhythm Biosciences is committed to working with likeminded global partners to achieve commercialisation and distribution of these simple solutions.

The company was founded in 2017 and is headquartered in Melbourne, Australia. For more information, visit [rhythmbio.com](http://rhythmbio.com) and follow the company on LinkedIn and X.

**About ColoSTAT<sup>®</sup>**

Colorectal cancer (CRC), also referred to as bowel cancer, is the second leading cause of cancer deaths globally. If diagnosed early, colorectal cancer is curable.

The ColoSTAT<sup>®</sup> Test-Kit is Rhythm Bioscience's simple blood-based test for the detection of CRC. It measures five specific protein biomarkers that indicate the likelihood of CRC. The test is an alternative for individuals who are unable or unwilling to participate in current screening programs. It is being updated to meet relevant regulatory standards.

The ColoSTAT<sup>®</sup> Test-Kit is based on research from Australia's CSIRO and is patent protected internationally. It has the potential to play a key role in reducing the mortality rate and healthcare costs associated with colorectal cancer.

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