

# **The Oncology Institute, Inc.**



## **2023 Annual Report**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-39248

**The Oncology Institute, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**84-3562323**

(I.R.S. Employer Identification No.)

**18000 Studebaker Rd, Suite 800**

**Cerritos, California 90703**

(Address of Principal Executive Offices)

**(562) 735-3226**

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	TOI	The Nasdaq Stock Market LLC
Warrants to purchase common stock	TOIIW	The Nasdaq Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes   
No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes   
No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of voting stock held by non-affiliates of the Registrant, based on the closing price of \$0.55 per shares of the Registrant's common stock as reported by the Nasdaq Capital Market as of June 30, 2023, was approximately \$41.6 million.

The registrant had outstanding 74,312,921 shares of common stock as of March 19, 2024.

#### DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference information from the registrant's proxy statement for the annual meeting of stockholders expected to be held on June 13, 2024, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year ended December 31, 2023.

---

# Table of Contents

	<b>Page</b>
Part I	6
Item 1. Business	6
Item 1A. Risk Factors	16
Item 1B. Unresolved Staff Comments	45
Item 1C. Cybersecurity	45
Item 2. Properties	46
Item 3. Legal Proceedings	46
Item 4. Mine Safety Disclosures	46
Part II	47
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	47
Item 6. [ Reserved ]	47
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	48
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	60
Item 8. Financial Statements and Supplementary Data	61
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures	110
Item 9A. Controls and Procedures	110
Item 9B. Other Information	111
Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections	111
Part III	112
Item 10. Directors, Executive Officers and Corporate Governance	112
Item 11. Executive Compensation	112
Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters	112
Item 13. Certain Relationships and Related Transactions, and Director Independence	112
Item 14. Principal Accounting Fees and Services	112
Part IV	113
Item 15. Exhibits, Financial Statement Schedules	113
Item 16. Form 10-K Summary	115
Signatures	116

## INTRODUCTORY NOTE

Unless the context dictates otherwise, references in this Annual Report on Form 10-K to the “Company,” “we,” “us,” “our,” and similar words are references to The Oncology Institute, Inc., a Delaware corporation (“TOI”), and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities (“VIEs”).

Trade names and trademarks of TOI referred to herein, and their respective logos, are our property. This Annual Report on Form 10-K may contain additional trade names and/or trademarks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies’ trade names and/or trademarks, if any, to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

The Centers for Medicare & Medicaid Services (“CMS”) have not reviewed any statements contained in this Annual Report on Form 10-K.

## FORWARD-LOOKING STATEMENTS

In this Annual Report on Form 10-K, including “*Business*” in Item 1, “*Risk Factors*” in Item 1A, and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in Item 7, and the documents incorporated by reference herein, we make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. These statements may be preceded by, followed by or include the words “may,” “might,” “will,” “will likely result,” “should,” “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “continue,” “target” or similar expressions.

These forward-looking statements are based on information available to us as of the date they were made, and involve a number of risks and uncertainties which may cause them to turn out to be wrong. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- expectations and assumptions about growth rate and market opportunity of TOI;
- our public securities’ potential liquidity and trading;
- our ability to raise financing in the future;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- the impact of the regulatory environment and complexities with compliance related to such environment;
- the outcome of judicial and administrative proceedings to which TOI may become a party or investigations to which TOI may become subject that could interrupt or limit TOI’s operations, result in adverse judgments, settlements or fines and create negative publicity;
- failure to continue to meet, or to cure any deficiency with respect to, stock exchange listing standards;
- factors relating to the business, operations and financial performance of TOI, including:
  - the potential short and long-term impact of a re-emergence of COVID-19 variants or any other pandemic, epidemic or similar broad health-related outbreaks;
  - the ability of TOI to maintain an effective system of internal controls over financial reporting;
  - the ability of TOI to grow market share in its existing markets or any new markets it may enter;
  - the ability of TOI to respond to general economic conditions;
  - the ability of TOI to manage its growth effectively;
  - the ability of TOI to achieve and maintain profitability in the future;
  - the ability of TOI to attract new patients;
  - the ability to recognize and react to changes in TOI’s clients’ preferences, prospects and the competitive conditions prevailing in the healthcare sector;
  - continued reimbursement from third-party payors; and

- other factors detailed under the section titled “Risk Factors” within this Annual Report on Form 10-K.

# PART I

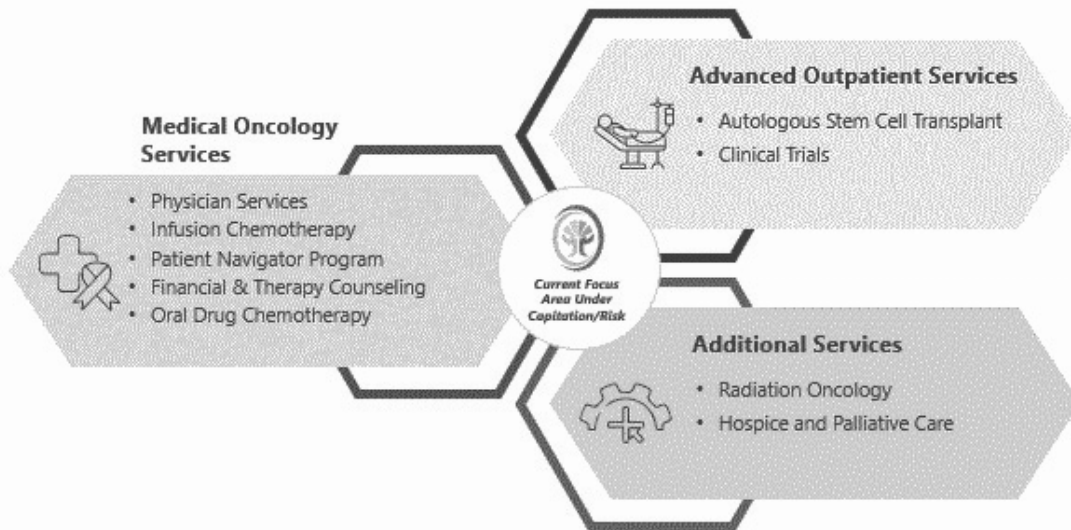
## Item 1. Business

### Overview

The Oncology Institute, Inc. ("TOI", the "Company", "we", or "our") is a leading value-based oncology company that manages community-based oncology practices which serve patients at 83 clinic locations across 15 markets and five states throughout the United States. Our community-based oncology practices are staffed with 130 oncologists and advanced practice providers. 69 of these clinics are staffed with 119 providers employed by our affiliated physician-owned professional corporations, referred to as the "TOI PCs", which provided care for more than 72,000 patients in 2023 and managed a population of approximately 1.8 million patients under value-based agreements as of December 31, 2023. We also provide management services to 14 clinic locations owned by independent oncology practices. Our mission is to heal and empower cancer patients through compassion, innovation, and state-of-the-art medical care.



Our managed clinics provide a range of medical oncology services, including physician services, in-house infusion and dispensary, radiation, innovative programs like outpatient blood product transfusions, along with 24/7 patient support. Through TOI Clinical Research, LLC ("TCR"), the clinical research arm of the TOI PCs, we also provide and manage clinical trial services and research for the benefit of cancer patients. Many of our services, such as managing clinical trials and palliative care programs, are traditionally accessed through academic and tertiary care settings, while the TOI PCs bring these services to patients in a community setting, by which we mean, providing care in our convenient clinic locations rather than academic or tertiary care settings. As scientific research progresses and more treatment options become available, cancer care is shifting from acute care episodes to chronic disease management. With this shift, it is increasingly important for high-quality, high-value cancer care to be available in a local community setting to all patients in need.



As a value-based oncology company, we seek to deliver better quality care while managing costs for patients and payors that we serve. We define value-based care as care that focuses on providing optimal health outcomes and healthcare

affordability and a value-based contract as any contract that removes the incentive to drive up cost of care or overutilization, while rewarding better clinical outcomes, cost and quality. We work to accomplish this goal by reducing wasteful, inefficient or futile care that drives up costs but does not improve outcomes. We believe payors and employers are aligned with the value-based model due to its enhanced access, improved outcomes, and lower costs. Patients under our affiliated providers' care can benefit from evidence-based and personalized care plans, gain access to sub-specialized care in convenient community locations, and lower out-of-pocket costs. We believe our affiliated providers enjoy the stability and predictability of a large multi-state practice, are not incentivized or pressured to over-treat when it may be inconsistent with a patient's goals of care and can focus on practicing outstanding evidence-based oncology care.

In contrast to value-based care, we believe much of traditional fee-for-service, or FFS, oncology care is plagued by misaligned incentives that drive up costs and often lower the quality of care. In FFS care, oncologists are reimbursed on a "cost-plus" basis for drugs which in turn are often responsible for the majority of a practice's revenue. This "cost-plus" model may incentivize oncologists to prescribe the most expensive treatments even if lower cost alternatives that are still medically appropriate are available, as well as to continue to utilize chemotherapy in advanced cancer patients who may no longer benefit from such treatment. In these cases, patients and payors not only bear the burden of higher cost of care, but patients may also suffer negative health outcomes including higher rates of emergency room visits and hospitalizations for supportive care needs due to the side effects associated with chemotherapy.

In 2023, we generated more than 47% of our revenue from patients who are covered by value-based contracts. Historically, our value-based contracts have predominately taken the form of capitated contracts. Our capitated contracts remove incentives to drive up costs, and they also have incentives for meeting or exceeding certain quality metrics. In some capitated contracts we are penalized if we fail to meet certain quality metrics. In other capitated contracts, we receive bonuses/rewards if we meet or exceed certain quality metrics. Our value-based contracts could also take on other forms, such as sharing with payors in the cost savings generated for specific medical oncology costs (which we refer to as 'gain-sharing' contract), along with incentives to meet certain quality metrics. These contracts, despite their modifications on how reimbursement is structured, still meet the definition of value-based care. We and our affiliated providers have contractual relationships with payors serving a variety of patients, including Medicare Advantage ("MA"), Medicaid, and commercial patients. These payors include affiliates of Anthem, CareMore Health, Heritage Provider Network and Optum Care.

In 2023, we continued to evolve the way we structure our value-based arrangements, particularly in areas of the country where there are limits on medical group delegation, or an increased desire from groups to incentivize TOI for cost of care that extends beyond medical oncology and includes elements such as management of acute care utilization and/or management of non-employed oncologists. We believe that these new contracting methodologies are furthering our mission to provide access to world-class oncology care in an affordable manner to underserved populations.

We believe that our position in the market and focus on elevating the state of oncology care with a value-based care model positions our affiliated providers well for future growth. Our technology platform supports this growth and enables the TOI PCs to standardize and deliver consistent value-based care at scale. We believe that our model will support growth into new markets, allow us to continue service more patients across the United States.

Our website is [www.theoncologyinstitute.com](http://www.theoncologyinstitute.com). The information contained on our website is not a part of this annual report.

### **Affiliated Physician Practices**

Some states have laws that prohibit business entities with non-physician owners from practicing medicine, which are generally referred to as the corporate practice of medicine. States that have corporate practice of medicine laws require only physicians to practice medicine, exercise control over medical decisions or engage in certain arrangements with other physicians, such as fee-splitting. For example, under California's corporate practice of medicine doctrine, physicians and certain licensed professionals cannot be employed by non-professional corporations, except under limited exceptions which do not apply to us. Additionally, all clinical decisions and certain business or management decisions that result in control over a physician's practice of medicine must be made by a licensed physician and not by an unlicensed person or entity. California also prohibits professional fee-splitting arrangements, but management fees based on a percentage of gross revenue or similar arrangement that is commensurate with fair market value of services provided by the management company are generally permissible.

We have entered into a management services agreement with each of the TOI PCs, which are entirely physician owned. Under our management services agreements, we have agreed to serve, on an exclusive basis, as manager and administrator of each TOI PC's non-medical functions and services related to healthcare services and items provided to patients by physicians and other licensed healthcare providers employed by or under contract with a TOI PC. The non-medical functions and services we provide under the management services agreements include practice management services and non-clinical operational assistance for all TOI PC clinic locations, assistance with provider and payor contract negotiations and administration, billing



and collection services, financial and accounting services, electronic medical records and practice management technology solutions, assistance in maintaining licensure, permits and other credentialing requirements for the TOI PCs, risk management services, non-clinical personnel services, provider recruitment services and other administrative services required for the day-to-day operations of the clinics and TOI PCs. Our management services agreements with the TOI PCs have 20-year terms, unless terminated upon mutual agreement of the parties or unilaterally by a party following a material breach or commencement of bankruptcy or liquidation events by the other party, or a governmental or judicial termination order against a party. Under the management services agreement, we receive a monthly management fee that is structured as direct reimbursement of all costs incurred plus a percentage of the TOI PC's gross revenue, which is defined as the TOI PC's total revenues payable for all healthcare services and items rendered by the TOI PC, adjusted for bad debt, discounts and payor contract adjustments. In accordance with relevant accounting guidance, each of the TOI PCs is determined to be a variable interest entity, or VIE, of the Company as the Company has the ability, through the management services agreement, to direct the activities (excluding clinical decisions) that most significantly affect the TOI PC's economic performance.

## **Market Overview**

Our business is focused on caring for adult and senior populations with medical oncology and related care needs, including members of MA plans run by private insurance companies on behalf of the Centers for Medicare and Medicaid Services, or CMS, as well as traditional FFS Medicare, Medicaid, other government healthcare programs and commercial insurance populations. One of our primary focuses is on value-based contracts in which we manage the medical oncology care for a population of patients for a pre-determined, population-based capitated payment. Many of the patients that we manage under value-based arrangements are referred to as "capitated" populations, however our affiliated providers also provide care to patients outside of these arrangements under traditional FFS arrangements as well as other types of value-based contract.

As of December 31, 2023, we were active in 15 markets in five states. Across these states, there were approximately 81 million commercial, Medicaid, and MA lives. This population provides us with a substantial opportunity to capture a portion of those lives in both our legacy, existing markets, as well as in our new expansion geographies.

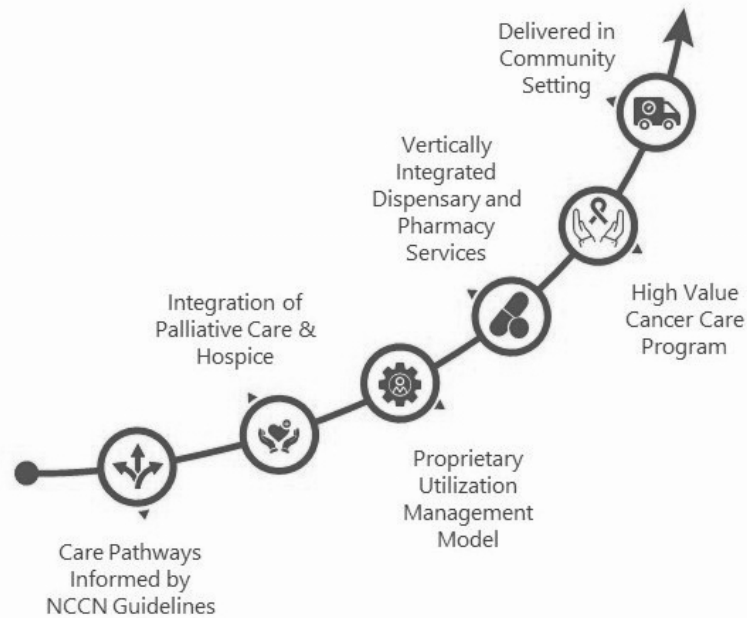
## **Our Care Model**

Since our founding over 15 years ago, we have built a solid track record around our care model for value-based oncology care. Our care model is focused on delivering personalized, evidenced-based care, consistently, and at scale. We seek to deliver better patient outcomes for lower costs, and to care for more of our payors' patient populations.

Our care model is designed to remove physicians' incentives to over-prescribe or prescribe high-cost chemotherapy that is of limited clinical utility to patients, but rather focus on NCCN guideline adherence and, when possible, choose clinically equivalent but lower-cost therapeutics to benefit patients and our payor partners. We invest in nurse practitioners to help with advanced care planning and palliative care discussions with patients. We give patients the education and tools to make their own decisions about when the right time is to choose palliative care or hospice.

## Our Model

*Integrated, value-based model focused on quality care at lower cost*

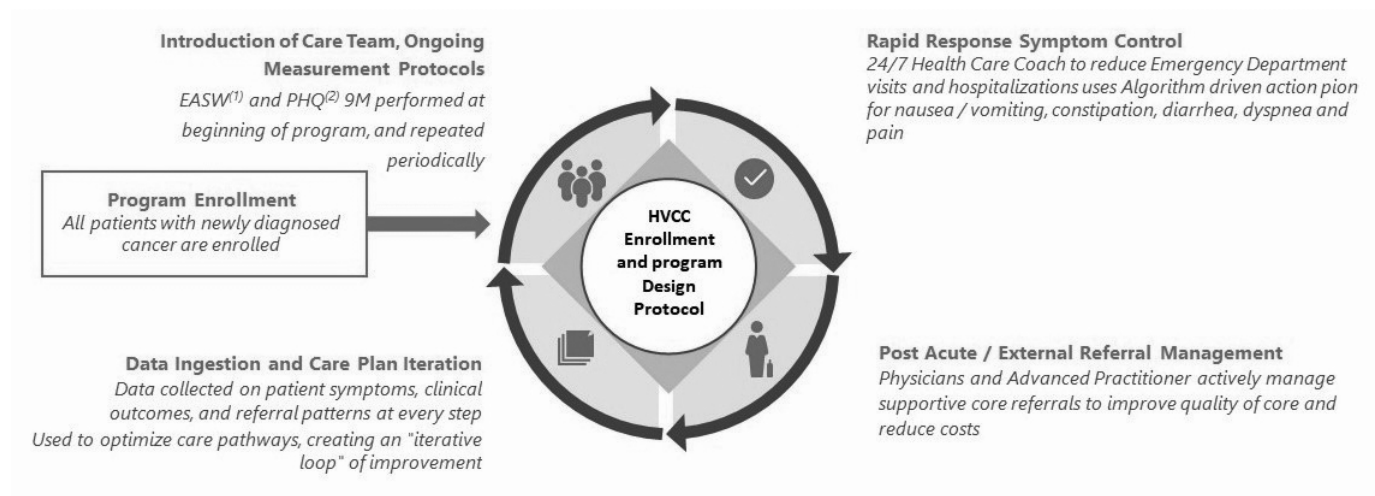


While the TOI PCs treat patients under both value-based and FFS contracts, our affiliated providers’ approach to care focuses on achieving the best outcomes at the lowest cost, regardless of the reimbursement methodology. We have developed a High Value Cancer Care, or HVCC, program, in which patients are able to access targeted care resources that augment and support their treatment. Our treatment regimens are based on algorithms established by the National Comprehensive Cancer Network (“NCCN”) and are evidence-based. NCCN is a not-for-profit alliance of 32 leading cancer centers devoted to patient care, research and education (not including TOI). NCCN focuses on improving cancer care through the input of clinical thought leaders at its member organizations. NCCN publishes guidelines developed from evidence-based medicine to ensure that all cancer patients receive preventative, diagnostic, treatment, and supportive services that are most likely to lead to optimal outcomes. The NCCN guidelines are widely recognized as the standard for clinical care in medical oncology, and the intent of the guidelines is to assist in clinical decision making. Our affiliated providers strive to ensure that clinical pathways in our electronic health records system, as well as recommendations on use of chemotherapy and supportive care medications are consistent with NCCN guidelines to ensure patients receive the best clinical care based on their individual disease and comorbidities. Moreover, the TOI PCs operate physician dispensaries that allow our affiliated providers to prescribe and dispense oral oncolytics and related medications to patients, alongside chemotherapy infusion and injections. This provides patients with holistic and convenient access to the most appropriate treatment pathways, all in a community setting. According to a study conducted by researchers at Stanford University on the TOI PCs’ patients in 2019 who were enrolled in our HVCC program, we saw improvements in several key metrics, including:

### Highly Effective in Delivering Quality, Value Based Oncology Care Outcomes



Overall, the study demonstrated greater than 25% lower median total healthcare costs from diagnosis to death. We are continuously improving and innovating our care model, using the clinical data from the HVCC program to develop evidence-based care and treatment protocols for all patients.



## Our Value Proposition and Differentiated Care Model

Our managed clinics primarily serve adult and senior cancer patients in markets that have MA plans and primary care medical groups reimbursed on a capitated basis. Our affiliated providers provide these services primarily through employed providers who are responsible for patient care. We intend to leverage our long-established, strong relationships with payors to continue to build out our network and increase access to cancer patients in adjacent markets, while at the same time, decreasing oncology care costs for both patients and payors. Through the TOI PCs, we seek to provide high quality and lower cost care delivery through the following capabilities:

- recruiting process focused on selecting physicians that want to practice evidence-based medicine;
- technology-enabled care pathways ensuring adherence to evidence-based clinical protocols;
- strong clinical culture and physician oversight;
- care management to prevent unnecessary hospitalizations;
- care delivered in community clinics vs. hospital setting;
- clinically appropriate integration of palliative care and hospice aligned with patients' goals of care;
- access to clinical trials providing cutting-edge treatment options at low or no cost to patients or payors; and
- appropriate provider training on clinical documentation to ensure proper risk adjustment and reimbursement for complex patients.

We strive to add value by consistently performing these activities effectively. The goal is a lower cost of care for the same or better clinical outcomes while providing a superior patient experience.

### Patient Experience

We believe our patient-centric focus facilitates high levels of patient satisfaction and supports our care delivery model while strengthening payor relationships. We employ a continuous feedback mechanism to ensure superior patient experience and satisfaction among our affiliated physicians and advanced practice providers.

As of a recent patient survey in 2022, 88% of our oncologists and 90% of our locations were rated 4.0 or above as measured by our survey, which we distribute to patients via text or e-mail following their clinic visit.

### Growth Strategy and Opportunities

To date, revenue has grown at a roughly 26% CAGR from 2016 to 2023, driven by robust growth in capitated lives under value-based contracts.

Our footprint as of December 31, 2023 spanned five states and is growing rapidly.

	California	Arizona	Nevada	Florida	Texas
Markets	7	1	1	5	1
Managed and Affiliated Clinics <sup>(1)</sup>	62	4	4	11	2
Providers	99	5	4	21	2

<sup>(1)</sup> 69 clinics operated under the TOI PCs, whereby we receive a percentage of revenues under our management services agreements, or MSAs and are consolidated; and 14 independent oncology practice locations that are under MSAs for limited management and administrative services but do not bear any direct operating costs.

We anticipate adding more TOI PC clinics and other managed practices in the future across our markets through acquisitions and through de novo clinic builds, and we are in constant discussion with payors and providers to enter new markets. We continually seek to evaluate our growth strategy and may continue to modify it in the future, and there can be no assurance that we will be able to successfully capitalize on growth strategies.

Our go-to-market strategy focuses on both payors and providers. This blend is important given the increasing penetration of non-traditional payors, such as Oscar and Bright HealthCare, and primary care risk models such as Agilon health and ChenMed LLC.

We believe that our existing payor relationships provide us leads on opportunities to enter new markets, and we often receive outreach from new management services organizations, health plans and risk bearing organizations. When evaluating a new market, we consider three primary factors:

1. the penetration and growth of Medicare Advantage and other value-based reimbursement models;
2. the presence of value-based primary care groups with whom we can partner to generate referrals and manage outcomes; and
3. how well oncology spend is currently managed in that market.

We believe that new markets we are focused on meet all of the above criteria and could provide us with significant opportunity to create value for patients, providers and payors.

We have multiple strategies we believe can achieve long term growth.

- **Existing Market Contract Growth:** Continue driving covered lives growth. Significant growth potential in existing markets can be achieved through expanding the scope of our services with existing partners and securing new contracts with new payors and independent practices. The addition of new de novo clinics and affiliated providers can drive additional growth. By continuing to build regional density in existing markets, we also have an opportunity to achieve efficiencies with increased scale.
- **New Market Contract Growth:** Our replicable operating model enables quick scaling in new markets. Oncology continues to be a key focus area for payors and providers, who are highly supportive of our entry into new markets. Our high priority markets have attractive market dynamics due to the high cost of oncology care in these geographies, the prevalence of risk-bearing organizations, and the presence of national payor partners with whom we collaborate in existing markets. Our initial approach to value-based contracting in new markets is likely to be in the form of gain share contracts. These new contracts, which will enable us to work with payors and risk-taking providers as they continue their shift to value-based care, are likely to produce lower revenue and profitability in the initial period as compared to full capitation. Once payors and risk-bearing providers in these new markets become comfortable with our ability to generate savings and better outcomes, we believe these contracts are likely to shift to capitation.
- **M&A Opportunities:** Leveraging our existing pipeline and mergers and acquisition expertise can help us facilitate growth in both existing and new markets, allowing us to rapidly establish market presence. Once on-boarded, we can transition the affiliated practice to our value-based model, as well as expand and enhance the scope of services provided to patients by the affiliated practice, such as adding dispensary operations, managing clinical trials and access to our broad purchasing contracts. Independent oncologists continue to face multitude of challenges and our acquisition model offers a path for these oncologists to continue to practice in their community without the burdens of business building or administration, while at the same time working alongside a dynamic and growing organization at the forefront of value-based care. We look for acquisition targets where the practice is philosophically aligned with us in driving the shift to value-based care.
- **Service Expansion:** We can broaden scope and diversify service offerings, including ancillary and adjacent services focused on patient care and innovation and providing access to new oncology treatments being investigated in clinical trials that our affiliated practices manage. We have the potential to scale significantly faster with additional capital via

new oncologist on-boarding and training, further technology investments, investments in ancillaries, and strategic acquisitions. In Q4 2023, we opened our California-based pharmacy for specialty medication fills.

## **Contracting Overview**

At a time when many FFS healthcare organizations have been struggling due to the decrease in service volumes, our value-based capitation payments have allowed us to maintain our level of member care and prioritize member safety by incentivizing the provision of care in the most appropriate setting.

We have focused our business on capitation arrangements and other types of value-based contracts, which we believe align provider incentives with both quality and efficiency of care. Under capitation arrangements, payors pay a fixed per member per month, or PMPM, amount for every plan member within a population assigned to us for oncology care.

Our affiliated providers are responsible for managing oncology care for this population based on a scope of medical services and drugs agreed upon by both parties. The PMPM rates for our capitation arrangements are determined based on our analysis of historical patient data and agreements with contractual partners. In new markets, this may require the TOI PCs to contract with both the health insurance company and their risk-bearing provider organization in order to service these members.

In addition to capitation-based arrangements, we continue to explore several other forms of value-based arrangements. Although many of these arrangements continue to be based on a FFS-based methodology, our affiliated providers are eligible to earn additional bonuses based on their ability to achieve oncology specific clinical and other quality of care based benchmarks. While these alternative value-based arrangements may not produce as much initial revenue on a PMPM basis as capitation, we believe this flexibility in contracting models will allow us to speed our expansion into new markets while preserving the value-based economics that are critical for our business' growth and success.

## **Payor Relationships**

Our ability to consistently attract patients across multiple geographic markets depends on our ability to contract with payors in each market. Depending on the market, payors can be delegated medical groups who are taking risk or insurance companies themselves. By opening clinics in locations where the TOI PCs currently manage the oncology care for a large number of insured Medicare, commercial and Medicaid members, we believe we are creating net benefits for payors, as our affiliated providers are able to reduce unnecessary costs and improve patient care and experience. This also allows us to benefit from the value-based offerings already established by payors in the market, therefore not requiring us to single-handedly drive patient growth. Some of the biggest and most respected names in healthcare contract with the TOI PCs to provide oncology care to their members, including Anthem, CareMore Health, Heritage Provider Network and Optum Care. More than half of our revenue in 2023 was generated from value-based contracts where payors have made our affiliated providers their preferred or exclusive oncology group.

While our relationships with payors are long-standing, we believe we have limited concentration risk as our largest customer by revenue in 2023 represented approximately 15% of our revenue.

## **Provider and Clinic Capacity Growth**

Our primary driver for growth in provider and clinic capacity is to create network adequacy to service members from payors with whom we have capitated or other value-based arrangements. For each market we currently operate in or are considering entering, we do a detailed assessment of the existing market landscape and determine the optimal approach to create the capacity we need given our payor relationships and pipeline of contracts. We can achieve capacity growth through multiple avenues, including practice acquisitions and de novo clinics. Practice acquisitions offer an opportunity to gain scale and market presence rapidly, while de novo clinics allow us to build out our network in a highly capital efficient manner. We believe both approaches can work in tandem to achieve optimal scale, network presence and speed to market. In addition, we have an active recruitment pipeline for providers to join our network and help us both manage patient load and grow the patient base.

We believe we have built a robust and data-driven approach to acquisitions, with a dedicated team to identify, assess and integrate physician practices into our network, and a strong pipeline of targets in both existing and new markets. We have invested in resources to continually add to our pipeline.

## **Clinic Structure, Staffing and Network Design**

We have a standard clinic design and approach to staffing that has been refined over many years. Managed clinics typically range from 2,000 to 3,000 square feet with 3-4 providers (physicians and advanced practice providers) per clinic. We have flexibility around clinic size to allow us to establish smaller clinics and part time staffing in areas where needed to ensure the

TOI PCs can meet network adequacy under existing payor contracts. We group our managed clinics in a similar geographic area into pods, with multiple pods in each market. We have operations teams managing our markets and pods allowing us to drive performance and scale efficiently.

## **Competition**

The U.S. healthcare industry is generally highly competitive. We compete with large and medium-sized local and national providers of cancer care services, such as health system affiliated practices, for, among other things, contracts with payors, recruitment of physicians and other medical and non-medical personnel and patients. The closest competitors are traditional oncology physician practices, such as American Oncology Network, Inc., Florida Cancer Specialists & Research Institute, LLC, U.S. Oncology Network, Inc., and OneOncology, Inc. These organizations are predominantly reimbursed via FFS contracts, which we believe can often lead to over utilization of treatments that may be medically appropriate but often results in higher costs. Secondary competitors may include specialty benefit managers. These include companies such as AIM Specialty Health, eviCore Healthcare, Magellan Health, New Century Health, One Oncology, Thyme Care, and OncoHealth. These benefit managers seek to change provider behavior by reviewing and authorizing treatment requests. The benefit manager model can produce incremental improvement in utilization, but the benefit managers are often unable to achieve results comparable to managed healthcare practices like ours. Furthermore, the benefit manager model frequently results in an antagonistic relationship with physicians who are operating in a traditional FFS-based practice. We distinguish ourselves from other managed oncology practices and specialty benefit managers in our ability to align incentives across the care continuum, including physicians and payors in delivering high quality care at lower costs, and we believe there are currently no other value-based oncology management companies of meaningful scale in the U.S.

We believe the principal competitive factors for serving the healthcare market for Medicare beneficiaries include: patient experience, quality of care, health outcomes, total cost of care, brand identity and trust in that brand. We believe we compete favorably on all these factors.

## **Government Regulation**

### ***Regulatory Licensing, Accreditation and Certification***

Many states, including California, require regulatory approval, including licensure, accreditation and certification before establishing certain types of clinics offering certain professional and ancillary services, including the services we offer. The operations of our managed clinics are subject to extensive federal, state and local regulation relating to, among other things, the adequacy of medical care, equipment, personnel, operating policies and procedures, dispensing of prescription drugs, fire prevention, rate-setting and compliance with building codes and environmental protection. Our ability to operate profitably will depend in part on the ability of our managed clinics and doctors to obtain and maintain all necessary licenses, accreditation and other approvals, and maintain updates to their enrollment in the Medicare and Medicaid programs, including the addition of new clinic locations, providers and other enrollment information. In addition, certain ancillary services such as the provision of diagnostic laboratory testing require additional state and federal licensure and regulatory oversight, including oversight by CMS, under Clinical Laboratory Improvement Amendments of 1988, which requires all clinical laboratories to meet certain quality assurance, quality control and personnel standards, and comparable state laboratory licensing authorities, including for example, the California Department of Public Health. Our dispensary operations must also comply with applicable laws. Sanctions for failure to comply with applicable state and federal licensing, accreditation, certification and other regulatory requirements include suspension, revocation or limitation of the applicable authorization, significant fines and penalties and/or an inability to receive reimbursement from government healthcare programs and other third-party payors.

### ***State Corporate Practice of Medicine and Fee-Splitting Laws***

Our arrangements with the TOI PCs are subject to various state laws, including California, commonly referred to as corporate practice of medicine and fee-splitting laws, which are intended to prevent unlicensed persons from interfering with or influencing the physician's professional judgment, and prohibiting the sharing of professional service fees with non-professional or business interests. These laws vary from state to state and are subject to broad interpretation and enforcement by state regulators. A determination of non-compliance against us and/or the TOI PCs could lead to adverse judicial or administrative action, civil or criminal penalties, receipt of cease and desist orders from state regulators, loss of provider licenses, and/or restructuring of these arrangements.

### ***Healthcare Fraud and Abuse Laws***

We are subject to a number of federal and state healthcare regulatory laws that restrict certain business practices in the healthcare industry. These laws include, but are not limited to, federal and state anti-kickback, false claims, self-referral and other healthcare fraud and abuse laws.

The federal Anti-Kickback Statute, or AKS, prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, in cash or kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. The AKS includes statutory exceptions and regulatory safe harbors that protect certain arrangements. The AKS safe harbors for value-based arrangements require, among other things, that the arrangement does not induce a person or entity to reduce or limit medically necessary items or services furnished to any patient. Failure to meet the requirements of the safe harbor, however, does not render an arrangement illegal. Rather, the government may evaluate such arrangements on a case-by-case basis, taking into account all facts and circumstances, including the parties' intent and the arrangement's potential for abuse, and may be subject to greater scrutiny by enforcement agencies.

The Stark Law prohibits a physician who has a financial relationship, or who has an immediate family member who has a financial relationship, with entities providing Designated Health Services, or DHS, from referring Medicare and Medicaid patients to such entities for the furnishing of DHS, unless an exception applies. The Stark Law also prohibits the entity from billing for any such prohibited referral. Unlike the AKS, the Stark Law is violated if the financial arrangement does not meet an applicable exception, regardless of any intent by the parties to induce or reward referrals or the reasons for the financial relationship and the referral.

The Federal False Claims Act, or FCA, prohibits a person from knowingly presenting, or caused to be presented, a false or fraudulent request for payment from the federal government, or from making a false statement or using a false record to have a claim approved. The FCA further provides that a lawsuit thereunder may be initiated in the name of the United States by an individual, a "whistleblower," who is an original source of the allegations. Moreover, the government may assert that a claim including items and services resulting from a violation of the AKS or the Stark Law constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Penalties for a violation of the FCA include fines for each false claim, plus up to three times the amount of damages caused by each false claim.

Further, the Civil Monetary Penalties Statute authorizes the imposition of civil monetary penalties, assessments and exclusion against an individual or entity based on a variety of prohibited conduct, including, but not limited to offering remuneration to a federal health care program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive health care items or services from a particular provider.

Health Insurance Portability and Accountability Act of 1996 ("HIPAA") also established federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the AKS, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

Several states in which we operate have also adopted similar fraud and abuse laws as described above. The scope of these laws and the interpretations of them vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. Some state fraud and abuse laws apply to items or services reimbursed by any payor, including patients and commercial insurers, not just those reimbursed by a federally funded healthcare program, including California's anti-kickback statutes and the Physician Ownership and Referral Act of 1993.

Violation of any of these laws or any other governmental regulations that apply may result in significant penalties, including, without limitation, administrative civil and criminal penalties, damages, disgorgement, fines, additional reporting requirements and compliance oversight obligations, contractual damages, the curtailment or restructuring of operations, exclusion from participation in governmental healthcare programs and/ or imprisonment.

### ***Healthcare Reform***

In the United States, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system, many of which are intended to contain or reduce healthcare costs. By way of example, in the United States, the Affordable Care Act ("ACA"), substantially changed the way healthcare is financed by both governmental and private insurers. Since its enactment, there have been judicial, executive and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an executive order initiating a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare. It is unclear how other

healthcare reform measures of the Biden administration or other efforts, if any, to challenge, repeal or replace the ACA will impact the ACA or our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through March 31, 2022 and a 1% payment reduction from April 1, 2022 to June 30, 2022, unless additional Congressional action is taken. In addition, on January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

CMS, through the Centers for Medicare and Medicaid Innovation, or CMMI, has implemented or has announced plans to implement numerous demonstration models designed to test value-based reimbursement models, some of which are specifically focused on oncology services. For example, in 2016, CMS initiated the Oncology Care Model demonstration, which continued throughout 2023, and provides participating physician practices, including the TOI PCs that participate in this program, with performance-based financial incentives that aim to manage or reduce Medicare costs without negatively affecting the efficacy of care. In late 2019, CMS issued a request for information on the Oncology Care First model, a new voluntary model that, if implemented, would build on the Oncology Care Model. More recently, CMMI has announced plans to implement the Radiation Oncology Model, which would require radiotherapy providers in certain regions to participate in a prospective, episode-based payments model where payment is based on a patient's diagnosis as opposed to the traditional volume-based FFS payment model. Although the Radiation Oncology Model was originally intended to begin on January 1, 2022, recent legislation delayed its implementation until July 1, 2023 and therefore, the impact of this new model has yet to be determined. There likely will continue to be regulatory proposals directed at containing or lowering the cost of healthcare. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue or attain growth, any of which could have a material impact on our business.

Further, healthcare providers and industry participants are also subject to a growing number of requirements intended to promote the interoperability and exchange of patient health information. For example, on April 5, 2021, healthcare providers and certain other entities became subject to information blocking restrictions pursuant to the Cures Act that prohibit practices that are likely to interfere with the access, exchange or use of electronic health information ("EHI"), except as required by law or specified by HHS as a reasonable and necessary activity.

Violations may result in penalties or other disincentives. It is unclear at this time what the costs of compliance with the new rules will be, and what additional risks there may be to our business.

### ***Federal and State Insurance and Managed Care Laws***

Regulation of downstream risk-sharing arrangements, including, but not limited to, global risk and other value-based arrangements, varies significantly from state to state. Some states require downstream entities and Risk Bearing Organization ("RBOs") to obtain an insurance license, a certificate of authority, or an equivalent authorization, in order to participate in downstream risk-sharing arrangements with payors. In some states, statutes, regulations and/or formal guidance explicitly address whether and in what manner the state regulates the transfer of risk by a payor to a downstream entity. However, the majority of states do not explicitly address the issue, and in such states, regulators may nonetheless interpret statutes and regulations to regulate such activity. If downstream risk-sharing arrangements are not regulated directly in a particular state, the state regulatory agency may nonetheless require oversight by the licensed payor as the party to such a downstream risk-sharing arrangement. Such oversight is accomplished via contract and may include the imposition of reserve requirements, as well as reporting obligations. Further, state regulatory stances regarding downstream risk-sharing arrangements can change rapidly and codified provisions may not keep pace with evolving risk-sharing mechanisms and other new value-based reimbursement models. Certain of the states where we currently operate or may choose to operate in the future regulate the operations and financial condition of RBOs like us and our affiliated providers. These regulations can include capital requirements, licensing or certification, governance controls and other similar matters. While these regulations have not had a material impact on our business to date, as we continue to expand, these rules may require additional resources and capitalization and add complexity to our business.

### ***Privacy and Security***

Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of personal information, including health-related information. In the United States, numerous federal and state laws and regulations, including data breach notification laws, health information privacy and security laws, including HIPAA, and federal and state consumer protection laws and regulations (e.g., Section 5 of



the Federal Trade Commission ["FTC"] Act), that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of the TOI PCs.

In addition, certain state laws, such as the California Consumer Privacy Act, or the CCPA and the California Privacy Rights Act of 2020, or the CPRA, govern the privacy and security of personal information, including health-related information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing.

## **Intellectual Property**

At present, we own no material intellectual property.

## **Insurance**

We maintain insurance, excess coverage, or reinsurance for property and general liability, professional liability, directors' and officers' liability, workers' compensation, cybersecurity and other coverage in amounts and on terms deemed adequate by management, based on our actual claims experience and expectations for future claims. Future claims could, however, exceed our applicable insurance coverage.

## **Employees and Human Capital Resources**

As of December 31, 2023, we and TOI PCs collectively had approximately 800 employees, including approximately 119 oncologists and advanced practice providers. We consider our relationship with our employees to be good. None of our employees are represented by a labor union or party to a collective bargaining agreement.

Our goal is to provide top quality oncology care to our patients, and we view our human capital-related initiatives as essential to continuing to reach that goal. Such initiatives include: (i) implementing a robust talent acquisition approach, including through competitive pay and benefits, (ii) implementing programs to promote diversity and foster a sense of connection and community throughout our company, (iii) offering an array of opportunities for learning and development opportunities, and (iv) conducting annual employee engagement surveys and developing action plans based on the survey outcomes.

## **Availability of Information**

We were originally incorporated in Delaware on November 19, 2019 as a special purpose acquisition company (f/k/a DFP Healthcare Acquisition Corp.). In November 2021, we consummated our business combination with TOI Parent, Inc. (the "Business Combination"). In connection with the closing of the Business Combination, TOI Parent, Inc. became our wholly owned subsidiary and we changed our name to The Oncology Institute, Inc. We file or furnish annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (as amended, the "Exchange Act"). The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC.

We also make available free of charge through our website, <https://investors.theoncologyinstitute.com/>, electronic copies of certain documents that we file with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information on our website or any other website is not incorporated by reference into, and does not constitute a part of, this Annual Report.

## **Item 1A. Risk Factors**

*We operate in a rapidly changing environment that involves a number of risks. Our operations and financial results are subject to various risks and uncertainties including those described below. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, as well as our other public filings with the Securities and Exchange Commission. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our*

*business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of our common stock could decline.*

## **SUMMARY RISK FACTORS**

The following is a summary of select risks and uncertainties that could materially adversely affect The Oncology Institute, Inc. ("TOI", "we", or "our") and its business, financial condition and results of operations. You should read this summary together with the full and complete discussion of risk factors contained below:

- Our growth strategy depends on our ability to build or acquire clinics to service our contracts and treat our patients.
- We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management and our operational and financial resources.
- We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability.
- A pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide, including the current COVID-19 epidemic, could adversely affect our business.
- Our services are concentrated in certain geographic areas and populations exposing us to unfavorable changes in local benefit costs, reimbursement rates, competition and economic conditions.
- If we are unable to attract new patients, our revenue growth will be adversely affected.
- We primarily depend on reimbursement from third-party payors, as well as payments by individuals, which could lead to delays, denials, or uncertainties in the reimbursement process.
- With many of our value-based agreements, our consolidating professional corporations ("TOI PCs") assume the risk that the cost of providing services will exceed our compensation. As oncology costs rise, if we do not accurately predict the cost to deliver care, some of the TOI PCs' value-based agreements could become less profitable, or unprofitable.
- There are significant risks associated with estimating the amount of revenue that is recognized under TOI PCs' risk agreements with health plans, and if our estimates of revenue are materially inaccurate, it could impact the timing and the amount of our revenue recognition or have a material adverse effect on our business, results of operations, financial condition and cash flows.
- A significant portion of our consolidated Patient Services revenue is derived from a limited number of health insurance, Independent Practice Associations, or IPAs and medical group companies. Those payors could take action to remove, exclude, delay, or otherwise prevent the inclusion of the TOI PCs in their provider networks.
- A significant portion of sales are from prescription drug sales reimbursed by a number of pharmacy benefit management companies with which TOI PCs contract. Those pharmacy benefit management companies could take action to remove, exclude, delay or otherwise prevent the inclusion of the TOI PCs in their provider networks.
- Reductions in Medicare reimbursement rates or changes in the rules governing the Medicare program could have a material adverse effect on our financial condition and results of operations.
- We cannot predict the effect that health care reform and other changes in government programs may have on our business, financial condition or results of operations.
- Inflation can adversely affect us by increasing the costs of drugs, clinical trials and research, administration and other costs of doing business.
- The transition from volume to value-based reimbursement models may have a material adverse effect on our operations.
- Changes in the payor mix of patients and potential decreases in reimbursement rates as a result of consolidation among our customers could adversely affect our revenues and results of operations.
- We face significant competition from other healthcare services providers. Our failure to adequately compete could adversely affect our business.
- Competition for physicians and clinical personnel, including nurses, shortages of qualified personnel or other factors could increase our labor costs and adversely affect our revenue, growth rate, profitability and cash flows.
- Because competition for qualified personnel is intense, we may not be able to attract and retain the highly skilled employees we need to execute our business strategies and growth plans.
- If we are unable to provide consistently high quality of care, our business will be adversely impacted.
- If certain of our suppliers do not meet our needs, if there are material price increases on supplies, if we are not reimbursed or adequately reimbursed for drugs we purchase or if we are unable to effectively access new technology or superior products, it could negatively impact our ability to effectively provide the services we offer and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

- We depend on our information technology systems, and those of our third-party vendors, contractors and consultants, and any failure or significant disruptions of these systems, security breaches or loss of data could materially adversely affect our business, financial condition and results of operations.
- We may be subject to legal proceedings and litigation, including intellectual property and privacy disputes, which are costly to defend and could materially harm our business and results of operations.
- Some jurisdictions preclude the TOI PCs from entering into non-compete agreements with our physicians, and other non-compete agreements and restrictive covenants applicable to certain physicians and other clinical employees may not be enforceable.
- Current and future acquisitions may use significant resources, may be unsuccessful, and could expose us to unforeseen liabilities.
- We conduct some clinical trials in contract with TOI Clinical Research, LLC ("TCR"). If we fail to perform our clinical trial services in accordance with contractual requirements, government regulations and ethical considerations, we could be subject to significant costs or liability and our reputation could be adversely affected.
- We are dependent on our relationships with the TOI PCs, which are affiliated professional entities that we do not own, to provide healthcare services, and our business would be harmed if those relationships were disrupted or if our arrangements with the TOI PCs become subject to legal challenges.
- Our managed clinics and the TOI PCs providing professional services at such clinics may become subject to medical liability claims, which could have a material adverse impact on our business.
- If there is a change in accounting standards by the Financial Accounting Standards Board or the interpretation thereof affecting consolidation of entities, it could have a material adverse effect on our consolidation of total revenues derived from the TOI PCs.
- Our managed clinics and the TOI PCs may be subject to third-party payor audits, which, if adversely determined against us or the TOI PCs, may have a material effect on our results of operations and financial condition.
- We are subject to extensive fraud, waste, and abuse laws that may give rise to federal and state audits, investigations, lawsuits and claims against us, the outcome of which may have a material adverse effect on our business.
- If any of our managed clinics or TOI PCs lose their regulatory licenses, permits and/or accreditation status, or become ineligible to receive reimbursement under Medicare or Medicaid or other third-party payors, there may be a material adverse effect on our business, financial conditions, cash flows or results of operations.
- If we or the TOI PCs fail to comply with applicable data interoperability and information blocking rules, our consolidated results of operations could be adversely affected.
- Actual or perceived failures to comply with applicable data protection, privacy and security, advertising and consumer protection laws, regulations, standards and other requirements could adversely affect our business, financial condition and results of operations.
- We and our TOI PCs are subject to federal, state and local laws and regulations that govern our business.
- We may not be able to utilize a portion of our net operating loss carry forwards ("NOLs") to offset future taxable income for U.S. federal income tax purposes, which could adversely affect our net income and cash flows.
- Future changes to applicable tax laws and regulations and/or their interpretations may have an adverse effect on our business, financial condition and results of operations. Tax rules and regulations are subject to interpretation and require judgment by us that may be successfully challenged by the applicable taxation authorities upon audit, which could result in additional tax liabilities.

## **Risks Related to Our Business**

***Our growth strategy depends on our ability to build or acquire new TOI PC clinics to service our contracts and treat our patients.***

Our business strategy is to grow rapidly by expanding our network of oncology care clinics and is significantly dependent on our ability to open new TOI PC clinics in our existing markets, expand into new geographical locations through existing TOI PCs or affiliating with new professional entities that would become a TOI PC, recruit new patients and partner or contract with payors, existing medical practices or other healthcare providers to provide oncology care services. We seek growth opportunities both organically and through TOI PCs' agreements with payors or other oncology care providers. Our ability to grow organically depends upon a number of factors, including our affiliated providers obtaining referrals for cancer patient care services, the TOI PCs entering into contracts with additional payors, identifying appropriate facilities, obtaining leases, completing internal build-outs of new facilities within proposed timelines and budgets and hiring care teams and other employees. We cannot guarantee that we will be successful in pursuing our growth strategy. If we fail to evaluate and execute new business opportunities properly, we may not achieve anticipated benefits and may incur increased costs.

Our growth strategy involves a number of risks and uncertainties, including that:

- the TOI PCs may not be able to successfully enter into contracts with local payors on terms favorable to us or at all. In addition, the TOI PCs compete for payor relationships with other healthcare organizations, some of whom may have greater resources than we do. This competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase our costs to pursue such opportunities;
- through the TOI PCs, we may not be able to recruit or retain a sufficient number of new patients to execute our growth strategy, and we may incur substantial costs to recruit new patients and we may be unable to recruit a sufficient number of new patients to offset those costs;
- the TOI PCs may not be able to hire sufficient numbers of physicians and other staff and may fail to integrate our employees, particularly our medical personnel, into our care model;
- future value-based contracts may not be as favorable as current capitation contracts;
- when expanding our business into new states, we may be required to comply with laws and regulations that may differ from states in which we currently operate; and
- depending upon the nature of the local market, we may not be able to implement our business model in every local market that we enter, which could negatively impact our revenues and financial condition.

There can be no assurance that we will be able to successfully capitalize on growth opportunities, which may negatively impact our business model, revenues, results of operations and financial condition.

***We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management and our operational and financial resources.***

Our organizational structure may become more complex as we improve our operational, financial and management controls, as well as our reporting systems and procedures. We may require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas. We must effectively increase our headcount and continue to effectively train and manage our employees. We will be unable to manage our business effectively if we are unable to alleviate the strain on resources caused by growth in a timely and successful manner. If we fail to effectively manage our anticipated growth and change, the quality of our services may suffer, which could negatively affect our brand and reputation and harm our ability to attract and retain patients and employees.

In addition, as we expand our business, it is important that we continue to maintain a high level of patient service and satisfaction. As our patient base continues to grow, through the TOI PCs, we will need to expand our medical, patient services and other personnel, and our network of partners, to provide personalized patient service. If we are not able to continue to provide high quality medical care with high levels of patient satisfaction, our reputation, as well as our business, results of operations and financial condition could be adversely affected.

***We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability.***

We incurred a net loss of \$83,068 in 2023, and a loss from operations in 2023. We expect our losses will continue as we expect to invest heavily in increasing our patient base, expanding our operations, and operating as a public company. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. To date, we have financed our operations principally from the sale of our equity, revenue from our patient services and the incurrence of indebtedness. We may not generate positive cash flow from operations or profitability in any given period, and our limited operating history may make it difficult for you to evaluate our current business and our future prospects.

We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing expenses as we continue to grow our business. We expect our operating expenses to increase significantly over the next several years as we continue to hire additional personnel, expand our operations and infrastructure, and continue to expand to reach more patients. In addition to the expected costs to grow our business, we also expect to incur additional legal, accounting and other expenses as a public company. These investments may be more costly than we expect, and if we do not achieve the benefits anticipated from these investments, or if the realization of these benefits is delayed, they may not result in increased revenue or growth in our business. If our growth rate were to decline significantly or become negative, it could adversely affect our financial condition and results of operations. If we are not able to achieve or maintain positive cash flow in the long term, we may require additional financing, which may not be available on favorable terms or at all and/or which would be dilutive to our stockholders. If we are unable to successfully address these risks

and challenges as we encounter them, our business, results of operations and financial condition would be adversely affected. Our failure to achieve or maintain profitability could negatively impact the value of our Common Stock.

***A pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide, including the COVID-19 pandemic, could adversely affect our business.***

A pandemic, epidemic or outbreak of an infectious disease, including the current COVID-19 pandemic, that occurs in the United States or worldwide, may adversely affect our business.

Adverse market conditions resulting from the spread of COVID-19 or other epidemic, pandemic, or infectious disease outbreak could materially adversely affect our business and the value of our Common Stock. Preventative measures taken to alleviate any public health crises, such as “shelter-in-place” orders, quarantines, executive orders and similar government orders may result in largely remote operations at our headquarters, work stoppages among some vendors and suppliers, slowdowns and delays, travel restrictions and cancellation of events, among other effects, thereby significantly and negatively impacting our operations. Other disruptions or potential disruptions include restrictions on the ability of our personnel to travel; restrictions on our business development activities due to potential payors or other entities we and the TOI PCs engage with limiting their corresponding business development efforts; inability of our suppliers to manufacture goods and to deliver these to us on a timely basis, or at all; inventory shortages or obsolescence; delays in actions of regulatory bodies; diversion of or limitations on employee resources that would otherwise be focused on the operations of our business, including because of sickness of employees or their families or the desire of employees to avoid contact with groups of people; business adjustments or disruptions of certain third parties; and additional government requirements or other incremental mitigation efforts. The extent to which a pandemic, epidemic, or infectious disease outbreak impacts our business will depend on developments that are highly uncertain and cannot be predicted, including information that may emerge concerning the severity and spread of the pandemic and the actions to contain it or treat its impact, among others.

Because of our business model, the full impact of the ongoing COVID-19 or other pandemic outbreaks may not be fully reflected in our results of operations and overall financial condition until future periods. It is not currently possible to reliably project the direct impact of the COVID-19 pandemic on our operating revenues and expenses. Key factors include the duration and extent of the outbreak in our service areas as well as societal and governmental responses. Patients may continue to be reluctant to seek necessary care given the risks of the COVID-19 pandemic. This could have the effect of deterring healthcare costs that we will need to incur to later periods and may also affect the health of patients who defer treatment, which may cause our costs to increase in the future. Further, as a result of the COVID-19 pandemic, we may experience slowed growth or a decline in new patient demand. We also may experience increased internal and third-party medical costs as the TOI PCs and our affiliated providers provide care for patients suffering from COVID-19. This increase in costs may be particularly significant given the number of patients who are under capitation agreements. Further, we may face increased competition due to changes to our competitors’ products and services, including modifications to their terms, conditions, and pricing that could materially adversely impact our business, results of operations, and overall financial condition in future periods.

The COVID-19 pandemic could also cause our third-party data center hosting facilities and cloud computing platform providers, which are critical to our infrastructure, to shut down their business, experience security incidents that impact our business, delay or disrupt performance or delivery of services, or experience interference with the supply chain of hardware required by their systems and services, any of which could materially adversely affect our business. Further, the COVID-19 pandemic has resulted in our employees and those of many of our vendors working from home and conducting work via the internet, and if the network and infrastructure of internet providers becomes overburdened by increased usage or is otherwise unreliable or unavailable, our employees’, and our customers’ and vendors’ employees’, access to the internet to conduct business could be negatively impacted. Limitations on access or disruptions to services or goods provided by or to some of our suppliers and vendors upon which our platform and business operations relies, could interrupt our ability to provide our platform, decrease the productivity of our workforce, and significantly harm our business operations, financial condition, and results of operations.

Our platform and the other systems or networks used in our business may experience an increase in attempted cyberattacks, targeted intrusion, ransomware, and phishing campaigns seeking to take advantage of shifts to employees working remotely using their household or personal internet networks and to leverage fears promulgated by the COVID-19 pandemic. The success of any of these unauthorized attempts could substantially impact our platform, the proprietary and other confidential data contained therein or otherwise stored or processed in our operations, and ultimately our business. Any actual or perceived security incident also may cause us to incur increased expenses to improve our security controls and to remediate security vulnerabilities.

To the extent the COVID-19 pandemic, or another pandemic, epidemic or outbreak of an infectious disease occurs in the United States or worldwide, adversely affects our business and financial results, it may also have the effect of heightening many

of the other risks described in this “Risk Factors” section, including but not limited to those relating to cyberattacks and security vulnerabilities, interruptions or delays due to third-parties, or our ability to raise additional capital or generate sufficient cash flows necessary to fulfill our obligations under our existing indebtedness or to expand our operations.

***Our services are concentrated in certain geographic areas and populations exposing us to unfavorable changes in local benefit costs, reimbursement rates, competition and economic conditions.***

The TOI PCs’ membership remains concentrated in certain geographic areas in the United States. We have clinic locations in five states. As of December 31, 2023, the vast majority of the TOI PC members under capitation agreements were residents of California. In addition, during 2023, approximately 85% of our revenues were generated in California. Unfavorable changes in health care or other benefit costs or reimbursement rates or increased competition in the states in which we operate or any other geographic area where the TOI PCs’ membership becomes concentrated in the future could therefore have a disproportionately adverse effect on our operating results. Additionally, the geographic concentration of a significant portion of the TOI PCs’ membership may make them more vulnerable to events such as the COVID-19 pandemic.

***If we are unable to attract new patients, our revenue growth will be adversely affected.***

To increase our revenue, our business strategy includes expanding the number of payor contracts entered into by the TOI PCs and clinic locations in our network. In order to support such growth, the TOI PCs must continue to win new contracts and retain or grow existing contracts with payors. We face competition from other oncology providers in the recruitment of potential patients. If the TOI PCs are unable to convince potential payors and patients of the benefits of our value-based system, or if potential or existing payors and patients prefer the care provider model of one of our competitors, we may not be able to effectively implement our growth strategy, which depends on our ability to grow organically and attract new patient referrals and payors for the TOI PCs. In addition, our growth strategy is dependent on payors electing to enter into capitation or other value-based arrangements and selecting the TOI PCs as their oncology provider. The TOI PCs’ inability to obtain new payor agreements and patient referrals and retain existing payors and patients, particularly those under capitation arrangements, would harm our ability to execute our growth strategy and may have a material adverse effect on our business operations and financial position.

***We primarily depend on reimbursement by third-party payors, as well as payments by individuals, which could lead to delays and uncertainties in the reimbursement process.***

The reimbursement process is complex and can involve lengthy delays. Although we recognize revenue when the TOI PCs and our affiliated providers provide services to patients, we may from time to time experience delays in receiving the associated capitation payments or, for patients on fee-for-service arrangements, the reimbursement for the service provided. In addition, third-party payors may disallow, in whole or in part, requests for reimbursement based on determinations that the patient is not eligible for coverage, certain amounts are not reimbursable under plan coverage or the services provided that were not medically necessary or additional supporting documentation is necessary. Retroactive adjustments may change amounts realized from third-party payors. As described below, the TOI PCs are subject to audits by such payors, including governmental audits of our Medicare claims, and may be required to repay these payors if a finding is made that we were incorrectly reimbursed. Delays and uncertainties in the reimbursement process may adversely affect accounts receivable, increase the overall costs of collection and cause us to incur additional costs associated with raising capital. Third-party payors are also increasingly focused on controlling healthcare costs, and such efforts, including any revisions to reimbursement policies, may further complicate and delay the TOI PCs’ reimbursement claims.

In addition, certain of our patients are covered under health plans that require the patient to cover a portion of their own healthcare expenses through the payment of copayments or deductibles. The TOI PCs may not be able to collect the full amounts due with respect to these payments that are the patient’s financial responsibility, or in those instances where physicians provide services to uninsured individuals. To the extent permitted by law, amounts not covered by third-party payors are the obligations of individual patients for which the TOI PCs may not receive whole or partial payment. Any increase in cost shifting from third-party payors to individual patients, including as a result of high deductible plans for patients, increases our collection costs and reduces overall collections, which we may not be able to offset such additional costs with sufficient revenue.

In response to the COVID-19 pandemic, the Centers for Medicare and Medicaid Services, or CMS, the federal agency responsible for administering the Medicare program, made several changes in the manner in which Medicare will pay for telehealth visits, many of which relax previous requirements, including site requirements for both the providers and patients, telehealth modality requirements and others. The Consolidated Appropriations Act of 2023 extended many of the COVID-19 public health emergency provisions related to telehealth until December 31, 2024. State law applicable to telehealth, particularly licensure requirements, has also been relaxed in many jurisdictions as a result of the COVID-19 pandemic. It is

unclear which, if any, of these changes will remain in place permanently and which will be rolled-back. If regulations change to restrict the TOI PCs' or our affiliated providers ability to deliver care through telehealth modalities, our financial condition and results of operations may be adversely affected.

***With many of our value-based agreements, the TOI PCs assume some or all of the risk that the cost of providing services will exceed compensation. If we do not accurately predict the cost to deliver care, some of the TOI PCs' value-based agreements could become less profitable, or unprofitable.***

Approximately 22% of our revenue for 2023 was derived from fixed fees paid by payors under capitation agreements with the TOI PCs. While there are variations specific to each agreement, the TOI PCs generally contract with payors to receive a fixed fee per month for professional services and assume the financial responsibility for the specified medical oncology and related expenses of our patients. This type of contract is referred to as a "capitation" contract. To the extent that patients require more care than is anticipated and/or the cost of care increases, aggregate fixed compensation amounts, or capitation payments, may be insufficient to cover the costs associated with treatment. If medical costs and expenses exceed estimates, except in very limited circumstances, the TOI PCs will not be able to increase the fee received under these risk agreements during their then-current terms and we could suffer losses with respect to such agreements.

Changes in our anticipated ratio of medical expense to revenue can significantly impact our financial results. Accordingly, the failure to adequately predict and control medical costs and expenses could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, the Medicare expenses of our patients may be outside of the TOI PCs control in the event that patients take certain actions that increase such expenses, such as unnecessary hospital visits.

Historically, the TOI PCs' medical costs and expenses as a percentage of revenue have fluctuated. Factors that may cause medical expenses to exceed estimates include:

- the health status of patients;
- changes to oncology treatment guidelines which our affiliated providers follow;
- higher than expected utilization of new or existing healthcare services, drugs or technologies;
- an increase in the cost of healthcare services and supplies, whether as a result of inflation or otherwise;
- changes to mandated benefits or other changes in healthcare laws, regulations and practices;
- increased costs attributable to provider and support staff compensation or providers with which the TOI PCs contract to provide care to patients;
- changes in the demographics of our patients and medical trends;
- contractual or claims disputes with providers, hospitals or other service providers within and outside a health plan's network; and
- the occurrence of catastrophes, major epidemics or acts of terrorism.

In addition, we are reliant on our customers under value-based contracts to provide us with data related to the population of patients for which we are at risk. This data, in particular, which relates to membership eligibility, is subject to frequent changes, omissions and errors which we cannot control. We work closely with our customers to reconcile this data, but we cannot be certain of the accuracy of this data. If we underestimate or do not correctly predict the cost of the oncology care the TOI PCs provide to patients, the TOI PCs might be underpaid for the care that must be provided to our patients, which could have a negative impact on our results of operations and financial condition.

***There are significant risks associated with estimating the amount of revenue that is recognized under TOI PCs' risk agreements with health plans, and if our estimates of revenue are materially inaccurate, it could impact the timing and the amount of our revenue recognition or have a material adverse effect on our business, results of operations, financial condition and cash flows.***

There are significant risks associated with estimating the amount of revenues that is recognize under the TOI PCs' risk agreements with health plans in a reporting period. The billing and collection process is complex due to ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage and other payor issues, such as ensuring appropriate documentation. Determining applicable primary and secondary coverage for our patients, together with the changes in patient coverage that occur each month, requires complex, resource-intensive processes. Errors in determining the correct coordination of benefits may result in refunds to payors. Revenues associated with Medicare and Medicaid programs are also subject to estimating risk related to the amounts not paid by the primary government payor that will ultimately be

collectible from other government programs paying secondary coverage, the patient's commercial health plan secondary coverage or the patient. Collections, refunds and payor recoupments typically continue to occur for up to three years and longer after services are provided. If our estimates of revenues are materially inaccurate, it could impact the timing and the amount of our revenues recognition and have a material adverse impact on our business, results of operations, financial condition and cash flows.

***A significant portion of our consolidated Patient Services revenue is derived from a limited number of health insurance, Independent Practice Associations ("IPAs"), and medical group companies. Those payors could take action to remove, exclude, delay, or otherwise prevent the inclusion of the TOI PCs in their provider networks.***

Our operations are dependent on a concentrated number of payors with whom the TOI PCs contract to provide services to patients. We generally manage the TOI PCs' payor contracts on a state by state basis, entering into a separate contract in each state with the local affiliate of the relevant payor such that no one local payor contract accounts for a majority of our collective revenue. Regal Medical Group accounted for a total of approximately 11% of the Patient Services revenue for the year ended December 31, 2023. No other non-government payor accounted for more than 10% of the Patient Services revenue in 2023. We believe that a majority of the TOI PCs' revenues will continue to be derived from a limited number of key payors, which may terminate their contracts with the TOI PC or the individual TOI PC physicians credentialed by them upon the occurrence of certain events. The loss of any of the TOI PCs' payor partners, or the renegotiation of any of the TOI PCs' payor contracts, could adversely affect our operating results. In the ordinary course of business we engage in active discussions and renegotiations with payors in respect of the services the TOI PCs provide and the terms of the TOI PCs' payor agreements. As the payors' businesses respond to market dynamics and financial pressures, and as payors make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, certain of the payors may seek to renegotiate or terminate their agreements with the TOI PCs. These discussions could result in reductions to the fees and changes to the scope of services contemplated by the original payor contracts and consequently could negatively impact our revenues, business and prospects.

Because we rely on a limited number of payors for a significant portion of the TOI PCs' revenues, we depend on the creditworthiness of these payors. The payors are subject to a number of risks including reductions in payment rates from governmental programs, higher than expected health care costs and lack of predictability of financial results when entering new lines of business, particularly with high-risk populations. If the financial condition of the TOI PCs' payor partners declines, our financial results could be impacted. Should one or more of the TOI PCs' significant payor partners declare bankruptcy, be declared insolvent or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenues, the collectability of our accounts receivable, our bad debt reserves and our net income.

Although the TOI PCs have long-term contracts with many payors, these contracts may be terminated before their term expires for various reasons, such as changes in the regulatory landscape and poor performance by the TOI PCs and our affiliated providers, subject to certain conditions. Certain of the payor contracts are terminable immediately upon the occurrence of certain events. Certain of the payor contracts may be terminated immediately by the partner if the TOI PCs lose applicable licenses, go bankrupt, lose its liability insurance or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a payor were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or become subject to exclusion, suspension or debarment from state or federal government authorities, the TOI PC's contract with such payor could in effect be terminated. In addition, certain of the payor contracts may be terminated immediately if a TOI PC becomes insolvent or file for bankruptcy. If any of the contracts with the TOI PCs' payors is terminated, the TOI PCs may not be able to recover all fees due under the terminated contract, which may adversely affect our operating results.

***A significant portion of sales are from prescription drug sales reimbursed by a limited number of pharmacy benefit management companies with which TOI PCs contract. Those pharmacy benefit management companies could take action to remove, exclude, delay or otherwise prevent the inclusion of the TOI PCs in their provider networks.***

There is currently significant concentration in the U.S. healthcare industry, and in particular there are a limited number of pharmacy benefit managers, or PBMs, and a limited number of national pharmacy chains. CVS Caremark, OptumRx and Express Scripts together accounted for approximately 77% of our dispensary revenue in 2023. If the TOI PCs are unable to retain favorable contractual arrangements with PBMs, including any successor PBMs should there be further consolidation of PBMs, the negotiated rates provided by such PBMs may become less competitive, which could have an adverse impact on the TOI PCs' ability to provide prescription drugs at the capitated rates negotiated with the payors with whom the TOI PCs contract to provide such drugs to patients. This could be exacerbated by further consolidation of PBMs or pharmacy chains. Specifically, PBMs have instituted Direct and Indirect Remuneration, or DIR, fees, which reduce the reimbursement for drugs dispensed by the TOI PCs. The impact of these fees in future is uncertain, and our ability to negotiate with PBMs on DIR fees is limited. In



addition, PBMs could at any time change their contracting and/or credentialing requirements, the effect of which could prohibit the TOI PCs from billing for prescription drugs dispensed by the TOI PCs. If such changes, individually or in the aggregate, are material, they would have an adverse effect on our business, results of operations and financial condition.

***Reductions in government reimbursement rates or changes in the rules governing government healthcare programs could have a material adverse effect on our financial condition and results of operations.***

The TOI PCs receive a significant portion of revenue directly from Medicare, which accounted for approximately 14% of our Patient Services revenue in 2023. In addition, many private payors base their reimbursement rates on the published Medicare rates or, in the case of Medicare Advantage, are themselves reimbursed by Medicare for the services the TOI PCs provide. As a result, our results of operations are, in part, dependent on government funding levels for Medicare programs, particularly Medicare Advantage programs. Any changes that limit or reduce Medicare Advantage or general Medicare reimbursement levels, such as reductions in or limitations of reimbursement amounts or rates under programs, reductions in funding of programs, expansion of benefits without adequate funding, elimination of coverage for certain benefits, or elimination of coverage for certain individuals or treatments under programs, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The Medicare program and its reimbursement rates and rules are subject to frequent change. These include statutory and regulatory changes, rate adjustments (including retroactive adjustments), administrative or executive orders and government funding restrictions, all of which may materially adversely affect the rates at which Medicare reimburses the TOI PCs for patient care services. Budget pressures often lead the federal government to reduce or place limits on reimbursement rates under Medicare. Implementation of these and other types of measures has in the past and could in the future result in substantial reductions in our revenue and operating margins.

In addition, CMS often changes the rules governing the Medicare program, including those governing reimbursement. Changes that could adversely affect our business include:

- administrative or legislative changes to rates or the bases of payment;
- limits on the services or types of providers for which Medicare will provide reimbursement;
- changes in methodology for patient assessment and/or determination of payment levels;
- the reduction or elimination of annual rate increases; or
- an increase in co-payments or deductibles payable by beneficiaries.

There is also uncertainty regarding both Medicare Advantage payment rates and beneficiary enrollment, which, if reduced, would reduce our overall revenues and net income, as well as future growth opportunities. For example, although the Congressional Budget Office (“CBO”) predicted in 2010 that Medicare Advantage participation would drop substantially by 2020, the CBO has more recently predicted, without taking into account potential future reforms, that enrollment in Medicare Advantage (and other contracts covering Medicare Parts A and B) could reach 36 million by 2027. Although Medicare Advantage enrollment has increased significantly over the past decade, there can be no assurance that this trend will continue. Further, fluctuation in Medicare Advantage payment rates are evidenced by CMS’s annual announcement of the expected average change in revenue from the prior year: for 2023, CMS announced an average increase of 4.88%; and for 2024, 2.28%. Uncertainty over Medicare Advantage enrollment and payment rates present a continuing risk to our business.

According to the Kaiser Family Foundation, or KFF, Medicare Advantage enrollment continues to be highly concentrated among a few payors, both nationally and in local regions. In 2023, the KFF reported that two payors together accounted for nearly half of Medicare Advantage enrollment and seven firms accounted for nearly 85% of covered lives. Consolidation among Medicare Advantage plans in certain regions, or the Medicare program’s failure to attract additional plans to participate in the Medicare Advantage program, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Moreover, the Medicaid program and its reimbursement rates and policies are subject to frequent change. By way of example, Medi-Cal recently implemented a new policy regarding reimbursement for pharmacy services. Although the policy was not intended to change the manner in which physician-administered drugs billed under the medical benefit are reimbursed, certain Medi-Cal managed care plans nevertheless began to transition these claims to be payable as a pharmacy benefit and exclude coverage of prescription drugs formerly available through the medical benefit or direct their subcontractors or network providers to no longer bill for prescription drugs through their medical claims. The California Department of Health Care Services, or DHCS, later issued clarifying guidance which instructed Medi-Cal managed care plans to ensure all medically necessary prescription drugs administered in an outpatient office or clinic setting by a health care professional continue to be available through the medical benefit, even though some may be available as a pharmacy benefit. In addition, during the

COVID-19 public health emergency, DHCS delayed the processing of Medi-Cal annual redeterminations and delayed discontinuances and negative actions for Medi-Cal and other state and county healthcare programs. As a result, the TOI PCs could experience a reduction in membership, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Any reductions in reimbursement rates or the scope of services, including pharmacy services, rendered by the TOI PCs being reimbursed could have a material, adverse effect on our financial condition and results of operations or even result in reimbursement rates that are insufficient to cover our operating expenses. Additionally, any delay or default by the government in making Medicare or Medicaid reimbursement payments to the TOI PCs or any reduction in patients eligible for such programs could materially and adversely affect our business, financial condition and results of operations.

***We cannot predict the effect that health care reform and other changes in government programs may have on our business, financial condition or results of operations.***

The impact of healthcare reform legislation and other changes in the healthcare industry and in healthcare spending is currently unknown, but may adversely affect our business, financial condition and results of operations. Our revenue is dependent on the healthcare industry and could be affected by changes in healthcare spending, reimbursement and policy. The healthcare industry is subject to changing political, regulatory and other influences. By way of example, the ACA, which was enacted in 2010, made major changes in how healthcare is delivered and reimbursed, and it increased access to health insurance benefits to the uninsured and underinsured populations of the United States.

Since its enactment, there have been judicial, executive and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an executive order initiating a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare.

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of 2%, which began in 2013 and will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through March 31, 2022. Under current legislation, the actual reduction in Medicare payments varies from 1% from April 1, 2022 to June 30, 2022, up to 3% in the final fiscal year of this sequester, unless additional Congressional action is taken. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. New laws may result in additional reductions in Medicare and other healthcare funding, which may materially adversely affect consumer demand and affordability for our products and services and, accordingly, the results of our financial operations. Additional changes that may affect our business include the expansion of new programs such as Medicare payment for performance initiatives for physicians under the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, which first affected physician payment in 2019. At this time, it is unclear how the introduction of the Medicare quality payment program will impact overall physician reimbursement. The Inflation Reduction Act of 2022, or IRA, signed into law on August 16, 2022, also contains a number of provisions designed to limit or reduce drug prices under the Medicare program, reduce beneficiary out-of-pocket spending under Medicare's prescription drug benefit, and expand subsidies for individuals to obtain private health insurance under the ACA. While these provisions of the IRA do not apply directly to healthcare providers like the TOI PCs, we are continuing to evaluate the potential impact, if any, that the IRA may have on our business.

Such changes in the regulatory environment may also result in changes to our payer mix that may affect our operations and revenue. In addition, certain provisions of the ACA authorize voluntary demonstration projects, which include the development of bundling payments for acute, inpatient hospital services, physician services and post-acute services for episodes of hospital care. Further, the ACA may adversely affect payers by increasing medical costs generally, which could have an effect on the industry and potentially impact our business and revenue as payers seek to offset these increases by reducing costs in other areas.

Uncertainty regarding future amendments to the ACA as well as new legislative proposals to reform healthcare and government insurance programs, along with the trend toward managed healthcare in the United States, could result in reduced demand and prices for our services. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments and other third party payers will pay for healthcare products and services, which could adversely affect our business, financial condition and results of operations.

***Inflation can adversely affect us by increasing the costs of drugs, clinical trials and research, administration and other costs of doing business***

Recently, inflation has increased throughout the U.S. economy. Inflation can adversely affect us by increasing the costs of drugs, clinical trials and research, administration and other costs of doing business. We may experience increases in the prices of labor and other costs of doing business. In an inflationary environment, cost increases may outpace our expectations, causing us to use our cash and other liquid assets faster than forecasted. If this happens, we may need to raise additional capital to fund our operations, which may not be available in sufficient amounts or on reasonable terms, if at all, sooner than expected.

***The transition from volume to value-based reimbursement models may have a material adverse effect on our operations.***

Healthcare reform is causing some payors to transition from volume to value-based reimbursement models, which can include risk-sharing, bundled payment and other innovative approaches. While these models may provide us with opportunities to provide new or additional services and to participate in incentive-based payment arrangements, there can be no assurance that such new models and approaches will be profitable to us or the TOI PCs. Further, new models and approaches may require investment by us to develop technology or expertise to offer necessary and appropriate solutions or support to the TOI PCs, and we do not fully know the amount and timing for return of such investment at this time. In addition, some of these new models are being offered as pilot programs and there is no assurance that they will continue or be renewed. Many states in which these new value-based structures are being developed also lack regulatory guidance or a well-developed body of law for these new models and approaches, or may not have updated their laws or enacted legislation yet to reflect the new healthcare reform models. As a result, new and existing laws, regulations or guidance could have a material adverse effect on our operations and could subject us to the risk of restructuring or terminating our arrangements with the TOI PCs, as well as the risk of regulatory enforcement, penalties and sanctions, if state and federal enforcement agencies disagree with our interpretation of these laws.

CMS, through the Centers for Medicare and Medicaid Innovation, or the CMMI, has implemented or has announced plans to implement numerous demonstration models designed to test value-based reimbursement models, some of which are specifically focused on oncology services. For example, in 2016, CMS initiated the Oncology Care Model, or OCM demonstration, which continued through June 30, 2022 and provided participating physician practices with performance-based financial incentives that aim to manage or reduce Medicare costs without negatively affecting the efficacy of care. In June 2022, CMS issued a request for applications for the Enhancing Oncology Model, a new 5-year voluntary model that builds on the OCM demonstration. While the extent to which these models may impact our business is uncertain and will depend on future developments, such models may materially reduce Medicare reimbursement levels for our services or TOI PCs' services and could have a material adverse effect on our results of operations and financial condition.

***Changes in the payor mix of patients and potential decreases in reimbursement rates as a result of consolidation among plans could adversely affect our revenues and results of operations.***

The amounts the TOI PCs receive for services provided to patients are determined by a number of factors, including the payor mix of patients and the reimbursement methodologies and rates utilized by our patients' plans. Our Patient Services revenue consists of both capitation and fee-for-service agreements held by the TOI PCs. Reimbursement rates are generally higher for capitation agreements than they are under fee-for-service arrangements, and capitation agreements provide the TOI PCs with an opportunity to capture any additional surplus created by applying our care model. Under a capitation plan, the TOI PCs receive a fixed fee PMPM for services. Under a fee-for-service payor arrangement, the TOI PCs collect fees directly from the payor as services are provided. Our Patient Services revenue accounted for approximately 66% of total revenue for the year ended December 31, 2023. A significant decrease in the number of capitation or FFS arrangements held by the TOI PCs could adversely affect our revenues and results of operation.

The healthcare industry has also experienced a trend of consolidation, resulting in fewer but larger payors that have significant bargaining power, given their market share. Payments from payors are the result of negotiated rates. These rates may decline based on renegotiations and larger payors have significant bargaining power to negotiate higher discounted fee arrangements with healthcare providers. As a result, payors increasingly are demanding discounted fee structures or the assumption by healthcare providers of all or a portion of the financial risk related to paying for care provided through capitation agreements.

***We face significant competition from other healthcare services providers. Our failure to adequately compete could adversely affect our business.***

We and the TOI PCs compete directly with national, regional and local providers of healthcare for patients and physicians. There are many other companies and individuals currently providing healthcare services, many of which have been in business

longer and/or have substantially more resources. Other companies could enter the healthcare industry in the future and divert some or all of our business. If we expand to other geographies, we expect competition may change based on a number of factors, including the number of competing oncology care facilities in the local market and the types of services available at those facilities, our local and the TOI PCs reputation for quality care of patients, the commitment and expertise of the TOI PCs medical staff, our local service offerings and community programs, the cost of care in each locality, and the physical appearance, location, age and condition of our facilities. If we are unable to attract patients to our managed clinics, our revenue and profitability will be adversely affected. Some of our competitors may have greater recognition and be more established in their respective communities than we are, and may have greater financial and other resources than we have. Competing oncology care providers may also offer larger facilities or different programs or services than we do, which, combined with the foregoing factors, may result in our competitors being more attractive to our current patients, potential patients and referral sources. Furthermore, while we budget for routine capital expenditures at our managed clinics to keep them competitive in their respective markets, to the extent that competitive forces cause those expenditures to increase in the future, our financial condition may be negatively affected. In addition, our relationships with governmental and private third-party payors are not exclusive and our competitors have established or could seek to establish relationships with such payors to serve their covered patients. Additionally, as we expand into new geographies, we may encounter competitors with stronger relationships or recognition in the community in such new geography, which could give those competitors an advantage in obtaining new patients. Individual physicians, physician groups and companies in other healthcare industry segments, including those with which the TOI PCs have contracts, and some of which have greater financial, marketing and staffing resources, may become competitors in providing health care services, and this competition may have a material adverse effect on our business operations and financial position.

***Competition for physicians and nurses, shortages of qualified personnel or other factors could increase our labor costs and adversely affect our revenue, profitability and cash flows.***

Our operations are dependent on the efforts, abilities and experience of the TOI PCs' physicians and clinical personnel. We compete with other healthcare providers, primarily hospitals and other oncology practices, in attracting physicians, nurses and medical staff to support our managed clinics, recruiting and retaining qualified management and support personnel responsible for the daily operations of each of our managed clinics and in the TOI PCs contracting with payors in each of our markets. In some markets, the lack of availability of clinical personnel has become a significant operating issue facing all healthcare providers. This shortage may require us and the TOI PCs to continue to enhance wages and benefits to recruit and retain qualified personnel or to contract for more expensive temporary personnel. We also depend on the available labor pool of semi-skilled and unskilled workers in each of the markets in which we operate.

If our labor costs increase, we may not be able to raise rates to offset these increased costs. Because a significant percentage of our revenue consists of fixed, prospective payments, our ability to pass along increased labor costs is limited. In particular, if labor costs rise at an annual rate greater than our net annual consumer price index basket update from Medicare, our results of operations and cash flows will likely be adversely affected. Any union activity at our managed clinics that may occur in the future could contribute to increased labor costs. Certain proposed changes in federal labor laws and the National Labor Relations Board's modification of its election procedures could increase the likelihood of employee unionization attempts. Although none of our employees or the employees of the TOI PCs are currently represented by a collective bargaining agreement, to the extent a significant portion of our employee base unionizes, it is possible our labor costs could increase materially. Our failure to recruit and retain qualified management and medical personnel for the TOI PCs, or to control our collective labor costs, could have a material adverse effect on our business, prospects, results of operations and financial condition.

***Because competition for qualified personnel is intense, we may not be able to attract and retain the highly skilled employees we need to execute our business strategies and growth plans.***

To execute on our growth plan, we and the TOI PCs must attract and retain highly qualified personnel. Competition for highly qualified personnel is intense, especially for physicians and other medical professionals who are experienced in providing oncology care services. We and the TOI PCs have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies and healthcare providers with which we compete for experienced personnel have greater resources than we have. If we and the TOI PCs hire employees from competitors or other companies or healthcare providers, their former employers have attempted and may in the future attempt to assert that these employees or we have breached certain legal obligations, resulting in a diversion of our time and resources.

As we become a more mature company, we may find our recruiting efforts more challenging. The incentives to attract, retain, and motivate employees provided by our stock options and other equity awards, or by other compensation arrangements, may not be as effective as in the past. As such, we may not be successful in continuing to attract and retain qualified personnel.

Our recruiting efforts may also be limited by laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be harmed.

***Certain of our management has limited experience in operating a public company.***

Certain of our executive officers and certain directors have limited experience in the management of a publicly traded company. Our management team may not successfully or effectively manage its transition to a public company that is subject to significant regulatory oversight and reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to the management and growth of the company. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods.

***If we are unable to provide consistently high quality of care, our business will be adversely impacted.***

Our business is dependent upon the TOI PCs and our affiliated providers providing high-quality care to our patients. In particular, our ability to attract and retain patients and patient referrals dependent upon providing cost effective, quality patient care that meets or exceeds our patients' and payors' expectations. We depend on third parties for certain of our patient care needs. If we or the TOI PCs fail to provide service that meets our patients' and payors' expectations, we may have difficulty retaining or growing our patient base, which could adversely affect our business, financial condition and results of operations.

We expect the importance of high-quality patient experience to increase as we, through the TOI PCs, expand our business and pursue new lives served. Any failure to maintain high-quality patient experience, or a market perception that we do not maintain high-quality care, could harm the reputation of us and our affiliated providers and our ability to grow the number of lives served, and our business, results of operations, and financial condition. Additionally, as the number of lives served by the TOI PCs in our managed clinics grows, we will need to hire additional personnel to provide quality care at scale. If we and the TOI PCs are unable to provide such care, our business, results of operations, financial condition, and reputation could be harmed.

***If certain of our suppliers do not meet our needs, if there are material price increases on supplies, if we are not reimbursed or adequately reimbursed for drugs purchased or if we are unable to effectively access new technology or superior products, it could negatively impact the ability of the TOI PCs to effectively provide the services we offer and could have a material adverse effect on our business, results of operations, financial condition and cash flows.***

The TOI PCs have significant drug suppliers that may be the sole or primary source of products critical to the services the TOI PCs provide, or to which we have committed obligations to make purchases, sometimes at particular prices. Approximately 57% of the TOI PCs' total costs are related to drug purchases, including both oral and chemotherapy drugs, for the year ended December 31, 2023. If any of these suppliers do not meet the TOI PCs' needs for the products they supply, including in the event of a product recall, shortage or dispute, and we are not able to find adequate alternative sources, if we experience material price increases from these suppliers that we are unable to mitigate, or if some of the drugs that the TOI PCs purchase are not reimbursed or not adequately reimbursed by commercial or government payors, it could have a material adverse impact on our business, results of operations, financial condition and cash flows. In addition, the technology related to the products critical to the services we provide is subject to new developments which may result in superior products. If we are not able to access superior products on a cost-effective basis or if suppliers are not able to fulfill our requirements for such products, we and the TOI PCs could face patient attrition and other negative consequences which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

***We depend on our information technology systems, and those of our third-party vendors, contractors and consultants, and any failure or significant disruptions of these systems, security breaches or loss of data could materially adversely affect our business, financial condition and results of operations.***

Our business is highly dependent on maintaining effective information systems as well as the integrity and timeliness of the data we use to serve our patients, support our care teams and operate our business. Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our partners regard as significant. If our data were found to be inaccurate or unreliable due to fraud or other error, or if we, or any of the third-party service providers we engage, were to fail to maintain information systems and data integrity effectively, we could experience operational disruptions that may impact our patients and care teams and hinder our ability to provide services, establish appropriate pricing for services,

retain and attract patients, manage our patient risk profiles, establish reserves, report financial results timely and accurately and maintain regulatory compliance, among other things.

Our information technology strategy and execution are critical to our continued success. We must continue to invest in long-term solutions that will enable us to anticipate patient needs and expectations, enhance the patient experience, act as a differentiator in the market and protect against cybersecurity risks and threats. We believe our success is dependent, in large part, on maintaining the effectiveness of existing technology systems and continuing to deliver and enhance technology systems that support our business processes in a cost-efficient and resource-efficient manner. Increasing regulatory and legislative changes will place additional demands on our information technology infrastructure that could have a direct impact on resources available for other projects tied to our strategic initiatives. In addition, recent trends toward greater patient engagement in health care require new and enhanced technologies, including more sophisticated applications for mobile devices. Connectivity among technologies is becoming increasingly important. We must also develop new systems to meet current market standards and keep pace with continuing changes in information processing technology, evolving industry and regulatory standards and patient needs. Failure to do so may present compliance challenges and impede our ability to deliver services in a competitive manner. Further, because system development projects are long-term in nature, they may be more costly than expected to complete and may not deliver the expected benefits upon completion.

Security incidents compromising the confidentiality, integrity, and availability of our confidential or personal information and our and our third-party service providers' information technology systems could result from cyber-attacks, computer malware, viruses, social engineering (including spear phishing and ransomware attacks), credential stuffing, supply chain attacks, efforts by individuals or groups of hackers and sophisticated organizations, including state-sponsored organizations, errors or malfeasance of our personnel, and security vulnerabilities in the software or systems on which we and our third party service providers rely. As techniques used by cyber criminals change frequently, a disruption, cyberattack or other security breach of our information technology systems or infrastructure, or those of our third-party service providers, may go undetected for an extended period and could result in the theft, transfer, unauthorized access to, disclosure, modification, misuse, loss or destruction of our employee, representative, customer, vendor, consumer and/or other third-party data, including sensitive or confidential data, personal information and/or intellectual property. We and certain of our service providers are from time to time, subject to cyberattacks and security incidents, and we cannot guarantee that our security efforts will prevent breaches or breakdowns of our or our third-party service providers' information technology systems. While we do not believe that we have experienced any significant system failure, accident or security breach to date, if we suffer a material loss or disclosure of health-related or other personal or confidential information as a result of a breach of our information technology systems, including those of our third-party service providers, we may suffer reputational, competitive and/or business harm, incur significant costs and be subject to government investigations, litigation, fines and/or damages, which could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows. Moreover, while we maintain cyber insurance that may help provide coverage for these types of incidents, we cannot assure you that our insurance will be adequate to cover costs and liabilities related to these incidents. Further, our failure to effectively invest in, implement improvements to and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems could adversely affect our results of operations, financial position and cash flow.

Finally, while we have been impacted by the recent Change Healthcare cyberattack which has caused disruptions to healthcare companies across the US, our team has been actively collaborating with our practice management vendor to swiftly establish alternative channels for transmitting claims to payors. Significant progress has been made in successfully submitting claims to commercial payors and completed applications for Medicare and Medicaid agencies to accept our claims through a new intermediary, which is pending approval. It is anticipated that the delays in claim submissions will temporarily impact our cash flow in the first and second quarters of 2024. Nevertheless, we do not believe the impact to be material and remain confident in our ability to resolve these challenges. Although, we are confident that this recent cyberattack will not have a material adverse impact, similar cybersecurity breaches could be successfully launched in the future, and there is no assurance that such attacks will not have material adverse effect on our results of operations and cash flows.

***We may be subject to legal proceedings and litigation, including intellectual property and privacy disputes, which are costly to defend and could materially harm our business and results of operations.***

We and the TOI PCs may be party to lawsuits and legal proceedings in the normal course of business. These matters are often expensive and disruptive to normal business operations. We may face allegations, lawsuits and regulatory inquiries, audits and investigations regarding data privacy, security, labor and employment, consumer protection and intellectual property infringement, including claims related to privacy, patents, publicity, trademarks, copyrights and other rights. We may also face allegations or litigation related to our acquisitions, securities issuances or business practices, including public disclosures about our business. Litigation and regulatory proceedings may be protracted and expensive, and the results are difficult to predict. Certain of these matters may include speculative claims for substantial or indeterminate amounts of damages and include claims

for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify our services or require us to stop serving certain patients or geographies, all of which could negatively impact our geographical expansion and revenue growth. The TOI PCs may also become subject to periodic audits, which would likely increase our regulatory compliance costs and may require us to change our business practices, which could negatively impact our revenue growth. Managing legal proceedings, litigation and audits, even if we achieve favorable outcomes, is time-consuming and diverts the attention of management and our affiliated providers from our business.

The results of regulatory proceedings, litigation, claims, and audits cannot be predicted with certainty, and determining reserves for pending litigation and other legal, regulatory and audit matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our reputation, business, financial condition, results of operations and the market price of our common stock.

Furthermore, our business exposes the TOI PCs and our affiliated providers to potential medical malpractice, professional negligence or other related actions or claims that are inherent in the provision of healthcare services. These claims, with or without merit, could cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management and our affiliated providers from our core business, harm our reputation and adversely affect the TOI PCs' ability to attract and retain patients, any of which could have a material adverse effect on our business, financial condition and results of operations.

Although the TOI PCs and our affiliated providers maintain third-party professional liability insurance coverage, it is possible that claims against them may exceed the coverage limits of their insurance policies. Even if any professional liability loss is covered by an insurance policy, these policies typically have substantial deductibles for which the TOI PCs and our affiliated providers are responsible. Professional liability claims in excess of applicable insurance coverage could have a material adverse effect on our collective business, financial condition and results of operations. In addition, any professional liability claim brought against the TOI PCs or our affiliated providers, with or without merit, could result in an increase of their professional liability insurance premiums. Insurance coverage varies in cost and can be difficult to obtain, and we cannot guarantee that we will be able to obtain insurance coverage on behalf of the TOI PCs and our affiliated providers in the future on terms acceptable to us or at all. If costs of insurance and claims increase, then our collective earnings could decline.

***Some jurisdictions preclude the TOI PCs from entering into non-compete agreements with physicians, and other non-compete agreements and restrictive covenants applicable to certain physicians and other clinical employees may not be enforceable.***

The TOI PCs have employment contracts with physicians and other health professionals in many states. Some of these contracts include provisions preventing these physicians and other health professionals from competing with us both during and after the term of our contract with them. The law governing non-compete agreements and other forms of restrictive covenants varies from state to state. Some jurisdictions prohibit the TOI PCs from using non-competition covenants with our professional staff. Other states are reluctant to strictly enforce non-compete agreements and restrictive covenants applicable to physicians and other healthcare professionals. Additionally, the Federal Trade Commission recently proposed new rules which, if enacted, would ban non-compete agreements in employee contracts. There can be no assurance that the TOI PCs' non-compete agreements related to physicians and other health professionals will be found enforceable if challenged in certain states. In such event, the TOI PCs would be unable to prevent physicians and other health professionals formerly employed by the TOI PCs from competing with us, potentially resulting in the loss of some of our patients.

***Current and future acquisitions may use significant resources, may be unsuccessful, and could expose us to unforeseen liabilities.***

As part of our growth strategy, we may pursue acquisitions of oncology and other physician practices and services. These acquisitions may involve significant cash expenditures, debt incurrence, additional operational losses and expenses, and compliance risks that could have a material adverse effect on our financial condition and results of operations. We may not be able to successfully integrate the acquired businesses into ours and the TOI PCs, and therefore, we may not be able to realize the intended benefits from an acquisition. These acquisitions could result in difficulties integrating acquired operations, technologies, and personnel into our business. Such difficulties may divert significant financial, operational, and managerial resources from our existing operations and make it more difficult to achieve our operating and strategic objectives. We and the TOI PCs may fail to retain employees or patients acquired through these acquisitions, which may negatively impact the integration efforts. These acquisitions could also have a negative impact on our results of operations if it is subsequently determined that goodwill or other acquired intangible assets are impaired, thus resulting in an impairment charge in a future period.

In addition, these acquisitions involve risks that the acquired businesses will not perform in accordance with expectations; that we may become liable for unforeseen financial or business liabilities of the acquired businesses, including liabilities for failure to comply with applicable healthcare regulations; that the expected synergies associated with acquisitions will not be achieved; and that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect, which could have a material adverse effect on our financial condition and results of operations.

***If we are unable to protect the confidentiality of our trade secrets, know-how and other proprietary and internally developed information, the value of our technology could be adversely affected.***

We may not be able to protect our trade secrets, know-how and other internally developed information adequately. Although we use reasonable efforts to protect this internally developed information and technology, our employees, consultants and other parties (including independent contractors and companies with which we conduct business) may unintentionally or willfully disclose our information or technology to competitors. Enforcing a claim that a third party illegally disclosed or obtained and is using any of our internally developed information or technology is difficult, expensive and time-consuming, and the outcome is unpredictable. We rely, in part, on non-disclosure, confidentiality and assignment-of-invention agreements with our employees, independent contractors, consultants and companies with which we conduct business to protect our internally developed information. These agreements may not be self-executing, or they may be breached and we may not have adequate remedies for such breach. Moreover, third parties may independently develop similar or equivalent proprietary information or otherwise gain access to our trade secrets, know-how and other internally developed information.

***We conduct some clinical trials in contract with the TCR. If we fail to perform our clinical trial services in accordance with contractual requirements, government regulations and ethical considerations, we could be subject to significant costs or liability and our reputation could be adversely affected.***

TCR contracts with biotechnology and pharmaceutical companies to perform services to assist them in bringing new drugs and biologics to market. TCR's services include monitoring clinical trials, laboratory analysis, electronic data capture, patient recruitment, data analytics, technology solutions, and other related services. Such services are complex and subject to contractual requirements, government regulations, and ethical considerations. TCR's services are subject to various regulatory requirements designed to ensure the quality and integrity of the clinical trial process. In the United States, clinical development services must be performed in compliance with applicable laws, rules and regulations enforced by the United States Food and Drug Administration, or FDA, including Good Clinical Practice, or GCP, requirements, which govern, among other things, the design, conduct, performance, monitoring, auditing, recording, analysis, and reporting of clinical trials.

If TCR fails to perform services in accordance with these requirements, regulatory authorities may take action against TCR. Such actions may include injunctions or failure to grant marketing approval of products, imposition of clinical holds or delays, suspension or withdrawal of approvals, rejection of data collected in TCR's studies, license revocation, product seizures or recalls, operational restrictions, civil or criminal penalties or prosecutions, damages, or fines. Additionally, there is a risk that actions by regulatory authorities, if they result in significant inspectional observations or other measures, could harm TCR's reputation and cause customers not to award TCR future contracts or to cancel existing contracts. Clients may also bring claims against TCR for breach of TCR's contractual obligations and patients in the clinical trials and patients taking drugs approved on the basis of those trials may bring personal injury claims against TCR. Any such action could have a material adverse effect on our results of operations, financial condition, and reputation.

We may be subject to formal or informal inquiries or investigations, both internal or external, from time to time pertaining to clinical trials or studies with which we are involved. Regardless whether any such inquiry or investigation ultimately leads to enforcement action or litigation, the cost of such inquiries and investigations can be substantial and could require us to divert financial and human resources away from strategic initiatives we have planned for building the business, and the mere allegation of misconduct can severely harm our reputation.

***Negative publicity regarding the managed healthcare industry generally could adversely affect our results of operations or business.***

Negative publicity regarding the managed healthcare industry generally, or the MA program in particular, may result in increased regulation and legislative review of industry practices that further increase our costs of doing business and adversely affect our results of operations or business by:

- requiring us to change our products and services;
- increasing the regulatory, including compliance, burdens under which we operate, which, in turn, may negatively impact the manner in which the TOI PCs provide services and increase our costs of providing services;



- adversely affecting our ability to market the TOI PCs products or services through the imposition of further regulatory restrictions regarding the manner in which plans and providers market to MA enrollees; or
- adversely affecting our ability to attract and retain patients.

***Our managed clinics may be negatively impacted by weather and other factors beyond our control.***

Our results of operations may be adversely impacted by adverse conditions affecting our managed clinics, including severe weather events such as hurricanes and flooding, natural disasters such as earthquakes and forest fires, public health concerns such as contagious disease outbreaks, violence or threats of violence or other factors beyond our control that cause disruption of patient scheduling, displacement of our patients, employees and care teams, or force certain of our managed clinics to close temporarily. Our future operating results may be adversely affected by these and other factors that disrupt the operation of our managed clinics.

## **Risks Related to Our Regulatory Environment**

***We are dependent on our relationships with the TOI PCs, which are affiliated professional entities that we do not own, to provide healthcare services, and our business would be harmed if those relationships were disrupted or if our arrangements with the TOI PCs become subject to legal challenges.***

Our contractual relationships with the TOI PCs may implicate certain state laws that generally prohibit non-professional entities from providing licensed medical services or exercising control over licensed physicians or other healthcare professionals (such activities generally referred to as the “corporate practice of medicine”) or engaging in certain practices such as fee-splitting with such licensed professionals. The interpretation and enforcement of these laws vary significantly from state to state. There can be no assurance that these laws will be interpreted in a manner consistent with our practices or that other laws or regulations will not be enacted in the future that could have a material and adverse effect on our business, financial condition and results of operations. Regulatory authorities, state boards of medicine, state attorneys general and other parties may assert that, despite the agreements through which we operate, we are engaged in the provision of medical services and/or that our arrangements with the TOI PCs constitute unlawful fee-splitting. If a jurisdiction’s prohibition on the corporate practice of medicine or fee-splitting is interpreted in a manner that is inconsistent with our practices, we would be required to restructure or terminate our arrangements with the TOI PCs to bring our activities into compliance with such laws. A determination of non-compliance, or the termination of or failure to successfully restructure these relationships could result in disciplinary action, penalties, damages, fines, and/or a loss of revenue, any of which could have a material and adverse effect on our business, financial condition and results of operations. State corporate practice and fee-splitting prohibitions also often impose penalties on healthcare professionals for aiding in the improper rendering of professional services, which could discourage physicians and other healthcare professionals from providing clinical services to members of the health plans with whom we contract.

***Our managed clinics and the TOI PCs providing professional services at such clinics may become subject to medical liability claims, which could have a material adverse impact on our business.***

Our business entails the risk of medical liability claims against us, the TOI PCs and their clinicians. Although we, the TOI PCs and their clinicians carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our and our clinicians’ insurance coverage. In addition, professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to our clinicians, our affiliated practices or to us in the future at acceptable costs or at all.

Any claims made against us or the TOI PCs that are not fully covered by insurance could be costly to defend, result in substantial damage awards against us and divert the attention of our management and the TOI PCs from our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any claims may adversely affect our business or reputation.

***If there is a change in accounting standards by the Financial Accounting Standards Board (“FASB”) or the interpretation thereof affecting consolidation of entities, it could have a material adverse effect on our consolidation of total revenues derived from the TOI PCs.***

Our financial statements are consolidated in accordance with applicable accounting standards and include the accounts of our subsidiaries and the TOI PCs, which we manage under long-term management services agreements but are not owned by us. Such consolidation for accounting and/or tax purposes does not, is not intended to, and should not be deemed to, imply or

provide us any control over the medical or clinical affairs of the TOI PCs. In the event a change in accounting standards promulgated by FASB or in interpretation of its standards, or if there is an adverse determination by a regulatory agency or a court, or a change in state or federal law relating to the ability to maintain present agreements or arrangements with the TOI PCs, we may not be permitted to continue to consolidate the total revenues of such practices.

***Our managed clinics and the TOI PCs may be subject to third-party payor audits, which, if adversely determined against us or the TOI PCs, may have a material effect on our results of operations and financial condition.***

As a result of the TOI PCs participation in the Medicare and Medicaid programs, our managed clinics and the TOI PCs are subject to various governmental inspections, reviews, audits and investigations to verify our compliance with these programs and applicable laws and regulations. Payors may also reserve the right to conduct audits. We also periodically conduct internal audits and reviews of our regulatory compliance. An adverse inspection, review, audit or investigation could result in:

- refunding amounts we have been paid pursuant to the Medicare or Medicaid programs or from payors;
- state or federal agencies imposing fines, penalties and other sanctions on us;
- temporary suspension of payment for new patients to the facility or agency;
- decertification or exclusion from participation in the Medicare or Medicaid programs or one or more payor networks;
- self-disclosure of violations to applicable regulatory authorities;
- damage to our reputation;
- the revocation of a facility's or agency's license; and
- loss of certain rights under, or termination of, our contracts with payors.

With respect to MA plans, the TOI PCs submit claims and encounter data applicable to MA plans that are used to establish the annual, average Medicare Risk Adjustment Factor, or RAF, scores attributable to each TOI PC's MA population. These RAF scores determine, in part, the revenue to which the health plans and, in turn, the TOI PCs, are entitled for the provision of medical care to such population. The data submitted to CMS by each health plan is based, in part, on medical charts and diagnosis codes that the TOI PCs prepare and submit to the health plans. CMS audits MA plans for documentation to support RAF-related payments for enrollees chosen at random. The MA plans then ask providers to submit the underlying documentation for members that they serve. It is possible that claims associated with members with higher RAF scores could be subject to more scrutiny in a CMS or plan audit. There is a possibility that a MA plan may seek repayment from the TOI PCs should CMS make any payment adjustments to the MA plan as a result of its audits. CMS has indicated that payment adjustments will not be limited to RAF scores for the specific MA enrollees for which errors are found but may also be extrapolated to the entire MA plan subject to a particular CMS contract. Based on a recent final rule issued by CMS in January 2023, although 2011 to 2017 plan years are still subject to audit, overpayments to MA plans that are identified as a result of a Risk Adjustment Data Validation, or RADV, audit will only be subject to extrapolation for plan year 2018 and any subsequent plan year. In addition, CMS will not apply an adjustment factor, known as a Fee-For-Service, or FFS, Adjuster, in RADV audits to account for potential differences in diagnostic coding between the Medicare Advantage program and Medicare FFS program. We are continuing to assess the potential impact this final rule may have on our business and operations.

We have in the past and will likely in the future be required to refund amounts we have been paid and/or pay fines and penalties as a result of these inspections, reviews, audits and investigations. If adverse inspections, reviews, audits or investigations occur and any of the results noted above occur, it could have a material adverse effect on our business and operating results. Furthermore, the legal, document production and other costs associated with complying with these inspections, reviews, audits or investigations could be significant.

***We are subject to extensive fraud, waste, and abuse laws that may give rise to federal and state audits, investigations, lawsuits and claims against us, the outcome of which may have a material adverse effect on our business, financial condition, cash flows, or results of operations.***

The U.S. healthcare industry is heavily regulated and closely scrutinized by federal, state and local governments. Comprehensive statutes and regulations govern the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payors, our contractual relationships and arrangements with healthcare providers and vendors, our marketing activities and other aspects of our operations. Of particular importance are:

- the federal Anti-Kickback Statute, or AKS, which prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration for referring an individual, in return for ordering, leasing, purchasing or recommending or arranging for or to induce the referral of an individual or the ordering, purchasing or

leasing of items or services covered, in whole or in part, by any federal healthcare program, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;

- the federal physician self-referral law, the Stark Law, which, subject to limited exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain designated health services, or DHS if the physician or a member of such physician's immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity, and prohibits the entity from billing Medicare or Medicaid for such DHS;
- the FCA, which imposes civil and criminal liability on individuals or entities that knowingly submit false or fraudulent claims for payment to the government or knowingly make, or cause to be made, a false statement in order to have a false claim paid, including qui tam or whistleblower suits. There are many potential bases for liability under the FCA. The government has used the FCA to prosecute Medicare and other government healthcare program fraud such as coding errors, billing for services not provided, and providing care that is not medically necessary or that is substandard in quality. In addition, the government may assert that a claim including items or services resulting from a violation of the AKS or Stark Law constitutes a false or fraudulent claim for purposes of the FCA;
- the Civil Monetary Penalties Law, which prohibits, among other things, an individual or entity from offering remuneration to a federal healthcare program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive healthcare items or services from a particular provider. We may also be subject to civil monetary penalties and other sanctions under the statute if we or the TOI PCs hire or contract with any individuals or entities that are or become excluded from government healthcare programs, for the provision of items or services for which payment may be made under such programs;
- the criminal healthcare fraud provisions of HIPAA and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the AKS, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- reassignment of payment rules that prohibit certain types of billing and collection practices in connection with claims payable by the Medicare or Medicaid programs;
- similar state law provisions pertaining to anti-kickback, self-referral and false claims issues, some of which may apply to items or services reimbursed by any payor, including patients and commercial insurers;
- laws that regulate debt collection practices;
- a provision of the Social Security Act that imposes criminal penalties on healthcare providers who fail to disclose, or refund known overpayments;
- federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;
- federal and state laws and policies that require healthcare providers to maintain licensure, certification or accreditation to enroll and participate in the Medicare and Medicaid programs, to report certain changes in their operations to the agencies that administer these programs and, in some cases, to re-enroll in these programs when changes in direct or indirect ownership occur; and
- federal and state laws pertaining to the provision of services by nurse practitioners and physician assistants in certain settings, physician supervision of those services, and reimbursement requirements that depend on the types of services provided and documented and relationships between physician supervisors and nurse practitioners and physician assistants; and
- Medicare and Medicaid regulations, manual provisions, local coverage determinations, national coverage determinations and agency guidance imposing complex and extensive requirements upon healthcare providers.

The laws and regulations in these areas are complex, changing and often subject to varying interpretations. As a result, there is no guarantee that a government authority will find that we or the TOI PCs are in compliance with all such laws and regulations that apply to our business. Further, because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of the business activities undertaken by us or the TOI PCs could be subject to challenge under one or more of these laws, including, without limitation, our patient assistance programs that waive or reduce the patient's obligation to pay copayments, coinsurance or deductible amounts owed for the services we

provide to them if they meet certain financial need criteria. If our or the TOI PCs' operations are found to be in violation of any of such laws or any other governmental regulations that apply, we may be subject to significant penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations, exclusion from participation in federal and state healthcare programs and imprisonment. In addition, any action against us or the TOI PCs for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and result in adverse publicity, or otherwise experience a material adverse impact on our business, results of operations, financial condition, cash flows, reputation as a result.

***If any of our managed clinics or TOI PCs lose their regulatory licenses, permits and/or accreditation status, or become ineligible to receive reimbursement under Medicare or Medicaid or other third-party Payors, there may be a material adverse effect on our business, financial condition, cash flows, or results of operations.***

The operations of our managed clinics through the TOI PCs are subject to extensive federal, state and local regulation relating to, among other things, the adequacy of medical care, equipment, personnel, operating policies and procedures, dispensing of prescription drugs, fire prevention, rate-setting and compliance with building codes and environmental protection. Our managed clinics and TOI PCs are also subject to extensive laws and regulation relating to facility and professional licensure, conduct of operations, including financial relationships among healthcare providers, Medicare and Medicaid fraud and abuse and physician self-referrals, and maintaining updates to the TOI PCs' enrollment in the Medicare and Medicaid programs, including addition of new clinic locations, providers and other enrollment information. Our managed clinics and TOI PCs are subject to periodic inspection by licensing authorities and accreditation organizations to assure their continued compliance with these various standards. There can be no assurance that these regulatory authorities will determine that all applicable requirements are fully met at any given time. Should any of our managed clinics or TOI PCs be found to be noncompliant with these requirements, we could be assessed fines and penalties, could be required to refund reimbursement amounts or could lose our licensure or Medicare and/or Medicaid certification or accreditation so that we or the TOI PCs are unable to receive reimbursement from such programs and possibly from other third-party payors, any of which could materially adversely affect our business, financial condition, cash flows or results of operations.

***If we or the TOI PCs fail to comply with applicable data interoperability and information blocking rules, our consolidated results of operations could be adversely affected.***

The 21st Century Cures Act (the "Cures Act"), which was passed and signed into law in December 2016, includes provisions related to data interoperability, information blocking and patient access. In March 2020, the HHS Office of the National Coordinator for Health Information Technology, or ONC, and CMS finalized and issued complementary rules that are intended to clarify provisions of the Cures Act regarding interoperability and information blocking, and include, among other things, requirements surrounding information blocking, changes to ONC's health IT certification program and requirements that CMS-regulated payors make relevant claims/care data and provider directory information available through standardized patient access and provider directory application programming interfaces, or APIs, that connect to provider electronic health record systems, or EHRs. The companion rules will transform the way in which healthcare providers, health IT developers, health information exchanges/health information networks, or HIEs/HINs, and health plans share patient information, and create significant new requirements for healthcare industry participants. For example, the ONC rule, which went into effect on April 5, 2021, prohibits healthcare providers, health IT developers of certified health IT, and HIEs/HINs from engaging in practices that are likely to interfere with, prevent, materially discourage, or otherwise inhibit the access, exchange or use of electronic health information, or EHI, also known as "information blocking." To further support access and exchange of EHI, the ONC rule identifies eight "reasonable and necessary activities" as exceptions to information blocking activities, as long as specific conditions are met. Any failure to comply with these rules could have a material adverse effect on our business, results of operations and financial condition.

***Actual or perceived failures to comply with applicable data protection, privacy and security, advertising and consumer protection laws, regulations, standards and other requirements could adversely affect our business, financial condition and results of operations.***

We and the TOI PCs collect, receive, generate, use, process, and store significant and increasing volumes of sensitive information, such as employee, individually identifiable health information and other personally identifiable information. We and the TOI PCs are subject to a variety of federal and state laws and regulations, as well as contractual obligations, relating to the collection, use, storage, retention, security, disclosure, transfer, return, destruction and other processing of personal information, including health-related information. Enforcement actions and consequences for noncompliance with such laws, directives and regulations are rising, and the regulatory framework for privacy, data protection and data transfers is complex and rapidly evolving and is likely to remain uncertain for the foreseeable future.

In the United States, numerous such federal and state laws and regulations, including data breach notification laws, health information privacy laws, and consumer protection laws and regulations, including those that govern the collection, use, disclosure, and protection of health-related and other personal information, could apply to our operations or the operations of the TOI PCs. For example, the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations implemented thereunder, which we refer to collectively as HIPAA, imposes privacy, security and breach notification obligations on certain health care providers, health plans, and health care clearinghouses, known as covered entities, as well as business associates that perform certain services that involve creating, receiving, maintaining or transmitting individually identifiable health information for or on behalf of such covered entities. HIPAA requires covered entities, such as the TOI PCs, and business associates, such as us, to develop and maintain policies with respect to the protection of, use and disclosure of protected health information, or PHI, including the adoption of administrative, physical and technical safeguards to protect such information, and certain notification requirements in the event of a data breach.

Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, or PHI, a complaint about privacy practices or an audit by HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. HIPAA also authorizes state Attorneys General to file suit on behalf of their residents. Courts may award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

Numerous other state and federal laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality, security and processing of personal information, including health-related information, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. In addition, these laws and regulations in many cases are more restrictive than, and may not be preempted by, HIPAA and may be subject to varying interpretations by courts and government agencies. Laws in all 50 states and other United States territories require businesses to provide notice to individuals whose personal information has been disclosed as a result of a data breach. Such laws are not always consistent, and compliance in the event of a widespread data breach is costly and may be challenging.

States are also constantly amending existing laws, requiring attention to frequently changing requirements, and we expect these changes to continue. For example, in June 2018, California enacted the California Consumer Privacy Act, or the CCPA, which became effective on January 1, 2020, and, among other things, requires covered companies to provide disclosures to California consumers, and affords such consumers certain data protection rights, including the ability to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information that may increase data breach litigation. While the CCPA includes certain exceptions for health-related information, including PHI, it still may require us to modify our data practices and policies and to incur substantial costs and expenses in an effort to comply. Further, the California Privacy Rights Act, or CPRA, generally went into effect on January 1, 2023 and significantly amends the CCPA. The CPRA imposes additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It will also create a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. Additional compliance investment and potential business process changes may be required. Similar laws have passed in Virginia, Colorado, Connecticut and Utah, and have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging.

As required by certain laws, we publicly post documentation regarding our privacy practices concerning the collection, processing, use and disclosure of certain data. The publication of our privacy policy and other documentation that provide promises and assurances about privacy and security can subject us to potential state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. In addition, although we endeavor to comply with our published policies and documentation, individuals could allege we have failed to do so, or we may at times actually fail to do so despite our efforts. Any failure by us, our third-party service providers or other parties with whom we do business to comply with this documentation or with laws or regulations applicable to our business could result in proceedings against us by governmental entities or others.

In addition, the Federal Trade Commission, or the FTC, expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Our failure to take any steps perceived by the FTC as

appropriate to protect consumers' personal information may result in claims by the FTC that we have engaged in unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices for alleged privacy, data protection and data security violations.

In addition to government regulation, privacy advocates and industry groups may propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards or to facilitate our payors' compliance with such standards. We expect that there will continue to be new proposed laws and regulations concerning privacy, data protection, and information security, and we cannot yet determine the impact such future laws, regulations, and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of laws, standards, contractual and other obligations relating to privacy and data protection are still uncertain and changing, it is possible that these laws, standards, contractual and other obligations may be interpreted and applied in a manner that is inconsistent with our data management practices, our privacy, data protection or data security policies or procedures or the features of our technology. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation, we could be required to fundamentally change our business activities and practices or modify our technology, any of which could adversely affect our business. We may be unable to make such changes or modifications in a commercially reasonable manner, or at all, and our ability to develop new software or provide new services could be limited. Any inability to adequately address privacy, data protection or information security-related concerns, even if such concerns are unfounded, or to successfully negotiate privacy, data protection or information security-related contractual terms with customers, or to comply with applicable laws and regulations, or our policies relating to privacy, data protection, and information security, could result in additional cost and liability to us, harm our reputation and brand, and adversely affect our business, financial condition and results of operations.

***We and our TOI PCs are subject to federal, state and local laws and regulations that govern our business. These include regulations of our employment practices, including minimum wage, living wage, and paid time-off requirements, permitting and licensing, employee health and safety and the storage, treatment and disposal of waste. Failure to comply with these laws and regulations, or changes to these laws and regulations that increase our expenses, could adversely impact our operations.***

We and the TOI PCs are required to comply with all applicable federal, state and local laws and regulations related to the operation of our business. These regulations include regulations governing the TOI PCs' dispensary services, the construction, the use of our managed clinics and the treatment of hazardous waste or drug products. Changes in regulations or new regulations could increase our costs, cause the TOI PCs to lose licenses or accreditations or otherwise harm our business or the business of the TOI PCs.

We and the TOI PCs are required to comply with all applicable federal, state and local laws and regulations relating to employment, including occupational safety and health requirements, wage and hour and other compensation requirements, employee benefits, providing leave and sick pay, employment insurance, proper classification of workers as employees or independent contractors, immigration and equal employment opportunity laws. These laws and regulations can vary significantly among jurisdictions and can be highly technical. Costs and expenses related to these requirements are a significant operating expense and may increase as a result of, among other things, changes in federal, state or local laws or regulations, or the interpretation thereof, requiring employers to provide specified benefits or rights to employees, increases in the minimum wage and local living wage ordinances, increases in the level of existing benefits or the lengthening of periods for which unemployment benefits are available. We may not be able to offset any increased costs and expenses. Furthermore, any failure to comply with these laws requirements, including even a seemingly minor infraction, can result in significant penalties which could harm our reputation and have a material adverse effect on our business.

***We may not be able to utilize a portion of our NOLs to offset future taxable income for U.S. federal income tax purposes, which could adversely affect our net income and cash flows.***

As of December 31, 2023, we had federal income tax NOLs of approximately \$139,195 and state income tax NOLs of approximately \$132,511 available to offset our future taxable income, if any, prior to consideration of annual limitations that may be imposed under Section 382 of the Code or otherwise. The federal NOLs will be carried forward indefinitely and the state NOLs begin expiring after 2040. Utilization of these NOLs depends on many factors, including our future income, which cannot be assured. Some of these NOLs could expire unused and be unavailable to offset our future income tax liabilities. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, and corresponding provisions of state law, if a corporation undergoes an "ownership change" (very generally defined as a greater than 50% change, by value, in the corporation's equity ownership by certain stockholders or groups of stockholders over a rolling three-year period), the corporation's ability to use its pre-ownership change NOLs to offset its post-ownership change income may be limited. In 2022

and 2023, we completed an ownership change analysis pursuant to IRC Section 382 of the Code for the period from September 10, 2018 through taxable year ended December 31, 2021 and from January 1, 2022 through taxable year ended December 31, 2022 in which we determined that the Company did not experience an ownership change. We are in the process of completing an analysis to determine whether there was a change in ownership during the year ended December 31, 2023. Additionally, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. The deferred tax asset associated with the Company's federal and state net operating losses are fully offset by a valuation allowance. Due to the existence of the valuation allowance, future changes in the Company's unrecognized tax benefits will not impact its effective tax rate. To the extent we are not able to offset future taxable income with our NOLs, our net income and cash flows may be adversely affected.

***Future changes to applicable tax laws and regulations and/or their interpretation may have an adverse effect on our business, financial condition and results of operations. Tax rules and regulations are subject to interpretation and require judgment by us that may be successfully challenged by the applicable taxation authorities upon audit, which could result in additional tax liabilities.***

Changes in tax laws or their interpretation could decrease the amount of revenues we receive, the value of any tax loss carry-forwards and tax credits recorded on our balance sheet and the amount of our cash flow, and adversely affect our business, financial condition or results of operations. In addition, other factors or events, including business combinations and investment transactions, changes in the valuation of our deferred tax assets and liabilities, adjustments to taxes upon finalization of various tax returns or as a result of deficiencies asserted by taxing authorities, increases in expenses not deductible for tax purposes, changes in available tax credits, other changes in the apportionment of our income, and changes in tax rates, could also increase our future effective tax rate.

In addition, our effective tax rate and tax liability are based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner which they apply to us and our diverse set of business arrangements is often open to interpretation, and can require us to take positions regarding the interpretation of applicable rules or the valuation of our assets that are subject to material uncertainty. Significant management judgment is required in determining our provision for taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. The proper tax treatment or characterization of many of the transactions we undertake, such as the transactions associated with our issuance of the Convertible Notes and DF Warrants, is often subject to significant uncertainty, and the resolution of any related issues could affect the withholding tax liabilities to which we are subject or the tax deductions that we are able to claim. The tax authorities could challenge our interpretation of laws, regulations and treaties or the positions that we have taken regarding the valuation of its assets, resulting in additional tax liability or adjustment to our income tax provision.

Our tax filings are subject to review or audit by various taxing authorities. As discussed above, we exercise significant judgment in determining our provision for taxes and, in the ordinary course of our business, there may be transactions and calculations where the proper tax treatment is uncertain. We may also be liable for taxes in connection with businesses we acquire. Our determinations are not binding on the IRS or any other taxing authorities, and accordingly the final determination in an audit or other proceeding may be materially different than the treatment reflected in our tax provisions, accruals and returns. An assessment of additional taxes because of an audit could have a material adverse effect on our business, financial condition, results of operations and cash flows.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, or interpreted, changed, modified or applied adversely to us, any of which could adversely affect our business operations and financial performance. We are unable to predict what changes will occur and, if so, the ultimate impact on its business. To the extent that such changes have a negative impact on us, they may materially and adversely impact its business, financial condition, results of operations and cash flows.

## **Risks Related to Our Financial Condition**

***Goodwill and other intangible assets represent a significant portion of our total assets. Goodwill is tested for impairment at least annually, which could result in a material, non-cash write-down of goodwill and could have a material adverse effect on our results of operations and stockholders' equity.***

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. For example, if our market capitalization drops significantly below the amount of the carrying equity recorded on our balance sheet, it might indicate a decline in our fair value and would require us to further evaluate whether our goodwill has been impaired. If, as part of our annual review of goodwill, we are required to write down all or a significant part of our goodwill, our net earnings could be materially adversely affected, which could affect our flexibility to obtain additional financing. In addition, if our

assumptions used in preparing our valuations for purposes of impairment testing differ materially from actual future results, we may record impairment charges in the future and our financial results may be materially adversely affected. We had \$7,230 and \$21,418 of goodwill recorded on our Consolidated Balance Sheets at December 31, 2023 and 2022, respectively. Goodwill impairment charges of \$16,867 and \$9,944 were recorded during the years ended December 31, 2023 and 2022, respectively, based on management's evaluation of the value of goodwill. It is not possible at this time, under current market conditions, to determine if there will be any future impairment charge, or if there is, whether such charges would be material.

***If the Company is required to record additional goodwill impairment, our financial condition and results could be negatively affected.***

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired in the Company's Business Combinations. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Based on a qualitative assessment factoring in our share price decrease, as well as factors related to macroeconomic conditions, industry and market considerations, cost factors, financial performance and market capitalization, we determined it was likely that our reporting unit fair value was less than the carrying value. After conducting a two-step quantitative assessment, we recorded an impairment of \$16,867 of goodwill during the three months ended March 31, 2023 (there was no impairment recorded as of March 31, 2022). If our stock price remains low, or negative macroeconomic, industry or business factors worsen, we may be required to perform another goodwill impairment analysis, which could result in an impairment of up to the entire balance of the remaining goodwill. Additionally, significant impairment charges may negatively affect our compliance with the financial covenants of our Facility Agreement.

***We may need additional capital to fund our operations and finance our growth, and we may not be able to obtain it on acceptable terms, or at all, which may limit our ability to grow.***

Our ability to maintain our operations and grow in existing and new markets may require additional capital, particularly if we were to accelerate our acquisition and expansion plans. Financing may not be available or may be available only on terms that are not favorable. If we are unable to obtain funds on acceptable terms, we may have to delay or abandon some or all of our growth strategies. Further, if additional funds are raised through the issuance of additional equity securities, the percentage ownership of our stockholders would be diluted. Any newly issued equity securities may have rights, preferences or privileges senior to those of the Common Stock.

#### **Risks Related to Our Common Stock and Warrants**

***Our issuance of additional shares of Common Stock, Warrants or other convertible securities may dilute your ownership interest in us and could adversely affect our stock price.***

From time to time in the future, we may issue additional shares of our Common Stock, Warrants or other securities convertible into Common Stock pursuant to a variety of transactions, including acquisitions. Additional shares of our Common Stock may also be issued upon exercise of outstanding stock options and Warrants. The issuance by us of additional shares of our Common Stock, Warrants or other securities convertible into our Common Stock would dilute your ownership interest in us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our Common Stock and Warrants. Shares issuable upon exercise of options will be available for resale immediately in the public market without restriction.

In the future, we expect to obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. Issuing additional shares of our capital stock, other equity securities, or securities convertible into equity may dilute the economic and voting rights of our existing stockholders, reduce the market price of our Common Stock and Warrants, or both. Future Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our Common Stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. As a result, holders of our Common Stock and Warrants bear the risk that our future offerings may reduce the market price of our Common Stock and Warrants and dilute their percentage ownership.

***Future sales, or the perception of future sales, of our Common Stock and Warrants by us or our existing securityholders in the public market could cause the market price for our Common Stock and Warrants to decline.***



Our Common Stock and Warrants are traded on The Nasdaq Capital Market. The sale of substantial amounts of shares of our Common Stock or Warrants in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Common Stock and Warrants. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

In addition, the shares of our Common Stock reserved for future issuance under The Oncology Institute, Inc. 2021 Incentive Award Plan (the "2021 Plan") will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up provisions and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. As of December 31, 2023, we have 6,008,329 shares available for issuance under the 2021 Plan, which amount will automatically increase on January 1 of each successive year through and including January 1, 2031 in amount equal to 4% of the fully diluted shares outstanding as of the preceding December 31 or such lesser amount as is determined by the Board. We have filed multiple registration statements on Form S-8 under the Securities Act to register shares of our Common Stock or securities convertible into or exchangeable for shares of our Common Stock issued pursuant to our equity incentive plans. Such Form S-8 registration statements automatically become effective upon filing. Accordingly, shares registered under such registration statements are available for sale in the open market.

***Delaware law and provisions in our Charter and Bylaws could make a takeover proposal more difficult.***

Our organizational documents are governed by Delaware law. Certain provisions of Delaware law and of our Charter and Bylaws could discourage, delay, defer or prevent a merger, tender offer, proxy contest or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of Common Stock. These provisions include the ability of our Board to designate the terms of and issue new series of preference shares, which may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

These anti-takeover provisions as well as certain provisions of Delaware law could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, stockholders of the Company may be limited in their ability to obtain a premium for their shares. If prospective takeovers are not consummated for any reason, we may experience negative reactions from the financial markets, including negative impacts on the price of our Common Stock and Warrants. These provisions could also discourage proxy contests and make it more difficult for stockholders of the Company to elect directors of their choosing and to cause us to take other corporate actions that stockholders of the Company desire.

***We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make our Common Stock and Warrants less attractive to investors.***

We are an "emerging growth company," as defined in the JOBS Act. As an emerging growth company, we may follow reduced disclosure requirements and do not have to make all of the disclosures that public companies that are not emerging growth companies do. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year in which we have total annual gross revenues of \$1.235 billion or more; (b) the last day of the fiscal year following the fifth anniversary of the date of the completion of the initial public offering of DFP; (c) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years; or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC, which means the market value of our Common Stock that is held by non-affiliates exceeds \$700.0 million as of the prior June 30th. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote of stockholders on executive compensation, stockholder approval of any golden parachute payments not previously approved and having to disclose the ratio of the compensation of our chief executive officer to the median compensation of our employees.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of

certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards; and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

We may choose to take advantage of some, but not all, of the available exemptions for emerging growth companies. We cannot predict whether investors will find our Common Stock or Warrants less attractive if we rely on these exemptions. If some investors find our Common Stock or Warrants less attractive as a result, there may be a less active trading market for our Common Stock and Warrants and our share and Warrant price may be more volatile.

***Our Common Stock and Warrants may be delisted if we fail to comply with the requirements for continued listing on The Nasdaq Stock Market LLC (“Nasdaq”), and if our securities were delisted, the price of our Common Stock and Warrants, our ability to access the capital markets and our ability to comply with the covenants in our Facility Agreement could be negatively impacted.***

Our Common Stock and Warrants are listed for trading on Nasdaq. To maintain this listing, we must satisfy Nasdaq’s continued listing requirements, including, among other things, a minimum closing bid price requirement of \$1.00 per share, among others. Delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees, and business development opportunities. Such a delisting likely would impair investor’s ability to sell or purchase our common stock when investors wish to do so. Further, if we were to be delisted from Nasdaq, our common stock may no longer be recognized as a “covered security” and we would be subject to regulation in each state in which we offer our securities. Thus, delisting from Nasdaq could adversely affect our ability to raise additional financing through the public or private sale of equity securities, would significantly impact the ability of investors to trade our securities, and would negatively impact the value and liquidity of our common stock.

In addition, our Facility Agreement contains various covenants, including a requirement that the Company remain a reporting company and maintain the listing of our shares of common stock on an eligible market such as Nasdaq. Should our common stock be delisted, we would be in breach of the eligible market covenant in the Facility Agreement. If we breach this covenant and are unable to obtain a waiver or amendment under the Facility Agreement, the lenders may, among other things, accelerate our outstanding indebtedness and exercise rights with respect to collateral securing our outstanding indebtedness, each of which could have an adverse effect on our business, financial condition and results of operations.

***Our certificate of incorporation and our bylaws provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders, which limits our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.***

Our Charter and Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the (a) Court of Chancery (the “Chancery Court”) of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action, suit or proceeding brought on our behalf; (ii) any action, suit or proceeding asserting a breach of fiduciary duty owed by any current or former director, officer, stockholder or employee of the company to the company or its stockholders; (iii) any action, suit or proceeding asserting a claim against the Company arising under the DGCL, its certificate of incorporation or its bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; (iv) any action, suit or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (v) any action, suit or proceeding asserting a claim against the Company or any current or former director, officer or stockholder governed by the internal affairs doctrine, and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to (A) the personal jurisdiction of the state and federal courts within Delaware and (B) service of process on such stockholder’s counsel. The provision of the Charter described in the immediately preceding sentence does not apply to (i) suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction and (ii) any action arising under the Securities Act, as to which the federal district court for the United States of America shall have exclusive jurisdiction. The choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

Additionally, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As noted above, our certificate of incorporation and our bylaws provide that the federal district courts of the United States shall have jurisdiction

over any action arising under the Securities Act. Accordingly, there is uncertainty as to whether a court would enforce such provision. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

***The market price of our Common Stock may be volatile or may decline regardless of our operating performance. You may lose some or all of your investment.***

The market price of our Common Stock is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed in this section and the following:

- the impact of a pandemic, epidemic, or outbreak of an infectious disease in the United States or worldwide on our financial condition and the results of operations;
- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products;
- future announcements concerning our business, our customers' businesses or our competitors' businesses;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- the size of our public float;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations that adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges or sales, of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

These broad market and industry factors may materially reduce the market price of our Common Stock and Warrants, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our Common Stock is low. As a result, you may suffer a loss on your investment.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

***If securities analysts cease publishing research or reports about us, or if they issue unfavorable commentary about us or our industry or downgrade our Common Stock, the price of our Common Stock could decline.***

The trading market for our Common Stock depends, in part, on the research and reports that third-party securities analysts publish about us and the industries in which we operate. We may be unable or slow to attract research coverage, and if one or more analysts cease coverage of us, the price and trading volume of our securities would likely be negatively impacted. If any of the analysts that may cover us change their recommendation regarding our Common Stock adversely, or provide more favorable relative recommendations about our competitors, the price of our Common Stock would likely decline. If any analyst that may cover us ceases covering us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our Common Stock to decline. Moreover, if one or more of the analysts who cover us downgrades our Common Stock, or if our reporting results do not meet their expectations, the market price of our Common Stock could decline.

***The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which may divert from our business operations.***

We are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal control over financial reporting. As a result, we have incurred and will continue to incur increased legal, accounting and other expenses that Legacy TOI did not previously incur. Our entire management team and many of our other employees have devoted and will continue to devote substantial time to compliance and may not effectively or efficiently manage our transition into a public company.

In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management's attention from implementing our business strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal control over financial reporting, including IT controls, and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses.

These rules and regulations result in our incurring legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, on our board committees or as executive officers.

***We do not intend to pay dividends on our Common Stock for the foreseeable future.***

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and growth of the business, and therefore, do not anticipate declaring or paying any cash dividends on Common Stock in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing current and future indebtedness, industry trends, the provisions of Delaware law affecting the payment of dividends and distributions to stockholders and any other factors or considerations the board of directors deems relevant.

***Our Warrants may have an adverse effect on the market price of our Common Stock.***

Simultaneously with the closing of its IPO, DFP Healthcare Acquisitions Corp., issued in a private placement an aggregate of 4,333,333 private placement warrants, each exercisable to purchase one share of Common Stock at \$11.50 per share through November 2026. As of December 31, 2023, there were 3,177,542 private placement warrants outstanding. To the extent such warrants are exercised, additional shares of our Common Stock will be issued, which will result in dilution to our stockholders and increase the number of shares of Common Stock eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our Common Stock.

**Risks Related to Our Indebtedness**

***The Facility Agreement and the associated restrictive covenants thereunder could adversely affect our financial condition and will restrict our ability to raise capital.***

On August 9, 2022, we entered into a \$110 million Facility Agreement with Deerfield Partners and certain of its affiliates, of which all is outstanding as of December 31, 2023. The Facility Agreement contains various covenants, including a requirement to retain \$40,000,000 in unrestricted cash and cash equivalents, and maintain a minimum revenue of \$50,000,000, \$75,000,000, and \$100,000,000 for each fiscal quarter ending during the fiscal year 2023, 2024, and 2025, respectively. In addition, the Facility Agreement restricts our and the guarantors' ability to, among other things, (i) merge, consolidate, dissolve or liquidate into or convey, transfer, lease or dispose of all or substantially all of its assets (other than into another Loan Party or if the Company determines in good faith in the best interest of a subsidiary and not materially disadvantageous), (ii) create or incur any lien on our assets beyond those outstanding on the date of the Facility Agreement and certain other permitted liens, (iii) dispose of any assets or property or issue, transfer, or provide a controlling, management, or other interest in certain securities of the Company or its guarantors, (iv) incur any indebtedness not to exceed \$1,000,000 or as otherwise permitted, (v)

make any investments other than as otherwise permitted, (vi) amend our organizational documents or any material agreements in a manner that would reasonably be expected to be materially adverse to the rights of the lenders or (vii) change our reporting practices or fiscal year, in each case, subject to exceptions set forth in the Facility Agreement. Furthermore, under the Facility Agreement, we are required to, among other things, (i) remain a reporting company and maintain the listing of our common shares on an eligible market, (ii) provide the lenders with information regarding any event of default or the occurrence of any material adverse event and (iii) publicly disclose material, nonpublic information that is provided to the lenders without their prior written consent. Subject to customary exceptions and exclusions, our obligations under the Facility Agreement are guaranteed by a perfected, first-priority security interest in substantially all of our personal property, including our intellectual property and the equity ownership interests directly and indirectly held by us in our wholly-owned subsidiaries. Compliance with such covenants and our indebtedness will result in the following, which could materially and adversely affect our business, financial condition and results of operations:

- require us to dedicate a substantial portion of cash and cash equivalents to the payment of interest on, and principal of, the indebtedness, which will reduce the amounts available to fund working capital, capital expenditures, product development efforts and other general corporate purposes;
- oblige us to comply with negative covenants restricting our activities, including limitations on dispositions, mergers or acquisitions, encumbering our intellectual property, incurring indebtedness or liens, paying dividends, making investments and engaging in certain other business transactions;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a competitive disadvantage compared to our competitors who have less debt or competitors with comparable debt at more favorable interest rates; and
- limit our ability to borrow additional amounts for working capital, capital expenditures, research and development efforts, acquisitions, debt service requirements, execution of our business strategy and other purposes and otherwise restrict our financing options.

Furthermore, because the interests of the lenders may potentially differ from ours and from those of our stockholders, we may be unable to engage in transactions or other activities that may be beneficial to our stockholders. The covenants under the Facility Agreement could materially and adversely affect our business, financial condition and results of operations.

Upon the occurrence of a Major Transaction, as defined under the Senior Secured Convertible Note issued pursuant to the Facility Agreement, the holders of the convertible notes may elect to require us to redeem all or any portion of the notes for an amount equal to the principal amount thereof (in addition to accrued and unpaid interest, a make-whole amount and an exit fee, as applicable). There can be no assurance that we will have sufficient capital to redeem such notes upon the occurrence of a Major Transaction, under the Senior Secured Convertible Note.

Servicing our indebtedness requires a significant amount of cash. Our ability to repay the principal of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our indebtedness. If we are unable to generate cash flow, we may be required to adopt one or more alternatives, such as restructuring debt or obtaining additional financing on terms that may be unfavorable to us or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at the time we seek to refinance such indebtedness. Our inability to satisfy our debt obligations could materially and adversely affect our financial position and results of operations.

A failure to comply with the conditions of the Facility Agreement or the Senior Secured Convertible Note could result in an event of default. An event of default under the Facility Agreement includes, among other things, a failure to pay any amount due under the Facility Agreement or to issue common stock when required upon conversion of the Senior Secured Convertible Note as well as the occurrence of a criminal proceeding pursuant to which the remedy sought includes forfeiture of a material portion of property. If we fail to comply with any of the covenants under our indebtedness and are unable to obtain a waiver or amendment, the lenders may, among other things, accelerate our outstanding indebtedness and exercise rights with respect to collateral securing our outstanding indebtedness, each of which could have an adverse effect on our business, financial condition and results of operations.

Any of these events could materially and adversely affect our business, financial condition and results of operations.

*The terms of the Senior Secured Convertible Note may have a negative impact on our business and the value of our securities and may result in substantial dilution to our other equity securityholders.*

The Senior Secured Convertible Note provides for certain terms which may have a negative impact on our business. Obligations under such agreement mature on August 9, 2027 and carry the possibility of the issuance of Convertible Note Warrants upon prepayment.

The obligations under the Senior Secured Convertible Note are secured and the lenders thereunder will have a claim against the assets and equity interests securing the related debt obligations that will have priority to claims of the Company's equity securityholders generally. Additionally, the Convertible Note is guaranteed by certain of our subsidiaries, effectively providing for claims against such subsidiaries which are structurally senior to our other equity securityholders generally.

The Senior Secured Convertible Note is convertible into common stock, subject to certain terms and conditions, which may result in dilution to our other equity securityholders.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 1C. Cybersecurity**

The Company prioritizes the protection of our critical systems and information through a robust cybersecurity risk management program. This program outlines our approach to identifying, assessing, and mitigating cybersecurity risks to ensure the confidentiality, integrity, and availability of our assets.

We adhere to the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) as the guiding framework for our cybersecurity risk management program. While we do not claim compliance with specific technical standards, the NIST CSF serves as a valuable tool for identifying, assessing, and managing cybersecurity risks relevant to our business. Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- a. risk assessment using industry-standard methodologies such as threat modeling, vulnerability scanning, and penetration testing. These assessments encompass a thorough examination of our critical systems, networks, and applications to identify and prioritize cybersecurity risks. Leveraging tools such as SIEM (Security Information and Event Management) and IDS/IPS (Intrusion Detection System/Intrusion Prevention System), we analyze network traffic patterns and behavior to detect potential threats and vulnerabilities. Additionally, we utilize vulnerability assessment tools to scan our infrastructure for known weaknesses and misconfigurations. These assessments inform our risk management strategies and resource allocation efforts, ensuring that we address the most critical vulnerabilities and threats effectively;
- b. a security team principally responsible for managing cybersecurity risk assessment processes, implementing security controls, and orchestrating responses to cybersecurity incidents. They ensure alignment with organizational objectives and regulatory requirements.
- c. The use of external service providers specializing in penetration testing, security auditing, and incident response, selected based on their track record, certifications (e.g., CISSP), and adherence to standards (e.g., ISO/IEC 27001). We also enlist Managed Security Service Providers (MSSPs) for continuous monitoring and threat analysis. Cloud service providers with robust security measures host our critical infrastructure, ensuring encryption, multi-factor authentication, and regular audits. Through careful selection and oversight, these partners enhance our cybersecurity defenses and align with our security requirements efficiently.
- d. cybersecurity awareness training covers phishing, social engineering, malware prevention, and secure password management. It includes hands-on exercises and simulations to teach employees to identify threats and adhere to secure coding practices. We also emphasize endpoint security measures like antivirus software and firewalls. Additionally, we educate on emerging threats like ransomware and zero-day exploits, fostering a culture of vigilance and proactive risk mitigation.
- e. a cybersecurity incident response plan includes procedures for detecting, containing, and mitigating cybersecurity incidents promptly and effectively. We leverage Security Information and Event Management (SIEM) tools for real-time monitoring and alerting, enabling rapid response to potential threats. Additionally, we employ incident response playbooks with predefined actions for various scenarios, ensuring a coordinated and efficient response. Our plan also

incorporates post-incident reviews and lessons learned sessions to continuously improve our response capabilities and resilience against future threats.

There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Compliance Committee (the "Committee") oversight of cybersecurity and other information technology risks. The Committee oversees management's implementation of our cybersecurity risk management program. The Committee receives quarterly reports from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

Our management team, including the Vice President of Healthcare Information Services, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our management team's experience includes over 25 years of experience in healthcare IT operations, infrastructure deployment, IT governance, and change management.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

## **Item 2. Properties**

Our principal executive offices are located in Cerritos, California where we occupy a suite under a lease that expires in 2026. We use this facility for administration, billing and collections, technology and development and professional services.

We intend to procure additional space as we add team members and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations. As of December 31, 2023, we have leases for 69 clinics located in California, Arizona, Nevada, Florida and Texas. Generally, our leases are "net" leases, which require us to pay all of the cost of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases at our option.

## **Item 3. Legal Proceedings**

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not currently a party to any legal proceedings the outcome of which, if determined adversely to us, are believed to, either individually or taken together, have a material adverse effect on our business, operating results, cash flows or financial condition.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities Stock Price Information**

Our common stock trades on the Nasdaq under the symbol “TOI.” Our publicly traded warrants trade on Nasdaq under the symbol “TOIHW.”

#### **Holders**

As of March 19, 2024, we had approximately 72 holders of record of our common stock.

#### **Dividends**

We have never declared or paid any cash dividends on our Common Stock or any other securities. Subject to applicable law and the rights and preferences of any holders of any outstanding series of preferred stock, under our third amended and restated certificate of incorporation, holders of our Common Stock will be entitled to the payment of dividends when, as and if declared by our board in accordance with applicable law.

#### **Recent Sales of Unregistered Securities**

None

#### **Equity Compensation Plan Information**

See Item 12 - “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

#### **Item 6. [ Reserved ]**



## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of The Oncology Institute, Inc. ("TOI") along with its consolidating subsidiaries (the "Company"). The discussion should be read together with the historical audited annual financial statements for the years ended December 31, 2023 and 2022, and the related notes that are included elsewhere in this Annual Report. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (as amended, "Securities Act"), as amended, and Section 21E of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"). Such statements are based upon current expectations, as well as management's beliefs and assumptions and involve a high degree of risk and uncertainty. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Statements that include the words "believes," "anticipates," "plans," "expects," "intends," and similar expressions that convey uncertainty of future events or outcomes are forward-looking statements. Our actual results could differ materially from those discussed or suggested in the forward-looking statements herein. Factors that could cause or contribute to such differences include those described under the heading "Risk Factors" section in this Annual Report on Form 10-K, and in subsequent filings we make with the Securities and Exchange Commission, where we may discuss new risks that have not yet arisen at the time of this Annual Report. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements in this document are based on information available to us as of the filing date of this Annual Report on Form 10-K and we assume no obligation to update any forward-looking statements or the reasons why our actual results may differ. All dollar values are expressed in thousands, unless otherwise noted.*

*Unless the context dictates otherwise, references in this Annual Report on Form 10-K to the "Company," "we," "us," "our," and similar words are references to The Oncology Institute, Inc., a Delaware corporation ("TOI"), and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities ("VIEs").*

### Overview

The Company is a leading value-based oncology company that manages community-based oncology practices that serve patients at 83 clinic locations across 15 markets and five states throughout the United States. As of December 31, 2023, our community-based oncology practices are staffed with 130 oncologists and advanced practice providers. 69 of these clinics are staffed with 119 providers employed by our affiliated physician-owned professional corporations, referred to as the "TOI PCs," which provided care for more than 64,000 and 72,000 patients in 2022 and 2023, respectively, and managed a population of approximately 1.8 million patients under value-based agreements as of December 31, 2023. The Company also provides management services to 14 clinic locations owned by independent oncology practices. The Company's mission is to heal and empower cancer patients through compassion, innovation, and state-of-the-art medical care.

Operationally, the Company's medical centers provide a complete suite of medical oncology services including: physician services, in-house infusion and pharmacy, clinical trials, radiation, educational seminars, support groups, counseling, and 24/7 patient assistance. Many of our services, such as managing clinical trials and palliative care programs, are traditionally accessed through academic and tertiary care settings, while the TOI PCs bring these services to patients in a community setting. As scientific research progresses and more treatment options become available, cancer care is shifting from acute care episodes to chronic disease management. With this shift, it is increasingly important for high-quality, high-value cancer care to be available in a local community setting to all patients in need.

As a value-based oncology company, the Company seeks to deliver both better quality care and lower cost of care for payors and patients. The Company works to accomplish this goal by reducing wasteful, inefficient or counterproductive care that drives up costs but does not improve outcomes. The Company believes payors and employers are aligned with the value-based model due to its enhanced access, improved outcomes, and lower costs. Patients under the Company's affiliated providers' care can benefit from evidence-based and personalized care plans, gain access to sub-specialized care in convenient community locations, and lower out-of-pocket costs. The Company believes its affiliated providers enjoy the stability and predictability of a large multi-state practice, are not incentivized or pressured to overtreat when it may be inconsistent with a patient's goals of care, and can focus on practicing outstanding evidence-based medicine, rather than business building.

### 2023 Highlights

- Consolidated revenue of \$324.2 million, an increase of 28% compared to the prior year
- Gross profit of \$59.6 million, an increase of 14% compared to the prior year, and gross margin of 18.4%, a decrease from 20.6% the prior year
- Adjusted EBITDA of \$(25.8) million compared to \$(23.5) million for the prior year

- Ended the fiscal year 2023 with \$83 million in cash, cash equivalents, and investments
- Signed full-risk capitated contract in South Florida, effective January 1, 2024 and have now successfully onboarded the membership and the IPA providers.
- Successfully acquired and launched our California-based pharmacy in November and have already completed over 1,300 specialty medication fills

## **Components of Results of Operations**

### **Revenue**

The Company receives payments from the following sources for services rendered: (i) commercial insurers; (ii) pharmacy benefit managers (“PBM”), (iii) the federal government under the Medicare program administered by the Centers for Medicare and Medicaid Services (“CMS”); (iv) state governments under Medicaid and other programs; (v) other third-party payors and managed care organizations (e.g., risk bearing organizations and independent practice associations (“IPAs”)); and (vi) individual patients and clients.

Revenue primarily consists of capitation revenue, fee-for-service (“FFS”) revenue, dispensary revenue, and clinical trials revenue. Capitation and FFS revenue comprise the revenues within the Company’s patient services segment and are presented together in the results of operations. The following paragraphs provide a summary of the principal forms of our billing arrangements and how revenue is recognized for each type of revenue.

#### ***Capitation***

Capitation revenues consist primarily of fees for medical services provided by the TOI PCs to the Company's patients under a capitated arrangement with various managed care organizations. Capitation revenue is paid monthly based on the number of enrollees by the contracted managed care organization (per member per month or “PMPM”). Capitation contracts generally have a legal term of one year or longer. Payments in capitation contracts are variable since they primarily include PMPM fees associated with unspecified membership that fluctuates throughout the term of the contract; however, based on our experience, our total underlying membership generally increases over time as penetration of Medicare Advantage products grows. Certain contracts include terms for a capitation deduction where the cost of out-of-network referrals of members are deducted from the future payment. Revenue is recognized in the month services are rendered on the basis of the transaction price established at that time.

#### ***Fee-for-service revenue***

FFS revenue represents revenue earned under contracts in which we bill and collect for specific medical services rendered by the TOI PCs’ employed physicians. The terms for FFS contracts are short in duration and only last for the period over which services are rendered (typically, one day). FFS revenue consists of fees for medical services provided to patients. As specialist providers, our FFS revenue is dependent on referrals from other physicians, such as primary care physicians. The Company's affiliated providers build trusted, professional relationships with these physicians and their associated medical groups, which can lead to recurring FFS volume; however, this volume is subject to numerous factors the Company cannot control and can fluctuate over time. The Company also receives FFS revenue for capitated patients that receive medical services which are excluded from the Company's capitation contracts. Under the FFS arrangements, third-party payors and patients are billed for patient care services provided by the TOI PCs. Payments for services provided are generally less than billed charges. The Company records revenue net of an allowance for contractual adjustments, which represents the net revenue expected to be collected from third-party payors (including managed care, commercial, and governmental payors such as Medicare and Medicaid), and patients. These expected collections are based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient’s healthcare plan, mandated payment rates in the case of Medicare and Medicaid programs, and historical cash collections (net of recoveries). The recognition of net revenue (gross charges less contractual allowances) from such services is dependent on certain factors, such as the proper completion of medical charts following a patient visit, the forwarding of such charts to our billing center for medical coding and entering into the Company's billing system, and the verification of each patient’s submission or representation at the time services are rendered as to the payor(s) responsible for payment of such services. Revenue is recorded on the date the services are rendered based on the information known at the time of entering of such information into the Company's billing systems as well as an estimate of the revenue associated with medical services.

#### ***Dispensary and pharmacy***

Oral prescription drugs prescribed by doctors to their patients are sold directly through the TOI PCs’ dispensaries and our

newly-acquired pharmacy. Revenue for the prescriptions is based on fee schedules set by various PBMs and other third-party payors. The fee schedule is often subject to direct and indirect remuneration (“DIR”) fees, which are based primarily on pre-established metrics. DIR fees may be assessed in the periods after payments are received against future payments. The Company recognizes revenue, deducted by estimated DIR fees, at the time the patient takes possession of the oral drug.

### ***Clinical trials & other revenue***

The TOI PCs also enter into contracts to perform clinical research trials. The terms for clinical trial contracts last many months as the clinical research is performed. Each contract represents a single, integrated set of research activities that are satisfied over time as the output of results from the trial is captured for the trial sponsor to review. Under the clinical trial contracts, the TOI PCs receive a fixed payment for administrative, set-up, and close-down fees; a fixed amount for each patient site visit; and certain expense reimbursements. The Company recognizes revenue for these arrangements on the fees earned to date based on the state of the trial, as established under contract with the customer.

## **Operating Expenses**

### ***Direct costs - patient services***

Direct costs - patient services primarily includes chemotherapy drug costs, clinician salaries and benefits, and medical supplies. Clinicians include oncologists, advanced practice providers such as physician assistants and nurse practitioners, and registered nurses employed by the TOI PCs.

### ***Direct costs - dispensary***

Direct costs - dispensary primarily includes the cost of oral medications dispensed in the TOI PCs’ clinic locations.

### ***Direct costs - clinical trials & other***

Direct costs - clinical trials & other primarily includes costs related to clinical trial contracts and medical supplies.

### ***Selling, general and administrative expense***

Selling, general and administrative expenses include employee-related expenses, including both clinic and field support staff as well as central administrative and corporate staff. These expenses include salaries and related costs and stock-based compensation for our executives and physicians. The Company's selling, general and administrative expenses also includes occupancy costs, technology infrastructure, operations, clinical and quality support, finance, legal, human resources, and business development. Following the consummation of the Business Combination, general and administrative expenses have increased, and the Company expects continued increases over time, due to the additional legal, accounting, insurance, investor relations and other costs that the Company incurs as a public company, as well as other costs associated with continuing to grow the business. While the Company expects its selling, general and administrative expenses to increase in absolute dollars in the foreseeable future, such expenses are on average expected to decrease as a percentage of revenue over the long term.

## **Results of Operations**

The following table sets forth our Consolidated Statements of Operations data expressed as a percentage of total revenues for the periods indicated. The Company’s management is not aware of material events or uncertainties that would cause the financial information below to not be indicative of future operating results or results of future financial condition, although past results should not be relied upon as an indication of future performance or future financial condition.

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue		
Patient services	65.9 %	66.1 %
Dispensary	32.0 %	31.4 %
Clinical trials & other	2.1 %	2.5 %
<b>Total operating revenue</b>	<b>100.0 %</b>	<b>100.0 %</b>
Operating expenses		
Direct costs – patient services	55.8 %	53.4 %
Direct costs – dispensary	25.6 %	25.8 %
Direct costs – clinical trials & other	0.2 %	0.2 %
Goodwill impairment charges	5.2 %	3.9 %
Selling, general and administrative expense	35.1 %	47.4 %
Depreciation and amortization	1.8 %	1.7 %
<b>Total operating expenses</b>	<b>123.7 %</b>	<b>132.4 %</b>
<b>Loss from operations</b>	<b>(23.7)%</b>	<b>(32.4)%</b>
Other non-operating expense (income)		
Interest expense, net	2.1 %	1.6 %
Change in fair value of derivative warrant liabilities	0.1 %	(0.7)%
Change in fair value of earnout liabilities	(0.2)%	(23.5)%
Change in fair value of conversion option derivative liabilities	(0.3)%	(9.6)%
Gain on loan forgiveness	— %	(0.1)%
Other, net	0.3 %	(0.1)%
<b>Total other non-operating loss expense (income)</b>	<b>2.0 %</b>	<b>(32.4)%</b>
Loss before provision for income taxes	(25.7)%	— %
Income tax benefit (expense)	— %	0.1 %
<b>Net income (loss)</b>	<b>(25.7)%</b>	<b>0.1 %</b>

### Comparison of the Years Ended December 31, 2023 and 2022

#### Revenue

	<b>Year Ended December 31,</b>		<b>Change</b>	
	<b>2023</b>	<b>2022</b>	<b>\$</b>	<b>%</b>
<i>(dollars in thousands)</i>				
Patient services	\$ 213,504	\$ 166,785	\$ 46,719	28.0 %
Dispensary	103,835	79,343	24,492	30.9 %
Clinical trials & other	6,900	6,355	545	8.6 %
<b>Total operating revenue</b>	<b>\$ 324,239</b>	<b>\$ 252,483</b>	<b>\$ 71,756</b>	<b>28.4 %</b>

### ***Patient services***

The increase in patient services revenue was primarily due to a 22.7% increase in FFS revenue as a result of practice acquisitions and an overall increase in clinic count as well as a 4.5% increase in capitation revenue due to new capitation contracts entered into during 2023 and in the latter half of 2022.

### ***Dispensary***

The increase in dispensary revenue was primarily due to a 31.5% increase in the number of fills offset by 0.5% decrease in the average revenue per fill.

### ***Clinical trials & other***

For the year ended December 31, 2023, the increase in clinical trials and other revenue was primarily due to an increase in other revenue compared to the prior year.

### **Operating Expenses**

<i>(dollars in thousands)</i>	<b>Year Ended December 31,</b>		<b>Change</b>	
	<b>2023</b>	<b>2022</b>	<b>\$</b>	<b>%</b>
Direct costs – patient services	\$181,017	\$ 134,761	\$ 46,256	34.3 %
Direct costs – dispensary	83,071	65,111	17,960	27.6 %
Direct costs – clinical trials & other	578	518	60	11.6 %
Goodwill impairment charges	16,867	9,944	6,923	N/A
Selling, general and administrative expense	113,851	119,689	(5,838)	(4.9)%
Depreciation and amortization	5,873	4,411	1,462	33.1 %
<b>Total operating expenses</b>	<b>\$401,257</b>	<b>\$ 334,434</b>	<b>\$ 66,823</b>	<b>20.0 %</b>

### ***Patient services cost***

The increase in patient services cost was primarily due to a 26.1% increase in intravenous drug costs, primarily driven by the Company's patient mix and volume, as well as the rising rate of inflation during 2023. In addition, clinical payroll costs increased 8.1% from the prior year due to the growth in clinic count.

### ***Dispensary cost***

The increase in dispensary cost was primarily due to a 31.5% increase in the number of prescriptions filled offset by a 3.0% decrease in the average cost of the prescriptions filled.

### ***Goodwill impairment charges***

During the years ended December 31, 2023 and 2022, impairment charges of \$16,867 and \$9,944 were recorded related to goodwill, respectively. See Note 2 and Note 18 in Item. 8 Financial Statements and Supplementary Data for additional detail.

### ***Selling, general and administrative expense***

The decrease in selling, general and administrative expense was primarily driven by a 8.5% decrease in share-based compensation expense, a 2.6% decrease in transaction costs and a 1.7% decrease in professional fees offset by 1.9% increase in salaries and benefits due to the growth in the Company's management and corporate team, as well as a 3.1% increase in office expenses, and a 1.4% increase in real estate and equipment expenses.

## Other Non-Operating Expenses (Income)

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2023	2022	\$	%
Interest expense, net	\$ 6,777	\$ 4,082	\$ 2,695	66.0 %
Change in fair value of derivative warrant liabilities	286	(1,843)	2,129	(115.5)%
Change in fair value of earnout liabilities	(803)	(59,215)	58,412	(98.6)%
Change in fair value of conversion option derivative liabilities	(878)	(24,200)	23,322	N/A
Gain on loan forgiveness	—	(183)	183	(100.0)%
Other, net	704	(501)	1,205	(240.5)%
<b>Total other non-operating expense (income)</b>	<b>\$ 6,086</b>	<b>\$ (81,860)</b>	<b>\$ 87,946</b>	<b>(107.4)%</b>

### *Interest expense*

The increase in interest expense was primarily the result of interest and amortization related to the Senior Secured Convertible Notes issued during the year ended December 31, 2023.

### *Change in fair value of liabilities*

The decrease in non-operating (income) expense was primarily due to the decrease in gains of \$58,412 and \$23,322, respectively during the year ended December 31, 2023, as a result of decreases in the fair value of earnout liabilities and conversion option derivative liabilities, which were created as part of the Business Combination and the issuance of the Senior Secured Convertible Note, respectively.

### *Gain on loan forgiveness*

There was no gain on loan forgiveness during the year ended December 31, 2023. During the year ended December 31, 2022, gain on loan forgiveness of \$183 was a result of forgiveness of all CARES Act loans, including those obtained through physician practice acquisition.

### *Other, net*

The change in other, net was primarily due to Provider Relief Funding received under the CARES Act during the year ended December 31, 2022 that did not occur in 2023.

## Key Business Metrics

In addition to our financial information, the Company's management reviews a number of operating and financial metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

	Year Ended December 31,	
	2023	2022
Clinics <sup>(1)</sup>	83	76
Markets	15	15
Lives under value-based contracts (millions)	1.8	1.7
Net income (loss)	\$ (83,068)	\$ 152
Adjusted EBITDA (in thousands) <sup>(2)</sup>	\$ (25,805)	\$ (23,543)

<sup>(1)</sup> Includes independent oncology practices to which we provide limited management services, but do not bear the operating costs.

<sup>(2)</sup> Adjusted EBITDA is a "non-GAAP" financial measure within the meaning of Item 10 of Regulation S-K promulgated by the SEC. The Company defines Adjusted EBITDA as net income (loss) adjusting for:

- Depreciation and amortization,

- Interest expense, net,
- Income tax expense,
- Non-cash addbacks,
- Share-based compensation,
- Goodwill impairment charges,
- Changes in fair value of liabilities,
- Unrealized (gains) losses on investments
- Practice acquisition-related costs,
- Post combination compensation expense,
- Consulting and legal fees,
- Infrastructure and workforce costs, and
- Transaction costs.

The Company includes Adjusted EBITDA because it is an important measure which our management uses to assess the results of operations, to evaluate factors and trends affecting the business, and to plan and forecast future periods.

Management believes that this measure provides an additional way of viewing aspects of the Company's operations that, when viewed with the GAAP results, provides a more complete understanding of the Company's results of operations and the factors and trends affecting the business. However, non-GAAP financial measures should be considered a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with U.S. GAAP. Non-GAAP financial measures used by management may differ from the non-GAAP measures used by other companies, including the Company's competitors. Management encourages investors and others to review the Company's financial information in its entirety, not to rely on any single financial measure.

The following tables provide a reconciliation of net income (loss), the most closely comparable GAAP financial measure, to Adjusted EBITDA:

<i>(dollars in thousands)</i>	<b>Year Ended December 31,</b>		<b>Change</b>	
	<b>2023</b>	<b>2022</b>	<b>\$</b>	<b>%</b>
Net income (loss)	\$ (83,068)	\$ 152	\$ (83,220)	(54,750.0)%
Depreciation and amortization	5,873	4,411	1,462	33.1 %
Interest expense, net	6,777	4,082	2,695	66.0 %
Income tax benefit	(36)	(243)	207	(85.2)%
Non-cash addbacks <sup>(1)</sup>	2,029	1,208	821	68.0 %
Share-based compensation	17,548	27,683	(10,135)	(36.6)%
Goodwill impairment charges	16,867	9,944	6,923	N/A
Change in fair value of liabilities	(1,395)	(85,258)	83,863	(98.4)%
Unrealized (gains) losses on investments	(237)	(640)	403	N/A
Practice acquisition-related costs <sup>(2)</sup>	113	790	(677)	(85.7)%
Post-combination compensation expense <sup>(3)</sup>	2,048	2,243	(195)	N/A
Consulting and legal fees <sup>(4)</sup>	1,570	3,797	(2,227)	(58.7)%
Infrastructure and workforce costs <sup>(5)</sup>	5,965	5,029	936	18.6 %
Transaction costs <sup>(6)</sup>	141	3,259	(3,118)	(95.7)%
<b>Adjusted EBITDA</b>	<b>\$ (25,805)</b>	<b>\$ (23,543)</b>	<b>\$ (2,262)</b>	<b>9.6 %</b>

- (1) During the year ended December 31, 2023, non-cash addbacks were primarily comprised of net bad debt write-offs of \$2,020. During the year ended December 31, 2022, non-cash addbacks were primarily comprised of a \$476 of net bad debt write-off, deferred rent of \$711, and other miscellaneous charges of \$22.
- (2) Practice acquisition-related costs were comprised of consulting and legal fees incurred to perform due diligence, execute, and integrate acquisitions of various oncology practices.
- (3) Deferred consideration payments for practice acquisitions that are contingent upon the seller's future employment at the Company.
- (4) Consulting and legal fees were comprised of a subset of the Company's total consulting and legal fees during the years ended December 31, 2023 and 2022, and related to certain advisory projects, software implementations, and legal fees for debt financing and predecessor litigation matters.
- (5) Infrastructure and workforce costs were comprised of recruiting expenses to build out corporate infrastructure of \$2,227 and \$2,835, software implementation fees of \$105 and \$116, severance expenses resulting from cost rationalization programs of \$979 and \$248, temporary labor of \$1,365 and \$1,829, and lease terminations, settlements, and penalty addbacks of \$1,289 and \$0 during the years ended December 31, 2023 and 2022, respectively.
- (6) Transaction costs were comprised of consulting, legal, administrative and regulatory fees associated with share repurchases and practice acquisitions during the year ended December 31, 2023, and related to the Senior Secured Convertible Note during the year ended December 31, 2022.

## **Liquidity and Capital Resources**

### ***General***

To date, the Company has financed its operations principally through debt facilities, issuances of equity securities and payments received from various payors. As of December 31, 2023, the Company had \$33,488 of cash and cash equivalents, none of which are restricted cash, as well as \$49,367 of current marketable securities.

The Company expects to incur operating losses and generate negative cash flows from operations for the foreseeable future due to the investments; management intends to continue to make in expanding operations and sales and marketing and due to additional general and administrative expenses management expects to incur in connection with operating as a public company. As a result, the Company may require additional capital resources to execute strategic initiatives to grow the business.

Management believes that the cash on hand and investments in marketable securities will be sufficient to fund the Company's operating and capital needs for at least the next 12 months. Management's assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. The Company's actual results could vary because of, and its future capital requirements will depend on, many factors, including our growth rate, the timing and extent of spending to open or acquire new clinics and expand into new markets and the expansion of sales and marketing activities. The Company may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. The Company has based this estimate on assumptions that may prove to be wrong, and the Company could use its available capital resources sooner than management currently expects. The Company may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, the Company may not be able to raise it on terms acceptable to management or at all. If unable to raise additional capital when desired, or if the Company cannot expand operations or otherwise capitalize on business opportunities because the Company's lack of sufficient capital, the Company's business, results of operations, and financial condition would be adversely affected.



## Cash Flows

The following table presents a summary of the Company's consolidated cash flows from operating, investing, and financing activities for the periods indicated.

<i>(dollars in thousands)</i>	<b>Year Ended December 31,</b>		<b>Change</b>	
	<b>2023</b>	<b>2022</b>	<b>\$</b>	<b>%</b>
Net cash and cash equivalents used in operating activities	\$ (36,315)	\$ (61,756)	\$ 25,441	(41.2)%
Net cash and cash equivalents provided by (used in) investing activities	62,640	(131,614)	194,254	(147.6)%
Net cash and cash equivalents provided by (used in) financing activities	(6,847)	92,206	(99,053)	(107.4)%
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>\$ 19,478</b>	<b>\$ (101,164)</b>	<b>\$ 120,642</b>	<b>(119.3)%</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>14,010</b>	<b>115,174</b>	<b>(101,164)</b>	<b>(87.8)%</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 33,488</b>	<b>\$ 14,010</b>	<b>\$ 19,478</b>	<b>139.0 %</b>

### *Operating Activities*

Significant changes impacting net cash and cash equivalents used in operating activities for the year ended December 31, 2023 as compared to the year ended December 31, 2022 were as follows:

- Net loss increased to \$83,220, primarily as a result of a decrease in the fair value of liabilities of \$1,395 for the year ended December 31, 2023 as compared to a decrease in fair value of liabilities of \$85,258 during the year ended December 31, 2022;
- Share based compensation for the year ended December 31, 2023 decreased by \$9,873 as compared to the year ended December 31, 2022;
- Cash used by accounts receivable decreased \$15,721 for the year ended December 31, 2023 as compared to the year ended December 31, 2022 due to the collection stabilization of the Company's receivables;
- Cash provided by accounts payable, accrued expenses and income taxes payable increased \$11,874 for the year ended December 31, 2023 as compared to the year ended December 31, 2022 primarily due to an increase in vendor payables resulting from the growth in the Company's business;
- Cash used by purchasing inventory increased \$2,653 for the year ended December 31, 2023 as compared to the year ended December 31, 2022 as a result of an increase in inventory acquired through practice acquisition; and
- Cash provided by prepaid and other current assets decreased \$1,154 for the year ended December 31, 2023 as compared to the year ended December 31, 2022 primarily due to the financing of the Company's directors and officers insurance policy that occurred in 2022.

### *Investing Activities*

Net cash used by investing activities decreased \$194,254 for the year ended December 31, 2023 as compared to the year ended December 31, 2022 due to \$107,913 reduction in purchases of marketable securities and a decrease in cash used for purchases of property and equipment of \$962 for new clinic builds and clinic remodels, and a decrease in cash used for purchases of practice acquisitions and intangibles of \$4,121.

### *Financing Activities*

Net cash provided by financing activities decreased \$99,053 for the year ended December 31, 2023 as compared to the year ended December 31, 2022 primarily due to \$110,000 of proceeds from the issuance of the Senior Secured Convertible during the year ended December 31, 2022, offset by \$7,981 decrease in common stock repurchase, and by deferred cash consideration and finance insurance premium payments of \$2,584 and \$3,269, respectively, during year ended December 31, 2023.

## Material Cash Requirements

The Company's material cash requirements for the following five years consist of principal and interest due on the convertible note, operating leases and other miscellaneous administrative expenses. Additionally, the Company is subject to certain outside claims and litigation arising out of the ordinary course of business, however, no such litigation requires future cash expenditure as of December 31, 2023.

<i>(dollars in thousands)</i>	<b>Material Cash Requirements Due by the Year Ended December 31,</b>				
	<b>2024</b>	<b>2025-2026</b>	<b>2027-2028</b>	<b>Thereafter</b>	<b>Total</b>
Convertible note <sup>1</sup>	\$ 4,461	\$ 8,922	\$ 112,664	\$ —	\$ 126,047
Operating leases	8,176	15,128	9,825	6,243	39,372
Deferred acquisition and contingent consideration	2,515	50	—	—	2,565
Other <sup>2</sup>	1,049	81	29	—	1,159
<b>Total material cash requirements</b>	<b>\$ 16,201</b>	<b>\$ 24,181</b>	<b>\$ 122,518</b>	<b>\$ 6,243</b>	<b>\$ 169,143</b>

(1) Includes principal and interest payments due.

(2) Other is comprised of finance leases and D&O financing

## JOBS Act

The Company qualifies as an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and has elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company that is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

## Critical Accounting Policies

The Company prepares its financial statements in accordance with generally accepted accounting principles in the United States (“U.S. GAAP,”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

## Variable Interest Entities

The Company consolidates entities for which it has a variable interest and is determined to be the primary beneficiary. The Company holds variable interests in the TOI PCs, comprised of The Oncology Institute CA, a Professional Corporation (“TOI CA”) and The Oncology Institute FL, LLC (“TOI FL”) and The Oncology Institute TX, a Professional Association (“TOI TX”), all of which the Company cannot legally own due to jurisdictional laws governing the corporate practice of medicine. The TOI PCs employ physicians and other clinicians in order to provide professional services to patients of our managed clinics, and under substantially similar management services agreements, or MSAs, we serve as the exclusive manager and administrator of the TOI PCs’ non-medical functions and services. The TOI PCs are considered variable interest entities (“VIEs”) as they do not have sufficient equity to finance their activities without additional financial support from the Company. An enterprise having a controlling financial interest in a VIE must consolidate the VIE if it has both power and benefits — that is, it has (1) the power to direct the activities of a VIE that most significantly impacts the VIE’s economic performance (power), and (2) the obligation to absorb the losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits). The Company has the power to control all financial activities of the TOI PCs, the rights to receive substantially all benefits from the VIEs, and consequently consolidates the TOI PCs. Revenues,

expenses, and income from the TOI PCs are included in the consolidated amounts as presented on the Consolidated Statements of Operations.

### ***Segment Reporting***

The Company presents the financial statements by segment in accordance with the relevant accounting literature to provide investors with transparency into how the chief operating decision maker (“CODM”) manages the business. The Company's CODM is our Chief Executive Officer. The CODM reviews financial information and allocates resources across three operating segments: dispensary, patient services, and clinical trials & other.

### ***Revenue Recognition***

The Company recognizes consolidated revenue based upon the principle of the transfer of control of our goods and services to customers in an amount that reflects the consideration it expects to be entitled. This principle is achieved through applying the following five-step approach:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when, or as, the entity satisfies a performance obligation.

Consolidated revenue primarily consists of capitation revenue, fee-for-service (FFS) revenue, dispensary revenue, and clinical trials revenue. Revenue is recognized in the period in which services are rendered or the period in which the TOI PCs are obligated to provide services. The form of billing and related risk of collection for such services may vary by type of revenue and the payor. The following paragraphs provide a summary of the principal forms of billing arrangements and how revenue is recognized for each.

#### ***Capitation***

Capitation contracts have a single performance obligation that is a stand ready obligation to perform specified healthcare services to the population of enrolled members and constitutes a series for the provision of managed healthcare services for the term of the contract, which is deemed to be one month since the mix of patient-customers can and do change month over month. The transaction price for capitation contracts is variable as it primarily includes PMPM fees associated with unspecified membership that fluctuates throughout the term of the contract. Further, we adjust the transaction price for capitation deductions based on historical experience. Revenue is recognized in the month services are rendered on the basis of the transaction price established at that time. If subsequent information resolves uncertainties related to the transaction price, adjustments will be recognized in the period they are resolved. When payment has been received but services have not yet been rendered, the payment is recognized as a contract liability.

#### ***Fee For Service***

FFS revenue consists of fees for medical services actually provided to patients. These medical services are distinct since the patient can benefit from the medical services on their own. Each service constitutes a single performance obligation for which the patient accepts and receives the benefit of the medical services as they are performed.

The transaction price from FFS arrangements is variable in nature because fees are based on patient encounters, credits due to patients, and reimbursement of provider costs, all of which can vary from period to period. The Company estimates the transaction price using the most likely methodology and amounts are only included in the net transaction price to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. As a practical expedient, the Company adopted a portfolio approach to determine the transaction price for the medical services provided under FFS arrangements. Under this approach, the Company bifurcated the types of services provided and grouped health plans with similar fees and negotiated payment rates.

At these levels, portfolios share the characteristics conducive to ensuring that the results do not materially differ from the standard applied to individual patient contracts related to each medical service provided.

Revenue is recorded on the date the services are rendered based on the information known at the time of entering of such information into our billing systems as well as an estimate of the revenue associated with medical services. When the performance obligation is not satisfied, the billing is recognized as a contract liability.

### *Dispensary*

Dispensed prescriptions that are filled and delivered to the patient are considered a distinct performance obligation. The transaction price for the prescriptions is based on fee schedules set by PBMs and other third-party payors. The fee schedule is often subject to DIR fees, which are based primarily on pre-established metrics. DIR fees may be assessed in periods after payments are received against future payments. The Company estimates DIR fees to arrive at the transaction price for prescriptions. Revenue is recognized based on the transaction at the time the patient takes possession of the oral drug.

### *Clinical Research & Other*

Clinical research contracts represent a single, integrated set of research activities and thus are a single performance obligation. The performance obligation is satisfied over time as the output is captured in data and documentation that is available for the customer to consume over the course of arrangement and furthers progress of the clinical trial. The Company has elected to recognize revenue for clinical trials using the 'as-invoiced' practical expedient. The customer is invoiced periodically based on the progress of the trial such that each invoice captures the revenue earned to date based on the state of the trial as established under contract with the customer.

### *Leases*

On January 1, 2022, the Company adopted ASU 2016-02, *Leases*, with various amendments issued in 2018 and 2019 (collectively, "ASC 842") using the modified retrospective approach, for leases that existed on January 1, 2022. ASC 842 requires lessees to recognize assets and liabilities for most leases. The Company evaluates whether an arrangement is or contains a lease at contract inception. A lease exists when a contract conveys to the customer the right to control the use of an identified asset for a period of time in exchange for consideration. Upon lease commencement, the date on which a lessor makes the underlying asset available to the Company for use, the Company classifies the lease as either an operating or finance lease. The Company applied certain practical expedients permitted under the transition guidance, including the package of practical expedients, which permits the Company not to reassess its prior conclusions related to lease identification, lease classification, and initial direct costs capitalization. The Company solely acts as a lessee and its leases primarily consist of operating leases for its real estate in the states in which the Company operates. The Company has other operating or financing leases for various clinical and non-clinical equipment.

Generally, upon the commencement of a lease, the Company will record a right-of-use ("ROU") asset and lease liability. An ROU asset represents the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are measured at the present value of the remaining, fixed lease payments at lease commencement. The Company uses its incremental borrowing rate, based on the information available at the later of adoption, inception, or modification in determining the present value of lease payments. ROU assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received) and initial direct costs, at the lease commencement date. The Company has elected to account for lease and non-lease components as a single lease component for all underlying classes of assets. As a result, the fixed payments that would otherwise be allocable to the non-lease components are account for as lease payments and included in the measurement of the Company's right-of-use asset and lease liability.

Lease arrangements with an initial term of 12 months or less are considered short-term leases and are not recorded on the balance sheet. The short-term lease payments are recognized as an expense on a straight-line basis over the lease term. The lease term includes any period covered by renewal options available that the Company is reasonably certain to exercise and any options to terminate the lease that the Company is not reasonably certain to exercise.

### *Direct Costs of Sales*

Direct cost of sales primarily consists of wages paid to clinical personnel and other health professionals, oral and IV drug costs, and other medical supplies used to provide patient care. Costs for clinical personnel wages are expensed as incurred and costs for inventory and medical supplies are expensed when used, generally by applying the specific identification method.

### *Goodwill and Intangible Assets*

The Company accounts for goodwill and intangible assets under Accounting Standards Codification Topic No. 350, *Goodwill and Other* (“ASC 350”). Goodwill represents the excess of the fair value of the consideration conveyed in acquisition over the fair value of net assets acquired.

Goodwill is not amortized but is required to be evaluated for impairment at the same time every year. The Company performs annual testing of impairment for goodwill in the fourth quarter of each year or earlier if potential impairment indicators exist. When impairment indicators are identified, the Company compares the reporting unit’s fair value to its carrying amount, including goodwill. An impairment loss is recognized as the difference, if any, between the reporting unit’s carrying amount and its fair value to the extent the difference does not exceed the total amount of goodwill allocated to the reporting unit.

Under ASC 350, finite-lived intangible assets are stated at acquisition-date fair value. Intangible assets are amortized using the straight-line method.

Finite-lived intangible assets are stated at acquisition-date fair value. Intangible assets are amortized using the straight-line method. Finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When circumstances indicate that recoverability may be impaired, the Company assesses its ability to recover the carrying value of the asset group from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Fair value is determined based on appropriate valuation techniques.

### ***Recent Accounting Pronouncements***

For information regarding recent accounting pronouncements, refer to Note 2 of our consolidated financial statements included in this Annual Report on Form 10-K.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

#### ***Interest Rate Risk***

We held cash and cash equivalents of \$33,488, current marketable securities of \$49,367 as of December 31, 2023, consisting of bank deposits and Treasury bills. Such interest-earning instruments carry a degree of interest rate risk. The goals of our investment policy are liquidity and capital preservation. We believe that we do not have any material exposure to changes in the fair value of these assets as a result of changes in interest rates due to the short-term nature of our cash and cash equivalents.

#### ***Inflation Risk***

Recently, inflation has increased throughout the U.S. economy. Inflation can adversely affect us by increasing the costs of drugs, clinical trials and research, administration and other costs of doing business. We may experience increases in the prices of labor and other costs of doing business. In an inflationary environment, cost increases may outpace our expectations, causing us to use our cash and other liquid assets faster than forecasted. If this happens, we may need to raise additional capital to fund our operations, which may not be available in sufficient amounts or on reasonable terms, if at all, sooner than expected.

#### ***Impairment Risk***

Impairment risk refers to the risk that the Company will write down a material amount of its goodwill or intangible assets. This risk is assessed at least annually in the fourth quarter each year when the Company performs its impairment testing. To the extent that, among other factors, (i) there is underperformance in one or more reporting units (ii) a potential recession further disrupts the economic environment or (iii) interest rates continue to rise in response to persistent inflation, the fair value of one or more of the reporting units could fall below their carrying value, resulting in a goodwill or intangible impairment charge.

For the year ended December 31, 2023, the Company recognized an impairment charge of \$16,867 to write-down the carrying value of goodwill related to patient services in excess of the fair value.

## Item 8. Financial Statements and Supplementary Data

### Table of Contents

	<b><u>Page Number(s)</u></b>
Consolidated Financial Statements	61
Report of Independent Registered Public Accounting Firm (BDO USA, P.C.; Costa Mesa, California; PCAOB ID#243)	62
Consolidated Balance Sheets as of December 31, 2023 and 2022	63
Consolidated Statements of Operations for the years ended December 31, 2023 and 2022	65
Consolidated Statements of Convertible Preferred Stock and Changes in Stockholders' Equity for the years ended December 31, 2023, and 2022	66
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	67
Notes to the Consolidated Financial Statements	69

## Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors  
The Oncology Institute, Inc.  
Cerritos, California

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Oncology Institute, Inc. (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations, convertible preferred stock and changes in stockholders’ equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, P.C.

We have served as the Company’s auditor since 2019.

Costa Mesa, California

March 28, 2024

**THE ONCOLOGY INSTITUTE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(US Dollars in thousands, except share data)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,488	\$ 14,010
Marketable securities	49,367	59,796
Accounts receivable, net	42,360	39,816
Other receivables	551	617
Inventories	13,678	9,261
Prepaid expenses and other current assets	4,049	6,918
Total current assets	143,493	130,418
Non-current investments	—	58,354
Property and equipment, net	10,883	8,547
Operating right of use assets	29,169	24,494
Intangible assets, net	17,904	17,957
Goodwill	7,230	21,418
Other assets	561	477
<b>Total assets</b>	<b>\$ 209,240</b>	<b>\$ 261,665</b>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 14,429	\$ 9,372
Current portion of operating lease liabilities	6,363	5,498
Income taxes payable	—	255
Accrued expenses and other current liabilities	13,996	14,595
Total current liabilities	34,788	29,720
Operating lease liabilities	26,486	22,060
Derivative warrant liabilities	636	350
Derivative earnout liabilities	—	803
Conversion option derivative liabilities	3,082	3,960
Long-term debt, net of unamortized debt issuance costs	86,826	80,621
Other non-current liabilities	365	868
Deferred income taxes liability	32	108
<b>Total liabilities</b>	152,215	138,490
Commitments and contingencies (Note 15)	—	—
Stockholders' equity:		
Common Stock, 0.0001 par value, authorized 500,000,000 shares; 75,879,025 shares issued and 74,145,251 shares outstanding at December 31, 2023 and 73,265,621 shares issued and outstanding at December 31, 2022	8	7
Series A Convertible Preferred Stock, 0.0001 par value, authorized 10,000,000 shares; 165,045 shares issued and outstanding at December 31, 2023 and December 31, 2022	—	—
Additional paid-in capital	204,186	186,250
Treasury Stock at cost, 1,733,774 and 0 shares at December 31, 2023 and December 31, 2022	(1,019)	—
Accumulated deficit	(146,150)	(63,082)
<b>Total stockholders' equity</b>	57,025	123,175
<b>Total liabilities and stockholders' equity</b>	<b>\$ 209,240</b>	<b>\$ 261,665</b>



Note: The Company's consolidated balance sheets include the assets and liabilities of its consolidated variable interest entities ("VIEs"). The consolidated balance sheets include total assets that can be used only to settle obligations of the Company's consolidated VIEs totaling \$71,305 and \$70,994 as of December 31, 2023 and December 31, 2022, respectively, and total liabilities of the Company's consolidated VIEs for which creditors do not have recourse to the general credit of the Company totaling \$210,422 and \$154,572 as of December 31, 2023 and December 31, 2022, respectively. See Note 17 for further details.

See accompanying notes to the consolidated financial statements.

**THE ONCOLOGY INSTITUTE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(US Dollars in thousands, except share and per share data)

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue		
Patient services	\$ 213,504	\$ 166,785
Dispensary	103,835	79,343
Clinical trials & other	6,900	6,355
<b>Total operating revenue</b>	<b>324,239</b>	<b>252,483</b>
Operating expenses		
Direct costs – patient services	181,017	134,761
Direct costs – dispensary	83,071	65,111
Direct costs – clinical trials & other	578	518
Goodwill impairment charges	16,867	9,944
Selling, general and administrative expense	113,851	119,689
Depreciation and amortization	5,873	4,411
<b>Total operating expenses</b>	<b>401,257</b>	<b>334,434</b>
<b>Loss from operations</b>	<b>(77,018)</b>	<b>(81,951)</b>
Other non-operating expense (income)		
Interest expense, net	6,777	4,082
Change in fair value of derivative warrant liabilities	286	(1,843)
Change in fair value of earnout liabilities	(803)	(59,215)
Change in fair value of conversion option derivative liabilities	(878)	(24,200)
Gain on loan forgiveness	—	(183)
Other, net	704	(501)
<b>Total other non-operating loss expense (income)</b>	<b>6,086</b>	<b>(81,860)</b>
Loss before provision for income taxes	(83,104)	(91)
Income tax benefit (expense)	36	243
<b>Net income (loss)</b>	<b>\$ (83,068)</b>	<b>\$ 152</b>
<b>Net income (loss) per share attributable to common stockholders:</b>		
Net income (loss) attributable to common stockholders, basic	\$ (67,877)	\$ 68
Weighted-average number of shares outstanding, basic	73,748,660	72,793,497
Net income (loss) per share attributable to common stockholders, basic	\$ (0.92)	\$ —
Net loss attributable to common stockholders, diluted	\$ (67,877)	\$ (16,980)
Weighted-average number of shares outstanding, diluted	73,748,660	80,605,600
Net loss per share attributable to common stockholders, diluted	\$ (0.92)	\$ (0.21)

See accompanying notes to the consolidated financial statements.

**THE ONCOLOGY INSTITUTE, INC.**  
**CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND CHANGES IN STOCKHOLDERS' EQUITY**  
(US Dollars in thousands, except share data)

	Common Stock		Series A Convertible Preferred Stock		Treasury stock	Additional paid in capital	Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance at December, 31, 2021</b>	73,249,042	\$ —	163,510	\$ —	—	\$ 167,386	\$ (63,234)	\$ 104,159
Net income	—	—	—	—	—	—	152	152
Issuance of common stock upon vesting of RSUs	696,690	—	—	—	—	—	—	—
Issuance of common stock upon exercise of options	973,389	—	—	—	—	858	—	858
Exchange of common stock for preferred stock	(153,500)	—	1,535	—	—	—	—	—
Repurchase and retirement of common stock from related party	(1,500,000)	—	—	—	—	(9,000)	—	(9,000)
Net settlement of taxes for equity awards	—	—	—	—	—	(413)	—	(413)
Share-based compensation expense	—	—	—	—	—	27,419	—	27,419
<b>Balance at December, 31, 2022</b>	73,265,621	\$ —	165,045	\$ —	—	\$ 186,250	\$ (63,082)	\$ 123,175
Net loss	—	—	—	—	—	—	(83,068)	(83,068)
Issuance of common stock upon vesting of RSUs	2,475,089	1	—	—	—	—	—	1
Issuance of common stock upon exercise of options	138,315	—	—	—	—	126	—	126
Share-based compensation expense	—	—	—	—	—	17,810	—	17,810
Treasury stock purchase	—	—	—	—	(1,019)	—	—	(1,019)
<b>Balance at December, 31, 2023</b>	75,879,025	\$ —	165,045	\$ —	—	\$ 204,186	\$ (146,150)	\$ 57,025

See accompanying notes to the consolidated financial statements.

**THE ONCOLOGY INSTITUTE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(US Dollars in thousands)**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Net income (loss)	\$ (83,068)	\$ 152
Adjustments to reconcile net income (loss) to cash and cash equivalents used in operating activities:		
Depreciation and amortization	5,873	4,411
Amortization of debt issuance costs and debt discount	6,205	2,444
Goodwill impairment charges	16,867	9,944
Share-based compensation	17,810	27,683
Change in fair value of liability classified warrants	286	(1,843)
Change in fair value of liability classified earnouts	(803)	(59,215)
Change in fair value of liability classified conversion option derivatives	(878)	(24,200)
Unrealized (gain) loss on investments	(249)	378
Accretion of discount on investment securities	(2,631)	(1,020)
Deferred taxes	(76)	(263)
Gain on loan forgiveness	—	(183)
Bad debt expense	2,020	476
(Gain) loss on disposal of property and equipment	(30)	21
Changes in operating assets and liabilities, net of business combinations:		
Accounts receivable	(4,564)	(20,285)
Inventories	(4,385)	(1,732)
Other receivables	66	620
Prepaid expenses	3,128	4,282
Operating lease right-of-use assets	5,806	5,404
Other assets	(84)	(157)
Accrued expenses and other current liabilities	3,357	2,349
Income taxes payable	(255)	123
Accounts payable	5,057	(6,187)
Current and long-term operating lease liabilities	(5,324)	(3,801)
Other non-current liabilities	(443)	(1,157)
<b>Net cash and cash equivalents used in operating activities</b>	<b>(36,315)</b>	<b>(61,756)</b>
Cash flows from investing activities:		
Purchases of property and equipment	(4,567)	(5,529)
Cash paid for practice acquisitions, net	(4,456)	(8,577)
Purchases of marketable securities/investments	(9,595)	(117,508)
Sales of marketable securities/investments	81,258	—
<b>Net cash and cash equivalents provided by (used in) investing activities</b>	<b>62,640</b>	<b>(131,614)</b>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	110,000
Transactions costs related to issuance of long-term debt	—	(3,663)
Payments made for financing of insurance payments	(3,269)	(5,009)
Payment of deferred consideration liability for acquisition	(2,584)	(509)
Principal payments on financing leases	(101)	(58)
Common stock repurchase	(1,019)	(9,000)
Common stock issued for options exercised	126	858
Taxes for common stock net settled	—	(413)

**THE ONCOLOGY INSTITUTE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(US Dollars in thousands)**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Net cash and cash equivalents provided by (used in) financing activities</b>	<u>(6,847)</u>	<u>92,206</u>
Net (decrease) increase in cash and cash equivalents	19,478	(101,164)
<b>Cash and cash equivalents at beginning of period</b>	14,010	115,174
<b>Cash and cash equivalents at end of period</b>	<u>\$ 33,488</u>	<u>\$ 14,010</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Income taxes	\$ 403	\$ 150
Interest	\$ 4,506	\$ 224
Supplemental disclosure of noncash investing and financing activities:		
Deferred consideration as part of practice acquisitions	\$ 1,813	\$ —
Discount on senior secured convertible note	\$ —	\$ 28,160
Financed insurance premiums	\$ 1,253	\$ —
Purchases of property and equipment included in accounts payable	\$ 182	\$ —

See accompanying notes to the consolidated financial statements.

**THE ONCOLOGY INSTITUTE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2023 and December 31, 2022 and for the years ended December 31, 2023 and 2022**  
**(US Dollars in thousands, except share data)**

**Note 1. Description of the Business**

**Overview of the Business**

The Oncology Institute, Inc. ("TOI") was formerly known as DFP Healthcare Acquisitions Corp. ("DFPH"). The Company is a Delaware corporation originally formed in 2019 as a publicly-traded special purpose acquisition company for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination ("Business Combination"). TOI was originally founded in 2007 and is a community oncology practice that operates value-based oncology services platforms. TOI has various wholly-owned subsidiaries, including The Oncology Institute, LLC ("TOI LLC") (which was formerly known as TOI Parent, Inc.), The Oncology Institute of Hope and Innovation Patient Safety Organization, LLC, and TOI Management, LLC ("TOI Management"). Additionally, TOI Management holds master services agreements with affiliated physician-owned professional entities ("TOI PCs") that confer controlling financial interest over the professional entities and their wholly-owned subsidiaries (TOI PCs, together with TOI, the "Company").

On November 12, 2021 ("Closing Date"), the Business Combination closed following a series of mergers, which resulted in DFPH emerging as the parent of the combined entity Orion Merger Sub II, LLC and the former TOI Parent (together, "Legacy TOI"). DFPH was renamed "The Oncology Institute, Inc." and common stock and "Public Warrants" continued to be listed on Nasdaq under the ticker symbols "TOI" and "TOIHW," respectively.

Operationally, the Company's medical centers provide a complete suite of medical oncology services including: physician services, in-house infusion and pharmacy, clinical trials, radiation, educational seminars, support groups, counseling, and 24/7 patient assistance. TOI's mission is to heal and empower cancer patients through compassion, innovation and state-of-the-art medical care. The Company brings comprehensive, integrated cancer care into the community setting, including clinical trials, palliative care programs, stem cell transplants, and other care delivery models traditionally associated with non-community-based academic and tertiary care settings. In addition, the Company, through its consolidating subsidiary TOI Clinical Research, LLC ("TCR"), performs cancer clinical trials through a network of cancer care specialists. TCR conducts clinical trials for a broad range of pharmaceutical and medical device companies from around the world.

The Company has 119 oncologists and mid-level professionals across 69 clinic locations located within five states: California, Florida, Arizona, Nevada, and Texas. The Oncology Institute CA, a Professional Corporation ("TOI CA"), one of the TOI PCs, is comprised of the clinic locations in California, Nevada, and Arizona. The Company has contractual relationships with multiple payors, serving Medicare, including Medicare Advantage, Medi-Cal, and commercial patients.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of TOI, its subsidiaries, all of which are controlled by TOI through majority voting control, and variable interest entities ("VIE") for which TOI (through TOI Management) is the primary beneficiary. The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity or voting interest model. All significant intercompany balances and transactions have been eliminated in consolidation.

## Variable Interest Entities

The Company consolidates entities for which it has a variable interest and is determined to be the primary beneficiary. Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the Company are presented as a component of total equity to distinguish between the interests of the Company and the interests of the noncontrolling owners. Revenues, expenses, and net income from these subsidiaries are included in the consolidated amounts as presented on the Consolidated Statements of Operations.

The Company holds variable interests in TOI PCs, which it cannot legally own, as a result of entering into master services agreements ("MSAs"). As of December 31, 2023, TOI held variable interest in TOI CA, The Oncology Institute FL, LLC, a Professional Corporation ("TOI FL"), and The Oncology Institute TX, a Professional Association ("TOI TX"), all of which are VIEs. The Company is the primary beneficiary of the TOI PCs, and thus, consolidates the TOI PCs in its financial statements. As discussed in Note 17, the shareholders of the Company's consolidating VIEs own a minority of the issued and outstanding common shares of the Company.

## Business Combinations

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting under Accounting Standards Codification Topic No. 805, *Business Combinations* ("ASC 805"). The Company first assesses whether an acquisition constitutes a business combination or asset acquisition by applying the screening test and analyzing whether the acquired entity has substantive inputs, processes, and the ability to produce outputs. Upon concluding an acquisition is a business combination, per ASC 805, the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date an entity obtains control of the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed, and the noncontrolling interests obtained, limited to one year from the acquisition date) are recorded when identified. Goodwill is determined as the excess of the fair value of the consideration exchanged in the acquisition over the fair value of the net assets acquired.

The DFPH-Legacy TOI Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, DFPH was treated as the "acquired" company for accounting purposes and the Business Combination was treated as the equivalent of Legacy TOI issuing stock for the net assets of DFPH, accompanied by a recapitalization. The net assets of DFPH are stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination were those of TOI Parent.

## Segment Reporting

The Company presents the financial statements by segment in accordance with Accounting Standard Codification Topic No. 280, *Segment Reporting* ("ASC 280") to provide investors with transparency into how the chief operating decision maker ("CODM") manages the business. The Company determined the CODM is its Chief Executive Officer. The CODM reviews financial information and allocates resources across three operating segments: patient services, dispensary, and clinical trials & other. Each of the operating segments is also a reporting segment as described further in Note 20.

## Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates under different assumptions or conditions. Significant items subject to such estimates and assumptions include judgements related to revenue recognition, estimated accounts receivable and the allowance for credit losses, useful lives and recoverability of long-lived and intangible assets, recoverability of goodwill, fair values of acquired identifiable assets and assumed liabilities in business combinations, fair value of intangible assets and goodwill, fair value of share-based compensation, fair value of liability classified instruments, and judgements related to deferred income taxes.

## Net Income (Loss) Per Share

Basic and diluted net income (loss) per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. The Company's Series A Convertible Preferred Stock is classified as a

participating security in accordance with ASC 260. Under the two-class method, basic and diluted net income (loss) per share attributable to common stockholders is computed by dividing the basic and diluted net income (loss) attributable to common stockholders by the basic and diluted weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share attributable to common stockholders adjusts basic net loss per share for the potentially dilutive impact of stock options, restricted stock units, Medical RSUs (defined in Note 14), earnout shares (defined in Note 14), public warrants, private placement warrants, and Senior Secured Convertible Notes (defined in Note 11).

The treasury stock method is used to calculate the potentially dilutive effect of stock options, RSUs, public warrants, and private placement warrants. The if-converted method is used to calculate the potentially dilutive effect of the Senior Secured Convertible Notes. In both methods, diluted net income (loss) attributable to common stockholders and diluted weighted-average shares outstanding are adjusted to account for the impact of the assumed issuance of potential common shares that are dilutive, subject to dilution sequencing rules. The earnout shares are contingently issuable; therefore, the earnout shares are excluded from basic and diluted net income (loss) per share until the market conditions have been met (see more detail on the earnout shares in Note 14). The Medical RSUs (defined in Note 14) are also contingently issuable; therefore, they are excluded from basic net income (loss) per share until the performance and service conditions have been met (see more detail in Note 14). Further, the number of contingently issuable Medical RSUs included in diluted net income (loss) per share is based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and if the result would be dilutive. For the periods presented, the public and private placement warrants are out of the money; therefore, the public and private placement warrants are antidilutive and excluded from diluted net loss per share.

## Revenue Recognition

The Company follows the accounting requirements of Accounting Standard Codification Topic No. 606, *Revenue from Contracts with Customers* (“ASC 606”). The core principle of ASC 606 is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled in exchange for those goods or services. This principle is achieved through applying the following five-step approach:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when, or as, an entity satisfies a performance obligation.

The Company receives payments from the following sources for services rendered: (i) commercial insurers; (ii) the federal government under the Medicare program administered by the Centers for Medicare and Medicaid Services (“CMS”); (iii) state governments under the Medicaid and other programs; (iv) other third-party payors (e.g., hospitals and independent practice associations (“IPAs”)); and (v) individual patients and clients.

Revenue primarily consists of capitation revenue, fee-for-service (“FFS”) revenue, dispensary revenue, and clinical trials revenue. Revenue is recognized in the period in which services are rendered or the period in which the Company is obligated to provide services. The form of billing and related risk of collection for such services may vary by type of revenue and the payor. The following paragraphs provide a summary of the principal forms of the Company’s billing arrangements and how revenue is recognized for each.

### Capitation

Capitation revenues of the Company consist primarily of fees for medical services provided to patients by the Company under a capitated arrangement with various managed care organizations. Capitation revenue is paid monthly to the Company based on the number of enrollees assigned to the Company by the contracted managed care organization (per member, per month; or “PMPM”). Capitation contracts generally have a legal term of one year or longer. Capitation contracts have a single performance obligation that is a stand ready obligation to perform healthcare services to the population of enrolled members and constitutes a series for the provision of managed healthcare services for the term of the contract, which is deemed to be one month since the mix of patient-customers can and do change month over month. The transaction price for capitation contracts is variable as it primarily includes PMPM fees associated with unspecified membership that fluctuates throughout the contract. The Company generally estimates the transaction price using the most likely methodology and amounts are only included in the transaction price to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. Certain contracts include terms for a capitation deduction where the cost of out-of-network referrals of members by the Company are deducted from the future payment. The deductions vary depending on the payor and are often not



known until a future period. As such, the Company adjusts the transaction price for capitation deductions based on historic experience such that the capitation revenue is recognized to the extent that it is not probable a significant reversal of revenue will occur in the future. Revenue is recognized in the month services are rendered on the basis of the transaction price established at that time. If subsequent information resolves uncertainties related to the transaction price, adjustments will be recognized in the period they are resolved. When payment has been received but services have not yet been rendered, the payment is recognized as a contract liability.

### ***Fee-for-Service Revenue***

FFS revenue represents revenue earned under contracts in which the Company bills and collects for medical services rendered by the Company's employed or contracted physicians. The terms for FFS contracts are short in duration and only last for the period over which services are rendered (typically, one day). FFS revenue consists of fees for medical services provided to patients. These medical services are capable of being distinct since the patient can benefit from the medical services on their own. Each service constitutes a single performance obligation for which the patient accepts and receives the benefit of the medical services as they are performed.

Under the FFS arrangements, the Company bills third-party payors and patients for patient care services provided. Payments for services provided are generally less than billed charges. The Company records revenue net of an allowance for contractual adjustments, which represents the net revenue expected to be collected from third-party payors (including managed care, commercial, and governmental payors such as Medicare and Medicaid), and patients. These expected collections are based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient's healthcare plans, mandated payment rates in the case of Medicare and Medicaid programs, and historical cash collections (net of recoveries).

The transaction price from FFS arrangements is variable in nature because fees are based on patient encounters, credits due to patients, and reimbursement of provider costs, all of which can vary from period to period. The Company estimates the transaction price using the most likely methodology and amounts are only included in the net transaction price to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. As a practical expedient, the Company uses a portfolio approach to determine the transaction price for the medical services provided under FFS arrangements. Under this approach, the Company bifurcates the types of services provided and grouped health plans with similar fees and negotiated payment rates. At these levels, portfolios share the characteristics conducive to ensuring that the results do not materially differ from the standard applied to individual patient contracts related to each medical service provided.

The recognition of net revenue (gross charges less contractual allowances) from such services is dependent on such factors as proper completion of medical charts following a patient visit, the forwarding of such charts to the Company's billing center for medical coding and entering into the Company's billing system, and the verification of each patient's submission or representation at the time services are rendered as to the payor(s) responsible for payment of such services. Revenue is recorded on the date the services are rendered based on the information known at the time of entering of such information into the Company's billing systems as well as an estimate of the revenue associated with medical services. When the performance obligation is not satisfied, the billing is recognized as a contract liability.

### ***Dispensary***

The Company sells oral prescription drugs directly through its dispensaries and pharmacy. Each prescription filled and delivered to the customer is a distinct performance obligation. The transaction price for the prescriptions is based on fee schedules set by various pharmacy benefit managers ("PBMs") and other third party payors. The fee schedule is often subject to direct and indirect remuneration ("DIR") fees, which are based primarily on pre-established metrics. DIR fees may be assessed in periods after payments are received against future payments. The Company estimates DIR fees to arrive at the transaction price for prescriptions. The Company recognizes revenue based on the transaction at the time the customer takes possession of the oral drug.

### ***Clinical Trials & Other Revenue***

The Company enters into contracts to perform clinical research trials. The terms for clinical trial contracts last many months as the clinical research is performed. Each contract represents a single, integrated set of research activities and thus is a single performance obligation. The performance obligation is satisfied over time as the output is captured in data and documentation that is available for the customer to consume over the course of arrangement and furthers progress of the clinical trial. Under the clinical trial contracts, the Company receives a fixed payment for administrative, set-up, and close-down fees; a fixed amount for each patient site visit; and certain expense reimbursements. Under ASC 606, the Company has elected to

recognize revenue for these arrangements using the ‘as-invoiced’ practical expedient. The Company invoices the customer periodically based on the progress of the trial such that each invoice captures the revenue earned to date based on the state of the trial as established between the Company and the customer.

### **Direct Costs of Sales**

Direct cost of sales primarily consists of wages paid to clinical personnel and other health professionals, oral and IV drug costs, and other medical supplies used to provide patient care. The Company’s costs for clinical personnel wages are expensed as incurred and the Company’s costs for inventory and medical supplies are expensed when used, generally by applying the specific identification method.

### **Cash and Cash Equivalents**

Cash primarily consists of deposits with banking institutions. The Company considers all highly liquid investments that are both readily convertible into cash and mature within three months from the date of purchase to be cash equivalents.

### **Accounts Receivable and Allowance for Credit Losses**

The Company’s accounts receivables are recorded and stated at the amount expected to be collected determined by each payor, net of an allowance for credit losses, under ASC Topic No. 310, *Receivables* (“ASC 310”). In accordance with ASC Topic No. 326, *Financial Instruments — Credit Losses* (“ASC 326”), the Company recognizes credit losses based on a forward-looking current expected credit losses (“CECL”) model. The Company segregates accounts receivables into portfolio segments based on shared risk characteristics, such as line of business and customer type, for evaluation of expected credit losses. The Company makes estimates of expected credit losses based upon its assessment of various factors, including the age of accounts receivable balances, default-based statistics, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The allowance for credit losses is developed using a loss rate method and is recognized in the Consolidated Statement of Operations. The uncollectible accounts receivables are written off on a quarterly basis in the period when collection activities cease due to a final determination that all or a portion of the balance is no longer collectible and if there is no pending litigation activity related to the receivable. No allowance for credit losses was recorded as of December 31, 2023 and 2022.

### **Inventories**

The Company accounts for inventory under Accounting Standard Codification Topic No. 330, *Inventory* (“ASC 330”). Inventories consist of intravenous chemotherapy drugs and oral prescription drugs. Inventories are stated at the lower of cost, determined using the weighted average cost method of inventory valuation, or net realizable value. Net realizable value is determined using the selling price, less costs to sell.

The Company receives purchase discounts on products purchased. Contractual arrangements with vendors, including manufacturers and wholesalers, normally provide for the Company to receive purchase discounts from established list prices in one, or a combination, of the following forms: (i) a direct discount at the time of purchase or (ii) a discount for the prompt payment of invoices. Additionally, in other circumstances, the Company may receive rebates when products are purchased indirectly from a manufacturer (e.g., through a wholesaler). These rebates are recognized when intravenous chemotherapy drugs and oral prescription drugs are dispensed and are generally calculated by manufacturers within 30 days after the end of each completed quarter. The Company also receives additional rebate under its wholesaler contracts if it exceeds contractually defined annual purchase volumes. Purchase rebates are recorded as reductions to cost of services.

### **Property and Equipment, net**

The Company accounts for property and equipment under Accounting Standard Codification Topic No. 360, *Property, Plant, and Equipment* (“ASC 360”). As required under ASC 360, the Company states property and equipment at cost, net of accumulated depreciation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, as described further in Note 8. Maintenance and repairs are charged to expense as incurred. Significant renewals and improvements are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Consolidated Statements of Operations.

When events or changes in circumstances indicate that the carrying amount of long-lived assets, including property and equipment, or other long-lived assets, may not be recoverable, an evaluation of the recoverability of currently recorded costs is performed. When an evaluation is performed, the estimated value of undiscounted future net cash flows associated with the asset groups is compared to the asset groups’ carrying value to determine if a write-down to fair value is required. If such assets

are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset group exceeds the fair value of the assets. There were no impairment adjustments recorded for long-lived assets during the years ended December 31, 2023 and 2022.

### **Accounts Payable, Accrued Expenses, and Other Current Liabilities**

Accounts payable primarily consists of unpaid invoices related to routine operating expenses. Accrued expenses and other current liabilities primarily consist of accruals made for payroll expenses, and deferred capitation.

### **Leases**

Effective January 1, 2022, the Company accounts for its leasing arrangements in accordance with Accounting Standards Codification, Topic No. 842, *Leases* ("ASC 842"), which requires lessees to recognize assets and liabilities for most leases. The Company evaluates whether an arrangement is or contains a lease at contract inception. A lease exists when a contract conveys to the customer the right to control the use of an identified asset for a period of time in exchange for consideration. Upon lease commencement, the date on which a lessor makes the underlying asset available to the Company for use, the Company classifies the lease as either an operating or finance lease. The Company applied certain practical expedients permitted under the transition guidance, including the package of practical expedients, which permits the Company not to reassess its prior conclusions related to lease identification, lease classification, and initial direct costs capitalization. The Company solely acts as a lessee and its leases primarily consist of operating leases for its real estate in the states in which the Company operates. The Company has other operating and financing leases for various clinical and non-clinical equipment.

Generally, upon the commencement of a lease, the Company will record a right-of-use ("ROU") asset and lease liability. An ROU asset represents the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are measured at the present value of the remaining, fixed lease payments at lease commencement. The Company uses its incremental borrowing rate, based on the information available at the later of adoption, inception, or modification in determining the present value of lease payments. ROU assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received) and initial direct costs, at the lease commencement date. The Company has elected to account for lease and non-lease components as a single lease component for all underlying classes of assets. As a result, the fixed payments that would otherwise be allocable to the non-lease components are accounted for as lease payments and included in the measurement of the Company's right-of-use asset and lease liability.

Lease arrangements with an initial term of 12 months or less are considered short-term leases and are not recorded on the balance sheet. The operating lease payments are recognized as an expense on a straight-line basis over the lease term. The lease term includes any period covered by renewal options available that the Company is reasonably certain to exercise and any options to terminate the lease that the Company is not reasonably certain to exercise.

The Company displays ROU assets, current lease liabilities, and long term lease liabilities arising from operating leases as separate line items on the consolidated balance sheet. The Company includes ROU assets, current lease liabilities, and long term lease liabilities arising from finance leases within property and equipment, net; accrued expenses and other current liabilities; and other non-current liabilities.

### **Goodwill**

The Company accounts for goodwill under Accounting Standards Codification Topic No. 350, *Intangibles - Goodwill and Other* ("ASC 350"). Goodwill represents the excess of the fair value of the consideration conveyed in an acquisition over the fair value of net assets acquired.

Goodwill is not amortized but is required to be evaluated for impairment annually or sooner if impairment indicators exist. The Company performs its annual testing of impairment for goodwill in the fourth quarter of each year. When impairment indicators are identified, the Company compares the reporting unit's fair value to its carrying amount, including goodwill. An impairment loss is recognized as the difference, if any, between the reporting unit's carrying amount and its fair value to the extent the difference does not exceed the total amount of goodwill allocated to the reporting unit.

For the years ended December 31, 2023 and 2022, the Company first performed a qualitative assessment to determine whether it was necessary to perform the quantitative analysis. Based on the qualitative assessment including our share price decrease as well as factors related to macroeconomic conditions, industry and market considerations, cost factors, financial performance and market capitalization, the Company determined it was likely that our reporting unit fair value was less than its carrying value and the quantitative impairment test was performed. Based on the results of our assessment performed the

Company recorded an impairment charge of \$16,867 and \$9,944 to goodwill for the years ended December 31, 2023 and 2022, respectively.

### **Intangible Assets**

Under ASC 350, finite-lived intangible assets are stated at acquisition-date fair value. The Company's intangible assets are amortized using the straight-line method.

Finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When circumstances indicate that recoverability may be impaired, the Company assesses its ability to recover the carrying value of the asset group from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Fair value is determined based on appropriate valuation techniques.

For the years ended December 31, 2023 and 2022, the Company performed a qualitative analysis and determined that there were no indicators of impairment. Therefore, no impairment charge of its finite-lived intangible assets was recorded.

### **Investments in Marketable Securities**

The Company's investments in marketable securities are classified as available-for-sale and are carried at fair value. The Company accounts for its investment securities available for sale using the fair value election pursuant to ASC 825, *Financial Instruments* ("ASC 825"), where changes in fair value are recorded in unrealized gains (losses), net on the Company's Consolidated Statements of Operations. The Company determines the appropriate classification of these investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company's marketable securities are classified as current assets if the maturity date is less than one year from the balance sheet date.

Interest income and accretion on marketable securities are included in interest income in the Consolidated Statements of Operations. Realized gains and losses on sales of securities, and other-than-temporary declines in the fair value of marketable securities, if any, are included as a component of other income (expense), net in the Consolidated Statements of Operations. The cost of securities sold is based on the First In, First Out method.

At each reporting period, the Company evaluates available-for-sale marketable securities, to the extent the fair value option is not elected, for any credit-related impairment when the fair value of the investment is less than its amortized cost. If the Company determines that the decline in fair value is below the carrying value and this decline is other-than-temporary, credit-related impairment is recognized in the Consolidated Statements of Operations in accordance with ASC 320, *Debt Securities*. As of December 31, 2023 and 2022, there were no available-for-sale instruments for which the fair value option was not elected.

### **Debt**

The Company accounts for debt net of debt issuance costs and debt discount. Debt issuance costs and debt discount are capitalized, netted against the related debt for presentation purposes, and amortized to interest expense over the terms of the related debt using the effective interest method.

The Company accounts for bifurcated, debt-classified embedded features separately as derivative liabilities pursuant to Accounting Standards Codification Topic No. 815, *Derivatives and Hedging* ("ASC 815"). Bifurcated, debt-classified embedded features are recorded at fair value on the Company's balance sheet with subsequent changes in fair value recorded in the Consolidated Statement of Operations each reporting period.

### **Public Warrants and Private Placement Warrants**

Upon completion of the Business Combination, the Company assumed public and private placement warrants that were issued by DFPH in connection with its initial public offering (declared effective by the Securities and Exchange Commission on March 10, 2020) whereby holders of the public and private placement warrants are entitled to acquire common stock of the Company.

Prior to the Business Combination, the public warrants were accounted for as liabilities per Accounting Standards Codification Subtopic No. 815-40 *Contracts on an Entity's Own Equity* ("ASC 815-40"). Following the Business Combination, the shares of common stock underlying the public warrants are not redeemable and the Company has one single class of voting stock; therefore, the public warrants are not precluded from being considered indexed to the Company's common stock which

allows the public warrants to meet the criteria for equity classification per ASC 815-40. Warrants classified as equity are recorded at their issuance cost and are not subject to remeasurement at each subsequent balance sheet date.

Prior to the Business Combination, the private placement warrants were accounted for as liabilities per ASC 815-40. The private placement warrants are not considered indexed to the Company's stock per ASC 815-40 and are therefore recorded as liabilities, given the settlement of the private placement warrants is dependent, in part, on who holds the warrants at the time of the settlement. Warrants classified as liabilities are recorded at their estimated fair value on the Closing Date and are revalued at each subsequent balance sheet date, with fair value changes recognized in other non-operating expense (income) in the accompanying Consolidated Statements of Operations. The Company estimates the value of these warrants using a Binomial Lattice valuation model in a risk-neutral framework.

### **Earnout Liability**

As part of the Business Combination, DFPH issued to eligible Legacy TOI stockholders and Legacy TOI employees the contingent right to receive up to 12.5 million additional shares of common stock ("Legacy TOI Earnout Shares"), in two tranches of 5.0 million and 7.5 million, respectively, upon the Company common stock achieving a price per share of \$12.50 during the two-year period following the Closing or a price per share of \$15.00 during the three-year period following the Closing, in each case, as its last reported sales price per share for any 20 trading days within any 30 consecutive trading day period within the applicable period ("Earnout Terms"); provided, that (i) if one or both of the share price triggers has not been achieved prior to the end of the three-year period following the Closing, (ii) the Company enters into a definitive agreement that would result in a change of control and (iii) the price per share of the Company's common stock in such transaction is equal to or greater than one or both of the share price triggers, then at the Closing of such transaction, the Company shall issue the applicable portion of the Legacy TOI Earnout Shares as if such share price trigger had been achieved.

In addition, certain DFPH common stockholders deposited 575,000 shares of DFPH common stock in an escrow account that will vest and be released to such holders in two tranches of 50%, each ("DFPH Earnout Shares"), upon the Company common stock achieving the Earnout Terms as described above; provided, that (i) if one or both of the share price triggers has not been achieved prior to the end of the three-year period following the closing, (ii) the Company enters into a definitive agreement that would result in a change of control and (iii) the price per share of common stock in such transaction is equal to or greater than one or both of the share price triggers, then at the closing of such transaction, the Company shall issue the applicable portion of the DFPH Earnout Shares as if such share price trigger had been achieved. To the extent any DFPH Earnout Shares remain unvested at the expiration of the three-year period following the closing, such DFPH Earnout Shares shall be forfeited and cancelled without any consideration.

Collectively, the Legacy TOI Earnout Shares and DFPH Earnout Shares constitute the "Earnout Shares", the "Earnout", and the "Earnout Liability".

The Company determined that Earnout Shares issuable to Legacy TOI stockholders and DFPH stockholders fail to meet equity classification criteria under ASC 815-40 and therefore, represents a liability that meets the definition of a derivative and recognized it on the balance sheet at its fair value upon the Closing Date. The right to Earnout Shares issuable to Legacy TOI stockholders and DFPH stockholders are remeasured at fair value using a Monte Carlo simulation model each period through earnings. See Note 7 for further discussion.

Earnout Shares issuable to Legacy TOI employees is considered a share-based compensation award under Accounting Standards Codification Topic No. 718, *Stock Based Compensation* ("ASC 718") due to the requirement that Legacy TOI employees must remain employed by the Company in order to not forfeit such unvested Earnout Shares. Such Earnout Shares are accounted for within equity over the service period. See Note 14 for further discussion.

### **Income Taxes**

The Company accounts for income taxes under the asset and liability method under Accounting Standards Codification Topic No. 740, *Income Taxes* ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in selling, general, and administrative expenses.

## Retirement Plans

The Company provides a qualified 401(K) plan to all eligible employees which is administered through the John Hancock Life Insurance Company (U.S.A.). Employees are eligible to participate in the plan on the first day of the month subsequent to completing two months of service. Eligible employees may, subject to statutory limitations, contribute a portion of their salary to the plan through payroll deduction. In 2023 and 2022, the Company provided a matching contribution of 100% of the elective deferral that does not exceed 4% of compensation. Participants are always fully vested in their own contributions and the Company's matching contributions vest immediately. The Company expensed to selling, general and administrative expenses \$1,271 and \$1,108 in matching contributions related to the 401(K) plan during the years ended December 31, 2023 and December 31, 2022, respectively.

## Share-Based Compensation Plan

The Company accounts for share-based compensation under Accounting Standards Codification Topic No. 718, *Compensation - Stock Compensation* ("ASC 718"). As required under ASC 718, the Company accounts for employee and nonemployee share-based compensation as an expense in the consolidated financial statements. Equity-classified awards are measured at the grant date fair value of the award. Liability-classified awards are remeasured at fair value each reporting end date. For stock options, the Company estimates grant date fair value using the Black-Scholes-Merton option-pricing model. For restricted stock units ("RSU"), the fair value is based on the Company's share price on the grant date. Liability-classified awards are settled in a variable number of the Company's common stock on the vesting date based on a fixed monetary value. The Company accounts for forfeitures as incurred.

Excess tax benefits of awards related to stock option exercises are recognized as an income tax benefit in the Consolidated Statements of Operations and reflected in operating activities in the Consolidated Statements of Cash Flows.

## Commitments and Contingencies

The Company accounts for contingent liabilities under Accounting Standards Codification Subtopic No. 450-20, *Contingencies* ("ASC 450-20"). As required by ASC 450-20, liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

## Comprehensive Loss

Comprehensive loss includes net loss to common stockholders as well as other changes in equity that result from transactions and economic events other than those with stockholders. There was no difference between comprehensive loss and net loss to common stockholders for the periods presented.

## Fair Value Measurements

The Company accounts for fair value measurements under Accounting Standards Codification Topic No. 820, *Fair Value Measurements* ("ASC 820"). The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels (see Note 7 for further discussion):

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The Company's fair value measurement methodology for cash and cash equivalents, accounts receivable, other receivables, and accounts payable approximates fair value because of the short maturity and high liquidity of these instruments. Fair value measurement of investment securities available for sale is based upon quoted prices from active markets, if available (Level 1). If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation

methodologies. Level 2 investment securities include US Treasuries purchased in the secondary market that use pricing inputs other than quoted prices in active markets and fair value is determined using pricing models or other valuation methodologies such as broker price indications, which are based on quoted prices for identical or similar notes, which are Level 2 input measures. Fair value measurements used for the goodwill and intangible assets are based on the discounted cash flow method within the income approach and guideline public company method to value the reporting units, which is considered to be a Level 3 fair value measurement. The unobservable inputs utilized in determining the fair value of goodwill based on the income approach primarily include estimated future cash flows, discounted at a rate that approximates the cost of capital of a market participant. Inputs used to calculate the fair value based on the market approach include the revenue and EBITDA multiples based on guidelines for similar publicly traded companies and recent transactions. Fair value measurements of derivative warrants and earnout liabilities are based on Binomial Lattice and Monte-Carlo Simulation Models, respectively, which are considered to be Level 3 fair value measurements. The primary unobservable input utilized in determining the fair value of the derivative warrants and earnouts is the expected volatility of the common stock. Fair value measurements of the convertible note warrant and conversion option derivative liabilities are based on the Black-Derman-Toy model implemented in the Binomial Lattice and Black-Scholes Models, which are considered to be Level 3 fair value measurements. The primary unobservable input utilized in determining the fair value of the convertible note warrant and conversion option derivative liabilities is the expected volatility of the common stock.

### **Emerging Growth Company**

Pursuant to the Business Combination, the Company qualifies as an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933 (“Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and has elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company, nor an emerging growth company which has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

### **Recently Adopted Accounting Standards**

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life, instead of when incurred. In November 2018, the FASB issued Accounting Standard Update 2018-19, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses* (“ASU 2018-19”), which amends Subtopic 326-20 (created by ASU 2016-13) to explicitly state that operating lease receivables are not in the scope of Subtopic 326-20. Additionally, in April 2019, the FASB issued Accounting Standard Update 2019-04, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* (“ASU 2019-04”); in May 2019, the FASB issued Accounting Standards Update 2019-05, *Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief* (“ASU 2019-05”); and in November 2019, the FASB issued Accounting Standards Update 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments — Credit Losses* (“ASU 2019-10”), to provide further clarifications on certain aspects of ASU 2016-13 and to extend the nonpublic entity effective date of ASU 2016-13. The changes (as amended) are effective for the Company for annual and interim periods in fiscal years beginning January 1, 2023. The Company adopted ASU 2016-13, as amended, effective January 1, 2023, which resulted in changes to the Company’s accounting policies for accounts receivables. Upon adoption of ASU 2016-13, the Company evaluated accounts receivables on a collective (i.e., portfolio) basis when similar risk characteristics were shared. The adoption of this standard did not have a

material impact on our consolidated financial statements and there was no allowance for credit losses recorded as of December 31, 2023.

### **Recently Issued Accounting Standards**

In August 2020, the FASB issued ASU 2020-06, *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. ASU 2020-06 also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. The new standard is effective for the Company beginning January 1, 2024. The Company is currently evaluating the effect of ASU 2020-06 on the Company's consolidated financial statements and related disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). Under ASU 2021-08, an acquirer must recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contract with Customers* ("ASC 606"). The guidance is effective for interim and annual periods beginning after December 15, 2023, with early adoption permitted. The Company will adopt ASU 2021-08 on January 1, 2024 on a prospective basis. The Company is currently evaluating the effect of ASU 2021-08 on the Company's consolidated financial statements and related disclosures.

On October 9, 2023, the FASB issued ASU 2023-06: *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"), which amends the disclosure and presentation requirements related to various Codification subtopics. The ASU ("ASU 2023-06") was issued in response to the SEC's August 2018 final rule that updates and simplifies disclosure requirements the SEC believed were "redundant, duplicative, overlapping, outdated, or superseded." The new guidance is intended to align U.S. GAAP and SEC requirements while facilitating the application of U.S. GAAP for all entities. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. We are currently evaluating the impact of the guidance on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The new standard requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide, in interim periods, all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Additionally, it requires a public entity to disclose the title and position of the Chief Operating Decision Maker. The ASU ("ASU 2023-07") does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. The Company expects this ASU to only impact our disclosures with no impacts to our results of operations, cash flows and financial condition.

Moreover, in December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures* ("ASU 2023-09"). The new standard requires a public business entity (PBE) to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. For PBEs, the new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all period presented. The Company expects this ASU to only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

### **Note 3. Significant Risks and Uncertainties Including Business and Credit Concentrations**

#### **Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, accounts receivable, and investment securities.



Cash accounts in a financial institution may, at times, exceed the Federal Deposit Insurance Corporation coverage of \$250 per account ownership category. The Company has not experienced losses on these accounts, and management believes the Company is not exposed to significant risks on such accounts.

The Company's accounts receivable has implicit collection risk. The Company grants credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The Company believes this risk is partially mitigated by the Company's establishment of long-term agreements and relationships with third-party payors that provide the Company with insight into historic collectability and improve the collections process.

The Company's investment securities portfolio is managed by a third party vendor to provide a relatively stable source of investment income from excess liquidity while satisfactorily managing risk, including credit risk, reinvestment risk, liquidity risk, and interest rate risk.

### Revenue Concentration Risk

The concentration of net revenue on a percentage basis for major payors for the years ended December 31, 2023 and 2022 are as follows:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Percentage of Patient Services Net Revenue:		
Payor A	11 %	13 %
Payor B	14 %	16 %

The concentration of gross receivables on a percentage basis for major payors at December 31, 2023 and December 31, 2022 are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Percentage of Gross Receivables of Patient Services Revenue:		
Payor B	N/A	13%
Payor C	N/A	10%

All of the Company's revenue is generated from customers located in the United States.

### Vendor Concentration Risk

The concentration of direct costs on a percentage basis for major vendors for the years ended December 31, 2023 and 2022 are as follows:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Percentage of Direct Costs:		
Vendor A	99 %	76 %
Vendor B	N/A	21 %

The concentration of gross payables on a percentage basis for major vendors at December 31, 2023 and December 31, 2022 are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Percentage of Gross Payables:		
Vendor A	70%	66 %

#### Note 4. Accounts Receivable

The Company's accounts receivable consists primarily of amounts due from third-party payors and patients. See Note 2 for a summary of the Company's policies relating to accounts receivable and allowance for credit losses.

Accounts Receivable as of December 31, 2023 and December 31, 2022 consist of the following:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Oral drug accounts receivable (Dispensary)	\$ 2,914	\$ 4,165
Capitated accounts receivable (Patient Services)	1,757	1,623
FFS accounts receivable (Patient Services)	30,173	26,313
Clinical trials accounts receivable	2,595	2,443
Other trade receivables	4,921	5,272
<b>Total</b>	<b>\$ 42,360</b>	<b>\$ 39,816</b>

The Company adopted ASU 2016-13, as amended, effective January 1, 2023, and determined no allowance for credit losses was required as of that date. No allowance for credit losses was recorded as of December 31, 2023.

No allowance for doubtful accounts was recorded as of December 31, 2022.

As of January 1, 2022, the accounts receivable balance amounted to \$20,007.

During the years ended December 31, 2023 and 2022, the Company had net bad debt recoveries of \$11, and bad debt recoveries of \$169, respectively, and bad debt expense of \$2,031 and \$307, respectively. Bad debt write-offs were a result of accounts receivable on completed contracts that were deemed uncollectible during the period due to delayed collection efforts.

#### Note 5. Revenue

The Company recognizes revenue in accordance with ASC 606 on the basis of its satisfaction of outstanding performance obligations. The Company typically fulfills its performance obligations over time, either over the course of a single treatment (fee-for-service or "FFS"), a month (capitation), or a number of months (clinical research). The Company also has revenue that is satisfied at a point in time (dispensary). See Note 2 for summary of the Company's policies and significant assumptions related to revenue recognition.

#### Disaggregation of Revenue

The Company categorizes revenue based on various factors such as the nature of contracts, payors, order to billing arrangements, and cash flows received by the Company, as follows:

<i>(in thousands)</i>	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Patient services		
Capitated revenue	\$ 70,370	\$ 61,341
FFS revenue	143,134	105,444
Subtotal	213,504	166,785
Dispensary revenue	103,835	79,343
Clinical research trials and other revenue	6,900	6,355
<b>Total</b>	<b>\$ 324,239</b>	<b>\$ 252,483</b>

Refer to Note 20 for Segment Reporting for disaggregation of revenue by reporting segment.

#### Contract Asset and Liabilities

Under ASC 606, contract assets represent rights to payment for performance contingent on something other than the passage of time and accounts receivable are rights to payment for performance without contingencies. The Company does not

have any contract assets as of December 31, 2023 and December 31, 2022. Refer to Note 4 for accounts receivable as of December 31, 2023 and December 31, 2022.

Contract liabilities represent cash that has been received for contracts, but for which performance is still unsatisfied. As of December 31, 2023 and December 31, 2022, contract liabilities amounted to \$545 and \$1,139, respectively. As of January 1, 2022, the contract liabilities amounted to \$220. Contract liabilities are included within other current liabilities and presented in Note 9 along with refund liabilities due to amounts not being material. During the years ended December 31, 2023 and 2022, the Company recognized revenue of \$594 and \$220, respectively, related to deferred capitation revenue received (contract liability) as of the beginning of each respective year.

### Remaining Unsatisfied Performance Obligations

The accounting terms for the Company's patient services and dispensary contracts do not extend past a year in duration. Additionally, the Company applies the 'as invoiced' practical expedient to its clinical research contracts.

### Note 6. Inventories

The Company purchases intravenous chemotherapy drugs and oral prescription drugs from various suppliers. See Note 2 for a summary of the Company's policies relating to intravenous chemotherapy and oral prescription drugs inventory.

The Company's inventories as of December 31, 2023 and December 31, 2022 were as follows:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Oral drug inventory	\$ 3,640	\$ 2,130
IV drug inventory	10,038	7,131
<b>Total</b>	<b>\$ 13,678</b>	<b>\$ 9,261</b>

### Note 7. Marketable Securities and Fair Value Measurements

#### Marketable Securities

The Company accounts for its investment securities available for sale using the fair value election pursuant to ASC 825, where changes in fair value are recorded in Other, net non-operating expense (income) on the Company's Consolidated Statements of Operations. The Company's investments in cash equivalents and marketable securities at December 31, 2023 and December 31, 2022 is as follows:

<i>(in thousands)</i>	<b>December 31, 2023</b>			
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
Cash equivalents:				
U.S. Treasury Bills	\$ 22,778	\$ 5	\$ —	\$ 22,783
Marketable securities:				
Short-term U.S. Treasuries	49,501	—	(134)	49,367
Total available for sale securities	<u>\$ 72,279</u>	<u>\$ 5</u>	<u>\$ (134)</u>	<u>\$ 72,150</u>

<i>(in thousands)</i>	<b>December 31, 2022</b>			
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
Cash equivalents:				
U.S. Treasury Bills	\$ 2,573	\$ —	\$ —	\$ 2,573
Marketable securities:				
Short-term U.S. Treasuries	59,876	6	(86)	59,796
Long-term U.S. Treasuries	58,652	—	(298)	58,354
Total available for sale securities	<u>\$ 121,101</u>	<u>\$ 6</u>	<u>\$ (384)</u>	<u>\$ 120,723</u>

The contractual maturities of the Company's investments in cash equivalents and marketable securities as of December 31, 2023 and December 31, 2022 is as follows:

<b>December 31, 2023</b> <i>(in thousands)</i>	<b>Due in One Year or less</b>	<b>Due After One Year through Five Years</b>	<b>Due After Five Years</b>	<b>Total</b>
Cash equivalents:				
U.S. Treasury Bills	\$ 22,783	\$ —	\$ —	\$ 22,783
Marketable securities:				
Short-term U.S. Treasuries	49,367	—	—	49,367
Total available for sale securities	<u>\$ 72,150</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 72,150</u>

<b>December 31, 2022</b> <i>(in thousands)</i>	<b>Due in One Year or less</b>	<b>Due After One Year through Five Years</b>	<b>Due After Five Years</b>	<b>Total</b>
Cash equivalents:				
U.S. Treasury Bills	\$ 2,573	\$ —	\$ —	\$ 2,573
Marketable securities:				
Short-term U.S. Treasuries	59,796	—	—	59,796
Long-term U.S. Treasuries	10,523	47,831	—	58,354
Total available for sale securities	<u>\$ 72,892</u>	<u>\$ 47,831</u>	<u>\$ —</u>	<u>\$ 120,723</u>

The Company recorded a net unrealized loss of \$249 for the year ended December 31, 2023. At December 31, 2023, three securities were in an unrealized loss position. The decline in fair value of our securities was attributable to a combination of changes in interest rates and general volatility in the credit market conditions in response to the economic uncertainty caused by the risk of an upcoming recession and monetary policy. The Company does not currently intend to sell any of the securities in an unrealized loss position and further believe, it is more likely than not, that we will not be required to sell these securities before their anticipated recovery.

Accrued interest receivable on cash equivalents and marketable securities was \$242 and \$274, respectively, at December 31, 2023 and December 31, 2022, and is included within other receivables in the Consolidated Balance Sheets.

#### *Fair Value Measurements*

The following tables present the carrying amounts of the Company's financial instruments at December 31, 2023 and December 31, 2022:

<i>(in thousands)</i>	<b>December 31, 2023</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets:				
Cash equivalents	\$ 22,783	\$ —	\$ 22,783	\$ —
Marketable securities	49,367	—	49,367	—
Financial liabilities:				
Derivative warrant liabilities	\$ 636	\$ —	\$ 636	\$ —
Earnout liabilities	—	—	—	—
Conversion option derivative liabilities	3,082	—	—	3,082
Contingent consideration liability	1,944	—	1,944	—
Non-recurring fair value measurement				
Goodwill	\$ 7,230	—	—	\$ 7,230

As of December 31, 2023, derivative warrant liabilities of \$636 were transferred from a Level 3 to a Level 2 financial instrument as a result of the valuation being based on the market price of our public warrants, which management considers to

be a similar and comparable instrument, as compared to the previous valuation which was based on the Binomial Lattice Model. There were no other transfers between fair value measurement levels during the years ended December 31, 2023 and 2022.

<i>(in thousands)</i>	<b>December 31, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets:</b>				
Cash equivalents	\$ 2,573	\$ —	\$ 2,573	—
Marketable securities	59,796	—	59,796	—
Non-current investments	58,354	—	58,354	—
<b>Financial liabilities:</b>				
Derivative warrant liabilities	\$ 350	\$ —	\$ —	\$ 350
Earnout liabilities	803	—	—	803
Conversion option derivative liabilities	3,960	—	—	3,960
<b>Non-recurring fair value measurement</b>				
Goodwill	\$ 21,418	\$ —	\$ —	\$ 21,418

The carrying amounts of cash, accounts receivable, other receivables, and accounts payable approximate fair value because of the short maturity and high liquidity of these instruments.

The Company measures its investments (including cash equivalents, marketable securities, and non-current investments) at fair value on a recurring basis and classifies those instruments within Level 2 of the fair value hierarchy. Investment securities, including U.S. Treasury Bills purchased in the secondary market and U.S. Treasury bonds, are classified within Level 2 of the fair value hierarchy because pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined using models or other valuation methodologies.

The Company measures its private derivative warrants on a recurring basis and classifies those instruments within Level 2 of the fair value hierarchy because the valuation is based on the observable input of a similar instrument. The Company measures its earnout, convertible note warrant derivative liability, optional redemption derivative liability and conversion option derivative liability, and contingent consideration liability on a recurring basis and classifies those instruments within level 3 of the fair value hierarchy because unobservable inputs are used to measure fair value. See Note 2 for a summary of the Company's policies relating to fair value measurements, and Note 11 for more detail on the convertible note warrant, optional redemption, and conversion option derivative liabilities.

The Company measures goodwill at fair value on a nonrecurring basis and classifies goodwill within Level 3 of the fair value hierarchy. Due to significant declines in the Company's share price during the years ended December 31, 2023 and 2022, the Company performed a quantitative analysis of impairment over goodwill and determined goodwill was impaired. As a result, the Company recorded an impairment charge of \$16,867 and \$9,944 for the years ended December 31, 2023 and 2022, respectively. Goodwill was valued using an equally weighted income approach and market approach. The unobservable inputs utilized in determining the fair value of the goodwill, which is categorized as a Level 3 instrument, are the discount rate of 25.0% and various revenue growth rates utilized in the financial forecast of future cash flows. See Note 2 for further detail on the impairment evaluation and Note 18 for goodwill.

The following table presents information about the Company's Level 3 liabilities that are measured at fair value on a recurring basis at December 31, 2023:

<i>(in thousands)</i>	<b>Earnout Liability</b>		<b>Conversion Option Derivative Liability</b>	
	\$	\$	\$	\$
Balance at December 31, 2021	\$ 60,018	\$ —	\$ —	\$ —
Conversion option derivative liability acquired (See Note 11 for detail)	—	—	28,160	28,160
Decrease in fair value included in other expense	(59,215)	—	(24,200)	(24,200)
Balance at December 31, 2022	\$ 803	\$ —	\$ 3,960	\$ 3,960
Decrease in fair value included in other expense	(803)	—	(878)	(878)
<b>Balance at December 31, 2023</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,082</b>	<b>\$ 3,082</b>

As of December 31, 2023, the conversion option derivative and earnout liabilities were valued using a Binomial Lattice and Monte-Carlo Simulation Model, respectively, which is considered to be Level 3 fair value measurements. The derivative warrant liabilities were valued using the public warrant trading price, which is considered to be a Level 2 fair value measurement, and the contingent consideration liability was valued using a present value factor, which is considered to be a Level 2 fair value measurement. As of December 31, 2022, derivative warrant and earnout liabilities were valued using a Binomial Lattice and Monte-Carlo Simulation Model, respectively, which are considered to be Level 3 fair value measurements. A summary of the level 3 fair value measurements inputs used in the valuations is as follows:

<b>December 31, 2023</b>					
	<b>First Tranche Earnout</b>	<b>Second Tranche Earnout</b>	<b>Convertible Note Warrant Derivative Liability</b>	<b>Conversion Option Derivative Liability</b>	
Unit price	\$ 2.04	\$ 2.04	\$ 2.04	\$ 2.04	
Term (in years)	0.87	0.87	3.61	3.61	
Volatility	49.40%	49.40%	58.60%	58.60%	
Risk-free rate	4.90%	4.90%	3.90%	3.90%	
Dividend yield	—	—	—	—	
Cost of equity	16.90%	16.90%	—	—	

<b>December 31, 2022</b>					
	<b>Derivative Warrant Liability</b>	<b>First Tranche Earnout</b>	<b>Second Tranche Earnout</b>	<b>Convertible Note Warrant Derivative Liability</b>	<b>Conversion Option Derivative Liability</b>
Unit price	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65
Term (in years)	3.87	1.54	1.55	4.61	4.61
Volatility	71.80%	70.00%	70.00%	40.00%	40.00%
Risk-free rate	4.08%	4.45%	4.45%	3.99%	3.99%
Dividend yield	—	—	—	—	—
Cost of equity	—	13.60%	13.60%	—	—

On August 9, 2022, the Company issued a senior secured convertible note that contains embedded warrant, optional redemption, and conversion option features. Due to the economic disincentive to redeem and the make whole amount that would be required to be paid, it is highly unlikely that the optional redemption would occur, reducing the value during the period to a qualitatively immaterial amount. See Note 11 for additional detail. A summary of the inputs used in the initial measurement of the convertible note warrant and conversion option derivative liabilities is as follows:

<b>August 9, 2022 (Initial Measurement)</b>			
	<b>Convertible Note Warrant Derivative Liability</b>	<b>Conversion Option Derivative Liability</b>	
Unit price	\$ 6.63	\$ 6.63	
Term (in years)	5.00	5.00	
Volatility	42.5%	42.5%	
Risk-free rate	3.0%	3.0%	
Dividend yield	—	—	
Cost of equity	—	—	

#### **Uncertainty of Fair Value Measurement from Use of Significant Unobservable Inputs**

The inputs to estimate the fair value of the Company's derivative warrant, earnout, convertible note warrant, and conversion option derivative liabilities were the market price of the Company's common stock, their remaining expected term, the volatility of the Company's common stock price and the risk-free interest rate over the expected term. Significant changes in any of those inputs in isolation can result in a significant change in the fair value measurement.

Generally, an increase in the market price of the Company's shares of common stock, an increase in the volatility of the Company's shares of common stock, and an increase in the remaining term of the derivative liabilities would each result in a directionally similar change in the estimated fair value of the Company's derivative liabilities. Such changes would increase the associated liability while decreases in these assumptions would decrease the associated liability. An increase in the risk-free interest rate would result in a decrease in the estimated fair value measurement and thus a decrease in the associated liability. The Company has not, and does not plan to, declare dividends on its common stock and, as such, there is no change in the estimated fair value of the derivative warrant liabilities due to the dividend assumption.

#### Note 8. Property and Equipment, Net

The Company accounts for property and equipment at historical cost less accumulated depreciation. See Note 2 for a summary of the Company's policies relating to property and equipment.

Property and equipment, net, consist of the following:

<i>(in thousands)</i>	<u>Useful lives</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Computers and software	60 months	\$ 3,035	\$ 2,139
Office furniture	84 months	724	606
Leasehold improvements	Shorter of lease term or estimated useful life	9,214	6,655
Medical equipment	60 months	2,082	1,138
Construction in progress		1,801	1,144
Finance lease ROU assets	Shorter of lease term or estimated useful life	207	371
Less: accumulated depreciation		(6,180)	(3,506)
<b>Total property and equipment, net</b>		<u>\$ 10,883</u>	<u>\$ 8,547</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$2,864 and \$1,526, respectively.

#### Note 9. Accrued Expenses and Other Current and Non-Current Liabilities

Accrued expenses and other current liabilities as of December 31, 2023 and December 31, 2022 consist of the following:

<i>(in thousands)</i>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Compensation, including bonuses, fringe benefits, and payroll taxes	\$ 5,518	\$ 5,310
Contract liabilities	545	1,139
Directors and officers insurance premiums	1,002	3,010
Deferred acquisition and contingent consideration (see Note 16)	2,206	802
Accrued interest	1,124	1,100
Other liabilities	3,601	3,234
<b>Total accrued expenses and other current liabilities</b>	<u>\$ 13,996</u>	<u>\$ 14,595</u>

Contract liabilities as of December 31, 2023 and December 31, 2022 consist of cumulative adjustments made to capitated revenue recognized in prior periods.

Pursuant to the Business Combination, the Company has agreed to indemnify members of the Board and certain officers if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. The Company entered into a \$1,250 financing arrangement in November 2023 with a maturity date of August 2024 at 8.75% annual interest rate to pay 10 monthly principal payments of approximately \$122 in premiums for directors' and officers' ("D&O") insurance coverage through November 2024 to protect against such losses on November 12, 2021. The principal outstanding balance was \$1,002 as of December 31, 2023. As of February 2024, the remaining D&O principal balance was paid in full.

## Note 10. Leases

The Company leases clinics, office buildings, and certain equipment under noncancellable financing and operating lease agreements that expire at various dates through June 2033. See Note 2 for a summary of the Company's policies relating to leases.

The initial terms of operating leases range from 1 to 10 years and certain leases provide for free rent periods, periodic rent increases, and renewal options. Monthly payments for these leases range from \$0 to \$60. All lease agreements generally require the Company to pay maintenance, repairs, property taxes, and insurance costs, which are generally variable amounts based on actual costs incurred during each applicable period.

The Company has determined that periods covered by options to extend the Company's leases are excluded from the lease terms as it is not reasonably certain the Company will exercise such options. Operating lease expenses, including expenses related to short-term leases, were \$7,596 and \$6,364, respectively, for the years ended December 31, 2023 and 2022.

### Lease Expense

The components of lease expense were as follows:

<i>(in thousands)</i>	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2022</b>
Operating lease costs:	\$ 7,556	\$ 6,002
Finance lease costs:		
Amortization of ROU asset	\$ 59	\$ 62
Interest expense	\$ 11	\$ 8
Other lease costs:		
Short-term lease costs	\$ 39	\$ 362
Variable lease costs	\$ 1,240	\$ 967
Total lease costs	<u>\$ 8,905</u>	<u>\$ 7,401</u>

Operating and other lease costs are presented as part of selling, general, and administrative expenses. The components of finance lease costs appear in depreciation and amortization and interest expense.

### Maturity of Lease Liabilities

The aggregate future lease payments for the Company's leases in years subsequent to December 31, 2023 are as follows:

<i>(in thousands)</i>	<b>Operating Leases</b>	<b>Finance Leases</b>
2024	\$ 8,176	\$ 48
2025	7,817	42
2026	7,311	39
2027	5,868	29
2028	3,957	—
Thereafter	6,243	—
Total future lease payment	<u>\$ 39,372</u>	<u>\$ 158</u>
Less: amount representing interest	(6,523)	(18)
<b>Present value of future lease payment (lease liability)</b>	<u>\$ 32,849</u>	<u>\$ 140</u>
Reported as:		
Lease liabilities, current	\$ 6,363	\$ 40
Lease liabilities, noncurrent	26,486	100
Total lease liabilities	<u>\$ 32,849</u>	<u>\$ 140</u>



## Lease Term and Discount Rate

The following table provides the weighted average remaining lease terms and weighted average discount rates for the Company's leases as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Weighted-average remaining lease term (in years)		
Operating	5.31	5.32
Finance	3.50	3.75
Weighted-average discount rate		
Operating	6.50 %	4.94 %
Finance	6.47 %	6.02 %

## Supplemental Cash Flow Information

The following table provides certain cash flow and supplemental noncash information related to the Company's lease liabilities for the year ended December 31, 2023.

<i>(in thousands)</i>	<u>Year Ended</u> <u>December 31, 2023</u>	<u>Year Ended</u> <u>December 31, 2022</u>
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash payment from operating leases	\$ 7,513	\$ 5,342
Financing cash payments for finance leases	63	73
Lease liabilities arising from obtaining right-of-use assets:		
Operating leases	\$ 11,096	\$ 30,800
Finance leases	3	203

During the year ended December 31, 2023 and December 31, 2022, ROU assets of \$11,096 and \$11,668 were obtained in exchange for lease obligations, respectively.

## Lease Modifications

During the year ended December 31, 2023, the Company extended its lease term for seven clinics in California and Florida. These extensions constitute lease modifications that qualify as a change of accounting for the original leases and not separate contracts. Accordingly, in the year ended December 31, 2023, the Company recognized the difference of \$3,297 as an increase to the operating lease liability; \$3,303, net of lease incentives, as an increase to operating lease right-of-use asset, and \$67 as a net increase to rent expense.

During the year ended December 31, 2022, the Company expanded its lease space and extended its lease term for two clinics and two corporate offices in California. These expansions and extensions constitute lease modifications that qualify as a change of accounting for the original leases and not separate contracts. Accordingly, in the year ended December 31, 2022, the Company recognized the difference of \$2,186 as an increase to the operating lease liability; \$2,052, net of lease incentives, as an increase to operating lease right-of-use asset, and \$39 as a net increase to rent expense.

## Note 11. Debt

### Senior Secured Convertible Note

On August 9, 2022, TOI entered into a Facility Agreement (the "Facility Agreement") with certain lenders ("Lenders") and Deerfield Partners L.P. ("Agent"), pursuant to which, TOI borrowed cash loans from the Lenders in the amount of \$110,000, in exchange for which, TOI issued to each Lender a secured convertible promissory note ("Senior Secured Convertible Note"), which is payable to such Lenders in an amount equal to the unpaid principal amount of loans held by such Lender.

The Senior Secured Convertible Note will mature on August 9, 2027 (the "Maturity Date") and shall bear interest at the rate of 4.00% per annum from August 9, 2022, on the outstanding principal amount, any overdue interest and any other amounts and obligations. The interest shall be paid in cash quarterly in arrears commencing on October 1, 2022. In case of any

prepayment, repayment or redemption of the Senior Secured Convertible Note, the Company shall pay any accrued and unpaid interest on the principal, along with a make whole amount and an exit fee.

The Facility Agreement requires the Company to meet certain operational and reporting requirements, including, but not limited to, customary regulatory, financial reporting, and disclosure requirements. Additionally, limitations are placed on the Company's ability to merge with other companies and enter into other debt arrangements and permitted investments are limited to amounts specified in the Facility Agreement. The Facility Agreement also provides certain restrictions on dividend payments and other equity transactions and requires the Company to make prepayments under specified circumstances. Financial covenants in the Facility Agreement require the Company to maintain a minimum unrestricted cash and Cash Equivalent balance of \$40,000 and a minimum net quarterly revenues of \$50,000 during fiscal year 2023; \$75,000 during fiscal year 2024; and \$100,000 during fiscal year 2025. Cash Equivalents as defined by the Facility Agreement means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the United States federal government or (ii) issued by any agency of the United States federal government the obligations of which are fully backed by the full faith and credit of the United States federal government, (b) any readily-marketable direct obligations issued by any other agency of the United States federal government, any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case having a rating of at least "A-1" from S&P or at least "P-1" from Moody's, (c) any commercial paper rated at least "A-1" by S&P or "P-1" by Moody's and issued by any Person organized under the laws of any state of the United States, (d) any United States dollar-denominated time deposit, insured certificate of deposit, overnight bank deposit or bankers' acceptance issued or accepted by any commercial bank that (A) is organized under the laws of the United States, any state thereof or the District of Columbia, (B) is "adequately capitalized" (as defined in the regulations of its primary federal banking regulators) and (C) has Tier 1 capital (as defined in such regulations) in excess of \$250,000 and (e) shares of any United States money market fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clause (a), (b), (c) and/or (d) above with maturities as set forth in the proviso below, (ii) has net assets in excess of \$500,000 and (iii) has obtained from either S&P or Moody's the highest rating obtainable for money market funds in the United States; provided, however, that the maturities of all obligations specified in any of clause (a), (b), (c) and (d) above shall not exceed one year. Additionally, the Registration Rights Agreement requires the Company to have an effective registration statement and calls for payment should the registration statement cease to remain effective. The Company was in compliance with the covenants of the Facility Agreement as of December 31, 2023.

### ***Conversion Options***

The Senior Secured Convertible Note contains several embedded conversion options (the "Conversion Options") that grant the holders of the Senior Secured Convertible Note the ability to convert the Senior Secured Convertible Note at any time on or after date of issuance of the note. The Conversion Options are convertible into shares of the Company's common stock (such converted shares, "Conversion Shares") and, in certain circumstances, a combination of cash and shares of the Company's common stock, or a combination of cash, other assets and securities or other property of any Company successor entity. The Conversion Shares or settlement amounts shall be computed on the basis of predefined formulae, with a set conversion price of \$8.567 as one of the inputs and a conversion cap of 14,663,019 shares. The if-converted value did not exceed the principal amount as of December 31, 2023. No Conversion Shares were issued as of December 31, 2023.

The Company evaluated the Conversion Options of the Senior Secured Convertible Note under ASC 815 and concluded that they require bifurcation from the host contract as a separate unit of account. The Conversion Options do not meet the criteria to be classified in stockholders' equity and hence, are accounted for as a derivative liability remeasured at fair value at each balance sheet date with changes in fair value reported in earnings.

The Conversion Options contain certain limits on exercise if, after giving effect to the exercise, the Lender would beneficially own a number of shares of common stock of the Company in excess of those permissible under the terms of the Senior Secured Convertible Note. The number of shares to be issued against these notes and conversion price are each subject to adjustments provided under the terms of Senior Secured Convertible Note.

The holder shall receive dividends on the Senior Secured Convertible Note and distributions of any kind made to the holders of common stock, other than dividends of, or distributions in, shares, to the same extent as if the holder had converted the Senior Secured Convertible Note into such shares and had held such shares on the record date for such dividends and distributions any limitations on conversion options.

### ***Optional Redemption***

The Facility Agreement also provides the Company the right to redeem the outstanding principal amount of each note ("Optional Redemption") for the principal amount, plus undiscounted interest. The Company shall not affect any Optional Redemption under this Senior Secured Convertible Note unless along with this, the Company effects an optional redemption

under all other notes in accordance with the terms thereof, on a pro rata basis, based upon the respective applicable original principal amount of each of the notes outstanding as of the date the notice for Optional Redemption is delivered to the holders.

The Company evaluated the Optional Redemption feature of the Senior Secured Convertible Note under ASC 815 and concluded that it requires bifurcation from the host contract as a separate unit of account. The Optional Redemption feature does not meet the criteria to be classified in stockholders' equity and hence, is accounted for as a derivative liability remeasured at fair value at each balance sheet date with changes in fair value reported in earnings. The fair value of the Optional Redemption feature is de minimis.

If the principal redemption amount specified in an Optional Redemption notice is less than the entire principal amount then outstanding, the principal amount specified in each conversion notice shall be applied (i) first, to reduce, on a dollar-for-dollar basis, the principal amount of the note in excess of the principal redemption amount until such excess principal amount is reduced to zero and (ii) to reduce, on a dollar-for-dollar basis, the principal redemption amount until all of such principal redemption amount shall have been converted.

### ***Convertible Note Warrants***

The Facility Agreement also provides for the issuance of warrants (the "Convertible Note Warrants") on each date any principal amount of any Senior Secured Convertible Note is paid, repaid, redeemed, or prepaid at any time prior to the Maturity Date. Convertible Note Warrants are exercisable from their original issue date to August 9, 2027, for purchase of an aggregate amount of Conversion Shares into which such principal amount of Senior Secured Convertible Note was convertible into, immediately prior to such payment, at an exercise price of \$8.567. The holder of Convertible Note Warrants may pay the exercise price in cash or exercise the warrant on cashless basis or through a reduction of an amount of principal outstanding under any Senior Secured Convertible Note held by such holder. In the event that the Convertible Note Warrant has not been exercised in full as of the last business day during its term, the holder shall be deemed to have exercised the purchase rights represented by the Convertible Note Warrant in full as a cashless exercise, in which event the Company shall issue number of shares to the holder computed on the basis of a predefined formula.

The Company evaluated the Convertible Note Warrants of the Senior Secured Convertible Note under ASC 815 and concluded that they require bifurcation from the host contract as a separate unit of account. The Convertible Note Warrants do not meet the criteria to be classified in stockholders' equity and hence, are accounted for as a derivative liability remeasured at fair value at each balance sheet date with changes in fair value reported in earnings.

The Convertible Note Warrant holder shall be entitled to receive any dividend or distribution made by the Company to the holders of common stock to the same extent as if the holder had exercised the Convertible Note Warrants in full in a cash exercise.

The number of shares to be issued against these warrants and exercise price are each subject to adjustments provided under the terms of Convertible Note Warrants. The Convertible Note Warrants contain certain limits on exercise if, after giving effect to the exercise, the Lender would beneficially own a number of shares of common stock of the Company in excess of those permissible under the terms of the Convertible Note Warrants. Further, the Convertible Note Warrants can be fully or partially settled in cash in certain cases in accordance with the terms of issuance such as when shares issuable upon exercise of the warrants exceed a predefined number, upon occurrence of predefined event of default and upon occurrence of predefined events that will bring a fundamental change in the Company such as merger, consolidation, business combination, recapitalization, reorganization, reclassification or other similar event.

As of December 31, 2023, there are no Convertible Note Warrants outstanding.

### ***Allocation of Proceeds***

The Company has allocated total issuance proceeds of \$110,000 among the Senior Secured Convertible Note and Convertible Note Warrants based on fair value. Upon issuance of the Convertible Note Warrants, the Company recorded Convertible Note Warrants, Optional Redemption, and Conversion Options of \$0, \$0 and \$28,160, which were recorded as a debt discount to the Senior Secured Convertible Note of \$110,000. The Company will amortize the debt discount over a period of 5 years (of which 3.61 years remain).

The total issuance costs of \$4,924 was allocated among the Senior Secured Convertible Note, Convertible Note Warrants, Optional Redemption, and Conversion Options, by allocating costs of \$0, \$0, and \$1,261 to the Convertible Note Warrants, Optional Redemption, and Conversion Options with the residual cost of \$3,663 being allocated to the Senior Secured Convertible Note (in addition to the debt discount). The Company immediately expensed issuance costs allocated to Warrants,

Optional Redemption, and Conversion Options at inception and will amortize the costs allocated to the Senior Secured Convertible Note over a period of 5 years (of which 3.61 years remain).

***Amounts Outstanding and Recognized during the Periods Presented***

The Senior Secured Convertible Note as of December 31, 2023 consists of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Senior Secured Convertible Note, due August 9, 2027	\$ 110,000	\$ 110,000
Less: Unamortized debt issuance costs	2,875	3,454
Less: Unamortized debt discount	20,299	25,925
<b>Long-term debt, net of unamortized debt discount and issuance costs</b>	<b>\$ 86,826</b>	<b>\$ 80,621</b>

The amortization of the debt issuance costs was charged to interest expense for all periods presented. For the year ended December 31, 2023 and December 31, 2022, the effective yield was 13.38%. The amount of debt issuance costs included in interest expense for the year ended December 31, 2023 and December 31, 2022 was \$6,205 and \$2,444, respectively. The Company had interest expense of \$4,473 and \$1,772 on the Credit Agreement term loan for the years ended December 31, 2023 and December 31, 2022, respectively. The Company had \$1,124 and \$1,100 of accrued interest as of December 31, 2023 and December 31, 2022, respectively.

On August 9, 2022, the Company also entered into the Guarantee and Security Agreement (“Guarantee Agreement”) with the Agent for the purpose of providing a guarantee of all the obligations under the Facility Agreement (refer to Note 15. Commitments and Contingencies for detail).

***Debt Maturities***

The following table summarizes the stated debt maturity related to the Senior Secured Convertible Note as of December 31, 2023:

*(in thousands)*

2024	\$	—
2025		—
2026		—
2027		110,000
<b>Total debt</b>	<b>\$</b>	<b>110,000</b>

**PPP Loan**

The Company recorded a PPP loan as a result of the acquisition of the practice of Leo E. Orr, MD on November 12, 2021 with Pacific Western Bank in the amount of \$183, with interest bearing at 1%. The maturity date of the loan is October 24, 2026. The application for the PPP funds required an entity to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the entity. This certification further required the entity to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the entity having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. During the year ended December 31, 2022, the Company received notice of forgiveness of its PPP loan and accordingly has recognized the loan principal balance and accrued interest as a gain on loan forgiveness in the Consolidated Statement of Operations.

**Note 12. Income Taxes**

The components of the provision (benefit) for income taxes consists of:

(in thousands)

Year ended December 31, 2023:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
U.S. federal	\$ 83	\$ 2	\$ 85
State and local	(43)	(78)	(121)
	<u>\$ 40</u>	<u>\$ (76)</u>	<u>\$ (36)</u>

(in thousands)

Year ended December 31, 2022:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
U.S. federal	\$ —	\$ (135)	\$ (135)
State and local	20	(128)	(108)
	<u>\$ 20</u>	<u>\$ (263)</u>	<u>\$ (243)</u>

The Company's income tax expense differs from the amount that would have resulted from applying the federal statutory rate of 21% to pretax income from operations because of the effect of the following items:

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
(in thousands)		
Income tax at federal statutory rate	\$ (17,432)	\$ (19)
State tax, net federal benefit	(62)	(101)
Meals and entertainment	20	14
Transaction costs	30	684
Stock based compensation	1,970	1,411
Warrant expense	60	(387)
Earnout expense	(169)	(12,435)
162(m) Analysis	4	—
162(m) Deferred haircut	131	1,433
163(l) Interest expense limitation	2,242	885
DFP derivative expense	(184)	(5,082)
Goodwill impairment	—	569
Prior year deferred true-ups	(224)	(2,100)
Other state items	—	24
Amended return	40	—
Change in valuation allowance	13,538	14,856
Other	—	5
Income tax (benefit) expense	<u>\$ (36)</u>	<u>\$ (243)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2023 and 2022 are presented below.

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Deferred tax assets:		
Accrued Expenses	\$ 1,204	\$ 1,293
Net operating loss carryforwards	40,359	26,357
Impaired assets	—	1,313
Deferred revenue	160	334
Stock based compensation	4,969	3,497
Interest expense limitation	—	21
Charitable contributions	1	1
Tenant improvement allowance	(21)	(43)
ROU Lease liability	9,446	7,913
Financing lease liability	261	177
Unrealized gain/loss	42	112
Intangibles	7,736	2,530
Total gross deferred tax assets	64,157	43,505
Valuation allowance	(53,979)	(34,915)
Net deferred tax assets	\$ 10,178	\$ 8,590
Deferred tax liabilities:		
Property, plant, and equipment	\$ (1,595)	\$ (1,507)
ROU Asset	(8,363)	(7,013)
Financial lease asset	(261)	(176)
IRC 174 expenditures	9	(2)
Total gross deferred liabilities	\$ (10,210)	\$ (8,698)
<b>Net deferred tax liabilities</b>	<b>\$ (32)</b>	<b>\$ (108)</b>

The valuation allowance for deferred tax assets as of December 31, 2023 and 2022, was \$53,979 and \$34,915, respectively. The net change in the total valuation allowance was an increase of \$19,064 in 2023 and an increase of \$20,196 in 2022.

The valuation allowance at December 31, 2023 was primarily related to net operating loss carryforwards of TOI, Inc., TOI CA, TOI FL, TOI TX, that, in the judgment of management, are not more likely than not to be realized. Similar to 2022, TOI Inc., TOI CA, TOI FL, and TOI TX will continue to file a consolidated 2023 federal return and state income tax return. Accordingly, net operating losses of TOI CA, TOI FL, and TOI TX can offset taxable income of TOI Parent for federal and state tax purposes. Deferred tax assets and deferred tax liabilities have been separately determined for all groups, as has the valuation allowance assessment for each. The table above reflects the combined deferred tax assets, deferred tax liabilities, and valuation allowance for TOI Inc., TOI CA, TOI FL, and TOI TX. Of the \$53,979 total valuation allowance, \$38,505 is attributable to the Federal Group, \$4,695 is attributable to TOI Parent, \$10,698 is attributable to TOI CA, \$82 is attributable to TOI FL, and \$1 to TOI TX.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the effect of available carry back and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2023. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

At December 31, 2023, the Company has net operating loss carryforwards for Federal income tax purposes of \$139,195, with \$118,455 attributable to the Practice and \$20,740 attributable to TOI Parent, which are available to offset future Federal taxable income of the Practice and Parent indefinitely. The Company has net operating loss carryforwards for state income tax purposes of \$132,511, of which \$107,592 is attributable to the Practice and will begin to expire after 2040, and \$24,918 is attributable to Parent and will begin to expire after 2041.

Pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, and corresponding provisions of state law, if a corporation undergoes an “ownership change” (very generally defined as a greater than 50% change, by value, in the corporation’s equity ownership by certain stockholders or groups of stockholders over a rolling three-year period), the corporation’s ability to use its pre-ownership change NOLs to offset its post-ownership change income may be limited. In 2022 and 2023, we completed an ownership change analysis pursuant to IRC Section 382 of the Code for the period from September 10, 2018 through taxable year ended December 31, 2021 and from January 1, 2022 through taxable year ended December 31, 2022 in which we determined that the Company did not experience an ownership change. We do not anticipate a change in ownership during the year ended December 31, 2023. Additionally, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If it is determined that an ownership change has occurred as a result of the Business Combination or we undergo an ownership change in the future, we may be prevented from fully utilizing our NOLs existing at the time of the ownership change prior to their expiration.

The deferred tax asset associated with the Company’s federal and state net operating losses are fully offset by a valuation allowance. Due to the existence of the valuation allowance, future changes in the Company’s unrecognized tax benefits will not impact its effective tax rate. A summary of the changes in the amount of unrecognized tax benefits (excluding interest and penalties) for 2023 and 2022 is as follows:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Beginning balance of unrecognized tax benefits	\$ 99	\$ 99
Additions based on tax positions related to the current year	—	—
Reductions based on tax positions of prior years	—	—
Reductions due to lapse of applicable statute of limitation	—	—
Settlements	—	—
<b>Ending balance of unrecognized tax benefits</b>	<b>\$ 99</b>	<b>\$ 99</b>

The Company does not anticipate a significant change in the amount of its unrecognized tax within the next 12 months. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. Due to the Company’s NOL position, no interest or penalties have been recognized with respect to unrecognized tax benefits, as such amounts are considered immaterial. The Company includes unrecognized tax benefits within other non-current liabilities on its consolidated balance sheet.

The Company is subject to taxation in the U.S., California, Arizona, Florida, and Texas. As of December 31, 2023, the statute of limitations remains open for tax year 2019 through the current year.

### **Note 13. Stockholders' Equity**

#### ***Common Stock***

As of December 31, 2023 there were 75,879,025 shares issued and 74,145,251 shares outstanding of common stock. As of December 31, 2022, there were 73,265,621 shares issued and outstanding of common stock.

#### ***Voting shares***

The holders of the Company’s common stock are entitled to one vote for each share of common stock held at all meetings of stockholders (and written actions in lieu of meetings), and there is no cumulative voting.

#### ***Dividends***

Common stockholders are entitled to receive dividends whenever funds are legally available and when declared by the board of directors. No dividends have been declared as of December 31, 2023.

#### ***Preferred Stock***

Upon the Closing Date of the Business Combination, pursuant to the terms of the Amended and Restated Certificate of Incorporation, the Company authorized 10,000,000 shares of Series A Common Equivalent Preferred Stock (“preferred stock”) with a par value and liquidation preference of \$0.0001 per share. The Company’s board of directors has the authority, without further action by the stockholders to issue such shares of preferred stock in one or more series, to establish, from time to time the number of shares to be included in each such series, and to fix the dividend, voting, and other rights, preferences, and privileges of the shares. Immediately following the Closing Date and as of December 31, 2021, there were 163,510 shares of

preferred stock outstanding. As of December 31, 2023 and December 31, 2022, there were 165,045 shares of preferred stock outstanding.

### ***Conversion***

Each share of preferred stock is convertible, at any time on the part of the holder except with respect to the Beneficial Ownership Limitation (defined below), into 100 shares of common stock.

### ***Blocker/Beneficial Ownership Limitation***

The preferred stock is subject to a beneficial ownership limitation such that the preferred stock may not, at any time, be convertible into more than 4.9% of the total number of shares of common stock outstanding (“Beneficial Ownership Limitation”).

### ***Voting***

The holders of preferred stock do not have voting rights in the Company.

### ***Dividends***

The holders of preferred stock are entitled to receive dividends whenever funds are legally available and when declared by the board of directors on an as-converted basis. No dividends have been declared as of December 31, 2023.

### ***Assumed Public Warrants and Private Placement Warrants***

Following the consummation of the Business Combination, holders of the public warrants and private placement warrants are entitled to acquire common stock of the Company. The warrants became exercisable 30 days from the completion of the Business Combination, on December 12, 2021, and will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation. As of December 31, 2023, there are 5,749,986 public warrants outstanding and 3,177,542 private placement warrants outstanding.

Each warrant entitles the holder to purchase one share of common stock for \$11.50 per share. Private warrants held by the initial purchaser or certain permitted transferees may be exercised on a cashless basis.

If the reported last sale price of the common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders, the Company may redeem all the public warrants at a price of \$0.01 per warrant upon not less than 30 days’ prior written notice.

If the Company calls the public warrants for redemption, management will have the option to require all holders that wish to exercise the public warrants to do so on a cashless basis. The Company will not be required to net cash settle the warrants.

The private warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the private warrants are held by someone other than the initial purchasers of their permitted transferees, the private warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

### ***Share Repurchase Program***

On May 10, 2022, the Company's Board consented to the adoption and approval of the Share Repurchase Program, authorizing up to \$20,000 to be spent on the repurchase of the Company's common stock, expiring on December 31, 2022. The Company repurchased and immediately retired 1,500,000 shares of its common stock for \$8,745 from a related party (see Note 21) during the year ended December 31, 2022.

On June 14, 2023, the Company's Board approved a share repurchase program with authorization to purchase up to 5 million shares of the Company's stock. The Company repurchased 1,593,128 shares of its common stock for \$894 through one or more securities broker-dealers, in open market purchases and negotiated market purchases.

On August 28, 2023, the Company's Board approved a share repurchase program with authorization to purchase up to 2 million shares of the Company's common stock. The Company repurchased 140,646 shares of its common stock for \$125 through one or more securities broker-dealers, in open market purchases and negotiated market purchases.



The financial impact of the share buybacks, including the change in the number of outstanding shares and its effect on earnings per share (EPS), is disclosed in the earnings per share computation in accordance with ASC 260, Earnings Per Share.

## **Note 14. Share-Based Compensation**

### **Non-Qualified Stock Option Plan**

On January 2, 2019, the Company issued and adopted the 2019 Non-Qualified Stock Option Plan (the “2019 Plan”) to incentivize directors, consultants, advisors, and other key employees of the Company and its subsidiaries to continue their association by providing opportunities to participate in the ownership and further growth of the Company. The 2019 Plan provides for the grant of options (the “Stock Options”) to acquire common shares of the Company.

Stock Options are exercised from the pool of shares designated by the appropriate Committee of the Board of Directors. The grant-date fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The grant date fair value of the service vesting and the performance vesting options is recognized as an expense over the requisite service period or vesting period and upon the achievement of the performance condition deemed probable of being achieved, respectively. The exercise price of each Stock Option shall be determined by the Committee and may not be less than the fair market value of the common stock on the date of grant. Stock Options have 10-year terms, after which they expire and are no longer exercisable.

The total number of shares of common stock for which Stock Options may be granted under the 2019 Plan shall not exceed 13,640,000. The 2019 Plan was amended on November 6, 2020, pursuant to which the total number of common shares for which Stock Options may be granted under the 2019 Plan shall not exceed 15,640,000.

Stock Options become vested upon fulfillment of either service vesting conditions, performance vesting conditions, or both, as determined by the award agreement entered into by the Company and optionee. The service vesting requirement states that: (i) 25% of the service vesting options shall vest on the first anniversary of the grant date and (ii) the remaining 75% shall vest on an equal monthly-basis, so long as the optionee has remained continuously employed by the Company from the date of the award through the fourth anniversary of the grant date. The performance vesting requirement states that Stock Options shall vest upon sale of the Company only if the optionee has been continuously employed by the Company or its subsidiaries from the grant date through the date of such sale of the Company. For the awards vesting based on service conditions only and that have a graded vesting schedule, the Company recognizes compensation expense for vested awards in earnings, net of actual forfeitures in the period they occur, on a straight-line basis over the requisite service period.

### ***Conversion of the Stock Options***

In conjunction with the Business Combination, the Company amended and fully restated the 2019 Plan through the establishment of the 2021 Incentive Plan (“2021 Plan”). Pursuant to the 2021 Plan, each remaining legacy Stock Option from the 2019 Plan that was outstanding immediately prior to the Business Combination, whether vested or unvested, was converted into an option to purchase a number of shares of common stock (each such option, an “Exchanged Option”) equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Legacy TOI stockholders subject to such Stock Option immediately prior to the Business Combination, and (ii) an exercise price per share equal to (A) the exercise price per share of such Stock Option immediately prior to the consummation of the Business Combination, divided by (B) the Common Stock Exchange Ratio (“Stock Option Exchange Ratio”). Following the Business Combination, each Exchanged Option that was previously subject to time vesting only, will continue to be governed by the same terms and conditions (including vesting and exercisability terms) as were applicable to the corresponding former old Stock Option immediately prior to the consummation of the Business Combination. Each Exchanged Option that was previously subject to performance vesting, will no longer be subject to the sale of the Company, and was modified to include service requirements only, under which, the Exchange Options will vest on a monthly-basis, so long as the optionee has remained continuously employed by the Company from the date of the Business Combination through the third anniversary of the Closing Date. The Company treated the Exchanged Options that were previously subject to performance conditions as a new award granted at the Closing Date. The Exchanged Options that were previously subject to service vesting only were not modified as a result of the Business Combination.

As of the Closing Date, the 11,850 Stock Options outstanding under the 2019 Plan were converted into 6,925,219 Exchanged Options after effect of the Common Stock Exchange Ratio.

As of December 31, 2023, the total number of shares of common stock remaining available for future awards (e.g., non-qualified stock options, incentive stock options, restricted stock units, restricted stock awards) under the 2021 Plan is 6,008,329.

The weighted average assumptions used in the Black-Scholes-Merton option-pricing model for the units granted during the years ended December 31, 2023 and 2022 Stock Options are provided in the following table:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Valuation assumptions:		
Expected dividend yield	—%	—%
Expected volatility	56.2% to 64.0%	35.00% to 60.00%
Risk-free interest rate	3.40% to 4.30%	2.33% to 3.87%
Expected term (years)	6.25	5.75 to 6.65

The Company used the simplified method to calculate the expected term of stock option grants because sufficient historical exercise data was not available to provide a reasonable basis for the expected term. Under the simplified method, the expected term is estimated to be the mid-point between the vesting date and the contractual term of the option.

Stock option activity during the years ended December 31, 2023 and 2022 is as follows:

<b>Stock options</b>	<b>Number of shares</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>	<b>Aggregate intrinsic value (in thousands)</b>
Balance at January 1, 2023	8,049,474	\$ 2.14		
Granted	1,979,203	0.50		
Exercised	(138,315)	0.91		
Forfeited	(1,225,337)	2.36		
Expired	(139,763)	2.18		
<b>Balance at December 31, 2023</b>	<b>8,525,262</b>	<b>\$ 1.74</b>	<b>7.04</b>	<b>\$ 8,220</b>
Vested Options Exercisable at December 31, 2023	4,598,066	\$ 1.60	6.05	\$ 4,550

<b>Stock options</b>	<b>Number of shares</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>	<b>Aggregate intrinsic value (in thousands)</b>
Balance at January 1, 2022	6,921,180	\$ 0.88		
Granted	2,940,064	4.67		
Exercised	(973,389)	0.90		
Forfeited	(836,505)	2.35		
Expired	(1,876)	0.97		
<b>Balance at December 31, 2022</b>	<b>8,049,474</b>	<b>\$ 2.14</b>	<b>7.64</b>	<b>\$ 4,081</b>
Vested Options Exercisable at December 31, 2022	2,860,085	\$ 1.34	6.90	\$ 2,061

Total share-based compensation expense during the years ended December 31, 2023 and 2022 was \$10,342 and \$11,602, respectively, excluding costs associated with rolled over units and new units issued or replaced in connection with the Business Combination, respectively.

At December 31, 2023 there was \$10,591 of total unrecognized compensation cost related to unvested service Stock Options granted under the 2021 Plan and 2019 Plan that are expected to vest. That cost is expected to be recognized over a weighted average period of 2.42 years as of December 31, 2023. During the year ended December 31, 2023, the Company received \$126 in cash and \$132 in tax benefit from the stock options exercised. The total fair value of common shares vested during the years ended December 31, 2023 and 2022 was \$3,942 and \$2,951, respectively.

#### **Restricted Stock Awards (“RSAs”) and Restricted Stock Units (“RSUs”)**

Agajanian Holdings (“Holdings”), a holder of Series A Preferred Stock of Legacy TOI, entered into arrangements with physicians employed by the TOI PCs to issue RSAs which represent Series A Preferred Stock of Legacy TOI. The Legacy TOI

RSAs only have performance vesting requirements linked to the sale of the Company so long as the grantee remains continuously and actively employed by the Company's subsidiaries through the vesting date.

### ***Conversion of the RSAs***

Each of the Legacy TOI RSAs, from the Plan that was outstanding immediately prior to the Business Combination, whether vested or unvested, was converted into an RSU equal to the product (rounded down to the nearest whole number) of (i) the number of shares of RSAs immediately prior to the Business Combination, (ii) conversion rate of 1:10 of the Series A Preferred Stock of Legacy TOI, and (iii) the Common Stock Exchange Ratio. Following the Business Combination, each RSU is no longer subject to the sale of the Company event in order to vest, but was modified to include service requirements only. The service vesting requirement states that: (i) 16.67% of the RSUs shall vest on the sixth month anniversary of the Closing Date, and (ii) the remaining 83.33% shall vest on an equal quarterly-basis, so long as the grantee has remained continuously employed by the Company from the date of the award through the third anniversary of the grant date. The Company treated the RSUs that were previously subject to performance conditions as a new award granted at the Closing Date. All RSAs activity was retroactively restated to reflect the RSUs.

As of the Closing Date, the 2,210 RSAs outstanding under the Plan were converted into 1,291,492 RSUs upon the completion of the Business Combination after effect of the Common Stock Exchange Ratio.

The weighted-average grant date fair values of the RSUs granted during the year ended December 31, 2023 and 2022 were determined to be \$0.83 and \$5.74, respectively, based on the fair value of the Company's common shares at the grant date.

A summary of the activity for the RSUs and RSAs for the years ended December 31, 2023 and 2022, respectively, are shown in the following tables:

	<b>Year Ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>	<b>Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested at beginning of year	2,106,540	\$ 7.25	1,291,492	\$ 10.98
Granted	2,332,757	0.83	2,163,135	5.74
Vested	(1,501,805)	3.04	(760,973)	9.31
Forfeited	(761,070)	4.23	(587,114)	7.21
<b>Unvested at end of year</b>	<b>2,176,422</b>	<b>\$ 3.50</b>	<b>2,106,540</b>	<b>\$ 7.25</b>

The total share-based compensation expense during the year ended December 31, 2023 was \$5,959 related to the RSUs. The total share-based compensation expense during the year ended December 31, 2022 was \$8,284 related to the RSUs.

As of December 31, 2023, there was \$7,620 of unrecognized compensation expense related to the RSUs and RSAs that are expected to vest. That cost is expected to be recognized over a weighted average period of 2.00 years as of December 31, 2023.

### ***RSUs granted to Medical Employees and Nonemployees***

In 2022, the Company entered into arrangements with certain medical directors and supervisors of advanced practice providers employed by or engaged as independent contractors of TOI to issue RSUs of the Company ("Medical RSUs"). Vesting on each annual Medical RSU award is dependent on the participant performing a specified minimum number of service hours during the calendar year ("one-Year Term") and further contingent upon the participant's continued service to, or employment by, the Company through the grant date. The Company's regular grant date for these Medical RSU awards is in the first quarter of the calendar year following the one-Year Term.

The number of Medical RSUs granted to each such participant is determined by dividing a fixed monetary value by the trailing five-day closing price per share of the Common Stock preceding the grant date. Due to the calculation, some Medical RSU awards are liability-classified whereas other Medical RSU awards have a fixed number of shares and are equity-classified.

In the fourth quarter of 2022, the Company amended the terms of Medical RSUs previously issued to approximately 21 participants during the first quarter of 2022. The amendment primarily updated the vesting period and conditions. The original terms of the Medical RSU awards were deemed improbable of vesting at the modification date whereas the amended Medical RSU awards were deemed probable of vesting at the modification date, and thus are a Type III modification under ASC 718.

The modification to the Medical RSUs resulted in \$187 incremental share-based compensation expense before forfeitures, \$(11) after accounting for forfeitures related to participants who did not perform the minimum number of service hours specified, recorded in the Company's Statement of Operations.

The total fair value of the liability-classified Medical RSU awards granted in 2022 and outstanding as of December 31, 2022 was approximately \$264, which represents the fixed monetary value of the awards. There are no Medical RSU awards outstanding as of December 31, 2023. The weighted-average grant-date fair value, based on the Company's share price on the modification date, was \$3.56 for equity-classified Medical RSUs granted during 2022 and outstanding as of December 31, 2022.

A summary of the activity for the equity-classified Medical RSUs for the year ended December 31, 2023 is shown in the following table:

	<u>Number of Shares</u>
Balance at January 1, 2022	—
Granted	208,881
Vested	—
Forfeited	(61,411)
<b>Balance at December 31, 2022</b>	<u>147,470</u>
Granted	824,288
Vested	(971,758)
Forfeited	—
<b>Balance at December 31, 2023</b>	<u><u>—</u></u>

Total compensation costs for Medical RSUs were \$872 and \$618 for the years ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, all Medical RSUs have vested.

#### **Earnout Shares granted to Employees**

As described in Note 2, the Company issued Earnout Shares to Legacy TOI option holders and Legacy RSU holders ("Option-holders Earnout" and "RSU-holders Earnout", respectively, together "Employees Earnout Shares").

The Option-holders Earnout vests upon the Company common stock achieving the price per share as provided above, so long as the optionee has remained continuously employed by the Company at that date. The RSU-holders Earnout vests upon (a) the Company common stock achieving the price per share as provided above, and (b) the underlying RSU vested, so long as the optionee has remained continuously employed by the Company at that date.

The grant date fair value of the First Earnout Tranche and Second Earnout Tranche as of Closing Date was determined to be \$8.35 and \$6.76, respectively.

A summary of the activity for the Employees Earnout Shares for the years ended December 31, 2023 and 2022 is shown in the following tables:

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Outstanding at beginning of year	1,417,632	1,602,435
Granted	—	—
Forfeited	(16,568)	(184,803)
<b>Outstanding at end of year</b>	<u><u>1,401,064</u></u>	<u><u>1,417,632</u></u>

The total share-based compensation expense related to the Employees Earnout Shares during the years ended December 31, 2023 and 2022 was \$375 and \$7,911, respectively.

As of December 31, 2023, there was \$87 of unrecognized compensation expense related to the Employees Earnout Shares, that are expected to vest. That cost is expected to be recognized over a weighted average period of 0.29 years as of December 31, 2023. As of December 31, 2023, none of the Employee Earnout Shares have vested.

## **Note 15. Commitments and Contingencies**

The Company evaluates contingencies based upon available evidence. In addition, allowances for losses are provided each year for disputed items which have continuing significance. The Company believes that allowances for losses have been provided to the extent necessary, and that its assessment of contingencies is reasonable. Due to the inherent uncertainties and subjectivity involved in accounting for contingencies, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. To the extent that the resolution of contingencies results in amounts which vary from management's estimates, future operating results will be charged or credited. The principal commitments and contingencies are described below.

### **Legal Matters**

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of Management, the outcome of such matters will not have a material effect on the Company's consolidated financial statements. Loss contingencies entail uncertainty and a possibility of loss to an entity. If the loss is probable and the amount of loss can be reasonably estimated, the loss should be accrued according to Accounting Standards Codification No. 450-20, *Disclosure of Certain Loss Contingencies*.

The Company's Articles of Incorporation and bylaws require it, among other things, to indemnify the director or officer against specified expenses and liabilities, such as attorneys' fees, judgments, fines, and settlements, paid by the individual in connection with any action, suit, or proceeding arising out of the individual's status or service as its director or officer, other than liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberately dishonest, and to advance expenses incurred by the individual in connection with any proceeding against the individual with respect to which the individual may be entitled to indemnification by the Company. The Company also indemnifies its lessor in connection with its facility lease for certain claims arising from the use of the facilities. These indemnities do not provide for any limitation of the maximum potential future payments it could be obligated to make. Historically, the Company has not incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities in the accompanying consolidated balance sheets.

### **The Health Insurance Portability and Accountability Act**

The Health Insurance Portability and Accountability Act ("HIPAA") assures health insurance portability, reduces healthcare fraud and abuse, guarantees security and privacy of health information, and enforces standards for health information. Organizations are required to be in compliance with HIPAA provisions. The Health Information Technology for Economic and Clinical Health Act ("HITECH") imposes notification requirements in the event of certain security breaches relating to protected health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. The Company believes it is in compliance with these laws.

### **Regulatory Matters**

Laws and regulations governing the Medicare program and healthcare generally, are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medi-Cal programs.

Many of the Company's payor and provider contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of medical services. Such differing interpretations may not come to light until a substantial period of time has passed following contract implementation. Liabilities for claims disputes are recorded when the loss is probable and can be estimated. Any adjustments to reserves are reflected in current operations. The Company does not have any reserves for regulatory matters as of December 31, 2023 and December 31, 2022.

### **Liability Insurance**

The Company believes that its insurance coverage is appropriate based upon the Company's claims experience and the nature and risks of the Company's business. In addition to the known incidents that have resulted in the assertion of claims, the Company cannot be certain that its insurance coverage will be adequate to cover liabilities, arising out of claims asserted against the Company or the Company's affiliated professional organizations, in the future where the outcomes of such claims are unfavorable.

The Company believes that the ultimate resolution of all pending claims, including liabilities in excess of the Company's insurance coverage, will not have a material adverse effect on the Company's financial position, results of operations or cash flows; however, there can be no assurance that future claims will not have such a material adverse effect on the Company's business. Contracted physicians are required to obtain their own insurance coverage.

## **Guarantees**

The Company, along with certain of the Company's subsidiaries from time to time party to the Facility Agreement ("Guarantors"), has pledged a first priority perfected lien on substantially all of their respective personal and real property, as collateral security for the payment of outstanding obligations, under the Facility Agreement.

## **Note 16. Business Combinations**

During the year ended December 31, 2022, the Company closed on five business combinations and one asset acquisition, consistent with the intent to strategically grow its existing markets and expand into new markets. During the year ended December 31, 2023, the Company closed on two business combinations and no asset acquisitions.

### **Practice Acquisitions**

For the acquisition of various clinical practices, the Company applied the acquisition method of accounting, where the total purchase price was allocated, or preliminarily allocated, to the tangible and intangible assets acquired and liabilities assumed, based on their fair values as of the acquisition dates.

#### ***Perkins Practice Acquisition***

On April 30, 2022 ("Perkins Acquisition Date"), the Company acquired certain non-clinical assets of California Oncology of the Central Valley Medical Group, Inc., (the "Perkins Practice") from Christopher Perkins, M.D. ("Dr. Perkins"). Further, TOI CA acquired certain clinical assets of the Perkins Practice from Dr. Perkins. In conjunction with the acquisition, the Company also entered into a Professional Service Agreement with Oncology Associates of Fresno Medical Group, Inc. Intangible assets were recognized pursuant to the acquisition in the form of trade names of \$2,480 and clinical contracts of \$70, with weighted average amortization periods of 10 years and 5 years respectively. The Company transferred cash consideration of \$8,920 and contingent consideration of \$2,000 to Dr. Perkins for the purchase. The contingent cash consideration was to be paid in two equal installments on the first and second anniversary of the transaction closing date (April 29, 2023 and 2024, respectively), pending Dr. Perkins' continued employment at that time. Dr. Perkins terminated his employment with the Company before the first anniversary date, therefore no contingent consideration is payable as of December 31, 2023.

The Perkins Practice Acquisition was determined to constitute a business combination in accordance with ASC 805.

#### ***Parikh Practice Acquisition***

On July 22, 2022 ("Parikh Acquisition Date"), the Company acquired certain non-clinical assets of Nutan K. Parikh, M.D., LTD., (the "Parikh Practice") from Nutan K. Parikh, M.D. ("Dr. Parikh"). Further, TOI CA acquired certain clinical assets of the Parikh Practice from Dr. Parikh. Intangible assets of \$20 were recognized pursuant to the acquisition in the form of clinical contracts with a weighted average amortization period of 3 years. The Company transferred cash consideration of \$1,908 and contingent consideration of \$400 to Dr. Parikh for the purchase. The contingent cash consideration is to be paid in two equal installments on the first and second anniversary of the transaction closing date (July 22, 2023 and 2024, respectively), pending Dr. Parikh's continued employment at that time. As of December 31, 2023, the Company paid its first installment of the contingent cash consideration. The contingent consideration is accounted for as post-combination compensation expense to Dr. Parikh.

The Parikh Practice Acquisition was determined to constitute a business combination in accordance with ASC 805.

#### ***Barreras Practice Acquisition***

On August 30, 2022 ("Barreras Acquisition Date"), the Company acquired certain non-clinical assets of Broward Oncology Associates, P.A., (the "Barreras Practice") from Luis Barreras, M.D. ("Dr. Barreras"). Further, TOI FL acquired certain clinical assets of the Barreras Practice from Dr. Barreras. Intangible assets of \$3 were recognized pursuant to the acquisition in the form of clinical contracts with a weighted average amortization period of 5 years. The Company transferred cash consideration of \$929 and contingent consideration of \$250 to Dr. Barreras for the purchase. The contingent cash consideration is to be paid in two equal installments on the first and second anniversary of the transaction closing date (August 30, 2023 and 2024, respectively), pending Dr. Barreras's continued employment at that time. As of December 31, 2023, the Company paid its first

installment of the contingent cash consideration. The contingent consideration is accounted for as post-combination compensation expense to Dr. Barreras.

The Barreras Practice Acquisition was determined to constitute a business combination in accordance with ASC 805.

### ***De La Rosa Costa Practice Acquisition***

On October 7, 2022 ("De La Rosa Costa Acquisition Date"), the Company acquired certain non-clinical assets of Pedro De La Rosa Costa, M.D. PA, (the "De La Rosa Costa Practice") from Pedro U De La Rosa Costa, M.D. ("Dr. De La Rosa Costa"). Further, TOI FL acquired certain clinical assets of the De La Rosa Costa Practice from Dr. De La Rosa Costa. The Company transferred cash consideration of \$25 to Dr. De La Rosa Costa for the purchase.

The De La Rosa Costa Practice Acquisition was determined to constitute a business combination in accordance with ASC 805.

### ***Hashimi Practice Acquisition***

On November 21, 2022 ("Hashimi Acquisition Date"), the Company acquired certain non-clinical assets of Intercommunity Oncology of Chino Hills, A.P.C., Inc., (the "Hashimi Practice") from Labib Hashimi, M.D. ("Dr. Hashimi"). Further, TOI CA acquired certain clinical assets of the Hashimi Practice from Dr. Hashimi. Intangible assets of \$24 were recognized pursuant to the acquisition in the form of clinical contracts with a weighted average amortization period of 5 years. The Company transferred cash consideration of \$445 and contingent consideration of \$150 to Dr. Hashimi for the purchase. The contingent cash consideration is to be paid in three equal installments on the first, second, and third anniversary of the transaction closing date (November 21, 2023, 2024, and 2025, respectively), pending Dr. Hashimi's continued employment at that time. The contingent consideration is accounted for as post-combination compensation expense to Dr. Hashimi.

The Hashimi Practice Acquisition was determined to constitute a business combination in accordance with ASC 805.

### ***Southland Practice Acquisition***

On June 5, 2023 ("Southland Acquisition Date"), the Company acquired certain non-clinical assets of Covina Cancer Care Medical Center Inc. d/b/a Southland Radiation Oncology Network from Arvind Lapsiwala, M.D. ("Dr. Arvind"). Intangible assets of \$2,844 were provisionally recognized pursuant to the acquisition in the form of payor contracts and non-compete agreements with a weighted average amortization period of 18 and 5 years, respectively. The Company transferred purchase considerations that consisted of \$4,300 in cash paid upon closing and contingent consideration of \$2,072. The deferred contingent cash consideration represents a fixed amount that is contingent upon the non-cancellation of the Transition Services Agreement by the seller. The fair value of the deferred cash consideration liability was determined to be \$1,813 at the acquisition date. The contingent cash consideration is to be paid in full on the first anniversary of the transaction closing date (June 5, 2024), pending non-cancellation of the services agreement.

The Southland Practice Acquisition was determined to constitute a business combination in accordance with ASC 805. The deferred cash consideration liability will be remeasured at each reporting period until the contingent milestone is achieved or the liability is settled. Any changes in the fair value of the deferred cash consideration liability will be provisionally recognized in the Consolidated Statements of Operations. The Company recognized \$131 for the period ended December 31, 2023 in the Consolidated Statements of Operations for the change in fair value for the deferred cash consideration liability. The fair value of the deferred cash consideration liability was \$1,944 at December 31, 2023.

### ***Bolsa Pharmacy Acquisition***

On November 28, 2023 ("Bolsa Acquisition Date"), the Company acquired certain clinical and non-clinical assets of Bolsa Medical Pharmacy. Intangible assets of \$113 were provisionally recognized pursuant to the acquisition in the form of clinical contracts and licenses with a weighted average amortization period of 10 and 2 years, respectively. The Company transferred purchase consideration of \$157 in cash paid upon closing.

The Bolsa Practice Acquisition was determined to constitute a business combination in accordance with ASC 805.

### ***Summary of Consideration Transferred***

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Such assets include synergies the Company expects to achieve, such as the use of the Company's existing infrastructure to support the added membership, and future economic benefits arising from the assembled workforce. The purchase consideration for the acquisitions has been allocated under the acquisition method of accounting to the estimated fair

market value of the net assets acquired including a residual amount to goodwill, which is expected to be deductible for tax purposes, as noted in the fair value table below.

Acquisition costs amounted to \$114 and \$790 for the years ended December 31, 2023 and 2022 respectively, and were recorded as “General and administrative expenses” in the accompanying Consolidated Statements of Operations.

The following table summarizes the fair values assigned to identifiable assets acquired and liabilities assumed.

<i>(in thousands)</i>	<b>Perkins</b>	<b>Parikh</b>	<b>Barreras</b>	<b>De La Rosa Costa</b>	<b>Hashimi</b>	<b>Southland provisional</b>	<b>Bolsa provisional</b>	<b>Total</b>
<b>Consideration:</b>								
Cash	\$ 8,920	\$ 1,908	\$ 929	\$ 25	\$ 445	\$ 4,300	\$ 157	\$ 16,684
Deferred	—	—	—	—	—	1,813	—	1,813
<b>Fair value of total consideration transferred</b>	<b>\$ 8,920</b>	<b>\$ 1,908</b>	<b>\$ 929</b>	<b>\$ 25</b>	<b>\$ 445</b>	<b>\$ 6,113</b>	<b>\$ 157</b>	<b>\$ 18,497</b>
<b>Estimated fair value of identifiable assets acquired and liabilities assumed:</b>								
Inventory	\$ 408	\$ 307	\$ 279	\$ —	\$ 95	\$ —	\$ 32	\$ 1,121
Property and equipment, net	123	15	23	—	5	590	12	768
Operating right of use assets	447	1,118	83	6	88	4,246	44	6,032
Clinical contracts and noncompetes	70	20	3	—	24	2,844	113	3,074
Trade names	2,480	—	—	—	—	—	—	2,480
Goodwill	5,851	1,566	624	25	321	2,679	—	11,066
<b>Total assets acquired</b>	<b>9,379</b>	<b>3,026</b>	<b>1,012</b>	<b>31</b>	<b>533</b>	<b>10,359</b>	<b>201</b>	<b>24,541</b>
Current portion of operating lease liabilities	135	169	60	6	26	378	27	801
Accrued liabilities	12	—	—	—	—	—	—	12
Operating lease liabilities	312	949	23	—	62	3,868	17	5,231
<b>Total liabilities assumed</b>	<b>459</b>	<b>1,118</b>	<b>83</b>	<b>6</b>	<b>88</b>	<b>4,246</b>	<b>44</b>	<b>6,044</b>
<b>Net assets acquired</b>	<b>\$ 8,920</b>	<b>\$ 1,908</b>	<b>\$ 929</b>	<b>\$ 25</b>	<b>\$ 445</b>	<b>\$ 6,113</b>	<b>\$ 157</b>	<b>\$ 18,497</b>

The establishment of the allocation to goodwill requires the extensive use of accounting estimates and management judgement. The fair values assigned to the assets acquired are based on estimates and assumptions from data that is readily available.

### ***Summary of Unaudited Supplemental Pro Forma Information***

The Company recognized \$2,921 cumulative revenue and \$1,723 cumulative net income in its Consolidated Statement of Operations for the year ended December 31, 2023, from the clinical practices acquired during the year ended December 31, 2023.

The Company recognized \$12,981 cumulative revenue and \$5 cumulative net loss in its Consolidated Statement of Operations for the year ended December 31, 2022, from the clinical practices acquired during the year ended December 31, 2022.

The pro forma results presented below include the effects of the Acquisitions which occurred during the year ended December 31, 2023, as if they had occurred on January 1, 2022. The pro forma results for the year ended December 31, 2023 and 2022 include the additional amortization resulting from the adjustments to the value of intangible assets resulting from purchase accounting. The pro forma results do not include any anticipated synergies or other expected benefits of the acquisitions. The pro forma information does not purport to be indicative of what the Company's results of operations would



have been if the acquisitions had in fact occurred at the beginning of the period presented and is not intended to be a projection of the Company's future results of operations. Transaction expenses are included within the pro forma results.

<i>(in thousands)</i>	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ 326,349	\$ 256,756
Net income (loss)	\$ (83,177)	\$ 38

### ***Sapra Asset Acquisition***

On July 1, 2022 ("Sapra Acquisition Date"), the Company acquired certain clinical assets of Ranjan K. Sapra, M.D. (the "Sapra Practice") from Ranjan K. Sapra, M.D. ("Dr. Sapra"). The Company transferred cash consideration of \$1 to Dr. Sapra for the purchase, which was assigned to property and equipment.

### **Note 17. Variable Interest Entities**

The Company prepares its consolidated financial statements in accordance with Accounting Standards Codification Topic No. 810, *Consolidations* ("ASC 810"), which provides for the consolidation of VIEs of which an entity is the primary beneficiary.

Pursuant to the MSAs established with the TOI PCs, TOI Management is entitled to receive a management fee, which represents a variable interest in and the right to receive the benefits of the TOI PCs. Through the terms of the MSAs, TOI Management receives the right to direct the most significant activities of the TOI PCs. Therefore, the TOI PCs are variable interest entities and TOI Management is the primary beneficiary that consolidates the TOI PCs, and their subsidiaries.

The consolidated financial statements include the accounts of TOI and its subsidiaries and VIEs. All inter-company profits, transactions, and balances have been eliminated upon consolidation.

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Assets		
Current assets:		
Cash	\$ 2,282	\$ 1,070
Accounts receivable, net	45,175	39,817
Other receivables	129	220
Inventories	13,646	9,262
Prepaid expenses and other current assets	1,136	841
<b>Total current assets</b>	<b>62,368</b>	<b>51,210</b>
Property and equipment, net	105	168
Other assets	525	441
Intangible assets, net	5,628	3,343
Goodwill	2,679	15,832
<b>Total assets</b>	<b>\$ 71,305</b>	<b>\$ 70,994</b>
Liabilities		
Current liabilities:		
Accounts payable	\$ 12,729	\$ 8,296
Income taxes payable	—	132
Accrued expenses and other current liabilities	8,413	5,129
Amounts due to affiliates	189,048	140,218
<b>Total current liabilities</b>	<b>210,190</b>	<b>153,775</b>
Other non-current liabilities	211	739
Deferred income taxes liability	21	58
<b>Total liabilities</b>	<b>\$ 210,422</b>	<b>\$ 154,572</b>

Single physician holders, who are officers of the Company, retain equity ownership in TOI CA, TOI FL and TOI TX, which represents nominal noncontrolling interests. The noncontrolling interests do not participate in the profit or loss of TOI CA, TOI FL, or TOI TX, however.

### Note 18. Goodwill and Intangible Assets

The Company accounts for goodwill at acquisition-date fair value, net of impairments recognized and other intangible assets at acquisition-date fair value less accumulated amortization. See Note 2 for a summary of the Company's policies relating to goodwill and intangible assets, as well as a discussion of the goodwill impairment charges recorded for the years ended December 31, 2023 and December 31, 2022.

#### Intangible Assets

As of December 31, 2023, the Company's intangible assets, net consists of the following:

<i>(in thousands)</i>	<b>Weighted average amortization period</b>	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
Intangible assets				
Amortizing intangible assets:				
Payor contracts	13 years	\$ 22,191	\$ (10,014)	\$ 12,177
Trade names	10 years	6,650	(2,594)	4,056
Clinical contracts and noncompetes	8 years	3,191	(1,520)	1,671
<b>Total intangible assets</b>		<b>\$ 32,032</b>	<b>\$ (14,128)</b>	<b>\$ 17,904</b>

As of December 31, 2022, the Company's intangible assets, net consists of the following:

<i>(in thousands)</i>	<b>Weighted average amortization period</b>	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
Intangible assets				
Amortizing intangible assets:				
Payor contracts	10 years	\$ 19,400	\$ (8,038)	\$ 11,362
Trade names	10 years	6,650	(1,941)	4,709
Clinical contracts and noncompetes	8 years	3,025	(1,139)	1,886
<b>Total intangible assets</b>		<b>\$ 29,075</b>	<b>\$ (11,118)</b>	<b>\$ 17,957</b>

The estimated aggregate amortization expense for each of the five succeeding fiscal years as of December 31, 2023 is as follows:

<i>(in thousands)</i>	<b>Amount</b>
Year ending December 31:	
2024	\$ 3,078
2025	3,075
2026	3,050
2027	2,923
2028	2,818
Thereafter	2,960
<b>Total</b>	<b>\$ 17,904</b>

The aggregate amortization expense during the year ended December 31, 2023 and 2022 were \$3,009 and \$2,885, respectively.

## Goodwill

The Company evaluates goodwill at the reporting unit level, which, for the Company, is at the level of the reportable segments of patient services, dispensary, and clinical trials & other. The goodwill allocated to each of the reporting units as of December 31, 2023 and December 31, 2022 is as follows:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Patient services	\$ 2,679	\$ 16,235
Dispensary	4,551	4,551
Clinical trials & other	—	632
<b>Total goodwill</b>	<b>\$ 7,230</b>	<b>\$ 21,418</b>

The changes in the carrying amounts of goodwill for the year ended December 31, 2023 and December 31, 2022 are as follows:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Balance as of January 1:	\$ 21,418	\$ 26,626
Goodwill acquired	2,679	4,736
Goodwill impairment charges (see Note 2)	(16,867)	(9,944)
<b>Goodwill, net as of December 31</b>	<b>\$ 7,230</b>	<b>\$ 21,418</b>

The accumulated goodwill impairment for patient services was \$26,179 and \$9,944, and \$0 as of December 31, 2023, December 31, 2022, and January 1, 2022, respectively. The accumulated goodwill impairment for clinical trials & others was \$632, \$0, and \$0 as of December 31, 2023, December 31, 2022, and January 1, 2022, respectively. There was no accumulated goodwill impairment for dispensary as of December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

### Note 19. Net Income (Loss) Per Share

The following table sets forth the computation of the Company's basic net income (loss) per share to common stockholders for the years ended December 31, 2023 and 2022.

<i>(in thousands, except share data)</i>	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income (loss) attributable to TOI	\$ (83,068)	\$ 152
Less: Deemed dividend	—	64
Net income (loss) attributable to TOI available for distribution	(83,068)	88
Net income (loss) attributable to participating securities, basic	(15,191)	20
<b>Net income (loss) attributable to common stockholders, basic</b>	<b>\$ (67,877)</b>	<b>\$ 68</b>
Weighted average common shares outstanding, basic	73,748,660	72,793,497
<b>Net income (loss) per share attributable to common stockholders, basic</b>	<b>\$ (0.92)</b>	<b>\$ —</b>

The following table sets forth the computation of the Company's diluted net loss per share to common stockholders for the years ended December 31, 2023 and 2022.

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<i>(in thousands, except share data)</i>		
Net income (loss) attributable to TOI	\$ (83,068)	\$ 152
Less: Deemed dividend	—	64
Less: Change in fair value of convertible option derivative liabilities <sup>(1)</sup>	—	20,656
Net loss attributable to TOI available for distribution	(83,068)	(20,568)
Net loss attributable to participating securities, diluted	(15,191)	(3,588)
<b>Net loss attributable to common stockholders, diluted</b>	<b>\$ (67,877)</b>	<b>\$ (16,980)</b>
Weighted average common shares outstanding, basic	73,748,660	72,793,497
Dilutive effect of stock options	—	2,572,570
Dilutive effect of RSUs	—	77,717
Dilutive effect of Medical RSUs	—	61,007
Dilutive effect of convertible note	—	5,100,809
Weighted average shares outstanding, diluted	73,748,660	80,605,600
<b>Net loss per share attributable to common stockholders, diluted</b>	<b>\$ (0.92)</b>	<b>\$ (0.21)</b>

<sup>(1)</sup> Inclusive of interest expense and amortization of debt issuance cost and debt discount related to the Senior Secured Convertible Note.

The following potentially dilutive outstanding securities were excluded from the computation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Convertible note	12,839,967	—
Stock options	8,525,262	4,461,592
RSUs	2,176,422	1,677,516
Medical RSUs	—	301,396
Earnout Shares	1,401,064	1,417,632
Public Warrants	5,749,986	5,749,986
Private Warrants	3,177,542	3,177,542

## Note 20. Segment Information

The Company operates its business and reports its results through three operating and reportable segments: dispensary, patient services, and clinical trials & other in accordance with ASC 280. See Note 2 for a summary of the Company's policy on segment information.

Summarized financial information for the Company's segments is shown in the following tables:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<i>(in thousands)</i>		
Revenue		
Patient services	\$ 213,504	\$ 166,785
Dispensary	103,835	79,343
Clinical trials & other	6,900	6,355
<b>Consolidated revenue</b>	<b>324,239</b>	<b>252,483</b>
Direct costs		
Patient services	181,017	134,761
Dispensary	83,071	65,111

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<i>(in thousands)</i>		
Clinical trials & other	578	518
<b>Total segment direct costs</b>	<b>264,666</b>	<b>200,390</b>
Depreciation expense		
Patient services	2,156	1,202
Dispensary	106	4
Clinical trials & other	1	1
<b>Total segment depreciation expense</b>	<b>2,263</b>	<b>1,207</b>
Amortization of intangible assets		
Patient services	2,799	2,675
Clinical trials & other	210	211
<b>Total segment amortization</b>	<b>3,009</b>	<b>2,886</b>
Operating income		
Patient services	27,532	28,147
Dispensary	20,658	14,228
Clinical trials & other	6,111	5,625
<b>Total segment operating income</b>	<b>54,301</b>	<b>48,000</b>
Goodwill impairment charges		
Patient services	16,235	9,944
Clinical trials & other	632	—
<b>Total impairment charges</b>	<b>16,867</b>	<b>9,944</b>
Selling, general and administrative expense	113,851	119,689
Non-segment depreciation and amortization	601	318
<b>Total consolidated operating loss</b>	<b>\$ (77,018)</b>	<b>\$ (81,951)</b>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
<i>(in thousands)</i>		
Assets		
Patient services	\$ 73,551	\$ 64,869
Dispensary	8,378	7,194
Clinical trials & other	8,878	11,496
Non-segment assets	118,433	178,106
<b>Total assets</b>	<b>\$ 209,240</b>	<b>\$ 261,665</b>

## Note 21. Related Party Transactions

Related party transactions include payments for consulting services provided to the Company, clinical trials, board fees, and share repurchases. Related party payments for the years ended December 31, 2023 and 2022 were as follows:

<i>(in thousands)</i>	Type	Year Ended December 31,	
		2023	2022
American Institute of Research	Consulting	\$ 38	\$ 100
Karen M Johnson	Board Fees	63	56
Richard Barasch	Board Fees	—	12
Anne M. McGeorge	Board Fees	70	44
Mohit Kaushal	Board Fees	71	57
Ravi Sarin	Board Fees	63	57
Maeve O'Meara Duke	Board Fees	63	57
M33 Growth LLC (Gabe Ling)	Board Fees	63	—
Mark L. Pacala	Board Fees	69	—
Richy Agajanian MD <sup>(1)</sup>	Share Repurchase	—	8,745
Richy Agajanian MD	Clinical Trials	17	22
Brad Hively	Board Fees/Other	46	—
<b>Total</b>		<b>\$ 563</b>	<b>\$ 9,150</b>

<sup>(1)</sup> Net of strike price.

## **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures**

Not applicable.

### **Item 9A. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures are designed to ensure that the information relating to our Company, including our consolidated subsidiaries, that are required to be disclosed in our Securities and Exchange Commission ("SEC") reports, is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure. We conducted an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2023, our disclosure controls and procedures were effective.

#### **Management's Annual Report on Internal Controls Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Management has evaluated the effectiveness of our internal controls over financial reporting based on criteria established in *Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission*. As a result of this assessment, management has concluded that, as of December 31, 2023, our internal controls over financial reporting was effective.

#### **Remediation of Previously Reported Material Weaknesses in Internal Control over Financial Reporting**

As previously reported in our Annual Report on Form 10-K for the year ended December 31, 2022, a material weakness in our internal controls existed relating to the review of complex accounting transactions. During the year ended December 31, 2023, we remediated this material weakness as follows:

- Hiring, training, and integrating additional qualified resources to the respective teams
- Implementing review controls specifically designed for non-routine complex transactions
- Hiring third-party specialist to prepare valuation reports for complex areas requiring a valuation
- Implementing monitoring activities over controls related to the review of complex accounting transactions

During the quarter ended December 31, 2023, we completed the testing of the controls described above and remediated the material weakness.

#### **Attestation Report of the Independent Registered Public Accounting Firm**

As an emerging growth company, we are not required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm in this Annual Report on Form 10-K.

#### **Changes in Internal Control over Financial Reporting**

Except for the remediation of the material weakness noted above, there were no changes in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Limitations on Effectiveness of Disclosure Controls and Procedures**

In designing and evaluating our disclosure controls and procedures, management, including the Chief Executive Officer and Chief Financial Officer, recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.**

Not applicable.



## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 Annual Meeting of Stockholders, or Proxy Statement, to be filed with the SEC no later than 120 days after the end of our fiscal year ended December 31, 2023.

### **Item 11. Executive Compensation**

The information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 Annual Meeting of Stockholders, or Proxy Statement, to be filed with the SEC no later than 120 days after the end of our fiscal year ended December 31, 2023.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 Annual Meeting of Stockholders, or Proxy Statement, to be filed with the SEC no later than 120 days after the end of our fiscal year ended December 31, 2023.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 Annual Meeting of Stockholders, or Proxy Statement, to be filed with the SEC no later than 120 days after the end of our fiscal year ended December 31, 2023.

### **Item 14. Principal Accounting Fees and Services**

The information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 Annual Meeting of Stockholders, or Proxy Statement, to be filed with the SEC no later than 120 days after the end of our fiscal year ended December 31, 2023.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

The following documents are filed as part of this Report:

- (1) *Financial Statements*: All financial statement schedules are filed as part of this report under Item 8 - Financial Statements and Supplementary Data. See Index to Consolidated Financial Statements on Page 68 of this Annual Report.
- (2) *Financial Statement Schedules*: No financial statement schedules are included in this Annual Report as such schedules are not required or the information that would be included in such schedules is not material or is otherwise furnished.
- (3) *Exhibits*: See Index to Exhibits below.

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated as of June 28, 2021, by and among DFP Healthcare Acquisitions Corp., Orion Merger Sub I, Inc., Orion Merger Sub II, LLC and TOI Parent, Inc.	S-4/A	333-258152	2.1	October 20, 2021	
3.1	Amended and Restated Certificate of Incorporation of The Oncology Institute, Inc.	8-K	001-39248	3.1	November 18, 2021	
3.2	Amended and Restated Bylaws of The Oncology Institute, Inc.	8-K	001-39248	3.2	November 18, 2021	
3.3	Certificate of Designation of Series A Common Stock Equivalent Convertible Preferred Stock	8-K/A	001-39248	3.3	November 22, 2021	
4.1	Warrant Agreement, dated March 10, 2020, by and between DFP and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39248	4.1	March 13, 2020	
4.2	Specimen Preferred Stock Certificate of The Oncology Institute, Inc.	8-K/A	001-39248	4.2	November 22, 2021	
4.3	Form of Secured Convertible Note	8-K	001-39248	4.1	August 10, 2022	
4.4	Form of Warrant	8-K	001-39248	4.2	August 10, 2022	
4.5	Description of Registered Securities of The Oncology Institute, Inc.					X
10.1	Form of Subscription Agreement by and between DFP Healthcare Acquisitions Corp. and the subscribers party thereto	S-4/A	333-258152	10.1	October 1, 2021	
10.2	Form of Deerfield Subscription Agreement by and between DFP Healthcare Acquisitions Corp. and the subscribers party thereto	S-4/A	333-258152	10.2	October 1, 2021	
10.3	Amended and Restated Registration Rights agreement by and among DFP Healthcare Acquisitions Corp., DFP Sponsor LLC and certain other parties thereto	8-K/A	001-39248	10.1	November 22, 2021	
10.4*	The Oncology Institute, Inc. 2021 Incentive Award Plan	8-K/A	001-39248	10.2	November 22, 2021	
10.5*	The Oncology Institute, Inc. Employee Stock Purchase Plan	8-K/A	001-39248	10.3	November 22, 2021	
10.6	Form of Indemnification Agreement	8-K/A	001-39248	10.5	November 22, 2021	
10.7	Amended and Restated Management Services Agreement, dated January 12, 2021, by and between TOI Management, LLC and The Oncology Institute CA, as amended	8-K/A	001-39248	10.6	November 22, 2021	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.8*	TOI Parent, Inc. 2019 Non-Qualified Stock Option Plan	8-K/A	001-39248	10.7	November 22, 2021	
10.9*	Transition Agreement, dated June 11, 2023, by and between Brad Hively, TOI Management, LLC and The Oncology Institute, Inc.	8-K/A	001-39248	10.1	June 14, 2023	
10.10*	Form of Restricted Stock Unit Agreement	8-K	001-39248	10.1	March 7, 2022	
10.11*	Form of Option Agreement	8-K	001-39248	10.2	March 7, 2022	
10.12	Facility Agreement, dated as of August 9, 2022, by and among the Company and Deerfield Partners L.P.	8-K	001-39248	10.1	August 10, 2022	
10.13	Registration Rights Agreement, dated as of August 9, 2022, by and among The Oncology Institute, Inc. and Deerfield Partners L.P.	8-K	001-39248	10.2	August 10, 2022	
10.14	Registration Rights Consent, Amendment, and Waiver, dated as of August 9, 2022, by and among Deerfield Private Design Fund IV, L.P., Deerfield Partners, L.P., M33 Growth I L.P., TOI M, LLC, and Oncology Care Partners, LLC	8-K	001-39248	10.3	August 10, 2022	
10.15*	Employment Agreement, dated February 18, 2020, between TOI Management, LLC and Daniel Virnich	8-K/A	001-39248	10.3	June 14, 2023	
10.16*	Amendment No. 1 to Employment Agreement dated February 18, 2020 between TOI Management LLC and Daniel Virnich dated May 4, 2023	10-Q	001-39248	10.1	May 10, 2023	
10.17*	Executive Employment Agreement – Mihir Shah	10-Q	001-39248	10.2	August 9, 2022	
10.18*	Amendment No. 1 to Employment Agreement dated April 4, 2023 between TOI Management LLC and Mihir Shah dated May 4, 2023	10-Q	001-39248	10.2	May 10, 2023	
10.19*	Employment Agreement, effective as of September 5, 2023, by and between the Company and Jeremy Castle	10-Q	001-39248	10.1	November 8, 2023	
21.1	Subsidiaries of the Registrant	S-1	333-261740	21.1	December 17, 2021	
23.1	Consent of BDO USA, P.C., Independent Registered Public Accounting Firm.					X
31.1	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of the Principal Executive Officer.					X
31.2	Certification Pursuant to Rule 13a-14(a) under Securities Exchange Act of 1934 of the Principal Financial Officer.					X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.					X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer					X
97.1	The Oncology Institute, Inc. Policy for Recovery of Erroneously Awarded Compensation					X

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
101	Interactive Data File — the following financial statements from The Oncology Institute's Annual Report on Form 10-K formatted in inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Convertible Preferred Stock and Changes in Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.					
101.INS	XBRL Instance Document					
101.SCH	XBRL Taxonomy Extension Schema Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)					
*	Management contract or compensatory plan or arrangement					
†	Furnished herewith. The certifications attached as Exhibit 32.1 that accompanies this Annual Report on Form 10-K is deemed furnished and not filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of The Oncology Institute, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.					
—	Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.					

#### Item 16. Form 10-K Summary

None

## Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned hereunto duly authorized, on this the day of March 28, 2024.

THE ONCOLOGY INSTITUTE, INC.

By: /s/ Mihir Shah

Mihir Shah

*Chief Financial Officer*

*(Duly Authorized Officer)*

## SIGNATURES AND POWER OF ATTORNEY

We, the undersigned officers and directors of The Oncology Institute, Inc., hereby severally constitute and appoint Daniel Virnich and Mihir Shah, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities held on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Daniel Virnich</u> Daniel Virnich	Chief Executive Officer (Principal Executive Officer)	March 28, 2024
<u>/s/ Mihir Shah</u> Mihir Shah	Chief Financial Officer (Principal Financial and Accounting Officer)	March 28, 2024
<u>/s/ Richard Barasch</u> Richard Barasch	Director	March 28, 2024
<u>/s/ Karen Johnson</u> Karen Johnson	Director	March 28, 2024
<u>/s/ Mohit Kaushal</u> Mohit Kaushal	Director	March 28, 2024
<u>/s/ Gabriel Ling</u> Gabriel Ling	Director	March 28, 2024
<u>/s/ Anne McGeorge</u> Anne McGeorge	Director	March 28, 2024
<u>/s/ Maeve O'Meara</u> Maeve O'Meara	Director	March 28, 2024

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<hr/> <i>/s/ Mark Pacala</i> Mark Pacala	Director	March 28, 2024
<hr/> <i>/s/ Brad Hively</i> Brad Hively	Director	March 28, 2024



**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-K/A**  
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-39248

**The Oncology Institute, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**84-3562323**

(I.R.S. Employer Identification No.)

**18000 Studebaker Rd, Suite 800**  
**Cerritos, California**

(Address of Principal Executive Offices)

**90703**

(Zip Code)

Registrant's telephone number, including area code: **(562) 735-3226**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	TOI	The Nasdaq Stock Market LLC
Redeemable warrants, each whole warrant exercisable for one share of Common stock, each at an exercise price of \$11.50 per share	TOIHW	The Nasdaq Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No



Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of voting stock held by non-affiliates of the Registrant, based on the closing price of \$0.55 per shares of the Registrant’s common stock as reported by the Nasdaq Capital Market as of June 30, 2023, was approximately \$41.6 million.

The registrant had outstanding 74,313,404 shares of common stock as of April 19, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

None.

**Audit Firm Id**

243

**Auditor Name**

BDO USA, P.C.

**Auditor Location**

Costa Mesa, California

---

---

## EXPLANATORY NOTE TO AMENDMENT NO. 1

The Oncology Institute, Inc., or the Company, is filing this Amendment No. 1 on Form 10-K/A, or this Amendment No. 1, to its Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the Securities and Exchange Commission on March 28, 2024, or the Original Form 10-K, for the sole purpose of including the information required by Part III of Form 10-K. This information was previously omitted from the Original Form 10-K in reliance on General Instruction G(3) to Form 10-K, which permits the information required by Part III to be incorporated by reference from our definitive proxy statement if such statement is filed no later than 120 days after our fiscal year-end. We are filing this Amendment No. 1 to include Part III information in our Annual Report on Form 10-K because we will not file a definitive proxy statement containing this information within 120 days after the end of the fiscal year covered by the Original Form 10-K.

In accordance with, among other things, Rule 12b-15 under the Securities Exchange Act of 1934, as amended, each item of the Original Form 10-K that is amended by this Amendment No. 1 is also restated in its entirety, and this Amendment No. 1 is accompanied by currently dated certifications on Exhibits 31.1 and 31.2 by the Company's Principal Executive Officer and Principal Financial Officer, respectively (because no financial statements have been included in this Amendment No. 1, and this Amendment No. 1 does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certification have been omitted). This Amendment No. 1 is being filed to: (i) delete the reference on the cover of the Original Form 10-K to the incorporation by reference information from the Company's definitive proxy statement, (ii) revise Part III, Items 10 through 14 of the Original Form 10-K to include information previously omitted from the Original Form 10-K and (iii) revise the Exhibit Index of the Original Form 10-K to reflect the filing of new certifications.

No attempt has been made in this Amendment No. 1 to modify or update the other disclosures presented in the Original Form 10-K. The Amendment does not reflect events occurring after the filing of the Original Form 10-K or modify or update those disclosures that may be affected by subsequent events, other than as expressly indicated in this Amendment No. 1. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Form 10-K and the Company's other filings with the SEC.

### NOTE REGARDING COMPANY REFERENCES

Unless the context otherwise requires, the terms "TOI," the "Company," "we," "us," and "our" and similar terms in this Amendment No. 1 refer to The Oncology Institute, Inc. and its consolidated subsidiaries.

## Table of Contents

	<u>Page</u>
Part III	5
Item 10. Directors, Executive Officers and Corporate Governance	5
Item 11. Executive Compensation	14
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	20
Item 13. Certain Relationships and Related Transactions, and Director Independence	22
Item 14. Principal Accountant Fees and Services	23
Part IV	24
Item 15. Exhibits and Financial Statement Schedules	24
Signatures	25

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth information regarding our directors, director nominees and executive officers, including their ages as of April 15, 2024:

Name	Age	Position(s)
<b>Directors</b>		
Richard Barasch	70	Chairman of the Board
Brad Hively	45	Vice Chairman of the Board
Maeve O'Meara Duke	42	Director
Karen Johnson	63	Director
Mohit Kaushal	45	Director
Gabriel Ling	42	Director
Anne McGeorge	63	Director
Mark Pacala	68	Director
Daniel Virnich	45	Director Nominee
<b>Executive Officers</b>		
Daniel Virnich	45	Chief Executive Officer
Mihir Shah	45	Chief Financial Officer
Yale Podnos	53	Chief Medical Officer
Jeremy Castle	39	Chief Operations Officer

#### Information about our Directors:

**Richard Barasch** has served as our Chairman since the formation of the Company in November 2019. He served as the Chairman, President and Chief Executive Officer of DFP Healthcare Acquisitions Corp. (“DFP”) from its formation in November 2017 until the closing of its initial business combination with AdaptHealth Corp in November 2019. Since the merger, Mr. Barasch has continued to serve as AdaptHealth’s Chairman, and since July 2023, its Interim Chief Executive Officer. In addition, he served as Executive Chairman of Deerfield Healthcare Technology Acquisitions Corp. (“DFHT”) until the closing of its initial business combination with IMC Medical Group Holdings, LLC (“IMC”) and CareMax Medical Group, L.L.C. (together with IMC, “CareMax”), which Mr. Barasch served as Executive Chairman until February 2022. Mr. Barasch was Chief Executive Officer of Universal American Corp., a publicly-traded health insurance and services company focused on the senior market and government programs, from 1995 until Universal American’s acquisition by WellCare Health Plans in May 2017. He also was a founding partner of RAB Ventures LLC, formed to invest in growth healthcare companies. He serves on the Board of Advisors, Mailman School of Public Health, Columbia University, and the Advisory Board of the Health Policy and Management program at the Mailman School of Public Health. Currently, his public company directorships include our Company and AdaptHealth, and he also serves on the board of one private company. Through these activities, Mr. Barasch has developed an extensive network of contacts throughout the healthcare industry and speaks regularly at industry conferences as a healthcare services expert. Mr. Barasch graduated from Swarthmore College and Columbia University Law School. Mr. Barasch was selected to serve on the board of directors due to his significant experience managing and investing in healthcare companies.

**Brad Hively** has served as director on our Board since November 2021 and from November 2021 through June 30, 2023, he also served as our Chief Executive Officer. Effective June 30, 2023, Mr. Hively transitioned from serving as our Chief Executive Officer to serving as the Vice Chairman of the Board. Mr. Hively also previously served as a member of the board of directors for Legacy TOI from 2018 until the closing of the Business Combination in November 2021 and as Chief Executive Officer of Legacy TOI from 2019 until the closing of the Business Combination. Prior to joining Legacy TOI, Mr. Hively served as a principal for RLH Equity Partners (“RLH”) from 2016 to 2019 and continues to serve as a Strategic Advisor for RLH. From 2014 to 2015, Mr. Hively served as President of Health Essentials, which provided high-touch, value-based care to post-acute and palliative care patients. Prior to Health Essentials, from 2009 to 2014, Mr. Hively served as Senior Vice President of Operations at Heritage Provider Network, one of the largest physician groups in the U.S., and one of the pioneers of value-based care. Mr. Hively also held roles with several leading private equity firms, including TA Associates, General Atlantic, and RLH. He currently serves on the board of Unio Health Partners and Sequel Ortho (f/k/a Ortho Nebraska), both of which are private companies. Mr. Hively holds a B.A. in Business Economics from the University of California, Los Angeles and an MBA from the Stanford University Graduate School of Business. Mr. Hively was selected to serve on the board of directors due to his significant experience managing healthcare companies.

**Maeve O'Meara Duke** has served as a director on our Board since November 2021 and is the Chief Executive Officer of Castlight Health, Inc. ("Castlight"), a position she has held since July 2019. Ms. Duke joined Castlight in 2010 and has served in various capacities, including from July 2018 to July 2019, as Castlight's Chief Product Officer and Executive Vice President of Product and Customer Experience. Castlight was a public company until its acquisition by Vera Whole Health, Inc. in February 2022, at which time, Castlight deregistered its shares from trading on the New York Stock Exchange. She continues to serve on Castlight's board, a position she has held since July 2019, when Castlight was a public company. She brings a wealth of experience from joining a company pre-product to scaling to initial public offering and mergers and acquisitions. Ms. Duke holds an MBA from the Stanford Graduate School of Business and a B.A. in Economics from the University of Virginia. Ms. Duke was selected to serve on the board of directors as a result of her extensive knowledge of the healthcare industry, technology expertise, and her experience leading a publicly traded healthcare company.

**Karen M. Johnson** has served as a director on our Board since November 2021 upon closing of the Business Combination. Since 2020, Ms. Johnson has been serving as the Medicare Officer at Health Net, a Centene Corporation company, where she leads the building of strategies and operations for the Medicare line of Health Net's business. Prior to her current role at Health Net, from June 2016 to 2020, she served as Medicare Regional President for WellCare (acquired by Centene) for Arizona, California, Hawaii, Missouri and Washington. In this role, she oversaw finances, network growth and provider relations, among other duties. Prior to her role at WellCare, Ms. Johnson served as Senior Vice President of Clinical Services at Health Essentials. While in this role, she launched a clinical care model, driven by a home-based supportive care program designed to support high-risk patients and end-of-life care. Prior to her role at Health Essentials, Ms. Johnson was an executive with UnitedHealthcare, where she worked to drive growth in their government sponsored programs. Ms. Johnson earned a Bachelor of Science degree in nursing from the University of Michigan and a Juris Doctorate from Michigan State College of Law. She also holds an Executive Certificate from the Wharton School of Business. She has served on the Board of Directors for several organizations, and currently serves on the Board of Boys and Girls Clubs Pacific Region, Bon Secours Mercy Foundation, ONEgeneration and Clever Care Health Plan, where she variously serves on the education, fundraising, philanthropy and compliance and audit committees. She has previously served on the boards of The YWCA, Planned Parenthood, St. Luke's Foundation, United Way and the American Diabetes Association. None of these organizations are public companies. Ms. Johnson was selected to serve on the board of directors due to her extensive experience in operational leadership roles at healthcare services companies.

**Dr. Mohit Kaushal** has served as a director of our Board since March 2020. He has had an extensive career within investing, clinical medicine, academia and public policy. Dr. Kaushal is a practicing emergency room physician and since 2016, has served as a senior advisor to General Atlantic, a global growth equity firm. In addition, he has served as an Adjunct Professor at Stanford University with a joint position within the newly created Biomedical Data Science Department and the Medical School's Clinical Excellence Research Center. He was a partner in Aberdare Ventures from 2013 to 2014. During his time in the Obama administration, he was a member of the White House Health IT task force; a cross-agency team implementing the technology aspects of the Affordable Care Act and testified to Congress on the application of technology and payment reform to the Medicare population. He also built and led the first dedicated healthcare team at the Federal Communications Commission, where his team initiated collaboration with the Food and Drug Administration ("FDA") for the regulatory streamlining of converged telecommunications, data analytics and medical devices leading to the release of the mobile medical applications guidance by the FDA. In addition, his team reformed the Rural Healthcare Fund to create the Healthcare Connect Fund, which aligned the funding mechanism with wider healthcare payment policy and technology reform. He holds an MBA from the Stanford Graduate School of Business and an MD with distinction from Imperial College of Science, Technology and Medicine, London. Dr. Kaushal is a lead investor, board member or advisor to numerous transformational healthcare companies, including Emyria Pty Ltd., a company whose securities are publicly-traded on the Australian Securities Exchange. All of his other current directorships are on the boards of private companies. Dr. Kaushal was selected to serve on the board of directors due to his significant management experience in the healthcare and technology industries.

**Gabriel Ling** has served as a director on our Board since September 2022. Since May 2017, he has served as the Co-Founder and Managing Director of M33 Growth, LLC, a Boston-based venture capital and growth equity firm that invests in emerging technology and healthcare companies and partners with founders to rapidly grow their businesses. Mr. Ling has led investments in companies including Acclivity Health Solutions, Inc., Dependable Health Services, YAPI, Inc. and RHI Group. He currently sits on the boards of multiple private companies. Mr. Ling holds a Bachelor of Arts from Yale University. Mr. Ling was selected to serve on the board of directors due to his significant experience managing and investing in the healthcare and technology industries.

**Anne McGeorge** has served as a director on our Board since November 2021 and has over 35 years of experience providing strategic guidance and operational and financial oversight to health care organizations. Ms. McGeorge has served as an adjunct professor at the University of North Carolina's School of Public Health since August 2005. Before her retirement in July 2017, Ms. McGeorge served as Managing Partner of Grant Thornton LLP's Health Care Industry Practice from 2006 to July 2017 and as Global Managing Partner for Grant Thornton International's Health Care Industry Practice from 2015 to July 2017. Ms. McGeorge was formerly a partner at Deloitte LLP and Arthur Andersen LLP. Ms. McGeorge currently serves on the board of directors and as the chair of the Audit Committee of Dianthus Therapeutics, Inc., a publicly-held clinical-stage biotechnology company and from October 2020 to April 2022 served on the board of directors and as chair of the Audit Committee of SOC Telemed, Inc., a publicly-held specialty telemedicine company. She also serves on the board of directors of multiple private companies and charitable organizations. Ms. McGeorge was selected to serve on the board of directors due to her significant finance, accounting, and risk management experience.

**Mark Pacala** has served on our Board since September 2022 and previously served on the board of Legacy TOI from 2018 to 2020. Mr. Pacala has been serving as a Senior Advisor of a number of private equity firms, including Iron Point Partners, New Spring Capital health, Archimedes health Investors and Harkness Capital Partners. He also serves on the board of several portfolio companies in the healthcare industry, all of which are private companies. Previously, Mr. Pacala held leadership positions in the Marriott Corporation and the Walt Disney Corporation. Mr. Pacala holds a B.A. in Economics from Hamilton College and an MBA from Harvard Business School. Mr. Pacala was selected to serve on the board of directors due to his experience working with and serving as a director of a number of healthcare companies.

#### **Information about our New Director Nominees:**

**Daniel Virnich** has served as our Chief Executive Officer since June 2023, and before that, as our President since March 2022 and our Chief Operating Officer since 2020. Prior to joining TOI, from 2018 to 2019, Dr. Virnich was the market president of DaVita Medical Group, Florida region, a Medicare Advantage at-risk provider group serving over 90,000 Medicare Advantage members with over 1,400 teammates and clinicians. Prior to this role, Dr. Virnich was a Senior Vice President of Operations in the California region with DaVita Medical Group from 2015 to 2018. Dr. Virnich previously served as the Chief Medical Officer of TeamHealth Acute Care Services, working with hospitals and healthcare systems across 26 states. Dr. Virnich holds a BA in Biology from The University of Chicago, an MD from the Pritzker School of Medicine at the University of Chicago where he was elected to Alpha Omega Alpha, and an MBA from Kellogg School of Management at Northwestern University. We believe that due to Dr. Virnich's demonstrated experience and leadership skills, and because of his current role as our Chief Executive Officer, Dr. Virnich is well positioned to bring key experience and insights into the boardroom and to the daily operations of our Company.

#### **Information about our Executive Officers:**

Below is biographical information for each of our current executive officers as of April 15, 2024. Each executive officer, except for Dr. Virnich, serves at the discretion of both the Chief Executive Officer and the Board of Directors. Dr. Virnich serves at the discretion of the Board of Directors.

**Mihir Shah** has served as our Chief Financial Officer since April 2022. Prior to joining the Company, Mr. Shah served as Chief Financial Officer of Commonwealth Care Alliance since April 2019, having served as consulting Chief Financial Officer for Commonwealth Care Alliance from August 2018 to March 2019. Mr. Shah served as Chief Financial Officer of Apollo Medical Holdings, Inc. from July 2016 to May 18, 2018, and accounting consultant of Apollo Medical Holdings, Inc. from March 2016 to July 2016. From April 2015 to February 2016, Mr. Shah served as Chief Financial Officer of Unitek Information Systems, Inc., which offers nursing, allied health, and information technology training programs. From April 2013 to March 2015, he was Vice President and Controller of Health Essentials, LLC, which provides post-acute, hospice, and palliative care services. Mr. Shah was employed at Arcadian Health Plan from December 2005 to March 2013, serving as its Vice President of Finance and Analytics from January 2010 to March 2013, Senior Director of Finance and Analytics from January 2008 to December 2009, and Senior Financial Analyst from December 2005 to December 2007. He is a Certified Public Accountant and received a Master of Commerce-Cost Accounting from Gujarat University in Ahmedabad, India.

**Yale Podnos** has served as Chief Medical Officer since November 2021, and before that for Legacy TOI since 2020. Prior to joining TOI, Dr. Podnos served as Chief Medical Officer of the West Hills Hospital and Medical Center. From 2011 to 2018, Dr. Podnos was employed by UNC Rex Healthcare in Raleigh, North Carolina, where he held positions as Medical Director of Surgical Oncology and Chairman of the Department of Surgery. He has also previously held a position on the faculty of Duke University. Dr. Podnos holds a BA in biology from New York University and a Masters in Public Health from the Harvard School of Public Health. Dr. Podnos received his MD from the University of California, Irvine School of Medicine, where he also completed his residency in general surgery. Following his residency, Dr. Podnos completed a fellowship in surgical oncology at City of Hope National Cancer Center.

**Jeremy Castle** has served as the Chief Operating Officer as of September 2023 and has worked in the healthcare industry for over 15 years in operations, business development, sales and executive leadership, primarily in the Phoenix, Arizona region. From January 2022 until August 2023, Mr. Castle served as Vice President of Operations of OneOncology, Inc., Nashville, Tennessee, where he led operations for the Western U.S. Region and implemented key business initiatives that helped grow the organization's national presence while promoting better patient care. From March 2020 to December 2021, Mr. Castle served as Chief Operating Officer at Arizona Urology Specialists, United Urology Group. Prior thereto, he was Executive Director of The US Oncology, Inc., a position he held from January 2019 to March 2020. He served as Regional Director of Operations of Panoramic Health from June 2018 to December 2019 and as Director of Operations of Ironwood Physicians, PC from October 2014 to June 2018. He also held various leadership roles with California Cancer Associates and Global Nephrology Solutions. His areas of expertise include leading development and integration of long-term growth initiatives, engaging critical stakeholders, forging strategic partnerships, recruiting and retention, risk management, facility accreditation and regulatory compliance, new process implementation, change management, contract negotiations and human resources management. He holds a Bachelor of Science Degree in Business Administration – Business Management/Finance from the University of Arizona and a Master of Business Administration – Finance from the University of Arizona, Eller College of Management.

For Daniel Virnich's information, please refer to his biography in the new director nominee category above.

#### **Family Relationships**

There are no family relationships among our directors and executive officers.

#### **Delinquent Section 16(A) Reports**

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who beneficially own more than 10% of our Common Stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us, and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and greater-than-10% stockholders during the fiscal year ended December 31, 2023 were satisfied.

## CORPORATE GOVERNANCE

We structure our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of this corporate governance include:

- a. membership on each of our three key committees, our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, consists solely of independent directors, and our independent directors meet regularly in executive sessions without the presence of our corporate officers or non-independent directors;
- b. at least one of our directors qualifies as an “audit committee financial expert” as defined by the SEC; and
- c. we have begun to and will continue to implement a range of other corporate governance best practices, including implementing a robust director education program.

### Leadership Structure of the Board

The roles of our Chairman and our Chief Executive Officer have been separated. We believe that this is appropriate under current circumstances because it allows management to make the operating decisions necessary to manage the business, while separating out the oversight function of the Board and operating decisions. We feel that this has provided an appropriate balance of operational focus, flexibility and oversight. We do not separately have a lead independent director. Currently, Mr. Barasch, as Chairman of the Board, participates in setting the agenda of Board and committee meetings, facilitating communications among members of the Board and management, and maintaining the focus and punctuality of Board and committee meetings. Mr. Barasch also currently leads the efforts in evaluating our Chief Executive Officer and in succession planning, considering Board committee membership and leadership, and presiding at annual meetings of stockholders.

### Affirmative Determinations Regarding Director and Nominee Independence

Nasdaq listing standards require that a majority of our board of directors be independent. An “independent director” is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the company’s board of directors, would interfere with the director’s exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Ms. Johnson, Dr. Kaushal, Ms. McGeorge, Ms. O’Meara Duke, and Mr. Pacala are “independent directors” as defined in the Nasdaq listing standards and applicable SEC rules. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

### Background and Experience of Directors

Our nominating and corporate governance committee is responsible for, among other things, identifying individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors, overseeing succession planning for our Chief Executive Officer and other executive officers, periodically reviewing our Board of Directors’ leadership structure and recommending any proposed changes to our board of directors, overseeing an annual evaluation of the effectiveness of our Board of Directors and its committees, and developing and recommending to our Board of Directors a set of corporate governance guidelines.

### Risk Oversight Function of the Board

The Board has allocated responsibilities for overseeing risk associated with the Company’s business among the Board as a whole and the committees of the Board. In performing its risk oversight function, the Board is responsible for overseeing management’s development and execution of appropriate business strategies to mitigate the risk that such strategies will fail to generate long-term value for the Company and its stockholders or that such strategies will motivate management to take excessive risks. The Board periodically reviews information regarding the Company’s financial, operational, and strategic risks, including macroeconomic risks.

Each of the four committees of the Board is responsible for overseeing the management of risks that fall within the committee’s areas of responsibility, including identifying, quantifying, and assisting management in mitigating risks. In performing this function, each committee has full access to management, as well as the ability to engage advisors. As set forth in its charter, the Audit Committee is responsible for managing the Company’s major financial risk exposures and the steps management has taken to monitor and control those exposures. In addition, the Audit Committee is responsible for addressing risks associated with related party transactions and concerns and complaints related to accounting and auditing matters. The Audit Committee provides regular updates to the entire Board. The Compensation Committee is responsible for overseeing the risk management related to the Company’s compensation plans and arrangements. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board and overall effectiveness of the organization of the Board. The Compliance Committee manages risks relating to the Company’s compliance with federal and state laws and regulations relating to healthcare.



## Attendance at Meetings

During the year ended December 31, 2023, our Board of Directors met a total of twenty times. Of our eight current members of the Board of Directors, each of them attended at least 75% of the meetings of our Board of Directors and the meetings of any of our board committees on which each member of the Board of Directors served that were held during the term of each such director.

Our Board of Directors and each of the board committees also acted by way of various unanimous written consents during the year ended December 31, 2023. In addition, the Audit Committee and the Board of Directors met, at times, without management present in executive session.

Although we do not have a formal policy regarding attendance by members of our Board of Directors at our Annual Meeting of Stockholders, we encourage our directors to attend.

## Board Committees

Our Board of Directors has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Compliance Committee. The composition and responsibilities of each committee are described below. Our Board of Directors may also establish from time to time any other committees that it deems necessary or desirable. Members serve on these committees until their resignation or until otherwise determined by our Board of Directors.

The current composition of each board committee is set forth below.

Director	Compensation Committee	Audit Committee	Nominating and Corporate Governance Committee	Compliance Committee
Brad Hively				✓
Richard Barasch*				
Maeve O'Meara Duke		✓	✓	
Karen Johnson			C	✓
Mohit Kaushal	C			C
Anne McGeorge	✓	C		
Gabriel Ling*				
Mark Pacala	✓	✓		

✓ Member

C Chairperson

\* Does not serve on any committees

## Audit Committee

Our Audit Committee currently consists of Ms. McGeorge, Ms. Duke and Mr. Pacala, with Ms. McGeorge serving as chair. Rule 10A-3 of the Exchange Act and Nasdaq rules require that our Audit Committee must be composed entirely of independent members. Our board of directors has affirmatively determined that Ms. McGeorge, Ms. Duke and Mr. Pacala each meet the definition of "independent director" for purposes of serving on the Audit Committee under Rule 10A-3 of the Exchange Act and Nasdaq rules. Each member of our Audit Committee also meets the financial literacy requirements of Nasdaq listing standards. In addition, our Board of Directors has determined that Ms. McGeorge, Ms. Duke and Mr. Pacala each qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our Board of Directors adopted a written charter for the Audit Committee, which is available on our corporate website at <https://investors.theoncologyinstitute.com/corporate-governance/governance-documents>. The information on any of our websites is deemed not to be incorporated in this Amendment No. 1 or to be part of this Amendment No. 1. Our Audit Committee held five meetings in 2023.

Our audit committee is responsible for, among other matters:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- pre-approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm, and meeting at least annually to review and provide such services;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

#### ***Compensation Committee***

Our Compensation Committee currently consists of Dr. Kaushal, Ms. McGeorge and Mr. Pacala, with Dr. Kaushal serving as chair. Our Board of Directors has affirmatively determined that Dr. Kaushal, Ms. McGeorge and Mr. Pacala each meet the definition of “independent director” for purposes of serving on the Compensation Committee under Nasdaq rules, and are “non-employee directors” as defined in Rule 16b-3 of the Exchange Act. Our board of directors adopted a written charter for the Compensation Committee, which is available on our corporate website at <https://investors.theoncologyinstitute.com/corporate-governance/governance-documents>. The information on any of our websites is deemed not to be incorporated in this Amendment No. 1 or to be part of this Amendment No. 1. Our Compensation Committee held four meetings in 2023.

The Compensation Committee is responsible for, among other matters:

- reviewing and setting or making recommendations to our Board of Directors regarding the compensation of our executive officers;
- making recommendations to our Board of Directors regarding the compensation of our directors;
- reviewing and approving or making recommendations to our Board of Directors regarding our incentive compensation and equity-based plans and arrangements; and
- appointing and overseeing any compensation consultants.

#### ***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee consists of Ms. Johnson and Ms. Duke, with Ms. Johnson serving as chair. Our Board of Directors has affirmatively determined that Ms. Johnson and Ms. Duke each meet the definition of “independent director” under Nasdaq rules. Our Board of Directors adopted a written charter for the Nominating and Corporate Governance Committee, which is available on our corporate website at <https://investors.theoncologyinstitute.com/corporate-governance/governance-documents>. The information on any of our websites is deemed not to be incorporated in this Amendment No. 1 or to be part of this Amendment No. 1. Our Nominating and Corporate Governance Committee held four meetings in 2023.

The Nominating and Corporate Governance Committee is responsible for, among other things:

- identifying individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors;
- overseeing succession planning for our Chief Executive Officer and other executive officers;
- periodically reviewing our Board of Directors’ leadership structure and recommending any proposed changes to our Board of Directors;
- overseeing an annual evaluation of the effectiveness of our Board of Directors and its committees; and
- developing and recommending to our Board of Directors a set of corporate governance guidelines.

While we do not have a formal policy with regard to diversity in identifying director nominees, the Board believes that the backgrounds and qualifications of directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. The Board nominees come from a variety of backgrounds, as reflected in our Board Diversity Matrix that is included in the proxy statement of the 2023 annual meeting of stockholders and that will be included in the 2024 annual meeting proxy statement. We do not discriminate against nominees on the basis of race, color, religion, gender, gender identity or expression, sexual orientation, age, national origin, disability, covered veteran status or any other status protected by law.

In identifying director nominees, our Nominating and Corporate Governance Committee seeks to achieve a mix of members who collectively bring us significant value through their experience and personal backgrounds relevant to our strategic priorities and the scope and complexity of our business and industry. Key skills and experiences for director nominees include, but are not limited to, current public company senior executive and/or board experience, industry experience or understanding, an appreciation of the impacts of rapidly changing technologies, and experience in company growth, strategy development, mergers and acquisitions, and operations. In addition, each nominee should:

- have a record of integrity and ethics in such nominee director's personal and professional life;
- have a record of professional accomplishment in such nominee director's field;
- be prepared to represent the best interests of our stockholders;
- not have a material personal, financial or professional interest in any competitor of ours; and
- be prepared to participate fully in Board activities, and not have other personal or professional commitments that would interfere with or limit the ability to do so.

#### *Compensation Committee Interlocks and Insider Participation*

None of our executive officers serves as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more executive officers serving on our Compensation Committee. In addition, none of our executive officers serves as a member of the compensation committee of the board of directors (or other committee performing equivalent functions) of any entity that has one or more executive officers serving on our Board of Directors.

#### **Compliance Committee**

Our Compliance Committee consists of Dr. Kaushal, Ms. Johnson and Mr. Hively, with Dr. Kaushal serving as chair. Our Compliance Committee held six meetings in 2023.

Our compliance committee oversees and assists our Board in reviewing and providing general oversight of our compliance with federal and state laws and regulations relating to healthcare. Our Compliance Committee is responsible for, among other things:

- reviewing and overseeing our compliance program;
- ensuring proper communication of significant healthcare regulatory compliance issues to our Board of Directors; and
- reviewing significant healthcare regulatory compliance risk areas and the steps taken by management to monitor, control and report such compliance risk exposures.

#### **The Company's Director Nomination Process**

Our Nominating and Corporate Governance Committee identifies and evaluates individuals qualified to become members of our Board of Directors. Our Nominating and Corporate Governance Committee then recommends that our Board of Directors select the director nominees for the election at the next annual meeting of stockholders, or to fill vacancies on our Board of Directors occurring between annual meetings of the stockholders.

*General Nomination Right of All Stockholders.* Any stockholder may nominate one or more persons for election as a director at an annual meeting of stockholders if the stockholder complies with the notice, information and consent provisions contained in our Amended and Restated Bylaws (our “Bylaws”). In order for a stockholder’s director nomination to be timely, the stockholder must deliver written notice to our General Counsel not later than the close of business on the 90th day, nor earlier than the 120th day, prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for on a date that is not within 30 days of such anniversary date, notice by the stockholder must be so received not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which public announcement of the date of such meeting is first made. Such notification must contain the written consent of each proposed nominee to serve as a director if so elected and all other information required in Section 2.5 of our Bylaws.

#### **Communications with Directors**

Stockholders who would like to send communications to our Board of Directors, any board committee or to any individual director may do so by submitting such communications to c/o The Oncology Institute, Inc., 18000 Studebaker Rd., Suite 800, Cerritos, California 90703. We suggest, but do not require, that such submissions include the name and contact information of the stockholder making the submission and a description of the matter that is the subject of the communication. Mark Hueppelsheuser, General Counsel, will then distribute such information to our Board of Directors for review. Communications received by the Company may be reviewed by Mr. Hueppelsheuser to ensure appropriate and careful review of the matter.

#### **Code of Ethics and Conduct**

We adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on our corporate website at <https://investors.theoncologyinstitute.com/corporate-governance/governance-documents>. In addition, we intend to post on our website all disclosures that are required by law or Nasdaq listing standards concerning any amendments to, or waivers from, any provision of the code. The information on any of our websites is deemed not to be incorporated in this Amendment No. 1 or to be part of this Amendment No. 1.

#### **Compensation Recovery (“Clawback”) Policy**

Effective as of October 17, 2023, we adopted our Policy For Recovery Of Erroneously Awarded Compensation (the “Clawback Policy”), which provides that if we are required to prepare an accounting restatement due to any material non-compliance with financial reporting requirements under the federal securities laws, then the committee of the Board responsible for executive compensation decisions comprised solely of independent directors, or a majority of the independent directors serving on the Board, may require current or former executive officers, including our executive officers named in the Summary Compensation Table presented later in this Amendment No. 1, to repay or forfeit any “Erroneously Awarded Compensation” regardless of whether such officer engaged in misconduct or otherwise caused or contributed to the requirement for the accounting restatement and regardless of whether or when restated financial statements are filed by the Company. “Erroneously Awarded Compensation” means the amount of incentive-based compensation received by any such officer that exceeds the amount of incentive-based compensation that would have been received by such officer based on a restated financial reporting measure, as determined on a pre-tax basis in accordance with the applicable rules. The Clawback Policy applies to incentive-based compensation granted on or after the date of adoption of this policy.

#### **Transactions in Company Securities**

We prohibit our directors, officers and employees from trading in options, including transactions in puts, calls, or other derivative instruments related to the Company’s equity securities. Given that forms of hedging and pledging protect an individual from the full risks associated with share ownership, our directors, officers and employees are also prohibited from certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, and from pledging the Company’s securities as collateral to secure loans. Our directors, officers and employees are also prohibited from purchasing the Company’s securities on margin or holding the Company’s securities in a margin account.

## Item 11. Executive Compensation

Our Named Executive Officers for the year ended December 31, 2023 include Daniel Virnich, our Chief Executive Officer, Brad Hively, our previous Chief Executive Officer during 2023, and Yale Podnos and Mihir Shah, our two most highly compensated executive officers other than our current Chief Executive Officer, who were serving as executive officers as of December 31, 2023 (collectively, the “Named Executive Officers”). To date, the compensation packages for our Named Executive Officers primarily consist of base salary, an annual cash incentive bonus, restricted stock unit and stock option awards and health and welfare benefits.

### Summary Compensation Table

The following table sets forth information concerning the compensation of the Named Executive Officers for the years ended December 31, 2023 and 2022:

Name and Principal Position	Year	Salary <sup>(1)</sup>	Bonus	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	Non-Equity Incentive Plan Compensation <sup>(4)</sup>	All Other Compensation	Total
Daniel Virnich <sup>(5)</sup>	2023	\$455,000	\$147,420	\$55,288	\$138,221	\$—	\$12,200 <sup>(7)</sup>	\$808,129
	2022	\$446,458	\$—	\$372,876	\$2,265,507	\$147,420	\$12,200 <sup>(7)</sup>	\$3,244,461
Brad Hively <sup>(6)</sup>	2023	\$293,500	\$—	\$167,638	\$202,636	\$—	\$551,416 <sup>(8)</sup>	\$1,215,190
	2022	\$579,208	\$—	\$962,533	\$4,885,594	\$190,188	\$12,200 <sup>(7)</sup>	\$6,629,723
Yale Podnos	2023	\$395,000	\$128,160	\$15,978	\$39,946	\$—	\$12,200 <sup>(7)</sup>	\$591,284
	2022	\$383,050	\$57,656	\$132,014	\$670,100	\$—	\$6,366 <sup>(7)</sup>	\$1,249,186
Mihir Shah	2023	\$405,000	\$97,426	\$84,748	\$211,869	\$—	\$2,700 <sup>(7)</sup>	\$801,743
	2022	\$295,313	\$—	\$278,263	\$1,690,661	\$—	\$—	\$2,264,237

(1) Amounts reflect annual base salary, as further described below. 2023 bonuses were paid in 2024.

(2) Amounts reflect the aggregate grant date fair value of restricted stock units issued to the Named Executive Officers computed in accordance with FASB ASC Topic 718, Compensation — Stock Compensation. See Note 14 of the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 28, 2024 for a discussion of the relevant assumptions used in calculating these amounts.

(3) Amounts reflect the aggregate grant date fair value of stock options issued to the Named Executive Officers computed in accordance with FASB ASC Topic 718, Compensation — Stock Compensation. See Note 14 of the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 28, 2024 for a discussion of the relevant assumptions used in calculating these amounts.

(4) Amounts reflect annual cash incentives earned by each Named Executive Officer in the applicable year, based on the achievement of pre-established performance goals, as further described below in “—Bonuses.”

(5) Dr. Virnich assumed the role of Chief Executive Officer as of June 30, 2023. The table includes all compensation earned by him in the years presented.

(6) Mr. Hively stepped down as the Company’s Chief Executive Officer as of June 30, 2023.

(7) Amounts reflect employer matching contributions paid pursuant to our 401(k) plan.

(8) Pursuant to Mr. Hively’s Transition Agreement, All Other Compensation includes: (i) \$293,500 in severance payments equal to Mr. Hively’s 2023 monthly base salary per month from July 1, 2023 through December 31, 2023; (ii) \$190,188 as an additional severance payment, equal to 50% of the amount he would otherwise have received as a bonus had his employment not terminated in 2023, which payment he received in March 2024; and (iii) \$67,728 in vacation payout.

### Narrative to Summary Compensation Table

#### Salaries

In 2023, the Named Executive Officers received an annual base salary to compensate them for services rendered to our Company. The base salary payable to each Named Executive Officer is intended to provide a fixed component of compensation reflecting the executive’s skill set, experience, role and responsibilities. The annual base salaries for Dr. Virnich, Mr. Hively, Dr. Podnos and Mr. Shah for 2023 were \$455,000, \$587,000, \$395,000 and \$405,000, respectively. The actual base salary amounts paid to our Named Executive Officers during 2023 is set forth above in the Summary Compensation Table in the column entitled “Salary.”

#### Bonuses

We maintained an annual performance-based cash bonus program for 2023 in which Mr. Hively, Dr. Virnich, Dr. Podnos and Mr. Shah participated (the “2023 Bonus Program”). Bonus payments under the 2023 Bonus Program were determined based on achievement of certain corporate, operational and individual performance goals approved by our Board, subject to the recipient’s continued employment through the payment date. Each of Mr. Hively’s, Dr. Virnich’s, Dr. Podnos’ and Mr. Shah’s target bonus under the 2023 Bonus Program was expressed as a percentage of base salary, as follows: Mr. Hively: 60%; Dr. Virnich: 40%; Dr. Podnos: 40%; and Mr. Shah: 40%.

Under the 2023 Bonus Program, 100% of each of Dr. Virnich's, Dr. Podnos' and Mr. Shah's bonus was based on the attainment of overall Company performance and operational goals tied to revenue, gross profit and Adjusted EBITDA, as well as individual contributions to the Company, with any such earned bonus to be paid following the end of calendar year 2023. Mr. Hively was not entitled to a bonus under the 2023 Bonus Program once he terminated his employment as of June 30, 2023; however, as part of his severance package, he was paid an amount equal to 50% of the target bonus for which he would have been eligible had he remained Chief Executive Officer for the full year. See Note (8) of the Summary Compensation Table.

The actual annual cash bonuses awarded to Dr. Virnich, Dr. Podnos and Mr. Shah under the 2023 Bonus Program, as determined by our Board based on the level at which the applicable Company performance goals were attained, is set forth above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

### ***Equity-Based Compensation***

#### ***Equity Grants***

Our equity-based incentive awards are designed to align our interests and the interests of our stockholders with those of our employees and consultants, including our Named Executive Officers. The Board or compensation committee is responsible for approving equity grants. We typically grant equity awards to new hires upon the first regularly-scheduled quarterly grant date following their commencing employment with us. Annual awards are typically granted in the first quarter of each year. Generally, our equity awards granted to our Named Executive Officers vest over four years, subject to the employee's continued employment with us on each vesting date.

In March 2023, we granted each of Dr. Virnich, Mr. Hively, Dr. Podnos and Mr. Shah options to purchase 287,361, 421,280, 83,047 and 440,477 shares of our Common Stock, respectively, under our 2021 Incentive Award Plan (the "2021 Plan"). The options vest in four equal annual installments on each of the first four anniversaries of the March 17, 2023 grant date, subject to the executive's continued service with the Company through the applicable vesting date. The options were granted at an exercise price of \$0.481 per share, which was the fair market value per share of our Common Stock on the date of grant.

Also, in March 2022, we granted each of Dr. Virnich, Mr. Hively, Dr. Podnos and Mr. Shah 114,944, 168,512, 33,219 and 176,191 restricted stock units, respectively, under the 2021 Plan. The restricted stock units vest in four equal annual installments on each of the first four anniversaries of the March 17, 2023 grant date, subject to the executive's continued service with the Company through the applicable vesting date.

#### ***Other Elements of Compensation***

All of our employees are eligible to participate in a 401(k) retirement savings plan, and in our health and welfare plans, subject to the terms and conditions of such plans. Under the 401(k) plan, eligible employees may defer a portion of their compensation on a pre-tax basis through contributions to the 401(k) plan, subject to limitations of the Internal Revenue Code. In 2023, we matched contributions made by participants in the 401(k) plan at the rate of 100% of the first 4% of the participant's compensation, which are fully vested. We believe that providing a vehicle for tax-deferred retirement savings through the 401(k) plan and standard employee benefits adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our Named Executive Officers, in accordance with our compensation policies.

## Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of our Common Stock underlying outstanding equity incentive plan awards for each Named Executive Officer as of December 31, 2023:

Name	Option Awards						Stock Awards			
	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Brad Hively	12/2/2019 <sup>(1)</sup>	946,460	—	—	\$ 0.85	12/2/2029	—	—	—	—
	12/2/2019 <sup>(2)</sup>	547,200	251,771	—	\$ 0.85	12/2/2029	—	—	—	—
	11/12/2021 <sup>(3)</sup>	—	—	—	\$ —	—	141,380	\$ 288,415	—	—
	11/12/2021 <sup>(4)</sup>	—	—	—	\$ —	—	212,070	\$ 432,623	—	—
	3/21/2022 <sup>(5)</sup>	275,281	275,282	—	\$ 7.09	3/21/2032	—	—	—	—
	3/21/2022 <sup>(6)</sup>	—	—	—	\$ —	—	54,235	\$ 110,639	—	—
	11/17/2022 <sup>(7)</sup>	131,297	393,891	—	\$ 1.87	11/17/2032	—	—	—	—
	11/17/2022 <sup>(8)</sup>	—	—	—	\$ —	—	77,602	\$ 158,308	—	—
	3/17/2023 <sup>(13)</sup>	—	421,280	—	\$ 0.481	3/17/2033	—	—	—	—
	3/17/2023 <sup>(14)</sup>	—	—	—	—	—	168,512	\$ 343,764	—	—
	12/26/2023 <sup>(15)</sup>	—	—	—	—	—	42,652	\$ 87,010	—	—
Daniel Virnich	3/1/2020 <sup>(1)</sup>	224,921	26,682	—	\$ 0.86	3/1/2030	—	—	—	—
	3/1/2020 <sup>(2)</sup>	226,375	176,631	—	\$ 0.86	3/1/2030	—	—	—	—
	11/12/2021 <sup>(3)</sup>	—	—	—	\$ —	—	78,094	\$ 159,312	—	—
	11/12/2021 <sup>(4)</sup>	—	—	—	\$ —	—	117,142	\$ 238,970	—	—
	3/21/2022 <sup>(5)</sup>	106,629	106,630	—	\$ 7.09	3/21/2032	—	—	—	—
	3/21/2022 <sup>(6)</sup>	—	—	—	\$ —	—	21,008	\$ 42,856	—	—
	11/17/2022 <sup>(7)</sup>	50,885	152,658	—	\$ 1.87	11/17/2032	—	—	—	—
	11/17/2022 <sup>(8)</sup>	—	—	—	\$ —	—	30,076	\$ 61,355	—	—
	3/17/2023 <sup>(13)</sup>	—	287,361	—	\$ 0.481	3/17/2033	—	—	—	—
3/17/2023 <sup>(14)</sup>	—	—	—	—	—	114,944	\$ 234,486	—	—	
Mihir Shah	5/19/2022 <sup>(9)</sup>	40,759	122,280	—	\$ 7.58	5/19/2032	—	—	—	—
	5/19/2022 <sup>(10)</sup>	—	—	—	\$ —	—	24,092	\$ 49,148	—	—
	11/17/2022 <sup>(7)</sup>	23,604	70,814	—	\$ 1.87	11/17/2032	—	—	—	—
	11/17/2022 <sup>(8)</sup>	—	—	—	\$ —	—	13,952	\$ 28,462	—	—
	3/17/2023 <sup>(13)</sup>	—	440,477	—	\$ 0.481	3/17/2033	—	—	—	—
	3/17/2023 <sup>(14)</sup>	—	—	—	\$ —	—	176,191	\$ 359,430	—	—
Yale Podnos	2/19/2020 <sup>(1)</sup>	52,259	2,282	—	\$ 0.86	2/19/2030	—	—	—	—
	1/12/2021 <sup>(1)</sup>	17,021	6,354	—	\$ 0.86	1/12/2031	—	—	—	—
	12/2/2019 <sup>(2)</sup>	47,350	20,858	—	\$ 0.86	12/2/2029	—	—	—	—
	11/12/2021 <sup>(3)</sup>	—	—	—	\$ —	—	11,359	\$ 23,172	—	—
	11/12/2021 <sup>(4)</sup>	—	—	—	\$ —	—	17,039	\$ 34,759	—	—

3/21/2022 <sup>(5)</sup>	5,492	5,492	—	\$ 7.09	3/21/2032	—	—	—	—
3/21/2022 <sup>(11)</sup>	21,520	43,047	—	\$ 7.09	3/21/2032	—	—	—	—
3/21/2022 <sup>(13)</sup>	—	—	—	\$ —	—	1,082	\$ 2,207	—	—
3/21/2022 <sup>(12)</sup>	—	—	—	\$ —	—	8,481	\$ 17,301	—	—
11/17/2022 <sup>(7)</sup>	17,973	71,895	—	\$ 1.87	11/17/2032	—	—	—	—
11/17/2022 <sup>(8)</sup>	—	—	—	\$ —	—	10,623	\$ 21,670	—	—
3/17/2023 <sup>(13)</sup>	—	83,047	—	\$ 0.481	3/17/2033	—	—	—	—
3/17/2023 <sup>(14)</sup>	—	—	—	\$ —	—	33,219	\$ 67,767	—	—



- (1) All of the shares subject to this option grant are fully vested as of December 31, 2023.
- (2) This stock option was originally performance based, but in connection with the Business Combination, now vests pro rata monthly for 36 months on the 12th day of each succeeding month, subject to the executive's continued service with the Company through the applicable vesting date.
- (3) These Option Earnout Shares vest if, during the two-year period following the November 12, 2021 Business Combination Closing (the "Closing Date"), the last reported sales price per share for any 20 trading days within any 30 consecutive trading day period is \$12.50, provided that the executive remains employed with the Company through the date the performance conditions are satisfied. Further, if prior to the third anniversary of the Closing, the Company enters into a definitive agreement that would result in a change of control and the price per share of the Company's stock in such transaction is equal to or greater than one or both of the share price triggers (see Note 4 below), then any unvested Option Earnout Shares will vest, provided the executive remains employed with the Company through such date.
- (4) These Option Earnout Shares vest if, during the three-year period following the Closing Date, the last reported sales price per share for any 20 trading days within any 30 consecutive trading day period is \$15.00, provided that the executive remains employed with the Company through the date the performance conditions are satisfied. Further, if prior to the third anniversary of the Closing Date, the Company enters into a definitive agreement that would result in a change of control and the price per share of the Company's stock in such transaction is equal to or greater than one or both of the share price triggers (see Note 3 above), then any unvested Option Earnout Shares will vest, provided the executive remains employed with the Company through such date.
- (5) This stock option vests in four equal annual installments on each of the first four anniversaries of the Closing Date, with all options becoming fully vested on November 12, 2025, subject to the executive's continued service with the Company through each applicable vesting date.
- (6) These restricted stock units ("RSUs") vest in four equal annual installments on each of the first four anniversaries of the Closing Date, with all RSUs becoming fully vested on November 12, 2025, subject to the executive's continued service with the Company through each applicable vesting date.
- (7) This stock option vests in four equal annual installments on each of the first four anniversaries of November 17, 2022, with all options becoming fully vested on November 17, 2026, subject to the executive's continued service with the Company through each applicable vesting date.
- (8) These RSUs vest in four equal annual installments on each of the first four anniversaries of November 17, 2022, with all RSUs becoming fully vested on November 17, 2026, subject to the executive's continued service with the Company through each applicable vesting date.
- (9) This stock option vests in four equal annual installments on each of the first four anniversaries of May 19, 2022, with all options becoming fully vested on May 19, 2026, subject to the executive's continued service with the Company through each applicable vesting date.
- (10) These RSUs vest in four equal annual installments on each of the first four anniversaries of May 19, 2022, with all RSUs becoming fully vested on May 19, 2026, subject to the executive's continued service with the Company through each applicable vesting date.
- (11) The stock options vest as to 1/3rd of the options granted on the second anniversary of November 12, 2021 (the Vesting Commencement Date), with the remaining options vesting in four equal annual installments beginning on the third anniversary of the Vesting Commencement Date, with all options becoming fully vested on the sixth anniversary of the Vesting Commencement Date, subject to continued service with the Company through each applicable vesting date.
- (12) Represents RSUs with 1/3rd of the RSUs vesting on the second anniversary of the Vesting Commencement Date, with the remaining RSUs vesting in four equal annual installments beginning on the third anniversary of the Vesting Commencement Date, with all RSUs becoming fully vested on the sixth anniversary of the Vesting Commencement Date, subject to continued service with the Company through each applicable vesting date.
- (13) The stock options vest in four equal annual installments on each of the first four anniversaries of the Vesting Commencement Date, with all options becoming fully vested on the fourth anniversary of the Vesting Commencement Date, subject to continued service with the Company through each applicable vesting date.
- (14) Represents RSUs with 1/4th of the RSUs vesting on March 17, 2024, with the remaining RSUs vesting in three equal annual installments beginning on the first anniversary of March 24, 2024, with all RSUs becoming fully vested on March 24, 2027, subject to continued service with the Company through each applicable vesting date.
- (15) Represents RSUs that vest in full on the date of the Company's 2024 annual stockholder meeting, subject to continued service with the Company through such vesting date.

## Executive Compensation Arrangements

We have entered into employment agreements with each of Dr. Virnich, Dr. Podnos and Mr. Shah, which set forth the terms and conditions of their employment, including initial base salary and eligibility to participate in our employee benefit programs. Each of the employment agreements has a three-year initial term with additional one-year automatic extensions thereafter. In the event that an executive is terminated by us without “cause” or by the executive with “good reason” (each as defined in the respective employment agreement), then such executive will be eligible for salary continuation for a severance period and payments or reimbursements for the cost of COBRA premiums for a severance period, subject to execution of a general release of claims. The severance period for Dr. Virnich and Mr. Shah is 12 months and is three months for Dr. Podnos. Each Named Executive Officer is subject to certain post-employment obligations, including 24-month post-employment non-solicitation of employees covenant, 36-month confidentiality and indefinite non-disparagement obligations.

## Director Compensation

We maintain a non-employee director compensation policy that provides for annual retainer fees and long-term equity awards for our non-employee directors. In 2023, each non-employee director received an annual cash retainer of \$62,500, pro rated to reflect actual time served as a non-employee director. Commencing in 2023, the non-employee directors also received annual grants of RSUs in the aggregate dollar amount of \$100,000 (the “Annual Awards”). In addition, a non-employee director serving as the chairperson of the audit, compensation, compliance and nominating and corporate governance committees received additional annual equity retainers payable in RSUs as follows: (i) for the audit committee, \$30,000; and (ii) for the remaining committees, \$20,000. A non-employee director serving as a member of the audit, compensation, compliance and nominating and corporate governance committees received additional annual equity retainers payable in \$15,000 in value of RSUs for audit committee members and \$10,000 in value of RSUs for the remaining committees. In each instance, the actual number of shares was determined by dividing the dollar amount by the closing price of our Common Stock on the grant date. Mr. Barasch, our Chairman of the Board received a single RSU grant of 80,000 RSUs in December 2023 which reflected his additional service as Chairman.

In 2023, the RSU awards were made (i) in March 2023, with 100% vesting on the one year anniversary of the grant date, subject to the non-employee director’s continued service to the Company on such date; and (ii) in December 2023, which award will vest on the date of the Company’s 2024 Annual Meeting, subject to the non-employee director’s continued service to the Company on such date. If a non-employee director is asked to resign or is removed from the Board during the 12 months commencing on or following a change in control of our Company, then all of the non-employee director’s equity awards will vest in full.

The following individuals served as non-employee directors of TOI in 2023: Richard Barasch, Maeve O’Meara Duke, Brad Hively, Karen Johnson, Mohit Kaushal, Gabriel Ling, Anne McGeorge, Ravi Sarin and Mark Pacala. Mr. Hively only served as a non-employee director commencing on July 1, 2023, and Mr. Sarin resigned from the Board on August 31, 2023. The following table sets forth information concerning the compensation for our non-employee directors during the year ended December 31, 2023. In addition to the cash fees and awards of RSUs noted in the table, we also reimburse our non-employee directors for their reasonable expenses incurred in attending meetings of the Board and its committees.

The following table summarizes compensation received by our non-employee directors for services rendered during the year ended December 31, 2023.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	All Other Compensation (\$)	Total (\$)
Richard Barasch	—	162,400	—	162,400
Maeve O’Meara Duke	62,500	109,390	—	171,890
Brad Hively <sup>(2)</sup>	39,167	86,584	—	125,751
Karen Johnson	62,500	115,028	—	177,528
Mohit Kaushal	62,500	117,720	—	180,220
Gabriel Ling	62,500	81,200	—	143,700
Anne McGeorge	62,500	126,305	—	188,805
Mark Pacala	62,500	97,815	—	160,315
Ravi Sarin <sup>(3)</sup>	62,500	—	—	62,500

(1) Amounts reflect the aggregate grant date fair value of stock awards issued to the directors computed in accordance with FASB ASC Topic 718, Compensation — Stock Compensation. See Note 14 of the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 28, 2024 for a discussion of the relevant assumptions used in calculating these amounts.

(2) Mr. Hively served as a non-employee director beginning July 1, 2023. Prior thereto, he was our Chief Executive Officer. His compensation while serving as an executive officer is included in the Summary Compensation Table above.

(3) Mr. Sarin resigned from the Board on August 31, 2023.

The table below shows the aggregate numbers of unvested RSU awards held as of December 31, 2023 by each non-employee director served in such capacity during the year ended December 31, 2023.

Name	Unvested Restricted Stock Units Outstanding at Fiscal Year End
Richard Barasch	80,000
Maeve O’Meara Duke	50,000
Brad Hively	42,652
Karen Johnson	52,000
Mohit Kaushal	53,326
Gabriel Ling	40,000
Anne McGeorge	56,000
Mark Pacala	46,630

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2023 regarding Common Stock that may be issued under our equity compensation plans, consisting of The Oncology Institute, Inc. 2021 Incentive Award Plan (the “2021 Plan”), the TOI Parent, Inc. 2019 Non-Qualified Stock Option Plan (the “2019 Plan”) and The Oncology Institute, Inc. 2021 Employee Stock Purchase Plan (the “2021 ESPP”).

Plan Category	(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(B) Weighted average per share exercise price of outstanding options, warrants and rights	(C) Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	8,525,262(1)	\$ 1.743(2)	8,214,783(3)
Equity compensation plans not approved by security holders	861,023(4)	—	—
<b>Total</b>	9,386,285	\$ 1.743	8,214,783

- (1) Includes 3,698,249 outstanding options to purchase shares of Common Stock under the 2021 Plan and 4,827,013 outstanding options to purchase shares of Common Stock under the 2019 Plan.
- (2) Represents the weighted-average exercise price of outstanding options.
- (3) Includes 6,008,329 shares of Common Stock available for issuance under the 2021 Plan and 2,206,454 shares of Common Stock available for issuance under the 2021 ESPP (of which 2,206,454 were eligible for purchase during the offering period in effect on December 31, 2022). This amount does not include any additional shares that may become available for future issuance under the 2021 Plan pursuant to the automatic increase to the share reserve on January 1 of each of our calendar years through 2031 by the number of shares equal to 4% of the total outstanding shares of our Common Stock as of the immediately preceding December 31. Additionally, this amount does not include any additional shares that may become available for future issuance under the 2021 ESPP pursuant to the automatic increase to the share reserve on January 1 of each of our calendar years through 2031 by the number of shares equal to 1% of the total outstanding shares of our Common Stock as of the immediately preceding December 31.
- (4) Includes 861,023 outstanding RSUs. Prior to the consummation of the Business Combination, Richey Agajanian Holdings, P.C., a holder of Series A Preferred Shares of Legacy TOI, entered into arrangements with physicians employed by our affiliated physician-owned professional corporations to issue restricted stock awards (“RSAs”), which awards represented Series A Preferred Shares of Legacy TOI and were subject to performance vesting requirements. Each of the Legacy TOI RSAs that was outstanding immediately prior to the Business Combination, whether vested or unvested, was converted into an RSU representing the right to receive one share of our Common Stock upon vesting equal to the product of (i) the number of shares of RSAs immediately prior to the Business Combination, (ii) the conversion rate of 1:10 of the Series A Preferred Shares of Legacy TOI, and (iii) the exchange ratio of 591:1 of the shares of Common Stock of Legacy TOI. Following the Business Combination, each RSU was no longer subject to performance requirements in order to vest, but was modified to include service requirements only. The service vesting requirement states that: (i) 16.67% of the RSUs vest on the six-month anniversary of the Closing Date, and (ii) the remaining 83.33% vest on an equal quarterly-basis, subject to continuous employment with the Company or its related entities through the third anniversary of the grant date. In the event of a change in control at any time after the Closing Date, the RSUs which have not become vested will vest immediately, subject to continuous and active employment with the Company or its related entities through such change in control. Additionally, if the grantee’s employment with the Company or its related entities terminates by reason of death or permanent disability following the Closing Date, then the RSUs will immediately vest as of the date of such death or permanent disability.

## Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information with respect to the beneficial ownership of our Common Stock as of April 15, 2024 by:

- each person known by us to beneficially own more than 5% of the outstanding shares of our Common Stock;
- each of our Named Executive Officers; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days of April 15, 2024. Except as described in the footnotes below and subject to applicable community property laws and similar laws, we believe that each person listed above has sole voting and investment power with respect to such shares.

Percentage ownership is based on 74,313,404 shares of our Common Stock outstanding as of April 15, 2024. Unless otherwise noted, the address of each beneficial owner is c/o the Oncology Institute, Inc., 18000 Studebaker Rd., Suite 800, Cerritos, California 90703.

Name and Address of Beneficial Owner	Number of Shares of Common Stock	% of Ownership
<i>5% Holders</i>		
M33 Growth I L.P. <sup>(1)</sup>	15,256,383	20.5%
Havencrest Healthcare Partners, L.P. <sup>(2)</sup>	8,801,823	11.8%
FMR LLC <sup>(3)</sup>	4,754,083	6.4%
FOG Ventures Investments, LLC <sup>(4)</sup>	4,634,908	6.2%
Oncology Care Partners, LLC <sup>(5)</sup>	4,109,771	5.5%
<i>Directors and Executive Officers<sup>(6)</sup></i>		
Richard Barasch <sup>(7)</sup>	1,851,020	2.5%
Brad Hively <sup>(8)</sup>	2,661,217	3.6%
Maeve O'Meara Duke <sup>(9)</sup>	109,104	*
Karen Johnson <sup>(10)</sup>	115,185	*
Mohit Kaushal <sup>(11)</sup>	142,045	*
Gabriel Ling <sup>(12)</sup>	69,057	*
Anne McGeorge <sup>(13)</sup>	127,346	*
Mark Pacala <sup>(14)</sup>	363,567	*
Daniel Virnich <sup>(15)</sup>	1,058,666	1.4%
Mihir Shah <sup>(16)</sup>	379,999	*
Yale Podnos <sup>(17)</sup>	244,502	*
All directors and executive officers as a group (12 individuals)	7,060,172	9.5%

\* Less than one percent

- (1) Consists of (i) 13,703,803 shares of Common Stock held by M33 Growth I L.P. ("M33") and (ii) 1,552,580 shares of Common Stock held by TOI M, LLC ("TOI M"). Excludes 2,909,288 Earnout Shares to M33 and 329,609 Earnout Shares to TOI M that may be issued pursuant to the Agreement and Plan of Merger, dated as of June 28, 2021 (the "Merger Agreement"), by and among DFPH, Orion Merger Sub I, Inc., Orion Merger Sub II, LLC and TOI Parent, Inc. M33 Growth I GP LLC is the general partner of M33. Michael Anello, Gabriel Ling and Brian Shortsleeve serve as the managers of M33 Growth I GP LLC. M33 is a member of TOI M, and Mr. Ling, Mr. Anello and Mr. Shortsleeve each serve as managers of TOI M. Mr. Ling is a member of the Company's Board of Directors. The business address of each of M33 and TOI M is 888 Boylston Street, Suite 500, Boston, MA 02199.
- (2) Consists of 8,801,823 shares of Common Stock for which TOI HC I, LLC is the record owner. and excludes 3,325,177 Earnout Shares that may be issued to TOI HC I, LLC pursuant to the Merger Agreement. Havencrest Healthcare Partners, L.P. ("Havencrest") and its general partner, Havencrest Healthcare Partners GP, LLC ("Havencrest GP") indirectly have the power to control TOI HC I, LLC and may be deemed to have beneficial ownership of the shares directly held by TOI HC I, LLC. Each of Havencrest and Havencrest GP expressly disclaims beneficial ownership of such securities to the extent of their pecuniary interest therein. The business address for TOI HC I, LLC, Havencrest, and Havencrest GP is 2100 McKinney Ave., #1760, Dallas TX 75201.
- (3) Consists of (i) 377,375 shares of Common Stock to be owned by Fidelity Mt. Vernon Street Trust: Fidelity Series Growth Company Fund; (ii) 1,815,080 shares of Common Stock to be owned by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund; (iii) 2,110,757 shares of Common Stock to be owned by Fidelity Growth Company Commingled Pool, By: Fidelity Management Trust Company, as Trustee; and (iv) 446,788 shares of Common Stock to be owned by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company K6 Fund. These accounts are managed by direct or indirect subsidiaries of FMR LLC. Abigail P. Johnson is a Director, the Chairman, the Chief Executive Officer and the President of FMR LLC.

Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

- (4) Dan Murillo, as principal of FOG Ventures Investments, LLC, directly or indirectly has the power to control FOG Ventures Investments, LLC. As a result, Mr. Murillo may be deemed to have indirect beneficial ownership of the securities held by FOG Ventures Investments, LLC. The business address for FOG Ventures Investments, LLC is 19300 S Hamilton Ave, Ste. 285, Gardena, CA 90248.
- (5) Excludes 872,495 Earnout Shares to OncologyCare Holdings, LLC that may be issued pursuant to the Merger Agreement. OncologyCare Holdings, LLC is the manager of OncologyCare Partners, LLC, and formerly served as the managing member of OncologyCare Partners, LLC and continues to have the ability to influence the vote and disposition of the shares in certain circumstances, and thus may be deemed to indirectly beneficially own the shares, except to the extent of his pecuniary interest therein.
- (6) Unless indicated otherwise, the address of each stockholder is 18000 Studebaker Rd., Suite 800, Cerritos, CA 90703.
- (7) Includes (i) 257,193 shares of Common Stock held by Mr. Barasch; (ii) 182,500 shares of Common Stock issuable upon conversion of Series A Common Equivalent Preferred held by Mr. Barasch (including 23,000 Earnout Shares that may be released to Mr. Barasch based on the terms of the Merger Agreement); (iii) 709,800 shares of Common Stock issuable upon conversion of Series A Common Equivalent Preferred held by the Helen Barasch Family Trust #1 (the "Barasch Family Trust") (including 89,400 Earnout Shares that may be released to the Barasch Family Trust based on the terms of the Merger Agreement) and (iv) 621,527 shares of Common Stock issuable upon exercise of warrants held by Mr. Barasch (including 73,024 Earnout Warrants that may be released to Mr. Barasch based on the terms of the Merger Agreement). Mr. Barasch, acting as an investment advisor with respect to the Barasch Family Trust, has dispositive and voting power over the securities held by the Barasch Family Trust but expressly disclaims beneficial ownership of such securities to the extent of his pecuniary interest therein. The address of Mr. Barasch is 300 Central Park West, Apt 7G, New York, NY 10024. The address of the Barasch Family Trust is 500 Stanton Christiana Rd NCC2, Newark DE 19713. The shares held by Mr. Barasch give pro forma effect to a distribution of shares currently held by the Sponsor, which are expected to be distributed to Mr. Barasch upon the Sponsor's scheduled dissolution. Also includes 80,000 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.
- (8) Consists of (i) 141,380 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$12.50 per share for 20 days within any 30 consecutive trading days for the two-year period following the closing of the Business Combination, subject to continued employment at such time, (ii) 212,070 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$15.00 per share for 20 days within any 30 consecutive trading days for the three-year period following the closing of the Business Combination, subject to continued employment at such time, (iii) 122,229 shares of Common Stock held by Mr. Hively, (iv) 2,142,886 shares of Common Stock issuable upon exercise of stock options held by him that are exercisable within 60 days; and (v) 42,652 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.
- (9) Consists of (i) 109,104 shares of Common Stock held by Ms. Duke, including (ii) 50,000 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.
- (10) Consists of (i) 115,185 shares of Common Stock held by Ms. Johnson, including (ii) 52,000 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.
- (11) Represents (i) 25,534 shares of Common Stock held by Dr. Kaushal prior to the consummation of the Business Combination, after giving effect to forfeitures pursuant to the Stockholder Support Agreement, dated as of June 28, 2021, by and among DFP, TOI and the Sponsor. Also, consists of 116,511 shares of Common Stock, including 53,326 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.

- (12) Consists of 69,057 shares of Common Stock held by Mr. Ling, including (ii) 40,000 shares of Common Stock subject to RSUs held by him that will vest within 60 days of the date of this table. Does not include shares owned by M33. See Note 1 above.
- (13) Consists of (i) 127,346 shares of Common Stock held by Ms. McGeorge, including (ii) 56,000 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.
- (14) Consists of (i) 20,248 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$12.50 per share for 20 days within any 30 consecutive trading days for the two-year period following the closing of the Business Combination, subject to continued employment at such time, (ii) 30,372 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$15.00 per share for 20 days within any 30 consecutive trading days for the three-year period following the closing of the Business Combination, subject to continued employment at such time, (iii) 37,779 shares of Common Stock held by Mr. Pacala, (iv) 228,538 shares of Common Stock issuable upon exercise of stock options held by Mr. Pacala that are exercisable within 60 days; and (v) 46,630 shares of Common Stock subject to RSUs that will vest on the date of the Company's 2024 Annual Meeting, which is within 60 days of the date of this table.
- (15) Consists of (i) 78,094 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$12.50 per share for 20 days within any 30 consecutive trading days for the two-year period following the closing of the Business Combination, subject to continued employment at such time, (ii) 117,142 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$15.00 per share for 20 days within any 30 consecutive trading days for the three-year period following the closing of the Business Combination, subject to continued employment at such time, (iii) 59,768 shares of Common Stock held by Dr. Virnich; and (iv) 803,662 shares of Common Stock issuable upon exercise of stock options held by Dr. Virnich that are exercisable within 60 days of the date of this table.
- (16) Consists of (i) 164,757 shares of Common Stock held by Mr. Shah; and (ii) 215,242 shares of Common Stock issuable upon exercise of stock options that are exercisable within 60 days of the date of this table.
- (17) Consists of (i) 11,359 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$12.50 per share for 20 days within any 30 consecutive trading days for the two-year period following the closing of the Business Combination, subject to continued employment at such time, (ii) 17,039 shares received in connection with the Business Combination and representing restricted earn-out shares subject to forfeiture and unvested until such time the Issuer's stock price reaches \$15.00 per share for 20 days within any 30 consecutive trading days for the three-year period following the closing of the Business Combination, subject to continued employment at such time, (iii) 17,166 shares of Common Stock held by Mr. Podnos and (iv) 198,938 shares of Common Stock issuable upon exercise of stock options held by Mr. Podnos that are exercisable within 60 days.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

In addition to the compensation arrangements with directors and executive officers described under "Executive and Director Compensation" and "Management," the following is a description of each transaction since January 1, 2022 and each currently proposed transaction in which:

- a. we have been or are to be a participant;
- b. the amount involved exceeds or will exceed the lesser of \$120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years; and
- c. any of our directors, executive officers or beneficial holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

## Registration Rights Agreements

In connection with the execution of the Merger Agreement, we and certain stockholders of Legacy TOI and DFP entered into a registration rights agreement (the “Registration Rights Agreement”). Pursuant to the Registration Rights Agreement, we agreed to file a shelf registration statement with respect to the registrable securities under the Registration Rights Agreement within 30 business days of the closing of the Business Combination. That registration statement was filed on December 17, 2021 and declared effective on February 11, 2022. Certain Legacy TOI stockholders and DFP stockholders may each request to sell all or any portion of their registrable securities in an underwritten offering, or up to once in the case of a long-form registration, so long as the aggregate market price of the securities being registered exceeds \$25.0 million at the time of the request. We also agreed to provide customary “piggyback” registration rights. The Registration Rights Agreement also provides that we will pay certain expenses relating to such registrations and indemnify the stockholders against certain liabilities.

We also entered into a registration rights agreement with the holders of our senior secured convertible notes (the “Noteholders Registration Rights Agreement”). The registration statement required under the Noteholders Registration Rights Agreement was filed on September 8, 2022 and declared effective on September 26, 2022. That agreement also provides for customary “piggyback” registration rights, payment of certain expenses by us, and indemnification of certain liabilities.

## Director and Officer Indemnification

Our Charter and Bylaws provide for indemnification and advancement of expenses for our directors and officers to the fullest extent permitted by Delaware law, subject to certain limited exceptions. We have entered into indemnification agreements with each member of our Board and several of our officers.

## Procedures with Respect to Review and Approval of Related Person Transactions

Our Board recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests (or the perception of such conflicts of interest). We have adopted a written policy on transactions with related persons that is in conformity with the requirements for issuers having publicly-held common stock that is listed on Nasdaq. Under the policy, our legal department is primarily responsible for developing and implementing processes and procedures to obtain information regarding related persons with respect to potential related person transactions and then determining, based on the facts and circumstances, whether such potential related person transactions do, in fact, constitute related person transactions requiring compliance with the policy. If the head of our legal department determines that a transaction or relationship is a related person transaction requiring compliance with the policy, the head of our legal department will be required to present to the audit committee all relevant facts and circumstances relating to the related person transaction. The audit committee will be required to review the relevant facts and circumstances of each related person transaction, including if the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party and the extent of the related person’s interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of our code of business conduct and ethics, and either approve or disapprove the related person transaction. If advance audit committee approval of a related person transaction requiring the audit committee’s approval is not feasible, then the transaction may be preliminarily entered into by management upon prior approval of the transaction by the chair of the audit committee, subject to ratification of the transaction by the audit committee at the audit committee’s next regularly scheduled meeting; provided, that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction. If a transaction was not initially recognized as a related person transaction, then, upon such recognition, the transaction will be presented to the audit committee for ratification at the audit committee’s next regularly scheduled meeting; provided, that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction. Our management will update the audit committee as to any material changes to any approved or ratified related person transaction and will provide a status report at least annually of all then-current related person transactions. No director will be permitted to participate in approval of a related person transaction for which he or she is a related person.

Our board of directors has delegated to the officers of the Company the right to approve certain commercial agreements entered into with related parties on arm’s length terms (as determined by the officers of the Company) in the ordinary course of business; provided, however, that any such agreement that is reasonably likely to require, during the term of such agreement, annual payments to or by the Company and its subsidiaries in excess of \$500,000 shall be subject to approval in accordance with our related party transaction policy discussed above.

## Item 14. Principal Accountant Fees and Services

BDO served as the independent auditor for the Company for fiscal years ended December 31, 2023 and December 31, 2022. The following table sets forth the aggregate fees billed by BDO for fiscal years 2023 and 2022:

	2023	2022
Audit Fees <sup>(1)</sup>	\$ 851,214	\$ 768,944
Audit Related Fees <sup>(2)</sup>	\$ 68,052	\$ —
Tax Fees <sup>(3)</sup>	\$ —	\$ 26,600
All Other Fees <sup>(4)</sup>	\$ —	\$ 37,618
<b>Total</b>	<b>\$ 919,266</b>	<b>\$ 833,162</b>

- (1) Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services that are normally provided by BDO in connection with regulatory filings.
- (2) Audit related fees primarily consist of fees billed for professional services rendered by BDO relating to the audit of the Provider Relief Fund and the employee benefit plan in connection with certain regulatory filings.
- (3) Tax fees consist of fees billed for professional services relating to tax compliance, tax planning and tax advice.
- (4) All other fees consist of fees billed for all other services.

All fees described above were pre-approved by the audit committee.

## Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by the Company’s independent registered public accounting firm. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee’s approval of the scope of the engagement of the independent auditor or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service.





**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

(a) Documents filed as part of the Annual Report on Form 10-K, as amended by this Amendment No. 1

(1) *Financial Statements*: See Index to Consolidated Financial Statements, which appears on Page 28 of the Original Form 10-K.

(2) *Financial Statement Schedules*: No financial statement schedules are included in the Original 10-K or this Amendment No. 1 as such schedules are not required or the information that would be included in such schedules is not material or is otherwise furnished.

(b) *Exhibits*: See Index to Exhibits below.

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference</u>				<u>Filed or Furnished Herewith</u>
		<u>Form</u>	<u>File Number</u>	<u>Exhibit</u>	<u>Filing Date</u>	
2.1	Agreement and Plan of Merger, dated as of June 28, 2021, by and among DFP Healthcare Acquisitions Corp., Orion Merger Sub I, Inc., Orion Merger Sub II, LLC and TOI Parent, Inc.	S-4/A	333-258152	2.1	October 20, 2021	
3.1	Amended and Restated Certificate of Incorporation of The Oncology Institute, Inc.	8-K	001-39248	3.1	November 18, 2021	
3.2	Amended and Restated Bylaws of The Oncology Institute, Inc.	8-K	001-39248	3.2	November 18, 2021	
3.3	Certificate of Designation of Series A Common Stock Equivalent Convertible Preferred Stock	8-K/A	001-39248	3.3	November 22, 2021	
4.1	Warrant Agreement, dated March 10, 2020, by and between DFP and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39248	4.1	March 13, 2020	
4.2	Specimen Preferred Stock Certificate of The Oncology Institute, Inc.	8-K/A	001-39248	4.2	November 22, 2021	
4.3	Form of Secured Convertible Note	8-K	001-39248	4.1	August 10, 2022	
4.4	Form of Warrant	8-K	001-39248	4.2	August 10, 2022	
4.5	Description of Registered Securities of The Oncology Institute, Inc.	10-K	001-39248	4.5	March 28, 2024	
10.1	Form of Subscription Agreement by and between DFP Healthcare Acquisitions Corp. and the subscribers party thereto	S-4/A	333-258152	10.1	October 20, 2021	
10.2	Form of Deerfield Subscription Agreement by and between DFP Healthcare Acquisitions Corp. and the subscribers party thereto	S-4/A	333-258152	10.2	October 20, 2021	
10.3	Amended and Restated Registration Rights agreement by and among DFP Healthcare Acquisitions Corp., DFP Sponsor LLC and certain other parties thereto	8-K/A	001-39248	10.1	November 22, 2021	
10.4*	The Oncology Institute, Inc. 2021 Incentive Award Plan	8-K/A	001-39248	10.2	November 22, 2021	
10.5*	The Oncology Institute, Inc. Employee Stock Purchase Plan	8-K/A	001-39248	10.3	November 22, 2021	
10.6	Form of Indemnification Agreement	8-K/A	001-39248	10.5	November 22, 2021	
10.7	Amended and Restated Management Services Agreement, dated January 12, 2021, by and between TOI Management, LLC and The Oncology Institute CA, as amended	8-K/A	001-39248	10.6	November 22, 2021	
10.8*	TOI Parent, Inc. 2019 Non-Qualified Stock Option Plan	8-K/A	001-39248	10.7	November 22, 2021	
10.9*	Transition Agreement, dated June 11, 2023, by and between Brad Hively, TOI Management, LLC and The Oncology Institute, Inc.	8-K/A	000-39248	10.1	June 14, 2023	
10.10*	Form of Restricted Stock Unit Agreement	8-K	001-39248	10.1	March 7, 2022	
10.11*	Form of Option Agreement	8-K	001-39248	10.2	March 7, 2022	
10.12	Facility Agreement, dated as of August 9, 2022, by and among The Oncology Institute, Inc. and Deerfield Partners, L.P.	8-K	001-39248	10.1	August 10, 2022	
10.13	Registration Rights Agreement, dated as of August 9, 2022, by and between The Oncology Institute, Inc. and Deerfield Partners, L.P.	8-K	001-39248	10.2	August 10, 2022	
10.14	Registration Rights Consent, Amendment, and Waiver, dated as of August 9, 2022, by and among Deerfield Private Design Fund IV, L.P., Deerfield Partners, L.P., M33 Growth I L.P., TOI M, LLC and Oncology Care Partners, LLC	8-K	001-39248	10.3	August 10, 2022	
10.15*	Employment Agreement, dated February 18, 2020, between TOI Management LLC and Daniel Virnich	8-K/A	001-39248	10.3	June 14, 2023	
10.16*	Amendment No. 1 to Employment Agreement dated February 18, 2020 between TOI Management LLC and Danial Virnich, dated May 4, 2023	10-Q	001-39248	10.1	May 10, 2023	
10.17*	Executive Employment Agreement – Mihir Shah	10-Q	001-39248	10.2	May 10, 2022	
10.18*	Amendment No. 1 to Employment Agreement dated April 4, 2023 between TOI Management LLC and Mihir Shah, dated May 4, 2023	10-Q	001-39248	10.2	May 10, 2023	
10.19*	Employment Agreement, effective as of September 5, 2023, by and between the Company and Jeremy Castle	10-Q	001-39248	10.1	November 8, 2023	

21.1	Subsidiaries of the registrant	S-1	333-261740	21.1	December 17, 2021	
23.1	Consent of BDO USA, P.C. Independent Registered Public Accounting Firm.	10-K	001-39248	23.1	March 28, 2024	
24.1	Power of Attorney (included on page 116 of the Annual Report on Form 10-K)	10-K	001-39248	24.1	March 28, 2024	
31.1	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of the Principal Executive Officer.					X
31.2	Certification Pursuant to Rule 13a-14(a) under Securities Exchange Act of 1934 of the Principal Financial Officer.					X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.	10-K	001-39248	32.1	March 28, 2024	
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer	10-K	001-39248	32.2	March 28, 2024	
97.1	The Oncology Institute, Inc. Policy for Recovery of Erroneously Awarded Compensation	10-K	001-39248	97.1	March 28, 2024	
101	Interactive Data File — the following financial statements from The Oncology Institute's Annual Report on Form 10-K formatted in inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Convertible Preferred Stock and Changes in Stockholders' Equity), (iv) the Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.					
101.INS	XBRL Instance Document					
101.SCH	XBRL Taxonomy Extension Schema Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)					

\* Management contract or compensatory plan or arrangement.

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned hereunto duly authorized, on this the day of April 22, 2024.

THE ONCOLOGY INSTITUTE, INC.

By: /s/ Mihir Shah  
Mihir Shah  
*Chief Financial Officer*  
*(Principal Financial Officer and Duly Authorized Officer)*

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
*		
Daniel Virnich	Chief Executive Officer (Principal Executive Officer)	April 22, 2024
/s/ Mihir Shah Mihir Shah	Chief Financial Officer (Principal Financial and Accounting Officer)	April 22, 2024
*		
Richard Barasch	Director	April 22, 2024
*		
Karen Johnson	Director	April 22, 2024
*		
Mohit Kaushal	Director	April 22, 2024
*		
Gabriel Ling	Director	April 22, 2024
*		
Anne McGeorge	Director	April 22, 2024
*		
Maeve O'Meara	Director	April 22, 2024
*		
Mark Pacala	Director	April 22, 2024
*		
Brad Hively	Director	April 22, 2024

\*. By Mihir Shah, as attorney-in-fact.