

**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, 2022

OR

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

For the transition period from _____ to _____

Commission file number 001-39248

The Oncology Institute, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-3562323

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

18000 Studebaker Rd, Suite 800

Cerritos California

90703

(Address of Principal Executive Offices)

(Zip Code)

(562) 735-3226

Registrant's telephone number, including area code

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

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

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

Indicate by check mark 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 9, 2022, the registrant had 72,140,372 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)

	June 30, 2022 (Unaudited)	December 31, 2021
Assets		
Current assets:		
Cash (includes restricted cash of \$0 and \$875 as of June 30, 2022 and December 31, 2021)	\$ 64,208	\$ 115,174
Accounts receivable	28,947	20,007
Other receivables	422	1,237
Inventories, net	8,580	6,438
Prepaid expenses	10,048	11,200
Total current assets	112,205	154,056
Property and equipment, net	6,014	4,192
Operating right of use assets	17,255	—
Intangible assets, net	19,383	18,245
Goodwill	34,476	26,626
Other assets	407	320
Total assets	\$ 189,740	\$ 203,439
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of operating lease liabilities	\$ 4,486	\$ —
Current portion of long-term debt	—	183
Accounts payable	13,900	15,559
Income taxes payable	132	132
Accrued expenses and other current liabilities	17,610	13,924
Total current liabilities	36,128	29,798
Operating lease liabilities	14,614	—
Derivative warrant liabilities	1,589	2,193
Derivative earnout liabilities	9,778	60,018
Other non-current liabilities	3,146	6,900
Deferred income taxes liability	502	371
Total liabilities	65,757	99,280
Commitments and contingencies (Note 15)	—	—
Stockholders' equity:		
TOI Common shares, \$0.0001 par value, authorized 500,000,000 shares; 71,980,872 and 73,249,042 shares issued and outstanding at June 30, 2022 and December 31, 2021	7	7
TOI Convertible Series A Common Equivalent Preferred Shares, \$0.0001 par value, authorized 10,000,000 shares; 166,640 shares and 163,510 issued and outstanding at June 30, 2022 and December 31, 2021	—	—
Additional paid-in capital	173,377	167,386
Accumulated deficit	(49,401)	(63,234)
Total stockholders' equity	123,983	104,159
Total liabilities, cumulative preferred shares and stockholders' equity	\$ 189,740	\$ 203,439

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 \$62,887 and \$42,332 as of June 30, 2022 and December 31, 2021, 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 \$121,983 and \$79,579 as of June 30, 2022 and December 31, 2021, respectively. See Note 17 for further details.

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue				
Patient services	\$ 39,109	\$ 29,786	\$ 74,166	\$ 59,408
Dispensary	20,218	17,782	38,897	35,400
Clinical trials & other	1,594	2,276	3,019	3,616
Total operating revenue	60,921	49,844	116,082	98,424
Operating expenses				
Direct costs – patient services	32,875	23,574	60,253	46,660
Direct costs – dispensary	16,754	15,237	32,078	30,360
Direct costs – clinical trials & other	150	143	287	312
Selling, general and administrative expense	28,348	11,212	58,154	22,390
Depreciation and amortization	1,098	794	2,085	1,571
Total operating expenses	79,225	50,960	152,857	101,293
Loss from operations	(18,304)	(1,116)	(36,775)	(2,869)
Other non-operating expense (income)				
Interest expense	61	81	135	182
Change in fair value of derivative warrant liabilities	(2,065)	—	(604)	—
Change in fair value of earnout liabilities	(10,800)	—	(50,240)	—
Gain on debt extinguishment	—	(5,186)	(183)	(5,186)
Other, net	(15)	4	136	(1,072)
Total other non-operating income	(12,819)	(5,101)	(50,756)	(6,076)
Income before provision for income (loss) taxes	(5,485)	3,985	13,981	3,207
Income tax benefit (expense)	32	(780)	(148)	(998)
Net income (loss)	\$ (5,453)	\$ 3,205	\$ 13,833	\$ 2,209
Net income (loss) per share attributable to common stockholders:				
Basic	\$ (0.06)	\$ 0.05	\$ 0.15	\$ 0.03
Diluted	\$ (0.06)	\$ 0.05	\$ 0.15	\$ 0.03
Weighted-average number of shares outstanding:				
Basic	72,996,836	66,021,829	73,123,895	64,446,377
Diluted	72,996,836	66,021,829	76,106,201	64,446,377

See accompanying notes to the condensed consolidated financial statements.

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

	Common stock		Preferred stock		Additional paid in capital	Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
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

	Legacy TOI preferred stock		Legacy TOI common stock		Common stock		Preferred stock		Additional paid in capital	Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2020 (as previously reported)	11,451	\$ 100	—	\$ —	—	\$ —	—	\$ —	\$ 294	\$ (52,307)	\$ (52,013)
Retroactive application of the recapitalization due to the Business Combination (refer to Note 1)	(11,451)	(100)	—	—	59,160,192	6	—	—	80,108	—	80,114
Balance at December 31, 2020, effect of Business Combination (refer to Note 1)	—	\$ —	—	\$ —	59,160,192	\$ 6	—	\$ —	\$ 80,402	\$ (52,307)	\$ 28,101
Net loss	—	—	—	—	—	—	—	—	—	(996)	(996)
Legacy TOI preferred stock issued and issuance of common stock	—	—	—	—	6,861,637	1	—	—	19,998	—	19,999
Share-based compensation expense	—	—	—	—	—	—	—	—	42	—	42
Balance at March 31, 2021	—	\$ —	—	\$ —	66,021,829	\$ 7	—	\$ —	\$ 100,442	\$ (53,303)	\$ 47,146
Net income	—	—	—	—	—	—	—	—	—	3,205	3,205
Share-based compensation expense	—	—	—	—	—	—	—	—	51	—	51
Balance at June 30, 2021	—	\$ —	—	\$ —	66,021,829	\$ 7	—	\$ —	\$ 100,493	\$ (50,098)	\$ 50,402

See accompanying notes to the condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 13,833	\$ 2,209
Adjustments to reconcile net income to cash and restricted cash used in operating activities:		
Depreciation and amortization	2,085	1,571
Amortization of debt issuance costs	—	35
Share-based compensation	15,067	93
Decrease in fair value of liability classified warrants	(604)	—
Decrease in fair value of liability classified earnouts	(50,240)	—
Deferred taxes	131	221
Gain on debt extinguishment	(183)	(5,186)
Bad debt expense	259	(722)
Loss on disposal of property and equipment	14	—
Changes in operating assets and liabilities, net of business combinations:		
Accounts receivable	(9,200)	(1,794)
Inventories	(1,733)	(272)
Other receivables	815	(390)
Prepaid expenses	1,152	249
Other current assets	—	(6,085)
Operating lease right-of-use assets	2,191	—
Other assets	(86)	(60)
Accrued expenses and other current liabilities	2,562	1,487
Income taxes payable	—	634
Accounts payable	(1,658)	951
Current and long-term operating lease liabilities	(1,767)	—
Other non-current liabilities	2	393
Net cash and restricted cash used in operating activities	(27,360)	(6,666)
Cash flows from investing activities:		
Purchases of property and equipment	(2,344)	(1,026)
Purchases of intangible asset in practice acquisitions	—	(200)
Cash paid for practice acquisitions, net	(8,920)	(827)
Net cash and restricted cash used in investing activities	(11,264)	(2,053)
Cash flows from financing activities:		
Payments made for financing of insurance payments	(2,481)	—
Payment of deferred consideration liability for acquisition	(759)	—
Principal payments on long-term debt	—	(2,094)
Principal payments on financing leases	(26)	(16)
Common stock repurchase	(9,000)	—
Common stock issuance	337	—
Taxes for common shares net settled	(413)	—
Issuance of Legacy TOI preferred stock	—	20,000
Net cash and restricted cash (used in) provided by financing activities	(12,342)	17,890
Net (decrease) increase in cash and restricted cash	(50,966)	9,171
Cash and restricted cash at beginning of period	115,174	5,998
Cash and restricted cash at end of period	\$ 64,208	\$ 15,169
Supplemental disclosure of noncash investing and financing activities:		
Deferred consideration as part of practice acquisitions	\$ 2,000	\$ 1,118
Supplemental disclosure of cash flow information:		
Interest and principal forgiven from Paycheck Protection Program loans	\$ 183	\$ 5,186
Cash paid for:		
Income taxes	\$ 25	\$ 253
Interest	\$ 135	\$ 137

See accompanying notes to the condensed consolidated financial statements.

THE ONCOLOGY INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of June 30, 2022 and December 31, 2021 and for the three and six months ended June 30, 2022 and 2021
(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 three wholly-owned subsidiaries, TOI Parent, Inc. ("TOI Parent"), TOI Acquisition, LLC ("TOI Acquisition") and TOI Management, LLC ("TOI Management"). Additionally, TOI Management holds master services agreements with affiliated physician-owned professional entities ("TOI PCs") that confer controlling financial interest over the professional entities and their wholly-owned subsidiaries (TOI PCs, together with TOI, the "Company").

On November 12, 2021 ("Closing Date"), the Business Combination closed following a series of mergers, which resulted in DFPH emerging as the parent of the combined entity Orion Merger Sub II, LLC and TOI Parent (together, "Legacy TOI"). DFPH was renamed "The Oncology Institute, Inc." and common stock and "Public Warrants" continued to be listed on Nasdaq under the ticker symbols "TOI" and "TOIHW," 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, transfusions, and other care delivery models traditionally associated with non-community-based academic and tertiary care settings. In addition, the Company, through its consolidating subsidiary Innovative Clinical Research Institute, LLC ("ICRI"), performs cancer clinical trials through a network of cancer care specialists. ICRI conducts clinical trials for a broad range of pharmaceutical and medical device companies from around the world.

The Company has 93 oncologists and mid-level professionals across 55 clinic locations located within five states: California, Florida, Arizona, Nevada, and Texas. The Oncology Institute CA, a Professional Corporation ("TOI CA"), one of the TOI PCs, is comprised of the clinic locations in California, Nevada, and Arizona. The Company has contractual relationships with multiple payors, serving Medicare, including Medicare Advantage, MediCal, 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 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 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, 2021, issued on March 11, 2022.

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.

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 Income (Operations).

The Company holds variable interests in clinical practices, TOI PCs, for which it cannot legally own, as a result of entering into master services agreements ("MSAs"). As of June 30, 2022, TOI held variable interest in TOI CA, The Oncology Institute FL, LLC, a Professional Corporation ("TOI FL,"), and The Oncology Institute TX, a Professional Corporation ("TOI TX"), all of which are VIEs. The Company is the primary beneficiary of the TOI PCs and thus, consolidates the TOI PCs in its financial statements. As discussed in Note 17, the shareholders of the Company's consolidating VIEs own a minority of the issued and outstanding common shares of the Company.

Business Combinations

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

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

Segment Reporting

The Company presents the financial statements by segment in accordance with Accounting Standard Codification Topic No. 280, *Segment Reporting* ("ASC 280") to provide investors with transparency into how the chief operating decision maker ("CODM") manages the business. The Company determined the CODM is its Chief Executive Officer. The CODM reviews financial information and allocates resources across three operating segments: patient care, 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 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, 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. Basic and diluted net income (loss) per share has been retrospectively adjusted for all periods presented prior to the Business Combination. The retroactive adjustment is based on the same number of weighted average shares outstanding in each historical period.

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, earnout shares (defined in Note 14), public warrants and private placement warrants. For periods where the Company has net losses, diluted net loss per share is the same as basic net loss per share because inclusion of potential common shares in the diluted net loss per share calculation has an antidilutive effect.

The treasury stock method is used to calculate the potentially dilutive effect of stock options, RSUs, public warrants and private placement warrants. The earnout shares are contingently issuable; therefore, the earnout shares are excluded from basic and diluted EPS until the market conditions have been met (see more detail on the earnout shares in Note 14). 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 Accounting Standards Codification Topic No. 820, *Fair Value Measurements* (“ASC 820”). The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels (see Note 7 for further discussion):

Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

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

Leases

On January 1, 2022, the Company adopted Accounting Standards Update 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 and financing leases for various clinical and non-clinical equipment.

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

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

The Company displays ROU assets, current lease liabilities, and long term lease liabilities arising from operating leases as separate line items on the condensed consolidated balance sheet. The Company includes ROU assets, current lease liabilities, and long term lease liabilities arising from finance leases within property and equipment, net; accrued expenses and other current liabilities; and other non-current liabilities. As a result of the Company’s adoption of ASC 842, the Company recorded an initial adjustment to the opening balance sheet of \$16,439 to operating ROU assets, \$3,970 to current portion of operating lease liabilities, \$13,796 to long term operating lease liabilities, \$43 to property and equipment, net; \$19 to other current liabilities; and \$21 to other non-current liabilities. The impact of ASC 842 was not material to the Condensed Consolidated Statement of Income (Operations).

Other

In May 2021, the FASB issued Accounting Standards Update 2021-04, *Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options* (“ASU 2021-04”). The guidance in ASU 2021-04 requires the issuer to treat a modification of an equity-classified written call option that does not cause the option to become liability-classified as an exchange of the original option for a new option. This guidance applies whether the modification is structured as an amendment to the terms and conditions of the option or as termination of the original option and issuance of a new option. The Company adopted ASU 2021-04 as of January 1, 2022. The adoption of this guidance did not have a material impact on the Company’s consolidated financial position or results of operations.

Recently Issued Accounting Standards

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life, instead of when incurred. In November 2018, the FASB issued Accounting Standard Update 2018-19, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses* (“ASU 2018-19”), which amends Subtopic 326-20 (created by ASU 2016-13) to explicitly state that operating lease receivables are not in the scope of Subtopic 326-20. Additionally, in April 2019, the FASB issued Accounting Standard Update 2019-04, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* (“ASU 2019-04”); in May 2019, the FASB issued Accounting Standards Update 2019-05, *Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief* (“ASU 2019-05”); and in November 2019, the FASB issued Accounting Standards Update 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments — Credit Losses* (“ASU 2019-10”), to provide further clarifications on certain aspects of ASU 2016-13 and to extend the nonpublic entity effective date of ASU 2016-13. The changes (as amended) are effective for the Company for annual and interim periods in fiscal years beginning 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. While the Company expects its allowance for credit losses to increase upon adoption of ASU 2016-13, the Company does not expect the adoption of ASU 2016-13 to have a material effect on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (“ASU 2019-12”), which amends ASC 740, Income Taxes. This new standard is intended to simplify accounting for income taxes by removing certain exceptions to the general principles in ASC 740 and amending existing guidance to improve consistent application of ASC 740. The new standard is effective for the Company beginning January 1, 2022, and for interim periods beginning January 1, 2023. The guidance in the new standard has various elements, some of which are applied on a prospective basis and others on a retrospective basis with earlier application permitted. The Company is currently evaluating the effect of ASU 2019-12 on the Company’s consolidated financial statements and related disclosures.

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. 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.

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 and accounts receivable.

Cash accounts in a financial institution may, at times, exceed the Federal Deposit Insurance Corporation (“FDIC”) 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.

Revenue Concentration Risk

The concentration of net revenue on a percentage basis for major payors for the three and six months ended June 30, 2022 and 2021 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Percentage of Net Revenue:				
Payor A	14 %	17 %	15 %	17 %
Payor B	17 %	14 %	17 %	14 %

The concentration of gross receivables on a percentage basis for major payors at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Percentage of Gross Receivables:		
Payor B	19 %	19 %
Payor C	13 %	14 %

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, 2022 and 2021 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Percentage of Cost of Sales:				
Vendor A	55 %	50 %	54 %	49 %
Vendor B	43 %	48 %	44 %	49 %

The concentration of gross payables on a percentage basis for major payors at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Percentage of Gross Payables:		
Vendor B	45 %	47 %
Vendor A	33 %	39 %

COVID-19 Pandemic

In January 2020, the Secretary of the U.S. Department of Health and Human Services ("HHS") declared a national public health emergency due to a novel strain of coronavirus ("COVID-19"). In March 2020, the World Health Organization declared the outbreak of COVID-19, a disease caused by this coronavirus, a pandemic. The resulting measures to contain the spread and impact of COVID-19 and other developments related to COVID-19 have affected the Company's results of operations during 2022. Where applicable, the impact resulting from the COVID-19 pandemic during the three and six months ended June 30, 2022 has been considered, including updated assessments of the recoverability of assets and evaluation of potential credit losses. As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist healthcare providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020, the Paycheck Protection Program and Health Care Enhancement Act (the "PPHCE Act"), which was enacted on April 24, 2020, and the Consolidated Appropriations Act, 2021 (the "CAA"), which was enacted on December 27, 2020. In total, the CARES Act, PPHCE Act and the CAA authorize \$178,000,000 in funding to be distributed to hospitals and other healthcare providers through the Public Health and Social Services Emergency Fund (the "PHSSEF"). In addition, the CARES Act provides for an expansion of the Medicare Accelerated and Advance Payment Program whereby inpatient acute care hospitals and other eligible providers were able to request accelerated payment of up to 100% of their Medicare payment amount for a six-month period to be repaid through withholding of future Medicare fee-for-service payments. Various other state and local programs also exist to provide relief, either independently or through distribution of monies received via the CARES Act. During the year ended December 31, 2021, the Company was a beneficiary of these stimulus measures. The Company's accounting policies for the recognition of these stimulus monies is as follows.

The Company directly received \$4,993 in Paycheck Protection Program ("PPP") loans under the CARES Act and indirectly received an additional \$332 in PPP loans through acquisitions (see Note 16). PPP loans may be eligible for forgiveness if the funds were used for eligible payroll costs, payments on business mortgage interest payments, rent, or utilities during either the 8- or 24-week period after disbursement. The Company elected to account for the loans as current debt until such loans were forgiven. Forgiveness for \$5,142 of the PPP loans was received during the year ended December 31, 2021. As of June 30, 2022, the balance of all PPP loans has been forgiven. As such, the Company recognized the loan principal balance and accrued interest as a gain on debt extinguishment in the Condensed Consolidated Statement of Income (Operations).

The Company received \$2,727 from CMS under the Accelerated and Advance Payment Program which is an advance on future Medicare payments and will be recouped from future payments due to the Company by Medicare after 120 days. Effective October 1, 2020, the program was amended such that providers are required to repay accelerated payments beginning one year after the payment was issued. After such one-year period, Medicare payments owed to providers will be recouped against Medicare payments according to the repayment terms. As of December 31, 2021, the Medicare accelerated payments are reflected within accrued expenses and other current liabilities in the condensed consolidated balance sheets. As of June 30, 2022, the Company repaid all advances received from CMS under the Accelerated and Advance Payment Program.

The Company received funding from United States Department of HHS as part of the Provider Relief Funding under the CARES Act. Provider Relief Funding is paid in the form of a grant and does not require repayment if used to cover lost revenue, as defined, attributable to COVID-19 and healthcare-related expenses, as defined, including qualifying direct labor, paid or purchased to prevent, prepare for, and respond to COVID-19. Under International Accounting Standard No. 20, *Accounting for Government Grants* ("IAS 20"), grants are recognized when an entity has reasonable assurance that 1) it will comply with the relevant conditions and 2) the grant will be received. The Company recognized \$0 in other income related to the HHS funding during the three and six months ended June 30, 2022, and recognized \$1,023 in other income related to HHS funding during the three and six months ended June 30, 2021 by applying IAS 20 by analogy.

Note 4. Accounts Receivable and Notes 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.

Accounts Receivable as of June 30, 2022 and December 31, 2021 consist of the following:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Oral drug accounts receivable	\$ 2,933	\$ 2,097
Capitated accounts receivable	518	665
FFS accounts receivable	19,985	12,530
Clinical trials accounts receivable	2,029	1,823
Other trade receivables	3,482	2,892
Total	\$ 28,947	\$ 20,007

During the three and six months ended June 30, 2022, the Company had net reversals of bad debt recoveries of \$105 and \$82, respectively and bad debt expense of \$0, and \$177, respectively. Bad debt write-offs were a result of accounts receivable on completed contracts that were deemed uncollectible during the period due to delayed collection efforts. During the three and six months ended June 30, 2021, the Company had bad debt recoveries of \$722. There was no bad debt expense recognized during the three and six months ended June 30, 2021.

Note 5. Revenue

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

Disaggregation of Revenue

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

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Patient services				
Capitated revenue	\$ 13,944	\$ 12,897	\$ 28,460	\$ 25,227
FFS revenue	25,165	16,889	45,706	34,181
Subtotal	39,109	29,786	74,166	59,408
Dispensary revenue	20,218	17,782	38,897	35,400
Clinical research trials and other revenue	1,594	2,276	3,019	3,616
Total	\$ 60,921	\$ 49,844	\$ 116,082	\$ 98,424

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, 2022 and December 31, 2021. Refer to Note 4 for accounts receivable as of June 30, 2022 and December 31, 2021.

Contract liabilities represent cash that has been received for contracts, but for which performance is still unsatisfied. As of June 30, 2022 and December 31, 2021, contract liabilities amounted to \$1,348 and \$220, 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, 2022 and December 31, 2021 were as follows:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Oral drug inventory	\$ 2,877	\$ 1,484
IV drug inventory	5,703	4,954
Total	\$ 8,580	\$ 6,438

Note 7. Fair Value Measurements and Hierarchy

See Note 2 for a summary of the Company's policies relating to fair value measurements.

The following table presents the carrying amounts of the Company's financial instruments at June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	June 30, 2022		December 31, 2021	
Financial assets:				
Cash and restricted cash	\$	64,208	\$	115,174
Accounts receivable		28,947		20,007
Other receivables		422		1,237
Financial liabilities:				
Accounts payable	\$	13,900	\$	15,559
Derivative warrant liabilities		1,589		2,193
Earnout liabilities		9,778		60,018

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 following table presents information about the Company's Level 3 liabilities that are measured at fair value on a recurring basis at June 30, 2022:

<i>(in thousands)</i>	Derivative Warrant Liability		Earnout Liability	
Balance at December 31, 2021	\$	2,193	\$	60,018
Change in fair value included in other expense		(604)		(50,240)
Balance at June 30, 2022	\$	1,589	\$	9,778

The 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. The primary unobservable input utilized in determining the fair value of the warrant and earnouts is the expected volatility of the common stock. A summary of the inputs used in valuing the derivative warrant and earnout liabilities is as follows:

	June 30, 2022			December 31, 2021		
	Derivative Warrant Liability	First Tranche Earnout	Second Tranche Earnout	Derivative Warrant Liability	First Tranche Earnout	Second Tranche Earnout
Unit price	\$ 5.06	\$ 5.06	\$ 5.06	\$ 9.75	\$ 9.75	\$ 9.75
Term (in years)	4.37	1.36	1.75	4.87	1.87	2.87
Volatility	37.40 %	45.00 %	45.00 %	12.80 %	35.00 %	35.00 %
Risk-free rate	2.98 %	2.95 %	2.95 %	1.24 %	0.94 %	0.94 %
Dividend yield	—	—	—	—	—	—
Cost of equity	—	14.00 %	14.00 %	—	11.14 %	11.14 %

There were no transfers between fair value measurement levels during the three and six months ended June 30, 2022 and 2021.

Uncertainty of Fair Value Measurement from Use of Significant Unobservable Inputs

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

Generally, an increase in the market price of the Company's shares of common stock, an increase in the volatility of the Company's shares of common stock, and an increase in the remaining term of the derivative liabilities would each result in a directionally similar change in the estimated fair value of the Company's derivative liabilities. Such changes would increase the associated liability while decreases in these assumptions would decrease the associated liability. An increase in the risk-free interest rate would result in a decrease in the estimated fair value measurement and thus a decrease in the associated liability.

The Company has not, and does not plan to, declare dividends on its common stock and, as such, there is no change in the estimated fair value of the derivative warrant liabilities due to the dividend assumption.

Note 8. Property and Equipment, Net

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

Property and equipment, net, consist of the following:

<i>(in thousands)</i>	Useful lives	June 30, 2022	December 31, 2021
Computers and software	60 months	\$ 1,233	\$ 961
Office furniture	80 months	531	343
Leasehold improvements	Shorter of lease term or estimated useful life	4,706	3,387
Medical equipment	60 months	981	805
Construction in progress		1,011	518
Finance lease ROU assets	Shorter of lease term or estimated useful life	205	162
Less: accumulated depreciation		(2,653)	(1,984)
Total property and equipment, net		\$ 6,014	\$ 4,192

Depreciation expense for the three months ended June 30, 2022 and 2021 was \$359 and \$173, respectively. Depreciation expense for the six months ended June 30, 2022 and 2021 was \$673 and \$338, respectively.

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

Accrued expenses and other current liabilities as of June 30, 2022 and December 31, 2021 consist of the following:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Compensation, including bonuses, fringe benefits, and payroll taxes	\$ 4,279	\$ 3,325
Contract liabilities	1,348	262
Directors and officers insurance premiums	5,104	5,009
Deferred acquisition consideration (see Note 16)	3,459	2,359
Other liabilities	3,420	2,969
Total accrued expenses and other current liabilities	\$ 17,610	\$ 13,924

Contract liabilities as of June 30, 2022 and December 31, 2021 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, 2022, the remaining D&O principal balance was \$5,538, of which \$434 is due to be paid after June 30, 2023 and classified as an other non-current liability. Additionally, the Company includes \$2,550 of deferred consideration arising from acquisitions in other non-current liabilities to reflect when the deferred consideration will be paid (see Note 16 for details).

Note 10. Leases

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

The initial terms of operating leases range from 0 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 \$37. 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.

Lease Expense

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

<i>(in thousands)</i>	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Operating lease costs:	\$ 1,249	\$ 2,416
Finance lease costs:		
Amortization of ROU asset	\$ 13	\$ 27
Interest expense	\$ 1	\$ 3
Other lease costs:		
Short-term lease costs	\$ 103	\$ 212
Variable lease costs	\$ 222	\$ 427

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

Maturity of Lease Liabilities

The aggregate future lease payments for the Company's leases in years subsequent to June 30, 2022 are as follows:

<i>(in thousands)</i>	Operating Leases	Finance Leases
2022	\$ 2,604	\$ 28
2023	4,965	46
2024	4,324	38
2025	3,561	4
2026	2,659	1
Thereafter	3,246	—
Total future lease payment	\$ 21,359	\$ 117
Less: amount representing interest	(2,259)	(6)
Present value of future lease payment (lease liability)	\$ 19,100	\$ 111
Reported as:		
Lease liabilities, current	\$ 4,486	\$ 47
Lease liabilities, noncurrent	14,614	64
Total lease liabilities	<u>\$ 19,100</u>	<u>\$ 111</u>

Lease Term and Discount Rate

The following table provides the weighted average remaining lease terms and weighted average discount rates for the Company's leases as of June 30, 2022:

	June 30, 2022
Weighted-average remaining lease term (in years)	
Operating	4.90
Finance	2.37
Weighted-average discount rate	
Operating	4.17 %
Finance	4.42 %

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 months ended June 30, 2022.

<i>(in thousands)</i>	Six Months Ended June 30, 2022	
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash payment from operating leases	\$	2,382
Financing cash payments for finance leases		31
Lease liabilities arising from obtaining right-of-use assets:		
Operating leases	\$	20,347
Finance leases		40

Lease Modifications

During the three months ended June 30, 2022, the Company expanded its lease space and extended its lease term for a clinic in California, with a revised end date of April 1, 2029. This expansion and extension constitute a lease modification that qualifies as a change of accounting for the original lease and not a separate contract. Accordingly, in the three months ended June 30, 2022, the Company recognized the difference of \$531 as an increase to the operating lease liability, and \$531 as an increase to operating lease right-of-use asset. The modification did not affect rent expense.

During the six months ended June 30, 2022, the Company expanded its lease space and extended its lease term for two clinics in California. These expansions and extensions constitute lease modifications that qualify as a change of accounting for the original leases and not separate contracts. Accordingly, in the six months ended June 30, 2022, the Company recognized the difference of \$1,306 as an increase to the operating lease liability; \$1,213, net of lease incentives, as an increase to operating lease right-of-use asset, and \$3 as a decrease to rent expense.

Note 11. Debt

The Company recorded a PPP loan as a result of the acquisition of the practice of Leo E. Orr, MD on November 12, 2021 with Pacific Western Bank in the amount of \$183, with interest bearing at 1%. The maturity date of the loan is October 24, 2026. The application for the PPP funds required an entity to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the entity. This certification further required the entity to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the entity having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. During the six months ended June 30, 2022, the Company received notice of forgiveness of its PPP loan and accordingly has recognized the loan principal balance and accrued interest as a gain on debt extinguishment in the Condensed Consolidated Statement of Income (Operations).

Note 12. Income Taxes

The Company recorded income tax benefit of \$32 for the three months ended June 30, 2022, and income tax expense of \$148 for the six months ended June 30, 2022, as compared to income tax expense of \$780 for the three months ended June 30, 2021, and income tax expense of \$998 for the six months ended June 30, 2021. The decrease of \$812 and \$850, respectively, in income tax expense is primarily related to the corresponding increase in the valuation allowance for TOI. The Company's effective tax rate decreased to 1.06% for the six months ended June 30, 2022, from 31.12% for the six months ended June 30, 2021, primarily due to the increase of the valuation allowance.

The Company's effective tax rate for the six months ended June 30, 2022, 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 and earn out liability, non-deductible transaction costs, and Section 162(m) limitation on compensation for covered employees, which is not taxable for federal income tax purposes.

Note 13. Stockholders' Equity

The Condensed Consolidated Statements of Preferred Shares and Changes in Stockholders' Equity (Deficit) 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, 2021 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

Upon the Closing Date of the Business Combination on November 12, 2021, pursuant to the terms of the Amended and Restated Certificate of Incorporation, the Company authorized 500,000,000 shares of common stock with a par value of \$0.0001. As of June 30, 2022 and December 31, 2021, there were 71,980,872 and 73,249,042 shares, respectively, of common stock outstanding.

In connection with the Closing Date, all previously issued and outstanding shares of Legacy TOI preferred stock were converted into Legacy TOI common stock and received i) shares of Company common stock pursuant to a 591:1 ratio of Company common shares to Legacy TOI common shares (the "Common Stock Exchange Ratio") and ii) cash. The Company has retroactively adjusted shares issued and outstanding prior to November 11, 2021 to give effect to the Common Stock Exchange Ratio to determine the number of shares of common stock into which they were converted.

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, 2022.

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, 2022, there were 166,640 shares of preferred stock outstanding.

Conversion

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

Blocker/Beneficial Ownership Limitation

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

Voting

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

Dividends

The holders of preferred stock are entitled to receive dividends whenever funds are legally available and when declared by the board of directors on an as-converted basis. No dividends have been declared as of June 30, 2022.

Assumed Public Warrants and Private Placement Warrants

Following the consummation of the Business Combination, holders of the public warrants and private placement warrants are entitled to acquire common stock of the Company. The warrants became exercisable 30 days from the completion of the Business Combination, on December 12, 2021, and will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation. As of June 30, 2022, there are 5,749,986 public warrants outstanding and 3,177,542 private placement warrants outstanding.

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

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

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

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

Share Repurchase Program

On May 10, 2022, the Company's Board consented to the adoption and approval of the Share Repurchase Program, authorizing up to \$20,000 to be spent on the repurchase of the Company's common stock, expiring on December 31, 2022. The Company repurchased and immediately retired 1,500,000 shares of its common stock for \$9,000 from a related party (see Note 21) during the three months ended June 30, 2022. At June 30, 2022, \$11,000 of the Share Repurchase Program authorization remained available for repurchases.

Note 14. Share-Based Compensation

Non-Qualified Stock Option Plan

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

Stock Options are exercised from the pool of shares designated by the appropriate Committee of the Board of Directors. The grant-date fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The grant date fair value of the service vesting and the performance vesting options is recognized as an expense over the requisite service period 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 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, 2022, 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 10,822,981.

The weighted average assumptions used in the Black-Scholes-Merton option-pricing model for the units granted during the six months ended June 30, 2022 and 2021 Stock Options are provided in the following table:

	2022	2021
Valuation assumptions:		
Expected dividend yield	—%	—%
Expected volatility	35.0% to 45.0%	38.60% to 40.20%
Risk-free interest rate	2.33% to 2.84%	0.76% to 1.12%
Expected term (years)	6.07 to 6.65	7.00

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 months ended June 30, 2022 and 2021 is as follows:

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	1,550,485	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

Stock options	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (in thousands)
Balance at January 1, 2021	8,683,952	\$ 0.85		
Granted	1,182,218	1.08		
Exercised	—	—		
Forfeited	(665,034)	0.86		
Expired	—	—		
Balance at June 30, 2021	9,201,136	\$ 0.88	8.57	\$ —
Vested Options Exercisable at June 30, 2021	1,182,353	\$ 0.85	7.94	\$ —

Total share-based compensation expense during the three months ended June 30, 2022 and 2021 was \$2,826 and \$51, related to the Stock Options, respectively. Total share-based compensation expense during the six months ended June 30, 2022 and 2021 was \$6,081 and \$93, related to the Stock Options, respectively.

At June 30, 2022, there was \$26,461 of total unrecognized compensation cost related to unvested service Stock Options that are expected to vest. That cost is expected to be recognized over a weighted average period of 2.66 years. The total fair value of common shares vested during the six months ended June 30, 2022 and 2021 was \$6,304 and \$237, respectively.

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 will no longer be subject to the sale of the Company event in order to vest, but was modified to include service requirements only. The service vesting requirement states that: (i) 16.67% of the RSUs shall vest on the sixth month anniversary of the Closing Date, and (ii) the remaining 83.33% shall vest on an equal quarterly-basis, so long as the grantee has remained continuously employed by the Company from the date of the award through the third anniversary of the grant date. The Company treated the RSUs that were previously subject to performance conditions as a new award granted at the Closing Date. All RSAs activity was retroactively restated to reflect the RSUs.

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

The grant date fair value of the RSUs granted during three months ended June 30, 2022 and as of Closing Date was determined to be \$7.58 and \$10.98, respectively, based on the fair value of the Company’s common share at the grant date.

A summary of the activity for the RSUs and RSAs for the six months ended June 30, 2022 and 2021, respectively, are shown in the following tables:

	Number of Shares
Balance at January 1, 2022	1,291,492
Granted	1,413,159
Vested	(242,429)
Forfeited	(279,686)
Balance at June 30, 2022	2,182,536

	Number of Shares
Balance at January 1, 2021	1,390,839
Granted	—
Vested	—
Forfeited	(23,376)
Balance at June 30, 2021	1,367,463

The total share-based compensation expense during the three and six months ended June 30, 2022 was \$2,001 and \$3,492 related to the RSUs, respectively. The sale of the Company was not considered probable until consummation of the transaction, and therefore, during the three and six months ended June 30, 2021 and prior to the Business Combination, no compensation costs were recognized related to the RSAs.

As of June 30, 2022 there was \$18,304 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 2.77 years as of June 30, 2022. As of June 30, 2022, 242,429 of the RSUs have vested, 64,331 were net settled to cover the required withholding tax upon vesting.

2020 Sale Bonus Plan

Starting December 2020, the Company issued bonus awards under the 2020 Sale Bonus Plan (the “Bonus Plan”) along with the Stock Options with performance vesting conditions to certain physicians of the Practice. The Stock Options and the bonus awards under the Bonus Plan vest upon the sale of the Company. The bonus award the optionee was eligible for was equal to the exercise price of the Stock Option, and was intended to incentivize the physicians to remain employed with the Practice.

The Company accounted for the bonus awards in accordance with ASC Topic No. 710, *Compensation — General* (“ASC 710”). The sale of the Company was not considered probable until consummation of the transaction, and therefore, for the six months ended June 30, 2021, no liability associated with the bonus awards was recognized by the Company.

In conjunction with the Business Combination, the Company settled the 2020 Sale Bonus Plan obligation in cash at the Closing Date, in the amount of \$635.

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”.

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:

	November 12, 2021
Valuation assumptions	
Expected dividend yield	— %
Expected volatility	35.00 %
Risk-free interest rate	0.85 %

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

	Number of Shares
Balance at January 1, 2022	\$ 1,602,435
Granted	—
Forfeited	(165,297)
Balance at June 30, 2022	\$ 1,437,138

The total share-based compensation expense during the three and six months ended June 30, 2022 was \$1,687 and \$5,494, related to the Employees Earnout Shares, respectively.

As of June 30, 2022, there was \$2,962 of unrecognized compensation expense related to the Employees Earnout Shares, that are expected to vest. That cost is expected to be recognized over a weighted average period of 0.36 years as of June 30, 2022. As of June 30, 2022, 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 Accounting Standards Codification No. 450-20, *Disclosure of Certain Loss Contingencies*. As of the end of December 31, 2021, the Company settled a loss contingency for a legal matter related to an employee lawsuit for \$350.

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.

The Health Insurance Portability and Accountability Act

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

Regulatory Matters

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

Many of the Company's payor and provider contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of medical services. Such differing interpretations may not come to light until a substantial period of time has passed following contract implementation. Liabilities for claims disputes are recorded when the loss is probable and can be estimated. Any adjustments to reserves are reflected in current operations. The Company does not have any reserves for regulatory matters as of June 30, 2022 and December 31, 2021.

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.

Note 16. Business Combinations

During the year ended December 31, 2021, the Company merged with DFPH with the intent to raise capital and gain access to the public markets. Additionally, the Company closed on five business combinations and one asset acquisition, consistent with the intent to strategically grow its existing markets and expand into new markets. During the six months ended June 30, 2022, the Company closed on one business combination.

DFPH-Legacy TOI Merger

On June 28, 2021, 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 Legacy TOI to affect 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 share (collectively, the "PIPE Shares") for an aggregate investment of \$275,000 ("PIPE Investment"), which closed simultaneously with the consummation of the Business Combination.

On the Closing Date, (i) First Merger Sub merged with and into Legacy TOI, with Legacy TOI being the surviving corporation and (ii) immediately following, Legacy TOI merged with and into Second Merger Sub, with Second Merger Sub being the surviving entity and a wholly owned subsidiary of DFPH.

The total merger consideration on the Closing Date was \$762,052, consisting of \$595,468 in share consideration (consisting of 51.3 million shares of DFPH common stock issued to Legacy TOI at \$10.00 per share as well as shares of DFPH common stock issuable per restricted stock units and the exercise of Legacy TOI stock options), and \$166,584 in cash. Gross proceeds from the transaction were \$333,946. Of that, \$167,510 was cash consideration to Legacy TOI equity holders. 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. In connection with the Business Combination, the Company incurred \$39,914 of equity issuance costs, consisting of advisory, legal, deferred underwriting, share registration, and other professional fees, of which \$6,769 was ascribed to the earnout liability and expensed with the remainder being netted against additional paid-in capital.

On the Closing Date, shares of DFPH common stock that were not otherwise redeemed as part of the DFPH public stockholder vote were automatically converted into shares of TOI common stock on a one-for-one basis. Further, PIPE Shares as well as DFPH common stock that was not otherwise forfeited or subject to earnout automatically converted into TOI common stock on a one-for-one basis. Additionally, holders of DFPH forfeited 555,791 Private Placement Warrants.

All periods prior to the Closing Date reflect the balances and activity of Legacy TOI. The consolidated balances as of December 31, 2020 from the audited consolidated financial statements of Legacy TOI as of that date, share activity (convertible redeemable preferred stock and common stock) and per share amounts in these Condensed Consolidated Statements of Convertible Preferred Shares and Changes in Stockholders' Equity (Deficit) were retroactively adjusted, where applicable, using the recapitalization exchange ratio of 591:1. All previously issued and outstanding shares of Legacy TOI preferred stock classified as mezzanine equity were converted into Legacy TOI common stock and was retroactively adjusted and reclassified to permanent equity as a result of the reverse recapitalization. As a result of the Business Combination, \$142,557 of additional paid-in capital was recognized.

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.

Raiker Practice Acquisition

On February 12, 2021 ("Raiker Acquisition Date"), the Company entered into an asset purchase agreement and master services agreement ("Raiker MSA") with Anil N Raiker, M.D., P.L.C., d/b/a Pinellas Cancer Center (the "Raiker Practice") and Anil Raiker, M.D., an individual. Pursuant to the asset purchase agreement, the Company purchased from PCC certain non-clinical assets, properties, and rights. Pursuant to the Raiker MSA, TOI Management established an ongoing management services agreement which grants TOI Management the right to control the non-clinical and management operations of the Raiker Practice. Anil Raiker, M.D. continued to own all of the issued and outstanding equity interests of the Raiker Practice.

Pursuant to the Raiker MSA, and as further described in Note 17, TOI Management became the Raiker Practice's primary beneficiary and thus consolidated the Raiker Practice and its subsidiaries. The consolidation of the Raiker Practice (the "Raiker Practice Acquisition") at the Raiker Acquisition Date constituted a business combination in accordance with ASC 805.

The total consideration for the Acquisition was \$1,710, comprised of a cash payment of \$892 and deferred consideration of \$818. The deferred cash consideration is to be paid in two equal installments on the first and second anniversary of the Raiker Acquisition Date (February 12, 2022 and 2023, respectively). On February 12, 2022, the Company transferred the first installment of deferred consideration of \$409. Considering the Company's incremental borrowing rate, the present value of the deferred cash consideration is not materially different than its stated value.

Subsequent to the Acquisition, the Company filed an amendment to the articles of incorporation of PCC to legally change the name to The Oncology Institute FL, LLC (TOI FL). The change was solely nominal, and the legal form, tax attributes, and books and records of PCC all remained.

Grant Practice Acquisition

On November 12, 2021 ("Grant Acquisition Date"), the Company acquired certain non-clinical assets of Ellsworth Grant, M.D., A Medical Corporation (the "Grant Practice") from Ellsworth Grant, M.D. ("Dr. Grant"). Further, TOI CA acquired certain clinical assets of the Grant Practice from Dr. Grant. Intangible assets of \$450 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 \$849 and deferred consideration of \$200 to Dr. Grant for the purchase. The deferred cash consideration is

to be paid in two equal installments on the first and second anniversary of the Grant Acquisition Date (November 12, 2022 and 2023, respectively). Considering the Company's incremental borrowing rate, the present value of the deferred cash consideration is not materially different than its stated value.

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

Orr Practice Acquisition

On November 12, 2021 ("Orr Acquisition Date"), the Company acquired certain non-clinical assets of Leo E. Orr, M.D., Inc. (the "Orr Practice") from Leo E. Orr, M.D. ("Dr. Orr"). Further, TOI CA acquired certain clinical assets of the Orr Practice from Dr. Orr. Intangible assets of \$150 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 \$816 and deferred consideration of \$200 to Dr. Orr for the purchase. The deferred cash consideration is to be paid in two equal installments on the first and second anniversary of the Orr Acquisition Date (November 12, 2022 and 2023, respectively). Considering the Company's incremental borrowing rate, the present value of the deferred cash consideration is not materially different than its stated value.

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

Dave Practice Acquisition

On November 19, 2021 ("Dave Acquisition Date"), the Company acquired certain non-clinical assets of Sulaba Dave M.D., d.b.a. Radiation Oncology Associates (the "Dave Practice") from Sulaba Dave M.D. (the "Dr. Dave"). Further, TOI CA acquired certain clinical assets of the Dave Practice from Dr. Dave. Intangible assets of \$77 were recognized pursuant to the acquisition in the form of clinical contracts with a weighted average amortization period of 2 years. The Company transferred cash consideration of \$2,000 and deferred consideration of \$750 to Dr. Dave for the purchase. The deferred cash consideration is to be paid in three equal installments on the six, twelfth, and eighteen month anniversaries of the Dave Acquisition Date (May 19, 2022, November 19, 2022, and May 19, 2023, respectively). On May 19, 2022, the Company transferred the first installment of deferred consideration of \$250. Considering the Company's incremental borrowing rate, the present value of the deferred cash consideration is not materially different than its stated value.

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

Yang Practice Acquisition

On December 9, 2021 ("Yang Acquisition Date"), the Company, acquired certain non-clinical assets of Global Oncology, Inc. (the "Yang Practice") from Dr. Honghao Yang M.D. ("Dr. Yang"). Further, TOI CA acquired certain clinical assets of the Practice from Dr. Yang. Intangible assets of \$68 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 \$4,615 and deferred consideration of \$2,500 to Dr. Yang for the purchase. The deferred cash consideration is to be paid in two equal installments on the first and second anniversary of the Yang Acquisition Date (December 9, 2022 and 2023, respectively). The Transaction resulted in the sale of nearly all assets of the practice. Additionally, on the Yang Acquisition Date, Dr. Yang entered into an employment agreement with the Clinical Buyer whereupon Dr. Yang will provide professional services to the Clinical Buyer.

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

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 \$2,550 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 deferred consideration of \$2,000 to Dr. Perkins for the purchase. The deferred cash consideration is to be paid in two equal installments on the first and second anniversary of the transaction closing date (April 29, 2023 and 2024, respectively). Considering the Company's incremental borrowing rate, the present value of the deferred cash consideration is not materially different than its stated value.

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

Summary of Consideration Transferred

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

Acquisition costs amounted to \$111 and \$107 for the three months ended June 30, 2022 and 2021 respectively, and \$533 and \$197 for the six months ended June 30, 2022 and 2021 respectively, and were recorded as “General and administrative expenses” in the accompanying Condensed Consolidated Statements of Income (Operations).

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

(in thousands)	Acquisition						Total
	Raiker	Grant	Orr	Dave	Yang	Perkins	
Consideration:							
Cash	\$ 892	\$ 849	\$ 816	\$ 2,000	\$ 4,615	\$ 8,920	18,092
Deferred	818	200	200	750	2,500	2,000	6,468
Fair value of total consideration transferred	\$ 1,710	\$ 1,049	\$ 1,016	\$ 2,750	\$ 7,115	\$ 10,920	24,560
Estimated fair value of identifiable assets acquired and liabilities assumed:							
Cash	\$ 65	\$ —	\$ —	\$ —	\$ —	\$ —	65
Accounts receivable	398	—	183	—	—	—	581
Inventory	62	49	16	—	115	409	651
Property and equipment, net	—	—	13	35	19	123	190
Clinical contracts	—	450	150	77	68	2,550	3,295
Goodwill	1,454	550	837	2,645	6,913	7,850	20,249
Total assets acquired	1,979	1,049	1,199	2,757	7,115	10,932	25,031
Accounts payable	120	—	—	—	—	—	120
Accrued liabilities	—	—	—	7	—	12	19
Current portion of long term debt	149	—	183	—	—	—	332
Total liabilities assumed	269	—	183	7	—	12	471
Net assets acquired	\$ 1,710	\$ 1,049	\$ 1,016	\$ 2,750	\$ 7,115	\$ 10,920	24,560

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 revenues, earnings, and pro forma effects of the Raiker Practice Acquisition, which occurred during the six months ended June 30, 2021, are not, and would not have been, material to the results of operations, individually and in aggregate. The Company recognized \$2,370 cumulative revenue and \$230 cumulative net loss in its Condensed Consolidated Statement of Income (Operations) for the three and six months ended June 30, 2022, from the clinical practices acquired during the three and six months ended June 30, 2022.

The pro forma results presented below include the effects of the Perkins Acquisition, as if it had occurred on January 1, 2021. The pro forma results for the three and six months ended June 30, 2022 and 2021 include the additional amortization resulting from the adjustments to the value of intangible assets resulting from purchase accounting. The pro forma results do not include any anticipated synergies or other expected benefits of the acquisitions. The pro forma information does not purport to be indicative of what the Company's results of operations would have been if the acquisitions had in fact occurred at the beginning of the period presented and is not intended to be a projection of the Company's future results of operations. Transaction expenses are included within the pro forma results.

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 62,386	\$ 54,455	\$ 122,096	\$ 107,646
Net income (loss)	\$ (5,160)	\$ 4,126	\$ 15,034	\$ 4,051

Mendez Asset Acquisition

On May 1, 2021, TOI Management, through PCC, entered into a purchase agreement to acquire certain clinical assets from Oncology Association, P.A. ("OA") from Pedro Mendez, M.D. Management determined the acquisition of OA is an asset acquisition. The Company paid \$500, consisting of cash consideration of \$200 and deferred cash consideration of \$300, in exchange for intangible assets in the form of payor contracts. The entire \$500 was assigned to the payor contract intangible asset class with a weighted average amortization period of 10 years. The deferred cash consideration is to be paid in three equal installments on the first, second, and third anniversaries of the Mendez Asset Acquisition Date (May 1, 2022, May 1, 2023, and May 1, 2024, respectively). On May 1, 2022, the Company transferred the first installment of deferred consideration of \$100. Considering the Company's incremental borrowing rate, the present value of the deferred cash consideration is not materially different than its stated value.

Note 17. Variable Interest Entities

The Company prepares its condensed consolidated financial statements in accordance with Accounting Standards Codification Topic No. 810, *Consolidations* ("ASC 810"), which provides for the consolidation of VIEs of which an entity is the primary beneficiary.

Pursuant to the MSAs established with the TOI PCs, TOI Management is entitled to receive a management fee, which represents a variable interest in and the right to receive the benefits of the TOI PCs. Through the terms of the MSAs, TOI Management receives the right to direct the most significant activities of the TOI PCs. Therefore, the TOI PCs are variable interest entities and TOI Management is the primary beneficiary that consolidates the TOI PCs, and their subsidiaries.

The condensed consolidated financial statements include the accounts of TOI and its subsidiaries and VIEs. All inter-company profits, transactions, and balances have been eliminated upon consolidation.

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and restricted cash	\$ 1,351	\$ 1,618
Accounts receivable	28,947	20,007
Other receivables	212	935
Inventories, net	8,580	6,438
Prepaid expenses	935	781
Total current assets	40,025	29,779
Property and equipment, net	26	—
Other assets	347	276
Intangible assets, net	3,543	1,181
Goodwill	18,946	11,096
Total assets	\$ 62,887	\$ 42,332
Liabilities		
Current liabilities:		
Accounts payable	\$ 12,028	\$ 14,204
Income taxes payable	132	132
Accrued expenses and other current liabilities	7,643	5,539
Current portion of long-term debt	—	183
Amounts due to affiliates	99,583	56,312
Total current liabilities	119,386	76,370

<i>(in thousands)</i>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Other non-current liabilities	2,565	3,203
Deferred income taxes liability	32	6
Total liabilities	<u>\$ 121,983</u>	<u>\$ 79,579</u>

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 or TOI FL, however.

As such, for the three months ended June 30, 2022, net loss of \$(5,453) and \$0 were attributable to TOI and to the noncontrolling interest, respectively. For the three months ended June 30, 2021, net income of \$3,205 and \$0 were attributable to TOI and to the noncontrolling interest, respectively.

For the six months ended June 30, 2022, net income of \$13,833 and \$0 were attributable to TOI and to the noncontrolling interest, respectively. For the six months ended June 30, 2021, net income of \$2,209 and \$0 were attributable to TOI and to the noncontrolling interest, respectively.

Note 18. Goodwill and Intangible Assets

The Company accounts for goodwill at acquisition-date fair value and other intangible assets at acquisition-date fair value less accumulated amortization. See Note 2 for a summary of the Company's policies relating to goodwill and intangible assets.

Intangible Assets

As of June 30, 2022, the Company's intangible assets, net consists of the following:

<i>(in thousands)</i>	<u>Weighted average amortization period</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Intangible assets				
Amortizing intangible assets:				
Payor contracts	10 years	\$ 19,400	\$ (7,095)	\$ 12,305
Trade names	10 years	6,650	(1,614)	5,036
Clinical contracts	9 years	2,979	(937)	2,042
Total intangible assets		<u>\$ 29,029</u>	<u>\$ (9,646)</u>	<u>\$ 19,383</u>

As of December 31, 2021, the Company's intangible assets, net consists of the following:

<i>(in thousands)</i>	<u>Weighted average amortization period</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Intangible assets				
Amortizing intangible assets:				
Payor contracts	10 years	\$ 19,400	\$ (6,152)	\$ 13,248
Trade names	10 years	4,170	(1,350)	2,820
Clinical contracts	9 years	2,909	(732)	2,177
Total intangible assets		<u>\$ 26,479</u>	<u>\$ (8,234)</u>	<u>\$ 18,245</u>

The estimated aggregate amortization expense for each of the five succeeding fiscal years as of June 30, 2022 is as follows:

<i>(in thousands)</i>	Amount
Year ending December 31:	
2022	\$ 1,469
2023	2,901
2024	2,901
2025	2,901
2026	2,879
Thereafter	6,332
Total	\$ 19,383

The aggregate amortization expense during the three months ended June 30, 2022 and 2021 were \$739 and \$621, respectively. The aggregate amortization expense during the six months ended June 30, 2022 and 2021 were \$1,412 and \$1,233, respectively.

Goodwill

The Company evaluates goodwill at the reporting unit level, which, for the Company, is at the level of the reportable segments, dispensary, patient services, and clinical trials & other. The goodwill allocated to each of the reporting units as of June 30, 2022 and December 31, 2021 is as follows:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Patient services	\$ 29,293	\$ 21,443
Dispensary	4,551	4,551
Clinical trials & other	632	632
Total goodwill	\$ 34,476	\$ 26,626

The changes in the carrying amount of goodwill for the six months ended June 30, 2022 and for the year ended December 31, 2021 are as follows:

<i>(in thousands)</i>	2022	2021
Balance as of January 1:		
Gross goodwill	\$ 26,626	\$ 14,227
Goodwill acquired during the period	7,850	12,399
Accumulated impairment losses	—	—
Goodwill, net as of June 30 and December 31	\$ 34,476	\$ 26,626

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 months ended June 30, 2022 and 2021.

<i>(in thousands, except share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss) attributable to TOI	\$ (5,453)	\$ 3,205	\$ 13,833	\$ 2,209
Less: Deemed dividend	64	—	64	—
Net income (loss) attributable to TOI available for distribution	(5,517)	3,205	13,769	2,209
Net income (loss) attributable to participating securities, basic	(1,013)	—	2,521	—
Net income (loss) attributable to common stockholders, basic	\$ (4,504)	\$ 3,205	\$ 11,248	\$ 2,209

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(in thousands, except share data)</i>				
Weighted average common shares outstanding, basic	72,996,836	66,021,829	73,123,895	64,446,377
Net income (loss) per share attributable to common stockholders, basic	\$ (0.06)	\$ 0.05	\$ 0.15	\$ 0.03

The following table sets forth the computation of the Company's diluted net income (loss) per share to common stockholders for the three and six months ended June 30, 2022 and 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(in thousands, except share data)</i>				
Net income (loss) attributable to TOI	\$ (5,453)	\$ 3,205	\$ 13,833	\$ 2,209
Less: Deemed dividend	64	—	64	—
Net income (loss) attributable to TOI available for distribution	(5,517)	3,205	13,769	2,209
Less: Net income attributable to participating securities, diluted	(1,013)	—	2,441	—
Net income (loss) attributable to common stockholders, diluted	\$ (4,504)	\$ 3,205	\$ 11,328	\$ 2,209
Weighted average shares outstanding, diluted	72,996,836	66,021,829	76,106,201	64,446,377
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.06)	\$ 0.05	\$ 0.15	\$ 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,	
	2022	2021	2022	2021
Stock options	7,270,358	9,201,136	4,429,451	9,201,136
RSUs	2,182,536	1,367,463	1,471,052	1,367,463
Earnout Shares	1,437,138	—	1,437,138	—
Public Warrants	5,749,986	—	5,749,986	—
Private Warrants	3,177,542	—	3,177,542	—

Note 20. Segment Information

The Company operates its business and reports its results through three operating and reportable segments: dispensary, patient services, and clinical trials & other in accordance with ASC 280. See Note 2 for a summary of the Company's policy on segment information.

Summarized financial information for the Company's segments is shown in the following tables:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(in thousands)</i>				
Revenue				
Patient services	\$ 39,109	\$ 29,786	\$ 74,166	\$ 59,408
Dispensary	20,218	17,782	38,897	35,400
Clinical trials & other	1,594	2,276	3,019	3,616
Consolidated revenue	60,921	49,844	116,082	98,424
Direct costs				
Patient services	32,875	23,574	60,253	46,660

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Dispensary	16,754	15,237	32,078	30,360
Clinical trials & other	150	143	287	312
Total segment direct costs	49,779	38,954	92,618	77,332
Depreciation expense				
Patient services	282	139	532	266
Dispensary	—	—	—	—
Clinical trials & other	1	2	3	3
Total segment depreciation expense	283	141	535	269
Amortization of intangible assets				
Patient services	686	568	1,307	1,128
Dispensary	—	—	—	—
Clinical trials & other	52	52	105	105
Total segment amortization	738	620	1,412	1,233
Operating income				
Patient services	5,266	5,505	12,074	11,354
Dispensary	3,464	2,545	6,819	5,040
Clinical trials & other	1,391	2,079	2,624	3,196
Total segment operating income	10,121	10,129	21,517	19,590
Selling, general and administrative expense	28,348	11,212	58,154	22,390
Non-segment depreciation and amortization	77	33	138	69
Total consolidated operating loss	\$ (18,304)	\$ (1,116)	\$ (36,775)	\$ (2,869)

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Assets		
Patient services	\$ 54,157	\$ 44,223
Dispensary	6,542	4,277
Clinical trials & other	12,481	14,504
Non-segment assets	116,560	140,435
Total assets	\$ 189,740	\$ 203,439

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 months ended June 30, 2022 and 2021 were as follows:

(in thousands)	Type	Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
American Institute of Research	Consulting	\$ 42	\$ 33	\$ 82	\$ 63
Karen M Johnson	Board Fees	—	—	19	—
Richard Barasch	Board Fees	—	—	5	—
Anne M. McGeorge	Board Fees	—	—	19	—
Mohit Kaushal	Board Fees	—	—	19	—
Ravi Sarin	Board Fees	—	—	19	—
Maeve O'Meara Duke	Board Fees	—	—	19	—
Havencrest Capital Management, LLC	Management Fees	—	75	—	75
M33 Growth LLC	Management Fees	—	230	—	230
Richy Agajanian MD	Share Repurchase	8,748	5	8,764	9
Veeral Desai	Board Fees	—	12	—	25
Total		\$ 8,790	\$ 355	\$ 8,946	\$ 402

Note 22. Subsequent Events

Parikh Practice Acquisition

On July 22, 2022, the Company entered into an Asset Purchase Agreement with Nutan K Parikh, M.D., LTD., A Professional Corporation (the "Parikh Practice") and Nutan K Parikh, M.D., an individual. The terms of the agreement states that the Company will purchase from the Parikh Practice certain assets, properties, and rights owned by the Parikh Practice, and the intangible assets associated with the practice acquisition. The Company will pay \$2,000, with \$1,600 of the consideration being paid in cash at closing and the remainder paid equally in two cash installments on each annual anniversary thereafter.

Facility Agreement, Convertible Notes, Warrants

On August 9, 2022, the Company, entered into a Facility Agreement (the "Facility Agreement") by the Company, as borrower, certain of the Company's subsidiaries from time to time as guarantors and Deerfield Partners, L.P. ("Deerfield"), as agent for itself and the lenders, providing for the issuance and sale by the Company to Deerfield of \$110,000 of principal amount of 4.0% secured senior convertible notes (the "Convertible Notes") upon the terms and conditions set forth in the Facility Agreement (the "Deerfield Financing"). The Convertible Notes will be secured by (i) a security interest in substantially all of the assets of the Company and its subsidiaries and (ii) a pledge by the Company of the equity interest of all its direct and indirect subsidiaries and will mature on August 9, 2027, unless earlier converted or redeemed, and are convertible into shares of the Company's common stock. The Convertible Notes were issued in a private placement to Deerfield pursuant to an exemption for transactions by an issuer not involving a public offering under Section 4(a)(2) of the Securities Act.

The Facility Agreement also provides for the issuance of warrants to purchase Company common stock to the extent that the obligations under the Facility Agreement and the Convertible Notes are prepaid. The Convertible Notes are convertible at any time at the option of the holders thereof, subject to certain ownership thresholds. The Company may redeem all or any portion of the principal amount of the Convertible Notes for cash. Upon redemption of any Convertible Notes, the Company will issue warrants covering the same number of shares of common stock underlying, and at an exercise price equal to the conversion price of, the redeemed Convertible Notes. The Company is subject to a number of affirmative and restrictive covenants pursuant to the Facility Agreement and is also restricted from paying dividends or making other distributions or payments on its capital stock, subject to limited exceptions.

In connection with the Facility Agreement, on August 9, 2022, the Company and Deerfield entered into a Registration Rights Agreement (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company has agreed to prepare and file with the Securities and Exchange Commission a Registration Statement on Form S-3, or such other form as required to effect a registration of the Company common stock issued or issuable upon conversion of or pursuant to the Convertible Notes or the warrants. Such Registration Statement must be filed within 30 calendar days following the date of the Registration Rights Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of The Oncology Institute, Inc. ("TOI") along with its consolidating subsidiaries (the "Company"). The discussion should be read together with the unaudited condensed consolidated financial statements and the related notes that are included elsewhere in this Report. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 ("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, 2021. 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 69 clinic locations across 13 markets and five states throughout the United States, which are staffed with 104 oncologists and advanced practice providers. 55 of these clinics are staffed with 93 providers employed by our affiliated physician-owned professional corporations, which management refers to as the "TOI PCs", which have provided care for more than 51,000 patients in 2021 and managed a population of approximately 1.7 million patients under value-based agreements as of June 30, 2022. 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.

The Company's managed clinics provide a range of medical oncology services, including physician services, in-house infusion and dispensary, clinical trial services, radiation, innovative programs like outpatient stem cell transplants and transfusions, along with 24/7 patient support. 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 TOI Parent, Inc. ("TOI Parent") (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 TOI Parent, with TOI Parent being the surviving corporation and (ii) immediately following, TOI Parent 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 “TOIHW,” 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 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.

Public Company Costs

Subsequent to the Business Combination, the Company continues as an SEC-registered and Nasdaq-listed company. The Company expects to hire additional staff and implement new processes and procedures to address public company requirements. The Company also expects to incur substantial additional expenses for, among other things, directors’ and officers’ liability insurance, director fees, and additional internal and external costs for investor relations, accounting, audit, legal and other functions.

Impact of COVID-19

The measures to contain the spread and impact of COVID-19 and other developments related to COVID-19 have affected the way in which the Company conducts its day-to-day business. The Company has followed U.S. guidance to protect its employees and operations during the pandemic and implemented a partially remote environment for certain business activities. The Company cannot predict the ongoing impacts of the COVID-19 pandemic or the distribution of vaccines on its business or operations, but will continue to actively monitor the related issues and may take further action that alters its business operations, including as may be required by federal, state, local or foreign authorities or that it determines are in the best interests of its employees, payors, partners and stockholders.

As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist healthcare providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), which was enacted on March 27, 2020, the Paycheck Protection Program and Health Care Enhancement Act (the “PPHCE Act”), which was enacted on April 24, 2020, and the Consolidated Appropriations Act, 2021 (the “CAA”), which was enacted on December 27, 2020. In addition, the CARES Act provides for an expansion of the Medicare Accelerated and Advance Payment Program whereby inpatient acute care hospitals and other eligible providers were able to request accelerated payment of up to 100% of their Medicare payment amount for a six-month period to be repaid through withholding of future Medicare fee-for-service payments. Various other state and local programs also exist to provide relief, either independently or through distribution of monies received via the CARES Act. During 2021 and 2020, the Company obtained loans of \$4,993 pursuant to the CARES Act; \$2,727 under the Accelerated and Advance Payment Program; and \$2,001 from Provider Relief Funding under the CARES Act. Additionally, the Company obtained loans of \$332 under the CARES Act as a result of acquisitions of physician practices. As of June 30, 2022, all loans obtained by the Company have been forgiven.

Key Factors Affecting Performance

Through the TOI PCs, the Company serves adult and senior cancer patients in markets that have Medicare Advantage (“MA”) plans. The Company plans to leverage its long-established, strong relationships with payors to continue to build out its network and increase access to cancer patients in adjacent markets, while at the same time, decreasing oncology care costs for both patients and payors. The Company seeks to provide high quality and lower cost care delivery through the following capabilities:

- a recruiting process focused on selecting physicians that want to practice evidence-based medicine;
- technology-enabled care pathways ensuring adherence to evidence-based clinical protocols;
- strong clinical culture and physician oversight;

- care management to prevent unnecessary hospitalizations;
- care delivered in community clinics versus hospital setting;
- clinically appropriate integration of palliative care and hospice aligned with patients' goals for care;
- access to clinical trials providing cutting-edge treatment options at low or no cost to patients or payors; and
- appropriate provider training on clinical documentation to ensure proper risk adjustment and reimbursement for complex patients.

Key Business Metrics

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Clinics ⁽¹⁾	69	58	69	58
Markets	13	9	13	9
Lives under value-based contracts (millions)	1.7	1.5	1.7	1.5
Adjusted EBITDA (in thousands)	\$ (6,867)	\$ 343	\$ (12,051)	\$ 412

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

The Company defines adjusted EBITDA as net income (loss) excluding:

- Depreciation and amortization,
- Interest expense,
- Income tax expense,
- Board and management fees,
- Non-cash addbacks,
- Changes in fair value of liabilities,
- Stock-based compensation,
- Practice acquisition-related costs,
- Consulting and legal fees,
- Public company transaction costs, and
- Other specific charges.

The Company includes adjusted EBITDA because it is an important measure upon 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.

Adjusted EBITDA is "non-GAAP" financial measure within the meaning of Item 10 of Regulation S-K promulgated by the SEC. Management believes that this measure provides an additional way of viewing aspects of the Company's operations that, when viewed with the GAAP results, provides a more complete understanding of the Company's results of operations and the factors and trends affecting the business. However, non-GAAP financial measures should be considered a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with U.S. GAAP. Non-GAAP financial measures used by management may differ from the non-GAAP measures used by other companies, including the Company's competitors. Management encourages investors and others to review the Company's financial information in its entirety, not to rely on any single financial measure.

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

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Change	
	2022	2021	\$	%
Net income (loss)	\$ (5,453)	\$ 3,205	\$ (8,658)	(270.1)%
Depreciation and amortization	1,098	794	304	38.3 %
Interest expense	61	81	(20)	(24.7)%
Income tax expense	(32)	780	(812)	(104.1)%
Board and management fees	62	102	(40)	(39.2)%
Non-cash addbacks ⁽¹⁾	108	(5,728)	5,836	(101.9)%
Share-based compensation	6,515	51	6,464	12,674.5 %
Change in fair value of liabilities	(12,865)	—	(12,865)	N/A
Practice acquisition-related costs ⁽²⁾	111	107	4	3.7 %
Consulting and legal fees ⁽³⁾	1,144	543	601	110.7 %
Other, net ⁽⁴⁾	1,634	408	1,226	300.5 %
Public company transaction costs	750	—	750	N/A
Adjusted EBITDA	\$ (6,867)	\$ 343	\$ (7,210)	(2,102.0)%

⁽¹⁾ During the three months ended June 30, 2022, non-cash addbacks were primarily comprised of reversals of bad debt recoveries of \$105 and non-cash rent of \$3. During the three months ended June 30, 2021, non-cash addbacks were primarily comprised of gain on debt extinguishment of \$5,186 and bad debt recoveries of \$722.

⁽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⁾ Consulting and legal fees were comprised of a subset of the Company's total consulting and legal fees during the three months ended June 30, 2022 and 2021, and related to certain advisory projects, software implementations, and legal fees for debt financing and predecessor litigation matters.

⁽⁴⁾ Other, net is comprised of severance expenses resulting from cost rationalization programs of \$67 and \$0, as well as temporary labor of \$329 and \$292, recruiting expenses to build out corporate infrastructure of \$1,207 and \$116 and other miscellaneous charges of \$31 and \$0 during the three months ended June 30, 2022 and 2021, respectively.

<i>(dollars in thousands)</i>	Six Months Ended June 30,		Change	
	2022	2021	\$	%
Net income (loss)	\$ 13,833	\$ 2,209	\$ 11,624	526.2 %
Depreciation and amortization	2,085	1,571	514	32.7 %
Interest expense	135	182	(47)	(25.8)%
Income tax expense	148	998	(850)	(85.2)%
Board and management fees	107	208	(101)	(48.6)%
Non-cash addbacks ⁽¹⁾	305	(5,741)	6,046	(105.3)%
Share-based compensation	15,067	93	14,974	16,101.1 %
Change in fair value of liabilities	(50,844)	—	(50,844)	N/A
Practice acquisition-related costs ⁽²⁾	533	197	336	170.6 %
Consulting and legal fees ⁽³⁾	1,799	930	869	93.4 %
Other, net ⁽⁴⁾	2,587	(235)	2,822	(1,200.9)%
Public company transaction costs	2,194	—	2,194	N/A
Adjusted EBITDA	\$ (12,051)	\$ 412	\$ (12,463)	(3,025.0)%

⁽¹⁾ During the six months ended June 30, 2022, non-cash addbacks were primarily comprised of net bad debt write-offs of \$259, non-cash rent of \$32 and other miscellaneous charges of \$14. During the six months ended June 30, 2021, non-cash addbacks were primarily comprised of gain on debt extinguishment of \$5,186 and bad debt recoveries of \$722.

- (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) Consulting and legal fees were comprised of a subset of the Company's total consulting and legal fees during the six months ended June 30, 2022 and 2021, and related to certain advisory projects, software implementations, and legal fees for debt financing and predecessor litigation matters.
- (4) Other, net is comprised of severance expenses resulting from cost rationalization programs of \$85 and \$0, as well as temporary labor of \$814 and \$516, recruiting expenses to build out corporate infrastructure of \$1,631 and \$272, and other miscellaneous expense of \$57 and \$0 during the six months ended June 30, 2022 and 2021, respectively. During the six months ended June 30, 2022 and 2021 such expenses were partially offset by \$0 and \$1,023, respectively, of stimulus funds received under the CARES Act.

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 MA 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 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 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

Cost of services

Cost of 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.

Dispensary cost

Dispensary cost primarily includes the cost of oral medications dispensed in the TOI PCs' clinic locations.

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. The Company expects its general and administrative expenses to increase over time following the consummation of the Business Combination due to the additional legal, accounting, insurance, investor relations and other costs that the Company will incur 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 Income (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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue				
Patient services	64.2 %	59.8 %	63.9 %	60.4 %
Dispensary	33.2 %	35.6 %	33.5 %	35.9 %
Clinical trials & other	2.6 %	4.6 %	2.6 %	3.7 %
Total operating revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses				
Direct costs – patient services	54.0 %	47.3 %	51.9 %	47.4 %
Direct costs – dispensary	27.5 %	30.6 %	27.6 %	30.9 %
Direct costs – clinical trials & other	0.2 %	0.3 %	0.3 %	0.3 %
Selling, general and administrative expense	46.5 %	22.5 %	50.1 %	22.7 %
Depreciation and amortization	1.8 %	1.5 %	1.8 %	1.6 %
Total operating expenses	130.0 %	102.2 %	131.7 %	102.9 %
Loss from operations	(30.0)%	(2.2)%	(31.7)%	(2.9)%
Other non-operating expense (income)				
Interest expense	0.1 %	0.2 %	0.1 %	0.2 %
Change in fair value of derivative warrant liabilities	(3.4)%	— %	(0.5)%	— %
Change in fair value of earnout liabilities	(17.7)%	— %	(43.2)%	— %
Gain on debt extinguishment	— %	(10.4)%	(0.2)%	(5.3)%
Other, net	— %	— %	0.1 %	(1.0)%
Total other non-operating income	(21.0)%	(10.2)%	(43.7)%	(6.1)%
Income before provision for income (loss) taxes	(9.0)%	8.0 %	12.0 %	3.2 %
Income tax (expense) benefit	— %	(1.6)%	(0.1)%	(1.0)%
Net income (loss)	(9.0)%	6.4 %	11.9 %	2.2 %

Comparison of the Three and Six Months Ended June 30, 2022 and 2021

Revenue

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2022	2021	\$	%	2022	2021	\$	%
Patient services	\$ 39,109	\$ 29,786	\$ 9,323	31.3 %	\$ 74,166	\$ 59,408	\$ 14,758	24.8 %
Dispensary	20,218	17,782	2,436	13.7 %	38,897	35,400	3,497	9.9 %
Clinical trials & other	1,594	2,276	(682)	(30.0)%	3,019	3,616	(597)	(16.5)%
Total operating revenue	\$ 60,921	\$ 49,844	\$ 11,077	22.2 %	\$ 116,082	\$ 98,424	\$ 17,658	17.9 %

Patient services

Three Months Ended June 30, 2022 and 2021

The increase in patient services revenue was primarily due to a 27.0% increase in FFS revenue as a result of practice acquisitions and an overall increase in clinic count as well as a 3.5% increase in capitation revenue due to new capitation contracts entered into in the latter half of 2021.

Six Months Ended June 30, 2022 and 2021

The increase in patient services revenue was primarily due to a 18.2% increase in FFS revenue as a result of practice acquisitions and an overall increase in clinic count as well as a 5.4% increase in capitation revenue due to new capitation contracts entered into in the latter half of 2021.

Dispensary

Three Months Ended June 30, 2022 and 2021

The increase in dispensary revenue was primarily due to a 12.6% increase in the average revenue per fill in addition to a 1.0% increase in the number of fills.

Six Months Ended June 30, 2022 and 2021

The increase in dispensary revenue was primarily due to a 15.6% increase in the average revenue per fill offset by a 4.9% decline in the number of fills due to the new Medi-Cal reimbursement policy that was implemented in 2022 that transitioned claims processing from medical claims to pharmacy claims.

Clinical trials & other

The decrease in clinical trials and other revenue was primarily due to a decrease in visits and lower reimbursement revenue compared to prior year.

Operating Expenses

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change		
	2022	2021	\$	%	2022	2021	\$	%	
<i>(dollars in thousands)</i>									
Direct costs – patient services	\$32,875	\$ 23,574	\$ 9,301	39.5 %	\$60,253	\$ 46,660	\$ 13,593	29.1 %	
Direct costs – dispensary	16,754	15,237	1,517	10.0 %	32,078	30,360	1,718	5.7 %	
Direct costs – clinical trials & other	150	143	7	4.9 %	287	312	(25)	(8.0)%	
Selling, general and administrative expense	28,348	11,212	17,136	152.8 %	58,154	22,390	35,764	159.7 %	
Depreciation and amortization	1,098	794	304	38.3 %	2,085	1,571	514	32.7 %	
Total operating expenses	\$79,225	\$ 50,960	\$ 28,265	55.5 %	\$152,857	\$ 101,293	\$ 51,564	50.9 %	

Patient services cost

Three Months Ended June 30, 2022 and 2021

The increase in patient services cost was primarily due to a 20.3% increase in intravenous drug costs, driven by the Company's patient mix and volume, as well as 16.8% increase in clinical payroll costs due to the growth in clinic count.

Six Months Ended June 30, 2022 and 2021

The increase in patient services cost was primarily due to a 13.4% increase in intravenous drug costs, driven by the Company's patient mix and volume, as well as 14.1% increase in clinical payroll costs due to the growth in clinic count.

Dispensary cost

Three Months Ended June 30, 2022 and 2021

The increase in dispensary cost was primarily due to a 8.9% increase in the average cost of the prescriptions filled in addition to a 1.0% increase in the number of prescriptions filled.

Six Months Ended June 30, 2022 and 2021

The increase in dispensary cost was primarily due to a 11.1% increase in the average cost of the prescriptions filled offset by a 4.9% decline in the number of prescriptions filled.

Selling, general and administrative expense

Three Months Ended June 30, 2022 and 2021

The increase in selling, general and administrative expense was primarily driven by an increase in share-based compensation expense of 57.6% and an increase of 6.7% in transaction costs related to the Business Combination. In addition, salaries and benefits increased 31.2% due to the growth in the Company's management and corporate team. The remainder of the increases were primarily to support the continued growth of our business.

Six Months Ended June 30, 2022 and 2021

The increase in selling, general and administrative expense was primarily driven by an increase in share-based compensation expense of 66.9% and an increase of 9.8% in transaction costs related to the Business Combination. In addition, salaries and benefits increased 30.7% due to the growth in the Company's management and corporate team. The remainder of the increases were primarily to support the continued growth of our business.

Other Expenses (Income)

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2022	2021	\$	%	2022	2021	\$	%
Interest expense	\$ 61	\$ 81	\$ (20)	(24.7)%	\$ 135	\$ 182	\$ (47)	(25.8)%
Change in fair value of derivative warrant liabilities	(2,065)	—	(2,065)	N/A	(604)	—	(604)	N/A
Change in fair value of earnout liabilities	(10,800)	—	(10,800)	N/A	(50,240)	—	(50,240)	N/A
Gain on debt extinguishment	—	(5,186)	5,186	N/A	(183)	(5,186)	5,003	(96.5)%
Other, net	(15)	4	(19)	(475.0)%	136	(1,072)	1,208	(112.7)%
Total other non-operating (income) expense	\$ (12,819)	\$ (5,101)	\$ (7,718)	151.3 %	\$ (50,756)	\$ (6,076)	\$ (44,680)	735.4 %

Interest expense

The decrease in interest expense was due to the pay-off of our term loan balance in Q4 2021.

Change in fair value of liabilities

Three Months Ended June 30, 2022 and 2021

The increase in non-operating (income) expense was primarily due to gains of \$2,065 and \$10,800, respectively, as a result of an decrease in the fair value of derivative warrant liabilities and derivative earnout liabilities which were created as part of the Business Combination.

Six Months Ended June 30, 2022 and 2021

The increase in non-operating (income) expense was primarily due to gains of \$604 and \$50,240, respectively, as a result of an decrease in the fair value of derivative warrant liabilities and derivative earnout liabilities which were created as part of the Business Combination.

Gain on debt extinguishment

Three Months Ended June 30, 2022 and 2021

There was no gain on debt extinguishment during the three months ended June 30, 2022. During the three months ended June 30, 2021, gain on debt extinguishment of \$5,186 was a result of forgiveness of a CARES Act loan and a physician practice acquisition.

Six Months Ended June 30, 2022 and 2021

During the six months ended June 30, 2022, gain on debt extinguishment of \$183 was a result of forgiveness of a CARES Act loan that was acquired as part of a physician practice acquisition. During the six months ended June 30, 2021, gain on debt extinguishment of \$5,186 was a result of forgiveness of a CARES Act loan and a physician practice acquisition.

Other, net

The change in other, net was primarily due to Provider Relief Funding under the CARES Act received during the six months ended June 30, 2021.

Liquidity and Capital Resources**General**

To date, the Company has financed its operations principally through private placements of its equity securities and payments received from various payors. As of June 30, 2022, the Company had \$64,208 of cash, of which \$0 is restricted cash.

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

Cash Flows

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

<i>(dollars in thousands)</i>	Six Months Ended June 30,		Change	
	2022	2021	\$	%
Net cash and restricted cash (used in) provided by operating activities	\$ (27,360)	\$ (6,666)	\$ (20,694)	310 %
Net cash and restricted cash used in investing activities	(11,264)	(2,053)	(9,211)	449 %
Net cash and restricted cash (used in) provided by financing activities	(12,342)	17,890	(30,232)	(169)%
Net (decrease) increase in cash and restricted cash	\$ (50,966)	\$ 9,171	\$ (60,137)	(656)%
Cash and restricted cash at beginning of period	115,174	5,998	109,176	1,820 %
Cash and restricted cash at end of period	\$ 64,208	\$ 15,169	\$ 49,039	323 %

Operating Activities

Significant changes impacting net cash (used in) provided by operating activities for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021 were as follows:

- Net income increased \$11,624, share-based compensation increased \$14,974, and the gain on debt extinguishment decreased \$5,003, offset by a decrease in the fair value of liability classified earnouts of \$50,240, for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021;
- Cash used by accounts receivable increased \$7,406 for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021 due to the growth in the Company's business;
- Cash used by accounts payable, accrued expenses and income taxes payable increased \$2,168 for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021 primarily due to an increase in vendor payables due to the growth in the Company's business; and
- Cash used by inventory increased \$1,461 for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021 due to the growth in the Company's business.

Investing Activities

Net cash used in investing activities increased \$9,211 for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021 due an increase cash used for purchases of practice acquisitions and intangibles of \$7,893, as well as an increase in cash used for purchases of property and equipment of \$1,318 for new clinic builds and clinic remodels.

Financing Activities

Net cash used in financing activities for the six months ended June 30, 2022 primarily relates to cash paid of \$9,000 to repurchase common stock and common stock options. For the six months ended June 30, 2021, net cash provided by financing activities primarily relates to the issuance of \$20,000 of Legacy Preferred Stock.

Material Cash Requirements

The Company's material cash requirements for the following five years consist of operating leases and other miscellaneous administrative expenses. Additionally, the Company is subject to certain outside claims and litigation arising out of the ordinary course of business, however, no such litigation requires future cash expenditure as of June 30, 2022.

<i>(dollars in thousands)</i>	Material Cash Requirements Due by the Year Ended December 31,				
	2022	2023-2024	2025-2026	Thereafter	Total
Operating leases	\$ 2,604	\$ 9,289	\$ 6,220	\$ 3,246	\$ 21,359
Deferred acquisition consideration	1,700	4,309	—	—	6,009
Other ¹	2,639	3,132	5	—	5,776
Total material cash requirements	\$ 6,943	\$ 16,730	\$ 6,225	\$ 3,246	\$ 33,144

⁽¹⁾ Other is comprised of finance leases and directors and officers insurance premiums.

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. 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 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 Income (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 it expects to be entitled. This principle is achieved through applying the following five-step approach:

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

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

Capitation

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

Fee For Service

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

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

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

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

Dispensary

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

Clinical Research

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

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. 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.

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 \$64,208 as of June 30, 2022, 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.

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 required to be disclosed in our Securities and Exchange Commission ("SEC") reports, is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure. We conducted an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of June 30, 2022. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2022, our disclosure controls and procedures were not effective due to material weaknesses in our internal control over financial reporting, as described below.

Material Weaknesses 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. Accordingly, a material weakness increases the risk that the financial information we report contains material errors. If we fail to remediate these material weaknesses, determine that our internal controls over financial reporting are not effective, discover areas that need improvement in the future or discover additional material weaknesses, these shortcomings could have an adverse effect on our business and financial results, and the price of our common stock could be negatively affected.

As of June 30, 2022, we have identified deficiencies in our control environment. These deficiencies include material weaknesses relate to: (i) segregation of duties in the financial closing and reporting process; (ii) internal controls over review of complex accounting transactions and (iii) internal control over reviews of revenue process.

During 2022, 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 document and implement control procedures to address the identified risks of material misstatements, and implement monitoring activities over such control procedures.

Changes in Internal Control over Financial Reporting

Except for the progress that has been made toward remediating the material weaknesses 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, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Disclosure Controls and Procedures

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

PART II**Item 1. Legal Proceedings**

See Item 1A. “Risk Factors”.

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. Regardless of the outcome, litigation has the potential to have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

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, 2021. 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.

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

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 \$9,000 of its common stock in the second quarter of 2022. At June 30, 2022, \$11,000 of the Share Repurchase Program authorization remained available for repurchases. The table below reflects our purchases of common stock during each of the three months in the three-month period ended June 30, 2022.

Period	Total Number of Shares of Stock Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value that May Yet be Purchased Under the Program
April 1, 2022 - April 30, 2022	—	\$ —	—	—
May 1, 2022 - May 31, 2022	—	—	—	\$ 20,000
June 1, 2022 - June 30, 2022	1,500,000	6.00	1,500,000	\$ 11,000
Total	1,500,000	\$ 6.00	1,500,000	

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated as of June 28, 2021, by and among DFP Healthcare Acquisitions Corp., Orion Merger Sub I, Inc., Orion Merger Sub II, LLC and TOI Parent, Inc.	S-4/A	333-258152	2.1	October 20, 2021	
3.1	Amended and Restated Certificate of Incorporation of The Oncology Institute, Inc.	8-K	001-39248	3.1	November 18, 2021	
3.2	Amended and Restated Bylaws of The Oncology Institute, Inc.	8-K	001-39248	3.2	November 18, 2021	
3.3	Certificate of Designation of Series A Common Stock Equivalent Convertible Preferred Stock	8-K/A	001-39248	3.3	November 22, 2021	
4.1	Warrant Agreement, dated March 10, 2020, by and between DFP and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39248	4.1	March 13, 2020	
4.2	Specimen Preferred Stock Certificate of The Oncology Institute, Inc.	8-K/A	001-39248	4.2	November 22, 2021	
10.1	Separation Agreement by and between the Company and Scott Dagleish					X
10.2	Executive Employment Agreement - Mihir Shah	10-Q	001-39248	10.1	May 10, 2022	
31.1	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of the Principal Executive Officer.					X
31.2	Certification Pursuant to Rule 13a-14(a) under Securities Exchange Act of 1934 of the Principal Financial Officer.					X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.					X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer					X
101	Interactive Data File — the following financial statements from The Oncology Institute's Quarterly Report on Form 10-Q formatted in inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income (Operations), (iii) the Condensed Consolidated Statements of Convertible Preferred Shares and Changes in Stockholders' Equity (Deficit), (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.					
101.INS	XBRL Instance Document					
101.SCH	XBRL Taxonomy Extension Schema Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					

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

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned hereunto duly authorized, on this the day of August 9, 2022.

THE ONCOLOGY INSTITUTE, INC.

By: /s/ Mihir Shah

Mihir Shah

Chief Financial Officer

(Principal Financial Officer and Duly Authorized Officer)

SEPARATION AGREEMENT AND RELEASE OF CLAIMS

This Separation Agreement and Release of Claims (the “*Agreement*”) is entered into by and among Scott Dalglish (“*Executive*”), The Oncology Institute, Inc. (“*Parent*”), and TOI Management, LLC (“*TOI*” and together with Parent, and their affiliates, the “*Company*”), effective as of the Effective Date (as defined below).

RECITALS

WHEREAS, Executive is a party to that certain Employment Agreement dated November 16, 2020, with the Company (the “*Employment Agreement*”);

WHEREAS, Executive’s service as Chief Financial Officer ceased effective April 4, 2022, and his employment with the Company will terminate effective as of April 29, 2022 (the “*Separation Date*”); and

WHEREAS, Executive acknowledges that, unless he executes and does not revoke this Agreement, he will not be eligible for the Separation Benefits (as defined below).

NOW THEREFORE, in consideration of, and subject to, the Separation Benefits payable to Executive described in Section 3 below, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

AGREEMENT

1. Effective Date. This Agreement shall not become effective unless both of the following events have occurred: (a) execution of this Agreement by Executive, which shall not occur prior to the Separation Date, and (b) expiration of the revocation period applicable under Section 4(d) below without Executive having given notice of revocation. The date on which this Agreement becomes effective shall be referred to in this Agreement as the “*Effective Date*.” Unless the Effective Date occurs on or before May 6, 2022, this Agreement shall be null and void. The parties agree that any material or immaterial changes to this Agreement shall not extend the deadline for the occurrence of the Effective Date.

2. Termination of Employment.

(a) Executive acknowledges that, effective as of April 4, 2022, Executive ceased serving as Chief Financial Officer of the Company. From April 4, 2022 through the Separation Date, Executive served in a non-executive employee role to assist in the transition of his role to the Company’s new Chief Financial Officer. The Separation Date will be the termination date of Executive’s employment with the Company and any of its affiliates for all purposes, including active participation in and coverage under all benefit plans and programs sponsored by or through the Company and its affiliates, except as provided in this Agreement. Executive hereby confirms his termination from all positions he holds with the Company and any of its affiliates, effective as of the Separation Date. In accordance with applicable law, on the Separation Date, the Company will issue to Executive his final paycheck, reflecting his earned but unpaid base salary and accrued, unused vacation or paid time off through the Separation Date.

(b) The Company will reimburse Executive for any and all reasonable and necessary business expenses incurred by Executive in connection with the performance of his job duties prior to the Separation Date in accordance with the Company's policies, which expenses shall be submitted to the Company with supporting receipts and/or documentation no later than thirty (30) days after the Separation Date.

(c) Subject to Section 3(c) below, Executive's entitlement to health benefits from the Company, and eligibility to participate in the Company's health benefit plans, shall cease on the last day of the calendar month during which the Separation Date occurs, except to the extent Executive elects to and is eligible to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), for himself and any covered dependents. Executive's entitlement to other benefits from the Company, and eligibility to participate in the Company's other benefit plans and programs, shall cease on the Separation Date.

(d) Executive holds stock options (the "**Stock Options**") to purchase shares of the Company's common stock issued to Executive by the Company pursuant to certain stock option agreements (the "**Stock Option Agreements**"). Executive also holds restricted stock units (the "**RSUs**") issued to Executive by the Company pursuant to a RSU agreement (the "**RSU Agreement**"). Executive also holds restricted earn-out shares issued pursuant to that certain Agreement and Plan of Merger (the "**Merger Agreement**"), dated as June 28, 2021, to which the Company was a party, which earn-out shares are unvested and subject to forfeiture as of the Separation Date (the "**Earn-out Shares**"). As of the Separation Date, (i) all of Executive's unvested Stock Options, (ii) all of Executive's RSUs and (iii) all of Executive's Earn-out Shares shall terminate. Executive's vested Stock Options shall be governed by the terms and conditions of the Stock Option Agreements and the equity plan under which such Stock Options were granted.

3. Termination Benefits. In consideration for Executive's agreement to be bound by the terms of this Agreement, including but not limited to the release of claims in Section 4, but subject to Executive's compliance with Section 5, including Section 5(d) regarding the return of Company property, the Company agrees to provide Executive with the following termination benefits (the "**Separation Benefits**"):

(a) Executive shall be entitled to an amount equal to three (3) months' base salary (\$93,750), to be paid to Executive in accordance with the Company's payroll policy, beginning on the payroll date which next occurs after the sixty first (61st) day following the Separation Date; provided, that any payments due from the Separation Date to the sixty first (61st) day following the Separation Date shall be paid on the first payroll date of the Company following such period;

(b) Provided the Separation Date occurs on April 29, 2022, and Executive does not voluntarily resign his employment prior to such date, and further provided that Executive provides the transitional support contemplated by Section 2(a) above, Executive shall be entitled to receive \$47,750.00, representing Executive's annual bonus for 2021, which Executive acknowledges he would not otherwise be eligible to receive absent this Agreement; and

(c) During the period commencing on the Separation Date and ending on the three 3month anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan, subject to Executive's valid

election to continue healthcare coverage under COBRA, the Company shall, in its sole discretion, either (i) continue to provide to Executive and Executive's dependents, at the Company's sole expense, or (ii) reimburse Executive and Executive's dependents for the cost of, in either case, coverage under its group health plan (if any) at the same coverage levels in effect on the Separation Date ("**Benefits Coverage**"); provided, however, that if (A) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (B) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans or (C) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, the cash amount necessary to maintain the Benefits Coverage shall thereafter be paid to Executive in substantially equal taxable monthly installments over the COBRA continuation period (or remaining portion thereof); and

The Separation Benefits shall be the exclusive severance benefits to which Executive is entitled, unless Executive has breached the provisions of this Agreement, in which case Section 5(e) shall apply. Executive understands that Executive will not be entitled to the Separation Benefits under this Agreement if the Effective Date does not occur on or before May 6, 2022, or in the event Executive breaches the terms of this Agreement. Executive acknowledges that, other than the compensation set forth in Section 2 above paid to him as provided therein and the Separation Benefits set forth in this Section 3, he has or will have received all wages, accrued but unused vacation or paid time off, and other benefits due him as a result of his employment or service with and termination from the Company. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner.

4. Release.

(a) In exchange for the Separation Benefits set forth in Section 3 above, and in consideration of the further agreements and promises set forth herein, Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company, Parent, TOI and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et

seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “**ADEA**”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq. Executive represents and warrants that he is the sole owner of all Claims relating to his employment or service with the Company and/or with any predecessor of the Company and that he has not assigned or transferred any Claims relating to his employment or service to any other person or entity. Executive understands and agrees that the Agreement will not be construed at any time as an admission of liability or wrongdoing by either the Company or Executive.

Notwithstanding the generality of the foregoing, Executive does not release any Claims which, by law, may not be released, including the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;

(iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;

(iv) Claims for indemnity under the bylaws of the Company, as provided for by Delaware law or any written indemnification agreement with the Company, or under any applicable insurance policy with respect to Executive’s liability as an employee or officer of the Company;

(v) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for alleged discriminatory treatment;

(vi) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;

(vii) Claims Executive may have to vested or earned compensation and benefits; and

(viii) Executive’s right to communicate or cooperate with any government agency.

(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

(c) Executive acknowledges that Executive is entitled to have twenty-one (21) days' time in which to consider this Release. Executive further acknowledges that the Company has advised him that he is waiving his rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Agreement, and Executive has had sufficient time to consider the terms of this Agreement. Executive represents and acknowledges that if Executive executes this Agreement before twenty-one (21) days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Agreement, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Agreement will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Agreement in writing. Executive understands that this Agreement may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Agreement must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Agreement shall become effective, irrevocable, and binding upon Executive on the eighth (8th) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive shall not execute this Agreement prior to the Separation Date. Executive further understands that Executive will not be given any Separation Benefits under this Agreement unless this Agreement is effective on or before May 6, 2022.

5. Restrictive Covenants.

(a) Executive hereby expressly hereby expressly reaffirms his obligations under Section 4 of the Employment Agreement, a copy of which is attached to this Release as Exhibit A and incorporated herein by reference, and agrees that such obligations shall survive the Termination Date and any termination of his services to the Company.

(b) By signing below, Executive represents and warrants that he has returned to the Company all Company documents (and all copies thereof) and other Company property that Executive had in his possession at any time, including but not limited to Company files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, pagers, etc.), credit cards, entry cards,

identification badges and keys and any materials of any kind which contain or embody any proprietary or confidential information of Company (and all reproductions thereof). Executive understands that, even if Executive does not sign this Agreement, he is still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by Executive in connection with his employment with Company, including the PR, pursuant to the terms of such agreement(s). Executive's compliance with this Section 5(d) shall be a condition to his receipt of the Separation Benefits. (c) In addition to all other rights and remedies available to the Company under law or in equity, the Company shall be entitled to withhold all Separation Benefits from Executive in the event of his breach of this Section 5 or Section 4 of the Employment Agreement.

(c) Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(d) For purposes of this Section 5, the term "**Company**" means not only the Company, but also as any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with such entities.

6. Cooperation. As a condition of his receipt of the Separation Benefits, Executive agrees that, upon reasonable notice and without the necessity of Company obtaining a subpoena or court order, he will provide reasonable cooperation to Company in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, any investigation and/or any defense of any claims asserted against the Company or any of the Company's current or former directors, officers, employees, partners, stockholders, agents or representatives of any of the foregoing, and any ongoing or future investigation or dispute or claim of any kind involving the Company that relates to events occurring during his employment as to which he may have relevant information and any other matter for which he was responsible or had knowledge of through the Separation Date. Such cooperation may include, but will not be limited to, providing background information within Executive's knowledge; aiding in the drafting of declarations; executing declarations or similar documents; testifying or otherwise appearing at investigation interviews, depositions, arbitrations or court hearings; and preparing for the above-described or similar activities. Upon the reasonable request of Company, Executive agrees to cooperate with the transition of his job responsibilities following the Separation Date and cooperate in providing information on matters on which he was involved while an employee.

7. Section 409A; Section 280G.

(a) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”), and Department of Treasury regulations and other interpretive guidance issued thereunder. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from Section 409A of the Code and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with such intention. To the extent that any provision in this Agreement is ambiguous as to its compliance with or exemption from Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code. For purposes of Section 409A of the Code, any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. The parties acknowledge that the Separation Date will constitute the date of Executive’s “separation from service” (as defined in Treasury Regulation Section 1.409A-1(h)) (“*Separation from Service*”).

(b) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive’s taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable in one year shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive’s, and Executive’s right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(c) Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive’s Separation from Service to be a “specified employee” for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive’s benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive’s Separation from Service with the Company or (ii) the date of Executive’s death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive’s estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(d) Section 25 of the Employment Agreement is hereby incorporated herein by reference and shall continue to apply following the Separation Date as if fully set forth herein.

8. Dispute Resolution. Unless otherwise prohibited by law or specified below, all disputes, claims and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, Executive’s employment relationship with the Company, or the termination of Executive’s employment with the Company, shall be resolved solely and exclusively by final and binding arbitration held in Los Angeles, California, before a single, mutually-agreed neutral arbitrator, through JAMS under the then existing JAMS arbitration rules. The rules may be found online at www.jamsadr.com or upon written request to the Company. This Section 8 is intended to be the exclusive method for resolving any and all claims by the parties against each other relating to

Executive's employment or the termination thereof; provided that Executive will retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (a) claims for workers' compensation, state disability insurance or unemployment insurance; (b) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement (provided that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Section 8); and (c) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that, except as otherwise provided by law, Executive will not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. Further, nothing in this Section 8 is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure §1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. In resolving any matter submitted to arbitration, the arbitrator will strictly follow the substantive law applicable to the dispute, claim or controversy and the arbitrator's authority and jurisdiction will be limited to determining the dispute in conformity with applicable law as to liability, damages and remedies, to the same extent as if the dispute was determined by a court without a jury. The arbitrator will issue a written decision that contains the essential findings of fact and conclusions of law on which the decision is based, which may be entered as a judgment in any court of competent jurisdiction. The Company shall pay all costs of arbitration, including without limitation, arbitration administrative fees, arbitrator compensation and expenses, and costs of any witnesses called by the arbitrator. Unless otherwise ordered by the arbitrator under applicable law, the Company and Executive shall each bear its or his own expenses, such as attorneys' fees, costs and disbursements. The prevailing party in any arbitration or other dispute between the parties will be entitled to an award of attorneys' fees and costs, in addition to any other relief. Each party warrants that it has had the opportunity to be represented by counsel in the negotiation and execution of this Agreement, including the attorneys' fees provision herein. Both Executive and the Company expressly waive their right to a jury trial. Executive further waives his right to pursue claims against the Company on a class basis; provided, however, that Executive does not waive his right, to the extent preserved by law, to pursue representative claims against the Company under the California Private Attorney General Act.

9. Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or one (1) business day after being sent by a nationally recognized overnight delivery service, charges prepaid. Notices also may be given electronically via PDF and shall be effective on the date transmitted if confirmed within forty-eight (48) hours thereafter by a signed original sent in the manner provided in the preceding sentence. Notice to Executive shall be sent to his most recent residence and personal email address on file with the Company. Notice to the Company shall be sent to its physical address set forth on the first page hereto and addressed to the Chief Executive Officer at the email address provided by the Company for such person.

10. Entire Agreement. This Agreement and Sections 4 and 25 of the Employment Agreement constitute the entire agreement and understanding between the parties as to the subject matter

herein and supersede all prior or contemporaneous agreements whether written or oral, including, without limitation, the Employment Agreement. Except as provided in Section 5 hereof with respect to Section 4 of the Employment Agreement or Section 7 hereof with respect to Section 25 of the Employment Agreement, the Employment Agreement shall be superseded entirely by this Agreement. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect. The terms in this Agreement may only be modified in writing and signed by Executive and an authorized officer of the Company. In the event of any conflict between any of the terms in this Agreement and the terms of any other agreement between Executive and the Company, the terms of this Agreement will control.

11. Severability. Should any provision of the Agreement be determined by an arbitrator, court of competent jurisdiction or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions are intended to remain in full force and effect. Specifically, should a court, arbitrator or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above will otherwise remain effective to release any and all other claims. Executive acknowledges that he has obtained sufficient information to intelligently exercise his own judgment regarding the terms of the Agreement before executing the Agreement.

12. Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in Los Angeles County, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have personal jurisdiction over it and consents to service of process in any manner authorized by California law.

13. Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

14. Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

15. Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

16. Knowing and Voluntary. Executive represents and agrees that, prior to signing this Agreement, Executive has had the opportunity to discuss the terms of this Agreement with legal counsel of his choosing. Executive further represents and agrees that he is entering into this Agreement knowingly and voluntarily. Executive affirms that no promise was made to cause him to enter into this Agreement, other than what is promised in this Agreement. Executive further confirms that he has not relied upon any other statement or representation by anyone other than what is in this Agreement as a basis for his agreement. Executive acknowledges and agrees that neither the Company nor the Company's counsel has provided any legal or tax advice to Executive and that Executive is free to, and is hereby advised to, consult with a legal or tax advisor of his choosing.

17. Survival. The covenants, agreements, representations and warranties contained in or made in this Agreement shall survive the Separation Date and any termination of this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Signature Page Follows]

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, Brad Hively, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2022 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, 2022

/s/ Brad Hively

Brad Hively
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, 2022 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, 2022

/s/ Mihir Shah

Mihir Shah
Chief Financial Officer

**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, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Hively, 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, 2022

/s/ Brad Hively

Brad Hively

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.

**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, 2022, 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, 2022

/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.