

Rhythm Biosciences Limited
Appendix 4D
Half-Year report

1. Company details

Name of entity:	Rhythm Biosciences Limited
ABN:	59 619 459 335
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

		2024 \$	2023 \$
Other income from ordinary activities	Up 88% to	3,256,922	1,728,226
Profit/(Loss) from ordinary activities after tax attributable to the owners of Rhythm Biosciences Limited	n/a	589,211	(4,091,415)
Comprehensive income/(loss) for the period attributable to the owners of Rhythm Biosciences Limited	n/a	589,211	(4,091,415)

Dividends

There were no dividends paid, recommended or declared during the period.

Comments

Comments on activities during the half-year are included in the Directors' Report in the Interim Financial Report attached.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.36	0.38

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been reviewed and an unqualified conclusion has been issued.

8. Attachments

Details of attachments (if any):

The Interim Financial Report of Rhythm Biosciences Limited for the half-year ended 31 December 2024 is attached.

9. Signed



Dr David Atkins
Managing Director

Date: 21 February 2025

INTERIM FINANCIAL REPORT TO 31 DECEMBER 2024

RHYTHM BIOSCIENCES LIMITED
ACN: 619 459 335 (ASX: RHY)

Rhythm Biosciences Limited
Corporate Directory
31 December 2024

Directors

Mr Otto Buttula (Chairman)
Dr David Atkins (Managing Director)
Ms Sue MacLeman
Mr Gavin Fox-Smith

Company Secretary

Mr Mark Licciardo

Registered Office

Bio21 Molecular Science & Biotechnology Institute
30 Flemington Road
Parkville VIC 3010
Australia
+ 61 3 8256 2880 (Phone)

Share Registry

Automatic Registry Services
Level 12, 530 Collins Street
Melbourne VIC 3000
1300 288 664 (Phone)

Auditor

William Buck
Level 20, 181 Williams Street
Melbourne VIC 3000

Securities Exchange Listing

Rhythm Biosciences Limited shares are listed on the Australian Securities Exchange
(ASX code: RHY)

Rhythm Biosciences Limited

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31 December 2024

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General information

The financial statements cover Rhythm Biosciences Limited as a consolidated entity consisting of Rhythm Biosciences Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Rhythm Biosciences Limited's functional and presentation currency.

Rhythm Biosciences Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Bio21 Molecular Science & Biotechnology Institute
30 Flemington Road
Parkville VIC 3010

Rhythm Biosciences Limited
Directors' Report
31 December 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Rhythm Biosciences Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of Rhythm Biosciences Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Otto Buttula
Dr David Atkins (appointed 30 September 2024)
Dr Trevor Lockett (resigned 20 November 2024)
Lou Panaccio (resigned 20 November 2024)
Sue MacLeman
Gavin Fox-Smith (appointed 2 December 2024)

Principal activities

Rhythm Biosciences Limited is developing and commercialising Australian medical diagnostics technology for sale in domestic and international markets. Its ColoSTAT® product in development aims to provide an accurate and early detection test for colorectal cancer.

Significant Changes in the State of Affairs

During the period the Company issued:

- 35,000,000 shares at 10 cents each from a share placement, raising \$3,500,000 before costs.
- On 23 December 2024, the consolidated entity acquired the Genetype risk assessment business assets for a cash consideration of \$519,751. A new subsidiary in Australia, RHY Genetype Pty Ltd, was formed on 18 December 2024 for the purchase of the business.

Review of operations

The profit for the consolidated entity after providing for income tax for the half-year ended 31 December 2024 amounted to \$589,211 (2023: loss of \$4,091,415). Highlights during the period were as follows:

- Significant progress achieved in 2nd Generation ColoSTAT® Multiplex *Alpha* Kit with superior analytical results compared to the 1st Generation Kit;
- Positive progress in platform expansion activities, with comprehensive analytical data identifying informative subsets of gastric cancer protein biomarkers with potential to be developed into a gastric cancer clinical diagnostic assay;
- Delivery of 2nd Generation ColoSTAT® *Beta* Release candidate multiplex kits;
- Board renewal process commenced with Dr David Atkins, the Chief Executive Officer (CEO), joining the Board as Managing Director (MD). Mr Gavin Fox-Smith joined the Board on 2 December 2024 following the retirements of Dr Trevor Lockett and Mr Lou Panaccio;
- Receipt of \$3.2m Research & Development Tax Incentive (RDTI) return and completion of a placement for \$3.5m (before costs); and
- Transformational acquisition of the Genetype business assets catapulting Rhythm into a commercial organisation with the addition of the geneType™ product portfolio.

Matters subsequent to the end of the financial half-year

No matters or circumstances have arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rhythm Biosciences Limited
Directors' Report
31 December 2024

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out elsewhere in the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors:



Dr David Atkins
Managing Director

21 February 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Rhythm Biosciences Limited

As lead auditor for the review of Rhythm Biosciences Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Rhythm Biosciences Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 21 February 2025

Rhythm Biosciences Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated	
		31 December 2024	31 December 2023
		\$	\$
Other Revenue			
Research and development grants		3,166,287	1,690,144
Interest income		90,635	38,082
Total revenue		3,256,922	1,728,226
Expenses			
Employment related costs		1,178,339	1,524,026
Employment related costs - share based payments	7	141,111	(810,053)
Office and compliance costs		726,538	672,994
Research and development costs		360,837	1,210,701
Marketing and investor relations		11,597	70,225
Depreciation		74,139	84,601
Amortisation of intangible assets	5	17,986	17,986
Impairment of inventory		-	3,047,516
Finance costs		58,086	1,645
Genotype business acquisition costs	4	99,078	-
		2,667,711	5,819,641
Profit/(loss) before income tax expense		589,211	(4,091,415)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Rhythm Biosciences Limited		589,211	(4,091,415)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Rhythm Biosciences Limited		589,211	(4,091,415)
		Cents	Cents
Basic earnings/(loss) per share		0.23	(1.85)
Diluted earnings/(loss) per share		0.23	(1.85)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Rhythm Biosciences Limited
Statement of financial position
As at 31 December 2024

		Consolidated	
	Note	31 December 2024	30 June 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,369,542	709,496
Trade and other receivables		80,390	37,199
Other financial assets – term deposits		85,000	45,000
Prepayments		206,579	94,973
Inventories		87,050	-
Total current assets		4,828,561	886,668
Non-current assets			
Intangible assets	5	867,137	354,102
Right-of-use assets		154,229	164,779
Property, plant and equipment		82,005	113,159
Total non-current assets		1,103,371	632,040
Total assets		5,931,932	1,518,708
Liabilities			
Current liabilities			
Trade and other payables		751,985	459,709
Provisions		133,058	23,782
Lease liabilities		105,469	78,351
Total current liabilities		990,512	561,842
Non-current liabilities			
Provisions		9,845	4,229
Lease liabilities		53,190	85,471
Total non-current liabilities		63,035	89,700
Total liabilities		1,053,547	651,542
Net assets		4,878,385	867,166
Equity			
Issued capital	6	37,728,993	34,448,096
Reserves	7	5,234,354	5,093,243
Accumulated losses		(38,084,962)	(38,674,173)
Total equity		4,878,385	867,166

The above statement of financial position should be read in conjunction with the accompanying notes.

Rhythm Biosciences Limited
Statement of changes in equity
For the half-year ended 31 December 2024

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	31,550,602	6,141,261	(31,817,412)	5,874,451
Loss after income tax expense for the half-year	-	-	(4,091,415)	(4,091,415)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,091,415)	(4,091,415)
Transactions with owners in their capacity as owners:				
Shares issued (net of costs) – note 6	270,000	-	-	270,000
Share based payments	-	(810,053)	-	(810,053)
Balance at 31 December 2023	31,820,602	5,331,208	(35,908,827)	1,242,983
Balance at 1 July 2024	34,448,096	5,093,243	(38,674,173)	867,166
Profit after income tax expense for the half-year	-	-	589,211	589,211
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	589,211	589,211
Transactions with owners in their capacity as owners:				
Shares issued (net of costs) – note 6	3,280,897	-	-	3,280,897
Share based payments	-	141,111	-	141,111
Balance at 31 December 2024	37,728,993	5,234,354	(38,084,962)	4,878,385

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Rhythm Biosciences Limited
Statement of cash flows
For the half-year ended 31 December 2024

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Cash flows from operating activities		
Research and development incentives	3,226,017	1,690,144
Payments to suppliers and employees (inclusive of GST)	(2,230,459)	(4,776,425)
Interest received	30,905	38,082
Interest paid	(56,428)	(1,638)
Net cash provided by/(used in) operating activities	<u>970,035</u>	<u>(3,049,837)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(80,686)
Payments for term deposits	(40,000)	-
Payment for acquisition of business (note 4)	(519,751)	-
Net cash used in investing activities	<u>(559,751)</u>	<u>(80,686)</u>
Cash flows from financing activities		
Proceeds from shares issued	3,500,000	270,000
Payments for capital raising costs	(219,103)	-
Proceeds from loans	1,150,000	-
Repayments of loans	(1,150,000)	-
Repayment of lease liabilities	(31,135)	(45,670)
Net cash provided by financing activities	<u>3,249,762</u>	<u>224,330</u>
Net increase/(decrease) in cash and cash equivalents	3,660,046	(2,906,193)
Cash and cash equivalents at the beginning of the financial half-year	<u>709,496</u>	<u>4,124,181</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>4,369,542</u></u>	<u><u>1,217,988</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New or amended Accounting Standards and Interpretations adopted

In the period ended 31 December 2024, the Directors have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group and effective for the reporting periods beginning on or after 1 July 2024.

There was no impact on the consolidated entity arising from these new and revised Standards and Interpretations.

Standards and Interpretations in issue not yet adopted

The Directors believe there will be no significant impact from the adoption of these Standards on the financial performance or position of the Group.

Going Concern

The consolidated entity incurred an operating loss of \$2,577,076 (excluding research and development grants) (2023: \$5,781,559) and had cash outflows from operating activities of \$2,255,982 (excluding research and development grants) (2023: \$4,739,981) for the 6 month period ended 31 December 2024. At balance date the consolidated entity has current assets of \$4,828,561 (30 June 2024: \$886,668) including cash and cash equivalents of \$4,369,542 (30 June 2024: \$709,496) and a surplus of current assets over current liabilities of \$3,838,049 (30 June 2024: \$324,826). The consolidated entity is in start-up phase and does not yet have a commercial income stream. These conditions indicate a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The ability of the company to continue as a going concern is dependent on a number of factors, one being the continuation and availability of funds.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- a research and development refund, based on eligible expenditure incurred during the 2025 financial year, is expected to be received in the first half of FY2026;
- the company has the potential to raise additional capital from investors;
- the acquisition of the Genetype business and assets creates a diversified oncology business with significant growth potential; and
- the consolidated entity is able to scale back research and development activity if required for cash flow management purposes.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Share-based payments

Rhythm operates an Employee Incentive Omnibus Plan (EIOP). The non-cash expense of issuing these options is calculated using a Black-Scholes option pricing model. This model requires the input of a number of variables including an estimate of future volatility and a risk-free interest rate. The probability of meeting any vesting conditions is also required to be estimated.

Research and development tax refund income

Research and development tax refund income is recognised when there is reasonable assurance that the eligibility conditions are met and that the grants will be received. Significant judgement is required in determining the income tax refund eligibility. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The amounts recorded as revenue for the half-year periods ended 31 December 2024 and 2023 relate to tax refunds received in the same half-year period following tax returns lodged claiming eligible expenditure incurred in previous financial years.

Estimated Useful Lives of Other Intangible Assets

Rhythm determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Provision for Impairment of Inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account expected future sales, the ageing of inventories and other factors that affect inventory obsolescence.

Business combinations

As discussed in note 4, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment relating to the development of new diagnostic tests for colorectal cancer. All material assets are located in Australia and the Chief Operating decision maker views the business as one operating segment. The consolidated entity has no revenues from third party customers for the period.

Note 4. Business acquisition

On 23 December 2024, the consolidated entity acquired the Genetype risk assessment business assets. Details of the provisional fair values of the assets and liabilities accounted for under Accounting Standard AASB 3 Business Combinations are set out below. These fair values will be finalised within a 12 month period from the acquisition date based on any new information obtained about the facts and circumstances that existed at the acquisition-date. The acquired business contributed revenues and result after tax for the period from 23 December 2024 to 31 December 2024 were immaterial. The business was under voluntary administration at the time of purchase and information on revenues and results since 1 July 2024 up until the date of purchase have not been made available.

	23 December 2024
	\$
Inventories	87,050
Right-of-use asset	32,436
Provision for employee entitlements	(98,320)
Lease liability	(32,436)
Net assets/(liabilities) acquired	(11,270)
Goodwill	531,021
Cash consideration paid	519,751
Acquisition costs expensed to profit and loss	99,078

Business combination accounting policy

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Rhythm Biosciences Limited
Notes to the financial statements
31 December 2024

Note 5. Intangible assets

	31 December 2024 \$	30 June 2024 (12 mths) \$
Licences	336,116	354,102
Goodwill	531,021	-
	<u>867,137</u>	<u>354,102</u>
Licences movements:		
Balance at the beginning of the period	354,102	390,073
Amortisation	(17,986)	(35,971)
	<u>336,116</u>	<u>354,102</u>
Goodwill movements:		
Balance at the beginning of the period	-	-
Goodwill acquired (note 4)	531,021	-
	<u>531,021</u>	<u>-</u>
Balance at the end of the period		

Note 6. Equity - issued capital

	31 December 2024 Shares	31 December 2024 \$	31 December 2023 Shares	31 December 2023 \$
Ordinary shares - fully paid	283,596,750	37,728,993	221,142,589	31,820,602
Movements during the period:				
Opening balance 1 July	248,596,750	34,448,096	219,792,589	31,550,602
Exercise of Options	-	-	1,350,000	270,000
Placement of shares – 27 November 2024	35,000,000	3,500,000	-	-
Capital raising costs		(219,103)		-
Closing balance 31 December	<u>283,596,750</u>	<u>37,728,993</u>	<u>221,142,589</u>	<u>31,820,602</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 7. Equity - reserves

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
Share-based payments reserve	<u>5,234,354</u>	<u>5,093,243</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payments
	\$
Balance at 1 July 2024	5,093,243
Share based remuneration	<u>141,111</u>
Balance at 31 December 2024	<u>5,234,354</u>

Note 7. Equity – reserves (continued)

Set out below are summaries of options granted to consultants, key management personnel and other employees:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Lapsed	Balance at the end of the half-year
26/7/2021	31/7/2024	\$1.80	212,500	-	-	(212,500)	-
26/7/2021	31/7/2024	\$1.80	1,000,000	-	-	(1,000,000)	-
24/11/2021	31/7/2024	\$1.80	1,450,000	-	-	(1,450,000)	-
31/12/2022	31/12/2025	\$1.80	3,000,000	-	-	(3,000,000)	-
10/10/2023	30/11/2025 *	\$1.80	200,000	-	-	-	200,000
13/5/2024	31/3/2026 **	\$0.20	2,000,000	-	-	-	2,000,000
13/5/2024	31/3/2028 **	\$0.20	1,000,000	-	-	-	1,000,000
13/5/2024	31/3/2028 **	\$0.30	1,000,000	-	-	-	1,000,000
20/8/2024	20/8/2026	\$0.20	-	850,000	-	-	850,000
20/8/2024	20/8/2028 **	\$0.30	-	850,000	-	-	850,000
			<u>9,862,500</u>	<u>1,700,000</u>	<u>-</u>	<u>(5,662,500)</u>	<u>5,900,000</u>

* Vesting conditions on performance and employment service periods relate to 133,333 of these remaining options not yet achieved.

** Vesting conditions on employment service periods relate to these options not yet achieved.

As at 31 December 2024 there were 900,000 ESOP Options able to be exercised (31 December 2023: 2,640,625).

The valuation model inputs used to determine the fair value of Options at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate [#]	Fair value at grant date
20/8/2024	30/11/2026	\$0.064	\$0.20	100.00%	-	3.61%	\$0.02
20/8/2024	30/11/2028	\$0.064	\$0.30	100.00%	-	3.60%	\$0.03

Set out below are summaries of loan funded shares granted to key management personnel and other employees:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Lapsed	Balance at the end of the half-year
13/5/2024	13/5/2028 *	\$0.10	4,000,000	-	-	-	4,000,000
18/7/2024	18/7/2028 *	\$0.10	-	800,000	-	-	800,000
20/8/2024	20/8/2028 *	\$0.10	-	1,200,000	-	-	1,200,000
16/12/2024	16/12/2028 *	\$0.10	-	500,000	-	-	500,000
			<u>4,000,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>6,500,000</u>

* Vesting conditions on employment service periods relate to these loan funded shares not yet achieved.

The valuation model inputs used to determine the fair value of loan funded shares at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate [#]	Fair value at grant date
18/7/2024	18/7/2028	\$0.061	\$0.10	100.00%	-	3.98%	\$0.04
20/8/2024	20/8/2028	\$0.064	\$0.10	100.00%	-	3.60%	\$0.04
16/12/2024	16/12/2028	\$0.083	\$0.10	100.00%	-	3.92%	\$0.06

[#] The risk-free interest rate is based on the Australian Government bond yield (Reserve Bank of Australia website) at the grant date.

Note 8. Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2024 or 30 June 2024.

Note 9. Events after the reporting period

No matters or circumstances have arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rhythm Biosciences Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- for the reasons set out in Note 1 to the financial statements in relation to going concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors:



Dr David Atkins
Managing Director

21 February 2025

Independent auditor's review report to the members of Rhythm Biosciences Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Rhythm Biosciences Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss of \$2,577,076 (excluding research and development grants) and had cash-outflows from operations of \$2,255,982 (excluding research and development grants) during the half-year period ended 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matter

The financial report of the Group, for the year ended 30 June 2024, was audited by another auditor who expressed an unmodified opinion on that report on 30 August 2024. The unmodified opinion included a paragraph in respect of material uncertainty related to going concern.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 21 February 2025