

REFINITIV

DELTA REPORT

10-Q

TOI - ONCOLOGY INSTITUTE, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1398

■ CHANGES	348
■ DELETIONS	217
■ ADDITIONS	833

**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 **June 30, 2023** **September 30, 2023**

OR

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

For the transition period from to

Commission file number 001-39248

The Oncology Institute, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-3562323

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

18000 Studebaker Rd, Suite 800

Cerritos, California

(Address of Principal Executive Offices)

90703

(Zip Code)

Registrant's telephone number, including area code: **(562) 735-3226**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	TOI	The Nasdaq Stock Market LLC
Redeemable warrants, each whole warrant exercisable for one share of Common stock, each at an exercise price of \$11.50 per share	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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

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

As of **August 4, 2023** **November 3, 2023**, the registrant had **72,955,088** **73,748,979** shares of common stock outstanding.

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PART I

Item 1. Financial Statements and Supplementary Data

THE ONCOLOGY INSTITUTE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (US Dollars in thousands, except share data)		THE ONCOLOGY INSTITUTE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (US Dollars in thousands, except share data)		THE ONCOLOGY INSTITUTE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (US Dollars in thousands, except share data)	
		June 30, 2023 (Unaudited)	December 31, 2022	September 30, 2023 (Unaudited)	December 31, 2022
Assets	Assets			Assets	
Current assets:	Current assets:			Current assets:	
Cash and cash equivalents	Cash and cash equivalents	\$ 28,892	\$ 14,010	Cash and cash equivalents	\$ 27,535 \$ 14,010
Marketable securities	Marketable securities	10,291	59,796	Marketable securities	59,877 59,796
Accounts receivable, net	Accounts receivable, net	46,394	39,816	Accounts receivable, net	48,442 39,816
Other receivables	Other receivables	499	617	Other receivables	464 617
Inventories, net	Inventories, net	12,168	9,261	Inventories, net	12,174 9,261
Prepaid expenses	Prepaid expenses	5,827	6,918	Prepaid expenses	4,190 6,918
Total current assets	Total current assets	104,071	130,418	Total current assets	152,682 130,418
Non-current investments	Non-current investments	58,944	58,354	Non-current investments	— 58,354

Property and equipment, net	Property and equipment, net	10,772	8,547	Property and equipment, net	10,787	8,547
Operating right of use assets	Operating right of use assets	29,041	24,494	Operating right of use assets	28,533	24,494
Intangible assets, net	Intangible assets, net	19,344	17,957	Intangible assets, net	18,561	17,957
Goodwill	Goodwill	7,230	21,418	Goodwill	7,230	21,418
Other assets	Other assets	557	477	Other assets	560	477
Total assets	Total assets	\$ 229,959	\$ 261,665	Total assets	\$ 218,353	\$ 261,665
Liabilities and stockholders' equity	Liabilities and stockholders' equity			Liabilities and stockholders' equity		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	\$ 13,123	\$ 9,372	Accounts payable	\$ 13,333	\$ 9,372
Current portion of operating lease liabilities	Current portion of operating lease liabilities	6,001	5,498	Current portion of operating lease liabilities	6,079	5,498
Income taxes payable	Income taxes payable	256	255	Income taxes payable	255	255
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	14,126	14,595	Accrued expenses and other current liabilities	12,723	14,595
Total current liabilities	Total current liabilities	33,506	29,720	Total current liabilities	32,390	29,720
Operating lease liabilities	Operating lease liabilities	26,647	22,060	Operating lease liabilities	26,014	22,060
Derivative warrant liabilities	Derivative warrant liabilities	89	350	Derivative warrant liabilities	292	350
Derivative earnout liabilities	Derivative earnout liabilities	34	803	Derivative earnout liabilities	11	803
Conversion option derivative liabilities	Conversion option derivative liabilities	642	3,960	Conversion option derivative liabilities	1,926	3,960
Long-term debt, net of unamortized debt issuance costs	Long-term debt, net of unamortized debt issuance costs	83,688	80,621	Long-term debt, net of unamortized debt issuance costs	85,254	80,621
Other non-current liabilities	Other non-current liabilities	553	868	Other non-current liabilities	459	868
Deferred income taxes liability	Deferred income taxes liability	78	108	Deferred income taxes liability	158	108
Total liabilities	Total liabilities	145,237	138,490	Total liabilities	146,504	138,490

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

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

June 30, 2023

December 31, 2022

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

September 30, 2023

December 31, 2022

	(Unaudited)		(Unaudited)			
Commitments and contingencies (Note 15)	Commitments and contingencies (Note 15)	—	Commitments and contingencies (Note 15)	—		
Stockholders' equity: Stockholders' equity:			Stockholders' equity:			
Common Stock, \$0.0001 par value, authorized 500,000,000 shares; 74,548,216 shares issued and 72,955,088 shares outstanding at June 30, 2023 and 73,265,621 shares issued and outstanding at December 31, 2022		7	Common Stock, \$0.0001 par value, authorized 500,000,000 shares; 75,461,901 shares issued and 73,728,127 shares outstanding at September 30, 2023 and 73,265,621 shares issued and outstanding at December 31, 2022	8		
Series A Convertible Preferred Stock, \$0.0001 par value, authorized 10,000,000 shares; 165,045 shares issued and outstanding at June 30, 2023 and December 31, 2022		—	Series A Convertible Preferred Stock, \$0.0001 par value, authorized 10,000,000 shares; 165,045 shares issued and outstanding at September 30, 2023 and December 31, 2022	—		
Common Stock, \$0.0001 par value, authorized 500,000,000 shares; 75,461,901 shares issued and 73,728,127 shares outstanding at September 30, 2023 and 73,265,621 shares issued and outstanding at December 31, 2022		7	Common Stock, \$0.0001 par value, authorized 500,000,000 shares; 75,461,901 shares issued and 73,728,127 shares outstanding at September 30, 2023 and 73,265,621 shares issued and outstanding at December 31, 2022	8		
Series A Convertible Preferred Stock, \$0.0001 par value, authorized 10,000,000 shares; 165,045 shares issued and outstanding at September 30, 2023 and December 31, 2022		—	Series A Convertible Preferred Stock, \$0.0001 par value, authorized 10,000,000 shares; 165,045 shares issued and outstanding at September 30, 2023 and December 31, 2022	—		
Additional paid-in capital	Additional paid-in capital	195,586	186,250	Additional paid-in capital	200,256	186,250
Treasury Stock, 1,593,128 and 0 shares at June 30, 2023 and December 31, 2022		(894)	—	Treasury Stock at cost, 1,733,774 and 0 shares at September 30, 2023 and December 31, 2022	(1,019)	—
Treasury Stock at cost, 1,733,774 and 0 shares at September 30, 2023 and December 31, 2022				Treasury Stock at cost, 1,733,774 and 0 shares at September 30, 2023 and December 31, 2022		
Accumulated deficit	Accumulated deficit	(109,977)	(63,082)	Accumulated deficit	(127,396)	(63,082)
Total stockholders' equity	Total stockholders' equity	84,722	123,175	Total stockholders' equity	71,849	123,175
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 229,959	\$ 261,665	Total liabilities and stockholders' equity	\$ 218,353	\$ 261,665

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 \$71,882 \$74,140 and \$70,994 as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and total liabilities of the Company's consolidated VIEs for which creditors do not have recourse to the general credit of the Company totaling \$192,368 \$205,425 and \$154,572 as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. See Note 17 for further details.

See accompanying notes to the condensed consolidated financial statements.

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

	Revenue	Three Months Ended June 30,		Six Months Ended June 30,		Revenue	Three Months Ended September 30,		Nine Months Ended September 30,							
		2023	2022	2023	2022		2023	2022	2023	2022						
		Patient services	Dispensary	Clinical trials & other	Total operating revenue	Operating expenses	Direct costs – patient services	Direct costs – dispensary	Direct costs – clinical trials & other	Goodwill impairment charges	Selling, general and administrative expense	Depreciation and amortization	Total operating expenses	Loss from operations	Other non-operating expense (income)	Interest expense
Patient services	Patient services	\$ 53,426	\$ 39,109	\$ 103,699	\$ 74,166	Patient services	\$ 53,634	\$ 44,627	\$ 157,333	\$ 118,793						
Dispensary	Dispensary	25,196	20,218	49,436	38,897	Dispensary	26,792	18,839	76,228	57,736						
Clinical trials & other	Clinical trials & other	1,602	1,594	3,281	3,019	Clinical trials & other	1,609	1,511	4,890	4,530						
Total operating revenue	Total operating revenue	80,224	60,921	156,416	116,082	Total operating revenue	82,035	64,977	238,451	181,059						
Operating expenses	Operating expenses					Operating expenses										
Direct costs – patient services	Direct costs – patient services	44,878	32,875	87,692	60,253	Direct costs – patient services	44,961	36,126	132,653	96,379						
Direct costs – dispensary	Direct costs – dispensary	20,111	16,754	39,256	32,078	Direct costs – dispensary	21,072	15,738	60,328	47,816						
Direct costs – clinical trials & other	Direct costs – clinical trials & other	118	150	252	287	Direct costs – clinical trials & other	24	113	276	400						
Goodwill impairment charges	Goodwill impairment charges	—	—	16,867	—	Goodwill impairment charges	—	—	16,867	—						
Selling, general and administrative expense	Selling, general and administrative expense	28,726	28,348	57,556	58,154	Selling, general and administrative expense	28,205	31,963	85,761	90,117						
Depreciation and amortization	Depreciation and amortization	1,329	1,098	2,598	2,085	Depreciation and amortization	1,698	1,134	4,296	3,219						
Total operating expenses	Total operating expenses	95,162	79,225	204,221	152,857	Total operating expenses	95,960	85,074	300,181	237,931						
Loss from operations	Loss from operations	(14,938)	(18,304)	(47,805)	(36,775)	Loss from operations	(13,925)	(20,097)	(61,730)	(56,872)						
Other non-operating expense (income)	Other non-operating expense (income)					Other non-operating expense (income)										
Interest expense	Interest expense	2,672	61	5,322	135	Interest expense	2,695	1,497	8,017	1,632						
Interest income	Interest income	(1,034)	—	(2,241)	—	Interest income	(940)	—	(3,181)	—						

Change in fair value of derivative warrant liabilities	Change in fair value of derivative warrant liabilities	(118)	(2,065)	(261)	(604)	Change in fair value of derivative warrant liabilities	203	159	(58)	(445)
Change in fair value of earnout liabilities	Change in fair value of earnout liabilities	(17)	(10,800)	(769)	(50,240)	Change in fair value of earnout liabilities	(23)	(3,581)	(792)	(53,821)
Change in fair value of conversion option derivative liabilities	Change in fair value of conversion option derivative liabilities	—	—	(3,318)	—	Change in fair value of conversion option derivative liabilities	1,284	(15,510)	(2,034)	(15,510)
Gain on loan forgiveness	—	—	—	—	(183)					
Gain on debt extinguishment						Gain on debt extinguishment	—	—	—	(183)
Other, net	Other, net	357	(15)	214	136	Other, net	140	36	354	172
Total other non-operating income (loss)		1,860	(12,819)	(1,053)	(50,756)					
Total other non-operating loss (income)						Total other non-operating loss (income)	3,359	(17,399)	2,306	(68,155)
(Loss) income before provision for income taxes	(Loss) income before provision for income taxes	(16,798)	(5,485)	(46,752)	13,981	(Loss) income before provision for income taxes	(17,284)	(2,698)	(64,036)	11,283
Income tax (expense) benefit	Income tax (expense) benefit	(99)	32	(143)	(148)	Income tax (expense) benefit	(135)	24	(278)	(124)
Net income (loss)		<u>\$ (16,897)</u>	<u>\$ (5,453)</u>	<u>\$ (46,895)</u>	<u>\$ 13,833</u>					
Net income (loss) per share attributable to common stockholders:						Net (loss) income per share attributable to common stockholders:				
Net (loss) income						Net (loss) income per share attributable to common stockholders:	<u>\$ (17,419)</u>	<u>\$ (2,674)</u>	<u>\$ (64,314)</u>	<u>\$ 11,159</u>
Net (loss) income per share attributable to common stockholders:										
Basic	Basic	\$ (0.19)	\$ (0.06)	\$ (0.52)	\$ 0.15	Basic	\$ (0.19)	\$ (0.03)	\$ (0.71)	\$ 0.12
Diluted	Diluted	\$ (0.19)	\$ (0.06)	\$ (0.52)	\$ 0.15	Diluted	\$ (0.19)	\$ (0.17)	\$ (0.71)	\$ (0.03)
Weighted-average number of shares outstanding:	Weighted-average number of shares outstanding:					Weighted-average number of shares outstanding:				
Basic	Basic	74,119,910	72,996,836	73,786,374	73,123,895	Basic	73,469,101	72,184,366	73,679,454	72,807,277
Diluted	Diluted	74,119,910	72,996,836	73,786,374	76,106,201	Diluted	73,469,101	79,581,304	73,679,454	75,300,018

See accompanying notes to the condensed consolidated financial statements.

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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)
(Uncaudited)

		Common stock								Preferred stock											
		Common stock				Preferred stock				Additional paid in capital				Total Stockholders' Equity				Common stock			
		Shares	Amount	Shares	Amount	Treasury stock	paid in capital	Accumulated Deficit	Stockholders' Equity	Shares	Amount	Shares	Amount	Treasury stock	paid in capital	Accumulated Deficit	Stockholders' Equity	Shares	Amount	Shares	Amount
Balance at December 31, 2022	Balance at December 31, 2022	73,265,621	\$ 7	165,045	\$ —	\$ —	\$ 186,250	\$ (63,082)	\$ 123,175	73,265,621	\$ 7	165,045	\$ —	\$ —	\$ —	\$ —	73,265,621	\$ 7	165,045	\$ —	
Net loss	Net loss	—	—	—	—	—	—	—	(29,998)	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of common stock upon vesting RSUs	Issuance of common stock upon vesting RSUs	488,988	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	488,988	—	—	—
Share-based compensation expense	Share-based compensation expense	—	—	—	—	—	5,229	—	5,229	—	—	—	—	—	—	—	—	—	—	—	—
Balance at March 31, 2023	Balance at March 31, 2023	73,754,609	\$ 7	165,045	\$ —	\$ —	\$ 191,479	\$ (93,080)	\$ 98,406	73,754,609	\$ 7	165,045	\$ —	\$ —	\$ —	\$ —	73,754,609	\$ 7	165,045	\$ —	
Net loss	Net loss	—	—	—	—	—	—	—	(16,897)	—	—	(16,897)	—	—	—	—	—	—	—	—	—
Issuance of common stock upon vesting RSUs	Issuance of common stock upon vesting RSUs	793,607	—	—	—	—	—	—	—	—	—	—	—	—	—	—	793,607	—	—	—	—
Share-based compensation expense	Share-based compensation expense	—	—	—	—	—	4,107	—	4,107	—	—	—	—	—	—	—	—	—	—	—	—
Treasury stock purchase	Treasury stock purchase	—	—	—	—	(894)	—	—	(894)	—	—	—	—	—	—	—	—	—	—	—	(894)
Balance at June 30, 2023	Balance at June 30, 2023	74,548,216	\$ 7	165,045	\$ —	\$ (894)	\$ 195,586	\$ (109,977)	\$ 84,722	74,548,216	\$ 7	165,045	\$ —	\$ (894)	\$ —	\$ —	74,548,216	\$ 7	165,045	\$ —	
Net loss	Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of common stock upon vesting RSUs	Issuance of common stock upon vesting RSUs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	899,069	1	—	—	—
Issuance of common stock upon exercise of options	Issuance of common stock upon exercise of options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	14,616	—	—	—	—
Share-based compensation expense	Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Treasury stock purchase	Treasury stock purchase	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(12)
Balance at September 30, 2023	Balance at September 30, 2023	75,461,901	\$ 8	165,045	\$ —	\$ (1,011)	\$ 167,386	\$ (63,234)	\$ 104,159	75,461,901	\$ 8	165,045	\$ —	\$ (1,011)	\$ —	\$ —	75,461,901	\$ 8	165,045	\$ —	

		Common stock				Preferred stock				Additional paid in capital				Accumulated Deficit				Total Stockholders' Equity			
		Common stock		Preferred stock		Additional paid in capital		Accumulated Deficit		Stockholders' Equity		Common stock		Preferred stock		Additional paid in capital		Accumulated Deficit		Stockholders' Equity	
		Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Balance at December 31, 2021	Balance at December 31, 2021	73,249,042	\$ 7	163,510	\$ —	\$ —	\$ 167,386	\$ (63,234)	\$ 104,159	73,249,042	\$ 7	163,510	\$ —	\$ —	\$ —	\$ —	73,249,042	\$ 7	163,510	\$ —	

Net income	—	—	—	—	—	—	19,286	19,286
Issuance of common stock upon vesting of RSUs	27,188	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	8,553	—	8,553
Balance at March, 31, 2022	73,276,230	\$ 7	163,510	\$ —	\$ 175,939	\$ (43,948)	\$ 131,998	
Net loss	—	—	—	—	—	—	(5,453)	(5,453)
Issuance of common stock upon vesting of RSUs	150,958	—	—	—	—	—	—	—
Issuance of common stock upon exercise of options	366,684	—	—	—	—	337	—	337
Exchange of common stock for preferred stock	(313,000)	—	3,130	—	—	—	—	—
Repurchase and retirement of common stock	(1,500,000)	—	—	—	—	(9,000)	—	(9,000)
Net settlement of taxes for equity awards	—	—	—	—	—	(413)	—	(413)
Share-based compensation expense	—	—	—	—	—	6,514	—	6,514
Balance at June 30, 2022	71,980,872	\$ 7	166,640	\$ —	\$ 173,377	\$ (49,401)	\$ 123,983	

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	Common stock		Preferred stock		Total Stockholders' Equity		
	Shares	Amount	Shares	Amount	Additional paid in capital	Accumulated Deficit	Total Stockholders' Equity
					\$	\$	
Balance at December 31, 2021	73,249,042	\$ 7	163,510	\$ —	\$ 167,386	\$ (63,234)	\$ 104,159
Net income	—	—	—	—	—	19,286	19,286
Issuance of common stock upon vesting of RSUs	27,188	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	8,553	—	8,553
Balance at March, 31, 2022	73,276,230	\$ 7	163,510	\$ —	\$ 175,939	\$ (43,948)	\$ 131,998
Net loss	—	—	—	—	—	(5,453)	(5,453)
Issuance of common stock upon vesting of RSUs	150,958	—	—	—	—	—	—
Issuance of common stock upon exercise of options	366,684	—	—	—	337	—	337
Exchange of common stock for preferred stock	(313,000)	—	3,130	—	—	—	—
Repurchase and retirement of common stock	(1,500,000)	—	—	—	(9,000)	—	(9,000)
Net settlement of taxes for equity awards	—	—	—	—	(413)	—	(413)
Share-based compensation expense	—	—	—	—	6,514	—	6,514
Balance at June 30, 2022	71,980,872	\$ 7	166,640	\$ —	\$ 173,377	\$ (49,401)	\$ 123,983
Net loss	—	—	—	—	—	(2,674)	(2,674)
Issuance of common stock upon vesting of RSUs	107,614	—	—	—	—	—	—
Issuance of common stock upon exercise of options	93,701	—	—	—	79	—	79
Exchange of preferred stock for common stock	159,500	—	(1,595)	—	—	—	—
Share-based compensation expense	—	—	—	—	6,546	—	6,546
Balance at September 30, 2022	72,341,687	\$ 7	165,045	\$ —	\$ 180,002	\$ (52,075)	\$ 127,934

See accompanying notes to the condensed consolidated financial statements.

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

Six Months Ended June 30,	Nine Months Ended September 30,
---------------------------	---------------------------------

		2023	2022		2023	2022
Cash flows from operating activities:	Cash flows from operating activities:			Cash flows from operating activities:		
Net (loss) income	Net (loss) income	\$(46,895)	\$ 13,833	Net (loss) income	\$(64,314)	\$ 11,159
Adjustments to reconcile net (loss) income to cash and cash equivalents used in operating activities:						
Depreciation and amortization	Depreciation and amortization	2,598	2,085	Depreciation and amortization	4,296	3,219
Amortization of debt issuance costs		3,067	—			
Amortization of debt issuance costs and debt discount				Amortization of debt issuance costs and debt discount	4,633	892
Goodwill impairment charges	Goodwill impairment charges	16,867	—	Goodwill impairment charges	16,867	—
Share-based compensation	Share-based compensation	9,072	15,067	Share-based compensation	13,731	21,613
Change in fair value of liability classified warrants	Change in fair value of liability classified warrants	(261)	(604)	Change in fair value of liability classified warrants	(58)	(445)
Change in fair value of liability classified earnouts	Change in fair value of liability classified earnouts	(769)	(50,240)	Change in fair value of liability classified earnouts	(792)	(53,821)
Change in fair value of liability classified conversion option derivatives	Change in fair value of liability classified conversion option derivatives	(3,318)	—	Change in fair value of liability classified conversion option derivatives	(2,034)	(15,510)
Realized loss on sale of investments	Realized loss on sale of investments	11	—	Realized loss on sale of investments	11	—
Unrealized loss on investments		113	—			
Unrealized (gain) loss on investments				Unrealized (gain) loss on investments	(44)	62
Accretion of discount on investment securities	Accretion of discount on investment securities	(1,589)	—	Accretion of discount on investment securities	(712)	(29)
Deferred taxes	Deferred taxes	(30)	131	Deferred taxes	50	183
Gain on loan forgiveness	Gain on loan forgiveness	—	(183)	Gain on loan forgiveness	—	(183)
Credit losses	Credit losses	(2)	259	Credit losses	31	402
Loss on disposal of property and equipment	Loss on disposal of property and equipment	—	14	Loss on disposal of property and equipment	—	22
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable	(6,576)	(9,200)	Accounts receivable	(8,657)	(15,215)
Inventories	Inventories	(2,907)	(1,733)	Inventories	(2,913)	(2,584)
Other receivables	Other receivables	118	815	Other receivables	153	678
Prepaid expenses	Prepaid expenses	1,091	1,152	Prepaid expenses	2,728	3,545
Operating lease right-of-use assets	Operating lease right-of-use assets	3,125	2,191	Operating lease right-of-use assets	4,448	3,720
Other assets	Other assets	(80)	(86)	Other assets	(83)	(141)
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	1,350	2,562	Accrued expenses and other current liabilities	579	2,894
Income taxes payable	Income taxes payable	1	—	Income taxes payable	—	255
Accounts payable	Accounts payable	3,751	(1,658)	Accounts payable	3,961	(4,404)

Current and long-term operating lease liabilities	Current and long-term operating lease liabilities	(2,529) (1,767)	Current and long-term operating lease liabilities	(3,909) (2,998)
Other non-current liabilities	Other non-current liabilities	(320) 2	Other non-current liabilities	(394) (1,073)
Net cash and cash equivalents used in operating activities	Net cash and cash equivalents used in operating activities	(24,112) (27,360)	Net cash and cash equivalents used in operating activities	(32,422) (47,759)
Cash flows from investing activities:	Cash flows from investing activities:		Cash flows from investing activities:	
Purchases of property and equipment	Purchases of property and equipment	(2,776) (2,344)	Purchases of property and equipment	(3,706) (3,534)
Cash paid for practice acquisitions	Cash paid for practice acquisitions	(4,300) (8,920)	Cash paid for practice acquisitions	(4,300) (8,107)
Purchases of marketable securities/investments	Purchases of marketable securities/investments	(9,747) —	Purchases of marketable securities/investments	(9,683) (87,402)
Sales of marketable securities/investments	Sales of marketable securities/investments	60,127 —	Sales of marketable securities/investments	68,702 —
Net cash and cash equivalents provided by (used in) investing activities	Net cash and cash equivalents provided by (used in) investing activities	43,304 (11,264)	Net cash and cash equivalents provided by (used in) investing activities	51,013 (99,043)
Cash flows from financing activities:	Cash flows from financing activities:		Cash flows from financing activities:	
Proceeds from issuance of long-term debt	Proceeds from issuance of long-term debt		Proceeds from issuance of long-term debt	— 110,000
Transactions costs related to issuance of long-term debt	Transactions costs related to issuance of long-term debt		Transactions costs related to issuance of long-term debt	— (3,663)
Payments made for financing of insurance payments	Payments made for financing of insurance payments	(2,576) (2,481)	Payments made for financing of insurance payments	(3,010) (3,739)
Payment of deferred consideration liability for acquisition	Payment of deferred consideration liability for acquisition	(759) (759)	Payment of deferred consideration liability for acquisition	(959) (509)
Principal payments on financing leases	Principal payments on financing leases	(81) (26)	Principal payments on financing leases	(91) (39)
Common stock repurchase	Common stock repurchase	(894) (9,000)	Common stock repurchase	(1,019) (9,000)
Common stock issued for options exercised	Common stock issued for options exercised	— 337	Common stock issued for options exercised	13 416
Taxes for common stock net settled	Taxes for common stock net settled	— (413)	Taxes for common stock net settled	— (413)
Net cash and cash equivalents used in financing activities		(4,310) (12,342)	Net cash and cash equivalents provided by (used in) financing activities	(5,066) 93,053
Net cash and cash equivalents provided by (used in) financing activities			Net cash and cash equivalents provided by (used in) financing activities	
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	14,882 (50,966)	Net increase (decrease) in cash and cash equivalents	13,525 (53,749)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	14,010 115,174	Cash and cash equivalents at beginning of period	14,010 115,174

Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	Cash and cash equivalents at end of period
Supplemental disclosure of cash flow information:	\$ 28,892 <u> </u> \$ 64,208	\$ 27,535 <u> </u> \$ 61,425
Interest and principal forgiven from Paycheck Protection Program loans	Interest and principal forgiven from Paycheck Protection Program loans \$ — \$ 183	Interest and principal forgiven from Paycheck Protection Program loans \$ — \$ 183
Cash paid for:		
Income taxes	\$ 170 \$ 25	

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

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash paid for:			Cash paid for:	
Income taxes			Income taxes \$ 226 \$ 26	
Interest	Interest \$ 2,255 \$ 135		Interest \$ 3,383 \$ 184	
Supplemental disclosure of noncash investing and financing activities:	Supplemental disclosure of noncash investing and financing activities:			
Deferred consideration as part of practice acquisitions	\$ 1,813 \$ 2,000			
Discount of senior secured convertible note			Discount of senior secured convertible note \$ — \$ 28,160	
Deferred consideration as part of practice acquisition			Deferred consideration as part of practice acquisition \$ 1,813 \$ —	

See accompanying notes to the condensed consolidated financial statements.

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THE ONCOLOGY INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(US Dollars in thousands, except share data)

Note 1. Description of the Business

Overview of the Business

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

On November 12, 2021 ("Closing Date"), the Business Combination closed following a series of mergers, which resulted in DFPH emerging as the parent of the combined entity Orion Merger Sub II, LLC and the former TOI Parent, Inc. (together, "Legacy TOI"). DFPH was renamed "The Oncology Institute, Inc." and common stock and "Public Warrants" continued to be listed on Nasdaq under the ticker symbols "TOI" and "TOIW," 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 its consolidating subsidiary TOI Clinical Research, LLC ("TCR"), performs cancer clinical trials through a network of cancer care specialists. TCR conducts clinical trials for a broad range of pharmaceutical and medical device companies from around the world.

The Company has 99 approximately 112 oncologists and mid-level professionals across 67 70 clinic locations located within five states: California, Florida, Arizona, Nevada, and Texas. The Oncology Institute CA, a Professional Corporation ("TOI CA"), one of the TOI PCs, has 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 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 **condensed consolidated financial 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, 2022, issued on March 16, 2023.

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 ("VIE") for which TOI (through TOI Management) is the primary beneficiary. The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity or voting interest model. All significant intercompany balances and transactions have been eliminated in consolidation.

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Variable Interest Entities

The Company consolidates entities for which it has a variable interest and is determined to be the primary beneficiary. Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the Company are presented as a component of total equity to distinguish between the interests of the Company and the interests of the noncontrolling owners. Revenues, expenses, and net income from these subsidiaries are included in the consolidated amounts as presented on the 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 **June** September 30, 2023, TOI held variable interests 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 entity obtains control of the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed, and the noncontrolling interests obtained, limited to one year from the acquisition date) are recorded when identified. Goodwill is determined as the excess of the fair value of the consideration exchanged in the acquisition over the fair value of the net assets acquired.

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

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 condensed 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 condensed 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

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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 (defined in Note 14) are also contingently issuable; therefore, they are excluded from basic net income (loss) per share until the performance and service conditions have been met (see more detail in Note 14). Further, the number of contingently issuable Medical RSUs included in diluted net income (loss) per share is based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and if the result would be dilutive. For the periods presented, the public and private placement warrants are out of the money; therefore, the public and private placement warrants are antidilutive and excluded from diluted net income 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. Fair value measurements of derivative warrants are based on the market price of our public warrants, which are quoted prices for similar instruments and considered a Level 2 input. Fair value measurements of earnout liabilities are based on the Monte-Carlo Simulation Model, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the 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-Troy 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

The Company considers all highly liquid investments that are both readily convertible into cash and mature within 90 days from the date of purchase to be cash equivalents. As of June 30, 2023, the Company's cash equivalents consist of U.S. Treasury bills with a maturity date less than 90 days from the date of purchase.

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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 June 30, 2023 September 30, 2023 and December 31, 2022.

Inventories, net

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

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

Goodwill

The Company accounts for goodwill under ASC 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.

In assessing goodwill for impairment, an entity has the option to assess qualitative factors to determine whether events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, it is more likely than not that the fair value of the reporting unit is greater than its carrying value, then performing the two-step impairment test is unnecessary. An entity can choose not to perform a qualitative assessment for any of its reporting units and proceed directly to the use of the two-step impairment test.

When assessing goodwill for impairment for the ~~six~~ three months ended June 30, 2023 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 two-step impairment test was performed. ~~It was concluded in connection with the preparation of these financial statements that, based~~ Based on the results of our assessment performed there was a goodwill impairment of \$16,867 for the three months ended March 31, 2023. There was no impairment of goodwill recorded for the three months ended June 30, 2023 September 30, 2023. Goodwill impairment recorded for the three and ~~six~~ nine months ended June 30, 2023 September 30, 2023 was \$0 and \$16,867, respectively.

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Debt

The Company accounts for debt net of debt issuance costs and debt discount. Debt issuance costs and debt discount are

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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 date of purchase and they may be readily liquidated, balance sheet date.

Interest income and accretion on marketable securities are included in interest income in the Condensed 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 June 30, 2023 September 30, 2023, 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 ("Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and has elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies.

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

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life, instead of when incurred. In November 2018, the FASB issued Accounting Standard Update 2018-19, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses* ("ASU 2018-19"), which amends Subtopic 326-20 (created by ASU 2016-13) to explicitly state that operating lease receivables are not in the scope of Subtopic 326-20. Additionally, in April 2019, the FASB issued Accounting Standard Update 2019-04, *Codification Improvements to Topic 326*,

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Financial Instruments — Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("ASU 2019-04"); in May 2019, the FASB issued Accounting Standards Update 2019-05, *Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief* ("ASU 2019-05"); in November 2019, the FASB issued Accounting Standards Update 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*:

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Effective Dates and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments — Credit Losses ("ASU 2019-10"), and in March 2022, the FASB issued Accounting Standard Update 2022-02, *Financial Instruments — Credit Losses: Troubled Debt Restructurings and Vintage Disclosures* ("ASU 2022-02"), to provide further clarifications on certain aspects of ASU 2016-13 and to extend the nonpublic entity effective date of ASU 2016-13. The changes (as amended) are effective for the Company for annual and interim periods in fiscal years beginning after December 15, 2022. An entity may early adopt ASU 2016-13, as amended, for annual and interim periods in fiscal years beginning after December 15, 2018. ASU 2016-13 introduced a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including receivables, contract assets and held-to-maturity debt securities, which requires the Company to incorporate considerations of historical information, current information and reasonable and supportable forecasts. ASU 2016-13 also expands disclosure requirements.

The Company adopted the ASU 2016-13, as amended, effective January 1, 2023, using the modified retrospective approach, which resulted in changes to the Company's accounting policies for accounts receivables. Upon adoption of ASU 2016-13, the Company evaluated accounts receivables on a collective (i.e., portfolio) basis when similar risk

characteristics were shared. The adoption of this standard did not have a material impact on our consolidated financial statements and there was no allowance for credit losses recorded as of June 30, 2023 and December 31, 2022 September 30, 2023.

Recently Issued Accounting Standards

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

In October 2021, the FASB issued ASU 2021-08, *Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). Under ASU 2021-08, an acquirer must recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contract with Customers* ("ASC 606"). The guidance is effective for interim and annual periods beginning after December 15, 2023, with early adoption permitted. The Company will adopt ASU 2021-08 on January 1, 2024 on a prospective basis. The Company does not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements and related disclosures.

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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 and six months ended June 30, 2023 September 30, 2023 and 2022 are as follows:

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,					
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022				
Percentage of Net Revenue:																		
Percentage of Patient Services Net Revenue:																		
Payor A	Payor A	10	%	14	%	11	%	15	%	Payor A	11	%	12	%	11	%	14	%
Payor B	Payor B	14	%	17	%	15	%	17	%	Payor B	14	%	15	%	14	%	16	%

The concentration of gross receivables on a percentage basis for major payors at June 30, 2023 September 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022			
	Percentage of Gross Receivables:	Payor B								
Percentage of Gross Receivables:										
Percentage of Gross Receivables of Patient Revenue:										
Payor B	Payor B	11	%	13	%	Payor B	10	%	13	%
Payor C	Payor C	10	%	10	%	Payor C	8	%	10	%

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 and six months ended June 30, 2023 September 30, 2023 and 2022 are as follows:

Percentage of Cost of Sales:	Percentage of Cost of Sales:	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,								
		2023		2022		2023		2022								
		2023	2022	2023	2022	2023	2022	2023	2022							
Vendor A	Vendor A	100	%	55	%	100	%	54%	Vendor A	100	%	97	%	100	%	69%
Vendor B	Vendor B	N/A		43	%	N/A		44%	Vendor B	N/A		N/A		N/A		29%

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The concentration of gross payables on a percentage basis for major payors at **June 30, 2023** **September 30, 2023** and December 31, 2022 are as follows:

Percentage of Gross Payables:	Percentage of Gross Payables:	June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
		2023		2022		2023		2022	
		2023	2022	2023	2022	2023	2022	2023	2022
Vendor A	Vendor A	70	%	66	%	48	%	66	%
Vendor B	Vendor B	N/A		N/A		12	%	N/A	

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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 **June 30, 2023** **September 30, 2023** and December 31, 2022 consist of the following:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Oral drug accounts receivable	Oral drug accounts receivable	\$ 3,264	\$ 4,165	Oral drug accounts receivable	\$ 3,238	\$ 4,165
Capitated accounts receivable	Capitated accounts receivable	678	1,623	Capitated accounts receivable	3,187	1,623
FFS accounts receivable	FFS accounts receivable	32,787	26,313	FFS accounts receivable	32,388	26,313
Clinical trials accounts receivable	Clinical trials accounts receivable	2,577	2,443	Clinical trials accounts receivable	2,488	2,443
Other trade receivables	Other trade receivables	7,088	5,272	Other trade receivables	7,141	5,272
Total	Total	\$ 46,394	\$ 39,816	Total	\$ 48,442	\$ 39,816

The Company adopted ASU 2016-13, as amended, effective January 1, 2023, and determined the allowance for credit losses was not material as of **June 30, 2023** **September 30, 2023**. No allowance for credit losses was recorded as of **June 30, 2023** and **December 31, 2022** **September 30, 2023**.

During the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, credit losses related to direct write-offs totaled **\$0** **\$31** and **\$11** **\$42**, respectively. Credit losses were a result of accounts receivable on completed contracts that were deemed uncollectible during the period due to delayed collection efforts. During the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, the Company had recoveries of credit losses of **\$3** **\$0** and **\$13** **\$11**, respectively. During the three and **six nine** months ended **June 30, 2022** **September 30, 2022**, the Company had net reversals of bad debt recoveries of **\$105** **\$28** and **\$82** **\$110**, respectively and bad debt expense of **\$0** **\$115**, and **\$177** **\$292**, respectively.

Note 5. Revenue

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

Disaggregation of Revenue

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

(in thousands)	Three Months Ended June 30,				(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,						
	2023		2022			2023		2023						
	Patient services	Capitated revenue	FFS revenue	Subtotal	Dispensary revenue	Clinical research trials and other revenue	Total	Patient services	Capitated revenue	FFS revenue	Subtotal	Dispensary revenue	Clinical research trials and other revenue	Total
Patient services														
Capitated revenue	\$ 16,786		\$ 13,944		\$ 33,354		\$ 28,460		\$ 18,056		\$ 16,355		\$ 51,410	
FFS revenue	36,640		25,165		70,345		45,706		35,578		28,272		105,923	
Subtotal	53,426		39,109		103,699		74,166		53,634		44,627		157,333	
Dispensary revenue	25,196		20,218		49,436		38,897		26,792		18,839		76,228	
Clinical research trials and other revenue	1,602		1,594		3,281		3,019		1,609		1,511		4,890	
Total	Total		\$ 80,224		\$ 60,921		\$ 156,416		\$ 116,082		Total		\$ 82,035	

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 June 30, 2023 September 30, 2023 and December 31, 2022. Refer to Note 4 for accounts receivable as of June 30, 2023 September 30, 2023 and December 31, 2022.

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Contract liabilities represent cash that has been received for contracts, but for which performance is still unsatisfied. As of June 30, 2023 September 30, 2023 and December 31, 2022, contract liabilities amounted to \$610 \$545 and \$1,139, respectively. Contract liabilities are included within other current liabilities and presented in Note 9 along with refund liabilities due to materiality.

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 June 30, 2023 September 30, 2023 and December 31, 2022 were as follows:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Oral drug inventory	Oral drug inventory	\$ 3,062	\$ 2,130	Oral drug inventory	\$ 2,924	\$ 2,130
IV drug inventory	IV drug inventory	9,106	7,131	IV drug inventory	9,250	7,131
Total	Total	\$ 12,168	9,261	Total	\$ 12,174	9,261

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 June 30, 2023 September 30, 2023 and December 31, 2022 is as follows:

June 30, 2023	September 30, 2023
---------------	--------------------

		Gross Amortized Cost				Gross Unrealized Gains				Gross Unrealized Losses				Fair Value											
(in thousands)	(in thousands)	Cash equivalents:		U.S. Treasury Bills		Marketable securities:		Short-term U.S. Treasuries		Long-term U.S. Treasuries		Total available for sale securities		Cash equivalents:		U.S. Treasury Bills		Marketable securities:		Short-term U.S. Treasuries		Long-term U.S. Treasuries		Total available for sale securities	
Cash equivalents:		\$ 10,905	\$ 1	\$ —	\$ 10,906																				
U.S. Treasury Bills																									
Marketable securities:																									
Short-term U.S. Treasuries		\$ 10,310	\$ —	\$ (19)	\$ 10,291																				
Long-term U.S. Treasuries		\$ 59,416	\$ —	\$ (472)	\$ 58,944																				
Total available for sale securities		\$ 80,631	\$ 1	\$ (491)	\$ 80,141																				

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

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The contractual maturities of the Company's investments in cash equivalents and marketable securities as of June 30, 2023 September 30, 2023 and December 31, 2022 is as follows:

(in thousands)	(in thousands)	Due After One Year through Five Years				Due After Five Years				(in thousands)	Due After One Year through Five Years				Due After Five Years			
		Due in One Year or Less	Due in One Year or Less	Due in One Year or Less	Total	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less	Total		Due in One Year or Less	Due in One Year or Less	Due in One Year or Less	Total	Due in One Year or Less	Due in One Year or Less	Due in One Year or Less	Total
Cash equivalents:										Cash equivalents:								
U.S. Treasury Bills		\$ 10,906	\$ —	\$ —	\$ 10,906					U.S. Treasury Bills	\$ —	\$ —	\$ —	\$ —				
Marketable securities:										Marketable securities:								
Short-term U.S. Treasuries		\$ 10,291	\$ —	\$ —	\$ 10,291					Short-term U.S. Treasuries	\$ 59,877	\$ —	\$ —	\$ 59,877				
Long-term U.S. Treasuries		\$ 49,483	\$ 9,461	\$ —	\$ 58,944					Long-term U.S. Treasuries	\$ —	\$ —	\$ —	\$ —				
Total available for sale securities		\$ 70,680	\$ 9,461	\$ —	\$ 80,141					Total available for sale securities	\$ 59,877	\$ —	\$ —	\$ 59,877				

(in thousands)	Due After One Year			
	Due in One Year or Less	through Five Years	Due After Five Years	Total
Cash equivalents:				

U.S. Treasury Bills	\$ 2,573	\$ —	\$ —	\$ 2,573
Marketable securities:				
Short-term U.S. Treasuries	\$ 59,796	\$ —	\$ —	\$ 59,796
Long-term U.S. Treasuries	\$ 10,523	\$ 47,831	\$ —	\$ 58,354
Total available for sale securities	\$ 72,892	\$ 47,831	\$ —	\$ 120,723

The Company recorded a net unrealized loss of \$256 \$157 and a net unrealized loss of \$113 \$44 for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**. At **June 30, 2023** **September 30, 2023**, **seven** **six** 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 \$305 \$270 and \$274, respectively, at **June 30, 2023** **September 30, 2023** and December 31, 2022, 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 **June 30, 2023** **September 30, 2023** and December 31, 2022:

(in thousands)	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Cash equivalents	\$ 10,906	\$ —	\$ 10,906	\$ —
Marketable securities	\$ 10,291	\$ —	\$ 10,291	\$ —
Non-current investments	\$ 58,944	\$ —	\$ 58,944	\$ —
Financial liabilities:				
Derivative warrant liabilities	\$ 89	\$ —	\$ 89	\$ —
Earnout liabilities	\$ 34	\$ —	\$ —	\$ 34
Conversion option derivative liabilities	\$ 642	\$ —	\$ —	\$ 642
Contingent consideration liability	\$ 1,813	\$ —	\$ 1,813	\$ —
Non-recurring fair value measurement:				
Goodwill	\$ 7,230	\$ —	\$ —	\$ 7,230

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(in thousands)	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Marketable securities	\$ 59,877	\$ —	\$ 59,877	\$ —
Financial liabilities:				
Derivative warrant liabilities	\$ 292	\$ —	\$ 292	\$ —
Earnout liabilities	\$ 11	\$ —	\$ —	\$ 11
Conversion option derivative liabilities	\$ 1,926	\$ —	\$ —	\$ 1,926
Contingent consideration liability	\$ 1,813	\$ —	\$ 1,813	\$ —
Non-recurring fair value measurement:				
Goodwill	\$ 7,230	\$ —	\$ —	\$ 7,230

As of **June** **September 30, 2023**, derivative warrant liabilities of \$89 \$292 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, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Cash equivalents	\$ 2,573	\$ —	\$ 2,573	\$ —
Marketable securities	\$ 59,796	\$ —	\$ 59,796	\$ —

Non-current investments	58,354	—	58,354	—
Financial liabilities:				
Derivative warrant liabilities	\$ 350	\$ —	\$ —	\$ 350
Earnout liabilities	803	—	—	803
Conversion option derivative liabilities	3,960	—	—	3,960
Non-recurring fair value measurement:				
Goodwill	21,418	—	—	21,418

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

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

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

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

The Company measures goodwill at fair value on a nonrecurring basis and classifies goodwill within Level 3 of the fair value hierarchy. 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 **June 30, 2023** **September 30, 2023**, there was no impairment of goodwill recorded for the three months ended **June 30, 2023** **September 30, 2023**.

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The following table presents information about the Company's financial liabilities that are measured at fair value on a recurring basis at **June 30, 2023** **September 30, 2023**:

(in thousands)	(in thousands)	Conversion Option Derivative Liability			(in thousands)	Conversion Option Derivative Liability		
		Private Warrant Liability	Earnout Liability	Contingent Consideration Liability		Earnout Liability	Contingent Consideration Liability	
Balance at December 31, 2021	Balance at December 31, 2021	\$ 2,193	\$ 60,018	\$ —	\$ —	\$ 60,018	\$ —	—

Conversion option derivative liability acquired (see Note 11 for detail)	Conversion option derivative liability acquired (see Note 11 for detail)	—	—	28,160	—	Conversion option derivative liability acquired (see Note 11 for detail)	—	28,160
Decrease in fair value included in other expense	Decrease in fair value included in other expense	(1,843)	(59,215)	(24,200)	—	Decrease in fair value included in other expense	(59,215)	(24,200)
Balance at December 31, 2022	Balance at December 31, 2022	\$ 350	\$ 803	\$ 3,960	\$ —	Balance at December 31, 2022	\$ 803	\$ 3,960
Contingent consideration liability acquired (see Note 16 for detail)	Contingent consideration liability acquired (see Note 16 for detail)	—	\$ —	—	1,813	Contingent consideration liability acquired (see Note 16 for detail)	\$ —	—
Decrease in fair value included in other expense	Decrease in fair value included in other expense	(261)	\$ (769)	(3,318)	—	Decrease in fair value included in other expense	\$ (792)	(2,034)
Balance at June 30, 2023	Balance at September 30, 2023	\$ 89	\$ 34	\$ 642	\$ 1,813	Balance at September 30, 2023	\$ 11	\$ 1,926

As of **June 30, 2023** September 30, 2023, earnout liabilities were valued using a Monte-Carlo Simulation Model, which is considered to be a Level 3 fair value measurement, derivative warrant liabilities were valued using the public warrant trading price, which is

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considered to be a Level 2 fair value measurement, and the contingent consideration liability was valued using a present value factor, which is considered to be a Level 2 fair value measurement. As of December 31, 2022, derivative warrant and earnout liabilities were valued using a Binomial Lattice and Monte-Carlo Simulation Model, respectively, which are considered to be Level 3 fair value measurements.

As of **June 30, 2023** September 30, 2023 and December 31, 2022, the convertible note warrant and conversion option derivative liabilities were valued using 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 our Level 3 liabilities is the expected volatility of the common stock. A summary of the inputs used in the valuations is as follows:

	June 30, 2023						September 30, 2023					
	First Tranche	Convertible Note Warrant Derivative Liability		Conversion Option Derivative Liability		First Tranche	Convertible Note Warrant Derivative Liability		Conversion Option Derivative Liability			
		Earnout	Earnout	Derivative	Liability		Earnout	Earnout	Derivative	Liability		
Unit price	Unit price	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	Unit price	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40	\$ 1.40
Term (in years)	Term (in years)	1.26	1.26	4.11	4.11	Term (in years)	1.12	1.12	3.86	3.86	3.86	3.86
Volatility	Volatility	89.10	%	89.10	%	75.60	%	75.60	%	62.60	%	62.60
Risk-free rate	Risk-free rate	5.10	%	5.10	%	4.20	%	4.20	%	4.70	%	4.70
Dividend yield	Dividend yield	—	—	—	—	Dividend yield	—	—	—	—	—	—
Cost of equity	Cost of equity	15.50	%	15.50	%	—	—	—	—	—	—	—
December 31, 2022												

	Derivative Warrant Liability	First Tranche Earnout	Second Tranche Earnout	Convertible Note Warrant Derivative Liability	Conversion Option Derivative Liability
Unit price	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65
Term (in years)	3.87	1.54	1.55	4.61	4.61
Volatility	71.80 %	70.00 %	70.00 %	40.00 %	40.00 %
Risk-free rate	4.08 %	4.45 %	4.45 %	3.99 %	3.99 %
Dividend yield	—	—	—	—	—
Cost of equity	—	13.60 %	13.60 %	0.00 %	0.00 %

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

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

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

Uncertainty of Fair Value Measurement from Use of Significant Unobservable Inputs

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

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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)	(in thousands)	Useful lives	June 30, 2023	December 31, 2022	(in thousands)	Useful lives	September 30, 2023	December 31, 2022
Computers and software	Computers and software	60 months	\$ 2,502	\$ 2,139	Computers and software	60 months	\$ 2,735	\$ 2,139
Office furniture	Office furniture	84 months	709	606	Office furniture	84 months	710	606
		Shorter of lease term or estimated useful life			Leasehold improvements	Leasehold improvements	9,352	6,655
Leasehold improvements	Leasehold improvements	useful life	8,961	6,655	Medical equipment	Medical equipment	2,025	1,138
Medical equipment	Medical equipment	60 months	1,970	1,138	Construction in progress	Construction in progress	1,198	1,144
Construction in progress	Construction in progress	Shorter of lease term or estimated useful life	950	1,144		Shorter of lease term or estimated useful life		
Finance lease ROU assets	Finance lease ROU assets	or estimated useful life	207	371	Finance lease ROU assets	or estimated useful life	207	371
Less: accumulated depreciation	Less: accumulated depreciation		(4,527)	(3,506)	Less: accumulated depreciation		(5,440)	(3,506)
Total property and equipment, net	Total property and equipment, net		\$ 10,772	\$ 8,547	Total property and equipment, net		\$ 10,787	\$ 8,547

Depreciation expense for the three months ended June 30, 2023 September 30, 2023 and 2022 was \$601 \$914 and \$359, \$393, respectively. Depreciation expense for the six months ended June 30, 2023 September 30, 2023 and 2022 was \$1,142 \$2,056 and \$673, \$1,066, respectively.

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Note 9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of June 30, 2023 September 30, 2023 and December 31, 2022 consist of the following:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Compensation, including bonuses, fringe benefits, and payroll taxes	Compensation, including bonuses, fringe benefits, and payroll taxes	\$ 4,572	\$ 5,310	Compensation, including bonuses, fringe benefits, and payroll taxes	\$ 5,137	\$ 5,310
Contract liabilities	Contract liabilities	610	1,139	Contract liabilities	545	1,139
Directors and officers insurance premiums	Directors and officers insurance premiums	434	3,010	Directors and officers insurance premiums	—	3,010
Deferred acquisition and contingent consideration (see Note 16)		1,306	802	Deferred acquisition and contingent consideration (see Note 7 and 16)	3,318	802
Deferred acquisition and contingent consideration (see Note 7 and 16)				Deferred acquisition and contingent consideration (see Note 7 and 16)		
Accrued interest	Accrued interest	1,088	1,100	Accrued interest	1,100	1,100
Other liabilities	Other liabilities	6,116	3,234	Other liabilities	2,623	3,234
Total accrued expenses and other current liabilities	Total accrued expenses and other current liabilities	\$ 14,126	\$ 14,595	Total accrued expenses and other current liabilities	\$ 12,723	\$ 14,595

Contract liabilities as of June 30, 2023 September 30, 2023 and December 31, 2022 consist of cumulative adjustments made to capitated revenue recognized in prior periods.

Pursuant to the Business Combination, the Company has agreed to indemnify members of the Board and certain officers if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. The Company entered into a financing arrangement to pay premiums for directors' and officers' ("D&O") insurance coverage to protect against such losses on November 12, 2021. As of **June 30, 2023** **September 30, 2023**, the remaining D&O principal balance was **\$434**, all paid in full.

[Table of which is due to be paid before March 31, 2024 and classified as a current liability.](#) [Contents](#)

Note 10. Leases

The Company leases clinics, office buildings, and certain equipment under noncancelable financing and operating lease agreements that expire at various dates through November 2031. See Note 2 for a summary of the Company's policies relating to leases.

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

The Company has determined that periods covered by options to extend the Company's leases are excluded from the lease terms as it is not reasonably certain the Company will exercise such options.

Lease Expense

The components of lease expense were as follows for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022:

(in thousands)	(in thousands)	Three Months Ended June 30,				(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Operating lease costs:	Operating lease costs:	\$ 1,838	\$ 1,249	\$ 3,600	\$ 2,416	Operating lease costs:	\$ 1,971	\$ 1,576	\$ 5,572	\$ 3,992
Finance lease costs:	Finance lease costs:					Finance lease costs:				
Amortization of ROU asset	Amortization of ROU asset	\$ 18	\$ 13	\$ 38	\$ 27	Amortization of ROU asset	\$ 10	\$ 14	\$ 48	\$ 41
Interest expense	Interest expense	\$ 3	\$ 1	\$ 7	\$ 3	Interest expense	\$ 2	\$ 1	\$ 9	\$ 4
Other lease costs:	Other lease costs:					Other lease costs:				
Short-term lease costs	Short-term lease costs	\$ 3	\$ 103	\$ 34	\$ 212	Short-term lease costs	\$ 3	\$ 94	\$ 37	\$ 306
Variable lease costs	Variable lease costs	\$ 308	\$ 222	\$ 582	\$ 427	Variable lease costs	\$ 308	\$ 263	\$ 891	\$ 690

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.

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Maturity of Lease Liabilities

The aggregate future lease payments for the Company's leases in years subsequent to **June 30, 2023** **September 30, 2023** are as follows:

(in thousands)	(in thousands)	Operating Leases	Finance Leases	(in thousands)	Operating Leases	Finance Leases
2023 (remaining six months)		\$ 3,916	\$ 24			
2023 (remaining three months)				2023 (remaining three months)	\$ 2,034	\$ 12
2024	2024	7,613	48	2024	7,730	47
2025	2025	7,075	42	2025	7,349	42
2026	2026	6,381	39	2026	6,731	39
2027	2027	5,148	29	2027	5,439	29
Thereafter	Thereafter	9,214	—	Thereafter	9,215	—

Total future lease payment	Total future lease payment	\$ 39,347	\$ 182	Total future lease payment	\$ 38,498	\$ 169
Less: amount representing interest	Less: amount representing interest	(6,699)	(23)	Less: amount representing interest	(6,405)	(20)
Present value of future lease payment (lease liabilities)	Present value of future lease payment (lease liabilities)	\$ 32,648	\$ 159	Present value of future lease payment (lease liabilities)	\$ 32,093	\$ 149
Reported as:	Reported as:			Reported as:		
Lease liabilities, current	Lease liabilities, current	\$ 6,001	\$ 39	Lease liabilities, current	\$ 6,079	\$ 39
Lease liabilities, noncurrent	Lease liabilities, noncurrent	26,647	120	Lease liabilities, noncurrent	26,014	110
Total lease liabilities	Total lease liabilities	\$ 32,648	\$ 159	Total lease liabilities	\$ 32,093	\$ 149

The current portion of finance lease liabilities are presented as other liabilities of accrued expenses and other current liabilities in the accompanying Condensed Consolidated Balance Sheet (see FN 9). The non-current portion of finance lease liabilities are presented as other non-current liabilities in the accompanying Condensed Consolidated Balance Sheet.

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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 June 30, 2023 September 30, 2023 and 2022:

		June 30, 2023	June 30, 2022		September 30, 2023	September 30, 2022
Weighted-average remaining lease term (in years)	Weighted-average remaining lease term (in years)			Weighted-average remaining lease term (in years)		
Operating	Operating	5.62	4.90	Operating	5.43	5.37
Finance	Finance	3.98	2.37	Finance	3.75	3.92
Weighted-average discount rate	Weighted-average discount rate			Weighted-average discount rate		
Operating	Operating	6.22 %	4.17 %	Operating	6.34 %	5.15 %
Finance	Finance	6.43 %	4.42 %	Finance	6.45 %	5.95 %

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 and six nine months ended June 30, 2023 September 30, 2023 and 2022.

(in thousands)	(in thousands)	Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	(in thousands)	2023
Supplemental cash flow information	Supplemental cash flow information			Supplemental cash flow information	
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:			Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash payment from operating leases	Operating cash payment from operating leases	\$ 3,448	\$ 2,382	Operating cash payment from operating leases	\$ 5,448
Financing cash payments for finance leases	Financing cash payments for finance leases	39	31	Financing cash payments for finance leases	91

Lease liabilities arising from obtaining right-of- use assets:	Lease liabilities arising from obtaining right-of- use assets:	Lease liabilities arising from obtaining right-of- use assets:
Operating leases	Operating leases	Operating leases
Finance leases	Finance leases	Finance leases

Lease Modifications

During the three months ended **June 30, 2023** **September 30, 2023**, the Company extended the lease terms of **two** **three** clinics in California. The extensions constitute a lease modification that qualifies as a change of accounting for the original lease and not a separate contract. Accordingly, for the three months ended **June 30, 2023** **September 30, 2023**, the Company recognized the difference of **\$1,253** **\$1,274** as an

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increase to the operating lease liability; net of lease incentives of **\$1,253**, **\$1,274**, as an increase to operating lease right-of-use asset, and **\$55** as a decrease to rent expense asset.

During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Company expanded its lease space for one clinic in California and extended the lease terms of **two** **five** clinics in California. The expansion and extension constitute a lease modification that qualifies as a change of accounting for the original lease and not a separate contract. Accordingly, for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Company recognized the difference of **\$1,744** **\$3,018** as an increase to the operating lease liability; net of lease incentives of **\$1,752**, **\$3,021**, as an increase to operating lease right-of-use asset, and **\$51** **\$3** 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.

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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 minimum net quarterly revenues of \$50,000 during fiscal year 2023; \$75,000 during fiscal year 2024; and \$100,000 during fiscal year 2025. Cash Equivalents as defined by the Facility Agreement means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the United States federal government or (ii) issued by any agency of the United States federal government the obligations of which are fully backed by the full faith and credit of the United States federal government, (b) any readily-marketable direct obligations issued by any other agency of the United States federal government, any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case having a rating of at least "A-1" from S&P or at least "P-1" from Moody's, (c) any commercial paper rated at least "A-1" by S&P or "P-1" by Moody's and issued by any person organized under the laws of any state of the United States, (d) any United States dollar-denominated time deposit, insured certificate of deposit, overnight bank deposit or bankers' acceptance issued or accepted by any commercial bank that (A) is organized under the laws of the United States, any state thereof or the District of Columbia, (B) is "adequately capitalized" (as defined in the regulations of its primary federal banking regulators) and (C) has Tier 1 capital (as defined in such regulations) in excess of \$250,000 and (e) shares of any United States money market fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clause (a), (b), (c) and/or (d) above with maturities as set forth in the proviso below, (ii) has net assets in excess of \$500,000 and (iii) has obtained from either S&P or Moody's the highest rating obtainable for money market funds in the United States; provided, however, that the maturities of all obligations specified in any of clause (a), (b), (c) and (d) above shall not exceed one year. Additionally, the registration rights agreement 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 **June 30, 2023** **September 30, 2023**.

Conversion Options

The Senior Secured Convertible Note contains several embedded conversion options (the "Conversion Options") that grant the holders of the Senior Secured Convertible Note the ability to convert the Senior Secured Convertible Note at any time on or after date of issuance of the note. The Conversion Options are convertible into shares of the Company's common stock (such converted shares, "Conversion Shares") and, in certain circumstances, a combination of cash and shares of the Company's common stock, or a combination of cash, other assets and securities or other property of any Company successor entity. The Conversion Shares or settlement amounts shall be computed on the basis of a predefined formula, with a set conversion price of

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\$8.567 **\$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 **June 30, 2023** **September 30, 2023**. No Conversion Shares were issued as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

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.

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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.

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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 **June** **September** 30, 2023 and December 31, 2022, 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 4.11 3.86 years remain).

The total issuance costs of \$4,924 was allocated among the Senior Secured Convertible Note, Convertible Note Warrants, Optional Redemption, and Conversion Options, by allocating costs of \$0, \$0, and \$1,261 to the Convertible Note Warrants, Optional Redemption, and Conversion Options with the residual cost of \$3,663 being allocated to the Senior Secured Convertible Note (in addition to the debt discount). The Company 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 4.11 3.86 years remain).

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Amounts Outstanding and Recognized during the Periods Presented

The Senior Secured Convertible Note as of June 30, 2023 September 30, 2023 and December 31, 2022 consists of the following:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Senior Secured Convertible Note, due August 9, 2027	Senior Secured Convertible Note, due August 9, 2027	\$ 110,000	\$ 110,000	Senior Secured Convertible Note, due August 9, 2027	\$ 110,000	\$ 110,000
Less: Unamortized debt issuance costs	Less: Unamortized debt issuance costs	3,177	3,454	Less: Unamortized debt issuance costs	3,028	3,454
Less: Unamortized debt discount	Less: Unamortized debt discount	23,135	25,925	Less: Unamortized debt discount	21,718	25,925
Long-term debt, net of unamortized debt discount and issuance costs	Long-term debt, net of unamortized debt discount and issuance costs	\$ 83,688	\$ 80,621	Long-term debt, net of unamortized debt discount and issuance costs	\$ 85,254	\$ 80,621

The amortization of the debt issuance costs and debt discount was charged to interest expense for all periods presented. For the three months ended June 30, 2023 September 30, 2023, the effective yield was 13.38%. The amount of debt issuance costs and debt discount included in interest expense for the three and six nine months ended June 30, 2023 September 30, 2023 was \$1,544 \$1,566 and \$3,067, \$4,633, respectively. The Company accrued recorded interest of \$1,112 \$1,125 and \$2,212 \$3,337 on the Credit Agreement term loan for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. There was no \$892 of debt issuance cost accrued and debt discount amortization included in interest or expense, \$648 of recorded interest expense related to this facility for the three and six nine months ended June 30, 2022 September 30, 2022.

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 June 30, 2023 September 30, 2023:

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(in thousands)	(in thousands)	(in thousands)
Year ending December 31:	Year ending December 31:	Year ending December 31:
2023 (remaining six months)	\$ —	2023 (remaining three months)
2024	2024	2024
2025	2025	2025
2026	2026	2026
2027	2027	2027
Total debt	Total debt	\$ 110,000

Note 12. Income Taxes

The Company recorded income tax expense of ~~\$99~~ \$135 and ~~\$143~~ \$278 for the three and ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, respectively, as compared to income tax benefit of ~~\$32~~ 24 and income tax expense of ~~\$148~~ \$124 for the three and ~~six~~ nine months ended ~~June 30, 2022~~ September 30, 2022, respectively. The decrease/increase of ~~\$131~~ \$159, in income tax expense for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, is primarily related to the corresponding increase in the valuation allowance for TOI. The Company's effective tax rate decreased to ~~(0.31)~~ (0.43)% for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, from ~~1.06%~~ 1.10% for the ~~six~~ nine months ended ~~June 30, 2022~~ September 30, 2022.

The Company's effective tax rate for the ~~ninesix~~ months ended ~~June 30, 2023~~ September 30, 2023, was different than the U.S. federal statutory tax rate of 21.00%, primarily due to the increased valuation allowance, partially offset by the tax effect of the change in fair market value of the warrant, earn out, and derivative liabilities, ~~non-deductible transaction costs~~, as well as the Section 162(m) limitation on compensation for covered employees and Section 163(l) limitation on interest expense related to the convertible note, which are ~~not taxable~~ ~~non-deductible~~ for federal income tax purposes.

Note 13. Stockholders' Equity

The Condensed Consolidated Statements of Preferred Stock and Changes in Stockholders' Equity has been retroactively adjusted for all periods presented to reflect the Business Combination and reverse recapitalization described in Note 1. The balances as of June 30, 2023 from the condensed consolidated financial statements of Legacy TOI as of that date, share activity (Legacy TOI preferred stock, Legacy TOI common stock, and additional paid-in capital) and per share amounts were retroactively adjusted, where applicable, using the Common Stock Exchange Ratio.

Common Stock

As of ~~June 30, 2023~~ September 30, 2023, there were ~~74,548,216~~ ~~75,461,901~~ shares issued and ~~72,955,088~~ ~~73,728,127~~ shares outstanding of common stock. As of December 31, 2022, there were 73,265,621 shares issued and outstanding of common stock.

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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 ~~June 30, 2023~~ September 30, 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 ~~June 30, 2023~~ September 30, 2023, there were 165,045 shares of preferred stock outstanding.

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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%~~ ~~4.99%~~ 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 ~~June 30, 2023~~ September 30, 2023.

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 **June 30, 2023** **September 30, 2023**, there are 5,749,986 public warrants outstanding and 3,177,542 private placement warrants outstanding. **None of the public and private warrants holders have exercised since the Business Combination.**

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

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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** **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** During the three months ended **September 30, 2023**, the Company repurchased **1,593,128** **140,646** shares of its common stock for **\$894** **\$125** through one or more securities broker-dealers, in open market purchases and negotiated market purchases. The financial impact of the share buyback, **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*.

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. During the three months ended June 30, 2023, 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 May 10, 2022, the Company's Board consented to the adoption and approval of the Share Repurchase Program, authorizing up to \$20,000 to be spent on the repurchase of the Company's common stock, expiring on December 31, 2022. The Company repurchased and immediately retired 1,500,000 shares of its common stock for \$9,000 from a related party during the year ended December 31, 2022, before the expiration of the program.

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

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association by providing opportunities to participate in the ownership and further growth of the Company. The 2019 Plan provides for the grant of options (the "Stock Options") to acquire common shares of the Company.

Stock Options are exercised from the pool of shares designated by the appropriate Committee of the Board of Directors. The grant-date fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The grant date fair value of the service vesting and the performance vesting options is recognized as an expense over the requisite service period 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 2019 Plan shall not exceed 13,640. The 2019 Plan was amended on November 6, 2020, pursuant to which the total number of common shares for which Stock Options may be granted under the 2019 Plan shall not exceed 15,640.

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

Conversion of the Stock Options

In conjunction with the Business Combination, the Company amended and fully restated the 2019 Plan through the establishment of the 2021 Incentive Plan ("2021 Plan"). Pursuant to the 2021 Plan, each remaining legacy Stock Option from the 2019 Plan that was outstanding immediately prior to the Business Combination, whether vested or

unvested, was converted into an option to purchase a number of shares of common stock (each such option, an "Exchanged Option") equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Legacy TOI stockholders subject to such Stock Option immediately prior to the Business Combination, and (ii) an exercise price per share equal to (A) the exercise price per

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share of such Stock Option immediately prior to the consummation of the Business Combination, divided by (B) the Common Stock Exchange Ratio ("Stock Option Exchange Ratio"). Following the Business Combination, each Exchanged Option that was previously subject to time vesting only, will continue to be governed by the same terms and conditions (including vesting and exercisability terms) as were applicable to the corresponding former old Stock Option immediately prior to the consummation of the Business Combination. Each Exchanged Option that was previously subject to performance vesting, will no longer be subject to the sale of the Company, and was modified to include service requirements only, under which, the Exchange Options will vest on a monthly-basis, so long as the optionee has remained continuously employed by the Company from the date of the Business Combination through the third anniversary of the Closing Date. The Company treated the Exchanged Options that were previously subject to performance conditions as a new award granted at the Closing Date. The Exchanged Options that were previously subject to service vesting only were not modified as a result of the Business Combination. All stock option activity was retroactively restated to reflect the Exchanged Options.

As of the Closing Date, the 11,850 Stock Options outstanding under the 2019 Plan were converted into 6,925,219 Exchanged Options after effect of the Common Stock Exchange Ratio. This effect of the Common Stock Exchange Ratio has been retroactively adjusted throughout the Company's condensed consolidated financial statements.

As of **June 30, 2023** **September 30, 2023**, the total number of shares of common stock remaining available for future awards (e.g., non-qualified stock options, incentive stock options, restricted stock units, restricted stock awards) under the 2021 Plan is 6,782,851.

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The weighted average assumptions used in the Black-Scholes-Merton option-pricing model for the units granted during the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022 Stock Options are provided in the following table:

	June September 30, 2023	June September 30, 2022
Valuation assumptions:		
Expected dividend yield	—%	—%
Expected volatility	64.00%	35.0% to 45.0%
Risk-free rate	3.40%	2.33% to 2.84%
Expected term (years)	6.25	6.07 to 6.65

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

Stock option activity during the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022 is as follows:

Stock options	Stock options	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (in thousands)	Stock options	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (in thousands)
						Balance at January 1, 2023	Granted	Exercised	Forfeited	Expired
Balance at January 1, 2023	Balance at January 1, 2023	8,049,474	\$ 2.14			Balance at January 1, 2023	8,049,474	\$ 2.14		
Granted	Granted	1,948,354	0.48			Granted	1,948,354	0.48		
Exercised	Exercised	—	—			Exercised	(14,616)	0.86		
Forfeited	Forfeited	(1,014,127)	2.29			Forfeited	(1,050,646)	2.31		
Expired	Expired	(49,442)	1.22			Expired	(103,184)	1.32		
Balance at June 30, 2023		8,934,259	\$ 1.76	7.51	\$ 113					
Vested Options Exercisable at June 30, 2023		3,636,200	\$ 1.36	6.12	\$ —					

Balance at September 30, 2023	Balance at September 30, 2023	8,829,382	\$ 1.76	7.09	\$ 4,110
Vested Options Exercisable at September 30, 2023	Vested Options Exercisable at September 30, 2023	3,915,306	\$ 1.32	5.91	\$ 1,925
				Weighted average remaining contractual term	Aggregate intrinsic value (in thousands)
Stock options	Number of shares	Weighted average exercise price			
Balance at January 1, 2022	6,921,180	\$ 0.89			
Granted	1,550,485	7.14			
Exercised	(366,684)	0.92			
Forfeited	(833,687)	2.17			
Expired	(936)	1.02			
Balance at June 30, 2022	7,270,358	\$ 2.07	7.75	\$ 24,632	
Vested Options Exercisable at June 30, 2022	2,424,960	\$ 0.87	6.92	\$	10,168

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Stock options	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (in thousands)
Balance at January 1, 2022	6,921,180	\$ 0.89		
Granted	1,563,633	7.14		
Exercised	(460,385)	0.91		
Forfeited	(833,687)	2.17		
Expired	(1,876)	1.13		
Balance at September 30, 2022	7,188,865	\$ 2.10	7.51	\$ 21,744
Vested Options Exercisable at September 30, 2022	2,762,097	\$ 0.87	6.74	\$ 10,391

Total share-based compensation expense relating to stock options during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** was **\$2,553** **\$2,563** and **\$5,260**, **\$7,823** excluding costs associated with rolled over units and new units issued or replaced in connection with the Business Combination, respectively. Total share-based compensation expense relating to stock options during the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022** was **\$2,826** **\$2,756** and **\$6,081**, **ex** **\$8,837**, **cluding** costs associated with rolled over units and new units issued or replaced in connection with the Business Combination, respectively.

At **June 30, 2023** **September 30, 2023**, there was **\$15,883** **\$13,279** of total unrecognized compensation cost related to unvested service Stock Options granted under the 2021 Plan and 2019 Plan that are expected to vest. That cost is expected to be recognized over a weighted average period of **2.70** **2.56** years as of **June 30, 2023** **September 30, 2023**. The total fair value of common shares vested during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 was **\$433** **\$1,616** and **\$6,304** **\$6,976**, respectively.

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Restricted Stock Awards ("RSAs") and Restricted Stock Units ("RSUs")

Agajanian Holdings ("Holdings"), a holder of Series A Preferred Shares of Legacy TOI, entered into arrangements with physicians employed by the TOI PCs to issue RSAs which represent Series A Preferred Shares of Legacy TOI. The Legacy TOI RSAs only have performance vesting requirements linked to the sale of the Company so long as the grantee remains continuously and actively employed by the Company's subsidiaries through the vesting date.

Conversion of the RSAs

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

Company from the date of the award through the third anniversary of the grant date. The Company treated the RSUs that were previously subject to performance conditions as a new award granted at the Closing Date. All RSAs activity was retroactively restated to reflect the RSUs.

As of the Closing Date, the 2,210 RSAs outstanding under the Plan were converted into 1,291,492 RSUs upon the completion of the Business Combination after giving effect to the Common Stock Exchange Ratio. This effect of the Common Stock Exchange Ratio has been retroactively adjusted throughout our condensed consolidated financial statements.

The weighted-average grant date fair values of the RSUs granted during **six** nine months ended **June** September 30, 2023 and 2022, were determined to be **\$0.48** **\$0.64** and **\$7.58**, **\$6.82**, respectively, based on the fair value of the Company's common share at the grant date.

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A summary of the activity for the RSUs for the **six** nine months ended **June** 30, 2023 **September** 30, 2023 and 2022, respectively, are shown in the following table:

		Six Months Ended June 30,				Nine Months Ended September 30,				
		2023		2022		2023		2022		
		Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	
Unvested at beginning of year	Unvested at beginning of year	2,106,540	\$ 7.25	1,291,492	\$ 10.98	Unvested at beginning of year	2,106,540	1,291,492	\$ 10.98	
Granted	Granted	1,863,539	0.48	1,413,159	7.33	Granted	1,899,809	1,544,284	7.28	
Vested	Vested	(1,125,282)	2.88	(242,429)	10.54	Vested	(1,208,380)	(350,043)	10.68	
Forfeited	Forfeited	(530,390)	5.03	(279,686)	7.50	Forfeited	(673,064)	(315,686)	7.50	
Unvested at end of year	Unvested at end of year	2,314,407	\$ 4.44	2,182,536	\$ 10.98	Unvested at end of year	2,124,905	\$ 4.44	2,170,047	\$ 10.98

The total share-based compensation expense related to RSUs during the three and **six** nine months ended **June** 30, 2023 **September** 30, 2023 was **\$1,439** **\$1,188** and **\$3,527**, **\$4,715**, respectively and during the three and **six** nine months ended **June** September 30, 2022 was **\$2,001** **\$2,356** and **\$3,492**, **\$5,848**, respectively.

As of **June** September 30, 2023 there was **\$10,267** **\$9,033** of unrecognized compensation expense related to the RSUs that are expected to vest. That cost is expected to be recognized over a weighted average period of **2.74** **2.56** years as of **June** September 30, 2023. As of **June** September 30, 2023, **1,125,282** **2,024,351** 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.

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

In the fourth quarter of 2022, the Company amended the terms of Medical RSUs previously issued to approximately 21 participants during the first quarter of 2022. The amendment primarily updated the vesting period and conditions. The original terms of the Medical RSU awards were deemed improbable of vesting at the modification date whereas the amended Medical RSU awards were deemed probable of vesting at the modification date, and thus are a Type III modification under ASC 718. The modification to the Medical RSUs resulted in **\$187** incremental share-based compensation expense before forfeitures, **\$(11)** after accounting for forfeitures related to participants who did not perform the minimum number of service hours specified, recorded in the Company's Statement of Operations.

The total fair value of the liability-classified Medical RSU awards granted in 2022 and outstanding as of December 31, 2022 was approximately **\$264**, which represents the fixed monetary value of the awards. The weighted-average grant-date fair value, based on the Company's share price on the modification date, granted during 2023 and 2022 was **\$1.00** and **\$3.56** for equity-classified Medical RSUs granted during 2022 and outstanding as of December 31, 2022, granted. There were no unvested equity-classified Medical RSU awards outstanding as of **June** 30, 2023 or **March** 31, 2022 **September** 30, 2023.

A summary of the activity for the equity-classified Medical RSUs for the **six** **nine** months ended **June 30, 2023** and **2022, respectively**, **September 30, 2023** is shown in the following table:

	Six Months Ended June 30,	
	2023	2022
Balance at beginning of period	147,470	—
Granted	8,317	—
Vested	(155,787)	—
Forfeited	—	—
Balance at end of period	—	—

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	Nine Months Ended
	September 30, 2023
Balance at beginning of period	147,470
Granted	824,288
Vested	(971,758)
Forfeited	—
Balance at end of period	—

Total compensation costs for Medical RSUs was **\$814** and **\$58,872** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**. As of **June 30, 2023** **September 30, 2023**, all Medical RSUs have vested.

Earnout Shares granted to Employees

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

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

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

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The Company issued Legacy TOI Earnout Shares to Legacy TOI option holders and Legacy RSU holders ("Option-holders Earnout" and "RSU-holders Earnout", respectively, together "Employees Earnout Shares").

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

The grant date fair value of the First Earnout Tranche and Second Earnout Tranche as of Closing Date was determined to be \$8.35 and \$6.76, respectively. The assumptions used in the Monte-Carlo Simulation model for the Earnout Shares granted on the Closing Date are provided in the following table:

Valuation assumptions	
Expected dividend yield	— %
Expected volatility	35.00 %
Risk-free interest rate	0.85 %

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A summary of the activity for the Employees Earnout Shares for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 is shown in the following table:

	Outstanding at beginning of period	Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Outstanding at beginning of period	Outstanding at beginning of period	1,417,632	1,602,435	Outstanding at beginning of period	1,417,632
Granted	Granted	—	—	Granted	—
Vested	Vested	—	—	Vested	—
Forfeited	Forfeited	(16,568)	(165,297)	Forfeited	(16,568)
Outstanding at end of period	Outstanding at end of period	1,401,064	1,437,138	Outstanding at end of period	1,401,064

The total share-based compensation expense was **\$115** **\$92** and **\$227** **\$319** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** respectively, and **\$1,687** **\$1,434** and **\$5,494** **\$6,928** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022** respectively, related to the Employees Earnout Shares.

As of **June 30, 2023** **September 30, 2023**, there was **\$275** **\$183** of unrecognized compensation expense related to the Employees Earnout Shares, which are expected to vest. That cost is expected to be recognized over a weighted average period of **0.38** **0.37** years as of **June 30, 2023** **September 30, 2023**. As of **June 30, 2023** **September 30, 2023**, none of the Employee Earnout Shares have vested.

Note 15. Commitments and Contingencies

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

Legal Matters

The Company is subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of Management, the outcome of such matters will not have a material effect on the Company's 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*.

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Indemnities

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

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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 **June 30, 2023** September 30, 2023 and December 31, 2022.

Liability Insurance

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

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

Guarantees

The Company, along with certain of the Company's subsidiaries from time to time party to the Facility Agreement ("Guarantors"), 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, 2022, the Company closed on five business combinations and one asset acquisition. There **were no business combinations or asset acquisitions during the three months ended September 30, 2023. There** was one business combination and no asset acquisitions during the **three and six nine** months ended **June 30, 2023** September 30, 2023.

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Practice Acquisitions

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

Perkins Practice Acquisition

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

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

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Parikh Practice Acquisition

On July 22, 2022 ("Parikh Acquisition Date"), the Company acquired certain non-clinical assets of Nutan K. Parikh, M.D., LTD., (the "Parikh Practice") from Nutan K. Parikh, M.D. ("Dr. Parikh"). Further, TOI CA acquired certain clinical assets of the Parikh Practice from Dr. Parikh. Intangible assets of \$20 were recognized pursuant to the acquisition in the form of clinical contracts with a weighted average amortization period of 3 years. The Company transferred cash consideration of \$1,908 and contingent consideration of \$400 to Dr. Parikh for the purchase. The contingent cash consideration is to be paid in two equal installments on the first and second anniversary of the transaction closing date (July 22, 2023 and 2024, respectively), pending Dr. Parikh's continued employment at that time. **As of September 30, 2023, the Company paid its first installment of the contingent cash consideration.** The contingent consideration is accounted for as post-combination compensation expense to Dr. Parikh.

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

Barrera Practice Acquisition

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

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

De La Rosa Costa Practice Acquisition

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

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

Hashimi Practice Acquisition

On November 21, 2022 ("Hashimi Acquisition Date"), the Company acquired certain non-clinical assets of Intercommunity Oncology of Chino Hills, A.P.C., Inc. (the "Hashimi Practice") from Labib Hashimi, M.D. ("Dr. Hashimi"). Further, TOI CA

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

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

Southland Practice Acquisition

On June 5, 2023 ("Southland Acquisition Date"), the Company acquired certain non-clinical assets of Covina Cancer Care Medical Center Inc. d/b/a Southland Radiation Oncology Network from Arvind Lapsiwala, M.D. ("Dr. Arvind"). Intangible assets of \$2,844 were 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

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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 recognized in the Statements of Operations.

Summary of Consideration Transferred

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Such assets include synergies the Company expects to achieve, such as the use of the Company's existing infrastructure to support the added membership, and future economic benefits arising from the assembled workforce. The purchase consideration for the acquisitions has been allocated under the acquisition method of accounting to the estimated fair market value of the net assets acquired including a residual amount of tax deductible goodwill as noted in the fair value table below.

Acquisition costs amounted to ~~\$55~~ \$41 and ~~\$111~~ \$166 for the three months ended ~~June 30, 2023~~ September 30, 2023 and 2022 respectively, and ~~\$71~~ \$112 and ~~\$533~~ \$700 for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 and 2022 respectively, were recorded as "General and administrative expenses" in the accompanying Condensed Consolidated Statements of Operations.

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

Acquisition

(in thousands)	Perkins	Parikh	Barrera	De La Rosa Costa	Hashimi	Southland	Total
Consideration:							
Cash	\$ 8,920	\$ 1,908	\$ 929	\$ 25	\$ 445	\$ 4,300	16,527
Deferred	—	—	—	—	—	1,813	1,813
Fair value of total consideration transferred	\$ 8,920	\$ 1,908	\$ 929	\$ 25	\$ 445	\$ 6,113	18,340
Estimated fair value of identifiable assets acquired and liabilities assumed:							
Inventory	\$ 408	\$ 307	\$ 279	\$ 95	\$ 95	\$ 1,089	
Property and equipment, net	123	15	23	5	590	756	
Operating right of use assets	447	1,118	83	88	4,246	5,988	
Clinical contracts and noncompetes	70	20	3	24	2,844	2,961	
Trade names	2,480	—	—	—	—	—	2,480
Goodwill	5,851	1,566	624	321	2,679	11,066	
Total assets acquired	9,379	3,026	1,012	533	10,359	24,340	
Current portion of operating lease liabilities	\$ 135	\$ 169	\$ 60	\$ 26	\$ 378	\$ 774	
Accrued liabilities	12	—	—	—	—	—	12
Operating lease liabilities	312	949	23	62	3,868	5,214	
Total liabilities assumed	459	1,118	83	88	4,246	6,000	
Net assets acquired	\$ 8,920	\$ 1,908	\$ 929	\$ 25	\$ 445	\$ 6,113	18,340

The establishment of the allocation to goodwill requires the extensive use of accounting estimates and management judgement. The fair values assigned to the assets acquired are based on estimates and assumptions from data that is readily available.

Summary of Unaudited Supplemental Pro Forma Information

The Company recognized \$31 \$1,097 and \$1,428 cumulative revenue and \$326 \$1,075 and \$1,401 cumulative net loss income in its Condensed Consolidated Statement of Operations for the three months and six nine months ended June 30, 2023 from the date of the acquisition for September 30, 2023, respectively, related to the clinical practices acquired during the three and six nine months ended June 30, 2023 September 30, 2023.

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The Company recognized \$6,253 \$6,428 and \$12,627 \$19,055 cumulative revenue and \$820 \$399 and \$1,077 (\$679) cumulative net loss income (loss) in its Condensed Consolidated of Operations for the three months and six nine months ended June 30, 2023 September 30, 2023, respectively, related to clinical practices acquired in 2022.

Sapra Asset Acquisition

On July 1, 2022 ("Sapra Acquisition Date"), the Company acquired certain clinical assets of Ranjan K. Sapra, M.D. (the "Sapra Practice") from Ranjan K. Sapra, M.D. ("Dr. Sapra"). The Company transferred cash consideration of \$1 to Dr. Sapra for the purchase, which was assigned to property and equipment.

Note 17. Variable Interest Entities

The Company prepares its 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.

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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.

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Assets	Assets			Assets		
Current assets:	Current assets:			Current assets:		
Cash and restricted cash	Cash and restricted cash	\$ 2,382	\$ 1,070	\$ 3,149	\$ 1,070	

Accounts receivable, net	Accounts receivable, net	46,394	39,817	Accounts receivable, net	48,442	39,817
Other receivables	Other receivables	123	220	Other receivables	123	220
Inventories, net	Inventories, net	12,168	9,262	Inventories, net	12,174	9,262
Prepaid expenses	Prepaid expenses	1,531	841	Prepaid expenses	1,150	841
Total current assets	Total current assets	62,598	51,210	Total current assets	65,038	51,210
Property and equipment, net	Property and equipment, net	128	168	Property and equipment, net	113	168
Other assets	Other assets	521	441	Other assets	525	441
Intangible assets, net	Intangible assets, net	5,956	3,343	Intangible assets, net	5,785	3,343
Goodwill	Goodwill	2,679	15,832	Goodwill	2,679	15,832
Total assets	Total assets	\$ 71,882	\$ 70,994	Total assets	\$ 74,140	\$ 70,994
Liabilities	Liabilities			Liabilities		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	\$ 10,813	\$ 8,296	Accounts payable	\$ 10,870	\$ 8,296
Income taxes payable	Income taxes payable	—	132	Income taxes payable	—	132
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	8,766	5,129	Accrued expenses and other current liabilities	7,627	5,129
Current portion of long-term debt	Current portion of long-term debt	—	—	Current portion of long-term debt	—	—
Amounts due to affiliates	Amounts due to affiliates	172,360	140,218	Amounts due to affiliates	186,604	140,218
Total current liabilities	Total current liabilities	191,939	153,775	Total current liabilities	205,101	153,775
Other non-current liabilities	Other non-current liabilities	396	739	Other non-current liabilities	303	739
Deferred income taxes liability	Deferred income taxes liability	33	58	Deferred income taxes liability	21	58
Total liabilities	Total liabilities	\$ 192,368	\$ 154,572	Total liabilities	\$ 205,425	\$ 154,572

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.

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Note 18. Goodwill and Intangible Assets

The Company accounts for goodwill at acquisition-date fair value, less impairments, 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.

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Intangible Assets

As of **June 30, 2023** **September 30, 2023**, the Company's intangible assets, net consists of the following:

	Weighted average amortization period	Gross carrying amount	Net carrying amount		Weighted average amortization period	Gross carrying amount	Net carrying amount
Intangible assets	Intangible assets			Intangible assets			

Amortizing intangible assets:	Amortizing intangible assets:	Amortizing intangible assets:
Payor contracts	Payor contracts	Payor contracts
Trade names	Trade names	Trade names
Clinical contracts and noncompete agreements	Clinical contracts and noncompete agreements	Clinical contracts and noncompete agreements
Total intangible assets	Total intangible assets	Total intangible assets
		As of December 31, 2022, 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				
Trade names				
Clinical contracts and noncompete agreements				
Total intangible assets				

The estimated aggregate amortization expense for each of the five succeeding fiscal years and thereafter as of **June 30, 2023** September 30, 2023 is as follows:

(in thousands)	(in thousands)	Amount	(in thousands)	Amount
Year ending December				
Year ending December 31: 31:				
2023 (remaining six months)				
2023 (remaining three months)				
2024				
2025				
2026				
2027				
Thereafter				
Total	Total	\$ 19,344	Total	\$ 18,561

The aggregate amortization expense during the three months ended **June 30, 2023** September 30, 2023 and 2022 was **\$728** \$784 and **\$739** \$741, respectively. The aggregate amortization expense during the **six** nine months ended **June 30, 2023** September 30, 2023 and 2022 was **\$1,456** \$2,240 and **\$1,412** \$2,153, respectively.

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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 **June 30, 2023** September 30, 2023 and December 31, 2022 is as follows:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Patient services	Patient services	\$ 2,679	\$ 16,235	Patient services	\$ 2,679	\$ 16,235
Dispensary	Dispensary	4,551	4,551	Dispensary	4,551	4,551
Clinical trials & other	Clinical trials & other	—	632	Clinical trials & other	—	632
Total goodwill	Total goodwill	\$ 7,230	\$ 21,418	Total goodwill	\$ 7,230	\$ 21,418

The changes in the carrying amount of goodwill for the **six** nine months ended **June 30, 2023** September 30, 2023 and for the year ended December 31, 2022 are as follows:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Balance as of January 1	Balance as of January 1	\$ 21,418	\$ 26,626	Balance as of January 1	\$ 21,418	\$ 26,626
Goodwill acquired	Goodwill acquired	2,679	4,736	Goodwill acquired	2,679	4,736
Goodwill impairment charges (see Note 2 and Note 7)	Goodwill impairment charges (see Note 2 and Note 7)	(16,867)	(9,944)	Goodwill impairment charges (see Note 2 and Note 7)	(16,867)	(9,944)
Balance, ending	Balance, ending	\$ 7,230	\$ 21,418	Balance, ending	\$ 7,230	\$ 21,418

Note 19. Net Income (Loss) Per Share

The following table sets forth the computation of the Company's basic net income (loss) per share to common stockholders for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022.

(in thousands, except share data)	(in thousands, except share data)	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Net (loss) income attributable to TOI	Net (loss) income attributable to TOI	\$ (16,897)	\$ (5,453)	\$ (46,895)	\$ 13,833	Net (loss) income attributable to TOI	\$ (17,419)	\$ (2,674)	\$ (64,314)	\$ 11,159	Net (loss) income attributable to TOI available for distribution	\$ (17,419)	\$ (2,674)	\$ (64,314)	\$ 11,095		
Less: Deemed dividend	Less: Deemed dividend	—	64	—	64	Less: Deemed dividend	—	—	—	—	Net (loss) income attributable to participating securities, basic	\$ (3,148)	\$ (499)	\$ (11,723)	\$ 2,290		
Net (loss) income attributable to common stockholders, basic	Net (loss) income attributable to common stockholders, basic	\$ (13,820)	\$ (4,504)	\$ (38,323)	\$ 11,248	Net (loss) income attributable to common stockholders, basic	\$ (14,271)	\$ (2,175)	\$ (52,591)	\$ 8,805	Weighted average common shares outstanding, basic	74,119,910	72,996,836	73,786,374	73,123,895		
Net (loss) income per share attributable to common stockholders, basic	Net (loss) income per share attributable to common stockholders, basic	\$ (0.19)	\$ (0.06)	\$ (0.52)	\$ 0.15	Net (loss) income per share attributable to common stockholders, basic	\$ (0.19)	\$ (0.03)	\$ (0.71)	\$ 0.12	Weighted average common shares outstanding, basic	73,469,101	72,184,366	73,679,454	72,807,277		

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The following table sets forth the computation of the Company's diluted net loss per share to common stockholders for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022.

(in thousands, except share data)	(in thousands, except share data)	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		

Net (loss) income attributable to TOI	Net (loss) income attributable to TOI	\$ (16,897)	\$ (5,453)	\$ (46,895)	\$ 13,833	Net (loss) income attributable to TOI	\$ (17,419)	\$ (2,674)	\$ (64,314)	\$ 11,159
Less: Deemed dividend	Less: Deemed dividend	—	64	—	64	Less: Deemed dividend	—	—	—	64
Less: Change in fair value of convertible option derivative liabilities ⁽¹⁾						Less: Change in fair value of convertible option derivative liabilities ⁽¹⁾	—	13,970	—	13,970
Net (loss) income attributable to TOI available for distribution	Net (loss) income attributable to TOI available for distribution	(16,897)	(5,517)	(46,895)	13,769	Net (loss) income attributable to TOI available for distribution	(17,419)	(16,644)	(64,314)	(2,875)
Net (loss) income attributable to participating securities, diluted	Net (loss) income attributable to participating securities, diluted	(3,077)	(1,013)	(8,572)	2,441	Net (loss) income attributable to participating securities, diluted	(3,148)	(2,867)	(11,723)	(515)
Net (loss) income attributable to common stockholders, diluted	Net (loss) income attributable to common stockholders, diluted	\$ (13,820)	\$ (4,504)	\$ (38,323)	\$ 11,328	Net (loss) income attributable to common stockholders, diluted	\$ (14,271)	\$ (13,777)	\$ (52,591)	\$ (2,360)
Weighted average common shares outstanding, basic						Weighted average common shares outstanding, basic	73,469,101	72,184,366	73,679,454	72,807,277
Dilutive effect of convertible note						Dilutive effect of convertible note	—	7,396,938	—	7,396,938
Weighted average shares outstanding, diluted	Weighted average shares outstanding, diluted	74,119,910	72,996,836	73,786,374	76,106,201	Weighted average shares outstanding, diluted	73,469,101	79,581,304	73,679,454	75,300,018
Net (loss) income per share attributable to common stockholders, diluted	Net (loss) income per share attributable to common stockholders, diluted	\$ (0.19)	\$ (0.06)	\$ (0.52)	\$ 0.15	Net (loss) income per share attributable to common stockholders, diluted	\$ (0.19)	\$ (0.17)	\$ (0.71)	\$ (0.03)

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 June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022	
		Stock options	RSUs	Earnout Shares	Public Warrants	Stock options	RSUs	Earnout Shares	Public Warrants
Stock options	Stock options	8,934,259	2,314,407	1,401,064	5,749,986	8,829,382	2,124,905	1,401,064	5,749,986
RSUs	RSUs	7,270,358	2,182,536	1,437,138	5,749,986	7,188,865	2,170,047	1,437,138	5,749,986
Earnout Shares	Earnout Shares	4,429,451	1,471,052	1,401,064	5,749,986	8,829,382	2,124,905	1,401,064	5,749,986
Public Warrants	Public Warrants	—	—	1,437,138	—	7,188,865	2,170,047	1,437,138	5,749,986

Private Warrants	Private Warrants	3,177,542	3,177,542	3,177,542	3,177,542	Private Warrants	3,177,542	3,177,542	3,177,542	3,177,542
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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:

(in thousands)	(in thousands)	Three Months Ended June 30,				(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,						
		2023		2022			2023		2023						
		Revenue	Revenue	Patient services	Patient services	Dispensary	Dispensary	Clinical trials & other	Clinical trials & other	Consolidated revenue					
Patient services	Patient services	\$ 53,426	\$ 39,109	\$ 103,699	\$ 74,166	Dispensary	25,196	20,218	49,436	38,897	Patient services	\$ 53,634	\$ 44,627	\$ 157,333	\$ 118,793
Dispensary	Dispensary	25,196	20,218	49,436	38,897	Clinical trials & other	1,602	1,594	3,281	3,019	Dispensary	26,792	18,839	76,228	57,736
Clinical trials & other	Clinical trials & other	1,602	1,594	3,281	3,019	Clinical trials & other	1,609	1,511	4,890	4,530	Consolidated revenue	\$ 82,035	\$ 64,977	\$ 238,451	\$ 181,059
Consolidated revenue	Consolidated revenue	\$ 80,224	\$ 60,921	\$ 156,416	\$ 116,082	Direct costs					Direct costs				
Direct costs	Direct costs					Patient services					Patient services				
Patient services	Patient services	\$ 44,878	\$ 32,875	\$ 87,692	\$ 60,253	Dispensary	20,111	16,754	39,256	32,078	Dispensary	21,072	15,738	60,328	47,816
Dispensary	Dispensary	20,111	16,754	39,256	32,078	Clinical trials & other	118	150	252	287	Clinical trials & other	118	150	252	287
Total segment direct costs	Total segment direct costs	\$ 65,107	\$ 49,779	\$ 127,200	\$ 92,618	Total segment direct costs	\$ 65,107	\$ 49,779	\$ 127,200	\$ 92,618	Total segment direct costs	\$ 65,107	\$ 49,779	\$ 127,200	\$ 92,618
Depreciation expense						Patient services	\$ 446	\$ 282	\$ 852	\$ 532	Dispensary	29	—	45	—
Patient services		\$ 446	\$ 282	\$ 852	\$ 532	Dispensary	29	—	45	—	Clinical trials & other	24	113	276	400
Dispensary		29	—	45	—	Total segment direct costs	\$ 66,057	\$ 51,977	\$ 193,257	\$ 144,595	Total segment direct costs	\$ 66,057	\$ 51,977	\$ 193,257	\$ 144,595

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(in thousands)	(in thousands)	Three Months Ended June 30,				(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,						
		2023		2022			2023		2023						
		Clinical trials & other	Clinical trials & other	2023	2022	2023	2022	Clinical trials & other	2023	2022					
Total segment direct costs	Total segment direct costs	Clinical trials & other	Clinical trials & other	24	113	276	400	Total segment direct costs	\$ 66,057	\$ 51,977					
Depreciation expense						Depreciation expense					Depreciation expense				
Patient services						Patient services	\$ 749	\$ 316	\$ 1,601	\$ 848	Patient services	\$ 749	\$ 316	\$ 1,601	\$ 848
Dispensary						Dispensary	30	—	75	—	Dispensary	30	—	75	—
Clinical trials & other	Clinical trials & other	—	1	—	3	Clinical trials & other	1	1	1	4	Clinical trials & other	1	1	1	4
Total segment depreciation expense	Total segment depreciation expense	—	1	—	3	Total segment depreciation expense	\$ 780	\$ 317	\$ 1,677	\$ 852	Total segment depreciation expense	\$ 780	\$ 317	\$ 1,677	\$ 852
Amortization of intangible assets	Amortization of intangible assets					Amortization of intangible assets					Amortization of intangible assets				
Patient services	Patient services	\$ 676	\$ 686	\$ 1,351	\$ 1,307	Patient services	\$ 731	\$ 688	\$ 2,082	\$ 1,995	Patient services	\$ 731	\$ 688	\$ 2,082	\$ 1,995
Dispensary	Dispensary	—	—	—	—	Dispensary	—	—	—	—	Dispensary	—	—	—	—

Clinical trials & other	Clinical trials & other	53	52	105	105	Clinical trials & other	53	53	158	158
Total segment amortization	Total segment amortization	\$ 729	\$ 738	\$ 1,456	\$ 1,412	Total segment amortization	\$ 784	\$ 741	\$ 2,240	\$ 2,153
Operating income	Operating income					Operating income				
Patient services	Patient services	\$ 7,426	\$ 5,266	\$ 13,804	\$ 12,074	Patient services	\$ 7,193	\$ 7,497	\$ 20,997	\$ 19,571
Dispensary	Dispensary	5,056	3,464	10,135	6,819	Dispensary	5,690	3,101	15,825	9,920
Clinical trials & other	Clinical trials & other	1,431	1,391	2,924	2,624	Clinical trials & other	1,531	1,344	4,455	3,968
Total segment operating income	Total segment operating income	\$ 13,913	\$ 10,121	\$ 26,863	\$ 21,517	Total segment operating income	\$ 14,414	\$ 11,942	\$ 41,277	\$ 33,459
Goodwill impairment charges	Goodwill impairment charges					Goodwill impairment charges				
Patient services	Patient services	\$ —	\$ —	\$ 16,235	\$ —	Patient services	\$ —	\$ —	\$ 16,235	\$ —
Dispensary	Dispensary	—	—	—	—	Dispensary	—	—	—	—
Clinical trials & other	Clinical trials & other	—	—	632	—	Clinical trials & other	—	—	632	—
Total impairment charges	Total impairment charges	\$ —	\$ —	\$ 16,867	\$ —	Total impairment charges	\$ —	\$ —	\$ 16,867	\$ —
Selling, general and administrative expense	Selling, general and administrative expense	\$ 28,726	\$ 28,348	\$ 57,556	\$ 58,154	Selling, general and administrative expense	\$ 28,205	\$ 31,963	\$ 85,761	\$ 90,117
Non-segment depreciation and amortization	Non-segment depreciation and amortization	125	77	245	138	Non-segment depreciation and amortization	134	76	379	214
Total consolidated operating loss	Total consolidated operating loss	\$ (14,938)	\$ (18,304)	\$ (47,805)	\$ (36,775)	Total consolidated operating loss	\$ (13,925)	\$ (20,097)	\$ (61,730)	\$ (56,872)
(in thousands)	(in thousands)	June 30, 2023		December 31, 2022		(in thousands)	September 30, 2023		December 31, 2022	
Assets	Assets					Assets				
Patient services	Patient services	\$ 78,754		\$ 64,869		Patient services	\$ 79,909		\$ 64,869	
Dispensary	Dispensary	7,978		7,194		Dispensary	7,893		7,194	
Clinical trials & other	Clinical trials & other	9,142		11,496		Clinical trials & other	8,009		11,496	
Non-segment assets	Non-segment assets	134,085		178,106		Non-segment assets	122,542		178,106	
Total assets	Total assets	\$ 229,959		\$ 261,665		Total assets	\$ 218,353		\$ 261,665	

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Note 21. Related Party Transactions

Related party transactions include payments for consulting services provided to the Company, clinical trials, board fees, and share repurchases. Related party payments for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 were as follows:

(in thousands)	(in thousands)	Type	Three Months Ended June 30,		Six Months Ended June 30,		(in thousands)	Type	Three Months Ended September 30,		Nine Months Ended September 30,	
			2023	2022	2023	2022			2023	2022	2023	2022

American Institute of Research	American Institute of Research	Consulting	\$ 9	\$ 42	\$ 24	\$ 82	American Institute of Research	Consulting	\$ 14	\$ 1	\$ 38	\$ 83
Karen M. Johnson	Karen M. Johnson	Board Fees	12	—	25	19	Karen M. Johnson	Board Fees	13	25	38	44
Richard Barasch	Richard Barasch	Board Fees	—	—	—	5	Richard Barasch	Board Fees	—	—	—	5
Anne M. McGeorge	Anne M. McGeorge	Board Fees	16	—	29	19	McGeorge	Board Fees	29	25	58	44
Mohit Kaushal	Mohit Kaushal	Board Fees	12	—	27	19	Kaushal	Board Fees	32	25	59	44
Ravi Sarin	Ravi Sarin	Board Fees	12	—	25	19	Ravi Sarin	Board Fees	29	25	54	44
Maeve O'Meara	Maeve O'Meara	Board Fees	12	—	25	19	O'Meara	Board Fees	13	25	38	44
M33 Growth LLC (Gabe Ling)	M33 Growth LLC (Gabe Ling)	Board Fees	12	—	25	—	M33 Growth LLC (Gabe Ling)	Board Fees	33	—	58	—
Mark L. Pacala	Mark L. Pacala	Board Fees	16	—	29	—	Mark L. Pacala	Board Fees	29	—	58	—
Richy Agajanian MD	Richy Agajanian MD	Clinical Trials/Share Repurchase	5	8,748	7	8,764	Richy Agajanian MD	Clinical Trials/Share Repurchase	5	—	12	8,764
Brad Hively	Brad Hively	Board Fees	2	—	2	—	Brad Hively	Board Fees	2	—	4	—
Total	Total		\$ 108	\$ 8,790	\$ 218	\$ 8,946	Total		\$ 199	\$ 126	\$ 417	\$ 9,072

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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, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. 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" in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our Quarterly Report on Form 10-Q for the three months ended March 31, 2023. 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.

Overview

The Company is a leading value-based oncology company that manages community-based oncology practices that serve patients at 814 clinic locations across 15 markets and five states throughout the United States. Our community-based oncology practices are staffed with 99123 oncologists and advanced practice providers. 6770 of these clinics are staffed with 99112 providers employed or contracted by our affiliated physician-owned professional corporations, referred to as the "TOI PCs", which provided care for more than 64,000 patients in 2022 and managed a population of approximately 1.8 million patients under value-based agreements as of June 30, 2023 September 30, 2023. 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.

The Business Combination

On June 28, 2021, DFP Healthcare Acquisition Corp. ("DFPH"), Orion Merger Sub I, Inc. ("First Merger Sub") and Orion Merger Sub II, LLC ("Second Merger Sub") entered into an agreement and plan of merger ("Merger Agreement") with The Oncology Institute, LLC ("TOI LLC") (which was formerly known as TOI Parent, Inc.) (collectively, the "Business Combination"). In connection with the Business Combination, DFPH entered into subscription agreements with certain investors (the "PIPE Investors"), whereby it issued 17.5 million shares of common stock at \$10.00 per share and 100,000 shares of preferred stock at \$1,000.00 per share ("PIPE Shares") for an aggregate investment of \$275,000 ("PIPE Investment"), which closed simultaneously with the consummation of the Business Combination.

The Business Combination closed on November 12, 2021 ("Closing Date"). On the Closing Date, (i) First Merger Sub merged with and into the former TOI Parent, Inc., with the former TOI Parent, Inc. being the surviving corporation and (ii)

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immediately following, the former TOI Parent, Inc. merged with and into Second Merger Sub ("Legacy TOI"), with Second Merger Sub being the surviving entity and a wholly owned subsidiary of DFPH. DFPH was renamed "The Oncology Institute, Inc." and TOI Common Stock and Public Warrants continued to be listed on Nasdaq under the ticker symbols "TOI" and "TOIW," respectively.

The total merger consideration on the Closing Date was \$762,052, consisting of 51.3 million shares of common stock, valued at \$10.00 per share (aggregate \$595,468, inclusive of shares of DFPH common stock issuable per restricted stock units and the exercise of Legacy TOI stock options), and \$166,584 in cash. Legacy TOI also issued 12.5 million shares of common stock pursuant to the terms of an earnout ("Earnout Shares"). The earnout shares are allocable to both Legacy TOI stockholders and Legacy TOI option holders. On the Closing Date, shares of DFPH common stock that were not otherwise redeemed as part of the DFPH public stockholder vote and the PIPE Shares automatically converted into shares of TOI stock on a one-for-one basis.

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

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 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

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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

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.

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		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022			2023		2023	
		Revenue	Revenue	Patient services	Patient services	Dispensary	Dispensary	Clinical trials & other	Clinical trials & other	Total operating revenue
Patient services	Patient services	66.6 %	64.2 %	66.3 %	63.9 %	Patient services	65.3 %	68.7 %	65.9 %	65.6 %
Dispensary	Dispensary	31.4 %	33.2 %	31.6 %	33.5 %	Dispensary	32.7 %	29.0 %	32.0 %	31.9 %
Clinical trials & other	Clinical trials & other	2.0 %	2.6 %	2.1 %	2.6 %	Clinical trials & other	2.0 %	2.3 %	2.1 %	2.5 %
Total operating revenue	Total operating revenue	100.0 %	100.0 %	100.0 %	100.0 %	Total operating revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses	Operating expenses					Operating expenses				
Direct costs - patient services	Direct costs - patient services	55.9 %	54.0 %	56.1 %	51.9 %	Direct costs - patient services	54.8 %	55.6 %	55.6 %	53.2 %

Direct costs – dispensary	Direct costs – dispensary	25.1 %	27.5 %	25.1 %	27.6 %	Direct costs – dispensary	25.7 %	24.2 %	25.3 %	26.4 %
Direct costs – clinical trials & other	Direct costs – clinical trials & other	0.1 %	0.2 %	0.2 %	0.3 %	Direct costs – clinical trials & other	— %	0.2 %	0.1 %	0.3 %
Goodwill impairment charges	Goodwill impairment charges	0.0 %	— %	10.8 %	— %	Goodwill impairment charges	— %	— %	7.1 %	— %
Selling, general and administrative expense	Selling, general and administrative expense	35.8 %	46.5 %	36.8 %	50.1 %	Selling, general and administrative expense	34.4 %	49.2 %	36.0 %	49.8 %
Depreciation and amortization	Depreciation and amortization	1.7 %	1.8 %	1.7 %	1.8 %	Depreciation and amortization	2.1 %	1.7 %	1.8 %	1.8 %
Total operating expenses	Total operating expenses	118.6 %	130.0 %	130.7 %	131.7 %	Total operating expenses	117.0 %	130.9 %	130.9 %	125.9 %
Loss from operations	Loss from operations	(18.6) %	(30.0) %	(30.7) %	(31.7) %	Loss from operations	(17.0) %	(30.9) %	(25.9) %	(31.5) %
Other non-operating expense (income)	Other non-operating expense (income)					Other non-operating expense (income)				
Interest expense	Interest expense	3.3 %	0.1 %	3.4 %	0.1 %	Interest expense	3.3 %	2.3 %	3.4 %	0.9 %
Interest income	Interest income	(1.3) %	— %	(1.4) %	— %	Interest income	(1.1) %	— %	(1.3) %	— %
Change in fair value of derivative warrant liabilities	Change in fair value of derivative warrant liabilities	(0.1) %	(3.4) %	(0.2) %	(0.5) %	Change in fair value of derivative warrant liabilities	0.2 %	0.2 %	— %	(0.2) %
Change in fair value of earnout liabilities	Change in fair value of earnout liabilities	— %	(17.7) %	(0.5) %	(43.2) %	Change in fair value of earnout liabilities	— %	(5.5) %	(0.3) %	(29.6) %
Change in fair value of conversion option derivative liabilities	Change in fair value of conversion option derivative liabilities	— %	— %	(2.1) %	— %	Change in fair value of conversion option derivative liabilities	1.6 %	(23.9) %	(0.9) %	(8.6) %
Gain on loan forgiveness	Gain on loan forgiveness	— %	— %	— %	(0.2) %					
Gain on debt extinguishment	Gain on debt extinguishment					Gain on debt extinguishment				
Other, net	Other, net	0.4 %	— %	0.2 %	0.1 %	Other, net	0.2 %	0.1 %	0.2 %	0.1 %
Total other non-operating income (loss)		2.3 %	(21.0) %	(0.6) %	(43.7) %					
Total other non-operating loss (income)						Total other non-operating loss (income)	4.2 %	(26.8) %	1.1 %	(37.5) %
(Loss) income before provision for income taxes	(Loss) income before provision for income taxes	(20.9) %	(9.0) %	(30.1) %	12.0 %	(Loss) income before provision for income taxes	(21.2) %	(4.1) %	(27.0) %	6.0 %
Income tax (expense) benefit	Income tax (expense) benefit	(0.1) %	— %	(0.1) %	(0.1) %	Income tax (expense) benefit	(0.2) %	— %	(0.1) %	(0.1) %
Net income (loss)		(21.0) %	(9.0) %	(30.2) %	11.9 %					
Net (loss) income						Net (loss) income	(21.4) %	(4.1) %	(27.1) %	5.9 %

Comparison of the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Revenue

Three Months Ended June 30, 2023 months ended September 30, 2023 and 2022

The increase in patient services revenue was primarily due to a 29.5% 16.2% increase in FFS revenue as a result of a practice acquisitions acquisition and an overall increase in clinic count as well as a 6.6% 3.3% increase in capitation revenue due to capitation contracts.

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Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in patient services revenue was primarily due to a 33.8% 27.2% increase in FFS revenue as a result of a practice acquisitions acquisition and an overall increase in clinic count as well as a 5.4% 4.6% increase in capitation revenue due to capitation contracts.

Dispensary

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in dispensary revenue was primarily due to a 36.0% 29.6% increase in the number of prescriptions filled, offset by a 8.4% decrease 9.7% increase in the average revenue per fill.

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in dispensary revenue was primarily due to a 36.2% 33.9% increase in the number of prescriptions filled, offset by a 6.7% 1.4% decrease in the average revenue per fill.

Clinical trials & other

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in clinical trials and other revenue was primarily due to an increase in California Proposition 56 supplemental payments and other revenue compared to the same quarter in the prior year for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022.

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in clinical trials and other revenue was primarily due to an increase in California Proposition 56 supplemental payments and other revenue compared to the same quarter in the prior year for the three and six nine months ended **June 30, 2023** **September 30, 2023** and 2022.

Operating Expenses

(dollars in thousands)	(dollars in thousands)	Three Months Ended June 30,								Three Months Ended September 30,				Nine Months Ended September 30,			
		Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	\$	%	2023	2022	\$	%	2023	2022	\$	%	2023	2022		
Direct costs – patient services	Direct costs – patient services	\$44,878	\$32,875	\$12,003	36.5 %	\$87,692	\$60,253	\$27,439	45.5 %	Direct costs – patient services	\$44,961	\$36,126	\$ 8,835	24.5 %	\$132,653	\$96,379	
Direct costs – dispensary	Direct costs – dispensary	20,111	16,754	3,357	20.0 %	39,256	32,078	7,178	22.4 %	Direct costs – dispensary	\$21,072	\$15,738	\$ 5,334	33.9 %	\$60,328	\$47,816	

Direct costs – clinical trials & other	Direct costs – clinical trials & other	118	150	(32) (21.3)%	252	287	(35) (12.2)%	Direct costs – clinical trials & other	\$ 24	\$ 113	\$ (89) (78.8)%	\$ 276	\$ 400		
Goodwill impairment charges	Goodwill impairment charges	—	—	—	N/A	16,867	—	16,867	N/A	\$ —	\$ —	\$ —	N/A	\$ 16,867	\$ —
Selling, general and administrative expense	Selling, general and administrative expense	28,726	28,348	378 1.3 %	57,556	58,154	(598) (1.0)%	Selling, general and administrative expense	\$ 28,205	\$ 31,963	\$ (3,758) (11.8)%	\$ 85,761	\$ 90,117		
Depreciation and amortization	Depreciation and amortization	1,329	1,098	231 21.0 %	2,598	2,085	513 24.6 %	Depreciation and amortization	\$ 1,698	\$ 1,134	\$ 564 49.7 %	\$ 4,296	\$ 3,219		
Total operating expenses	Total operating expenses	\$95,162	\$79,225	\$15,937	20.1 %	\$204,221	\$152,857	\$51,364	33.6 %	\$95,960	\$85,074	\$10,886	12.8 %	\$300,181	\$237,931

Patient services cost

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in patient services cost was primarily due to a 30.4% 20.5% increase in intravenous drug costs, driven by the Company's patient mix and volume, as well as 5.6% 7.0% increase in clinical payroll costs due to the growth in clinic count.

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Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in patient services cost was primarily due to a 36.9% 30.7% increase in intravenous drug costs, driven by the Company's patient mix and volume, as well as 8.4% 7.9% increase in clinical payroll costs due to the growth in clinic count.

Dispensary cost

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in dispensary cost was primarily due to a 36.0% 29.6% increase in the number of prescriptions filled offset by a 11.8% decrease 3.3% increase in the average cost of the prescriptions filled.

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in dispensary cost was primarily due to a 36.2% 33.9% increase in the number of prescriptions filled, offset by a 6.7% (5.8)% decrease in the average cost of the prescriptions filled.

Goodwill impairment charges

During the three and ~~six~~ nine months ended June 30, 2023 September 30, 2023, impairment charges of \$0 and \$16,867, respectively, were recorded related to goodwill. See Note 18 for additional detail.

Selling, general and administrative expense

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in selling, general and administrative expense was primarily driven by a 5.1% increase to salaries and benefits, a 1.5% increase to real estate and development, and a 2.0% increase in office expenses related to the continued growth of our business, offset by a decrease in share-based compensation expense of 8.5% and a decrease in transaction costs of 2.6%.

Six Months Ended June 30, 2023 September 30, 2023 and 2022

The decrease in selling, general and administrative expense was primarily driven by a decrease in share-based compensation expense of 10.3% 5.9%, a decrease in deferred purchase price of 5.3% and a decrease in transaction costs of 3.7% 2.8%, offset by a 4.3% 1.7% increase to salaries and benefits, a 2.0% 1.2% increase to real estate and development, and a 4.4% 2.1% increase in office expenses related to the continued growth of our business.

Nine Months Ended September 30, 2023 and 2022

The decrease in selling, general and administrative expense was primarily driven by a decrease in share-based compensation expense of 8.7% and a decrease in transaction costs of 3.4%, offset by a 3.4% increase to salaries and benefits, a 1.7% increase to real estate and development, and a 3.6% increase in office expenses related to the continued growth of our business.

Other Expenses (Income)

(dollars in thousands)	(dollars in thousands)	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September		
		Ended June 30,		Change		Ended June 30,		Change		September 30,		Change		2023	2022	
		2023	2022	\$	%	2023	2022	\$	%	2023	2022	\$	%			
Interest expense	Interest expense	\$2,672	\$ 61	\$ 2,611	4,280.3 %	\$ 5,322	\$ 135	\$ 5,187	3,842.2 %	Interest expense	\$ 2,695	\$ 1,497	\$ 1,198	80.0 %	\$ 8,017	\$ 1,198
Interest income	Interest income	(1,034)	—	\$(1,034)	N/A	(2,241)	—	\$(2,241)	N/A	Interest income	(940)	—	\$(940)	N/A	(3,181)	
Change in fair value of derivative warrant liabilities	Change in fair value of derivative warrant liabilities	(118)	(2,065)	1,947	(94.3)%	(261)	(604)	343	(56.8)%	Change in fair value of derivative warrant liabilities	203	159	44	27.7 %	(58)	
Change in fair value of earnout liabilities	Change in fair value of earnout liabilities	(17)	(10,800)	10,783	(99.8)%	(769)	(50,240)	49,471	(98.5)%	Change in fair value of earnout liabilities	(23)	(3,581)	3,558	(99.4)%	(792)	(53)
Change in fair value of conversion option derivative liabilities	Change in fair value of conversion option derivative liabilities	—	—	—	N/A	(3,318)	—	(3,318)	N/A	Change in fair value of conversion option derivative liabilities	1,284	(15,510)	16,794	N/A	(2,034)	(15)
Gain on loan forgiveness	Gain on debt extinguishment	—	—	—	N/A	—	(183)	183	N/A	Gain on debt extinguishment	—	—	—	—	—	
Other, net	Other, net	357	(15)	372	(2480.0)%	214	136	78	57.4 %	Other, net	140	36	104	288.9 %	354	
Total other non-operating expense (income)	Total other non-operating expense (income)	\$1,860	\$(12,819)	\$14,679	(114.5)%	\$(1,053)	\$(50,756)	\$49,703	(97.9)%	Total other non-operating expense (income)	\$3,359	\$(17,399)	\$20,758	(119.3)%	\$2,306	\$(68)

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Interest expense

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in interest expense was the result of interest and amortization related to the Senior Secured Convertible Note during the second quarter of 2023.

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in interest expense was the result of interest and amortization related to the Senior Secured Convertible Note during the first half of 2023.

Interest income

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in interest income was the result of investments in marketable securities during the second quarter of 2023.

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in interest income was the result of investments in marketable securities during the first half of 2023.

Change in fair value of liabilities

Three Months Ended June 30, 2023 September 30, 2023 and 2022

The decrease in non-operating (income) expense was primarily due to gains/loss of \$17 and \$118, respectively, \$1,284 as a result of decreases/increase in the fair value of earnout liabilities and conversion option derivative warrant liabilities for the three months ended June 30, 2023 September 30, 2023, compared to a gain of \$10,800 \$3,581 as a result

of a decrease in the fair value of earnout liabilities and a gain of ~~\$2,065~~ \$15,510 as a result of a decrease in fair value of derivative warrant liabilities for the three months ended ~~June 30, 2022~~ September 30, 2022.

Six Nine Months Ended June 30, 2022 September 30, 2023 and 2022

The increase in non-operating (income) expense was primarily due to gains of ~~\$769~~ \$792 and ~~\$3,318~~ \$2,034, respectively, as a result of decreases in the fair value of earnout liabilities and conversion option derivative liabilities for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, compared to a gain of ~~\$50,240~~ \$53,821 as a result of a decrease in the fair value of earnout liabilities for the ~~six~~ nine months ended ~~June 30, 2022~~ September 30, 2022.

Gain on loan forgiveness

There was no gain on loan forgiveness during the three and ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023. For the three and ~~six~~ nine months ended ~~June 30, 2022~~ September 30, 2022, gain on loan forgiveness of \$0 and \$183, respectively, was the result of a CARES Act loan that was acquired as part of a physician practice acquisition and subsequently forgiven.

Other, net

The change in other, net was primarily due to unrealized gains on marketable securities and related accretion that did not occur in the prior year.

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.

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		Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,		
		2023		2022		2023		2022		
		Clinics (1)	Clinics (1)	81	69	81	69	Clinics (1)	84	74
Clinics (1)	Clinics (1)	81	69	81	69	Clinics (1)	84	74	84	74
Markets	Markets	15	13	15	13	Markets	15	14	15	14
Lives under value-based contracts (millions)	Lives under value-based contracts (millions)	1.8	1.7	1.8	1.7	Lives under value-based contracts (millions)	1.8	1.7	1.8	1.7
Adjusted EBITDA (in thousands)	Adjusted EBITDA (in thousands)					Adjusted EBITDA (in thousands)				
(2)	(2)	\$ (6,941)	\$ (6,930)	\$ (14,301)	\$ (12,158)	(2)	\$ (5,350)	\$ (6,744)	\$ (19,558)	\$ (18,902)

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

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

(dollars in thousands)	(dollars in thousands)	Three Months Ended June 30,				(dollars in thousands)	Three Months Ended September 30,				Change	
		2023	2022	\$	%		2023	2022	\$	%	2023	2022
Net loss	Net loss	\$ (16,897)	\$ (5,453)	\$ (11,444)	209.9 %	Net loss	\$ (17,419)	\$ (2,674)	\$ (14,745)	551.4 %		
Depreciation and amortization	Depreciation and amortization	1,329	1,098	231	21.0 %	Depreciation and amortization	\$ 1,698	\$ 1,134	\$ 564	49.7 %		
Interest expense, net	Interest expense, net	1,638	61	1,577	2,585.2 %	Interest expense, net	\$ 1,755	\$ 1,498	\$ 257	17.2 %		
Income tax expense (benefit)	Income tax expense (benefit)	99	(32)	131	(409.4) %	Income tax expense (benefit)	\$ 135	\$ (25)	\$ 160	(640.0) %		
Non-cash addbacks ⁽¹⁾	Non-cash addbacks ⁽¹⁾	24	108	(84)	(77.8) %	Non-cash addbacks ⁽¹⁾	\$ (14)	\$ 299	\$ (313)	(104.7) %		
Share-based compensation	Share-based compensation	4,107	6,514	(2,407)	(37.0) %	Share-based compensation	\$ 4,657	\$ 6,546	\$ (1,889)	(28.9) %		
Changes in fair value of liabilities	Changes in fair value of liabilities	(135)	(12,865)	12,730	(99.0) %	Changes in fair value of liabilities	\$ 1,464	\$ (18,932)	\$ 20,396	(107.7) %		
Unrealized (gains) losses on investments	Unrealized (gains) losses on investments	267	—	267	N/A	Unrealized (gains) losses on investments	\$ (157)	\$ 33	\$ (190)	(575.8) %		
Practice acquisition-related costs ⁽²⁾	Practice acquisition-related costs ⁽²⁾	55	111	(56)	(50.5) %	Practice acquisition-related costs ⁽²⁾	\$ 41	\$ 166	\$ (125)	(75.3) %		
Post-combination compensation expense ⁽³⁾	Post-combination compensation expense ⁽³⁾	581	—	581	N/A	Post-combination compensation expense ⁽³⁾	\$ 399	\$ 2,088	\$ (1,689)	(80.9) %		
Consulting and legal fees ⁽⁴⁾	Consulting and legal fees ⁽⁴⁾	929	1,144	(215)	(18.8) %	Consulting and legal fees ⁽⁴⁾	\$ 1	\$ 883	\$ (882)	(99.9) %		
Infrastructure and workforce costs ⁽⁵⁾	Infrastructure and workforce costs ⁽⁵⁾	1,042	1,634	(592)	(36.2) %	Infrastructure and workforce costs ⁽⁵⁾	\$ 1,978	\$ 1,239	\$ 739	59.6 %		
Transaction costs ⁽⁶⁾	Transaction costs ⁽⁶⁾	20	750	(730)	(97.3) %	Transaction costs ⁽⁶⁾	\$ 112	\$ 1,001	\$ (889)	(88.8) %		
Adjusted EBITDA	Adjusted EBITDA	\$ (6,941)	\$ (6,930)	\$ (11)	0.2 %	Adjusted EBITDA	\$ (5,350)	\$ (6,744)	\$ 1,394	(20.7) %		

⁽¹⁾ During the three months ended **June 30, 2023** **September 30, 2023**, non-cash addbacks were primarily comprised of non-cash rent of **\$27** **\$45** and net reversal of bad debt recovery of **\$2** **\$32**. During the three months ended **June 30, 2022** **September 30, 2022**, non-cash addbacks were primarily comprised of reversals of bad debt recoveries of **\$105** **\$143** and non-cash rent of **\$3** **\$148**.

(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 **June 30, 2023** **September 30, 2023**. During the three months ended **June 30, 2022** **September 30, 2022**, these fees related to advisory projects, software implementations, and legal fees for debt financing and predecessor litigation matters.

(5) Infrastructure and workforce costs were comprised of recruiting expenses to build out corporate infrastructure of **\$430** **\$701** and **\$1,207**, **\$798**, software implementation fees of **\$22** **\$37** and \$31, severance expenses resulting from cost rationalization programs of **\$250** **\$633** and **\$67**, and **\$117**, temporary labor of **\$339** **\$310** and **\$329** **\$291**, and miscellaneous expense EBITDA addback of \$295 and \$0 during the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively.

(6) Transaction costs incurred during the three months ended **June 30, 2023** **September 30, 2023** were comprised of consulting, legal, administrative and regulatory fees associated with the Business Combination, share repurchases.

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(dollars in thousands)	(dollars in thousands)	Six Months Ended June 30,		Change		(dollars in thousands)	Nine Months Ended September 30,		Change	
		2023	2022	\$	%		2023	2022	\$	%
		Net (loss) income	Net (loss) income	\$ (46,895)	\$ 13,833		\$ (60,728)	(439.0) %	Net (loss) income	(676.3) %
Depreciation and amortization	Depreciation and amortization	2,598	2,085	513	24.6 %	Depreciation and amortization	\$ 4,296	\$ 3,219	\$ 1,077	33.5 %
Interest expense, net	Interest expense, net	3,081	135	2,946	2,182.2 %	Interest expense, net	\$ 4,836	\$ 1,633	\$ 3,203	196.1 %
Income tax expense	Income tax expense	143	148	(5)	(3.4) %	Income tax expense	\$ 278	\$ 124	\$ 154	124.2 %
Non-cash addbacks(1)	Non-cash addbacks(1)	165	305	(140)	(45.9) %	Non-cash addbacks(1)	\$ 153	\$ 604	\$ (451)	(74.7) %
Share-based compensation	Share-based compensation	9,072	15,067	(5,995)	(39.8) %	Share-based compensation	\$ 13,731	\$ 21,612	\$ (7,881)	(36.5) %
Goodwill impairment charges	Goodwill impairment charges	16,867	—	16,867	N/A	Goodwill impairment charges	\$ 16,867	\$ —	\$ 16,867	N/A
Changes in fair value of liabilities	Changes in fair value of liabilities	(4,348)	(50,844)	46,496	(91.4) %	Changes in fair value of liabilities	\$ (2,884)	\$ (69,776)	\$ 66,892	(95.9) %
Unrealized (gains) losses on investments	Unrealized (gains) losses on investments	124	—	124	N/A	Unrealized (gains) losses on investments	\$ (31)	\$ 33	\$ (64)	(193.9) %
Practice acquisition-related costs(2)	Practice acquisition-related costs(2)	71	533	(462)	(86.7) %	Practice acquisition-related costs(2)	\$ 112	\$ 699	\$ (587)	(84.0) %
Post-combination compensation expense(3)	Post-combination compensation expense(3)	1,163	—	1,163	N/A	Post-combination compensation expense(3)	\$ 1,562	\$ 2,088	\$ (526)	(25.2) %
Consulting and legal fees(4)	Consulting and legal fees(4)	1,514	1,799	(285)	(15.8) %	Consulting and legal fees(4)	\$ 1,515	\$ 2,682	\$ (1,167)	(43.5) %
Infrastructure and workforce costs(5)	Infrastructure and workforce costs(5)	2,116	2,587	(471)	(18.2) %	Infrastructure and workforce costs(5)	\$ 4,181	\$ 3,826	\$ 355	9.3 %
Transaction costs(6)	Transaction costs(6)	28	2,194	(2,166)	(98.7) %	Transaction costs(6)	\$ 140	\$ 3,195	\$ (3,055)	(95.6) %

Adjusted EBITDA	Adjusted EBITDA	\$ (14,301)	\$ (12,158)	\$ (2,143)	17.6 %	Adjusted EBITDA	\$ (19,558)	\$ (18,902)	\$ (656)	3.5 %
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(1) During the six nine months ended June 30, 2023 September 30, 2023, non-cash addbacks were primarily comprised of non-cash rent of \$167 \$121 and net reversal of bad debt write off, net of recovery, of \$1, \$31. During the six nine months ended June 30, 2022 September 30, 2022, non-cash addbacks were primarily comprised of net credit losses of \$259 \$402 and non-cash rent of \$32, \$180.

(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 six nine months ended June 30, 2023 September 30, 2023. During the six nine months ended June 30, 2022 September 30, 2022, these fees related to advisory projects, software implementations, and legal fees for debt financing and predecessor litigation matters.

(5) Infrastructure and workforce costs were comprised primarily of recruiting expenses to build out corporate infrastructure of \$892 \$1,593 and \$1,631, \$2,429, software implementation fees of \$52 \$89 and \$57, \$88, severance expenses resulting from cost rationalization programs of \$265 \$898 and \$85, \$203, and temporary labor of \$907 \$1,217 and \$814 \$1,105 during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

(6) Transaction costs incurred during the six nine months ended June 30, 2023 September 30, 2023 were comprised of consulting, legal, administrative and regulatory fees associated with the Business Combination, share repurchases and one practice acquisition.

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 June 30, 2023 September 30, 2023, the Company had \$28,892 \$27,535 of cash and cash equivalents, current marketable securities of \$10,291, \$59,877, and noncurrent marketable securities of \$58,944, \$0.

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

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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

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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, 2022.

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.

(dollars in thousands)	Six Months Ended June 30,		Change		(dollars in thousands)	Nine Months Ended September 30,		Change	
	2023	2022	\$	%		2023	2022	\$	%

Net cash and cash equivalents used in operating activities	\$ (24,112)	\$ (27,360)	\$ 3,248	(12) %	Net cash and cash equivalents used in operating activities	\$ (32,422)	\$ (47,759)	\$ 15,337	32 %
Net cash and cash equivalents provided by (used in) investing activities	43,304	(11,264)	54,568	(484) %	Net cash and cash equivalents provided by (used in) investing activities	51,013	(99,043)	150,056	152 %
Net cash and cash equivalents used in financing activities	(4,310)	(12,342)	8,032	(65) %					
Net cash and cash equivalents provided by (used in) financing activities					Net cash and cash equivalents provided by (used in) financing activities	(5,066)	93,053	(98,119)	(105) %
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents				Net increase (decrease) in cash and cash equivalents	\$ 13,525	\$ (53,749)	\$ 67,274	(125) %
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	14,010	115,174	(101,164)	Cash and cash equivalents at beginning of period	14,010	115,174	(101,164)	(88) %
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 28,892	\$ 64,208	\$ (35,316)	Cash and cash equivalents at end of period	\$ 27,535	\$ 61,425	\$ (33,890)	(55) %
Operating Activities									

Significant changes impacting net cash, cash equivalents, and restricted cash used in operating activities for the **six nine** months ended **June 30, 2023** **September 30, 2023** as compared to the **six nine** months ended **June 30, 2022** **September 30, 2022** were as follows:

- Net loss of **\$46,895** **\$64,314** for the **six nine** months ended **June 30, 2023** **September 30, 2023** compared to net income of **\$13,833** **\$11,159** for the **six nine** months ended **June 30, 2022** **September 30, 2022**, primarily as the result of goodwill impairment of \$16,867 for the **six nine** months ended **June 30, 2023** **September 30, 2023** that did not occur the prior year, and a decrease of **\$46,496** **\$66,892** in the gain related to the change in fair value of liabilities compared to the prior year;
- Share based compensation for the **six nine** months ended **June 30, 2023** **September 30, 2023** decreased by **\$5,995** **\$7,882** compared to the **six nine** months ended **June 30, 2022** **September 30, 2022**;
- Cash used by accounts receivable **increased \$2,624** **decreased \$6,558** for the **six nine** months ended **June 30, 2023** **September 30, 2023** as compared to the **six nine** months ended **June 30, 2022** **September 30, 2022** due to the growth in the Company's business;
- Cash provided by accounts payable, accrued expenses and income taxes payable increased **\$4,198** **\$5,795** for the **six nine** months ended **June 30, 2023** **September 30, 2023** as compared to the **six nine** months ended **June 30, 2022** **September 30, 2022** primarily due to an increase in vendor payables due to the growth in the Company's business; and
- Cash provided by prepaid and other current assets **increased \$61** **decreased \$817** for the **six nine** months ended **June 30, 2023** **September 30, 2023** as compared to the **six nine** months ended **June 30, 2022** **September 30, 2022** primarily due to the amortization of the D&O policy during 2023 and costs incurred in association with the SPAC transaction during 2022 that were deferred until the transaction closed.

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Investing Activities

Net cash provided by investing activities increased **\$54,568** **\$150,056** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** as compared to the **six** **nine** months ended **June 30, 2022** **September 30, 2022** due to sales of marketable securities of **\$60,127**, offset by **\$68,702**, and purchases of **\$9,747**, **\$77,719** that did not occur in the prior **current** period.

Financing Activities

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Net cash used in financing activities **increased \$8,032** **decreased \$98,119** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** as compared to the **six** **nine** months ended **June 30, 2022** **September 30, 2022** primarily due to **an increase of \$95** related to **payments made for financing of insurance payments**, **\$110,000** **debt issuance** that did not occur in the current period offset by **\$7,981** **decrease in stock repurchase**.

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

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

Generally, upon the commencement of a lease, the Company will record a right-of-use ("ROU") asset and lease liability. An ROU asset represents the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are measured at the present value of the remaining, fixed lease payments at lease commencement. The Company uses its incremental borrowing rate, based on the information available at the later of adoption, inception, or modification in determining the present value of lease payments.

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ROU assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received) and initial direct costs, at the lease commencement date. The Company has elected to account for lease and non-lease components as a single lease component for all underlying classes of assets. As a result, the fixed payments that would otherwise be allocable to the non-lease components are accounted for as lease payments and included in the measurement of the Company's right-of-use asset and lease liability.

Lease arrangements with an initial term of 12 months or less are considered short-term leases and are not recorded on the balance sheet. The short-term lease payments are recognized as an expense on a straight-line basis over the lease term. The

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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 from the TOI PCs are included in the consolidated amounts as presented on the Condensed Consolidated Statements of Operations.

Segment Reporting

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

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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.

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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

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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.

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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 \$28,892, \$27,535, current marketable securities of \$10,291, \$59,877, and noncurrent marketable securities of \$58,944 \$0 as of **June 30, 2023** **September 30, 2023**, 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 result of changes in interest rates due to the short-term nature of our cash and cash equivalents.

Inflation Risk

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

Impairment Risk

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

For the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Company recognized an impairment charge of \$0 and \$16,867, respectively to write-down the carrying value of goodwill related to patient services and clinical trials & other in excess of the fair value.

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 **June** **September** 30, 2023. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of **June** **September** 30, 2023, our disclosure controls and procedures were not effective due to a material weakness in our internal

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control over financial reporting, as described below. Notwithstanding the identified material weakness noted below, 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.

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Material Weakness in Internal Controls Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As of **June** **September** 30, 2023, we have identified a material weakness in our internal control over financial reporting of complex accounting transactions, as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

During the **second** **third** quarter of 2023, our management continued to execute against the remediation plan under the oversight of the Audit Committee. This involves hiring and training additional qualified personnel, performing detailed risk assessments in key process areas to identify risks of material misstatement, further documenting and implementing control procedures to address the identified risk of material misstatement, and implementing monitoring activities over such control procedures.

Changes in Internal Control over Financial Reporting

Except for the **progress** **changes** in the Company's internal control that **has** **have** been made toward remediating the material weakness noted above, there were no changes in the Company's internal control over financial reporting that occurred during the **three** and **six** months ended **June 30, 2023** **September 30, 2023** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Disclosure Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management, including the Chief Executive Officer and Chief Financial Officer, recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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PART II

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, 2022 and in Part II Item 1A of our Quarterly Report for the three months ended March 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

On June 14, 2023, August 28, 2023 the Company's Board ~~consented~~ approved a share repurchase program with authorization to the adoption and approval of the Share Repurchase Program, authorizing purchase up to \$5,000 to be spent on the repurchase 2 million shares of the Company's common stock, expiring on December 31, 2023. The Company repurchased \$900 ~~\$125~~ of its common stock in the ~~second~~ third quarter of 2023. At June 30, 2023, \$4,100 of the Share Repurchase Program authorization remained available for repurchases. The table below reflects our purchases of common stock during each of the months in the three months ended June 30, 2023 September 30, 2023.

Period	Total Number of Shares of Stock Purchased	Average Price Paid per Share	Total Number of Shares		Approximate Dollar Value that May Yet be Purchased Under the Program
			Purchased as Part of Publicly Announced Program	Total Number of Shares Purchased as Part of Publicly Announced Program	
April 1, 2023 - April 30, 2023	—	\$ —	—	—	—
May 1, 2023 - May 31, 2023	—	—	—	—	5,000,000
June 1, 2023 - June 30, 2023	1,593,128	0.56	1,593,128	1,593,128	4,100,000
Total	1,593,128	\$ 0.56	1,593,128	1,593,128	

Period	Total Number of Shares of Stock Purchased	Average Price Paid per Share	Total Number of Shares		Maximum Number of Shares that May Yet be Purchased Under the Program
			Purchased as Part of Publicly Announced Program	Total Number of Shares Purchased as Part of Publicly Announced Program	
July 1, 2023 - July 31, 2023	—	\$ —	—	—	—
August 1, 2023 - August 31, 2023	140,646	0.87	140,646	140,646	1,859,354
September 1, 2023 - September 30, 2023	—	—	—	—	1,859,354
Total	140,646	\$ 0.87	140,646	140,646	

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	File Number	Exhibit	
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
10.1	Transition Agreement, dated June 11, 2023, by and between Brad Hively, TOI Management, LLC and The Oncology Institute, Inc.	8-K/A	001-39248	10.1	June 14, 2023
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				

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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
10.1*	Employment Agreement, effective as of September 5, 2023, by and between the Company and Jeremy Castle				X
31.1*	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of the Principal Executive Officer.				X
31.2*	Certification Pursuant to Rule 13a-14(a) under Securities Exchange Act of 1934 of the Principal Financial Officer.				X

32.1**	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.	X
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer	X
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101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document	

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Exhibit Number	Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	File Number	Exhibit	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)				
*	Filed herewith.				
**	Furnished herewith.				

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned hereunto duly authorized, on this day of **August 9, 2023** **November 8, 2023**.

THE ONCOLOGY INSTITUTE, INC.

By: /s/ Mihir Shah
 Mihir Shah
Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of September 5, 2023 (the "Effective Date"), by and between TOI Management, LLC, a Delaware limited liability company (the "Company"), and Jeremy Castle (the "Executive"). The Company and the Executive may be referred to together as the "Parties" and individually as a "Party." Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in Section 21.

RECITALS:

WHEREAS, the Company desires to employ the Executive in the capacity hereinafter stated, and the Executive desires to be employed by the Company in such capacity for the period and on the terms and conditions set forth herein; and

WHEREAS, the Executive is individually represented in negotiating the terms of this Agreement, including the venue, forum, and choice of law provisions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and incorporating the recitals set forth above, the Parties, intending to become legally bound, hereby covenant and agree as follows:

1. **Employment Period.** The Company hereby agrees to employ the Executive as the Chief Operations Officer of the Company, and the Executive, in such capacity, agrees to provide services to the Company for the period beginning on the Effective Date and, unless terminated earlier in accordance with Section 5 of this Agreement, ending on the third (3rd) anniversary thereof (the "Initial Term"). At the expiration of the Initial Term, this Agreement will automatically renew for successive additional terms of one (1) year (each a "Renewal Term" and, together with the Initial Term, the "Employment Period"), unless notice of nonrenewal is given in writing by either Party to the other Party at least sixty (60) days prior to the expiration of the Initial Term or any successive Renewal Term.

2. **Position; Performance of Duties.** During the Employment Period Executive will serve in the capacity of the Chief Operations Officer of the Company and perform the duties consistent with such position and such other positions as may reasonably be assigned to the Executive by the Chief Executive Officer of the Company (the "CEO") and/or the Board of Directors of the Company (the "Board"), or such other Person that the CEO and/or the Board will designate, including any such positions at any direct and indirect subsidiaries of the Company. The Executive agrees that, during the Employment Period, while the Executive is employed by the Company, the Executive shall devote the Executive's full time, energies and talents exclusively to, and provide the Executive's efforts in a prudent manner consistent with such position, diligently and conscientiously in discharging, the Executive's duties, promote the interests of the Company honestly, diligently and in a professional manner. The Executive shall observe and comply with all applicable (i) rules, regulations, policies, and procedures established by the Company and provided to the Executive from time to time and (ii) laws, rules, and regulations imposed by any governmental or regulatory authorities from time to time. In such capacity, the Executive shall have such authority and responsibilities that are consistent with the role of Chief Operations Officer, and as shall be delegated to him or her by the Board, CEO, or such other Person that the CEO or the Board will designate. In such capacity, the Executive shall report directly to the CEO, or such other Person that the CEO or the Board will designate. Subject to Section 4(b), during the Employment Period, the Executive shall not, without prior written consent from the Board, serve as or be a consultant to, or employee, officer, agent, representative, manager, or director of, any Person. Notwithstanding anything to the contrary in this Agreement, under no circumstances shall any of the duties or services under this Agreement include the provision of medical care or related patient care services, including the practice of medicine; it being the sole intention of the Parties that the services to be rendered under this Agreement to the Company by the Executive are for the purpose of providing non-clinical administrative and management services.

3. **Compensation.** Subject to the terms and conditions of this Agreement, during the Employment Period, while the Executive is employed by the Company, the Executive shall be

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compensated by the Company for all of the Executive's services to the Company and its subsidiaries as follows:

(a) The Executive shall receive, for each 12-consecutive month period beginning on the Effective Date and each anniversary thereof, a rate of base salary equal to three hundred and seventy-five thousand dollars (\$375,000) (the "Base Salary"), payable in substantially equal monthly or more frequent installments in accordance with the Company's general payroll practices and subject to normal and applicable tax withholding and other authorized, required and mandatory deductions, as well as voluntary deductions to the extent agreed to by the Executive in writing. During the Employment Period, the Executive's Base Salary shall be reviewed by the Board on or before each anniversary of the Effective Date to determine whether

an adjustment in the Executive's rate of compensation is appropriate, with such adjustment, if any, to be determined by the Board at its sole and absolute discretion.

(b) The Executive will be eligible to receive an annual bonus payment of up to forty percent (40%) of the Executive's then-current Base Salary based on the achievement of mutually agreed performance objectives determined in accordance with the Company's annual budget (the "Bonus"); provided, that (i) the achievement of such Bonus shall be determined by the Board in its good faith discretion, and (ii) any Bonus payable for the Executive's first calendar year with the Company will be pro-rated based on the Effective Date of this Agreement. Any Bonus payable pursuant to this Section 3(b) shall be paid to the Executive within thirty (30) days of receipt of a financial audit of the Company with respect to the annual period related to such Bonus (the "Bonus Year"); provided, that in no event shall any Bonus due and payable pursuant to this Section 3(b) be paid before January 1 or after December 31 in the year immediately succeeding the Bonus Year.

(c) The Executive shall be entitled to receive a one-time signing/relocation bonus of fifty thousand dollars (\$50,000), paid in two installments over two years. The first signing/relocation bonus installment of thirty thousand dollars (\$30,000) will be paid in a lump sum on the next regularly scheduled pay date after the start of the Executive's employment, subject to applicable tax withholdings. The second signing/relocation bonus installment of twenty thousand dollars (\$20,000) will be paid on the first regularly scheduled pay date following the one-year anniversary of the Effective Date, subject to applicable withholding taxes. Should the Company terminate the Executive's employment for cause, or should the Executive resign for any reason prior to the two-year anniversary of the Effective Date of this Agreement, then the Executive shall be responsible for reimbursing the Company for a prorated amount of each tranche of the signing/relocation bonus. Should the Company terminate the Executive's employment without cause, then no repayment of the signing/relocation bonus shall be required. The signing/relocation bonus described in this Section shall be contingent upon the Executive relocating to the Southern California area, and working at the Cerritos California office, within one year of the Effective Date.

(d) The Executive shall be entitled to participate in employee and executive benefit plans or programs maintained by the Company for which similarly situated employees of the Company are generally eligible, subject to any eligibility requirements of such plans and programs.

(e) The Executive shall be entitled to four (4) weeks of paid time off per fiscal year, and such holidays in accordance with the Company's applicable policies and procedures. All vacation time shall be taken upon reasonable advance notice to Human Resources and at such time and manner as shall be mutually satisfactory to Company and Executive but subject always to the reasonable demands of the Company. Any unused vacation time shall be paid out to the Executive in accordance with the Company's regular policies and upon termination of employment for any reason.

4. Restrictive Covenants. The Executive acknowledges and agrees that: (i) the Executive has a major responsibility for the operation, development and growth of the Company's Business (as defined in Section 21(b) below); (ii) the Executive's work for the Company has brought and will bring the Executive into close contact with Confidential Information (as defined in paragraph (a)(i) immediately below) of the Company and its direct and indirect subsidiaries (collectively, and together with their respective predecessors and successors, the "Company Group") and each of their respective customers, vendors, suppliers, employees, and independent contractors; (iii) the agreements and covenants contained in this Section 4 are essential to protect the business interests of each member of the Company Group and

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their respective Affiliates; and (iv) the Company would not enter into this Agreement but for such agreements and covenants. Accordingly, the Executive covenants and agrees to the following:

(a) Confidential Information.

(i) Except as set forth below in Section 4(a)(ii), the Executive agrees to keep confidential and not disclose, directly or indirectly, to any Person or use in any way (other than for the benefit of the Company Group), both during the Employment Period and thirty-six (36) months after the Executive's employment with the Company terminates (the "Non-Disclosure Period"), all Confidential Information concerning any member of the Company Group or any of their respective Affiliates, that was acquired by, or disclosed to, or developed on behalf of the Company by, the Executive during the course of the Executive's employment with the Company or any of its Affiliates. For purposes of this Agreement, "Confidential Information" means, any written or oral proprietary or non-public information of any member of the Company Group or any of their respective Affiliates, including information relating to corporate or organizational documents, contracts, employees, independent contractors, customers, suppliers, sales, promotional, marketing, sales programs, credit history, repayment history, financial information, financial statements, costs, operations, trade secrets, know-how, research and development, software, databases, inventions, processes, technology, sales, pricing, vendors, compensation, marketing, advertising, promotions, product lines, alliances, financial data, plans, prospects, and government and regulatory activities, whether past, current or planned. "Confidential Information" does not include information that: (A) was, is now, or becomes generally available and known to the public or participants in the Company's industry (but, in each case, not as a result of a breach of any duty of confidentiality by which the Executive or the disclosing party is bound); (B) is disclosed by the

Company to any Person without a duty of confidentiality prior to disclosure to the Executive; or (C) is independently developed by the Executive without any reference to, or any use of, any Confidential Information and as provided in paragraph (c) below, not in connection with the Executive's performance of legitimate business purposes on behalf of the Company with respect to the Executive's employment with the Company. As to Confidential Information that constitutes a trade secret, the restrictions in this Section 4(a)(i) shall last for as long as the item qualifies as a trade secret under federal or state law. As to Confidential Information that does not constitute a trade secret, the restrictions in this Section 4(a)(i) shall last for so long as the Confidential Information remains confidential, unless applicable law requires a shorter duration and, if that is the case, the restrictions shall last during the Employment Period and for thirty-six (36) months after the Executive's employment with the Company terminates.

(ii) Notwithstanding anything to the contrary set forth in Section 4(a)(i), the Executive may disclose Confidential Information to any Person (A) if, upon the opinion of the Executive's counsel, such Confidential Information is required to be disclosed by applicable law, regulation or legal process, (B) in the ordinary course of the Company's business as a proper part of the Executive's employment in connection with communications with customers, vendors, suppliers, and other proper parties; provided, that it is for a proper purpose for the benefit of any member of the Company Group, and/or (C) to enforce the Executive's rights under this Agreement or any other agreement between the Company or any of its Affiliates and the Executive or any of the Executive's Affiliates. If the Executive is required to disclose any Confidential Information pursuant to Section 4(a)(ii)(A), the Executive shall give the Company prompt notice so that the applicable member of the Company Group may seek a protective order or other appropriate remedy and/or waive compliance with Section 4(a) and, in the event such protective order or other remedy is not obtained, or that the applicable member of the Company Group waives compliance with Section 4(a), the Executive shall (1) use commercially reasonable efforts to cooperate with, and assist, the applicable member of the Company Group in connection therewith, at the applicable member of the Company Group's sole cost and expense, (2) disclose only that portion of the Confidential Information which is legally required to be disclosed, and (3) seek to obtain confidential treatment, at the applicable member of the Company Group's sole cost and expense, for such Confidential Information.

(iii) Notwithstanding anything to the contrary set forth in Section 4(a)(i) or Section 4(a)(ii), the Executive understands that nothing contained in this Agreement limits or otherwise prohibits Executive's ability to file a charge or complaint with the Department of Justice, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, any agency Inspector General, or any

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other federal, state or local governmental agency or commission (the "Government Agencies"), or to make other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Executive further understands that this Agreement does not limit Executive's ability to communicate with any of the Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any of the Government Agencies, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to any Government Agencies.

(iv) Pursuant to 18 U.S.C. § 1833(b)(1): "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Additionally, if Executive files a lawsuit against the Company for retaliation for reporting a suspected violation of law, Executive understands that Executive has the right to provide trade secret information to Executive's attorney and use the trade secret information in the court proceeding, although Executive must file any document containing the trade secret under seal and Executive may not disclose the trade secret, except pursuant to court order.

(b) Non-Competition; Non-Solicitation.

(i) Subject to Section 4(b)(iii), the Executive agrees that, for the Employment Period, *i.e.*, the period commencing on the Effective Date and ending on the date on which the Executive's employment with the Company is terminated for any reason (such period also shall be referred to as the "Non-Competition Period"), the Executive shall not directly or indirectly, alone or in association with others, or as a partner, officer, director, employee, consultant, agent, independent contractor, lender, member, manager or equity holder, or on behalf, of any Person, engage in the Business or any business activity that is in competition with the Business of any member of the Company Group within the Restricted Territory.

(ii) The Executive agrees that, for the period commencing on the Effective Date and ending twenty four (24) months after the date on which the Executive's employment with the Company is terminated for any reason (such period shall be referred to as the "Non-Solicitation Period"), the Executive shall not directly or indirectly, in any capacity, either alone, separately or in association with, or on behalf of, any other Person solicit for employment or any business relationship any current or former employee or independent contractor of any member of the Company Group who was employed or engaged by the Company within six (6) months of the solicitation and with whom Executive has had material personal contact, supervised or

managed, or otherwise possesses Confidential Information or the Company's goodwill; provided, however, that a general solicitation or advertisement of employment conducted by or on behalf of the Executive or any of the Executive's Affiliates in newspapers, trade journals, the Internet, through recruiters or by any similar means, in each case, not specifically directed at any of the Company Group's employees or independent contractors shall not, in and of itself, be deemed a breach of this subsection (ii).

(iii) Notwithstanding the restrictions set forth in Section 2 and/or Section 4(b)(i), nothing contained in Section 4(b) shall be deemed to prohibit the Executive during the Non-Competition Period from (A) being a passive owner of less than five percent (5%) of any class or series of outstanding securities of publicly traded securities of any entity or (B) volunteering in any capacity with any civic, educational or charitable organization, or any trade association, in each case without seeking or obtaining approval by the Company or the Board; provided, that in each case such activities and services do not materially interfere or conflict with the performance of the Executive's duties hereunder or violate any of the Restrictive Covenants.

(c) **Proprietary Rights.** The Executive acknowledges and agrees that all right, title and interest in all developments, including inventions, patentable or otherwise, discoveries, improvements, patents, trade secrets, designs, reports, computer software, flow charts and diagrams, procedures, data, documentation, ideas and writings and applications thereof relating to the present or contemplated Business of any member of the Company Group that, alone or jointly with others, the

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Executive has already or may in the future during the Employment Period conceive, create, make, develop, reduce to practice or acquire (collectively, the "Developments") any works made for hire and shall remain the sole and exclusive property of the Company, and the Executive hereby assigns to the Company all of the Executive's right, title and interest in and to all such Developments, and such Developments shall not be used by the Executive in any way adverse to any member of the Company Group's interests. All items related to the Developments, including memoranda, notes, lists, charts, drawings, records, files, computer software, programs, source and programming narratives and other documentation (and all copies thereof) made or compiled by the Executive, or made available to the Executive, during the Employment Period concerning the Business or planned business of any member of the Company Group shall be the property of the Company, and shall be delivered to the Company promptly upon the earlier of the Company's request or the termination of this Agreement. The Executive shall not deliver, reproduce or in any way allow such documents or Developments to be delivered or used by any third party without the prior written approval of the Board. The Executive will promptly disclose all Developments to the Company and, at the Company's expense, perform all reasonable actions requested by the Company (whether during or after employment) to establish and confirm such ownership (including assignments, consents, powers of attorney and other instruments). Pursuant to California Labor Code 2870, the foregoing provisions regarding the assignment of Developments to the Company does not apply to a Development for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the Executive's own time, unless (i) the invention relates at the time of conception or use (A) to the business of the Company or (B) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from or is the product of any work performed by the Executive for the Company in the scope of the Executive's efforts on behalf of the Company.

(d) **Non-Disparagement.** Except in order to comply with law, regulation or legal process, or to enforce (or defend) the Executive's rights hereunder or any other agreement with any member of the Company Group or as described in Section 4(a)(iii) or Section 4(a)(iv), the Executive agrees not to make any public disparaging or negative remarks, whether oral or written, with respect to any member of the Company Group or any of their respective equity holders, officers, directors, managers, and/or employees.

(e) **Remedies.** If the Executive breaches any of the provisions contained in Section 4(a), Section 4(b), Section 4(c), or Section 4(d) (the "Restrictive Covenants"), the Company shall have the remedies set forth below, each of which shall be enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The provisions of this Section 4 are intended to be for the benefit of each member of the Company Group and their respective Affiliates (for enforcement purposes only with respect to such Affiliates), each of which Person may enforce such provisions and each of which is an express third party beneficiary of such provisions and this Agreement generally. The Executive acknowledges and agrees that money damages would be an inadequate remedy for any breach of any of the Restrictive Covenants, and, in the event of a violation or a breach or threatened breach of any of the Restrictive Covenants, the Company may have no adequate remedy at law, and the Company, in addition to other rights and remedies existing in its favor, shall be entitled to specific performance, or to enforce each such provision by temporary or permanent injunction or mandatory relief, obtained in any court of competent jurisdiction without the necessity of proving damages, posting any bond or other security, and without prejudice to any other rights and remedies that may be available at law or in equity.

(f) **Severability.** If any of the Restrictive Covenants, or any part thereof, is held to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants, which shall be given full effect, without regard to the invalid or unenforceable portion(s). Without limiting the generality of the foregoing, if any of the Restrictive Covenants, or any part thereof, is held to be unenforceable because of the scope of the activity restricted, the duration of such provision or the area covered thereby, the Parties agree that the court making such determination (or the Parties together

themselves) shall have the power to reduce the scope of activity restricted, the duration and/or area of such provision and, in its reduced form, such provision shall then be enforceable.

(g) Enforceability. The Executive acknowledges that the restrictions and duration of the obligations set forth in this Section 4 (i) are reasonable and no broader than necessary to protect the

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legitimate business interests of the Company Group and the goodwill thereof and (ii) do not and will not impose an unreasonable burden upon the Executive. The Company and the Executive agree that if, at the time of enforcement of any of the provisions of this Section 4, a court holds that any restriction stated herein is unreasonable under circumstances then existing, then the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the otherwise applicable period, scope or area. Subject to Section 4(b)(iii), in the event of any breach or violation by the Executive of any of the provisions of Section 4(a), Section 4(b)(i) or Section 4(b)(ii), the running of the Non-Disclosure Period, Non-Competition Period, or Non-Solicitation Period, as the case may be, shall be tolled during the continuation of any breach or violation by the Executive.

5. Termination and Compensation Due Upon Termination. The Employment Period shall continue until terminated in accordance with one of Section 5(a) through Section 5(f).

(a) Termination Without Cause. The Company shall have the right to terminate the Executive's employment at any time during the Employment Period without Cause. If the Company terminates the Executive's employment under this Agreement without Cause, the Company shall pay the Executive any compensation and benefits the Company owes to the Executive through the date of termination, in each case, as applicable, pursuant to and in accordance with Section 3 (collectively, the "Accrued Compensation and Benefits"). Additionally, conditioned upon the Executive's voluntary execution of the Release of Claims Agreement in substantially the form of Exhibit A attached hereto, which Release of Claims Agreement shall be subject to modification only to the extent necessary to comply with changes in applicable law, if any, occurring after the Effective Date and prior to the date such Release of Claims Agreement is executed or by mutual agreement (the "Release") (which must become effective on or prior to the sixtieth (60th) day following such termination), the Company shall pay to or on behalf of the Executive (i) the Executive's Base Salary at the time of such termination for three (3) months thereafter (the "Severance Period"), plus (ii) subject to applicable law, payment or reimbursement of all premiums for medical benefits elected by the Executive pursuant to the continuation of medical coverage under Section 4980B of the Code (as defined below) and Sections 601 through 608, inclusive, of the Employee Retirement Income Security Act of 1974 ("ERISA"), which amounts shall be deemed to be taxable income to the Executive, during the Severance Period (collectively, the payments described in Section 5(a)(i) and Section 5(a)(ii) shall be referred to as the "Severance Payments"). Severance Payments required to be paid pursuant to (A) Section 5(a)(i) shall be paid during the Severance Period in accordance with Section 3(a) and (B) Section 5(a)(ii) shall be paid or reimbursed as when due or incurred by the Executive during the Severance Period in accordance with Section 3, as applicable. Notwithstanding anything in this Section 5(a), the Severance Payments shall be paid to the Executive, in accordance with the Company's payroll policy, beginning on the payroll date which next occurs after the sixty first (61st) day following such termination; provided, that the Release is timely executed and delivered to the Company (and becomes effective) within such sixty (60) day period. All Severance Payments due from the date of termination of employment to the sixty first (61st) day following such termination shall be paid on the first payroll date of the Company following such period. If the Executive does not voluntarily execute the Release and the Release does not become effective within sixty (60) days of delivery of the Release by the Company to the Executive, the Executive shall not be entitled to the Severance Payments.

(b) Resignation with Good Reason. The Executive shall have the right to terminate the Executive's employment with the Company during the Employment Period for Good Reason upon thirty (30) days' written notice to the Company and the Board; provided, that such notice provides a reasonably detailed explanation of the event or circumstance that constitutes Good Reason and such event or circumstance remains uncured (if curable) for ten (10) days after the Company and the Board have received such written notice. If the Executive terminates the Executive's employment with the Company for Good Reason during the Employment Period, the Executive will be entitled to all payments and benefits as if the Executive had been terminated without Cause pursuant to, and in accordance with, the terms and conditions set forth in Section 5(a) (including the Executive's voluntary execution of the Release). The Executive's right to receive the Severance Payments in connection with the termination of the Executive's employment for Good Reason for any particular event or circumstance shall cease to exist solely with respect to such event or circumstance if the Executive fails to provide written notice to the Company and the Board of such event or circumstance within thirty (30) days after the Executive has actual knowledge of the occurrence or existence thereof.

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(c) Voluntary Resignation without Good Reason. The Executive may terminate the Executive's employment with the Company for any reason (or no reason at all), other than Good Reason, at any time during the Employment Period by giving the Company sixty (60) days' prior written notice of the Executive's voluntary resignation; provided, however, that the Company may elect to waive all or any part of such notice period and/or that the Executive's voluntary resignation be effective immediately upon notice of such resignation. The Company shall have no obligation to make any other payments to the Executive in accordance with the provisions of Section 3 (or otherwise in respect of the Executive's employment) for periods after the date on which the Executive's employment with the Company terminates due to the Executive's voluntary resignation (other than for Good Reason), other than any Accrued Compensation and Benefits.

(d) Termination for Cause. The Company shall have the right to terminate the Executive's employment at any time during the Employment Period for Cause; provided, that the Company has delivered written notice to the Executive of a reasonably detailed explanation of the event or circumstance that constitutes Cause and such event or circumstance remains uncured (if curable) for ten (10) business days after the Executive has received such written notice. If the Executive's employment with the Company is terminated for Cause, the Company shall have no obligation to make any payments to the Executive in accordance with the provisions of Section 3 (or otherwise in respect of the Executive's employment) for periods after the Executive's employment with the Company is terminated on account of the Executive's termination for Cause, other than any Accrued Compensation and Benefits. Any event or circumstance that constitutes Cause will be presumed to be curable, unless such event or circumstance arises from, relates to, or is in connection with any of clauses (i), (iii), (iv) (v), (vi), (vii) (viii) or (ix) in the definition of Cause.

(e) Disability. If, during the Employment Period, the Executive is unable to perform, with or without reasonable accommodation, the Executive's essential job functions pursuant to and in accordance with this Agreement due to any physical or mental disability which exists for a period of one hundred eighty (180) days in any twelve (12) consecutive month period during the Employment Period, the Company shall have the right to terminate the Executive's employment hereunder by giving not less than thirty (30) days' prior written notice to the Executive, at the end of which time the Executive's employment shall be terminated. Upon expiration of such thirty (30) day period, the Company shall have no obligation to make payments to the Executive in accordance with the provisions of Section 3 (or otherwise in respect of the Executive's employment) for periods after the date the Executive's employment with the Company terminates on account of disability, other than any Accrued Compensation and Benefits. For purposes of this Section 5(e), determination of whether the Executive is disabled shall be determined in accordance with the Company's long term disability plan (if any) and applicable law (if the Company does not have a long term disability plan).

(f) Death. If the Executive's employment hereunder is terminated by reason of the Executive's death, the Company shall have no obligation to make payments to the Executive in accordance with the provisions of Section 3 (or otherwise in respect of the Executive's employment) for periods after the date of the Executive's death, other than any Accrued Compensation and Benefits.

(g) Duty to Mitigate. If, as of the time of termination of this Agreement, the Executive is indebted to the Company or any of its subsidiaries in any manner whatsoever, evidenced by a written instrument, the Company shall have the right to reduce the amount due to the Executive by such outstanding indebtedness, to the extent consistent with applicable law including without limitation Section 409A of the Code (as later defined); provided, that if, after having reduced the remaining amount due to Executive to zero (or the minimal amount permissible under applicable law), any amount remains due and payable by the Executive to the Company, such amount will remain due to the Company by the Executive.

6. Successors. This Agreement shall be binding on, and inure to the benefit of, the Company and its successors and assigns without further action or consent by the Executive; provided, however, that the Executive hereby agrees to execute an acknowledgement of assignment if requested to do so by the successor, assign or acquiring Person.

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7. Nonalienation. The interests of the Executive under this Agreement are not subject to the claims of the Executive's creditors, other than pursuant to law, and may not otherwise be voluntarily or involuntarily assigned, alienated or encumbered except to the Executive's estate upon the Executive's death.

8. Waiver of Breach. The waiver by either the Company or the Executive of a breach of any provision of this Agreement shall not operate as, or be deemed a waiver of, any subsequent breach by either the Company or the Executive.

9. **Notice.** All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (a) one (1) Business Day after being delivered by hand, (b) five (5) Business Days after being mailed first class or certified with postage paid, (c) one (1) Business Day after being couriered by overnight receipted courier service, or (d) one (1) Business Day if sent by email, in each case to the Parties at the following addresses:

(a) to the Executive addressed as follows:

Jeremy Castle

E-Mail: _____

(b) to the Company addressed as follows:

TOI Management, LLC
18000 Studebaker Road, #800
Cerritos, CA 90703
Attention: General Counsel

or such other address or to the attention of such other Person as the recipient Party will have specified by prior written notice to the sending Party.

10. **Amendment.** This Agreement may only be amended or canceled by mutual agreement of the Parties in writing, and, except as expressly provided in this Agreement, no Person, other than the Parties (and the Executive's estate upon the Executive's death), shall have any rights under or interest in this Agreement or the subject matter hereof. The Parties hereby agree that no oral conversations shall be deemed to be a modification of this Agreement and neither Party shall assert the same.

11. **Counterparts.** This Agreement may be executed in two or more counterparts (including by means of facsimile or electronically transmitted portable document format (.PDF) signature pages), each of which shall be deemed to be an original, but all of which together shall constitute and be one and the same instrument; provided, that facsimile or electronically transmitted signature pages of this Agreement shall be deemed to be originals. Counterpart signatures need not be on the same page.

12. **Severability.** If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Other than in connection with Section 4 (which shall be governed by the severability clause therein) upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

13. **Governing Law and Venue.** The Parties, each represented by legal counsel in drafting and negotiating this Agreement and provision, agree that California law shall govern the rights and obligations under this Agreement, without giving effect to any conflict of laws principles that would require application of the laws of any other jurisdiction. In the event litigation is necessary, such legal

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action shall be commenced only in a State or Federal court of competent jurisdiction located in Orange County, California. Any litigation commenced other than in Orange County, California, shall be subject to being dismissed, stayed or having venue transferred to Orange County, California, at the option of the Party not commencing said litigation. The Parties further waive all objections and defenses to litigation being conducted in Orange County, California, based upon venue or under the doctrine of *forum non conveniens*.

14. **Assignments.** The services provided hereunder by Executive are personal and may not be assigned by him without the prior consent of the Company. This Agreement may be assigned by the Company without the consent of the Executive.

15. **Effect of Termination.** All of the provisions of this Agreement shall survive termination of this Agreement in accordance with their respective terms. Any termination of the Executive's employment with the Company shall automatically be deemed to be the simultaneous resignation of all other positions and titles, and directorships (or similar position), the Executive holds with the Company and/or any of its direct and indirect subsidiaries.

16. **Entire Agreement.** This Agreement and the Exhibits attached hereto set forth the entire agreement and understanding between the Company, on the one hand, and the Executive, on the other hand, relating to the subject matter herein and merges all prior discussions between the Parties, including any and all statements made by any officer, director, manager, employee, equity holder or representative of any member of the Company Group or any of their respective Affiliates. The Executive understands and acknowledges that, except as set forth in this Agreement and the agreements referred to herein, (a) no other representation or inducement has been made to the Executive, (b) the Executive has relied on the Executive's own judgment and investigation in executing this Agreement, and (c) the Executive has not relied on any representation or inducement made by any officer, director, manager, employee, equity holder or representative of any member of the Company Group or any of their respective Affiliates. To the extent there is any conflict between the terms and conditions of this Agreement and the terms and conditions of any prior employment or consulting agreement, the terms and conditions of this Agreement shall control.

17. **409A Compliance.**

(a) It is intended that this Agreement will comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations and guideline issued thereunder ("Section 409A") to the extent that any compensation and benefits provided hereunder constitute deferred compensation subject to Section 409A. This Agreement shall be interpreted on a basis consistent with this intent. The Parties will negotiate in good faith to amend this Agreement as necessary to comply with Section 409A in a manner that preserves the original intent of the Parties to the extent reasonably possible. No action or failure to act, pursuant to this Section 17 shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect the Executive from the obligation to pay any taxes pursuant to Section 409A.

(b) Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A would otherwise be payable or distributable under this Agreement by reason of the Executive's separation from service during a period in which the Executive is a "specified employee" (as defined under Section 409A and the final regulations thereunder), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, the Executive's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of the Executive's death or the first (1st) day of the seventh (7th) month following the Executive's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period

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immediately following the Executive's separation from service will be accumulated and the Executive's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Executive's death or the first (1st) day of the seventh (7th) month following the Executive's separation from service, whereupon the accumulated amount will be paid or distributed to the Executive and the normal payment or distribution schedule for any remaining payments or distributions will resume.

(c) If and to the extent required to comply with Section 409A, any payment or benefit required to be paid hereunder on account of termination of the Executive's employment, service (or any other similar term) shall be made only in connection with a "separation from service" with respect to the Executive within the meaning of Section 409A.

(d) Notwithstanding anything herein to the contrary or otherwise, to the extent necessary to avoid taxes and penalties under Section 409A: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive in any other calendar year; (ii) the reimbursements for expenses for which the Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(e) For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Any "nonqualified deferred compensation" subject to Section 409A of the Code payable under this Agreement shall not be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment by creditors, or borrowing, to the extent necessary to avoid tax, penalties and/or interest under Section 409A of the Code

18. [Intentionally Omitted].

19. **Executive's Compliance with other Agreements.** The Executive represents and warrants that (a) the execution of this Agreement by the Executive and the Executive's performance of the Executive's obligations hereunder does not constitute (with or without notice or lapse of time or both) a default, breach or violation of any contract, written or oral, express or implied, to which the Executive is a party or to which the Executive is or may be bound, including any contract with any present or former employer, and (b) this Agreement constitutes a valid and legally binding obligation of the Executive, enforceable against the Executive in accordance with its terms, except as such enforcement may be limited by bankruptcy, general principles of equity or other laws affecting creditors or debtors rights generally. All representations and warranties contained herein will survive the execution and delivery of this Agreement.

20. **No Rule of Construction.** The Parties, each represented by legal counsel in negotiating this Agreement's terms, have participated jointly in the negotiation of this Agreement and hereby agree that this Agreement shall be construed to be neither against nor in favor of any Party based upon any Party's role in drafting this Agreement, but rather in accordance with the fair meaning hereof. The Executive hereby acknowledges and agrees that the Executive (a) carefully read and understands all of the provisions of this Agreement and the Schedules and Exhibits attached hereto and thereto, and has had the opportunity for this Agreement and the Schedules and Exhibits attached hereto and thereto to be reviewed by the Executive's counsel, and (b) is voluntarily entering into this Agreement, including the Schedules and Exhibits attached hereto and thereto. All references in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words "include", "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation" or "but not limited to". The Section headings contained herein are for convenient reference only and shall not affect the meaning or interpretation of this Agreement.

21. **Definitions.** Terms used in this Agreement and not otherwise defined herein shall have the respective meanings set forth below:

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(a) **"Affiliate"** means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with the first-mentioned Person. For the purposes of this definition, "control," including the terms "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract, agreement or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

(b) **"Business"** means the management of community-based oncology practices.

(c) **"Business Day"** means any day that is not a Saturday, Sunday or any other day on which banks are required or authorized by law to be closed in Los Angeles, California.

(d) **"Cause"** means if the Executive is discharged by the Company on account of the occurrence of one or more of the following events: (i) the Executive breaches any of the Restrictive Covenants or the Executive's employment pursuant to this Agreement is in breach of a restrictive covenant between Executive and any other Person, (ii) the Executive disregards or violates the Executive's duties, covenants or agreements under this Agreement (including Section 2) in any material respect, (iii) any member of the Company Group is directed by a regulatory or governmental body to terminate the employment of the Executive or the Executive engages in activities that cause actions to be taken by regulatory or governmental authorities that have a material and adverse effect on any member of the Company Group, (iv) (A) the commission by the Executive of a felony crime or (B) the Executive has been convicted of or pled guilty or no contest to any crime involving as a material element fraud or dishonesty, (v) the willful misconduct or gross neglect of the Executive that results, or could reasonably be expected to result, in harm (or be adverse) to the Company, any member of the Company Group or any of their respective businesses or operations, (vi) the Executive commits an act of fraud, theft, misappropriation, gross negligence or dishonesty, or embezzlement or misuse of funds or assets belonging to the Company, any member of the Company Group, or any other Person, (vii) the breach by the Executive of any fiduciary duty (including usurping a corporate opportunity, or a duty of loyalty) owed to the Company or any other member of the Company Group or any of their respective equity holders, including obtaining any personal profit or gain not disclosed in advance to, and approved by, the Board in connection with any transaction entered into by, or on behalf of, or in relation to, any member of the Company Group, (viii) the Executive commits any harassment, discrimination, act of serious moral turpitude or similar conduct, or (ix) the Executive uses illegal drugs (whether or not at the workplace) or other conduct, even if not in conjunction with the Executive's duties hereunder, which could reasonably be expected to, or which does, cause any member of the Company Group public disgrace or disrepute or economic harm. Under no circumstances will the Company's decision not to extend the Initial Term, or any subsequent Renewal Term, be considered to be termination without "Cause" under this Agreement.

(e) **Good Reason** means (i) a material breach of any of the provisions of this Agreement, or (ii) greater than a 20% reduction of the Executive's Base Salary. In no event will the Company's decision not to extend the Initial Term, or any subsequent Renewal Term, be considered Good Reason" under this Agreement.

(f) **Person** means any individual, partnership, a limited partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or other business entity or a governmental body.

(g) **Restricted Territory** means any state in which the Company Group conducts the Business, or is in active development to conduct the Business, during the Employment Period.

23. **[Intentionally Omitted]**.

24. **[Intentionally Omitted]**.

25. **Third-Party Beneficiaries**. This Agreement is for the benefit of the Parties and each member of the Company Group and their respective successors, permitted assigns, and Affiliates (for

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enforcement purposes only with respect to such Affiliates) and this Agreement shall be enforceable by any such Person.

26. **280G**. Notwithstanding anything contained in this Agreement to the contrary to the extent that any of the payments and benefits provided for under this Agreement together with any payments or benefits under any other agreement or arrangement between the Company and the Executive (collectively, the "Payments") would constitute a "parachute payment" within the meaning of Section 280G of the Code, the amount of such Payments shall be reduced to the amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code. In the event the Payments are reduced under this Section 25, such Payments shall be reduced as follows: (a) first, cash payments, in reverse chronological order, (b) next, payment or reimbursement of medical premiums incurred pursuant to an election to continue medical coverage under Section 4980B of the Code and Sections 601 through 608, inclusive, of ERISA and (c) last, accelerated vesting of unvested equity awards, if applicable. All determinations required to be made under this Section 25, including whether a payment would result in an "excess parachute payment" and the assumptions utilized in arriving at such determination, shall be made by an accounting firm selected by the Company, using reasonable good faith assumptions.

27. **Indemnification**. The Executive shall be entitled to indemnification from the Company as provided in the Company's By-laws, Articles of Incorporation and the Indemnification Agreement attached as Exhibit B hereto.

28. **Costs and Expenses**. Each Party shall bear its own costs and expenses, including the costs and expenses of its own attorneys, accountants and financial advisors representing it in connection with the negotiation and preparation of this Agreement.

29. **WAIVER OF JURY TRIAL**. THE EXECUTIVE AND THE COMPANY EXPRESSLY WAIVE ANY RIGHT EITHER MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION OR DEFENSE BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES OR THE CESSATION OF SUCH RELATIONSHIP.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the Executive and the Company have executed this Employment Agreement as of the day and year first above written.

COMPANY:

TOI MANAGEMENT, LLC

By: _____

Name: _____

Title: _____

EXECUTIVE:

Jeremy Castle

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EXHIBIT A

RELEASE OF CLAIMS AGREEMENT

This RELEASE OF CLAIMS AGREEMENT (the "Release") is executed on [_____] [__], 20[__], by and among the undersigned (the "Releasor"), and TOI Management, LLC, a Delaware limited liability company (together with its direct and indirect subsidiaries, the "Company"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such term in the Employment Agreement (as defined below).

WITNESSETH:

WHEREAS, the Company and the Releasor are parties to that certain Employment Agreement, dated September 5, 2023 (the "Employment Agreement");

WHEREAS, pursuant to Section 5(a) and Section 5(b) of the Employment Agreement, the execution and delivery by the Releasor of this Release is a condition precedent to the payment of the Severance Payments; and

WHEREAS, the Releasor has made an independent, voluntary and informed decision that the transactions contemplated by this Release are in the Releasor's best interests.

NOW, THEREFORE, in consideration of the mutual promises and covenants between the Parties, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and incorporating the recitals set forth above, the Releasor agrees as follows:

1. **Release.** The Releasor makes this Release on behalf of the Releasor and the Releasor's successors, assigns, heirs, beneficiaries, executors, administrators, creditors, representatives, agents and Affiliates (the "Releasing Parties"). The Release is given to the Company and its parents, subsidiaries, Affiliates, partners, and each of their predecessors, successors, and assigns and each and all of their respective past, present or future members, officers, directors, equity holders, trustees, representatives, employees, principals, agents, insurers, partners, lenders, attorneys, and other advisors; and any employee benefit plan established or maintained by the foregoing entities and their plan administrators (collectively, the "Released Parties"). In consideration of the promises and covenants set forth herein and in the Employment Agreement, Releasor hereby fully, finally and irrevocably releases, acquires and forever discharges the Released Parties forever and unconditionally of and from any and all commitments, actions, debts, sums of money, claims, counterclaims, suits, causes of action, damages, penalties, demands, liabilities, obligations, costs, expenses, contracts, covenants, controversies, agreements, promises, judgments and compensation of every kind and nature whatsoever, past, present or future, at law or in equity, whether known or unknown, contingent or otherwise, existing or claimed to exist, which such Releasing Parties, or any of them, had, has or may have had at any time arising from the beginning of time through the date Releasor signs this Release, against the Released Parties, or any of them, including those relating to or arising out of or from the Employment Agreement or the Releasor's service as an employee, officer and/or director of the Company and the Releasor's termination of employment thereof (the "Claims"). The Claims include Claims for (a) the payment of Base Salary; Bonus; employee benefits; lost wages or benefits; any other compensation or benefits; compensatory damages; punitive damages; penalties; attorneys' fees or costs; equitable relief; or any other form of damages or relief; (b) any discrimination claim based on race, religion, color, national origin, age, sex, sexual orientation or preference, disability,

or other protected classification under the federal, state, municipal, or local laws of employment, including those arising under the common law, and any alleged violation of the Age Discrimination and Employment Act of 1967 ("ADEA"), the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Civil Rights Act of 1991, Americans With Disabilities Act, the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the Family and Medical Leave Act, the Occupational Safety and Health Act, or the Worker Adjustment and Retraining Notification Act, all as amended, and any other law; (c) wrongful termination, back pay, or future wage loss; (d) any other claim, whether in tort, contract or otherwise; and/or (e) any claim for costs, fees or other expenses, including attorneys' fees. Nothing herein shall be deemed to release the Released Parties or any of them hereunder from and the term "Claim" shall exclude (i) any claims or

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other rights that either Party may have arising from a breach by the other Party of its obligations set forth in this Release, (ii) any claim, right or remedy of any of the Releasing Parties under, related to, arising out of or in connection with the provisions of the Employment Agreement that survive the termination of the Releasor's employment, or any of the Released Parties' obligations under any such agreements in this subsection (ii), (iii) the Company's obligations to make the Severance Payments set forth in the Employment Agreement or to provide benefits under any other plan of the Company, or (iii) any claims or rights that cannot be waived or released as a matter of law.

2. Release of Unknown Claims. The Releasor represents that the Releasor is not aware of any claims other than the claims that are released by this Agreement. The Releasor expressly acknowledges and agrees that the releases herein are general in nature and as broad as may be granted under applicable law, and that this Agreement fully and finally settles and forever resolves all of the claims released hereby, even those which are unknown, unanticipated or unsuspected. Upon the advice of legal counsel, the Releasor hereto hereby acknowledges that the Releasor understands, and expressly waives, all benefits and protections under Section 1542 of the Civil Code of California, as well as under any other statutes, legal decisions or common law principles of similar effect to the extent that such benefits or protections may contravene the provisions of this Agreement. Section 1542 of the Civil Code of California states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Releasor hereto acknowledges that the foregoing waiver was separately bargained for and is a key element and material term of this Agreement.

3. Representations. Except as set forth on Schedule 1 attached hereto, the Releasor represents and warrants that the Releasor (a) has not filed, and there is not pending with any governmental agency or, any state or federal court, or any other forum, any charge or Claim against any of the Released Parties, and (b) is not aware of any facts that could give rise to a charge or Claim against any of the Released Parties.

4. No Assignment of Claims. The Releasor hereby represents to the Released Parties that the Releasor (a) is the sole owner of the Claims, (b) has not assigned any Claims or possible Claims against any Released Party, (c) fully intends to release all Claims against the Released Parties, including unknown and contingent Claims, (d) has the full right and power to grant, execute, and deliver the full and complete releases, undertakings, and agreements herein contained, and (e) has consulted with counsel with respect to the execution and delivery of this Release and has been fully apprised of the consequences hereof.

5. Covenant Not to Sue. The Releasor covenants and agrees not to institute, or to authorize any person on behalf of the Releasor to institute, any action or proceeding against any of the Released Parties with respect to the released Claims. The Releasor understands that nothing contained in this Agreement limits Releasor's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local government agency or commission (collectively, the "Government Agencies"). However, the Releasor also understands that the Releasor is waiving Releasor's right to recover monetary damages or other individual relief in connection with any such charge, but not Releasor's right to receive an award pursuant to any whistleblower provisions for information provided to any Government Agencies, consistent with applicable law. The Releasor further understands that this Agreement does not limit Releasor's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

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6. Remedies. Subject to Section 7, the Releasor understands and agrees that, if the Releasor violates any of the commitments made in this Release, the Company may seek to recover the Severance Payments and the Releasor agrees to pay the actual attorney's fees and expenses incurred by the Released Parties in enforcing this Release or in defending a released Claim. However, nothing herein shall affect the Company's rights to seek restitution, recoupment or setoff or any other remedy in connection with any challenge related to the validity of the release under ADEA.

7. ADEA Rights. In compliance with the Releasor's statutorily protected rights under the ADEA, no penalty, condition precedent (including any requirement that the Releasor tender back the Severance Payments) or other limitation shall be imposed if the Releasor challenges the waiver of rights under Section 1 or covenant not to sue pursuant to Section 5 under the ADEA on the grounds that the waiver or covenant not to sue was not made knowingly and voluntarily. This Section 7 shall apply notwithstanding any other provision in the Release. The Releasor hereby acknowledges that the Company has informed the Releasor that the Releasor has up to twenty-one (21) days to sign this Release and the Releasor may knowingly and voluntarily waive all or any part of that twenty-one (21) day period by signing this Release earlier. The Releasor also understands that the Releasor shall have seven (7) days following the date on which the Releasor signs this Release within which to revoke it by providing a written notice of the Releasor's revocation to the Company at the following address: 18000 Studebaker Rd., STE 800, Cerritos, CA 90703. If this Release is not revoked during that seven (7) day period, it shall become final and binding.

8. Adequacy of Information. The Releasor hereby represents and warrants that the Releasor has access to adequate information regarding the scope and effect of the release set forth herein, and all other matters encompassed by this Release, to make a voluntary, informed, and knowledgeable decision with regard to entering into this Release. The Releasor further represents and warrants that the Releasor has not relied upon the Company in deciding to enter into this Release and has instead made the Releasor's own independent analysis and decision to enter into this Release. The Company has advised, and hereby advises, the Releasor to consult an attorney prior to executing this Release which contains a general release and waiver.

9. Sufficiency of Consideration. The Releasor acknowledges and agrees that the obligations of the Released Parties pursuant to the Employment Agreement and the covenants contained therein provide good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Release.

10. Law Governing; Dispute Resolution. The Releasor and the Company, each represented by legal counsel in drafting and negotiating this Release, agree that this Release, and all claims and disputes arising in connection with this Release, or the negotiation, breach, termination, performance or validity hereof or the transactions contemplated hereby, shall be governed by and construed in accordance with the laws of the State of California, without giving effect to the conflicts of laws principles thereof. Any claim or dispute arising out of or relating to this Release, or the negotiation, breach, termination, performance or validity hereof or the transactions contemplated hereby, shall be resolved solely and exclusively in accordance with the terms of the Employment Agreement.

11. Interpretation. Each Party has been represented by counsel in connection with this Release and each provision of this Release shall be interpreted and construed as if it were equally and jointly drafted by the Parties.

12. Severability. Subject to Section 7, if any term or other provision of this Release is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, the Company may elect to enforce the remainder of the Release or cancel it and seek to recover any consideration paid to the Releasor if the Releasor has violated this Release.

13. Counterparts and Facsimile Signatures. This Release may be executed in two or more counterparts (including by means of facsimile or electronically transmitted portable document format (.PDF) signature pages), each of which shall be deemed to be an original, but all of which together shall constitute and be one and the same instrument; provided, that facsimile or electronically transmitted

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signatures of this Release shall be deemed to be originals. Counterpart signatures need not be on the same page.

14. Entire Agreement. This Release and the Employment Agreement contain the entire understanding and agreement between and among the Parties with respect to the subject matter hereof.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties have made and entered into this Release of Claims Agreement the date first hereinabove set forth.

COMPANY:

TOI MANAGEMENT, LLC.

By: _____

Name: _____

Title: _____

RELEASOR:

Jeremy Castle

Schedule 1

[TO BE UPDATED/PROVIDED ON EFFECTIVE/EXECUTION DATE OF THE RELEASE]

EXHIBIT B
FORM OF INDEMNIFICATION AGREEMENT

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, Dan Virnich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended **June 30, 2023** **September 30, 2023** 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: **August 9, November 8, 2023**

/s/ Dan Virnich

 Dan Virnich
Chief Executive Officer

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 **June 30, 2023** September 30, 2023 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: **August 9, November 8, 2023**

/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 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan 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:

November 8, 2023

/s/ Dan Virnich

Dan 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 **June 30, 2023** **September 30, 2023**, 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:

August 9, November 8, 2023

/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.

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 June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan 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: August 9, 2023

/s/ Dan Virnich
Dan 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.

DISCLAIMER

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