

## MATERIAL CHANGE NOTICE SUBMISSION DETAILS

MCN Number	2024-11-15-1260
OHCA Review Start Date	12/20/2024
Anticipated date (unless tolled per regulation) by which OHCA could waive cost and market impact review	2/3/2025
Anticipated date (unless tolled per regulation) by which OHCA could determine cost and market impact review required	2/18/2025

## SUBMITTER

### HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	General Counsel
First Name	Andrew
Last Name	Polovin
Email Address	legal@tempus.com

### GENERAL

Business Name	Tempus AI, Inc.
Website	<a href="https://www.tempus.com/?srsltid=AfmBOophOBCSU-jrnDz6ocbQ5bua28jNrSVo_uCVwVkm6VVIFZelkr9_">https://www.tempus.com/?srsltid=AfmBOophOBCSU-jrnDz6ocbQ5bua28jNrSVo_uCVwVkm6VVIFZelkr9_</a>
Ownership Type	Corporation
Tax Status	For-profit
Federal Tax ID	47-4903308
Description of Submitting Organization	<p>Tempus AI, Inc. ("Tempus") is a publicly traded company with several wholly-owned subsidiaries (Tempus Labs Spain, SL; Tempus Labs Singapore PTE., Ltd; Mpirik, Inc.; SEngine Precision Medicine LLC; Tempus Compass, LLC; and Arterys Inc.).</p> <p>Tempus currently operates next-generation sequencing labs in Chicago, Atlanta, and Raleigh. Tempus' labs are certified by the Clinical Laboratory Improvement Amendments, or CLIA, and accredited by the College of American Pathologists, or CAP.</p> <p>Tempus' primary next-generation sequencing tests include DNA and RNA sequencing assays that offer a view of the genomic profiles of patients with cancer, assisting physicians to make informed treatment decisions.</p>
Health Care Provider	Yes
For Providers: Desc. of Capacity or Patients served in California	Tempus' primary next-generation sequencing tests include DNA and RNA sequencing assays that offer a view of the genomic profiles of patients with cancer, assisting physicians to make informed treatment decisions. Tempus' labs are certified by the Clinical

Laboratory Improvement Amendments, or CLIA, and accredited by the College of American Pathologists, or CAP. Tempus complies with applicable privacy laws governing the protection of patient data, including the Health Insurance Portability and Account Act (HIPAA) and its implementing regulations. Tempus' corporate headquarters (Chicago) and next-generation sequencing labs (Chicago, Atlanta, Raleigh) are located in the United States, and Tempus' operations are, accordingly, focused in the United States. Through March 31, 2024, Tempus estimates that its offerings had been used by more than 7,000 physicians across numerous provider networks, including more than 65% of all academic medical centers in the United States. To operate its business, Tempus has assembled a team of approximately 2,300 employees, including hundreds with diverse expertise across genetics, molecular and computational biology, bioinformatics, regulatory affairs, medical, product and engineering, and data science. Roughly one-third of our team is technical, with approximately 250 PhDs and MDs on staff. In the twelve (12) months prior to November 19, 2024, Tempus has provided next-generation sequencing tests to approximately 34,533 patients in California (as shown in more detail in the spreadsheet of test orders by California zip code attached to this submission).

**LOCATIONS**

Counties	All Counties
California licenses and numbers	Each of Tempus' three labs are licensed by California to render tests on specimens from California. Specifically, the California Clinical and Public Health Laboratory License numbers for Tempus' labs are as follows: (1) CDS-90009378 (North Carolina), (2) CDS-00800788 (Illinois), and (3) CDS-90005940 (Georgia).
Other States Served	AK; AL; AR; AZ; CO; CT; DC; DE; FL; GA; HI; IA; ID; IL; IN; KS; KY; LA; MA; MD; ME; MI; MN; MO; MS; MT; NC; ND; NE; NH; NJ; NM; NV; NY; OH; OK; OR; PA; RI; SC; SD; TN; TX; UT; VA; VT; WA; WI; WV; WY
Other state(s) licenses and numbers	Tempus is College of American Pathologies (CAP) accredited and licensed

	<p>under the Clinical Laboratory Improvement Amendment of 1988 (CLIA) and is authorized to provide diagnostic laboratory services from its labs in the states of Illinois, Georgia, and North Carolina. State laboratory laws establish standards for day-to-day operation of our clinical laboratories, including the training and skills required of personnel and quality control. In addition, some other states require our laboratories to be licensed in the state in order to test specimens from those states. In addition to Illinois, Georgia, and North Carolina, our laboratories are licensed in California (as described above), Rhode Island, Pennsylvania, New York and Maryland.</p>
Primary Languages used when providing services	English

### MATERIAL CHANGE

#### ADDITIONAL ENTITIES

Business Name	Description of the Organization	Ownership Type	Additional MCN Submission
Ambry Genetics Corporation	Ambry operates a next-generation sequencing lab in California that conducts a different portfolio of tests than those currently conducted by Tempus. Ambry expects to generate >\$300 million in revenue in calendar year 2024.	Corporation	Yes
GenomeSmart, Inc.	GenomeSmart, Inc. is a direct wholly owned subsidiary of Ambry Genetics Corporation that is incorporated in Delaware. GenomeSmart, Inc. is a dormant entity that has no ongoing business activities, contracts, or employees.	Corporation	No
GSLD Holdings, LLC	GSLD Holdings LLC is a direct wholly owned subsidiary of Ambry Genetics Corporation that is organized in California. GSLD Holdings, LLC is a real estate holding entity that owns a property leased to Ambry.	Limited Liability Company	No
Progeny Genetics LLC	Progeny Genetics LLC is a direct wholly-owned subsidiary of Ambry Genetics Corporation that is organized in Delaware. Ambry acquired the assets currently held under Progeny		No

	Genetics LLC on April 1, 2015, to complement Ambry's expertise in genetic testing with Progeny Genetics LLC's clinical data management expertise. Progeny Genetics LLC provides risk modeling and pedigree software.		
Realm IDx, Inc.	Realm IDx, Inc. ("Seller") is the sole stockholder and parent of Ambry, and would sell Ambry to Tempus in the Proposed Transaction. In addition to Ambry, Seller owns KONICA MINOLTA REALM, INC., a Japanese corporation. Seller completed the sale of another wholly-owned subsidiary Invicro, LLC, on April 30, 2024. As a subsidiary of HUS, Seller manages KMI's U.S. healthcare subsidiaries. Upon completion of the Proposed Transaction, Seller will no longer hold any direct ownership interest in Ambry.		No
Konica Minolta, Inc.	Konica Minolta, Inc. ("KMI") is a Japanese multinational corporation offering a wide array of products and services across several industries including technology, healthcare and imaging. KMI is the parent company of HUS which in turn is the parent company of Realm IDx, Inc. (Seller). KMI is a party to the Purchase Agreement solely with respect to the guarantee of performance of Seller's payment obligations under the Purchase Agreement.		No

## CRITERIA

A health care entity with annual revenue, as defined in <a href="#">section 97435(d)</a> , of at least \$25 million or that owns or controls California assets of at least \$25 million, or;	Yes
A health care entity with annual revenue, as defined in <a href="#">section 97435(d)</a> , of at least \$10 million or that owns or controls California assets of at least \$10 million and is a party to a transaction with any health care entity satisfying subsection (b)(1), or	Yes

## CIRCUMSTANCES FOR FILING

The proposed fair market value of the transaction is \$25 million or more and the transaction concerns the provision of health care services.	Yes
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The transaction is more likely than not to increase annual California-derived revenue of any health care entity that is a party to the transaction by either \$10 million or more or 20% or more of annual California-derived revenue at normal or stabilized levels of utilization or operation.	Yes
The transaction involves the sale, transfer, lease, exchange, option, encumbrance, or other disposition of 25% or more of the total California assets of the submitter(s).	Yes
The transaction involves a transfer or change in control, responsibility or governance of the Submitter. A transaction will directly or indirectly transfer control, responsibility, or governance in whole or in part of a material amount of the assets or operations of a health care entity to one or more entities if: (1) The transaction would result in the transfer of 25% or more of the voting power of the members of the governing body of a health care entity, such as by adding one or more members, substituting one or more members, or through any other type of arrangement, written or oral; or (2) The transaction would vest voting rights significant enough to constitute a change in control such as supermajority rights, veto rights, and similar provisions even if ownership shares or representation on a governing body are less than 25%;	Yes
The transaction involves the formation of a new health care entity, affiliation, partnership, joint venture, or parent corporation for the provision of health care services in California that is projected to have at least \$25 million in California-derived annual revenue at normal or stabilized levels of utilization or operation, or transfer of control of California assets related to the provision of health care services valued at \$25 million or more	Yes

## TRANSACTION DETAILS

Anticipated Date of Transaction Closure	1/2/2025
Description of Transaction	Tempus AI, Inc. ("Tempus" or "Buyer") has previously partnered with Ambry Genetics Corporation ("Ambry") to distribute germline sequencing for inherited cancer risk, and Tempus believes its acquisition of Ambry is an opportunity to further expand and enhance inherited risk screening for cancer patients. As a result of the proposed transaction (the "Proposed Transaction"), Ambry will undergo a complete change of control when one hundred percent (100%) of its shares are acquired by Tempus. Following the consummation of the Proposed Transaction, Ambry will become a wholly owned subsidiary of Tempus. This summary of the terms of the proposed transaction is qualified in its entirety

	<p>by the terms and conditions of the definitive purchase agreement between the parties (the "Purchase Agreement"). In exchange for the sale of Ambry, Realm IDx, Inc. (i.e., Ambry's parent company, the "Seller") will receive a combination of Buyer Class A Common Stock, with an approximate value of \$225 million, and cash, with a base value of \$375 million subject to certain adjustments. The precise definitions of these payment terms are set forth in the Purchase Agreement. These payment terms set forth in the Purchase Agreement will not have any impact on Ambry's or Tempus' ability to provide its services to the public. The transaction contemplated by the Purchase Agreement will close two business days following the satisfaction of the conditions specified in the Purchase Agreement. The parties currently anticipate a closing date of January 3, 2025. There is no expected adverse impact on public health as a result of the Proposed Transaction, and the parties, indeed, expect the transaction to expand and enhance access to healthcare services from both Ambry and Tempus. There is no horizontal overlap between Ambry and the Buyer, and the Proposed Transaction will not result in any lessening of competition. There is no expected adverse impact to the public as a result of the Proposed Transaction.</p>
Submitted to US Department of Justice or Federal Trade Commission?	Yes
Date of Submission	11/17/2024
Subject to Court Proceeding	No
Description of current services provided and expected post-transaction impacts on health care services	<p>Tempus currently operates molecular sequencing labs in Illinois, North Carolina, and Georgia to perform testing on patients with cancer and other diseases. Ambry operates a molecular sequencing laboratory in Orange County, California. Both Tempus and Ambry currently service patients throughout the United States. The Proposed Transaction is not expected to result in changes to Ambry's business plan or operations, nor is the Proposed Transaction expected to have any impact on patient access to services (and costs thereof) currently provided by either Tempus or Ambry.</p>

	<p>Tempus' primary clinical next-generation sequencing tests include DNA and RNA sequencing assays that offer a view of the genomic profiles of patients with cancer, assisting physicians to make informed treatment decisions. The Proposed Transaction is not expected to result in any adverse change to the levels and types of health care services provided by Tempus or Ambry, as Tempus intends to expand and grow its and Ambry's services post-closing.</p> <p>In the twelve (12) months prior to November 19, 2024, Tempus has provided next-generation sequencing tests to approximately 34,533 patients in California (as shown in more detail in the spreadsheet of Tempus test orders by California zip code attached to this submission).</p> <p>There are currently no community needs assessments. The Proposed Transaction is not expected to result in any adverse change to access to or costs of services provided by Tempus or Ambry.</p> <p>Tempus currently accepts all insurance plans. Tempus currently has, and expects that after the Proposed Transaction Tempus and Ambry will continue to have, financial assistance programs that support access to testing.</p>
<p>Prior mergers or acquisitions that: (A) involved the same or related health care services; (B) involved at least one of the entities, or their parents, subsidiaries, predecessors, or successors, in the proposed transaction; and (C) were closed in the last ten years.</p>	<p>On December 9, 2019, in accordance with a stock purchase agreement, Tempus AI, Inc. purchased 100% of the issued and outstanding shares of capital stock of AKESOGen, Inc., a next-generation sequencing lab in Georgia, for approximately \$30.3 million. Since such acquisition, Tempus has maintained and expanded the sequencing services rendered from this Georgia lab.</p> <p>On January 4, 2022, Tempus acquired all of the issued and outstanding interests of Highline Consulting, LLC ("Highline"). Highline manages and executes on early and late-stage clinical trials, applying a customized approach to each study. Tempus acquired Highline for \$35.5 million of consideration. Tempus has continued the Highline services since the acquisition.</p>

	<p>On October 3, 2022, Tempus AI, Inc. acquired Arterys, Inc. (“Arterys”), a company that provides a platform to derive insights from radiology medical images to improve diagnostic decision-making, efficiency, and productivity across multiple disease areas. The aggregate acquisition date fair value of consideration for the Arterys acquisition totaled \$8.3 million. Tempus has continued the Arterys services since the acquisition.</p> <p>On March 8, 2023, Tempus AI, Inc. acquired all of the issued and outstanding interests of Mpirik, Inc. (“Mpirik”), a cardiology-focused healthcare technology company specializing in data-driven patient screening, automated care coordination, and clinical research. Tempus paid consideration of approximately \$9.7 million for the acquisition. Tempus has continued the Mpirik services since the acquisition.</p> <p>On October 3, 2023, Tempus AI, Inc. acquired all of the issued and outstanding interests of SEngine Precision Medicine LLC (“SEngine”), a Delaware limited liability company engaged in leveraging its tumor organoid repository and proprietary sequencing test to inform personalized cancer care. Tempus paid consideration of approximately \$9.9 million for the acquisition. Tempus has continued the SEngine services since the acquisition.</p>
Description of Potential Post Transaction Changes	<p>Tempus representatives will replace representatives of Ambry’s current owners on the Ambry Genetics Corporation Board of Directors post-closing. Tempus does not otherwise anticipate material post-closing changes to Ambry's governance, operational structure, staffing or federal, state, or local government contracts as a result of the transaction, as Tempus intends to continue to provide and grow Ambry's pre-closing services after acquiring Ambry.</p> <p>In addition, no post-closing changes to Tempus' ownership, governance, operational structure, staffing or federal, state, or local government contracts are expected as a result of the transaction, as Tempus intends</p>



	to continue to provide and grow its pre-closing services after acquiring Ambry.
Description of the nature, scope, and dates of any pending or planned material changes occurring between the Submitter and any other entity, within the 12 months following the date of the notice	Other than Tempus' intended acquisition of Ambry, no other material changes are currently planned.