

III. ABOUT THE PROPOSED TRANSACTION

6. **Briefly describe the proposed material change transaction, including:**

a. Goals and Objectives

The parties expect the proposed transaction will provide benefits to customers and consumers by bringing together the parties' highly complementary assets and capabilities. The proposed transaction involving Truepill, Inc. ("Truepill"), a direct subsidiary of Paulus Holdings Limited ("Paulus") and Alto Pharmacy Holdings, Inc. ("Alto") will positively affect customer service, prices, and quality, and will allow the parties to better compete in the highly fragmented pharmacy services market against large and established players. Together the parties will achieve reduced costs and synergies that will inure to the benefit of customers in the pharmacy services market, including but not limited to: (1) expanded delivery options; (2) reduced delivery costs; (3) improved speed and accuracy of prescription intake and billing; and (4) improved customer onboarding. The proposed transaction is not expected to result in any changes to the availability of products or services or any changes in workforce, but rather will unlock new investment to grow the parties' respective and complementary product offerings.

b. Summary of transaction terms

Pursuant to the terms and subject to the conditions of an Agreement and Plan of Merger dated March 17, 2025 by and among Paulus and Alto (the "Agreement"), Paulus intends to acquire and hold 100% of the issued and outstanding capital stock of Alto and its subsidiaries (the "Transaction"). The consideration for the Transaction is between \$1 – \$1.5 billion, comprised of voting securities of Paulus, cash, contingent considerations, and warrants.

The Transaction is structured as a merger, wherein a merger subsidiary of Paulus, formed solely for purposes of the Transaction, Soprano Merger Sub, Inc., will merge with Alto Pharmacy Holdings, Inc. Alto will become the surviving entity as a wholly owned subsidiary of Paulus.

Closing of the Transaction is subject to conditions precedent as set forth in the Agreement, including certain regulatory approvals and the expiration or termination of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act, 15 U.S.C. § 18a (the "HSR Act"). The Parties intent is to close as soon as possible once regulatory approvals are obtained and/or waiting periods are expired.

See Exhibit 6(b) (HCMO_Submission-000048-000312) for a copy of the Agreement.

c. Why the transaction is necessary or warranted

The parties expect the Transaction will result in improved pharmacy service offerings to customers and patients, improved delivery time, and cost reductions. The Transaction will improve Oregon patients' access to fertility, weight loss and other important medications. The Transaction supports Paulus's vision of providing end-to-end, technology-driven services across the patient care lifecycle.

- d. Description of any exchange of funds between the parties, including the nature, source, and amount of funds or other consideration (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services).***

The parties do not anticipate any exchange of funds in connection with the Transaction, other than the merger consideration described above in 6(b).

7. Describe the negotiation or transaction process that resulted in the entities entering into an agreement:

Paulus regularly evaluates potential acquisitions that will align with its vision of providing end-to-end, technology-driven services across the patient care lifecycle. In connection with this evaluation, Paulus identified a strategic opportunity in the fertility space. As a result, Paulus proactively approached Alto in October 2024 to determine if Alto would be open to exploring a potential sale. At the time, Alto was not engaged in a formal sale process, but was instead seeking to raise funds for future growth. After this initial outreach, Paulus and Alto began negotiations and preliminary due diligence. On January 17, 2025, the parties signed a Definitive Letter of Intent (“LOI”). From January 17, 2025 to March 17, 2025, Paulus and Alto negotiated the terms and conditions of the Transaction and related Transaction documents. On March 17, 2025, the parties executed the Agreement.

See Exhibit 7 (HCMO_Submission-000313-000317) for a copy of the LOI.

- a. How the entities were identified (e.g., did one party approach the other, did one party engage in a bid/auction process, etc.)***

As described above, Paulus proactively approached Alto in October 2024 to determine if they would be open to exploring a potential sale. At the time, Alto was not engaged in a formal sale process.

- b. Description of any due diligence performed by any of the parties to the transaction. Provide any products, reports, or analyses resulting from due diligence processes.***

Paulus performed due diligence customary in an acquisition. In this process, Paulus engaged counsel and other vendors to perform due diligence reviews of Alto, including: (i) *Goodwin Procter LLP* to perform US legal diligence and healthcare regulatory diligence, (ii) *BakerHostetler* to perform healthcare regulatory diligence, (iii) *RSM US* to perform US tax diligence, (4) *PWC* to perform finance and Irish tax diligence, (5) *MTS Health Partners* to perform business diligence, and (6) *Mason Hayes & Curren LLP* to perform Irish legal diligence.

See Exhibit 9(a) (HCMO_Submission-000561-000841) for due diligence products, reports and analyses included as part of Paulus’ HSR filing. See Exhibit 7(b) (HCMO_Submission-000318-000407) for additional Paulus due diligence products, reports, and analyses which were not included as part of its HSR filing.

Alto performed minimal “reverse” due diligence assessments of Paulus, the extent of which is captured by two documents submitted with Alto’s HSR filing labelled as HSR 4d-3 and 4d-4 in Exhibit 9(a) (HCMO_Submission-000496-000500). Alto engaged counsel and other vendors to consult and/or advise on various diligence tasks, including: (i) *Wilson Sonsini Goodrich & Rosati PC* for US legal counsel; (ii) *Bass, Berry & Sims PLC* for healthcare regulatory counsel; (iii) *Deloitte LLP* for consulting services; and (iv) *Armanino LLP* for tax counsel.

9. List any applications, forms, notices, or other materials that have been submitted to any other state or federal agency regarding the proposed material change transaction. Include data and nature of any submissions. (This includes HHS, FTC, or DOJ.)

Notification and Report Form for Certain Mergers and Acquisitions with the Federal Trade Commission Pre-Merger Notification Office in compliance with the HSR Act (the “HSR Filing”) on February 7, 2025.

Notice to the Attorney General of California, reporting a notice of transaction under Cal. Corporations Code 14700 on February 25, 2025.

The Parties will provide notice to the New York State Department of Health, reporting a material transaction under N.Y. Pub. Health Law Art. 45-A. The Parties expect to provide this notice on or before April 4, 2025.

The parties have also submitted (or will submit) filings to licensing boards, including boards of pharmacy, and other regulatory agencies to facilitate the transfer of its pharmacy, durable medical equipment (“DME”), and other related registrations in connection with the Transaction.

- a. If a pre-merger notification was filed with the Federal Trade Commission or U.S. Department of Justice, please attach the pre-merger notification filing along with this notice submission.***

See Exhibit 9(a) (HCMO_Submission-000408-000904) for a copy of the parties’ HSR Filings.

IV. ABOUT THE ENTITIES INVOLVED IN THE PROPOSED TRANSACTION

10. Describe Party A.

Party A (Paulus) is private limited company incorporated in Ireland. Paulus is a holding company of subsidiaries offering two core services: (i) health testing and diagnostic services and (ii) virtual pharmacy platform services. The health testing and diagnostic services are performed under the brand LetsGetChecked (“LGC”) through various subsidiaries. The pharmacy services are performed by Paulus’ direct subsidiary Truepill, Inc. (“Truepill”), and its subsidiaries, which Paulus acquired in 2024.

- a. Describe Party A’s business, including business lines or segments.***

Paulus, as an entity, does not have any healthcare business or operations and is not an operating company. Instead, as noted above in the response to 10, Paulus serves as a holding company for subsidiary business lines, including offering two core services: (i) health testing and diagnostic services and (ii) virtual pharmacy platform services. The health testing and diagnostic services are performed under the brand LetsGetChecked (“LGC”) through various subsidiaries. The pharmacy services are performed by Paulus’ direct subsidiary Truepill, Inc. (“Truepill”), and its subsidiaries, which Paulus acquired in 2024.¹ In addition, Paulus recently acquired Optum Hospice Pharmacy Services, LLC (“Hospice Pharmacy Services”), which provides billing and other administrative services to its hospice customers.

¹ LGC generated \$[REDACTED] in 2024 ([REDACTED] of Paulus’ total revenue) and Truepill generated \$[REDACTED] in 2024 ([REDACTED] of Paulus’ total revenue). LGC’s gross profit was \$[REDACTED] in 2024 ([REDACTED] of Paulus’ total gross profit) and Truepill’s gross profit was \$[REDACTED] in 2024 ([REDACTED] of Paulus’ total gross profit). Paulus does not have completed financials for 2024 and the information provided are estimates.

LGC offers lab analyzed, home-collection health testing and diagnostic kits and services throughout the United States and in the Europe. The testing kits screen for various health conditions, and LGC offers the following tests: fecal immunochemical tests (“FIT”), kidney tests, lipid tests, sexually transmitted disease tests (“STD”), and female or male hormone levels tests, among others. LGC also offers genetic screening kits for the screening of various genes and conditions. LGC also provides non-clinical administrative services to certain medical practices that offer virtual care for customers to manage their health from home.

[illegible]

Truepill is a “health care entity” under ORS 415.500(4)(a)(F). Truepill is a virtual pharmacy platform that provides mail-order services and ancillary non-clinical administrative services to providers, drug manufacturers, health plans, and veterinary clinics in the United States. While Truepill is a pharmacy, it offers its services under a “white-label” model, whereby the services are performed under the brand owned by Truepill’s customer, with Truepill not used as a patient-facing brand. Accordingly, Truepill’s services are entirely provided under a white label model.

- Virtual pharmacy – Truepill’s white-labeled digital pharmacy platform provides end-to-end pharmacy services for its customers. The customer is able to provide a virtual pharmacy under its brand, while Truepill typically handles the complete pharmacy workflow process behind the scenes.
- Prescription (“Rx”) fulfillment – Rx fulfillment refers to the process of dispensing a medication that requires a doctor’s prescription. For Rx fulfillment-only customers, Truepill handles the delivery of prescribed medications to the customer’s patients, but customers who purchase only this service do not use Truepill’s patient interfacing technology platform, as they retain control over the patient experience. Instead, customers connect their own patient facing system to Truepill’s fulfillment capabilities via application programming interface (“API”), and Truepill provides dispensing services accordingly. Again, these services are provided by Truepill on a white-label basis, so the patient facing brand is the partner’s brand, not Truepill’s.² These customers still have access to Truepill’s 24/7 support and may also purchase additional services such as clinical service programs. Medications are shipped through third-party service carriers (e.g., USPS, FedEx, UPS,

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and ScriptDrop) to enable same-day and nationwide delivery, as Truepill does not own any in-house courier service.³

- Over-the-counter (“OTC”) – The delivery of limited OTC products to patients. These are also shipped through third-party partners.
- Customer service – Pharmacy-related patient support services are provided to customers’ patients by Truepill’s in-house customer service team. With this service, customers outsource their patient support operations to Truepill. Patients call a number that is dedicated to each of Truepill’s customers (and patients do not know necessarily they are calling Truepill).⁴
- Telehealth – Truepill’s platform connects its customers’ patients with a network of providers for telehealth consultation services. During the consultation sessions (via video or phone), the providers may prescribe medications. Truepill currently has only 16 active telehealth customers, the vast majority of whom also use additional services from Truepill. Consistent with Truepill’s white-label model, patients do not necessarily know that they are using Truepill’s services.
- Clinical service – Truepill’s platform connects customers’ patients with clinical support and consultation services (via phone or video) provided by Truepill’s in-house clinical professionals (e.g., pharmacists, nurses, etc.). Unlike telehealth, these consultation sessions are “non-prescribing” (i.e., no medication Rx’s are prescribed) and are typically offered to high-risk, post-discharge individuals who require high-touch aftercare. Consistent with Truepill’s white-label model, patients do not necessarily know that they are using Truepill’s services.

Truepill’s platform is not available as a standalone, turnkey software-as-a-service (“SaaS”) product and Truepill does not have any plans to license its technology as a standalone SaaS product. Truepill’s platform is a robust, highly customized solution designed to meet the specific services and needs of each customer. During the onboarding process, Truepill makes configuration changes within its technology systems to align with the unique format and workflow of each customer’s needs. Because of this high level of customization, the platform is not suited for a SaaS subscription model.

Hospice Pharmacy Services

Hospice Pharmacy Services provides its hospice provider customers with administrative services, including: (i) connecting hospices with a contracted network of pharmacies, (ii) processing prescription drug payments to those pharmacies on behalf of its hospice customers, (iii) providing data, analytics, consulting, and other educational assistance to help hospices to track and improve use of medication with patients, and (iv) offering technology solutions to hospices manage patients’ eligibility, medication information, and plan of care. In addition, by partnering with Hospice Pharmacy Services, hospice providers can reduce their spending on medications by getting access to volume discounts negotiated by Hospice Pharmacy Services with manufacturers on behalf of its provider-customers. Hospice Pharmacy Services is not a pharmacy or PBM and does not require a pharmacy or a PBM license to operate, because Hospice Pharmacy Services does not contract with or provide services to health insurers. In this recent acquisition, Paulus acquired Hospice Pharmacy Services’ entire business, including its hospice customer base, its technology tools, and its negotiated agreements with manufacturers.

³ See [Truepill, ScriptDrop partner for same-day prescription delivery service | MobiHealthNews](#)

⁴ While patients do not necessarily know they are contacting Truepill, any medication shipped from Truepill’s pharmacies will list both the customer brand and the dispensing pharmacy location, as required by law.

b. Describe Party A's governance and operational structure (including ownership of or by a health care entity)

Paulus is a private limited company incorporated in Ireland governed by a Board of Directors and operated by its officers pursuant to its bylaws. Paulus does not operate any businesses. Instead, it operates as a holding company and owns 100% of Truepill. In turn, Truepill's operations are managed by its Chief Executive Officer, President, and other executive officers. See Exhibit 10(b) (HCMO_Submission-000905-001299; HCMO_Submission-001666-001692) for Paulus' governance documents.

c. Provide a diagram or chart showing the organizational structural and relationships between Party A's business entities.

See Exhibit 10(c) (HCMO_Submission-001300-001303) for an organizational chart of Paulus.

d. List of all of Party A's business entities currently licensed to operate in Oregon (using HCMO- 1b form, below). Provide the business name, assumed name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See HCMO-1b form.

e. Provide financial statements for the most recent three fiscal years. (If the Company also operates outside of Oregon, provide financial statements both for the national and Oregon business.)

See Exhibit 10(e) (HCMO_Submission-001304-001422) for copies of Paulus' and Truepill's financial statements. This includes Paulus' national financial statements from fiscal years 2021-2023, as Paulus' financial statements from fiscal year 2024 are not yet available. Also included are Truepill's unaudited financial statements from fiscal years 2022-2024. Truepill did not issue audited financial statements during these fiscal years. Neither Paulus nor Truepill maintains financial statements for Oregon in the ordinary course of business.

f. Describe and identify the Party A's health care business.

As described above, Paulus does not, as an entity, have any business or operations, including health care business, as it is not an operating company but a holding company with various business segments. Included among its subsidiaries is Truepill's white-label mail order pharmacy, which is a health care business.

i. Provider Type (hospital, physician group, etc.)

Mail Order Pharmacy (Nationwide).

ii. Service lines, both overall and in Oregon

As described above, both overall and in Oregon, Truepill is a pharmacy that provides mail-order services and ancillary non-clinical administrative services to its customers (e.g., drug manufacturers) as one method through which customers deliver medications to patients. While Truepill is a pharmacy, it offers its services exclusively through a "white-label" model, whereby the services are performed under a partner's brand (instead of using Truepill as the patient-facing brand).

iii. Products and services, both overall and in Oregon

See response to Question 10(f)(ii).

iv. Number of staff and FTE, both overall and in Oregon

Truepill employs 642 total employees, including 523 FTEs. Truepill has 2 fully remote FTEs residing in Oregon.

v. Geographic areas served, both overall and in Oregon

Truepill is a white label mail-order pharmacy that fills prescriptions nationwide. Truepill does not operate a pharmacy location in Oregon, but is able to ship medications to patients in Oregon via shipping partners.

vi. Addresses of all facilities owned or operated using Form HCMO-1c

Truepill does not own or operate any mail-order pharmacy locations or any other facilities in Oregon.

vii. Annual number of people served in Oregon, for all businesses, not just businesses related to the transaction

In 2024, Truepill filled over [REDACTED] prescriptions nationally. In Oregon, Truepill served [REDACTED] patients and with [REDACTED] prescriptions.⁵

viii. Annual number of services provided in Oregon

Truepill will report revenues of [REDACTED] in FY 2024 from pharmacy services provided in Oregon.

ix. For hospitals, number of licensed beds

Not applicable.

11. Describe Party B.

Alto, headquartered in San Francisco, California, is a technology-enabled pharmacy and pharmacy services provider. Alto currently provides general pharmacy services to patients residing in the service areas of 13 physical locations (none of which are in Oregon); it also dispenses a small number of medications, focused mostly on fertility medications, to patients nationwide through mail order operations. Additionally, Alto provides technology-driven pharmacy services to its enterprise partners, such as pharmaceutical manufacturers, pharmacy benefit managers (PBMs), health plans, and payors. Alto's platform capabilities help automate or optimize all the stages in the pharmacy workflow, which is comprised of (i) prescription intake and validation, (ii) insurance and benefits verifications, (iii) prescription fulfillment, (iv) delivery of medication to patients, and (v) post-delivery patient support. Enterprise customers can utilize Alto's technology platform to address their needs across all five of these stages or only for certain processes in the pharmacy workflow.

a. Describe Party B's business, including business lines or segments.

⁵ This estimate likely over-estimates the number of patients Truepill serves in Oregon because a single patient may be served by two or more Truepill partners and be counted multiple times.

Local Full-Service Pharmacy⁶

Alto operates 13 physical pharmacies located in select metropolitan areas that provide patients with general retail pharmacy services. Patients living within these Alto service areas have access to nearly all types of medications, including specialty, branded, generics, and over the counter. To use Alto as a pharmacy, providers primarily submit prescriptions on Alto's digital platform for providers. Alto processes the prescription, conducts benefits verifications, and prepares it for delivery. Patients receive an automated message when their provider has submitted the prescription, then use Alto's mobile app to select from flexible delivery options, which include same day or next day delivery by Alto's network of couriers (or in-person pickup at their local Alto location). Alto's services are free to use for both providers and patients. Alto accepts most major insurance plans, including government-administered plans, and aims to fill prescriptions at the lowest price possible. To date, Alto has fulfilled over 7.5 million prescriptions nationally and saved patients over \$210 million on their medications.

Mail Order Pharmacy Shipping Fertility Medications and Applications

Outside of these retail pharmacy service areas, Alto predominantly fills fertility-related prescriptions for patients nationwide. Alto's fertility pharmacy business has been the main focus of Alto's marketing and sales efforts (with a dedicated sales force who demonstrates Alto's value to individual fertility clinics and to national fertility benefits providers). Through partnerships with fertility benefits providers, Alto uses its technology to perform the pharmacy workflow services described above and serves as the dispensing pharmacy for a wide range of fertility drugs and applications. Patients in all fifty states can receive expedited delivery of their fertility medications through Alto's shipping partners. After delivering fertility medications to patients, Alto offers high-touch support to providers and patients by providing access to pharmacists, streamlining interactions with providers, and creating educational materials for fertility medications.

Dispensing Pharmacy Solutions Provider for Enterprises

In 2024, building on its success meeting the needs of fertility enterprise partners, Alto started to offer its dispensing pharmacy solutions and technology to non-fertility enterprise partners. As a result of these dispensing partnerships, primarily with pharmaceutical manufacturers, Alto ships a limited number of non-fertility drugs nationwide. Alto offers two solutions to meet the dispensing needs of enterprise customers: Alto Dispensing, which specializes in prescription fulfillment and delivery, and Alto Complete, an end-to-end pharmacy solution that enhances Alto Dispensing with additional non-dispensing capabilities, like automated patient onboarding, patient affordability programs such as co-pay cards and coupons, and patient engagement. These partnerships have reduced the administrative burdens and costs for companies that do not specialize in delivering drugs and treatments to patients. Through Alto's technology-driven dispensing solutions, patients can receive medications faster, choose from flexible delivery options, and obtain additional support for some specialty medications and devices. This space is highly competitive and dynamic; in addition to the large number of options for outsourcing some or all of these dispensing activities, many healthcare enterprises have developed internal pharmacy platforms with similar dispensing capabilities.

⁶ Alto Pharmacy full-service courier is limited to customers within specified local geographic service areas. <https://www.alto.com/locations>.

Non-Dispensing Pharmacy Solutions Provider for Enterprises

Additionally, Alto has recently begun partnering with enterprise customers to provide technology solutions that address only non-dispensing processes within the pharmacy workflow. Non-dispensing pharmacy services include prescription intake, benefits investigation, obtaining prior authorizations, applying cost-savings options for patients, patient education, and adherence support. Alto offers Alto Hub+ to automate and streamline only these non-dispensing processes, before transferring the prescription to a pharmacy for dispensing fulfillment. Alto Complete customers, as mentioned above, receive the combined capabilities of Alto Hub+ and Alto Dispensing through an end-to-end technology platform. Customers using only one of these technology point solutions from Alto would need to have the other capabilities in house, or contract with other pharmacy solutions providers. As mentioned previously, many of these enterprise customers are continuing to build their internal pharmacy solutions that address all or certain aspects of the pharmacy workflow.

b. Describe Party B's governance and operational structure (including ownership of or by a health care entity)

Alto Pharmacy Holdings, Inc. is a Delaware registered corporation that is governed by its Board of Advisors and operated by its officers pursuant to its bylaws. The Board consists of seven members with deep expertise in public health policy, pharmacy industry, medical research, and business strategy. The company's operations are managed by its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief People Officer, and Chief Product Officer.

c. Provide a diagram or chart showing the organizational structural and relationships between Party B's business entities.

See Exhibit 11(c) (HCMO_Submission-001578-001580) for charts showing Alto Pharmacy Holdings, Inc.'s organizational structure and relationships between its subsidiary business entities.

d. List of all of Party B's business entities currently licensed to operate in Oregon (using HCMO- 1b form, below). Provide the business name, assumed name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See HCMO-1b form. Alto Pharmacy LLC, a wholly owned subsidiary of the company, holds or has applied for five (5) Non-Resident Pharmacy Permits to fill prescriptions and ship medications to Oregon residents (fertility medications only).

e. Provide financial statements for the most recent three fiscal years. (If the Company also operates outside of Oregon, provide financial statements both for the national and Oregon business.)

See Exhibit 11(e) (HCMO_Submission-001581-001654) for Alto Pharmacy Holdings, Inc.'s national financial statements from 2021-2023. Alto does not maintain financial statements specifically for Oregon in the ordinary course of business.

f. Describe and identify the Party B's health care business.

See responses to subparts ii. and iii. below for a description of Alto's health care business.

i. Provider Type (hospital, physician group, etc.)

Retail Pharmacy (13 Locations Only) and Mail Order Pharmacy (Nationwide).

ii. Service lines, both overall and in Oregon

As described above, Alto's health care service lines are limited to general retail pharmacy services and mail order pharmacy for specific drugs (mostly comprising fertility drugs).

In Oregon, Alto provides only mail order pharmacy services to Oregon patients for its enterprise partners, the vast majority of which is comprised of fertility drugs, although it can also include the specific drugs that are the subject of an enterprise partnership, for instance with a drug manufacturer looking for an alternative dispensing channel for a drug.

Alto ships drugs to Oregon patients from its Seattle pharmacy location via shipping partners for next-day delivery such as USPS, UPS, and FedEx.

iii. Products and services, both overall and in Oregon

Alto maintains a digital pharmacy platform that allows patients and providers to manage prescriptions, seek refills, and communicate with Alto's care team. The company operates dispensing pharmacies that can ship medications to all 50 states in the United States and offer same- or next-day delivery through couriers where Alto operates a physical pharmacy location. Patients living within an Alto retail pharmacy service area are able to obtain a wide range of general health and specialty medications, including for fertility, heart and lung health, diabetes, and HIV/PrEP/HRT. Patients in other parts of the United States, including those in Oregon, can use Alto to fill prescriptions only for fertility medications or for the limited number of drugs where Alto is an enterprise partner for the fulfillment of specifically contracted drugs.

iv. Number of staff and FTE, both overall and in Oregon

Alto employs 603 total employees, including 549 FTEs. Alto has 4 remote workers (all FTE) residing in Oregon.

v. Geographic areas served, both overall and in Oregon

Alto operates 13 physical pharmacies are located in the San Francisco Bay Area, Los Angeles and Orange County, San Diego, Las Vegas, Seattle, Denver, the New York City Metro Area, Houston, the Dallas-Fort Worth Metro Area, and Austin.

Outside of these service areas, Alto predominantly fills fertility-related prescriptions nationwide. Alto does not operate a pharmacy location in Oregon but is able to ship fertility medications to patients in Oregon via shipping partners from its pharmacy location in Seattle.

Alto's enterprise partners for its dispensing and non-dispensing pharmacy services are primarily large pharmaceutical manufacturers and fertility benefits organizations with nationwide scale.

vi. Addresses of all facilities owned or operated using Form HCMO-1c

Alto does not operate any retail pharmacy locations in Oregon or own any facilities.

vii. Annual number of people served in Oregon, for all businesses, not just businesses

related to the transaction

In 2024, the company filled over [REDACTED] million prescriptions nationally. In Oregon, Alto served [REDACTED] patients and delivered medications for [REDACTED] prescriptions.

viii. Annual number of services provided in Oregon

The company will report revenues of \$ [REDACTED] in FY 2024 from pharmacy services provided in Oregon. [REDACTED] of this revenue was from Alto's fertility mail order pharmacy services.

ix. For hospitals, number of licensed beds

Not Applicable.

12. Describe all mergers, acquisitions, and joint ventures that closed in the ten (10) years prior to filing this notice of material change transaction involving any entities party to the current proposed transaction, the same or related services, and health care entities. (Include the party names, type of transaction, description, and date of closing.)

Party A (Paulus)

Party Names	Type of Transaction	Description of Transaction	Date of Closing
LetsGetChecked Inc (acquirer) & Veritas Genetics Inc	Merger	Acquisition of a genetics business and laboratory [REDACTED] [REDACTED] [REDACTED] [REDACTED]	12 October 2021
LetsGetChecked Inc (acquirer) & Coastline Pharmacy Holdings LLC	Purchase of Membership Interest	Acquisition of a pharmacy in Jupiter Florida [REDACTED]	16 July 2021
LetsGetChecked Inc (acquirer) & BioIQ Inc	Merger	Acquisition of an at-home healthcare testing company [REDACTED] [REDACTED]	22 April 2022
Paulus Holdings Limited (acquirer) & Veritas Intercontinental SL	Acquisition of Shares	Acquisition of an at-home healthcare testing company [REDACTED] [REDACTED]	22 April 2022
Paulus Holdings Limited (acquirer) & Truepill Inc	Merger	Acquisition of mail order white label pharmacy [REDACTED]	30 September 2024
Paulus Holdings Limited (acquirer) & Optum Hospice Pharmacy Services LLC	Merger	Acquisition of drug benefit management services to hospice providers [REDACTED]	17 March 2025

Party B (Alto)

Party Names	Type of Transaction	Transaction Description	Date of Closing
Alto Pharmacy Holdings, Inc. (Acquiror) & Variety Pharmacy LLC, a New York LLC	Merger	Acquisition of pharmacy [REDACTED]	March 4, 2022
Alto Pharmacy Holdings, Inc. (Acquiror) & Conception Pharmacy LLC, a DE LLC	Merger	Acquisition of pharmacy [REDACTED] [REDACTED]	January 19, 2021
Alto Pharmacy Holdings, Inc. (Acquiror) & Circadian Design, Inc. (Round Health)	Asset Purchase	Acquisition of smart pill bottle company, [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	June 30, 2017
Alto Pharmacy Holdings, Inc. (Acquiror) & AG Pharmacy - sole proprietor Vivian Lee Cheung	Asset Purchase	Acquisition of pharmacy [REDACTED]	August 1, 2015

13. Describe any anticipated changes resulting from the proposed material change transaction, including:

The Transaction will have no material impact on the availability of Truepill or Alto services or products offered in Oregon. In fact, the Transaction will enable Paulus to provide Alto the necessary capital and expertise to expand and improve services, including in Oregon.

a. Operational structure

- i. Provide a chart or diagram showing the pre- and post-transaction organizational structure and relationships between entities.***

See Exhibit 13(a) (HCMO_Submission-001655-001659) for a copy of the transactional step chart.

b. Corporate governance and management

As a result of the Transaction, Alto will become a fully owned subsidiary of Paulus. The Parties do not anticipate any significant changes to corporate governance or management structure.

c. Investments or initiatives

Paulus intends for the Transaction to unlock significant cost savings and has the capital to make needed investments to facilitate the adoption and expansion of Alto's courier delivery model. Today, neither party offers courier delivery in Oregon, but Paulus intends to expand this model to additional metro areas, including potentially Portland.

d. Type and level of staffing

Integration planning for type and level of staffing remains underway, but the transaction is not expected to have any material impact on staffing in Oregon. The parties employ a total of 6 FTEs in Oregon, all of whom are remote (given the parties lack of local presence). Should the parties expand courier delivery to Portland, this would require additional staffing of Oregon employees.

e. Type and level of services provided

The surviving entity will continue to provide the same type and level of services as the pre-merger entities provide. It is anticipated that the surviving entity will be more efficient and better able to serve patients due to the complementary nature of the acquisition as described above in Question 6.

f. Number and type of locations

The surviving entity will retain all current locations, including its brick-and-mortar retail locations, as well as its mail order pharmacy locations. Paulus will evaluate expanding the courier hub model, and opening new locations to service additional geographies.

g. Geographic areas served

The parties will continue to provide mail-order pharmacy services to patients in all 50 states. Alto will also continue to provide courier services in select cities, and Paulus will evaluate expanding courier services to new cities, including potentially Portland, as a part of its continuing capital investments.

h. For providers, payer contracts and payer mix

Truepill and Alto are not providers, but rather are mail-order pharmacies. The parties do not expect any changes to payer contracts or payer mix as a result of the Transaction. The parties' patients are primarily self-pay, with insurance providing a small portion of revenue.

i. For insurance carriers, provider contracts and networks

Not applicable.

j. Other contractual arrangements, including contracts with suppliers, partners, ancillary service providers, PBMs, or management services organizations

Because this is structured as a merger, contractual arrangements will continue.

V. IMPACTS FROM THE PROPOSED MATERIAL CHANGE TRANSACTION

14. Describe how the proposed material change transaction will impact the public and people served by the entities in Oregon.

The parties do not have any facilities or locations in Oregon. The Transaction will allow both Truepill and Alto to continue to grow and overcome some of the challenges each faces individually, allowing the entities together to offer better services, at lower costs, to more customers as a result of the parties' complementary products, services, and operational capacity at a national level. As a result of Transaction, the Parties expect many of these benefits will insure to the benefit of Oregon patients.

Expected synergies include: (1) expanded delivery options allowing more customers to access a greater selection of drugs and diagnostic tests more quickly in select cities and nationwide and reducing mailing costs; (2) reducing Truepill's cost of delivery for cold-chain delivery medications (such as weight-loss drugs) for customers in Alto's same-day delivery service areas; (3) reducing Truepill's cost to fill prescriptions through Alto's automated intake software, while also reducing error rate, and (4) improving Alto's enterprise partner onboarding through Truepill's pharmacy workflow technology. Ultimately, the parties will be better positioned to compete both against other platform providers and with large players in the pharmacy services market, many of whom have already developed, and are continuing to develop, their own pharmacy technologies that exceed the parties' capabilities individually.

Expanded delivery options

The Transaction will allow Paulus and Alto to access each other's logistical expertise to provide patients greater flexibility in how their drugs are delivered. Currently, Alto provides patients within the service area of its physical locations the option to receive medications by courier, a capability which Truepill does not offer.⁷ Same-day delivery has been one of Truepill's business goals, and through the addition of Alto's same-day courier delivery capabilities, Truepill will be able to provide patients faster access to a variety of drugs, including weight loss drugs, while reducing fulfillment cost, particularly for cold-chain products. The ability to provide weight loss drugs through same-day courier is a differentiating value proposition among GLP-1 dispensing competition.

In addition, Alto will be able to provide faster national service through Truepill's national mail-order infrastructure. Alto lacks resident pharmacy licenses and locations in many states which inhibits its ability to offer some next-day fertility treatments. Truepill has the licenses, shipping infrastructure, and relationships with third-party delivery partners to offer next-day shipping for its customers to all fifty states. As a result of the Transaction, Alto will be able to offer faster shipping for fertility treatments, positioning it as a stronger competitor of other national fertility treatment providers.

Reducing delivery costs

This shift to same-day courier delivery will also significantly reduce costs, given the cold-chain packaging alone (absent the next-day delivery cost through a shipping provider) is a significant cost that is greater than the cost of each delivery made via courier.

For example, Truepill partners with a drug manufacturer to provide a white-label virtual pharmacy that delivers drugs directly to patients. One such drug is a GLP-1 weight loss drug, which must be shipped in a special temperature-controlled box equipped with a monitor. [REDACTED]

⁷ Alto does not currently offer same-day courier service in Oregon. While it has not finalized any plans, Paulus anticipates expanding courier service to additional cities, including potentially Portland, as a result of the Transaction.

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Reducing Truepill's cost to fill

Alto's intake and billing systems offer a compelling opportunity for Truepill to reduce its costs in filling prescriptions through automation of duplicative functions. Automating intake reduces the time needed to intake new prescriptions, while reducing errors. Alto's advantages in pharmacy hub services would reduce drastically reduce Truepill's fulfillment costs because Truepill currently manually corrects and verifies prescription entries from patients and providers. This is especially resource intensive in the specialty medication space, where verifying prior authorizations for the treatment can be a significant burden on pharmacies. By implementing these superior intake systems, Paulus expects to reduce its costs ██████████ unlocking significant cost savings for its customers. Further, speeding up intake will increase the volume of prescriptions delivered, result in patients receiving prescriptions faster, reduce dispensing rate errors, and help pharmacists to prioritize their time on complex clinical issues.

Improving Customer Onboarding

Truepill's flexible and highly efficient pharmacy workflow technology reduces time and efforts to onboard new customers into the platform, for a seamless customer experience. As Alto implements Truepill's workflow technology, the cost to onboard new customers is expected to drop.

- a. If there are any anticipated negative effects, describe how the entities will seek to mitigate negative impacts.*

The parties do not anticipate the Transaction to have any negative effect on cost, quality, access, health equity, or competition nationally or in Oregon.

15. Explain how the proposed material change transaction will:

- a. Impact health outcomes for people in Oregon. Provide applicable data, metrics, or documentation to support your statements.*

As described above in the response to Question 14, the Transaction will improve access to pharmacy care, while reducing delivery time and cost.⁸ Improved access to medications, including through home delivery, will improve patient adherence and health outcomes.

- b. Benefit the public good by reducing the growth in health care costs. Provide applicable data, metrics, or documentation to support your statements.*

As described in the response to Question 14, the proposed Transaction will allow the parties to reduce costs in several ways, including: (1) reduced delivery costs for Truepill as it switches cold-storage medications from next-day mail shipping to courier delivery, and (2) reduced prescription intake costs for Truepill as it adopts Alto's automated intake software. Further, Truepill and Alto together will have increase purchasing scale which will allow them to seek greater discounts from wholesalers. Finally, both Alto and Truepill power models that involve fewer participants in the drug value chain, allowing savings to be passed on to consumers.

⁸ Alto, What to Consider When Choosing Your Limited Distribution Drug Partner (Apr. 4, 2023), ("Alto is an industry leader with an NPS score of 85"), <https://www.alto.com/blog/post/limited-distribution-drug-partner>.

- c. Benefit the public good by increasing access to services for medically underserved populations. Provide applicable data, metrics, or documentation to support your statements.***

At a time when local pharmacies are closing and pharmacy deserts are emerging, the Transaction will expand access to 24/7 high quality pharmacy care to all patients in Oregon, making fertility and other medications more accessible than ever. As noted above in the response to question 11, nearly all of Alto's business in Oregon is related to fertility, whereas Truepill has no fertility revenue in Oregon or nationally.

- d. Benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services. Provide applicable data, metrics, or documentation to support your statements.***

The Transaction will expand customer access to high quality as direct delivery of medications to patients' homes expands access to critical medications, including fertility and weight loss drugs. This is particularly important to people living in communities that lack brick and mortar pharmacy options.

- e. If the transaction will not benefit the public good, explain why this proposed material change transaction is in the best interest of the public***

Not applicable. The parties expect the Transaction to benefit the public good.

16. Describe any competitive effects that may result from the proposed material change transaction.

The parties do not expect any anticompetitive effects resulting from the Transaction. Rather, the post-Transaction entity will offer more choice and better service to patients and customers.

- a. Will the proposed material change transaction result in a decrease in competition?***

The Transaction will not result in any decrease in competition. Thousands of companies operate within the pharmacy services market, enabling 6.6 billion equivalent prescriptions to be dispensed and paid. The pharmacy services market is highly fragmented: in 2023 there were 71,000 pharmacies dispensing 6.6 billion Rx's and generating revenues of \$600 billion. Pharmacies in the market compete fiercely with each other. Patients with drug insurance plans can typically choose where to fill their prescription as can those paying directly. See response to Question 16(d) below for more detail on competitors in this space.

The multitude of competitors in the market include known, established, and well-founded companies, including several that are vertically integrated and have significant capital, who compete across all segments of the pharmacy services market. Amazon for example, with its Amazon Pharmacy offering, is a notable and strong competitor. Amazon Pharmacy provides virtual pharmacy services that can be accessed through the Amazon e-commerce app, providing a significant advantage to Amazon. Amazon has been a rapidly growing competitor and recently announced its plans to open pharmacies in 20 new cities across the U.S. in 2025, "leveraging its vast logistics network and advanced automation technology."⁹

The total dispensing revenue, which is only a component of the broader pharmacy services market, was estimated at \$600 billion in 2023. The parties' respective revenues represent [REDACTED] of the market

⁹ See [Amazon Pharmacy expands Same-Day prescription delivery in United States](#) ("Amazon is leveraging its vast logistics network and advanced automation technology to solve one of pharmacy's biggest pain points: the lack of convenient, affordable access to medications.").

share combined. The largest competitor in the market is CVS with 25.6% of the dispensing share, followed by Walgreens with 15.5% of the dispensing share. Similarly, the parties' respective number of prescriptions dispensed represent [REDACTED] of the market share combined. In 2023, approximately 6.6 billion total prescriptions were dispensed in the United States. [REDACTED]

Similarly, patients in Oregon can choose pharmacies of all kinds, including traditional brick & mortar retail, mail-order pharmacies, and other virtual pharmacies. Exhibit 16(d) (HCMO_Submission-001660-001665) provides examples of dozens of these competitors with national operations, many of which compete in Oregon. In contrast to the large national pharmacies and pharmacies with strong local ties, the parties have limited footprint in Oregon, with no physical presence in Oregon and relatively few sales [REDACTED]

[REDACTED] Given the breadth of current competition, the parties' complementary offerings, and the limited nexus to Oregon, the Transaction will not create any harms to competition.

b. If yes, describe any anticompetitive effects that will result from the proposed transaction.

Not applicable as the parties do not expect any anticompetitive effects resulting from the Transaction.

c. If yes, describe any plans to mitigate potential anticompetitive effects, including any divestiture plans.

Not applicable as the parties do not expect any anticompetitive effects resulting from the Transaction.

d. Provide applicable data, metrics, or documentation to support your statements.

See Exhibit 16(d) (HCMO_Submission-001656-001665) for a list of competitors providing pharmacy services.

17. Describe the proposed material change transaction's impact on the financial stability of any entity involved in the transaction.

[REDACTED]