UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

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	**84-3562323**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
18000 Studebaker Road, Suite 800 Cerritos, California	**90703**
(Address of Principal Executive Offices)	(Zip Code)

(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
Redeemable warrants, each whole warrant exercisable for one share of Common stock, each at an exercise price of $11.50 per share	TOIIW	The Nasdaq Stock Market LLC

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

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, 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of May 7, 2024, the registrant had 74,437,924 shares of common stock outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024 (Unaudited)	December 31, 20
Assets		
Current assets:		
Cash and cash equivalents	$ 36,055	$ 33,4
Marketable securities	29,777	49,3
Accounts receivable, net	58,760	42,3
Other receivables	368	5
Inventories	11,554	13,6
Prepaid expenses and other current assets	4,678	4,0
Total current assets	141,192	143,4
Property and equipment, net	10,995	10,8
Operating right of use assets	27,416	29,1
Intangible assets, net	17,131	17,9
Goodwill	7,230	7,2
Other assets	568	5
Total assets	$ 204,532	$ 209,2
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 21,015	$ 14,4
Current portion of operating lease liabilities	6,390	6,3
Accrued expenses and other current liabilities	18,363	13,9
Total current liabilities	45,768	34,7
Operating lease liabilities	25,060	26,4
Derivative warrant liabilities	636	6
Conversion option derivative liabilities	3,082	3,0
Long-term debt, net of unamortized debt issuance costs	88,385	86,8
Other non-current liabilities	273	3
Deferred income taxes liability	32	
Total liabilities	163,236	152,2
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common Stock, $0.0001 par value, authorized 500,000,000 shares; 76,046,694 shares issued and 74,312,920 shares outstanding at March 31, 2024 and 75,879,025 shares issued and 74,145,251 shares outstanding at December 31, 2023	8	
Series A Convertible Preferred Stock, $0.0001 par value, authorized 10,000,000 shares; 165,045 shares issued and outstanding at March 31, 2024 and December 31, 2023	—	
Additional paid-in capital	208,346	204,1
Treasury Stock at cost, 1,733,774 shares at March 31, 2024 and December 31, 2023	(1,019)	(1,0
Accumulated deficit	(166,039)	(146,1
Total stockholders' equity	41,296	57,0
Total liabilities and stockholders' equity	$ 204,532	$ 209,2

Note: The Company's condensed consolidated balance sheets include the assets and liabilities of its consolidated variable interest entities ("VIEs"). The condensed consolidated balance sheets include total assets that can be used only to settle obligations of the Company's consolidated VIEs totaling $82,603 and $71,305 as of March 31, 2024 and December 31, 2023, 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 $241,421 and $210,422 as of March 31, 2024 and December 31, 2023, respectively. See Note 17 for further details.

See accompanying notes to the condensed consolidated financial statements.

THE ONCOLOGY INSTITUTE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(US Dollars in thousands, except share data)
(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Revenue		
Patient services	$ 52,453	$ 50,273
Dispensary	39,679	24,240
Clinical trials & other	2,534	1,679
Total operating revenue	94,666	76,192
Operating expenses		
Direct costs – patient services	49,497	42,814
Direct costs – dispensary	32,809	19,145
Direct costs – clinical trials & other	391	134
Goodwill impairment charges	—	16,867
Selling, general and administrative expense	28,452	28,830
Depreciation and amortization	1,489	1,269
Total operating expenses	112,638	109,059
Loss from operations	(17,972)	(32,867)
Other non-operating expense (income)		
Interest expense, net	1,985	1,443
Change in fair value of derivative warrant liabilities	—	(143)
Change in fair value of earnout liabilities	—	(752)
Change in fair value of conversion option derivative liabilities	—	(3,318)
Other, net	(68)	(143)
Total other non-operating (income) loss	1,917	(2,913)
Loss before provision for income taxes	(19,889)	(29,954)
Income tax expense	—	(44)
Net loss	$ (19,889)	$ (29,998)
Net loss per share attributable to common stockholders:		
Basic	$ (0.22)	$ (0.33)
Diluted	$ (0.22)	$ (0.33)
Weighted-average number of shares outstanding:		
Basic	74,234,287	73,449,132
Diluted	74,234,287	73,449,132

See accompanying notes to the condensed consolidated financial statements.

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

	Common Stock		Preferred Stock					
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2023	75,879,025	$ 8	165,045	$ —	$ (1,019)	$ 204,186	$ (146,150)	$ 57,025
Net loss	—	—	—	—	—	—	(19,889)	(19,889)
Issuance of common stock upon vesting of restricted stock units	83,020	—	—	—	—	—	—	—
Issuance of common stock upon exercise of options	84,649	—	—	—	—	73	—	73
Share-based compensation expense	—	—	—	—	—	4,087	—	4,087
Balance at March 31, 2024	76,046,694	$ 8	165,045	$ —	$ (1,019)	$ 208,346	$ (166,039)	$ 41,296

	Common Stock		Preferred Stock				
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2022	73,265,621	$ 7	165,045	$ —	$ 186,250	$ (63,082)	$ 123,175
Net loss	—	—	—	—	—	(29,998)	(29,998)
Issuance of common stock upon vesting of restricted stock units	488,988	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	5,229	—	5,229
Balance at March 31, 2023	73,754,609	$ 7	165,045	$ —	$ 191,479	$ (93,080)	$ 98,406

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (19,889)	$ (29,998)
Adjustments to reconcile net loss to cash and cash equivalents used in operating activities:		
Depreciation and amortization	1,489	1,269
Amortization of debt issuance costs and debt discount	1,559	1,523
Goodwill impairment charges	—	16,867
Share-based compensation	4,087	4,965
Change in fair value of liability classified warrants	—	(143)
Change in fair value of liability classified earnouts	—	(752)
Change in fair value of liability classified conversion option derivatives	—	(3,318)
Unrealized gain on investments	(85)	(143)
Accretion of discount on investment securities	(324)	(920)
Deferred taxes	—	(26)
Credit losses	—	1
Loss on disposal of property and equipment	12	—
Changes in operating assets and liabilities:		
Accounts receivable	(16,400)	(6,141)
Other receivables	183	189
Inventories	2,124	(993)
Prepaid expenses and other current assets	(629)	(24)
Operating right-of-use assets	1,753	1,400
Other assets	(7)	(50)
Accounts payable	6,357	2,574
Current and long-term operating lease liabilities	(1,399)	(1,243)
Accrued expenses and other current liabilities	5,368	(805)
Other non-current liabilities	(82)	316
Net cash and cash equivalents used in operating activities	(15,883)	(15,452)
Cash flows from investing activities:		
Purchases of property and equipment	(610)	(1,839)
Purchases of marketable securities/investments	—	(9,759)
Sales of marketable securities/investments	19,998	29,999
Net cash and cash equivalents provided by investing activities	19,388	18,401
Cash flows from financing activities:		
Payments made for financing of insurance payments	(1,002)	(1,282)
Payment of deferred consideration liability for acquisition	—	(409)
Principal payments on financing leases	(9)	(18)
Common stock issued for options exercised	73	—
Net cash and cash equivalents used in financing activities	(938)	(1,709)
Net increase in cash and cash equivalents	2,567	1,240
Cash and cash equivalents at beginning of period	33,488	14,010
Cash and cash equivalents at end of period	$ 36,055	$ 15,250
Supplemental disclosure of cash flow information:		
Cash paid for:		
Income taxes	$ —	$ 68
Interest	$ 1,134	$ 1,128
Supplemental disclosure of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	$ 147	$ —

See accompanying notes to the condensed consolidated financial statements.

THE ONCOLOGY INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023
(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 TOI Parent (together, "Legacy TOI"). DFPH was renamed “The Oncology Institute, Inc.” and its common stock and "public warrants" continued to be listed on Nasdaq under the ticker symbols “TOI” and “TOIIW,” respectively (See Note 16).

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 it 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 126 oncologists and mid-level professionals across 73 clinic locations located within four states: California, Florida, Arizona, and Nevada. 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

Unaudited Interim Financial Information

The accompanying interim condensed consolidated financial statements are unaudited and have been prepared in accordance with Article 10 of Regulation S-X issued by the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and note disclosures required by U.S. generally accepted accounting principles ("GAAP") for complete consolidated financial statements. However, the Company believes that the disclosures are adequate to ensure the information is not misleading. In the opinion of management, all adjustments (of normal and recurring nature) considered necessary for fair presentation have been reflected in these interim statements. As such, the information included in the accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes as of and for the year ended December 31, 2023, issued on March 28, 2024 in the Company's Annual Report on Form 10-K.

Principles of Consolidation

The accompanying condensed 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 (“VIEs”) 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 or losses from these subsidiaries are included in the consolidated amounts as presented on the Condensed 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 March 31, 2024, TOI held variable interest in TOI CA, The Oncology Institute FL, LLC, a Professional Corporation ("TOI FL"), and The Oncology Institute TX, a Professional Corporation ("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 ("ASC") 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 acquirer 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.

Segment Reporting

The Company presents the financial statements by segment in accordance with ASC 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 income per share attributable to common stockholders adjusts basic net income 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 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 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.

Fair Value Measurements

The Company accounts for fair value measurements under ASC 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. Contingent considerations are valued using a present value factor using credit rating yields which are considered to be a Level 3 fair value measurement. 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.

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 Condensed 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 March 31, 2024 and December 31, 2023.

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 aggregate purchase price paid over the fair value of the net assets acquired in our business combinations.

Goodwill is not amortized but is required to be evaluated for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. 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.

When assessing goodwill for impairment for the quarter ended March 31, 2023, we first performed a qualitative assessment to determine whether it was necessary to perform the two-step 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, we 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, the Company recorded an impairment charge of $16,867 of goodwill recorded for the three months ended March 31, 2023. We performed a qualitative assessment for the quarter ended March 31, 2024 and determined it was not necessary to perform the two-step quantitative analysis. We determined there was no impairment at and for the three months ended March 31, 2024.

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 ASC 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 Condensed Consolidated Statement of Operations each reporting period.

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 Condensed 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 Condensed 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 Statement of Operations in accordance with ASC 320, *Debt Securities*. As of March 31, 2024, there were no available-for-sale instruments for which the fair value option was not elected.

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, as amended ("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 Securities Exchange Act of 1934, as amended (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.

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.

Recently Issued and Adopted 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 adoption of this standard did not have a material impact on our condensed consolidated financial statements as of March 31, 2024.

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 adopted ASU 2021-08 on January 1, 2024 on a prospective basis.

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 three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended March 31,	
	2024	**2023**
Percentage of Patient Services Net Revenue:		
Payor A	N/A	11 %
Payor B	15 %	15 %

There was no concentration of gross receivables of patient services revenue on a percentage basis for major payors at March 31, 2024 and December 31, 2023.

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

Vendor Concentration Risk

The concentration of cost of sales on a percentage basis for major vendors for the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended March 31,	
	2024	**2023**
Percentage of Direct Costs:		
Vendor A	98 %	99 %

The concentration of gross payables on a percentage basis for major payors at March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	**December 31, 2023**
Percentage of Gross Payables:		
Vendor A	75 %	70 %

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 March 31, 2024 and December 31, 2023 consist of the following:

(in thousands)	March 31, 2024	December 31, 2023
Oral drug accounts receivable (Dispensary)	$ 12,380	$ 2,914
Capitated accounts receivable (Patient Services)	1,791	1,757
FFS accounts receivable (Patient Services)	35,230	30,173
Clinical trials accounts receivable	2,977	2,595
Other trade receivables	6,382	4,921
Total	$ 58,760	$ 42,360

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 March 31, 2024 and December 31, 2023.

As of January 1, 2023, the accounts receivable balance amounted to $39,816.

During the three months ended March 31, 2024 and 2023, the Company had net bad debt recoveries of $0 and $10, respectively, and bad debt expense of $0 and $11, 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).

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:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Patient services		
Capitated revenue	$ 17,667	$ 16,568
FFS revenue	34,786	33,705
Subtotal	52,453	50,273
Dispensary revenue	39,679	24,240
Clinical research trials and other revenue	2,534	1,679
Total	$ 94,666	$ 76,192

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 March 31, 2024, January 1, 2023, and December 31, 2023. Refer to Note 4 for accounts receivable as of March 31, 2024 and December 31, 2023.

Contract liabilities represent cash that has been received for contracts, but for which performance is still unsatisfied. As of March 31, 2024 and December 31, 2023, contract liabilities amounted to $964 and $545, respectively. As of January 1, 2023, the contract liabilities amounted to $1,139. 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 periods ended March 31, 2024 and 2023, the Company recognized revenue of $0 and $264, respectively, related to deferred capitation revenue received (contract liability) as of the beginning of each respective period.

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 March 31, 2024 and December 31, 2023 were as follows:

(in thousands)	March 31, 2024	December 31, 2023
Oral drug inventory	$ 3,424	$ 3,640
IV drug inventory	8,130	10,038
Total	$ 11,554	$ 13,678

Note 7. Marketable Securities and Fair Value Measurements

Marketable Securities

The Company accounts for its investment securities as available for sale using the fair value election pursuant to ASC 825, where changes in fair value are recorded in Other, net non-operating income (expense) on the Company's Condensed Consolidated Statements of Operations. The Company's investments in marketable securities at March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
U.S. Treasury Bills	$ 12,902	$ —	$ (1)	$ 12,901
Marketable securities:				
Short-term U.S. Treasuries	$ 29,825	$ —	$ (48)	$ 29,777
Total available for sale securities	$ 42,727	$ —	$ (49)	$ 42,678

	December 31, 2023			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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	$ 72,279	$ 5	$ (134)	$ 72,150

The contractual maturities of the Company's investments in cash equivalents and marketable securities as of March 31, 2024 and December 31, 2023 is as follows:

March 31, 2024 *(in thousands)*	**Due in One Year or Less**	**Due After One Year through Five Years**	**Due After Five Years**	**Total**
Cash equivalents:				
U.S. Treasury Bills	$ 12,901	$ —	$ —	$ 12,901
Marketable securities:				
Short-term U.S. Treasuries	29,777	$ —	$ —	29,777
Total available for sale securities	$ 42,678	$ —	$ —	$ 42,678

December 31, 2023 *(in thousands)*	**Due in One Year or Less**	**Due After One Year through Five Years**	**Due After Five Years**	**Total**
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	$ 72,150	$ —	$ —	$ 72,150

The Company recorded a net unrealized loss of $81 for the three months ended March 31, 2024. At March 31, 2024, two securities were in an unrealized loss position. The decline in fair value of our securities since acquisition 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 $60 and $242, respectively, at March 31, 2024 and December 31, 2023, and is included within other receivables in the Condensed Consolidated Balance Sheets.

Fair Value Measurements

The following table presents the carrying amounts of the Company’s recurring and non-recurring fair value measurements at March 31, 2024 and December 31, 2023:

	March 31, 2024			
(in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Cash equivalents	$ 12,901	$ —	$ 12,901	—
Marketable securities	29,777	—	29,777	—
Financial liabilities:				
Derivative warrant liabilities	$ 636	$ —	$ 636	$ —
Conversion option derivative liabilities	3,082	—	—	3,082
Contingent consideration liability	1,980	—	1,980	—

There were no transfers between levels for the three months ended March 31, 2024.

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.

(in thousands)	December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Cash equivalents	$ 22,783	$ —	$ 22,783	$ —
Marketable securities	49,367	—	49,367	—
Financial liabilities:				
Derivative warrant liabilities	$ 636	$ —	$ 636	$ —
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

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 at fair value on a recurring basis and classifies those instruments within Level 2 of the fair value hierarchy because the valuation is based on an 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 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 three months ended March 31, 2023, 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. 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 rates ranging from 45.0% to 55.0% and various revenue growth rates utilized in the financial forecast of future cash flows. Additionally, it was concluded in connection with the preparation of these financial statements that, based on the results of our most recent qualitative assessment performed for the three months ended March 31, 2024, there was no impairment of goodwill recorded for the three months ended March 31, 2024.

The following table presents information about the Company's financial liabilities that are measured at fair value on a recurring basis at March 31, 2024:

(in thousands)	**Derivative Earnout Liabilities**	**Conversion Option Derivative Liabilities**
Balance at December 31, 2022	$ 803	$ 3,960
Decrease in fair value included in other expense	(803)	(878)
Balance at December 31, 2023	$ —	$ 3,082
Change in fair value included in other expense	—	—
Balance at March 31, 2024	$ —	$ 3,082

As of March 31, 2024 and 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 a 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. A summary of the Level 3 fair value measurements inputs used in the valuations is as follows:

	March 31, 2024			
	First Tranche Earnout	Second Tranche Earnout	Convertible Note Warrant Derivative Liability	Conversion Option Derivative Liabilities
Unit price	$ 1.58	$ 1.58	$ 1.58	$ 1.58
Term (in years)	0.62	0.62	3.36	3.36
Volatility	65.20 %	65.20 %	73.10 %	73.10 %
Risk-free rate	5.20 %	5.20 %	4.30 %	4.30 %
Dividend yield	—	—	—	—
Cost of equity	16.50 %	16.50 %	—	—

	December 31, 2023			
	First Tranche Earnout	Second Tranche Earnout	Convertible Note Warrant Derivative Liability	Conversion Option Derivative Liability
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 %	0.00 %	0.00 %

Uncertainty of Fair Value Measurement from Use of Significant Unobservable Inputs

The inputs to estimate the fair value of the Company's 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:

(in thousands)	Useful lives	March 31, 2024	December 31, 2023
Computers and software	60 months	$ 3,433	$ 3,035
Office furniture	84 months	738	724
Leasehold improvements	Shorter of lease term or estimated useful life	9,672	9,214
Medical equipment	60 months	2,144	2,082
Construction in progress		1,695	1,801
Finance lease ROU assets	Shorter of lease term or estimated useful life	207	207
Less: accumulated depreciation		(6,894)	(6,180)
Total property and equipment, net		$ 10,995	$ 10,883

Depreciation expense for the three months ended March 31, 2024 and 2023 was $715 and $541, respectively.

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

Accrued expenses and other current liabilities as of March 31, 2024 and December 31, 2023 consist of the following:

(in thousands)	March 31, 2024	December 31, 2023
Compensation, including bonuses, fringe benefits, and payroll taxes	$ 6,951	$ 5,518
Contract liabilities	964	545
Directors and officers insurance premiums	—	1,002
Deferred acquisition and contingent consideration (see Note 16)	2,261	2,206
Accrued interest	1,112	1,124
Other liabilities	7,075	3,601
Total accrued expenses and other current liabilities	$ 18,363	$ 13,996

Contract liabilities as of March 31, 2024 and December 31, 2023 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 March 31, 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 $62. 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.

Lease Expense

The components of lease expense were as follows for the three months ended March 31, 2024 and 2023:

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating lease costs:	$ 1,988	$ 1,762
Finance lease costs:		
Amortization of ROU asset	$ 10	$ 20
Interest expense	$ 2	$ 3
Other lease costs:		
Short-term lease costs	$ —	$ 31
Variable lease costs	$ 361	$ 274

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 March 31, 2024 are as follows:

(in thousands)	Operating Leases	Finance Leases
2024 (remaining nine months)	$ 6,218	$ 36
2025	7,825	42
2026	7,319	39
2027	5,866	29
2028	4,007	—
Thereafter	6,243	—
Total future lease payment	$ 37,478	$ 146
Less: amount representing interest	(6,028)	(15)
Present value of future lease payment (lease liabilities)	$ 31,450	$ 131
Reported as:		
Lease liabilities, current	$ 6,390	$ 41
Lease liabilities, noncurrent	25,060	90
Total lease liabilities	$ 31,450	$ 131

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 March 31, 2024 and 2023:

	March 31, 2024	March 31, 2023
Weighted-average remaining lease term (in years)		
Operating	5.14	5.19
Finance	3.29	3.56
Weighted-average discount rate		
Operating	6.54 %	5.23 %
Finance	6.50 %	6.05 %

Supplemental Cash Flow Information

The following table provides certain cash flow and supplemental noncash information related to the Company's lease liabilities for the three months ended March 31, 2024 and 2023.

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash payment from operating leases	$ 73	$ 1,581
Financing cash payments for finance leases	12	21
Lease liabilities arising from obtaining right-of-use assets:		
Operating leases	$ 99	$ 1,550
Finance leases	—	3

Lease Modifications

During, the three months ended March 31, 2024, the Company had no lease modifications.

During the three months ended March 31, 2023, the Company expanded its lease space for one clinic in California. This expansion constitutes a lease modification that qualifies as a change of accounting for the original lease and not a separate contract. Accordingly, in the three months ended March 31, 2023, the Company recognized the difference of $491 as an increase to the operating lease liability; $500 net of lease incentives, as an increase to operating lease right-of-use asset, and $9 as an 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 $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 between the Company and certain stockholders of Legacy TOI and DFPH entered into in connection with the Business Combination 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 March 31, 2024.

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 a predefined formula, 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 March 31, 2024. No Conversion Shares were issued as of March 31, 2024 and 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 shareholders' 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 Optional Redemption Price. 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 shareholders' 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 shareholders' 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 March 31, 2024 and December 31, 2023, there were 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 3.36 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 $1,260 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 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 3.36 years remain).

Amounts Outstanding and Recognized during the Periods Presented

The Senior Secured Convertible Note as of March 31, 2024 and December 31, 2023 consists of the following:

(in thousands)	**March 31, 2024**	**December 31, 2023**
Senior Secured Convertible Note, due August 9, 2027	$ 110,000	$ 110,000
Less: Unamortized debt issuance costs	2,718	2,875
Less: Unamortized debt discount	18,897	20,299
Long-term debt, net of unamortized debt discount and issuance costs	$ 88,385	$ 86,826

The amortization of the debt issuance costs was charged to interest expense for all periods presented. For the three months ended March 31, 2024 and 2023, the effective yield was 13.38%. The amount of debt issuance costs included in interest expense for the three months ended March 31, 2024 and 2023 was $1,559 and $1,523, respectively. The Company had interest expense of $1,112 and $1,100 on the Credit Agreement term loan for the three months ended March 31, 2024 and 2023,

respectively. There was $1,100 accrued interest as of March 31, 2024 and 2023. There was $1,124 accrued interest as of December 31, 2023.

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 March 31, 2024:

(in thousands)		
2024 (remaining nine months)	$	—
2025		—
2026		—
2027		110,000
Total debt	**$**	**110,000**

Note 12. Income Taxes

The Company recorded income tax expense of $0 for the three months ended March 31, 2024, as compared to income tax expense of $44 for the three months ended March 31, 2023. The decrease of $44, in income tax expense is primarily related to the corresponding change in the valuation allowance for TOI. The Company's effective tax rate increased to 0.00% for the three months ended March 31, 2024, from (0.15)% for the three months ended March 31, 2023.

The Company's effective tax rate for the three months ended March 31, 2024 was different than the U.S. federal statutory tax rate of 21.00%, primarily due to the change in the valuation allowance, partially offset by non-deductible expenses.

Note 13. Stockholders' Equity

Common Stock

As of March 31, 2024, there were 76,046,694 shares issued and 74,312,920 shares outstanding of common stock. As of December 31, 2023, there were 75,879,025 shares issued and 74,145,251 shares outstanding of common stock.

Voting

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 March 31, 2024 and 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 March 31, 2024 and December 31, 2023, 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 March 31, 2024.

Assumed Public Warrants and Private Placement Warrants

As a result 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 March 31, 2024, 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 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. 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").

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 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 shares on the date of grant. Stock Options have 10-year terms, after which they expire and are no longer exercisable.

The total number of common shares for which Stock Options may be granted under the 2021 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.

As of March 31, 2024, 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 6,281,181. There were no Stock Options granted for the three months ended March 31, 2024.

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

	March 31, 2023
Valuation assumptions:	
Expected dividend yield	— %
Expected volatility	64.00 %
Risk-free rate	3.40 %
Expected term (years)	6.25

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 three months ended March 31, 2024 and 2023 is as follows:

Stock options	Number of shares	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Balance at January 1, 2024	8,525,262	$ 1.74		
Granted	—	—		
Exercised	(84,649)	0.86		
Forfeited	(59,776)	1.38		
Expired	—	—		
Balance at March 31, 2024	8,380,837	$ 1.76	6.80	$ 5,006
Vested Options Exercisable at March 31, 2024	5,178,613	$ 1.49	6.04	$ 3,295

Stock options	Number of shares	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Balance at January 1, 2023	8,049,474	$ 2.14		
Granted	1,948,354	0.48		
Exercised	—	—		
Forfeited	(163,414)	3.20		
Expired	(1,747)	1.08		
Balance at March 31, 2023	9,832,667	$ 1.79	8.02	$ 384
Vested Options Exercisable at March 31, 2023	3,271,151	$ 1.33	6.68	$ —

Total share-based compensation expense during the three months ended March 31, 2024 and 2023 was $2,507 and $2,707, respectively.

At March 31, 2024, there was $7,939 of total unrecognized compensation cost related to unvested service Stock Options granted under the 2021 Plan that are expected to vest. That cost is expected to be recognized over a weighted average period of 2.21 years as of March 31, 2024. During the three months ended March 31, 2024, the Company received $73 in cash and no tax benefit from the stock options exercised. The total fair value of common shares vested during the three months ended March 31, 2024 and 2023 was $1,041 and $281, respectively.

Restricted Stock Units ("RSUs")

The Company's has 1,976,406 and 2,176,422 RSU's outstanding as of March 31, 2024 and December 31, 2023, respectively. The RSU's are service vesting and are valued based on the fair value of the Company's common stock at the date of grant. The weighted-average grant date fair values of the RSUs granted during three months ended March 31, 2024 and 2023, were determined to be $2.14 and $0.48, respectively, based on the fair value of the Company's common share at the grant date.
A summary of the activity for the RSUs for the three months ended March 31, 2024 and 2023, respectively, are shown in the following table:

	Three Months Ended March 31,			
	2024		2023	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	2,176,422	$ 3.50	2,106,540	$ 7.25
Granted	6,787	2.14	1,863,539	0.48
Vested	(83,020)	10.90	(331,675)	4.12
Forfeited	(123,783)	6.71	(56,427)	6.63
Unvested at end of year	1,976,406	$ 2.98	3,581,977	$ 10.98

The total share-based compensation expense related to RSUs was $1,545 and $2,088, respectively, during the three months ended March 31, 2024 and 2023 related to the RSUs.

As of March 31, 2024 there was $4,426 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 1.77 years as of March 31, 2024. As of March 31, 2024, 83,020 of the RSUs have vested and zero were net settled to cover the required withholding tax upon vesting.

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. During the three months ended March 31, 2024 and 2023, zero and 8,317 Medical RSU awards were granted.
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. There were no unvested equity-classified Medical RSU awards outstanding as of March 31, 2024 or March 31, 2023.

A summary of the activity for the equity-classified Medical RSUs for the three months ended March 31, 2024 and 2023, respectively, is shown in the following table:

	Three Months Ended March 31,	
	2024	**2023**
Balance at beginning of period	—	147,470
Granted	—	8,317
Vested	—	(155,787)
Forfeited	—	—
Balance at end of period	—	—

Total compensation costs for Medical RSUs was $0 and $58 for the three months ended March 31, 2024 and 2023, respectively. As of December 31, 2023, all Medical RSUs had vested.

Earnout Shares granted to Employees

In connection with the Business Combination in 2019, The Company issued Employee Earnout Shares. Employee Earnout Shares vests upon the Company common stock achieving the price per share as provided for in the agreement, so long as the optionee has remained continuously employed by the Company at that date and may be subject to other vesting requirements.

A summary of the activity for the Employees Earnout Shares for the three months ended March 31, 2024 and 2023 is shown in the following table:

	Three Months Ended March 31,	
	2024	**2023**
Outstanding at beginning of period	1,401,064	1,417,632
Granted	—	—
Vested	—	—
Forfeited	—	(16,568)
Outstanding at end of period	1,401,064	1,401,064

The total share-based compensation expense during the three months ended March 31, 2024 and 2023 was $35 and $112, related to the Employees Earnout Shares, respectively.

As of March 31, 2024, there was $35 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 0.09 years as of March 31, 2024. As of March 31, 2024, 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 condensed 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 ASC No. 450-20, *Disclosure of Certain Loss Contingencies*.

Indemnities

The Company's Amended and Restated Certificate of Incorporation and and amended and restated 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 condensed 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 March 31, 2024 and December 31, 2023.

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”), have 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, 2023, the Company closed on two business combinations. There were no business combinations or asset acquisitions during the three months ended March 31, 2024.

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.

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 Condensed Consolidated Statements of Operations. The Company recognized $36 and $131 for the three months ended March 31, 2024 and for the year ended December 31, 2023, respectively, in the Condensed 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 $1,980 and $1,944 at March 31, 2024 and December 31, 2023, respectively.

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 we expect to achieve, such as the use of our 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 of tax deductible goodwill as noted in the provisional fair value table below.

There were no acquisition costs for the three months ended March 31, 2024 and 2023, respectively, that would be recorded as “General and administrative expenses” in the accompanying Condensed Consolidated Statements of Operations.

The following table summarizes the provisional fair values assigned to identifiable assets acquired and liabilities assumed.

(in thousands)	Southland provisional	Bolsa provisional	Total
Consideration:			
Cash	$ 4,300	$ 157	$ 4,457
Deferred	1,813	—	1,813
Fair value of total consideration transferred	6,113	157	6,270
Estimated fair value of identifiable assets acquired and liabilities assumed:			
Inventory	$ —	$ 32	$ 32
Property and equipment	590	12	602
Operating right of use assets	4,246	44	4,290
Clinical contracts and noncompetes	2,844	113	2,957
Goodwill	2,679	—	2,679
Total assets acquired	10,359	201	10,560
Current portion of operating lease liabilities	378	27	405
Operating lease liabilities	3,868	17	3,885
Total liabilities assumed	4,246	44	4,290
Net assets acquired	$ 6,113	$ 157	$ 6,270

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.

The Company recognized $12,930 cumulative revenue and $2,244 cumulative net income in its Condensed Consolidated Statement of Operations for the three months ended March 31, 2024 related to clinical practices acquired in prior year.

Note 17. Variable Interest Entities

The Company prepares its condensed 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 condensed 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. The following summarizes the assets and liabilities of the VIEs included in the accompanying condensed consolidated balance sheets.

(in thousands)	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash	$ 2,046	$ 2,282
Accounts receivable, net	58,760	45,175
Other receivables	129	129
Inventories	11,554	13,646
Prepaid expenses and other current assets	1,227	1,136
Total current assets	73,716	62,368

(in thousands)	March 31, 2024	December 31, 2023
Property and equipment, net	95	105
Other assets	533	525
Intangible assets, net	5,580	5,628
Goodwill	2,679	2,679
Total assets	$ 82,603	$ 71,305
Liabilities		
Current liabilities:		
Accounts payable	$ 18,719	$ 12,729
Accrued expenses and other current liabilities	11,972	8,413
Amounts due to affiliates	210,592	189,048
Total current liabilities	241,283	210,190
Other non-current liabilities	117	211
Deferred income taxes liability	21	21
Total liabilities	$ 241,421	$ 210,422

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 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.

Intangible Assets

As of March 31, 2024, the Company's intangible assets, net consists of the following:

(in thousands)	Weighted average amortization period	Gross carrying amount	Accumulated amortization	Net carrying amount
Intangible assets				
Amortizing intangible assets:				
Payor contracts	13 years	$ 22,191	$ (10,524)	$ 11,667
Trade names	10 years	6,650	(2,757)	3,893
Clinical contracts and noncompete agreements	8 years	3,191	(1,620)	1,571
Total intangible assets		$ 32,032	$ (14,901)	$ 17,131

As of December 31, 2023, the Company's intangible assets, net consists of the following:

(in thousands)	Weighted average amortization period	Gross carrying amount	Accumulated amortization	Net carrying amount
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 noncompete agreements	8 years	3,191	(1,520)	1,671
Total intangible assets		$ 32,032	$ (14,128)	$ 17,904

The estimated aggregate amortization expense for each of the five succeeding fiscal years as of March 31, 2024 is as follows:

(in thousands)	Amount
Year ending December 31:	
2024 (remaining nine months)	$ 2,321
2025	3,091
2026	3,060
2027	2,933
2028	2,828
Thereafter	2,898
Total	$ 17,131

The aggregate amortization expense during the three months ended March 31, 2024 and 2023 was $774 and $728, respectively.

Goodwill

The Company evaluates goodwill at the reporting unit level, which, for the Company, is at the level of the reportable segments, dispensary, patient services, and clinical trials & other. The goodwill allocated to each of the reporting units as of March 31, 2024 and December 31, 2023 is as follows:

(in thousands)	March 31, 2024	December 31, 2023
Patient services	$ 2,679	$ 2,679
Dispensary	4,551	4,551
Clinical trials & other	—	—
Total goodwill	$ 7,230	$ 7,230

The changes in the carrying amount of goodwill for the three months ended March 31, 2024 and for the year ended December 31, 2023 are as follows:

(in thousands)	March 31, 2024	December 31, 2023
Balance as of January 1	$ 7,230	$ 21,418
Goodwill acquired	—	2,679
Goodwill impairment charges (see Note 2 and Note 7)	—	(16,867)
The end of the period	$ 7,230	$ 7,230

Note 19. Net Loss Per Share

The following table sets forth the computation of the Company's basic net loss per share to common stockholders for the three months ended March 31, 2024 and 2023.

	Three Months Ended March 31,	
(in thousands, except share data)	2024	2023
Net loss attributable to TOI	$ (19,889)	$ (29,998)
Less: Deemed dividend	—	—
Net loss attributable to TOI available for distribution	(19,889)	(29,998)
Net loss attributable to participating securities, basic	(3,617)	(5,504)
Net loss attributable to common stockholders, basic	$ (16,272)	$ (24,494)
Weighted average common shares outstanding, basic	74,234,287	73,449,132
Net loss income per share attributable to common stockholders, basic	$ (0.22)	$ (0.33)

The following table sets forth the computation of the Company's diluted net loss per share to common stockholders for the three months ended March 31, 2024 and 2023.

	Three Months Ended March 31,	
(in thousands, except share data)	**2024**	**2023**
Net loss attributable to TOI	$ (19,889)	$ (29,998)
Less: Deemed dividend	—	—
Net loss attributable to TOI available for distribution	(19,889)	(29,998)
Net loss attributable to participating securities, diluted	(3,617)	(5,504)
Net loss attributable to common stockholders, diluted	$ (16,272)	$ (24,494)
Weighted average common shares outstanding, basic	74,234,287	73,449,132
Dilutive effect of stock options	—	—
Weighted average shares outstanding, diluted	74,234,287	73,449,132
Net loss per share attributable to common stockholders, diluted	$ (0.22)	$ (0.33)

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:

	Three Months Ended March 31,	
	2024	**2023**
Convertible note	12,839,967	12,839,967
Stock options	8,380,837	9,832,667
RSUs	1,976,406	3,581,977
Medical RSUs	—	447,012
Earnout Shares	1,401,064	1,401,064
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:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Revenue		
Patient services	$ 52,453	$ 50,273
Dispensary	39,679	24,240
Clinical trials & other	2,534	1,679
Consolidated revenue	$ 94,666	$ 76,192
Direct costs		
Patient services	$ 49,497	$ 42,814
Dispensary	32,809	19,145
Clinical trials & other	391	134
Total segment direct costs	$ 82,697	$ 62,093
Depreciation expense		
Patient services	$ 515	$ 406

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Dispensary	31	16
Total segment depreciation expense	$ 546	$ 422
Amortization of intangible assets		
Patient services	$ 718	$ 675
Clinical trials & other	55	52
Total segment amortization	$ 773	$ 727
Operating income		
Patient services	$ 1,723	$ 6,378
Dispensary	6,839	5,079
Clinical trials & other	2,088	1,493
Total segment operating income	$ 10,650	$ 12,950
Goodwill impairment charges		
Patient services	$ —	$ 16,235
Clinical trials & other	—	632
Total impairment charges	$ —	$ 16,867
Selling, general and administrative expense	$ 28,452	$ 28,830
Non-segment depreciation and amortization	170	120
Total consolidated operating loss	$ (17,972)	$ (32,867)

(in thousands)	March 31, 2024	December 31, 2023
Assets		
Patient services	$ 77,996	$ 73,551
Dispensary	18,256	8,378
Clinical trials & other	9,884	8,878
Non-segment assets	98,396	118,433
Total assets	$ 204,532	$ 209,240

Note 21. Related Party Transactions

Related party transactions include payments for consulting services provided to the Company, clinical trials, board fees and expenses. Related party payments for the three months ended March 31, 2024 and 2023 were as follows:

		Three Months Ended March 31,	
(in thousands)	**Type**	**2024**	**2023**
American Institute of Research	Consulting	$ —	$ 15
Karen M Johnson	Board Fees	19	13
Anne M. McGeorge	Board Fees	19	13
Mohit Kaushal	Board Fees	19	15
Ravi Sarin	Board Fees	—	13
Maeve O'Meara Duke	Board Fees	19	13
M33 Growth LLC (Gabe Ling)	Board Fees	21	13
Mark L. Pacala	Board Fees	19	13
Richy Agajanian MD	Clinical Trials	—	2
Brad Hively	Board Fees	19	—
Total		$ 135	$ 110

There are no outstanding related party balances at March 31, 2024 and December 31, 2023.

Item 2. 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 unaudited condensed consolidated financial statements and the related notes that are included elsewhere in this Report. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), 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" (Item 1A) in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed on March 28, 2024. 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 Quarterly Report on Form 10-Q 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 Report on Form 10-Q 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 87 clinic locations across 14 markets and four states throughout the United States. Our community-based oncology practices are staffed with 137 oncologists and advanced practice providers. 73 of these clinics are staffed with 126 providers employed by our affiliated physician-owned professional corporations, referred to as the "TOI PCs", which provided care for more than 64,000 patients in 2024 and managed a population of approximately 2.0 million patients under value-based agreements as of March 31, 2024. The Company also provides management services on behalf of 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, palliative care programs and stem cell transplants, 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. 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.

Components of Results of Operations

Revenue

The Company receives payments from the following sources for services rendered: (i) commercial insurers; (ii) pharmacy benefit managers ("PBMs"), (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. 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 Condensed 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.

	Three Months Ended March 31,	
	2024	2023
Revenue		
Patient services	55.4 %	66.0 %
Dispensary	41.9 %	31.7 %
Clinical trials & other	2.7 %	2.2 %
Total operating revenue	100.0 %	99.9 %
Operating expenses		
Direct costs – patient services	52.3 %	56.2 %
Direct costs – dispensary	34.7 %	25.1 %
Direct costs – clinical trials & other	0.4 %	0.2 %
Goodwill impairment charges	0.0 %	22.1 %
Selling, general and administrative expense	30.1 %	37.8 %
Depreciation and amortization	1.6 %	1.7 %
Total operating expenses	119.1 %	143.1 %
Loss from operations	(19.1)%	(43.2)%
Other non-operating expense (income)		
Interest expense, net	2.1 %	1.9 %
Change in fair value of derivative warrant liabilities	— %	(0.2)%
Change in fair value of earnout liabilities	— %	(1.0)%
Change in fair value of conversion option derivative liabilities	— %	(4.4)%
Other, net	(0.1)%	(0.2)%
Total other non-operating (income) loss	2.0 %	(3.9)%
Loss before provision for income taxes	(21.1)%	(39.3)%
Income tax expense	— %	(0.1)%
Net loss	(21.1)%	(39.4)%

Comparison of the Three Months Ended March 31, 2024 and 2023

Revenue

	Three Months Ended March 31,		Change	
(dollars in thousands)	2024	2023	$	%
Patient services	$ 52,453	$ 50,273	$ 2,180	4.3 %
Dispensary	39,679	24,240	15,439	63.7 %
Clinical trials & other	2,534	1,679	855	50.9 %
Total operating revenue	$ 94,666	$ 76,192	$ 18,474	24.2 %

Patient services

The increase in patient services revenue was primarily due to a 2.4% increase in FFS revenue as a result of practice acquisitions and an overall increase in clinic count as well as a 1.5% increase in capitation revenue due to new capitation contracts entered into during the first quarter of 2024.

Dispensary

The increase in dispensary revenue was primarily due to a 70.3% increase in the number of prescriptions filled, offset by a 3.9% decrease in the average revenue per fill.

Clinical trials & other

The increase in clinical trials and other revenue was primarily due to an increase in other revenue compared to the three months ended March 31, 2023.

Operating Expenses

(dollars in thousands)	Three Months Ended March 31, 2024	2023	Change $	Change %
Direct costs – patient services	$49,497	$ 42,814	$ 6,683	15.6 %
Direct costs – dispensary	32,809	19,145	13,664	71.4 %
Direct costs – clinical trials & other	391	134	257	191.8 %
Goodwill impairment charges	—	16,867	(16,867)	N/A
Selling, general and administrative expense	28,452	28,830	(378)	(1.3)%
Depreciation and amortization	1,489	1,269	220	17.3 %
Total operating expenses	$112,638	$ 109,059	$ 3,579	3.3 %

Patient services cost

The increase in patient services cost was primarily due to a 9.3% increase in intravenous drug costs, driven by the Company's patient mix and volume, as well as 4.7% increase in clinical payroll costs due to the growth in clinic count.

Dispensary cost

The increase in dispensary cost was primarily due to a 70.3% increase in the number of prescriptions filled and by a 0.6% increase in the average cost of the prescriptions filled.

Goodwill impairment charges

During the three months ended March 31, 2024, there were no impairment charges recorded related to goodwill. See Note 18 to the condensed consolidated financial statements for additional detail.

Selling, general and administrative expense

The decrease in selling, general and administrative expense was primarily driven by a decrease in share-based compensation expense of 3.0%, a decrease in insurance of 2.1%, and a decrease in deferred purchase price of 1.6%, offset by a 1.8% increase to real estate and development, and a 3.5% increase in office expenses related to the continued growth of our business.

Other Expenses (Income)

(dollars in thousands)	Three Months Ended March 31, 2024	2023	Change $	Change %
Interest expense, net	$ 1,985	$ 1,443	$ 542	37.6 %
Change in fair value of derivative warrant liabilities	—	(143)	143	(100.0)%
Change in fair value of earnout liabilities	—	(752)	752	(100.0)%
Change in fair value of conversion option derivative liabilities	—	(3,318)	3,318	N/A
Other, net	(68)	(143)	75	(52.4)%
Total other non-operating expense (income)	$ 1,917	$ (2,913)	$ 4,830	(165.8)%

Interest expense, net

The increase in interest expense was the result of higher interest and amortization related to the Senior Secured Convertible Note during the first quarter of 2024, offset by accretion related to marketable treasury securities.

Change in fair value of liabilities

The decrease in non-operating (income) expense was primarily due to no changes in the fair value of earnout liabilities, derivative warrant, and conversion option derivative liabilities for the three months ended March 31, 2024, compared to a gain

of $4,213 as a result of an increase in the fair value of earnout liabilities, derivative warrant, and conversion option derivative liabilities for the three months ended March 31, 2023.

Other, net

The change in other, net was primarily due to unrealized gains on marketable securities compared to the same quarter 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.

	Three Months Ended March 31,	
	2024	**2023**
Clinics [(1)]	87	77
Markets	14	15
Lives under value-based contracts (millions)	2.0	1.8
Adjusted EBITDA (in thousands) [(2)]	$ (10,940)	$ (7,363)

[(1)] Includes independent oncology practices to which we provide limited management services, but do not bear the operating costs.

[(2)] 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 tool to assess operational performance and trends in, and comparing our financial measures with, other similar companies, many of which present similar non-GAAP financial measures to investors. Be aware that the Company’s non-GAAP financial measure may be different from the non-GAAP financial measures used by other companies, including the Company’s competitors. The use of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial measures determined in accordance with

GAAP. Management encourages investors and others to review the Company's financial information in its entirety, including the financial statements and the related notes thereto, and 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:

	Three Months Ended March 31,		Change	
(dollars in thousands)	**2024**	**2023**	**$**	**%**
Net loss	$ (19,889)	$ (29,998)	$ 10,109	(33.7)%
Depreciation and amortization	1,489	1,269	220	17.3 %
Interest expense, net	1,985	1,443	542	37.6 %
Income tax benefit	—	(26)	26	(100.0)%
Non-cash addbacks[1]	(39)	141	(180)	(127.7)%
Share-based compensation	4,087	4,965	(878)	(17.7)%
Goodwill impairment charges	—	16,867	(16,867)	N/A
Changes in fair value of liabilities	—	(4,214)	4,214	(100.0)%
Unrealized (gains) losses on investments	(82)	(143)	61	(42.7)%
Practice acquisition-related costs[2]	—	16	(16)	(100.0)%
Post-combination compensation expense[3]	130	581	(451)	(77.6)%
Consulting and legal fees[4]	176	585	(409)	(69.9)%
Infrastructure and workforce costs[5]	1,185	1,143	42	3.7 %
Transaction costs[6]	18	8	10	125.0 %
Adjusted EBITDA	$ (10,940)	$ (7,363)	$ (3,577)	48.6 %

(1) During the three months ended March 31, 2024, non-cash addbacks were primarily comprised of non-cash rent of $51 and net credit losses of $12. During the three months ended March 31, 2023, non-cash addbacks were primarily comprised of net credit losses of $1 and non-cash rent of $140.

(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, and related to certain advisory projects during the three months ended March 31, 2024. During the three months ended March 31, 2023, these fees related to advisory projects and software implementations.

(5) Infrastructure and workforce costs were comprised of recruiting expenses to build out corporate infrastructure of $376 and $462, software implementation fees of $16 and $29, severance expenses resulting from cost rationalization programs of $10 and $15, temporary labor of $252 and $568 and legal fees related to infrastructure build out of $529 and $0 during the three months ended March 31, 2024 and 2023, respectively.

(6) Transaction costs incurred during the three months ended March 31, 2024 and 2023 were comprised of consulting, legal, administrative and regulatory fees associated with non-recurring due diligence projects.

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 March 31, 2024, the Company had $36,055 of cash and cash equivalents and current marketable securities of $29,777.

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.

Outside of the aforementioned, and any routine transactions made in the ordinary course of business, there have been no significant changes to our material cash requirements as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

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.

	Three Months Ended March 31,		Change	
(dollars in thousands)	**2024**	**2023**	**$**	**%**
Net cash and cash equivalents used in operating activities	$ (15,883)	$ (15,452)	$ (431)	3 %
Net cash and cash equivalents provided by investing activities	19,388	18,401	987	5 %
Net cash and cash equivalents used in financing activities	(938)	(1,709)	771	(45)%
Net increase in cash and cash equivalents	$ 2,567	$ 1,240	$ 1,327	107 %
Cash and cash equivalents at beginning of period	33,488	14,010	19,478	139 %
Cash and cash equivalents at end of period	$ 36,055	$ 15,250	$ 20,805	136 %

Operating Activities

Significant changes impacting net cash and cash equivalents used in operating activities for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 were as follows:

- Net loss of $19,889 for the three months ended March 31, 2024 compared to net loss of $29,998 for the three months ended March 31, 2023, primarily as the result of goodwill impairment of $16,867 for the three months ended March 31, 2023 that did not occur in the current year, and a gain of $4,213 related to the change in the fair value of liabilities for the three months ended March 31, 2023 with no change occurring in the current quarter;
- Share based compensation for the three months ended March 31, 2024 decreased by $878 compared to the three months ended March 31, 2023;
- Cash used by accounts receivable increased $10,259 for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 due to the growth in the Company's business and overall delays in the collection of accounts receivable;
- Cash provided by accounts payable, accrued expenses and income taxes payable increased $9,956 for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 primarily due to an increase in vendor payables resulting from the growth in the Company's business; and
- Cash used by prepaid and other current assets increased $605 for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 primarily due to the amortization of the D&O policy during 2024.

Investing Activities

Net cash provided by investing activities increased $987 for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 due to increase in sales of marketable securities of $19,998, offset by purchases of $0, with lower sales of marketable securities and lesser purchases of marketable securities/investments occurring during the same period in the prior year.

Financing Activities

Net cash used in financing activities decreased $771 for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 primarily due to a decrease of $280 related to payments made for financing of insurance payments along with no payments related to deferred consideration liabilities related to acquisition during the three months ended March 31, 2024 as compared to $409 of payments for the three months ended March 31, 2023.

Material Cash Requirements

The Company's material cash requirements for the following five years consist of debt servicing requirements, 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 March 31, 2024.

	Material Cash Requirements Due by the Year Ended December 31,				
(dollars in thousands)	**2024**	**2025-2026**	**2027-2028**	**Thereafter**	**Total**
Convertible note[1]	$ 3,337	$ 8,922	$ 112,664	$ —	$ 124,923
Operating leases	6,218	15,144	9,873	6,243	37,478
Deferred acquisition and contingent consideration	2,499	50	—	—	2,549
Other[2]	36	81	29	—	146
Total material cash requirements	$ 12,090	$ 24,197	$ 122,566	$ 6,243	$ 165,096

(1) Includes principal and interest payments due.
(2) Other is comprised of finance leases.

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 condensed 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.

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.

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 TOI CA, TOI FL, and 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 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 along with the balance sheet accounts from the TOI PCs are included in the consolidated amounts as presented on the Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets.

Segment Reporting

The Company presents the condensed consolidated 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 care, 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 to which 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.

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.

Item 3. 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 $36,055 and current marketable securities of $29,777 as of March 31, 2024, consisting of bank deposits. 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 results 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.

Item 4. 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 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 Securities Exchange Act of 1934, as amended) as of March 31, 2024. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective in our internal control over financial reporting. Management, including our Chief Executive Officer and Chief Financial Officer, who serve as our principal executive officer and principal financial officer, respectively, believe the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly represent, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented in accordance with GAAP.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2024 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.

PART II - OTHER INFORMATION

Item 1. 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 1A. Risk Factors

There have been no material changes to the risk factors previously described in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. These risk factors describe some of the assumptions, risks, uncertainties and other factors that could adversely affect our business or that could otherwise result in changes that differ materially from our expectations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

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	
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
101*	Interactive Data File — the following financial statements from The Oncology Institute's Quarterly Report on Form 10-Q formatted in inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Convertible Preferred Stock and Changes in Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements (Unaudited).					X
101.INS	XBRL Instance Document					
101.SCH	XBRL Taxonomy Extension Schema Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
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)					
*	Filed herewith.					
**	Furnished herewith.					

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 May 14, 2024.

THE ONCOLOGY INSTITUTE, INC.

By: /s/ Mihir Shah

Mihir Shah

Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

EXHIBIT 31.1

Certification of Chief Executive Officer
RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Virnich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024 of The Oncology Institute, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [Omitted];

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2024

/s/ Daniel Virnich

Daniel Virnich
Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer
RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mihir Shah, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024 of The Oncology Institute, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [Omitted];

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2024

/s/ Mihir Shah

Mihir Shah
Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer
Certification Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

In connection with the Quarterly Report of The Oncology Institute, Inc.. (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Virnich, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 14, 2024

/s/ Daniel Virnich

Daniel Virnich
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18. U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Chief Financial Officer
Certification Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

In connection with the Quarterly Report of The Oncology Institute, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mihir Shah, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 14, 2024

/s/ Mihir Shah
Mihir Shah
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18. U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities Exchange Commission or its staff upon request.