# TARGET MARKET DETERMINATION

Made By: **Rhythm Biosciences Ltd** (ASX code: **RHY**) (**Company** or **Rhythm**)

Product: Listed options to acquire fully paid ordinary shares in the capital of the Company (**New Shares**) pursuant to a placement prospectus dated 19 November 2024 (**New Options**)

Effective Date: 19 November 2024

## 1. About this Document

This target market determination (**TMD**) has been produced by the Company in relation to an offer of New Options by the Company and seeks to help investors understand who the offer of New Options is suitable for having regard to the objectives, financial situation and needs of that target market.

This document is not a full summary of the New Option's terms and conditions and is not intended to provide financial advice. Investors are strongly recommended when making a decision about the New Options to read in full the Prospectus dated 19 November 2024 (**Prospectus**) issued by the Company which outlines the relevant terms and conditions under the New Options. The Prospectus was issued by the Company pursuant to section 713 of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

A copy of the Prospectus can be downloaded from the Company's Website: www.rhythmbio.com.

The Prospectus relates to a proposed private placement of the Shares and New Options in invited applicants (collectively **Offers**) as described in the Prospectus.

Under the Prospectus, for every two New Shares issued under the Offers, the Company will issue three (3) listed Options, exercisable at 0.20 cents each with an expiry date of 31 March 2026 (each a **New Option**).

The Company's Shares (ASX code RHY) are listed on the Official List of the ASX and the New Options are also listed on the ASX as additional class of listed security (ASX code RHYO). However there is no guarantee as to what price the New Options may trade on the ASX nor the volume / market for such New Options.

All of the Offers will be made under the Prospectus. All recipients of this TMD are recommended to consult their professional adviser if they have any questions regarding the contents of the Prospectus.

Any recipient of this TMD who wishes to apply to be issued New Options under the Offers will need to make payment for the Offers pursuant to the terms of the Prospectus. There is no cooling off period in respect of the issue of the New Options.

**This TMD is not a disclosure document for the purposes of the *Corporations Act 2001 (Cth),* and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (ASIC) nor does it contain a full summary of the terms and conditions of the New Options. This TMD does not take into account your current financial position or circumstances nor what you intend for the future.**

The Company is not licensed to provide financial product advice in relation to the New Options nor the Offers.

## 2. Target Market

The information below summarises the overall class of investors that fall within the target market for the New Options, based on the product key attributes and the objectives, financial situation and needs that they have been designed to meet.

| Factor | Target Market |
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| Investment Objective | As the New Options will expire on 31 March 2026 (**Expiry Date**), the Company expects that an investment in the Offers (which includes an investment in the New Options) will be suitable for investors who wish to have a right, but not an obligation, in the medium term, to acquire Shares in the Company prior to the Expiry Date.<br><br>The Company expects that an investment in New Options will be suitable to investors who wish to gain exposure to equities in a small/mid-cap company listed on the Australian Securities Exchange (**ASX**), the exposure being both the New Shares, the New Options and the Shares that underlie the New Options. It is proposed that the Company will seek quotation of the New Options on the ASX as an additional class of listed security for the Company.<br><br>The New Options are likely to be for investors who are entitled to apply for them under the Prospectus and are seeking:<br><br>(a) to profit from an appreciation in the market price of Shares in the Company by exercising the New Options prior to their Expiry Date; or<br><br>(b) reduce risk by locking in a price to purchase or sell underlying Shares,<br><br>and in either case who are accustomed to participating in speculative investments in the biotechnology and health care sector - but investors should first consider the Prospectus, including the risk factors relating to an investment in securities of the Company.<br><br>**The New Options are not designed for investors who require an income stream from their investment in the New Options.** |
| Investment Timeframe | The target market of investors will take a medium term outlook on their investment and are in a financial position that is sufficient for them to invest their funds over the period from the issue date of the New Options until their Expiry Date to increase their shareholding and exposure to the potential upside in the Company's Shares into the future.<br><br>Given the need to pay the exercise price in order to acquire Shares, Investors in the target market are in a financial position that is sufficient for them to invest their funds over a |

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| | (approximately) 16 month time horizon should they wish to exercise their New Options.<br><br>**An investment in the New Shares and New Options under the Offers or the resulting Shares should be regarded as highly speculative.** |
| Investment Metrics | An exercise price is required to be paid for the issue of the Shares on exercise of New Options. As such, the capacity to realise the underlying value of the **New Options would require that they be exercised on or before the Expiry Date or, if there is demand, trading the New Options on the ASX prior to the Expiry Date** - presumably where the trading price of the underlying Shares is above the exercise price for the New Options.<br><br>The New Options (and the resulting Shares) offer **no guarantee** that there will be a liquid market or any guarantee of the price at which the underlying Shares may trade, any income, capital protection or gains. |
| Risk of Investment | The Company considers that an investment in the Company in New Shares or upon the exercise of the New Options is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment.<br><br>Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in New Options as an asset class generally and the more specific risks of investing in an Australian listed company in the biotechnology and health care sector.<br><br>There is a substantial risk that the New Options may become:<br><br>• lower in value in the event that the Company's Share price does not appreciate or decreases; and<br><br>• worthless if the Company's Share price on the Expiry Date is less than the exercise price of New Options. |
| Excluded class of consumers | The New Options are not suitable for investors:<br><br>• who are not seeking to have the potential to increase their investment in the Company;<br><br>• who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Company;<br><br>• who require an income stream from their investment;<br><br>• who do not ordinarily invest in speculative investments in the health care equipment and services sector; and<br><br>• who are resident outside Australia and New Zealand. |

## 3. Distribution Conditions

The Offers are being made to selected invited investors who are to participate in the private placement announced by the Company on 19 November 2024.

The Company has emphasised that an investment in the New Options, and in the Shares underlying the New Options, is speculative in nature and not suitable for investors for whom such an investment is inappropriate. The Company considers that these distribution conditions will ensure that persons who invest in New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

## 4. Review Triggers

The New Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the New Options will no longer be available for investment by way of a new issue. <u>There is no guarantee that the New Options may be able to be transferred at any time in the future.</u>

It follows that the TMD will only apply in the period between the commencement of the offer of the New Options and the issue of the New Options shortly after the close of the Offers (**Offer Period**), after which the TMD will be withdrawn.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the New Options and should be reviewed, the following review triggers apply for the Offer Period:

(a) there is a material change to the New Option's key attributes that make it no longer consistent with the likely objectives, financial situation and needs of investors in the target market;

(b) the Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;

(c) any event or circumstance that would materially change a factor taken into account in making this TMD or the Company otherwise identifies a substantial divergence in how the New Options are being distributed and acquired from that described in this TMD;

(d) the existence of a significant dealing of the New Options that is not consistent with this TMD;

(e) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the New Options or this TMD; and

(f) material changes to the regulatory environment that applies to an investment in the New Options

The Company may also amend this TMD at any time.

## 5. Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within five business days of the review trigger occurring.

## 6. Information Reporting

The reporting requirements of all distributors is detailed in the table below:

| Reporting Requirement | Period for reporting to the Company by the distributor | Information to be provided |
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| Whether the distributor received complaints about the New Options. | • For such time as the Offer Period remains open, within 10 business days after the end of each quarter.<br>• Within 10 business days after the end of the Offer Period. | • The number of complaints received.<br>• A summary of the nature of each complaint or a copy of each complaint. |
| A significant dealing of the New Options that is not consistent with this TMD. | As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs. | • Details of the significant dealing.<br>• Reasons why the distributor considers that the significant dealing is not consistent with this TMD,<br>but subject to the Company's assessment of the ASX market and whether any "significant dealings" occur in an "off market" environment. In addition, it has no capacity to identify the objectives, financial situation and needs of any investors who acquire the New Options. |
| A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD. | Within 10 business days after the end of the close of the offer of New Options in accordance with the Prospectus. | A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD. |

## 7. Contact Details

Contact details in respect of this TMD for the Company are: Company Secretary - James Barrie Email: james.barrie@rhythmbio.com