2020
Annual Report

●

one medical
Fiscal Year 2020 Highlights

549,000 Ending FY 2020 Members

+30% FY 2020 YoY Membership Growth

$380M FY 2020 Net Revenue

+38% FY 2020 YoY Net Revenue Growth

90 Average Net Promoter Score®

8–45% Employer Savings®

9→13→17 Markets served 2019 to 2021®

① For the 12 months ended December 31, 2020. Net Promoter Score (“NPS”) was approximately 90. NPS measures willingness of consumers to recommend our services to others based on consumer surveys. We use NPS to gauge overall member satisfaction with providers and loyalty to our brand. NPS ranges from -100 to 100.
② 8% savings per client case study, and 45% total savings published in JAMA Network Open Publication in 2020.
③ Physically present in 9 markets as of FY19, 13 markets as of FY20. Announced 17 markets by the end of FY21.
Dear Shareholders,

As One Medical publicly raised funds on January 31st, 2020, we shared our view that transforming healthcare requires simultaneously serving the needs of multiple key stakeholders in the healthcare ecosystem—including consumers, employers, providers, and health networks—and how One Medical was uniquely positioned to drive such a transformation. Soon thereafter as the COVID-19 virus began impacting society, we demonstrated how One Medical’s human-centered and technology-powered model could serve stakeholders and communities with distinction through seamless integration of virtual and in-person healthcare modalities.

All along we continued delighting consumer and employee members, and achieved significant new milestones in 2020. We continued our high service levels as reflected by maintaining our Net Promoter Score of 90, and also continued to retain 9 out of 10 consumer members in 2020. We added a record number of net new members in 2020, exceeding half a million members. With our built-for-purpose technology platform and outstanding salaried provider team, we delivered higher levels of engagement in 2020—increasing our average member engagement from 7x per year in 2019 to 10x per year in 2020. Through our technology platform, members continued to access 24/7 on-demand digital care when needed, and we also proactively engaged with members through personalized care outreach and population health initiatives. In 2020 we also launched new offerings such as scheduled Remote Visits, Mindset Behavioral Health services, and One Medical Now, our 24/7 national digital health solution for employers. We also continued expanding our pediatrics service to provide care for the whole family. We further grew our market presence with our One Medical Now national digital health solution, and with our in-person presence expanding from 9 to 13 markets in 2020 and our previously announced plans to end 2021 with 17 markets.

In addition to delighting consumers, our model continued to resonate with employers. We are now serving more than 8,000 employers with a highly-engaging benefit, and we have retained more than 90% of our enterprise contract values in 2020. Throughout COVID-19, we acted as a key clinical resource for employer clients, quickly launching our worksite reentry program, Healthy Together, to provide employee health screenings, testing, and follow-up with virtual and in-person care as needed. At the same time, we continued to advance employee wellbeing and productivity while lowering benefits costs by leveraging our population health and value-based care approaches. We have demonstrated total employer healthcare cost savings of 8%+ in a case study, with a seminal study published in JAMA Network Open linking our model to 45% in total healthcare cost savings.

We also continued advancing a more fulfilling way for providers to practice primary care, with our modernized technology and aligned salaried-model emphasizing member relationships and minimizing administrative burdens. Our technology platform continued to enable us to reduce about 40% of the tasks providers often experience with other electronic health record systems and organizations. We were also honored to be recognized by Forbes and Statista as one of America’s Best Midsize Employers of 2021. We continue to believe that our unique model enables a differentiated and professionally rewarding environment which reduces factors driving provider burnout, and ultimately helps us further attract and retain outstanding providers.

We also continued to partner with leading health networks to help own the complexity of navigating care for our members and providers. We celebrated the launch of four new partnerships in 2020 and announced partnerships across all our planned new markets for 2021. These partnerships advanced opportunities to clinically and digitally integrate care across the healthcare ecosystem and deliver more coordinated and accessible value-based care for our members and employers across even more markets.

Our ability to transform healthcare for multiple key stakeholders also drove strong financial results. We delivered $380 million in total 2020 net revenue, up 38% year-over-year. We delivered 2020 Care Margin of $145 million, or 38% of net revenue, while at the same time launching four new markets and continuing to invest across our organization. We delivered 2020 Adjusted EBITDA of ($13.9) million, which reflects an improvement to 2019. These results showcase the continued momentum and the leverage inherent in our business.

Underlying our accomplishments are dedicated One Medical team members who supported all our key stakeholders this past year. Moreover, they continue providing outstanding and compassionate care, whether during ordinary or extraordinary times. Our team believes that by delighting members and reducing healthcare costs we are indeed transforming healthcare, and that tremendous opportunities lie ahead for our organization. We close by thanking you, our investors and community stakeholders, for engaging with us to advance better health, better care, and better value for all.

Sincerely,

Amir Dan Rubin
Chair & CEO & President
Dear Stockholders of 1Life Healthcare, Inc.:

We cordially invite you to attend the 2021 annual meeting of stockholders, or the Annual Meeting, of 1Life Healthcare, Inc., a Delaware corporation, or the Company or One Medical, which will be held virtually on Thursday, June 3, 2021 at 9:00 a.m. Pacific Time via live audio webcast on the Internet at www.virtualshareholdermeeting.com/ONEM2021, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect two Class I directors to serve until the 2024 annual meeting of stockholders and until their successors are duly elected and qualified;

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2021; and

3. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

With respect to the election of the Class I directors, David B. Singer has notified our board of directors that he will not stand for reelection to the board of directors at the Annual Meeting. Mr. Singer has served on our board of directors since 2011, and we thank him for his years of service and for his contributions as a member of our board of directors and audit and compliance committee.

Due to continuing public health and travel concerns related to the COVID-19 pandemic and the protocols that some federal, state and local governments continue to impose, our board of directors has determined to hold a live audio webcast in lieu of an in-person meeting in order to continue to support the health and well-being of our employees, stockholders, directors and community. You will be able to vote and submit your questions during the meeting at www.virtualshareholdermeeting.com/ONEM2021. In light of the current environment, we believe that holding a virtual meeting will enable greater stockholder attendance and help accommodate participants who may be unable or unwilling to travel to an in-person meeting as a result of measures implemented in response to the COVID-19 outbreak. As always, we encourage you to vote your shares prior to the Annual Meeting either by telephone, Internet or by proxy card to help make this meeting format as efficient as possible.

Our board of directors has fixed the close of business on April 5, 2021 as the record date for the Annual Meeting. Only stockholders of record on April 5, 2021 are entitled to notice of and to vote at the Annual Meeting. Further information regarding voting rights and the matters to be voted upon is presented in the accompanying proxy statement.

On or about April 21, 2021, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials, or the Notice, containing instructions on how to access our proxy statement for our 2021 Annual Meeting of Stockholders, or the Proxy Statement, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, or the Annual Report. The Proxy Statement and the Annual Report can be accessed directly at the following Internet address: http://materials.proxyvote.com/68269G. All you have to do is enter the control number located on your proxy card.
YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to submit your vote via the Internet, telephone or mail as soon as possible to ensure that your shares are represented. For additional instructions on voting by telephone or the Internet, please refer to your proxy card. Returning the proxy does not deprive you of your right to attend the Annual Meeting and to vote your shares at the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from that record holder.

We appreciate your continued support of One Medical.

By order of the Board of Directors,

Amir Dan Rubin  
*Chief Executive Officer, President and Chairperson of the Board*  
San Francisco, California  
April 21, 2021
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PROCEDURAL MATTERS

This proxy statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by our board of directors for use at the 2021 annual meeting of stockholders of 1Life Healthcare, Inc., a Delaware corporation, or the Company, and any postponements, adjournments or continuations thereof, or the Annual Meeting. The Annual Meeting will be held virtually on Thursday, June 3, 2021, at 9:00 a.m. Pacific Time via live audio webcast. The Notice of Internet Availability of Proxy Materials, or the Notice, containing instructions on how to access this proxy statement and our annual report is first being mailed on or about April 21, 2021 to all stockholders entitled to vote at the Annual Meeting.

The information provided in the "question and answer" format below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully. Information contained on, or that can be accessed through, our website is not intended to be incorporated by reference into this proxy statement and references to our website address in this proxy statement are inactive textual references only.

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials?

In accordance with the rules of the Securities and Exchange Commission, or the SEC, we have elected to furnish our proxy materials, including this proxy statement and our annual report, primarily via the Internet. The Notice containing instructions on how to access our proxy materials is first being mailed on or about April 21, 2021 to all stockholders entitled to vote at the Annual Meeting. Stockholders may request to receive all future proxy materials in printed form by mail or electronically by e-mail by following the instructions contained in the Notice. We encourage stockholders to take advantage of the availability of our proxy materials on the Internet to help reduce the environmental impact and cost of our annual meetings of stockholders.

Will I receive any other proxy materials by mail?

No, you will not receive any other proxy materials by mail unless you request a paper copy of proxy materials. To request that a full set of the proxy materials be sent to your specified postal address, please go to www.proxyvote.com or call 1-800-579-1639. Please have your proxy card in hand when you access the website or call and follow the instructions provided.

What matters am I voting on?

You will be voting on:

- the election of two Class I directors to serve until the 2024 annual meeting of stockholders and until their successors are duly elected and qualified;
- a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2021; and
- any other business as may properly come before the Annual Meeting.
How does the board of directors recommend I vote on these proposals?

Our board of directors recommends a vote:

- "FOR" the election of Bruce W. Dunlevie and David P. Kennedy as Class I directors; and
- "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2021.

What if another matter is properly brought before the meeting?

Our board of directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with his or her best judgment.

Who is entitled to vote?

Holders of our common stock as of the close of business on April 5, 2021, the record date for the Annual Meeting, may vote at the Annual Meeting. As of the record date, there were 137,289,711 shares of our common stock outstanding. Stockholders are not permitted to cumulate votes with respect to the election of directors. Each share of common stock is entitled to one vote on each proposal.

Registered Stockholders. If shares of our common stock are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares, and the Notice was provided to you directly by us. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card, vote live at the Annual Meeting, or vote by proxy through the Internet or by telephone. Throughout this proxy statement, we refer to these registered stockholders as “stockholders of record.”

Street Name Stockholders. If shares of our common stock are held on your behalf in a brokerage account or by a bank or other nominee, you are considered to be the beneficial owner of shares that are held in “street name,” and the Notice was forwarded to you by your broker or nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or other nominee as to how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. However, since a beneficial owner is not the stockholder of record, you should follow your broker's procedures for obtaining a legal proxy to vote your shares of our common stock live at the Annual Meeting. If you request a printed copy of our proxy materials by mail, your broker, bank or other nominee will provide a voting instruction form for you to use. Throughout this proxy statement, we refer to stockholders who hold their shares through a broker, bank or other nominee as "street name stockholders."

How many votes are needed for approval of each proposal?

- **Proposal No. 1:** The election of directors requires a plurality of the voting power of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. “Plurality” means that the nominees who receive the largest number of votes cast “For” such nominees are elected as directors. As a result, only “For” votes will affect the outcome, and any shares not voted “For” a particular nominee (whether as a result of stockholder abstention or a broker non-vote) will not be counted in such nominee's favor and will have no effect on the outcome of the election. You may vote “For” or “Withhold” on each of the nominees for election as a director.

- **Proposal No. 2:** The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2021 requires the affirmative vote of a majority of the voting power of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. Abstentions are considered shares present and entitled to vote on this proposal, and thus, will have the same effect as a vote "Against" this proposal. Broker non-votes will have no effect on the outcome of this proposal.
What are the effects of abstentions, withheld votes and broker non-votes?

An abstention represents a stockholder’s affirmative choice to decline to vote on a proposal. If a stockholder indicates on its proxy card that it wishes to abstain from voting its shares or withholds votes as to a particular proposal, or if a broker, bank or other nominee holding its customers’ shares of record causes abstentions or withheld votes to be recorded for shares, these shares will be considered present and entitled to vote at the Annual Meeting. As a result, abstentions and withheld votes will be counted for purposes of determining the presence or absence of a quorum and will also count as votes against a proposal in cases where approval of the proposal requires the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting (e.g., Proposal No. 2). However, because the outcome of Proposal No. 1 (election of directors) will be determined by a plurality vote, abstentions and withheld votes will have no impact on the outcome of such proposal as long as a quorum exists.

A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker, bank or other nominee does not have discretionary voting power with respect to such proposal and has not received voting instructions from the beneficial owner of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting but will not be counted for purposes of determining the number of votes present and entitled to vote or votes cast. Therefore, a broker non-vote will make a quorum more readily attainable but will not otherwise affect the outcome of the vote on any proposal.

As a reminder, if you are a beneficial owner of shares held in street name, in order to ensure your shares are voted in the way you would prefer, you must provide voting instructions to your broker, bank or other agent by the deadline provided in the materials you receive from your broker, bank or other agent.

What is a quorum?

A quorum is the minimum number of shares required to be present at the Annual Meeting to properly hold an annual meeting of stockholders and conduct business under our amended and restated bylaws and Delaware law. The presence, in person or by proxy, of a majority of the voting power of all issued and outstanding shares of our common stock entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting. On the record date, there were 137,289,711 shares outstanding and entitled to vote. Thus, the holders of at least 68,644,856 shares must be present in person or represented by proxy at the meeting to have a quorum. Abstentions, withheld votes and broker non-votes are counted as shares present and entitled to vote for purposes of determining a quorum.

How do I vote?

If you are a stockholder of record, there are four ways to vote:

• by Internet at www.proxyvote.com, 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on June 2, 2021 (have your Notice or proxy card in hand when you visit the website);
• by toll-free telephone at 1-800-690-6903, until 11:59 p.m. Eastern Time on June 2, 2021 (have your Notice or proxy card in hand when you call);
• by completing and mailing your proxy card (if you received printed proxy materials); or
• by Internet during the Annual Meeting. Instructions on how to attend and vote at the Annual Meeting are described at www.virtualshareholdermeeting.com/ONEM2021.

If you plan to attend the Annual Meeting, we recommend that you also vote by proxy so that your vote will be counted if you later decide not to attend the Annual Meeting.

If you are a street name stockholder, you will receive voting instructions from your broker, bank or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to direct your broker, bank or other nominee on how to vote your shares. Street name stockholders should generally be able to vote by returning a voting instruction form, or by telephone or on the Internet. However, the availability of
telephone and Internet voting will depend on the voting process of your broker, bank or other nominee. As discussed above, if you are a street name stockholder, you need to obtain a legal proxy from your broker, bank or other nominee in order to vote your shares in person in the Annual Meeting.

**Can I change my vote or revoke my proxy?**

Yes. If you are a stockholder of record, you can change your vote or revoke your proxy any time before the Annual Meeting by:

- entering a new vote by Internet or by telephone;
- completing and returning a later-dated proxy card;
- notifying the Corporate Secretary of 1Life Healthcare, Inc., in writing, at 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, California 94111; or
- attending and voting electronically at the Annual Meeting (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

If you are a street name stockholder, your broker, bank or other nominee can provide you with instructions on how to change your vote.

**Will my vote be kept confidential?**

Yes, your vote will be kept confidential and not disclosed to the Company unless:

- required by law;
- you expressly request disclosure on your proxy; or
- there is a proxy contest.

**Why won’t there be an in-person meeting this year?**

Due to continuing developments with the COVID-19 pandemic, the public health and travel concerns our stockholders may have and the protocols that federal, state and local governments may impose, our board of directors has determined to hold a virtual Annual Meeting via live audio webcast in lieu of an in-person meeting in order to support the health and well-being of our employees, stockholders, directors and community. You will be able to vote and submit your questions during the meeting at www.virtualshareholdermeeting.com/ONEM2021. The health and safety of our employees, stockholders, directors and community is paramount and we believe that holding a virtual meeting will enable greater stockholder attendance and help accommodate participants who may be unable or unwilling to travel to an in-person meeting as a result of measures implemented in response to the COVID-19 pandemic.

**What do I need to do to attend the Annual Meeting online?**

We will be hosting our Annual Meeting via live audio webcast only. If you are a stockholder as of the record date of April 5, 2021 and wish to virtually attend the Annual Meeting, you will need the 16-digit control number, which is located on your Notice of Internet Availability of Proxy Materials or on your proxy card (if you receive a printed copy of the proxy materials). Instructions on how to participate in the Annual Meeting are also posted online at www.proxyvote.com. The webcast will start at 9:00 a.m., Pacific Time on June 3, 2021. Stockholders may vote and ask questions while attending the Annual Meeting online.

Use of cameras and recording devices are prohibited while virtually attending the live audio webcast.
How can I get help if I have trouble checking in or listening to the meeting online?

If you encounter any difficulties accessing the virtual meeting during the check-in or meeting, please call the technical support number that will be posted on the Virtual Shareholder Meeting log-in page.

What is the effect of giving a proxy?

Proxies are solicited by and on behalf of our board of directors. Amir Dan Rubin, Bjorn Thaler and Lisa Mango have been designated as proxy holders by our board of directors. When proxies are properly dated, executed and returned, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our board of directors as described above. If any matters not described in this proxy statement are properly presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote the shares. If the Annual Meeting is adjourned, the proxy holders can vote the shares on the new Annual Meeting date as well, unless you have properly revoked your proxy instructions, as described above.

How are proxies solicited for the Annual Meeting?

Our board of directors is soliciting proxies for use at the Annual Meeting. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Our directors and employees will not be paid any additional compensation for soliciting proxies.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each of the Notices you receive to ensure that all of your shares are voted.

How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

Brokerage firms and other intermediaries holding shares of our common stock in street name for their customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, your broker will have discretion to vote your shares on our sole "routine" matter: the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2021. Your broker will not have discretion to vote on Proposal No. 1, a “non-routine” matter, or any other proposals which are considered “non-routine” matters, absent direction from you.

Where can I find the voting results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting. We will also disclose voting results on a Current Report on Form 8-K that we will file with the SEC within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Current Report on Form 8-K within four business days after the Annual Meeting, we will file a Current Report on Form 8-K to publish preliminary results and will provide the final results in an amendment to the Current Report on Form 8-K as soon as they become available.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted a procedure called “householding,” which the SEC has approved. Under this procedure, we deliver a single copy of the Notice and, if applicable, our proxy materials to multiple stockholders who share the
same address, unless we have received contrary instructions from one or more of such stockholders. This procedure reduces our printing costs, mailing costs and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will deliver promptly a separate copy of the Notice and, if applicable, our proxy materials to any stockholder at a shared address to which we delivered a single copy of any of these materials. To receive a separate copy, or, if a stockholder is receiving multiple copies, to request that we only send a single copy of the Notice and, if applicable, our proxy materials, such stockholder may contact us at:

1Life Healthcare, Inc.
Attention: Investor Relations
One Embarcadero Center, Suite 1900
San Francisco, California 94111
investor@onemedical.com
415-814-0927

In light of shelter-in-place restrictions currently in place due to COVID-19, we encourage stockholders to contact us by telephone or e-mail instead of physical mail to help ensure timely receipt of any request for proxy materials.

Street name stockholders may contact their broker, bank or other nominee to request information about householding.

What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?

**Stockholder Proposals**

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at next year's annual meeting of stockholders by submitting their proposals in writing to our Corporate Secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for the 2022 annual meeting of stockholders, our Corporate Secretary must receive the written proposal at our principal executive offices not later than December 22, 2021. In addition, stockholder proposals must comply with the requirements of Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals should be addressed to:

1Life Healthcare, Inc.
Attention: Corporate Secretary
One Embarcadero Center, Suite 1900
San Francisco, California 94111

Our amended and restated bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement. Our amended and restated bylaws provide that the only business that may be conducted at an annual meeting of stockholders is business that is (i) specified in our proxy materials with respect to such annual meeting, (ii) otherwise properly brought before such annual meeting by or at the direction of our board of directors or (iii) properly brought before such meeting by a stockholder of record entitled to vote at such annual meeting who has delivered timely written notice to our Corporate Secretary, which notice must contain the information specified in our amended and restated bylaws. To be timely for the 2022 annual meeting of stockholders, our Corporate Secretary must receive the written notice at our principal executive offices:

- not earlier than the close of business on February 3, 2022; and
- not later than the close of business on March 5, 2022.

In the event that we hold the 2022 annual meeting of stockholders more than 30 days before or more than 30 days after the one-year anniversary of the Annual Meeting, then, for notice by the stockholder to be timely, it must be received by the Corporate Secretary not earlier than the close of business on the 120th day prior to such annual
meeting and not later than the close of business on the later of the 90th day prior to such annual meeting, or the tenth
day following the day on which public announcement of the date of such annual meeting is first made.

If a stockholder who has notified us of his, her or its intention to present a proposal at an annual meeting of
stockholders does not appear to present his, her or its proposal at such annual meeting, we are not required to present
the proposal for a vote at such annual meeting.

Nomination of Director Candidates

Holders of our common stock may propose director candidates for consideration by our nominating and
corporate governance committee. Any such recommendations should include the nominee's name and qualifications
for membership on our board of directors and should be directed to our General Counsel or legal department at the
address set forth above. For additional information regarding stockholder recommendations for director candidates,
see the section titled "Board of Directors and Corporate Governance—Stockholder Recommendations and
Nominations to the Board of Directors."

In addition, our amended and restated bylaws permit stockholders to nominate directors for election at an
annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by
our amended and restated bylaws. In addition, the stockholder must give timely notice to our Corporate Secretary in
accordance with our amended and restated bylaws, which, in general, require that the notice be received by our
Corporate Secretary within the time periods described above under the section titled "Stockholder Proposals" for
stockholder proposals that are not intended to be included in a proxy statement.

Availability of Bylaws

A copy of our amended and restated bylaws is available via the SEC's website at http://www.sec.gov. You
may also contact our Corporate Secretary at the address set forth above for a copy of the relevant bylaw provisions
regarding the requirements for making stockholder proposals and nominating director candidates.
BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our business and affairs are managed under the direction of our board of directors. Our board of directors consists of nine directors, all of whom, other than Mr. Rubin, qualify as "independent" under the listing standards of the Nasdaq Global Select Market, or Nasdaq. Our board of directors is divided into three staggered classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose term is then expiring.

The following table sets forth the names, ages as of March 31, 2021, and certain other information for each of the members of our board of directors with terms expiring at the Annual Meeting (who, with the exception of David B. Singer, are also nominees for election as a director at the Annual Meeting) and for each of the continuing members of our board of directors:

<table>
<thead>
<tr>
<th>Directors with Terms Expiring at the Annual Meeting/ Nominees</th>
<th>Class</th>
<th>Age</th>
<th>Position</th>
<th>Director Since</th>
<th>Current Term Expires</th>
<th>Expiration of Term For Which Nominated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruce W. Dunlevie(1)*</td>
<td>I</td>
<td>64</td>
<td>Director</td>
<td>2007</td>
<td>2021</td>
<td>2024</td>
</tr>
<tr>
<td>David P. Kennedy(2)</td>
<td>I</td>
<td>50</td>
<td>Director</td>
<td>2007</td>
<td>2021</td>
<td>2024</td>
</tr>
<tr>
<td>David B. Singer(3) †</td>
<td>I</td>
<td>58</td>
<td>Director</td>
<td>2011</td>
<td>2021</td>
<td>2024</td>
</tr>
</tbody>
</table>

**Continuing Directors**

| Amir Dan Rubin                                            | III   | 51  | Chair, Chief Executive Officer and President | 2017 | 2023 | — |
| Paul R. Auvil(3)                                          | II    | 57  | Director                                      | 2019 | 2022 | — |
| Mark S. Blumenkranz, M.D.(3)                             | II    | 70  | Director                                      | 2019 | 2022 | — |
| Kalen F. Holmes, Ph.D.(2)                                 | II    | 54  | Director                                      | 2017 | 2022 | — |
| Freda Lewis-Hall, M.D.(1)                                 | III   | 66  | Director                                      | 2019 | 2023 | — |
| Robert R. Schmidt(1)(2)                                   | III   | 38  | Director                                      | 2018 | 2023 | — |

† On April 17, 2021, Mr. Singer notified us of his decision not to stand for reelection to our board of directors at the Annual Meeting.

* Lead Independent Director

(1) Member of the nominating and corporate governance committee
(2) Member of the compensation committee
(3) Member of the audit and compliance committee

**Nominees for Director**

Bruce W. Dunlevie has served as a member of our board of directors since June 2007. He has been a General Partner of venture capital firm Benchmark Capital since its founding in May 1995. Mr. Dunlevie also serves on the board of directors of ServiceSource International, a publicly traded analytics company. From March 2008 to February 2017, he served on the board of directors of Marin Software, a publicly traded digital advertising company. He earned a B.A. in History from Rice University and an M.B.A. from Stanford University. We believe that Mr. Dunlevie is qualified to serve as a member of our board of directors because of his extensive experience in healthcare and technology and his service on publicly traded company boards.

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David P. Kennedy has served as a member of our board of directors since June 2007. Mr. Kennedy co-founded Serent Capital, a private equity firm, in 2008 and served as one of its general partners until October 2020, when he became a non-investing partner. Mr. Kennedy led all of Serent’s healthcare investments from its inception through October 2020 and has served on the boards of directors of several privately held companies. Mr. Kennedy earned a B.Comm. in Finance, an M.B.S. in International Marketing from University College Dublin and an M.A. in International Policy Studies and an M.B.A. from Stanford University. We believe that Mr. Kennedy is qualified to serve as a member of our board of directors because of his experience in healthcare investing.

Continuing Directors

Amir Dan Rubin. See the section titled "Executive Officers" for Mr. Rubin’s biographical information.

Paul R. Auvil has served as a member of our board of directors since September 2019. Since March 2007, Mr. Auvil has served as the Chief Financial Officer of Proofpoint, Inc., a provider of security-as-a-service solutions. From September 2006 to March 2007, Mr. Auvil was an entrepreneur-in-residence at Benchmark Capital, a venture capital firm. From 2002 to July 2006, he served as the Chief Financial Officer at VMware, Inc., a computing virtualization company. From 2007 to 2017, Mr. Auvil served on the board of directors of Quantum Corporation, a data storage company. From 2009 to 2010, Mr. Auvil served on the board of directors of OpenTV Corp., a provider of interactive television software and services. From 2009 to 2017, Mr. Auvil served on the board of directors of Marin Software, Inc., a cloud-based ad management platform company. Mr. Auvil earned an A.B. in Engineering Sciences and a Bachelor of Engineering degree from Dartmouth College, and a Master of Management from the Kellogg Graduate School of Management at Northwestern University. We believe Mr. Auvil is qualified to serve on our board of directors because of his financial and accounting experience and his service on the boards of directors of several companies.

Mark S. Blumenkranz, M.D. has served as a member of our board of directors since November 2019. Since October 2015, Dr. Blumenkranz has served as the managing director of Lagunita Biosciences LLC, a healthcare investment company. Since September 2019, Dr. Blumenkranz has served as the chief executive officer of Kedalion Therapeutics Inc., an ophthalmic drug development company. From 1997 to August 2015, he served as the H.J. Smead Professor and Chairman of the Department of Ophthalmology at the Stanford University School of Medicine and as the inaugural director of the Byers Eye Institute, a nationally-recognized eye care center. From January 2015 to August 2015, Dr. Blumenkranz served on the board of directors of Presbia PLC, a medical device company. From July 2006 to February 2017, Dr. Blumenkranz served on the board of directors of Adverum Biotechnologies Inc., a biotechnology company. He also serves on the board of directors of several private biotechnology and medical device companies. Dr. Blumenkranz earned an A.B. in Biology, an M.M.S. in Biochemical Pharmacology and an M.D. from Brown University. He received his surgical internship and ophthalmology residency training at the Stanford University School of Medicine and his fellowship training in vitreoretinal surgery at the Bascom Palmer Eye Institute at the University of Miami School of Medicine. We believe that Dr. Blumenkranz is qualified to serve as a member of our board of directors because of his experience as a director and founder of several biotechnology companies, as well as his significant expertise in medical practice.

Kalen F. Holmes, Ph.D., has served as a member of our board of directors since January 2017. From November 2009 to February 2013, Dr. Holmes served as Executive Vice President of Partner Resources at Starbucks Corporation, a publicly traded retail beverage company. Since December 2014 and August 2016, Dr. Holmes has served on the boards of directors of Zumiez Inc., a publicly traded clothing store, and Red Robin Gourmet Burgers, Inc., a publicly traded restaurant company, respectively. Dr. Holmes earned a B.A. in Psychology from the University of Texas and an M.A. and Ph.D. in Industrial and Organizational Psychology from the University of Houston. We believe that Dr. Holmes is qualified to serve as a member of our board of directors because of her public company management and board experience.

Freda Lewis-Hall, M.D., DFAPA has served as a member of our board of directors since November 2019. Dr. Lewis-Hall served as Senior Medical Advisor to the chief executive officer at Pfizer Inc., a biopharmaceutical company, from January 2020 until her retirement in March 2020. From January 2019 to December 2019, Dr. Lewis-Hall served as Chief Patient Officer and Executive Vice President of Pfizer, a pharmaceutical company. From June 2009 until December 2018, Dr. Lewis-Hall served as Pfizer’s Chief Medical Officer. Prior to joining Pfizer in 2009, Dr. Lewis-Hall held various senior leadership positions including Chief Medical Officer and Executive Vice President,
Medicines Development at Vertex Pharmaceuticals Incorporated, a biopharmaceutical company, from June 2008 to May 2009; and Senior Vice President, U.S. Pharmaceuticals, Medical Affairs for Bristol-Myers Squibb Company from 2003 until May 2008. Between 1994 and 2003, Dr. Lewis-Hall held leadership roles across several multinational pharmaceutical corporations, including Pharmacia and Eli Lilly. Dr. Lewis-Hall currently serves on the board of directors of Exact Sciences Corporation, a molecular diagnostics company, SpringWorks Therapeutics, Inc., a biopharmaceutical company, and Milliken & Company, a global manufacturing company. Previously, from 2014 to 2017 she served on the board of directors of Tenet Healthcare Corporation, a healthcare services company. Dr. Lewis-Hall serves on the advisory board of the Dell Medical School and the Board of Fellows of the Harvard School of Medicine. She also served on the board of the Patient Centered Outcomes Research Institute from 2010 to 2020. Dr. Lewis-Hall earned a B.A. in Natural Sciences from Johns Hopkins University and an M.D. from Howard University College of Medicine. We believe that Dr. Lewis-Hall is qualified to serve on our board of directors based on her expertise and experience in the biopharmaceutical industry and her leadership experience as a senior executive at various biopharmaceutical companies.

Robert R. Schmidt has served as a member of our board of directors since August 2018. Mr. Schmidt is a Managing Director at The Carlyle Group Inc., or Carlyle, a private equity firm, where he focuses on investment opportunities in the healthcare sector since joining Carlyle in 2011. Since February 2019, Mr. Schmidt has served on the board of Ortho Clinical Diagnostics, a medical diagnostic company. In addition, Mr. Schmidt serves on the boards of several privately held healthcare companies. Mr. Schmidt earned a B.S.C.E. in Finance and Management from the Wharton School at the University of Pennsylvania and an M.B.A. from Harvard Business School. We believe that Mr. Schmidt is qualified to serve as a member of our board of directors because of his extensive experience in healthcare investing.

Non-Continuing Directors

David B. Singer has served as a member of our board of directors since September 2011. Since December 2004, Mr. Singer has held various positions at Maverick Capital, Ltd., an investment firm, or its affiliates, including Managing Partner of Maverick Ventures since February 2015. From July 2013 to January 2017, Mr. Singer served as a health commissioner of the City of San Francisco and a member of the San Francisco General Hospital Joint Conference Committee. Since June 2010, Mr. Singer has served on the board of directors of Castlight Health, Inc., a publicly traded healthcare navigation company. From December 2006 to May 2013, he served on the board of directors of Pacific Biosciences of California, Inc. a publicly traded biotechnology company. Mr. Singer serves on the boards of several privately held healthcare companies. Mr. Singer earned a B.A. in History from Yale University and an M.B.A. from Stanford University. Mr. Singer was selected to serve on our board of directors because of his significant healthcare experience.

Composition of Our Board of Directors

Certain members of our board of directors were elected pursuant to the provisions of a voting agreement, as amended, which terminated upon the closing of our initial public offering. Under the terms of this voting agreement, the stockholders who were party to the voting agreement agreed to vote their respective shares so as to elect: (1) one director designated by Benchmark Capital Partners V, L.P., currently Mr. Dunlevie; (2) one director designated by DAG Ventures IV-QP, L.P., currently Mr. Rubin; (3) one director designated by Oak Investment Partners XII, Limited Partnership, currently vacant; (4) one director designated by Maverick Capital, Ltd., currently Mr. Singer; (5) one director designated by GV 2013, L.P., currently vacant; (6) one director designated by Redmile Capital Offshore Fund II, Ltd., currently Dr. Holmes; (7) two directors designated by Carlyle Partners VII Holdings, L.P., or the Carlyle Investor, currently Mr. Schmidt, with the other vacant; and (8) two directors designated by the holders of a majority of our common stock and preferred stock, each currently vacant. None of our stockholders have any special rights regarding the election or designation of members of our board of directors.
The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management. Our board of directors meets on a regular basis and additionally as required. Our board of directors currently consists of nine directors. Our amended and restated certificate of incorporation provides that the authorized number of directors may be changed only by resolution approved by a majority of our board of directors. In accordance with our amended and restated certificate of incorporation, our board of directors is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms are expiring will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors are divided among the three classes as follows:

- the Class I directors are Messrs. Dunlevie, Kennedy and Singer and their terms will expire at the annual meeting of stockholders to be held in 2021;
- the Class II directors are Mr. Auivil and Drs. Blumenkranz and Holmes and their terms will expire at the annual meeting of stockholders to be held in 2022; and
- the Class III directors are Dr. Lewis-Hall and Messrs. Rubin and Schmidt and their terms will expire at the annual meeting of stockholders to be held in 2023.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

**Director Independence**

Under the listing requirements and rules of Nasdaq, independent directors must comprise a majority of our board of directors as a listed company within one year of the closing of our initial public offering.

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that Drs. Blumenkranz, Holmes and Lewis-Hall and Messrs. Auivil, Dunlevie, Kennedy, Schmidt and Singer do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq. In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

**Board Leadership Structure**

Mr. Rubin currently serves as our Chief Executive Officer, President and the Chairperson of our board of directors. Mr. Rubin brings Company-specific experience and expertise in healthcare while our non-management directors bring experience, oversight and expertise from outside of our Company.

Since Mr. Rubin is not an "independent" director pursuant to the Nasdaq listing standards, in September 2019, we appointed Mr. Bruce W. Dunlevie to serve as our lead independent director. Mr. Dunlevie presides over executive sessions of our independent directors and serves as a liaison between our Chief Executive Officer, President and Chairperson and our independent directors. He also performs such additional duties as our board of directors may otherwise determine and delegate. In addition, each of our board committees is comprised of independent directors which provide strong independent leadership for each of these committees. Our independent directors generally meet in executive session after each meeting of the board of directors. At each such meeting, the presiding director for each executive session of our board of directors is either (i) the lead independent director or (ii) chosen by the independent directors. Our board of directors will continue to evaluate this leadership structure on an ongoing basis based on factors such as the experience of the applicable individuals and the current business environment.
Board Meetings and Committees

Our board of directors may establish the authorized number of directors from time to time by resolution. Our board of directors currently consists of nine members. On April 17, 2021, Mr. Singer notified us of his decision not to stand for reelection to our board of directors at the Annual Meeting.

During our fiscal year ended December 31, 2020, our board of directors held 14 meetings (including regularly scheduled and special meetings), and each director attended at least 75% of the aggregate of (i) the total number of meetings of our board of directors held during the period for which he or she had been a director and (ii) the total number of meetings held by all committees of our board of directors on which he or she served during the periods that he or she served.

Although our Corporate Governance Guidelines do not have a formal policy regarding attendance by members of our board of directors at annual meetings of stockholders, we encourage, but do not require, our directors to attend.

Our board of directors has established an audit and compliance committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Each committee of our board of directors has a written charter approved by our board of directors. Copies of each charter are posted in the “Investor Relations—Governance” portion of our website at www.onemedical.com. The reference to our website address does not constitute incorporation by reference of the information contained at or available or accessible through our website, and you should not consider it to be a part of this Proxy Statement. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit and Compliance Committee

Our audit and compliance committee consists of Dr. Blumenkranz and Messrs. Auvil and Singer. Our board of directors has determined that each member of the audit and compliance committee satisfies the independence requirements under Nasdaq listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chairperson of our audit and compliance committee is Mr. Auvil. Our board of directors has determined that Mr. Auvil is an “audit and compliance committee financial expert” within the meaning of SEC regulations. Each member of our audit and compliance committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit and compliance committee member’s scope of experience and the nature of their employment.

The primary purpose of the audit and compliance committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit and compliance committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our consolidated financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- reviewing our risk assessment and risk management processes;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually that describes our internal quality control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
• approving or, as permitted, pre-approving, audit and permissible non-audit services to be performed by
the independent registered public accounting firm.

Our audit and compliance committee held nine meetings during fiscal year 2020.

Compensation Committee

Our compensation committee consists of Dr. Holmes and Messrs. Kennedy and Schmidt. The chairperson of
our compensation committee is Dr. Holmes. Our board of directors has determined that each member of the
compensation committee is independent under the listing standards of Nasdaq, and a “non-employee director” as
defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors
in overseeing our compensation policies, plans and programs and to review and determine the compensation to be
paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our
compensation committee include:

• reviewing and recommending to our board of directors the compensation of our chief executive officer
  and other executive officers;
• reviewing and recommending to our board of directors the compensation of our directors;
• administering our equity incentive plans and other benefit programs;
• reviewing, adopting, amending and terminating incentive compensation and equity plans, severance
  agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory
  arrangements for our executive officers and other senior management; and
• reviewing and establishing general policies relating to compensation and benefits of our employees,
  including our overall compensation philosophy.

Our compensation committee held five meetings during fiscal year 2020.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Dr. Lewis-Hall and Messrs. Dunlevie and
Schmidt. The chairperson of our nominating and corporate governance committee is Mr. Dunlevie. Our board of
directors has determined that each member of the nominating and corporate governance committee is independent
under the listing standards of Nasdaq. Specific responsibilities of our nominating and corporate governance committee
include:

• identifying and evaluating candidates, including the nomination of incumbent directors for reelection
  and nominees recommended by stockholders, to serve on our board of directors;
• considering and making recommendations to our board of directors regarding the composition and
  chairmanship of the committees of our board of directors;
• developing and making recommendations to our board of directors regarding corporate governance
  guidelines and matters;
• overseeing periodic evaluations of the board of directors’ performance, including committees of the
  board of directors; and
• overseeing and periodically reviewing the Company’s environmental, social and governance activities,
  programs and public disclosure.
Our nominating and corporate governance committee held two meetings during fiscal year 2020.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last fiscal year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Identifying and Evaluating Director Nominees

Our nominating and corporate governance committee is responsible for identifying, reviewing, evaluating and recommending candidates for nomination to our board of directors, including candidates to fill any vacancies that may occur. Our nominating and corporate governance committee assesses the qualifications of candidates in light of the policies and principles in our corporate governance guidelines and may also engage third party search firms to identify director candidates. The nominating and corporate governance committee may conduct interviews, detailed questionnaires and comprehensive background checks or use any other means that it deems appropriate to gather information to evaluate potential candidates. Based on the results of the evaluation process, the nominating and corporate governance committee recommends candidates to the board of directors for approval as director nominees for election to the board of directors.

Minimum Requirements

Our nominating and corporate governance committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. Some of the qualifications that our nominating and corporate governance committee will also consider include, but are not limited to, such candidate’s (i) level of expertise, (ii) potential conflicts of interests or other commitments, (iii) demonstrated excellence in his or her field, (iv) ability to exercise sound business judgment and (v) commitment to rigorously representing the long-term interests of the Company’s stockholders. Our nominating and corporate governance committee also reviews director candidates in the context of the current size and composition of the board, the operating requirements of the Company and the long-term interests of the Company’s stockholders. Although our board of directors does not maintain a specific policy with respect to board diversity, our board of directors value diversity as a factor in selecting nominees. Our nominating and corporate governance committee considers a broad range of backgrounds and experiences and may consider factors including gender, racial diversity, age, skills, and such other factors as it deems appropriate to maintain an appropriate balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, our nominating and corporate governance committee reviews such directors’ overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors’ independence. In the case of new director candidates, our nominating and corporate governance committee also determines whether the nominee is independent for purposes of Nasdaq listing rules.

Stockholder Recommendations and Nominations to the Board of Directors

Stockholders may submit recommendations for director candidates to the nominating and corporate governance committee by sending the individual’s name and qualifications to our General Counsel at 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, CA 94111, who will forward all recommendations to the nominating and corporate governance committee. The nominating and corporate governance committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

Stockholder and Other Interested Party Communications

The board of directors provides to every stockholder and any other interested parties the ability to communicate with the board of directors as a whole, and with individual directors on the board of directors, through an established
process for stockholder communication. For a communication directed to the board of directors as a whole, stockholders and other interested parties may send such communication to our General Counsel via U.S. Mail or Expedited Delivery Service to: 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, CA 94111, Attn: Board of Directors c/o General Counsel.

For a stockholder or other interested party communication directed to an individual director in his or her capacity as a member of the board of directors, stockholders and other interested parties may send such communication to the attention of the individual director via U.S. Mail or Expedited Delivery Service to: 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, CA 94111, Attn: [Name of Individual Director].

Our General Counsel, in consultation with appropriate members of our board of directors as necessary, will review all incoming communications and, if appropriate, all such communications will be forwarded to the appropriate member or members of our board of directors, or if none is specified, to the Chairperson of our board of directors.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Our board of directors has adopted corporate governance guidelines that address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards applicable to us in general. In addition, our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our code of business conduct and ethics is available under the “Investor Relations—Governance” section of our website at www.onemedical.com. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of Nasdaq concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained in or available or accessible through our website, and you should not consider it to be a part of this Proxy Statement.

Risk Management

Management is responsible for the day-to-day management of risks the Company faces, while our board of directors, as a whole and assisted by its committees, has responsibility for the oversight of risk management. In its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are appropriate and functioning as designed.

Our board of directors is responsible for risk oversight. Our board of directors believes that it is essential for effective risk management and oversight that there be open communication between management and our board of directors. Our board of directors meets with our Chief Executive Officer and President and other members of the senior management team at quarterly meetings of our board of directors, where, among other topics, they discuss strategy and risks facing the Company, as well as at such other times as they deemed appropriate.

Our audit and compliance committee assists our board of directors in fulfilling its oversight responsibilities with respect to risk management in the areas of internal control over financial reporting, disclosure controls and procedures, and legal and regulatory compliance, and discusses with management and the independent auditor guidelines and policies with respect to risk assessment and risk management. Our audit and compliance committee also reviews our major financial risk exposures and the steps management has taken to monitor and control these exposures. Our audit and compliance committee also monitors certain key risks on a regular basis throughout the fiscal year, such as risk associated with internal control over financial reporting and liquidity risk. Our compensation committee assesses risks created by the incentives inherent in our compensation policies. Our nominating and corporate governance committee assists our board of directors in fulfilling its oversight responsibilities with respect to the management of risk associated with board organization, membership and structure, and corporate governance. Our full board of directors also reviews strategic and operational risk in the context of reports from the management team, receives reports on all significant committee activities at each regular meeting, and evaluates the risks inherent in significant transactions.
Non-Employee Director Compensation

In September 2019, our board of directors, upon the recommendation of our compensation committee, adopted our Non-Employee Director Compensation Policy for the compensation of our non-employee directors. During 2020, each of our non-employee directors received annual retainers for Board and committee service as follows:

**Annual Retainer for Board Membership**
Annual service on the board of directors......................... $ 40,000

**Additional Annual Retainer for Committee Chair Service**
Annual service as chair of the audit and compliance committee ................................................................. $ 20,000
Annual service as chair of the compensation committee ................................................................. $ 20,000
Annual service as chair of the nominating and corporate governance committee............................... $ 20,000

In lieu of a cash retainer for annual board service or for annual service as chair of any of the three committees of our board of directors, during 2020, a non-employee director could elect to receive an option to purchase shares of common stock under the 2020 Equity Incentive Plan having a value of such annual retainers for board or committee service based on the fair market value of the underlying common stock on the date of grant, which grant would not be subject to any vesting conditions. All annual cash compensation amounts are payable in equal quarterly installments in arrears, following the end of each quarter in which the service occurred, pro-rated for any partial months of service.

Our policy during fiscal year 2020 provided that, each new non-employee director who joins our board of directors following the closing of our initial public offering will receive an option to purchase shares of common stock under our 2020 Equity Incentive Plan having a value of $120,000, or the Initial Grant, based on the fair market value of the underlying common stock on the date of grant. The shares subject to this option will vest on a monthly basis over 48 months commencing on the grant date, subject to the non-employee director’s continuous service with us on each applicable vesting date.

On the date of each annual meeting of our stockholders, each continuing non-employee director will receive an option to purchase shares of common stock under the 2020 Equity Incentive Plan having a value of $80,000, or the Annual Grant, based on the fair market value of the underlying common stock on the date of grant, vesting on the earlier of the date of the following annual meeting of stockholders or the one-year anniversary of the grant date, and subject to the non-employee director’s continuous service with us on the applicable vesting date. A non-employee director may elect to receive $80,000 in cash in lieu of such annual option grant.

In the event of a change of control (as defined in the 2020 Equity Incentive Plan), any unvested shares subject to these options will fully vest and become exercisable immediately prior to the closing of such change of control, subject to the non-employee director’s continuous service with us until immediately prior to the closing of the change of control.

In March 2021, we amended and restated our Non-Employee Director Compensation Policy to (i) increase the annual retainer for board membership from $40,000 to $50,000, (ii) increase the Initial Grant from $120,000, vesting monthly over four years, to $247,500, vesting annually over three years and (iii) increase the Annual Grant from $80,000 to $165,000. Commencing from the date of our Annual Meeting, all equity awards to non-employee directors will be granted in the form of restricted stock units. Each non-employee director can elect to receive the value of any compensation for board and committee service, including annual retainers for board or committee service, the Initial Grant or the Annual Grant for an equivalent value in either cash or equity.

Employee directors receive no additional compensation for their service as a director.
All of our independent directors are entitled to reimbursement of all reasonable out-of-pocket expenses incurred for their attendance at meetings of our board of directors or any committee thereof.

**Non-Employee Director Compensation Table**

The following table provides information regarding the total compensation that was earned by or paid to each of our non-employee directors during the year ended December 31, 2020. Mr. Rubin, our Chief Executive Officer and President, is also the Chair of our board of directors, but did not receive any additional compensation for his service as a director. Mr. Rubin’s compensation as a named executive officer of the Company is presented in "Executive Compensation—Summary Compensation Table".

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees Earned or Paid in Cash</th>
<th>Option Awards(1)(2)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul R. Auvil</td>
<td>$10,000</td>
<td>$129,919</td>
<td>$139,919</td>
</tr>
<tr>
<td>Mark S. Blumenkranz, M.D.</td>
<td>40,000</td>
<td>79,959</td>
<td>119,959</td>
</tr>
<tr>
<td>Bruce W. Dunlevie</td>
<td>5,000</td>
<td>119,921</td>
<td>124,921</td>
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<tr>
<td>Kalen F. Holmes, Ph.D.</td>
<td>60,000</td>
<td>79,959</td>
<td>139,959</td>
</tr>
<tr>
<td>David P. Kennedy</td>
<td>—</td>
<td>119,919</td>
<td>119,919</td>
</tr>
<tr>
<td>Freda Lewis-Hall, M.D.</td>
<td>40,000</td>
<td>79,959</td>
<td>119,959</td>
</tr>
<tr>
<td>Robert R. Schmidt</td>
<td>30,000</td>
<td>—</td>
<td>30,000</td>
</tr>
<tr>
<td>David B. Singer</td>
<td>—</td>
<td>109,921</td>
<td>109,921</td>
</tr>
</tbody>
</table>

(1) The amounts reported in this column do not reflect dollar amounts actually received by the non-employee director. Instead, the amounts reflect the aggregate grant date fair value of the stock options earned by the non-employee directors for services provided in 2020 under our 2017 Equity Incentive Plan, as amended, and under our 2020 Equity Incentive Plan, computed in accordance with ASC 718. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the non-employee directors upon the exercise of the stock options or any sale of the underlying shares of common stock. The table below shows the aggregate number of option awards (vested and unvested) held as of December 31, 2020 by each of our non-employee directors:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Underlying Outstanding Options as of December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul R. Auvil</td>
<td>18,252</td>
</tr>
<tr>
<td>Mark S. Blumenkranz, M.D.</td>
<td>15,675</td>
</tr>
<tr>
<td>Bruce W. Dunlevie</td>
<td>6,806</td>
</tr>
<tr>
<td>Kalen F. Holmes, Ph.D.</td>
<td>29,373</td>
</tr>
<tr>
<td>David P. Kennedy</td>
<td>17,914</td>
</tr>
<tr>
<td>Freda Lewis-Hall, M.D.</td>
<td>15,675</td>
</tr>
<tr>
<td>Robert R. Schmidt</td>
<td>—</td>
</tr>
<tr>
<td>David B. Singer</td>
<td>6,468</td>
</tr>
</tbody>
</table>

(2) In accordance with our Non-Employee Director Compensation Policy, our directors can elect to receive option grants in lieu of cash for their annual retainer and committee retainers. Our non-employee directors did not receive any equity award grants from us during the year ended December 31, 2020 other than stock option awards granted in accordance with our Non-Employee Director Compensation Policy on a quarterly or annual basis.
PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our board of directors is currently composed of nine members. In accordance with our amended and restated certificate of incorporation, our board of directors is divided into three staggered classes of directors. At the Annual Meeting, two Class I directors will be elected for a three-year term to succeed the same class whose term is then expiring. Mr. Singer, a Class I director, has notified us of his intention not to stand for re-election at the Annual Meeting.

Each director's term continues until the election and qualification of his or her successor, or such director's earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in the control of our Company.

Nominees

Our nominating and corporate governance committee has recommended, and our board of directors has approved, Bruce W. Dunlevie and David P. Kennedy as nominees for election as Class I directors at the Annual Meeting. If elected, each of Messrs. Dunlevie and Kennedy will serve as Class I directors until the 2024 annual meeting of stockholders and until their successors are duly elected and qualified. Each of the nominees is currently a director of our Company. For information concerning the nominees, please see the section titled “Board of Directors and Corporate Governance.”

If you are a stockholder of record and you sign your proxy card or vote by telephone or over the Internet but do not give instructions with respect to the voting of directors, your shares will be voted "FOR" the election of each of Messrs. Dunlevie and Kennedy. We expect that Messrs. Dunlevie and Kennedy will each accept such nomination; however, in the event that a director nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee designated by our board of directors to fill such vacancy. If you are a street name stockholder and you do not give voting instructions to your broker or nominee, your broker will leave your shares unvoted on this matter, which will result in no effect on the vote for this matter.

Vote Required

The election of directors requires a plurality of the voting power of the shares of our common stock be present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. Broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
EACH OF THE NOMINEES NAMED ABOVE.
PROPOSAL NO. 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit and compliance committee has appointed PricewaterhouseCoopers LLP, or PwC, an independent registered public accounting firm, to audit our consolidated financial statements for our fiscal year ending December 31, 2021. During our fiscal year ended December 31, 2020, PwC served as our independent registered public accounting firm.

Notwithstanding the appointment of PwC, and even if our stockholders ratify the appointment, our audit and compliance committee, in its discretion, may appoint another independent registered public accounting firm at any time during our fiscal year if our audit and compliance committee believes that such a change would be in the best interests of our Company and our stockholders. At the Annual Meeting, our stockholders are being asked to ratify the appointment of PwC as our independent registered public accounting firm for our fiscal year ending December 31, 2021. Our audit and compliance committee is submitting the appointment of PwC to our stockholders because we value our stockholders’ views on our independent registered public accounting firm and as a matter of good corporate governance. Representatives of PwC will be present at the Annual Meeting, will have an opportunity to make a statement and will be available to respond to appropriate questions from our stockholders.

If our stockholders do not ratify the appointment of PwC, our board of directors may reconsider the appointment.

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents fees for professional audit services and other services rendered to our Company by PwC for our fiscal years ended December 31, 2020 and 2019.

<table>
<thead>
<tr>
<th></th>
<th>2020 (In Thousands)</th>
<th>2019 (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees(1)</td>
<td>$ 2,610</td>
<td>$ 4,040</td>
</tr>
<tr>
<td>Audit-Related Fees</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Tax Fees</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>All Other Fees(2)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total Fees</td>
<td>$ 2,613</td>
<td>$ 4,043</td>
</tr>
</tbody>
</table>

(1) Audit Fees consist of fees billed for professional services by PwC for the audit of our annual consolidated financial statements and the review of our registration statement on Form S-1 for our initial public offering and related services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years. Fees for fiscal year 2020 also consisted of fees related to SEC registration statements and other filings, comfort letters and consents, adoption of accounting pronouncements, and also our convertible debt offering.

(2) All Other Fees for fiscal years 2020 and 2019 include software subscriptions.

Auditor Independence

In our fiscal year ended December 31, 2020, there were no other professional services provided by PwC, other than those listed above, that would have required our audit and compliance committee to consider their compatibility with maintaining the independence of PwC.

Pre-Approval Policies and Procedures

The audit and compliance committee is required to pre-approve the audit and non-audit services performed by our independent registered public accounting firm in order to assure that the provision of such services does not impair
the auditor’s independence. Any proposed services exceeding pre-approved cost levels require specific pre-approval by the audit and compliance committee.

The audit and compliance committee at least annually reviews and provides general pre-approval for the services that may be provided by the independent registered public accounting firm; the term of the general pre-approval is 12 months from the date of approval, unless the audit and compliance committee specifically provides for a different period. If the audit and compliance committee has not provided general pre-approval, then the type of service requires specific pre-approval by the audit and compliance committee.

The audit and compliance committee may delegate pre-approval authority to one or more audit and compliance committee members so long as any such pre-approval decisions are presented to the full audit and compliance committee at its next scheduled meeting. The annual audit services, engagement terms, and fees are subject to the specific pre-approval of the audit and compliance committee. All services performed and related fees billed by PwC during fiscal year 2020 and fiscal year 2019 were pre-approved by the audit and compliance committee pursuant to regulations of the SEC.

**Vote Required**

The ratification of the appointment of PwC as our independent registered public accounting firm for our fiscal year ending December 31, 2021 requires the affirmative vote of a majority of the voting power of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal, and broker non-votes will have no effect.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF PWC AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**
REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

The audit and compliance committee is a committee of the board of directors comprised solely of independent directors as required by the listing standards of the Nasdaq Global Select Market and the rules and regulations of the SEC.

In the performance of its oversight function, the audit and compliance committee has:

• reviewed and discussed the audited financial statements with management and PwC;
• discussed with PwC the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), and as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T; and
• received the written disclosures and the letter from PwC required by applicable requirements of the PCAOB regarding their communications with the audit and compliance committee concerning independence, and has discussed with them their independence.

Based on the audit and compliance committee's review and discussions with management and PwC, the audit and compliance committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for filing with the SEC.

Respectfully submitted by the members of the audit and compliance committee of the board of directors:

Paul R. Auvil (Chair)
Mark S. Blumenkranz, M.D.
David B. Singer

This report of the audit and compliance committee is required by the SEC and, in accordance with the SEC's rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Act, or under the Securities Exchange Act of 1934, as amended, or the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.


EXECUTIVE OFFICERS

The following table identifies certain information about our executive officers as of March 31, 2021. Our executive officers are appointed by, and serve at the discretion of, our board of directors and hold office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amir Dan Rubin</td>
<td>51</td>
<td>Chair, Chief Executive Officer and President</td>
</tr>
<tr>
<td>Bjorn B. Thaler</td>
<td>44</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Andrew S. Diamond, M.D., Ph.D.*</td>
<td>50</td>
<td>Chief Medical Officer</td>
</tr>
<tr>
<td>Kimber D. Lockhart†</td>
<td>34</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>Lisa A. Mango</td>
<td>53</td>
<td>General Counsel and Corporate Secretary</td>
</tr>
</tbody>
</table>

* Employee of One Medical Group, Inc., a consolidated One Medical PC. Dr. Diamond provides services to us pursuant to contractual arrangements with 1Life and One Medical Group, Inc.

† On March 16, 2021, Ms. Lockhart informed us of her intent to step back from her role as Chief Technology Officer of our Company upon return from her personal leave of absence and to transition to become a part-time employee. The effective date for Ms. Lockhart’s resignation as Chief Technology Officer has not been determined and Ms. Lockhart intends to continue to serve as Chief Technology Officer until her successor is identified and has moved into the role.

**Executive Officers**

**Amir Dan Rubin** has served as our Chief Executive Officer and President and as a member or Chair of our board of directors since September 2017. From January 2016 to August 2017, he served as an Executive Vice President at UnitedHealth Group, a publicly traded healthcare company. From January 2011 to January 2016, he served as President and Chief Executive Officer of Stanford Health Care, a private healthcare system associated with Stanford University. Mr. Rubin earned a B.A. in Economics with a minor in Business from the University of California, Berkeley, an M.H.S.A. in Health Services Administration from the University of Michigan, and an M.B.A. in Business Administration from the Ross School of Business at the University of Michigan. We believe that Mr. Rubin’s business expertise and his daily insight into corporate matters as our Chief Executive Officer and President qualify him to serve on our board of directors.

**Bjorn B. Thaler** has served as our Chief Financial Officer since April 2019. From November 2018 to March 2019, he was a Senior Vice President at CVS Health Corporation, a publicly traded retail pharmacy company. From September 2011 to November 2018, he was a Managing Director, and later a Vice President, at Aetna Inc., a managed healthcare company and now a subsidiary of CVS Health Corporation. Mr. Thaler earned a Master of Law at the University of Vienna, Faculty of Law, Austria, an International M.B.A. at the Darla Moore School of Business at the University of South Carolina and an International Master of Business from the Vienna University of Economics and Business, Austria.

**Andrew S. Diamond, M.D., Ph.D.**, has served as the Chief Medical Officer since September 2019, and as the National Medical Director since July 2016, of One Medical Group, Inc., a consolidated One Medical PC. From September 2012 to July 2016, Dr. Diamond served as a physician and in various director roles at One Medical Group, Inc., including as Regional Medical Director, West. Dr. Diamond earned a B.S. in Biological Sciences from Stanford University and an M.D. and Ph.D. from the University of Colorado Health Sciences Center.

**Kimber D. Lockhart** has served as our Chief Technology Officer since March 2015. She previously served as our Vice President, Engineering from March 2014 to March 2015. From September 2009 to March 2014, Ms. Lockhart served in various roles at Box, Inc., a cloud content management and file sharing services company. Ms. Lockhart earned a B.S. in Computer Science from Stanford University.

**Lisa A. Mango** has served as our General Counsel since June 2018. She previously served as our Vice President and Assistant General Counsel from January 2016 to June 2018. From April 2004 to January 2016, she served as a Senior Director and Senior Corporate Counsel at Autodesk, Inc. a publicly traded software company. Ms. Mango earned a B.A. in Public Policy from Duke University and a J.D. from the University of Texas School of Law.
EXECUTIVE COMPENSATION

Overview

Our named executive officers for the year ended December 31, 2020 were:

- Amir Dan Rubin, our Chair, Chief Executive Officer and President;
- Bjorn B. Thaler, our Chief Financial Officer; and
- Kimber D. Lockhart, our Chief Technology Officer.

Executive Summary

Our vision is to delight millions of members with better health and better care while reducing the total cost of care. Our mission is to transform health care for all through our human-centered, technology-powered model. We are a membership-based primary care platform with seamless digital health and inviting in-office care, convenient to where people work, shop, live and click. We are disrupting health care from within the existing ecosystem by simultaneously addressing the frustrations and unmet needs of key stakeholders, which include consumers, employers, providers, and health networks. As of December 31, 2020, we had 549,000 members in 13 markets in the United States and greater than 8,000 enterprise clients.

2020 Financial and Performance Highlights

During 2020, we continued to grow revenue and membership numbers and achieved significant financial and operational results, including:

- Net revenue of $380.2 million, up 38% from net revenue of $276.3 million during the year ended December 31, 2019;
- Care margin of $145.3 million, or 38% of net revenue;
- Adjusted EBITDA of a loss of $13.9 million, or 4% of net revenue;
- Ending membership count of 549,000 members, up 30% from a membership count of 422,000 as of December 31, 2019;
- Contracts with more than 8,000 enterprise clients that sponsor memberships on behalf of their workforces; and
- Entry into four new markets, including Portland, Oregon, Atlanta, Georgia, Orange County, California and Austin, Texas.

Compensation Philosophy and Practices

Our executive compensation program is designed to:

- attract premier talent at the executive level in line with our organizational aspirations to transform healthcare;
- provide compensation packages to our executives that are competitive, reward the achievement of our business objectives and effectively align their interests with those of our stockholders;
- align the interests and objectives of our executives with those of our stockholders by linking executive equity awards to long-term stockholder value creation; and
- promote financial sustainability.

Our compensation committee is responsible for the compensation programs for our executive officers and reports to our board of directors on its discussions, decisions and other actions. Our compensation committee typically reviews our executive officers’ overall compensation packages on an annual basis or more frequently as it deems
appropriate. Our Chief Executive Officer typically makes recommendations to our compensation committee regarding compensation for the executive officers that report to him. Our Chief Executive Officer makes recommendations (other than with respect to himself) regarding base salary, and short-term and long-term compensation, including equity incentives, for our executive officers based on our results, an executive officer’s individual contribution toward these results, the executive officer’s role and performance of his or her duties and his or her achievement of individual goals. Our compensation committee then reviews the Chief Executive Officer’s recommendations and other data, including various compensation survey data and publicly-available data of our peers prior to finalizing decisions. While our Chief Executive Officer typically attends meetings of the compensation committee, the compensation committee meets outside the presence of our Chief Executive Officer when discussing his compensation and when discussing certain other matters, as well.

Our compensation committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the establishment of our executive compensation programs and related policies. During 2020, the compensation committee retained Radford, part of the Reward Solutions practice at Aon plc, due in part to its extensive analytical and compensation expertise relating to healthcare and technology companies. Radford has advised our compensation committee and provided market data and analysis on an ongoing basis. Among other things, Radford assisted in developing an appropriate group of peer companies to help us determine the appropriate level of overall compensation for our executive officers, as well as to assess each separate element of compensation, with a goal of ensuring that the compensation we offer to our executive officers, individually as well as in the aggregate, is competitive and fair. Our compensation committee conducted a specific review of its relationship with Radford in the past year and determined that Radford’s work for the compensation committee did not raise any conflicts of interest.

Prohibition on Hedging and Pledging Transactions

Our insider trading policy prohibits any director, employee (including our executive officers) or consultant to our Company from, among other things, engaging in short sales, transactions in put or call options, hedging transactions, margin accounts, or other inherently speculative transactions with respect to our common stock at any time. Our directors, employees (including our executive officers), and consultants are also not permitted to pledge our securities as collateral for a loan.

Emerging Growth Company Status

As of December 31, 2020, we are an emerging growth company, as defined in the JOBS Act. As an emerging growth company, we will be exempt from certain requirements related to executive compensation, including, but not limited to, the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We will remain an emerging growth company until the earliest of (i) December 31, 2025, (ii) the last day of the first fiscal year in which our annual gross revenue is $1.07 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than $1 billion in non-convertible debt securities, or (iv) the date on which we are deemed to be a “large accelerated filer” as defined in the Exchange Act.

Individual Compensation Elements

During 2020, the principal elements of our executive compensation program were as follows:

Base Salary

Base salary represents the fixed portion of the compensation of our executive officers and is an important element of compensation for attracting and retaining highly-talented individuals. We determine base salaries for each executive on a case-by-case basis, with consideration given to each officer’s experience, expertise and performance, as well as market compensation levels for similar positions.
Annual Cash Incentive Bonuses

Our board of directors has adopted the 1Life Healthcare, Inc. Executive Annual Incentive Plan, or the Annual Incentive Plan, under which our executive officers are eligible to receive annual performance-based cash bonuses, which are designed to provide appropriate incentives to our executives to achieve defined financial and company performance goals as well as individual performance goals and to reward our executives for achievement toward these goals. Each executive’s target bonus amount is expressed as a percentage of the executive’s base salary and intended to be commensurate with the executive’s position and responsibilities.

The performance-based bonus level each executive officer is eligible to receive is determined by our Chief Executive Officer and approved by our compensation committee (with our Chief Executive Officer’s bonus determined by our compensation committee and approved by the Board) and is generally based on the extent to which we achieve company and financial performance goals and each eligible executive officer achieves individual performance goals. For eligible consultants employed by the One Medical PCs, the performance-based bonus level is based only on achievement of individual metrics relating to physician services. Our Chief Executive Officer determines the specific company and/or individual performance goals for each eligible executive officer and eligible consultants, subject to approval by our compensation committee (with our Chief Executive Officer’s individual performance goals, if any, determined and approved by our compensation committee).

Annually, our compensation committee or board of directors determines the achievement levels of the company and financial performance goals or individual metrics and the actual bonus payout to be awarded to each of our eligible executive officers. Our Chief Executive Officer determines the achievement levels of individual performance goals for eligible executive officers, and our compensation committee determines the achievement levels of individual performance goals for our Chief Executive Officer.

Long-Term Equity Incentives

We believe equity awards are a critical element of our executive compensation program as they provide an incentive for our executives to focus on driving growth in our stock price and long-term stockholder value creation, and help us to attract and retain key talent in a competitive market. Specifically, the granting of stock options helps ensure that the interests of our executive officers are aligned with those of our stockholders as the options only have value if the value of the Company’s stock increases after the date the option is granted.

Long-Term Performance Option to our Chief Executive Officer

In December 2020, we granted a long-term performance-based stock option, or the Performance Option, to Mr. Rubin, our Chief Executive Officer, to acquire up to 8,645,823 shares of our common stock. The Performance Option will vest over a seven-year time period and only upon sustained achievement of pre-determined increases in the Company’s stock price over this seven-year time period, as further described below. The exercise price per share of the Performance Option is $43.31.

In designing the Performance Option and recommending it to our board of directors, our compensation committee was advised by Radford, an external, independent compensation consultant, as well as outside legal counsel and valuation experts. Our compensation committee considered the current structure of Mr. Rubin’s annual incentive opportunity, which is based on a variety of financial and operational performance metrics, as well as the primary intention of the Performance Option, which is to retain and incentivize Mr. Rubin to continue to lead our Company through its next phase of growth and to create sustained, long-term, and superior financial and operational performance. Further, our compensation committee believes that it is important that the Performance Option further aligns Mr. Rubin’s interests with those of our long-term stockholders. As a result of these considerations, the compensation committee chose four share price milestones as the performance measure. In structuring the Performance Option in this manner, Mr. Rubin will only realize the full value from the Performance Option upon the creation of significantly enhanced and sustained stockholder value over the following seven years. The Performance Option was granted in lieu of annual equity awards over the next several years.
In order to further align Mr. Rubin’s interests with those of our long-term stockholders, the Performance Option consists of four performance vesting tranches which vest only if our common stock closing price achieves and sustains for 90 days, a 30-day stock price average milestone as follows:

<table>
<thead>
<tr>
<th>Average Price per Share</th>
<th>Number of Shares</th>
<th>Percent of Performance Grant Eligible to Vest</th>
</tr>
</thead>
<tbody>
<tr>
<td>$55.00</td>
<td>1,330,127</td>
<td>15.38%</td>
</tr>
<tr>
<td>$70.00</td>
<td>1,995,190</td>
<td>23.08%</td>
</tr>
<tr>
<td>$90.00</td>
<td>2,660,253</td>
<td>30.77%</td>
</tr>
<tr>
<td>$110.00</td>
<td>2,660,253</td>
<td>30.77%</td>
</tr>
</tbody>
</table>

In setting the stock price milestones, our compensation committee considered the level of difficulty of achieving significant and sustained stock price growth over a seven-year period. Each performance tranche is also subject to a time-based vesting schedule of equal monthly increments of 1/84th of the award, commencing on the date of grant and, ending on the seventh anniversary of the date of grant, and Mr. Rubin must continue to serve as our Chief Executive Officer on such applicable vesting date to vest the award. Once a performance vesting milestone is met, then vesting of that portion of the option becomes subject solely to the time-based vesting requirement. If the applicable stock price performance milestone is not met before the end of the seven-year performance period, that tranche will be forfeited. The stock price hurdles will be adjusted for stock splits and similar capitalization adjustments. The option expires no later than 10 years after the grant date.

In the event of a change in control of our Company, if the change-in-control price is at or higher than the performance milestone for any tranche, that tranche will then be vested (including acceleration of time-based vesting for that tranche), although it will remain subject to a continued 12-month service requirement in a role determined by the acquirer; the portion of the option with a performance milestone above the change-in-control price would be forfeited.

Other Elements of Compensation

Health and Welfare Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, life, disability and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We pay the premiums for the life, disability and accidental death and dismemberment insurance for all of our employees, including our named executive officers.

Perquisites and Personal Benefits

With the exception of the car allowance we provide to Mr. Rubin, we generally do not provide perquisites or personal benefits to our named executive officers. To the extent that any named executive officer was granted a perquisite or other personal benefit that is subject to disclosure, such perquisite or other personal benefit has been reported in “—Summary Compensation Table” above.

401(k) Plan

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. The 401(k) plan is intended to qualify as a tax-qualified plan under the Internal Revenue Code. Our named executive officers are eligible to participate in the 401(k) plan on the same basis as our other employees. The Internal Revenue Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis (or post-tax basis through a “Roth” 401(k) election) through contributions to the 401(k) plan. For the year ended December 31, 2020, we provided matching contributions under our 401(k) Plan representing 50% of the first 5% of eligible compensation by plan participants, subject to federal tax limits.
**Pension Benefits**

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during 2020.

**Nonqualified Deferred Compensation**

Our named executive officers did not participate in, or earn any benefits under, any nonqualified deferred compensation plan sponsored by us during the year ended December 31, 2020. Our board of directors may elect to provide our officers and other employees with nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

**No Tax Gross-Ups**

In 2020, we did not make gross-up payments to cover our named executive officers' personal income taxes that pertained to any of the compensation, perquisites or personal benefits paid or provided by the Company.

**Summary Compensation Table**

The following table presents all of the compensation awarded to, earned by or paid to our named executive officers during the years ended December 31, 2020 and 2019:

<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Bonus ($)</th>
<th>Option Awards ($) (1)</th>
<th>Non-Equity Incentive Plan Compensation ($) (2)</th>
<th>All Other Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amir Dan Rubin .............</td>
<td>2020</td>
<td>623,077</td>
<td>—</td>
<td>197,468,738 (5)</td>
<td>864,915</td>
<td>96,321 (3)</td>
<td>199,053,051</td>
</tr>
<tr>
<td>Chair, Chief Executive Officer and President ......</td>
<td>2019</td>
<td>600,000</td>
<td>—</td>
<td>12,717,394</td>
<td>576,300</td>
<td>26,487 (4)</td>
<td>13,920,181</td>
</tr>
<tr>
<td>Bjorn B. Thaler .............</td>
<td>2020</td>
<td>400,000</td>
<td>—</td>
<td>1,600,723</td>
<td>403,627</td>
<td>24,773 (3)</td>
<td>2,429,123</td>
</tr>
<tr>
<td>Chief Financial Officer .............</td>
<td>2019</td>
<td>284,615 (6)</td>
<td>50,000 (7)</td>
<td>2,869,010</td>
<td>169,500</td>
<td>17,844 (4)</td>
<td>3,390,969</td>
</tr>
<tr>
<td>Kimber D. Lockhart .........</td>
<td>2020</td>
<td>405,846</td>
<td>—</td>
<td>—</td>
<td>327,966</td>
<td>26,383 (3)</td>
<td>760,195</td>
</tr>
<tr>
<td>Chief Technology Officer .............</td>
<td>2019</td>
<td>332,804 (8)</td>
<td>—</td>
<td>1,432,953</td>
<td>204,030</td>
<td>18,930 (4)</td>
<td>1,988,717</td>
</tr>
</tbody>
</table>

(1) The amounts reported in this column do not reflect dollar amounts actually received by the named executive officer. Instead, the amounts represent the aggregate grant date fair value of stock options granted to our named executive officers during 2020 and 2019 under our 2017 Equity Incentive Plan, as amended, or our 2020 Equity Incentive Plan, computed in accordance with Accounting Standards Codification, Topic No. 718, or ASC Topic 718, as disclosed in Note 16 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 17, 2021. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our named executive officers will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the named executive officers upon the exercise of the stock options or any sale of the underlying shares of common stock.

(2) Amounts reflect cash performance-based bonuses payable by us to the named executive officers under our Annual Incentive Plan for 2020 and 2019, which were based upon the achievement of individual performance goals as well as the achievement of company and financial performance goals as approved by our compensation committee. Our 2020 and 2019 company and financial performance goals consisted of revenue and adjusted EBITDA targets. Individual performance goals were established for certain of our executive officers other than our Chief Executive Officer and Chief Financial Officer. For 2020 and 2019, we determined our named executive officers’ actual performance-based bonus based on attainment of these company and financial
performance goals, which bonuses our compensation committee determined were appropriate given each named executive officer’s individual performance and/or responsibility for the overall direction and success of our business, as applicable. For 2020, our compensation committee determined that Mr. Rubin, Mr. Thaler and Ms. Lockhart were each entitled to 144%, 144% and 137%, respectively, of their target bonuses. For 2019, our compensation committee determined that Mr. Rubin, Mr. Thaler and Ms. Lockhart were each entitled to 113% of their target bonuses.

(3) For 2020, amounts represent a car allowance for Mr. Rubin ($66,000), medical insurance premiums paid by us on behalf of Mr. Rubin ($19,158), Mr. Thaler ($15,975) and Ms. Lockhart ($18,991), disability and life insurance premiums paid by us on behalf of each named executive officer, and contributions by us to Mr. Rubin’s, Mr. Thaler’s and Ms. Lockhart’s respective 401(k) plan accounts.

(4) For 2019, amounts represent medical insurance premiums paid by us on behalf of Mr. Rubin ($18,763), Mr. Thaler ($6,652) and Ms. Lockhart ($10,346), disability and life insurance premiums paid by us on behalf of each named executive officer, contributions by us to Mr. Rubin’s and Ms. Lockhart’s respective 401(k) plan accounts and reimbursements to Mr. Thaler for legal expenses incurred in the review of his offer letter.

(5) Represents the Performance Option granted in December 2020 to Mr. Rubin which vests based upon achievement of certain stock price hurdles. See “—Individual Compensation Elements—Long-Term Performance Option to our Chief Executive Officer” above. Assumptions used in the calculation of the Performance Option in accordance with ASC Topic 718 are included in Note 16 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 17, 2021. The grant date fair value of the Performance Option was determined based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the market condition may not be satisfied.

(6) Mr. Thaler joined our company in April 2019. Amount reflects the prorated amount of Mr. Thaler’s annual salary for the year ended December 31, 2019.

(7) Represents a one-time signing bonus.


Employment Arrangements

The employment agreements and offer letters with our named executive officers generally provide for at-will employment and set forth the executive officer’s initial base salary, applicable signing bonuses, eligibility for employee benefits and confirmation of the terms of previously issued equity grants, and for our Chair, Chief Executive Officer and President, severance benefits on a qualifying termination of employment or resignation. In addition, each of our named executive officers has executed our standard confidential information and invention assignment agreement. The key terms of these agreements are described below.

Amir Dan Rubin

In June 2017, we entered into, and in January 2020, we amended, an employment agreement with Amir Dan Rubin, our Chair, Chief Executive Officer and President. Pursuant to his employment agreement, Mr. Rubin is eligible to earn an initial annual base salary of $600,000. For 2020, Mr. Rubin was also eligible for a target bonus of 100% of his base salary pursuant to our Annual Incentive Plan. Our compensation committee or board of directors will determine his actual bonus amount based on its assessment of the Company and individual performance during the year. The agreement also provides for Mr. Rubin to participate in our benefit programs generally made available to our executive officers and other employees.

If we terminate Mr. Rubin without cause or he resigns for good reason, at any time other than three months prior to or twelve months following a change in control, then, subject to Mr. Rubin executing and not revoking a general release of all claims, he will be entitled to (i) a lump sum payment equal to 12 months of his annual base salary, (ii) continuation of health insurance coverage under COBRA for up to 12 months following termination or resignation and (iii) acceleration of such number of shares under Mr. Rubin’s stock option to purchase 7,948,990 shares, granted on September 14, 2017, that would have vested and become exercisable if Mr. Rubin had completed an additional 12 months of employment following his termination or resignation date.
In addition, if we terminate Mr. Rubin without cause or he resigns for good reason on or within three months prior to or 12 months following a change in control, then, subject to Mr. Rubin executing and not revoking a general release of all claims, he will be entitled to (i) a lump sum payment equal to 24 months of his annual base salary, (ii) a lump sum payment equal to his full performance-based bonus at his target achievement level for the applicable year under the Annual Incentive Plan, (iii) continuation of health insurance coverage under COBRA for up to 24 months following termination or resignation and (iv) acceleration of all equity awards outstanding on the resignation or termination date (excluding the Performance Option).

Bjorn B. Thaler

In February 2019, we entered into an offer letter with Bjorn B. Thaler, our Chief Financial Officer. Mr. Thaler’s offer letter provides that he is eligible for an initial base salary of $400,000 and a target annual bonus of 65% of his base salary, prorated to his employment start date, under our Annual Incentive Plan. For 2020, Mr. Thaler was eligible for a target bonus of 70% of his base salary pursuant to our Annual Incentive Plan. Mr. Thaler is also an eligible participant in our Executive Severance and Change in Control Plan. The offer letter also provides for Mr. Thaler to participate in the benefit programs generally made available to our employees and reimbursement of legal expenses incurred by Mr. Thaler in connection with review of his offer letter.

Kimber D. Lockhart

In March 2014, we entered into an offer letter with Kimber D. Lockhart as our Vice President, Engineering, which provides that she is eligible to earn an initial annualized base salary, which was $360,000 for 2019 and $400,000 for 2020. For 2020, Ms. Lockhart was also eligible for a target bonus of 60% of her base salary pursuant to our Annual Incentive Plan and is a participant in our Executive Severance and Change in Control Plan. The offer letter also provides for Ms. Lockhart to participate in the benefit programs generally made available to our employees. Ms. Lockhart was promoted to Chief Technology Officer of our Company in March 2015.

Executive Severance and Change in Control Plan

In January 2020, our board of directors adopted an Executive Severance and Change in Control Plan that provides severance benefits to each of our executive officers, including our named executive officers, other than Mr. Rubin, our Chair, Chief Executive Officer and President. Mr. Rubin’s severance and change in control benefits are set forth in his employment agreement and described under “—Employment Arrangements—Amir Dan Rubin.” The benefits provided under the Executive Severance and Change in Control Plan supersede any similar severance benefits described in a participant’s offer letter or employment agreement.

Upon an involuntary termination without cause or resignation for good reason, participants in our Executive Severance and Change in Control Plan will be entitled to receive (i) a cash payment equal to twelve months’ base salary and (ii) continuation of health insurance under COBRA for up to twelve months following the resignation or termination date. In addition, upon an involuntary termination without cause or resignation for good reason in connection with or within twelve months following a change in control, participants will be entitled to (i) receive a cash payment equal to twelve months’ base salary, (ii) receive a cash payment for the participant’s full performance-based bonus at the participant’s target achievement level for the applicable year under the Annual Incentive Plan, (iii) continuation of health insurance under COBRA for up to twelve months following the resignation or termination date, and (iv) acceleration of all time-based vesting equity awards outstanding on the resignation or termination date. All such severance benefits are subject to the participant signing a general release of all known and unknown claims in substantially the form provided in the Executive Severance and Change in Control Plan.
## Outstanding Equity Awards as of December 31, 2020

The following table presents the outstanding equity incentive plan awards held by each named executive officer as of December 31, 2020.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Vesting Commencement Date</th>
<th>Number of Securities Underlying Unexercised Options Exercisable (#)</th>
<th>Number of Securities Underlying Unexercised Options Unexercisable (#)</th>
<th>Option Exercise Price ($)</th>
<th>Option Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amir Dan Rubin</td>
<td>09/14/17(2)</td>
<td>08/07/17</td>
<td>3,651,797</td>
<td>2,649,663</td>
<td>4.01</td>
<td>09/13/27</td>
</tr>
<tr>
<td></td>
<td>09/14/17(3)</td>
<td>08/07/17</td>
<td>1,589,798</td>
<td>—</td>
<td>4.01</td>
<td>09/13/27</td>
</tr>
<tr>
<td></td>
<td>11/21/19(4)</td>
<td>09/07/22</td>
<td>—</td>
<td>2,307,000</td>
<td>11.56</td>
<td>11/20/29</td>
</tr>
<tr>
<td></td>
<td>12/28/20(5)</td>
<td>—</td>
<td>—</td>
<td>8,645,823</td>
<td>43.31</td>
<td>12/27/30</td>
</tr>
<tr>
<td>Bjorn B. Thaler</td>
<td>05/10/19(6)</td>
<td>04/01/19</td>
<td>135,023</td>
<td>291,667</td>
<td>7.93</td>
<td>05/09/29</td>
</tr>
<tr>
<td></td>
<td>09/19/19(2)</td>
<td>09/19/19</td>
<td>50,000</td>
<td>150,000</td>
<td>11.47</td>
<td>09/18/29</td>
</tr>
<tr>
<td></td>
<td>05/12/20(7)</td>
<td>05/12/20</td>
<td>15,377</td>
<td>92,405</td>
<td>27.25</td>
<td>05/11/30</td>
</tr>
<tr>
<td>Kimber D. Lockhart</td>
<td>05/07/15(7)</td>
<td>03/01/15</td>
<td>55,894</td>
<td>—</td>
<td>4.37</td>
<td>05/06/25</td>
</tr>
<tr>
<td></td>
<td>10/01/15(7)</td>
<td>10/01/15</td>
<td>65,402</td>
<td>—</td>
<td>4.37</td>
<td>09/30/25</td>
</tr>
<tr>
<td></td>
<td>02/15/18(7)</td>
<td>02/15/18</td>
<td>177,083</td>
<td>72,917</td>
<td>4.36</td>
<td>02/14/28</td>
</tr>
<tr>
<td></td>
<td>11/21/19(7)</td>
<td>11/21/19</td>
<td>75,492</td>
<td>203,427</td>
<td>11.56</td>
<td>11/20/29</td>
</tr>
</tbody>
</table>

(1) The unvested shares underlying the options set forth below are subject to accelerated vesting as described in “—Employment Arrangements—Amir Dan Rubin,” with respect to the options held by Mr. Rubin, and “—Employment Arrangements—Executive Severance and Change in Control Plan” with respect to the options held by Mr. Thaler and Ms. Lockhart.

(2) 1/5th of the shares underlying this option vested on the first anniversary of the vesting commencement date, and 1/60th of the shares vest monthly thereafter over the following four years, subject to the named executive officer’s continued service with us.

(3) The shares underlying this option vested in full upon the execution of the underwriting agreement for our initial public offering.

(4) 63% of the shares underlying this option will vest ratably on a monthly basis from the vesting commencement date through August 2023; 25% of the shares underlying this option will vest ratably on a monthly basis from September 2023 to August 2024; and the remaining 12% of the shares underlying this option will vest ratably on a monthly basis from September 2024 to August 2025.

(5) The shares underlying the option are divided into four performance-based vesting tranches that will vest only if the Company’s common stock closing price achieves and sustains for 90 days a 30-day stock price average as follows (each a “Stock Price Milestone”; the number of shares subject to each such tranche in parentheses): $55 per share (1,330,127 shares); $70 per share (1,995,190 shares); $90 per share (2,660,253 shares); and $110 per share (2,660,253 shares). Each share price performance-based vesting tranche of the option is also subject to a time-based vesting requirement and will vest in equal monthly increments of 1/84th of the award commencing on the date of grant and ending on the seventh anniversary of the date of grant, subject to Mr. Rubin’s continued services with us as our Chief Executive Officer through the applicable vesting date. Once a Stock Price Milestone is met, then vesting for the portion of the grant meeting that Stock Price Milestone becomes subject solely to the time-based vesting requirement. No shares will vest with respect to the portion of the option for which the applicable Stock Price Milestone is not met before the end of the seven-year performance period. Any portion of the option that remains unvested on December 27, 2027 will automatically terminate without consideration. The stock price hurdles will be adjusted for stock splits and similar capitalization adjustments. The option expires 10 years after the grant date.
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(6) 1/4th of the shares underlying this option vested on the first anniversary of the vesting commencement date and 1/48th of the shares vest monthly thereafter over the following three years, subject to the named executive officer’s continued service with us.

(7) 1/48th of the shares underlying this option vest monthly measured from the vesting commencement date, subject to the named executive officer’s continued service with us.

2020 Equity Incentive Plan

Our board of directors adopted the 2020 Equity Incentive Plan, or the 2020 Plan, in September 2019, and our stockholders approved the 2020 Plan in January 2020. The 2020 Plan became effective upon the execution of the underwriting agreement for our initial public offering. The 2020 Plan is the successor to our 2017 Equity Incentive Plan, or the 2017 Plan, which is described below.

Types of Awards. Our 2020 Plan provides for the grant of incentive stock options, or ISOs, nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based awards, and other awards, or collectively, awards. ISOs may be granted only to our employees, including our officers, and the employees of our affiliates. All other awards may be granted to our employees, including our officers, our non-employee directors, consultants and the employees and consultants of our affiliates.

Authorized Shares. The maximum number of shares of common stock that may be issued under our 2020 Plan will not exceed 45,112,387 shares, which is the sum of (1) 16,000,000 new shares, plus (2) an additional number of shares not to exceed 29,112,387 shares consisting of (A) any shares reserved and available for issuance pursuant to the grant of new awards under our 2017 Plan upon the effectiveness of the 2020 Plan, and (B) any shares subject to stock options or other awards granted under our 2017 Plan or our 2007 Equity Incentive Plan that, on or after the effective date of the 2020 Plan, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time expire or terminate for any reason, are forfeited or are repurchased by us after the effectiveness of the 2020 Plan. The number of shares of common stock reserved for issuance under our 2020 Plan automatically increases on January 1 of each year, through and including January 1, 2030, by 4% of the total number of shares of common stock outstanding on December 31 of the immediately preceding calendar year, or a lesser number of shares determined by our board of directors prior to the applicable January 1st. The maximum number of shares that may be issued upon the exercise of ISOs under our 2020 Plan is three times the share reserve, or 135,337,161 shares.

Shares issued under our 2020 Plan are authorized but unissued or reacquired shares of common stock. Shares subject to awards granted under our 2020 Plan that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, will not reduce the number of shares available for issuance under our 2020 Plan. Additionally, shares issued pursuant to awards under our 2020 Plan that we repurchase or that are forfeited, as well as shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award, will become available for future grants under our 2020 Plan.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, may administer our 2020 Plan. Our board of directors has delegated concurrent authority to administer our 2020 Plan to the compensation committee under the terms of the compensation committee’s charter. We sometimes refer to the board, or the applicable committee with the power to administer our equity incentive plans, as the administrator. The administrator may also delegate to one or more of our officers the authority to (1) designate employees (other than officers) to receive specified awards, and (2) determine the number of shares subject to such awards.

The administrator has the authority to determine the terms of awards, including recipients, the exercise, purchase or strike price of awards, if any, the number of shares subject to each award, the fair market value of a share of common stock, the vesting schedule applicable to the awards, together with any vesting acceleration, the form of consideration, if any, payable upon exercise or settlement of the award and the terms of the award agreements for use under our 2020 Plan.
In addition, subject to the terms of the 2020 Plan, the administrator also has the power to modify outstanding awards under our 2020 Plan, including the authority to reprice any outstanding option or stock appreciation right, cancel and re-grant any outstanding option or stock appreciation right in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a repricing under generally accepted accounting principles, with the consent of any materially adversely affected participant.

Stock Options. ISOs and NSOs are granted pursuant to stock option agreements adopted by the administrator. The administrator determines the exercise price for a stock option, within the terms and conditions of the 2020 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of common stock on the date of grant. Options granted under the 2020 Plan vest at the rate specified by the administrator.

The administrator determines the term of stock options granted under the 2020 Plan, up to a maximum of ten years. Unless the terms of an optionholder’s stock option agreement provide otherwise, if an optionholder’s service relationship with us, or any of our affiliates, ceases for any reason other than disability, death or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. The option term may be extended in the event that either an exercise of the option or an immediate sale of shares acquired upon exercise of the option following such a termination of service is prohibited by applicable securities laws or our insider trading policy. If an optionholder’s service relationship with us or any of our affiliates ceases due to disability or death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, options generally terminate immediately upon the termination of the individual for cause. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the administrator and may include (1) cash, check, bank draft or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of common stock previously owned by the optionholder, (4) a net exercise of the option if it is an NSO, and (5) other legal consideration approved by the administrator.

Options may not be transferred to third-party financial institutions for value. Unless the administrator provides otherwise, options generally are not transferable except by will, the laws of descent and distribution, or pursuant to a domestic relations order. An optionholder may designate a beneficiary, however, who may exercise the option following the optionholder’s death.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of common stock with respect to ISOs that are exercisable for the first time by an option holder during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will be treated as NSOs. No ISOs may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations, unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (2) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Awards. Restricted stock awards are granted pursuant to restricted stock award agreements adopted by the administrator. Restricted stock awards may be granted in consideration for cash, check, bank draft or money order, services rendered to us or our affiliates, or any other form of legal consideration. Common stock acquired under a restricted stock award may, but need not, be subject to a share repurchase option in our favor in accordance with a vesting schedule to be determined by the administrator. A restricted stock award may be transferred only upon such terms and conditions as set by the administrator. Except as otherwise provided in the applicable award agreement, restricted stock awards that have not vested may be forfeited or repurchased by us upon the participant’s cessation of continuous service for any reason.

Restricted Stock Unit Awards. Restricted stock unit awards are granted pursuant to restricted stock unit award agreements adopted by the administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a
restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock units that have not vested will be forfeited upon the participant’s cessation of continuous service for any reason.

Stock Appreciation Rights. Stock appreciation rights are granted pursuant to stock appreciation right grant agreements adopted by the administrator. The administrator determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of common stock on the date of grant. Upon the exercise of a stock appreciation right, we will pay the participant an amount equal to the product of (1) the excess of the per share fair market value of common stock on the date of exercise over the strike price, multiplied by (2) the number of shares of common stock with respect to which the stock appreciation right is exercised. A stock appreciation right granted under the 2020 Plan vests at the rate specified in the stock appreciation right agreement as determined by the administrator.

The administrator determines the term of stock appreciation rights granted under the 2020 Plan, up to a maximum of ten years. Unless the terms of a participant’s stock appreciation right agreement provide otherwise, if a participant’s service relationship with us or any of our affiliates ceases for any reason other than cause, disability or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. The stock appreciation right term may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant’s service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. Our 2020 Plan permits the grant of performance-based stock and cash awards. The compensation committee can structure such awards so that the stock or cash will be issued or paid pursuant to such award only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the common stock.

The performance goals may be based on any measure of performance selected by the board of directors. The compensation committee may establish performance goals on a company-wide basis, with respect to one or more business units, divisions, affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise (i) in the award agreement at the time the award is granted or (ii) in such other document setting forth the performance goals at the time the goals are established, the compensation committee will appropriately make adjustments in the method of calculating the attainment of the performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles, or GAAP; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under GAAP; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock-based compensation and the award of bonuses under our bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under GAAP and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under GAAP.

Other Awards. The administrator may grant other awards based in whole or in part by reference to common stock. The administrator will set the number of shares under the award and all other terms and conditions of such awards.
Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2020 Plan; (2) the class and maximum number of shares by which the share reserve may increase automatically each year; (3) the class and maximum number of shares that may be issued upon the exercise of ISOs and (4) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding awards.

Corporate Transactions. The following applies to stock awards under the 2020 Plan in the event of a corporate transaction (as defined in the 2020 Plan), unless otherwise provided in a participant’s stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a corporate transaction, the plan administrator has the discretion to take any of the following actions with respect to stock awards:

• arrange for the assumption, continuation or substitution of a stock award by a surviving or acquiring entity or parent company;
• arrange for the assignment of any reacquisition or repurchase rights held by us to the surviving or acquiring entity or parent company;
• accelerate the vesting of the stock award and provide for its termination prior to the effective time of the corporate transaction;
• arrange for the lapse of any reacquisition or repurchase right held by us;
• cancel or arrange for the cancellation of the stock award in exchange for such cash consideration, if any, as our board of directors may deem appropriate; or
• make a payment equal to the excess of (A) the value of the property the participant would have received upon exercise of the stock award over (B) the exercise price otherwise payable in connection with the stock award.

Our plan administrator is not obligated to treat all stock awards, even those that are of the same type, in the same manner.

Under the 2020 Plan, a corporate transaction is generally the consummation of (1) a sale or other disposition of all or substantially all of our consolidated assets, (2) a sale or other disposition of at least 50% of our outstanding securities, (3) a merger, consolidation or similar transaction following which we are not the surviving corporation or (4) a merger, consolidation or similar transaction following which we are the surviving corporation but the shares of common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

In the event of a change in control, as defined under our 2020 Plan, awards granted under our 2020 Plan will not receive automatic acceleration of vesting and exercisability, although this treatment may be provided for in an award agreement.

Transferability. A participant may not transfer awards under our 2020 Plan other than by will, the laws of descent and distribution or as otherwise provided under our 2020 Plan.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend or terminate our 2020 Plan, provided that such action does not materially impair the existing rights of any participant without such participant’s written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopted our 2020 Plan. No awards may be granted under our 2020 Plan while it is suspended or after it is terminated.
2017 Equity Incentive Plan

Our board of directors and stockholders adopted the 2017 Plan in February 2017. The 2017 Plan is the successor to and continuation of our 2007 Equity Incentive Plan. The 2017 Plan provides for the grant of ISOs, NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards to our employees, directors and consultants or our affiliates. ISOs may be granted only to our employees or employees of our affiliates.

The 2017 Plan was terminated on the date the 2020 Plan became effective. However, any outstanding awards granted under the 2017 Plan remain outstanding, subject to the terms of our 2017 Plan and award agreements, until such outstanding options are exercised or until any awards terminate or expire by their terms.

Plan Administration. Our board of directors or a duly authorized committee of our board administers our 2017 Plan and the awards granted under it. Our board of directors has delegated concurrent authority to administer our 2017 Plan to the compensation committee under the terms of the compensation committee’s charter. The administrator has the power to modify outstanding awards under our 2017 Plan. The administrator has the authority to reprice any outstanding option with the consent of any adversely affected participant.

Corporate Transactions. Our 2017 Plan provides that in the event of certain specified significant corporate transactions, as defined under our 2017 Plan, our board of directors may (1) arrange for the assumption, continuation or substitution of an award by a successor corporation, or the acquiring corporation’s parent company; (2) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation, or the acquiring corporation’s parent company; (3) accelerate the vesting, in whole or in part, of the award and provide for its termination prior to the transaction if not exercised prior to the effective time of the corporate transaction; (4) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us; (5) cancel or arrange for the cancellation of the award prior to the transaction in exchange for a cash payment, if any, determined by the board; or (6) make a payment in such form as determined by the board of directors equal to the excess, if any, of the value of the property the participant would have received upon exercise of the awards prior to the transaction over any exercise price payable by the participant in connection with the exercise. The administrator is not obligated to treat all awards or portions of awards, even those that are of the same type, in the same manner.

In the event of a change in control, as defined under our 2017 Plan, awards granted under our 2017 Plan will not receive automatic acceleration of vesting and exercisability, although this treatment may be provided for in an award agreement.

Transferability. Our board of directors may impose limitations on the transferability of ISOs, NSOs and stock appreciation rights as the board will determine. Absent such limitations, a participant may not transfer awards under our 2017 Plan other than by will, the laws of descent and distribution or as otherwise provided under our 2017 Plan.

2007 Equity Incentive Plan

Our board of directors adopted the 2007 Equity Incentive Plan, or the 2007 Plan, in April 2007, and our stockholders adopted the 2007 Plan in May 2007. The 2007 Plan provided for the grant of ISOs, NSOs, stock appreciation rights, restricted stock awards and restricted stock unit awards, to our employees, directors and consultants or our affiliates. ISOs may be granted only to our employees or employees of our affiliates.

The 2007 Plan was terminated in April 2017. However, any outstanding awards granted under the 2007 Plan remain outstanding, subject to the terms of our 2007 Plan and award agreements, until such outstanding options are exercised or until any awards terminate or expire by their terms.

Plan Administration. Our board of directors or a duly authorized committee of our board administers our 2007 Plan and the awards granted under it. Our board of directors has delegated concurrent authority to administer our 2007 Plan to the compensation committee under the terms of the compensation committee’s charter. The administrator has the power to modify outstanding awards under our 2007 Plan. The administrator has the authority to reprice any outstanding option with the consent of any adversely affected participant.
Corporate Transactions. Our 2007 Plan provides that in the event of certain specified significant corporate
transactions, as defined under our 2007 Plan, our board of directors may (1) arrange for the assumption, continuation
or substitution of an award by a successor corporation, or the acquiring corporation’s parent company; (2) arrange for
the assignment of any reacquisition or repurchase rights held by us to a successor corporation, or the acquiring
corporation’s parent company; (3) provide for an award to terminate prior to the transaction if not exercised prior to
the effective time of the corporate transaction; or (4) make a payment in such form as determined by the board of
directors equal to the excess if any, of the value of the property the participant would have received upon exercise of
the awards prior to the transaction over any exercise price payable by the participant in connection with the exercise.
The administrator is not obligated to treat all awards or portions of awards, even those that are of the same type, in the
same manner.

In the event of a change in control, as defined under our 2007 Plan, awards granted under our 2007 Plan will
not receive automatic acceleration of vesting and exercisability, although this treatment may be provided for in an
award agreement.

Transferability. Our board of directors may impose limitations on the transferability of ISOs, NSOs and stock
appreciation rights as the board will determine. Absent such limitations, a participant may not transfer awards under
our 2007 Plan other than by will, the laws of descent and distribution or as otherwise provided under our 2007 Plan.

2020 Employee Stock Purchase Plan

Our board of directors adopted our 2020 Employee Stock Purchase Plan, or the ESPP, in September 2019, and
our stockholders adopted the ESPP in January 2020. The ESPP became effective upon the execution of the
underwriting agreement for our initial public offering. The purpose of the ESPP is to secure the services of new
employees, to retain the services of existing employees and to provide incentives for such individuals to exert
maximum efforts toward our success and that of our affiliates. The ESPP includes two components. One component
is designed to allow eligible U.S. employees of our company to purchase common stock in a manner that may qualify
for favorable tax treatment under Section 423 of the Internal Revenue Code. In addition, purchase rights may be
granted under a component that does not qualify for such favorable tax treatment when necessary or appropriate to
permit participation by eligible employees of 1Life who are foreign nationals or employed outside of the United States
while complying with applicable foreign laws.

Authorized Shares. The maximum aggregate number of shares of common stock that may be issued under our
ESPP is 2,800,000 shares. The number of shares of common stock reserved for issuance under our ESPP automatically
increases on January 1 of each calendar year, through and including January 1, 2030, by the lesser of (1) 1.5% of the
total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, (2) 2,800,000
shares, and (3) a number of shares determined by our board of directors. Shares subject to purchase rights granted
under our ESPP that terminate without having been exercised in full will not reduce the number of shares available
for issuance under our ESPP.

Plan Administration. Our board of directors, or a duly authorized committee thereof, will administer our ESPP.
Our board of directors has delegated concurrent authority to administer our ESPP to the compensation committee
under the terms of the compensation committee’s charter. The ESPP is implemented through a series of offerings
under which eligible employees are granted purchase rights to purchase shares of common stock on specified dates
during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months, and may
specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which
shares of common stock will be purchased for eligible employees of the Company participating in the offering. An
offering under the ESPP may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by the Company
or by any of its designated affiliates, may participate in the ESPP and may contribute, normally through payroll
deductions, up to 15% of their earnings (as defined in the ESPP) for the purchase of common stock under the ESPP.
Employees of the One Medical PCs, professional corporations affiliated with the Company through the administrative
services agreements, are not eligible to participate in the ESPP due to regulatory restrictions. Unless otherwise
determined by our board of directors, common stock will be purchased for the accounts of employees participating in
the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of a share of common stock on the first date of an offering or (b) 85% of the fair market value of a share of common stock on the date of purchase.

Limitations. Our employees, including executive officers, or any of our designated affiliates may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by the administrator: (1) customary employment with us or one of our affiliates for more than 20 hours per week and more than five months per calendar year, or (2) continuous employment with us or one of our affiliates for a minimum period of time, not to exceed two years, prior to the first date of an offering. An employee may not be granted rights to purchase stock under our ESPP if such employee (1) immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of common stock, or (2) holds rights to purchase stock under our ESPP that would accrue at a rate that exceeds $25,000 worth of our stock for each calendar year that the rights remain outstanding.

Changes to Capital Structure. In the event that there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or similar transaction, the board of directors will make appropriate adjustments to (1) the number of shares reserved under the ESPP, (2) the maximum number of shares by which the share reserve may increase automatically each year, (3) the number of shares and purchase price of all outstanding purchase rights and (4) the number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. In the event of certain corporate transactions, as defined in the ESPP, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue or substitute for such purchase rights, then the participants’ accumulated payroll contributions will be used to purchase shares of common stock within 10 business days prior to such corporate transaction, and such purchase rights will terminate immediately.

ESPP Amendment or Termination. Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder’s consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed the section titled "Executive Compensation" with management. Based on such review and discussion, the compensation committee has recommended to the board of directors that the section titled "Executive Compensation" be included in this proxy statement.

Respectfully submitted by the members of the compensation committee of the board of directors:

Compensation Committee
Kalen F. Holmes, Ph.D. (Chair)
David P. Kennedy
Robert R. Schmidt
EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2020 with respect to the shares of our common stock that may be issued under our existing equity compensation plans.

<table>
<thead>
<tr>
<th>Plan Category</th>
<th>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</th>
<th>(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</th>
<th>(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by stockholders(1)</td>
<td>28,273,033 (2) $18.03 (3)</td>
<td>9,855,031 (4)</td>
<td></td>
</tr>
<tr>
<td>Equity compensation plans not approved by stockholders</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>28,273,033</td>
<td>$18.03</td>
<td>9,855,031</td>
</tr>
</tbody>
</table>

(1) Includes the following plans: our 2007 Plan, 2017 Plan, 2020 Plan, and ESPP.
(2) Excludes 1,290,953 shares that may be issued under restricted stock unit awards as of December 31, 2020.
(3) Excludes 1,290,953 shares that may be issued under restricted stock unit awards as of December 31, 2020.
(4) As of December 31, 2020, a total of 7,404,593 shares of our common stock have been reserved for issuance pursuant to the 2020 Plan, which number excludes the 5,378,897 shares that were added to the 2020 Plan as a result of the automatic annual increase on January 1, 2021. The 2020 Plan provides that the number of shares reserved and available for issuance under the 2020 Plan will automatically increase each January 1, beginning on January 1, 2021, by 4% of the outstanding number of shares of our common stock on the immediately preceding December 31 or such lesser number of shares as determined by our compensation committee. This number will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. The shares of common stock underlying any awards that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of stock, expire or are otherwise terminated, other than by exercise, under the 2020 Plan, the 2007 Plan and the 2017 Plan will be added back to the shares of common stock available for issuance under such plans. The Company no longer makes grants under the 2007 Plan and the 2017 Plan. As of December 31, 2020, a total of 2,450,438 shares of our common stock have been reserved for issuance pursuant to the ESPP, which number excludes the 2,017,086 shares that were added to the ESPP as a result of the automatic annual increase on January 1, 2021. The ESPP provides that the number of shares reserved and available for issuance under the ESPP will automatically increase each January 1, beginning on January 1, 2021, by the lesser of 2,800,000 shares of our common stock, 1.5% of the outstanding number of shares of our common stock on the immediately preceding December 31 or such lesser number of shares as determined by our compensation committee. This number will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information about the beneficial ownership of our common stock as of March 31, 2021 for:

- each person or group known to us who beneficially owns more than 5% of our common stock;
- each of our directors and nominees for director;
- each of our named executive officers named in “Executive Compensation”; and
- all of our directors and executive officers as a group.

Each stockholder’s percentage ownership is based on 137,297,378 shares of common stock outstanding as of March 31, 2021. Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Common stock subject to options that are currently exercisable or exercisable within 60 days of March 31, 2021 are deemed to be outstanding and beneficially owned by the person holding the options. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each stockholder identified in the table possesses sole voting and investment power over all common stock shown as beneficially owned by the stockholder.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, California 94111. Except as stated in the footnotes below, none of the stockholders or their affiliates, officers, directors and principal equity holders have held any position or office or have had any material relationship with us or our affiliates within the past three years.

### Shares Beneficially Owned

<table>
<thead>
<tr>
<th>Stockholder/Officer</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5% Stockholders:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FMR LLC (1)</td>
<td>19,624,728</td>
<td>14.3%</td>
</tr>
<tr>
<td>Carlyle Partners VII Holdings, L.P. (2)</td>
<td>13,612,681</td>
<td>9.9</td>
</tr>
<tr>
<td>Tiger Global Performance LLC (3)</td>
<td>7,620,000</td>
<td>5.6</td>
</tr>
<tr>
<td>The Vanguard Group (4)</td>
<td>7,162,736</td>
<td>5.2</td>
</tr>
<tr>
<td>Benchmark Capital Partners V, L.P. (5)</td>
<td>7,000,000</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Directors and Named Executive Officers:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amir Dan Rubin (6)</td>
<td>5,053,388</td>
<td>3.6</td>
</tr>
<tr>
<td>Bjorn Thaler (7)</td>
<td>263,885</td>
<td>*</td>
</tr>
<tr>
<td>Kimber D. Lockhart (8)</td>
<td>325,025</td>
<td>*</td>
</tr>
<tr>
<td>Paul R. Auvil (9)</td>
<td>12,874</td>
<td>*</td>
</tr>
<tr>
<td>Mark S. Blumenkranz, M.D. (10)</td>
<td>9,187</td>
<td>*</td>
</tr>
<tr>
<td>Bruce W. Dunlevie (11)</td>
<td>7,331,103</td>
<td>5.3</td>
</tr>
<tr>
<td>Kalen F. Holmes, Ph.D.(12)</td>
<td>23,270</td>
<td>*</td>
</tr>
<tr>
<td>David P. Kennedy (13)</td>
<td>293,631</td>
<td>*</td>
</tr>
<tr>
<td>Freda Lewis-Hall, M.D. (14)</td>
<td>9,187</td>
<td>*</td>
</tr>
<tr>
<td>Robert R. Schmidt</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>David B. Singer (15)</td>
<td>6,951</td>
<td>*</td>
</tr>
<tr>
<td><strong>All directors and executive officers as a group</strong></td>
<td>13,655,923</td>
<td>9.6</td>
</tr>
</tbody>
</table>

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares.

(1) Based on information reported by FMR LLC on Schedule 13G/A filed with the SEC on February 8, 2021. Of the shares of common stock beneficially owned, FMR LLC reported that it has sole power to vote or to direct the vote of 7,768,125 shares and sole power to dispose or to direct the disposition of 19,624,728 shares. FMR LLC listed its address as 245 Summer Street, Boston, Massachusetts 02210.
Reflects shares of common stock held of record by Carlyle Partners VII Holdings, L.P., or the Carlyle Investor. Carlyle Group Management L.L.C. holds an irrevocable proxy to vote a majority of the shares of The Carlyle Group Inc., or Carlyle, a publicly traded company listed on Nasdaq. Carlyle is the sole member of Carlyle Holdings II GP L.L.C., which is the managing member of Carlyle Holdings II L.L.C., which, with respect to the shares of common stock held by the Carlyle Investor, is the managing member of CG Subsidiary Holdings L.L.C., which is the general partner of TC Group Cayman Investment Holdings, L.P., which is the general partner of TC Group Cayman Investment Holdings Sub L.P., which is the sole member of TC Group VII, L.L.C., which is the general partner of TC Group VII, L.P., which is the general partner of the Carlyle Investor. Voting and investment determinations with respect to the shares of common stock held by the Carlyle Investor are made by an investment committee of TC Group VII, L.P. comprised of Allan Holt, William Conway, Jr., Daniel D’Aniello, David Rubenstein, Peter Clare, Kewsong Lee, Norma Kuntz, Sandra Horbach and Marco De Benedetti as a non-voting observer. Accordingly, each of the foregoing entities and individuals may be deemed to share beneficial ownership of the securities held of record by the Carlyle Investor. Each of them disclaims beneficial ownership of such securities. The address for Carlyle Partners VII Holdings, L.P. is c/o The Carlyle Group, 1001 Pennsylvania Avenue, NW, Suite 220 South, Washington, D.C. 20004.

Robert R. Schmidt, a member of our board of directors, is a principal of Carlyle. In addition, we have entered into a contractual arrangement with Carlyle as an enterprise client in the ordinary course of business and therefore derive revenue from Carlyle for services provided under such arrangement.

Based on information reported by Tiger Global Performance LLC, or Tiger Global, on Schedule 13G filed with the SEC on February 19, 2021. Of the shares of common stock beneficially owned, Tiger Global reported that is has shared voting power and shared dispositive power with respect to 7,620,000 shares. Tiger Global listed its address as 9 West 57th Street, 35th Floor, New York, New York 10019.

Based on information reported by The Vanguard Group on Schedule 13G filed with the SEC on February 10, 2021. Of the shares of common stock beneficially owned, The Vanguard Group reported that it has sole dispositive power with respect to 6,941,357 shares, shared dispositive power with respect to 221,379 shares, sole voting power with respect to no shares and shared voting power with respect to 170,338 shares. The Vanguard Group listed its address as 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

Reflects shares of common stock held by Benchmark Capital Partners V, L.P., or BCP V. Benchmark Capital Management Co. V, L.L.C., or BCM V, is the general partner of BCP V. Bruce W. Dunlevie, a member of our board of directors, Alexandre Balkanski, Peter H. Fenton, J. William Gurley, Kevin R. Harvey, Robert C. Kagle, Mitchell H. Lasky and Steven M. Spurlock are the managing members of BCM V, and each of them may be deemed to hold shared voting and investment power over the shares held by BCP V. The address for Benchmark Capital Partners V, L.P. is 2965 Woodside Road, Woodside, California 94062.

Consists of (i) 249,377 shares of common stock held directly by Mr. Rubin and (ii) 4,804,011 shares of common stock issuable to Mr. Rubin pursuant to options exercisable within 60 days of March 31, 2021.

Consists of (i) 27,005 shares of common stock held directly by Mr. Thaler and (ii) 236,880 shares of common stock issuable to Mr. Thaler pursuant to options exercisable within 60 days of March 31, 2021.

Consists of (i) 70,434 shares of common stock held directly by Ms. Lockhart and (ii) 254,591 shares of common stock issuable to Ms. Lockhart pursuant to options exercisable within 60 days of March 31, 2021.

Reflects shares of common stock issuable to Mr. Auvil pursuant to options exercisable within 60 days of March 31, 2021.

Reflects shares of common stock issuable to Dr. Blumenkranz pursuant to options exercisable within 60 days of March 31, 2021.

Consists of (i) 323,572 shares of common stock held by entities controlled by Mr. Dunlevie, (ii) 7,531 shares of common stock issuable to Mr. Dunlevie pursuant to options exercisable within 60 days of March 31, 2021 and (iii) the shares described in footnote (5) above.

Reflects shares of common stock issuable to Dr. Holmes pursuant to options exercisable within 60 days of March 31, 2021.

Consists of (i) 281,337 shares of common stock held by the Cape Lone Star Trust for which Mr. Kennedy and his wife are trustees and share voting and dispositive power and (ii) 12,294 shares of common stock issuable to Mr. Kennedy pursuant to options exercisable within 60 days of March 31, 2021.

Reflects shares of common stock issuable to Dr. Lewis-Hall pursuant to options exercisable within 60 days of March 31, 2021.

Reflects shares of common stock issuable to Mr. Singer pursuant to options exercisable within 60 days of March 31, 2021.

Consists of (i) 8,140,866 shares of common stock directly or indirectly held by all current executive officers and directors as a group and (ii) 5,515,057 shares of common stock issuable pursuant to options exercisable within 60 days of March 31, 2021.
The following is a summary of transactions since January 1, 2020, to which we have been a participant in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or holders of more than five percent of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest, other than compensation arrangements which are described in “Executive Compensation.”

We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm’s length transactions.

Amended and Restated Investor Rights Agreement

In August 2018, we entered into an amended and restated investor rights agreement, or IRA, with certain holders of our preferred stock and common stock, including the Carlyle Investor, Benchmark Capital Partners V, L.P., or Benchmark, and entities affiliated with Maverick Capital, or the Maverick Entities, and certain members of, and affiliates of, our directors and certain of our executive officers. In January 2020, we amended and restated the IRA. The IRA provides the holders with certain registration rights, including the right to demand that we file a registration statement (including registration statements on Form S-3 and accompanying shelf takedowns) or request that their shares be covered by a registration statement that we are otherwise filing. Mr. Schmidt, Mr. Dunlevie and Mr. Singer, each a member of our board of directors, are affiliated with the Carlyle Investor, Benchmark and the Maverick Entities, respectively.

Enterprise Client Arrangements

We have entered into contractual arrangements in the ordinary course of business with certain enterprise clients who are affiliated with holders of more than 5% of our outstanding capital stock. The table below sets forth these enterprise clients, their affiliated stockholders and total net revenue derived from these enterprise clients for the year ended December 31, 2020.

<table>
<thead>
<tr>
<th>Enterprise Client</th>
<th>Affiliated Stockholder</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMR LLC</td>
<td>FMR LLC</td>
<td>$1,590</td>
</tr>
<tr>
<td>The Carlyle Group, Inc.</td>
<td>Carlyle Partners VII Holdings, L.P.</td>
<td>503</td>
</tr>
</tbody>
</table>

Employment Arrangements

We have entered into employment agreements and offer letters with certain of our executive officers. For more information regarding these agreements with our executive officers, see “Executive Compensation—Employment Arrangements.”

Annual Cash Bonus

We have established a cash incentive plan for certain of our executive officers. For a description of this plan, see “Executive Compensation—Individual Compensation Elements—Annual Cash Incentive Bonuses.”

Indemnification of Directors and Officers

Our amended and restated certificate of incorporation contains provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:
• any breach of the director’s duty of loyalty to the corporation or its stockholders;
• any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
• unlawful payments of dividends or unlawful stock repurchases or redemptions; or
• any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation authorizes us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law.

We have also entered, and expect to continue to enter, into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses, including attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors’ and officers’ liability insurance.

We have also entered, and expect to continue to enter, into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses, including attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors’ and officers’ liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Rule 10b5-1 Sales Plans**

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information, subject to compliance with the terms of our insider trading policy.

**Other Transactions**

We have granted options to certain of our directors and named executive officers. For more information regarding the options granted to our directors and named executive officers, see “Board of Directors and Corporate Governance—Non-Employee Director Compensation—Non-Employee Director Compensation Table” and “Executive Compensation—Outstanding Equity Awards as of December 31, 2020.”

We have entered into change in control agreements with certain of our executive officers pursuant to offer letters and/or our Executive Severance and Change in Control Plan that, among other things, provide for certain severance
and change in control benefits. See the section titled “Executive Compensation—Employment Arrangements—Executive Severance and Change in Control Plan.”

Policies and Procedures for Related Party Transactions

Our board of directors has adopted a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and a related person, as defined by the Securities Act, were or will be participants and the amount involved exceeds $120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit and compliance committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction, management’s recommendation with respect to the proposed related person transaction, and the extent of the related person’s interest in the transaction.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will be “householding” our proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, please notify your broker, notify our Corporate Secretary at (415) 814-0927 or send a written request to: Corporate Secretary at 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, California 94111. Stockholders who currently receive multiple copies of the Notices of Internet Availability of Proxy Materials at their addresses and would like to request “householding” of their communications should contact their brokers.

OTHER MATTERS

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires that our executive officers, directors, and persons who own more than 10% of our common stock file reports of ownership and changes of ownership with the SEC. Such directors, executive officers and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

SEC regulations require us to identify in this proxy statement anyone who filed a required report late during the most recent fiscal year. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that during 2020, all Section 16(a) filing requirements were satisfied on a timely basis, except with respect to the failure to timely file a Form 4 for Paul Auvil and David P. Kennedy (both filed with the SEC on April 30, 2020). Such late filings did not result in any liability under Section 16(b) of the Exchange Act.

2020 Annual Report and SEC Filings

Our financial statements for the year ended December 31, 2020 are included in our annual report on Form 10-K, which we will make available to stockholders at the same time as this proxy statement. Our annual report and this proxy statement are posted on our website at https://investor.onemedical.com and are
available from the SEC at its website at www.sec.gov. You may also obtain a copy of our annual report without charge by sending a written request to Investor Relations, 1Life Healthcare, Inc., One Embarcadero Center, Suite 1900, San Francisco, California 94111.

* * *

The board of directors does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented at the Annual Meeting, the persons named in the enclosed proxy card will have discretion to vote shares they represent in accordance with their own judgment on such matters.

It is important that your shares be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote by telephone or by using the Internet as instructed on the enclosed proxy card or execute and return, at your earliest convenience, the enclosed proxy card in the envelope that has also been provided.

THE BOARD OF DIRECTORS

San Francisco, California
April 21, 2021
APPENDIX A
KEY METRICS AND NON-GAAP FINANCIAL MEASURES

This Appendix A sets forth information about how we calculate members, Care Margin and Adjusted EBITDA.

Members

A member is a person who has paid for membership themselves or an employee or dependent whose membership has been paid for by an enterprise client for at least one year in a market where we have an office and who has registered with us. Members help drive membership revenue, partnership revenue and patient service revenue. We may offer trial memberships to enterprise clients, particularly for new services, and we offer access to One Medical Now, our 24/7 virtual care platform, to enterprise clients. The fees generated from these services are included in our membership revenue, although we do not include these covered employees as members. Our number of members depends, in part, on our ability to successfully market our services directly to consumers and to employers that are not yet enterprise clients and our activation rate within existing clients. While growth in the number of members is an important indicator of expected revenue growth, it also informs our management of the areas of our business that will require further investment to support expected future member growth. Member numbers as of the end of each period are rounded to the thousands.

Care Margin

We define care margin as loss from operations excluding depreciation and amortization, general and administrative expense and sales and marketing expense. We consider care margin to be an important measure to monitor our performance, specific to the direct costs of delivering care. We believe this margin is useful to measure whether we are controlling our direct expenses included in the provision of care sufficiently and whether we are effectively pricing our services. Care margin is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. Care margin is not a financial measure of, nor does it imply profitability. We have not yet achieved profitability and, even in periods when our net revenue exceeds our cost of care, exclusive of depreciation and amortization, we may not be able to achieve or maintain profitability. The relationship of operating loss to cost of care, exclusive of depreciation and amortization, is not necessarily indicative of future performance. Other companies that present care margin may calculate it differently and, therefore, similarly titled measures presented by other companies may not be directly comparable to ours. In addition, care margin has limitations as an analytical tool, including that it does not reflect depreciation and amortization, stock-based compensation or other overhead allocations.

The following table provides a reconciliation of loss from operations, the most closely comparable GAAP financial measure, to care margin:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from operations</td>
<td>$ (71,359)</td>
<td>$ (54,113)</td>
</tr>
<tr>
<td>Sales and marketing*</td>
<td>36,967</td>
<td>39,520</td>
</tr>
<tr>
<td>General and administrative*</td>
<td>157,282</td>
<td>108,965</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>22,374</td>
<td>14,268</td>
</tr>
<tr>
<td>Care margin</td>
<td>$ 145,264</td>
<td>$ 108,640</td>
</tr>
<tr>
<td>Care margin as a percentage of net revenue</td>
<td>38%</td>
<td>39%</td>
</tr>
</tbody>
</table>

* Includes stock-based compensation

Adjusted EBITDA

We define adjusted EBITDA as net loss excluding interest income, interest expense, depreciation and amortization, stock-based compensation, change in the fair value of our redeemable convertible preferred stock warrant liability and provision for (benefit from) income taxes. We include adjusted EBITDA in this proxy statement.
because it is an important measure upon which our management assesses and believes investors should assess our operating performance. We consider adjusted EBITDA to be an important measure because it helps illustrate underlying trends in our business and our historical operating performance on a more consistent basis. Adjusted EBITDA is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP.

Our definition of adjusted EBITDA may differ from the definition used by other companies and therefore comparability may be limited. In addition, other companies may not publish this or similar metrics. Thus, our adjusted EBITDA should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP, such as net loss.

In addition, adjusted EBITDA has limitations as an analytical tool, including:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash used for capital expenditures for such replacements or for new capital expenditures;
- adjusted EBITDA does not include the dilution that results from stock-based compensation or any cash outflows included in stock-based compensation, including from our purchases of shares of outstanding common stock; and
- adjusted EBITDA does not reflect interest expense on our debt or the cash requirements necessary to service interest or principal payments.

We provide investors and other users of our financial information with a reconciliation of adjusted EBITDA to net loss. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view adjusted EBITDA in conjunction with net loss.

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

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$(89,421)</td>
<td>$(53,695)</td>
</tr>
<tr>
<td>Interest income</td>
<td>(1,809)</td>
<td>(4,498)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>13,434</td>
<td>474</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>22,374</td>
<td>14,268</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>35,095</td>
<td>14,877</td>
</tr>
<tr>
<td>Change in fair value of redeemable convertible preferred stock warrant liability</td>
<td>6,560</td>
<td>3,519</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>(123)</td>
<td>87</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$(13,890)</td>
<td>$(24,968)</td>
</tr>
</tbody>
</table>
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2020

☐ 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 001-39203

1LIFE HEALTHCARE, INC.
(Exact name of Registrant as specified in its Charter)

Delaware 76-0707204
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One Embarcadero Center, Suite 1900
San Francisco, CA 94111
(Address of principal executive offices)

Registrant’s telephone number, including area code: (415) 814-0927

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, $0.001 par value ONEM The Nasdaq Global Select Market

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

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

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

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The Nasdaq Stock Market on June 30, 2020, was $2.5 billion. The calculation of the aggregate market value of voting and non-voting common equity excludes 58,490,353 shares of common stock of the Registrant held by executive officers, directors and stockholders that the Registrant concluded were affiliates of the Registrant on that date. Exclusion of such shares should not be construed to indicate that any such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the Registrant or that such person is controlled by or under common control with the Registrant.

The number of shares of Registrant’s common stock, par value $0.001 per share, outstanding as of February 26, 2021 was 136,840,853.

DOCUMENTS INCORPORATED BY REFERENCE

 Portions of the Registrant’s definitive Proxy Statement relating to the 2021 Annual Meeting of Stockholders (the “Proxy Statement”) are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the Registrant’s fiscal year ended December 31, 2020.
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Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the “safe harbor” created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “goal,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential” and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this Annual Report on Form 10-K in greater detail under the heading “Risk Factors,” including, among other things:

- actual or anticipated fluctuations in our financial condition and operating results;
- variance in our financial performance from expectations of securities analysts or investors;
- changes in our projected operating and financial results;
- changes in the pricing we offer our members;
- our relationships with our health network partners and enterprise clients and any changes to or terminations of our contracts with the health network partners or enterprise clients;
- changes in laws or regulations applicable to our solutions and services;
- the impact of COVID-19 on our financial performance, financial condition and results of operations, and the financial performance and financial condition of our health network partners, on our payers, our enterprise clients and others;
- announcements by us or our competitors of significant business or strategic developments, acquisitions or new offerings;
- actual or anticipated developments in our business, our competitors’ businesses or the competitive landscape generally;
- publicity associated with issues with our services and technology platform;
- our involvement in litigation, including medical malpractice claims and consumer class actions;
- any governmental investigations or inquiries into our business and operations or challenges to our relationships with the One Medical PCs under the Administrative Services Agreements (“ASAs”);
- future sales of our common stock or other securities, by us or our stockholders;
- changes in senior management or key personnel;
- developments or disputes concerning our intellectual property or other proprietary rights;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- the trading volume of our common stock;
- general economic, regulatory and market conditions;
- our estimates of our market opportunity and changes in the anticipated future size and growth rate of our market;
- our ability to retain and recruit key personnel and expand our sales force;
- the ability of the One Medical PCs to attract and retain high quality providers;
• our ability to fund our working capital requirements; and
• our compliance with, and the cost of, federal, state and foreign regulatory requirements.

These risks are not exhaustive. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements as predictions of future events. Also, these forward-looking statements represent our current beliefs, estimates and assumptions only as of the date of this filing, and information contained in this filing should not be relied upon as representing our estimates as of any subsequent date. You should read this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

In addition, statements including “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the filing date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

In this report, unless otherwise indicated or the context otherwise requires, (i) all references to “One Medical,” “we,” “us,” “our” or the “Company” mean 1Life Healthcare, Inc. and its consolidated affiliated professional entities, (ii) all references to “1Life” refer to 1Life Healthcare, Inc. and not to its consolidated affiliated professional entities and (iii) all references to the “One Medical PCs” refer to the professional entities affiliated with 1Life through administrative services agreements. 1Life and the One Medical PCs do business under the “One Medical” brand.
PART I

Item 1. Business.

Overview

Our vision is to delight millions of members with better health and better care while reducing the total cost of care. Our mission is to transform health care for all through our human-centered, technology-powered model. We are a membership-based primary care platform with seamless digital health and inviting in-office care, convenient to where people work, shop, live and click. We are disrupting health care from within the existing ecosystem by simultaneously addressing the frustrations and unmet needs of key stakeholders, which include consumers, employers, providers and health networks. As of December 31, 2020, we had approximately 549,000 members in 13 markets in the United States and more than 8,000 enterprise clients.

The current state of the healthcare ecosystem leaves key stakeholders frustrated and with unmet needs.

- **Consumers.** According to a 2016 report, 81% of consumers are dissatisfied with their healthcare experience, in part due to limited after-hours and digital access, long wait times for appointments, extended in-office delays, short and impersonal visits, uninviting medical offices in inconvenient locations, constrained access to specialists and a lack of care coordination across clinical settings.

- **Employers.** Employers find their health benefit offerings often underperforming on such fundamental objectives as attracting and engaging employees, improving employee productivity, reducing absenteeism, producing better health outcomes, increasing the safety of the workplace through screening and treating communicable diseases such as Covid-19, or managing healthcare costs.

- **Providers.** Within primary care, according to a 2019 Mayo Clinic report, over 50% of family physicians show symptoms of burnout, driven in part by misaligned fee-for-service compensation approaches incentivizing short transactional interactions, and excessive administrative tasks associated with burdensome electronic health record (“EHR”) systems and convoluted insurance procedures.

- **Health Networks.** Health systems and health plans have been looking to develop coordinated networks of care to better attract patients, increase attributable lives and better integrate primary care with specialty services for improved patient outcomes and lower costs. Yet even with major investments in provider groups, care management programs and technology systems, health networks have struggled to deliver on these objectives.

The U.S. primary care market is estimated to be approximately $260 billion in 2021, including approximately $170 billion for the commercially insured population. We estimate that the 13 markets in which we are physically present represent approximately $38 billion in primary care spend within the commercially insured population under age 65. While our members can access our digital services nationally, we believe we can expand our physical presence across the United States. The 50 largest metropolitan statistical areas in the U.S. represent an estimated market opportunity of approximately $80 billion within the commercially insured population under age 65. We expect our total addressable market to grow as we further expand into additional services, serve additional populations and explore alternative risk-sharing reimbursement models.

We have developed a modernized healthcare membership model based on direct consumer enrollment as well as employer sponsorship. Our annual membership model includes seamless access to 24/7 digital health services paired with inviting in-office care routinely covered under health insurance programs. Our technology helps drive high monthly active usage within our membership, promoting ongoing and longitudinal patient relationships for better health outcomes and high member retention. Our technology also helps our service-minded team in building trust and rapport with our members by facilitating proactive digital health outreach as well as on-demand and scheduled virtual and in-office care. Our digital health services and well-appointed offices, which tend to be located in highly convenient locations, are staffed by a team of clinicians who are not paid on a fee-for-service basis, and therefore free of misaligned compensation incentives prevalent in health care. Additionally, we have developed clinically integrated partnerships with health networks, better coordinating more timely access to specialty care by members when needed, while advancing value-based care for employers through clinical and digital integration.
Together, these components of our human-centered and technology-powered model allow us to deliver better results for key stakeholders.

- **Consumers.** We delight consumers with a superior experience as evidenced by our average Net Promoter Score, or NPS, of 90 over the twelve months ended December 31, 2020 and our key primary care-related Healthcare Effectiveness Data and Information Set (“HEDIS”) quality measures. NPS measures the willingness of consumers to recommend a company’s products or services to others. We use NPS as a proxy for gauging our members’ overall satisfaction with our providers and loyalty to the One Medical brand. Our NPS is based on responses from a single question survey provided to members after in-office visits which asks members how likely they are to recommend their One Medical provider to a friend or colleague. We calculate our NPS using the standard method of subtracting the percentage of members who respond that they are not likely to recommend our providers from the percentage of members that respond that they are likely to recommend our providers, with responses based on a scale of 0 to 10. The resulting NPS is an index that ranges from a low of -100 to a high of 100.

Our technology platform advances consumer engagement and health through proactive digital health screenings, post-visit digital follow-ups, real-time access to medical records, and around-the-clock availability of our friendly and knowledgeable providers.

Our members receive access to 24/7 on-demand digital health services with quick response times. Members also have access to scheduled virtual visits as well as inviting in-office care in convenient locations with warm and caring staff. In addition to supporting members with routine and preventative primary, chronic and acute care, we provide lab- and immunization services, COVID-19 testing and care, behavioral health, women’s health, men’s health, LGBTQ+ care, pediatrics, sports medicine, lifestyle and wellbeing programs.

- **Employers.** We support employers across a diverse set of industries in achieving key goals of their health benefits offerings such as attracting and engaging employees, improving employee productivity and wellbeing, and delivering higher levels of value-based care. We are also helping them increase the safety of their workplace through screening for, treating, and immunizing against communicable diseases such as COVID-19. With real-time video and phone consults available typically within minutes, and same and next day in-office appointments, we have demonstrated a 41% reduction in emergency room visits and total employer cost savings of 8% or more based on a 2018 report. Additionally, a peer-reviewed study published in the Journal of American Medical Association (JAMA) Network Open in 2020 linked our membership-based, primary care model combining virtual, near-site and work-site services with 45% lower total medical and prescription claims costs for one employer, including 54% lower spending on specialty care, 43% lower spending on surgery, 33% lower spending on emergency department care, and 26% lower spending on prescriptions. Since then, we have further evolved our service offering, including scheduled virtual visits or behavioral health visits, which we believe provides additional value to employers and their employees. We have also launched a 24/7 virtual only service offering which is available exclusively to employers in geographies where we do not yet have a physical presence. This service offering allows employers to provide One Medical to all of their employees regardless of their location, while providing us with better insights about employer demographics and potential future demand for our other offerings. Employers typically cover our membership fee for their employees, with over 75% of employers also covering their employees’ dependents’ memberships as of December 31, 2020. Employers can add our services at any point during the year, as our services typically fit within their existing health benefits offerings and are typically covered under an employer’s routine health insurance benefit program, allowing for seamless and quick implementation. Within enterprise clients, our median estimated activation rate as of December 31, 2020, was over 40%, which we believe we can increase over time. We define estimated activation rate for any enterprise client at a given time as the percentage of eligible lives enrolled as members. Some of our enterprise clients offer membership benefits to the dependents of their employees, for which we assume eligible lives include one dependent per employee.

- **Providers.** Our culture, technology, team-based approach, and salaried provider model help address the fundamental issues driving physician burnout. Our culture allows us to attract and retain top board-certified physicians and premier team members. We are focused on continuing to increase our diversity amongst providers so that our provider base reflects the diversity of the communities and members we serve. Our proprietary technology platform allows for meaningful reductions in desktop medicine burdens, which are the excessive administrative hassles associated with the use of EHRs. Our support
team takes on many of the administrative burdens for scheduling and insurance coordination. Our in-office and virtual medical teams jointly deliver longitudinal health care. Our salary-based provider compensation model incentivizes delivery of the right care at the right time, without the adverse financial incentives that fee-for-service or capitated compensation systems can have on clinical decision-making.

- **Health Networks.** Health networks partner with us for consumer-driven care, direct-to-employer relationships and coordinated networks of attributable lives. Through our partnerships, we connect our primarily working-age, commercially insured membership base with health networks without the costs and risks these health networks typically face in the development of their own primary care networks. We clinically and digitally integrate with our health network partners to advance more seamless member access to partner specialists and facilities when needed, while supporting reductions in duplicative testing and excessive delays often seen across uncoordinated healthcare settings. Such coordinated care can deliver better service levels and outcomes for consumers, while advancing employee productivity and value-based care to employers.

We believe our model is highly scalable. We are physically present in 13 markets today, including Atlanta, Austin, Boston, Chicago, Los Angeles, New York, Orange County, Phoenix, Portland, San Diego, the San Francisco Bay Area, Seattle, and Washington, D.C., and primarily serve a working-age, commercially insured population and associated dependents. As of December 31, 2020, we had 107 physical offices, including some employer on-site clinics. Additionally, our members can access our 24/7 digital health services nationwide. As of December 31, 2020, we had greater than 8,000 enterprise clients of various sizes across industries. For the twelve months ended December 31, 2020, we retained 9 out of 10 of our consumer members and more than 90% of our enterprise contract value. We grew our membership by 339% from December 31, 2015 through December 31, 2020.

We derive net revenue from multiple stakeholders, including (i) consumers, (ii) enterprise clients such as employers, schools, and universities, and (iii) health networks. We recognize net revenue as (i) membership revenue from enterprise clients and consumer subscription fees, which are typically annual in nature, (ii) partnership revenue predominantly on a per member per month ("PMPM") basis from health networks, largely fixed payments from enterprise clients for on-site medical services, COVID-19 on-site services, and capitation payments from Independent Physician Associations ("IPAs"), and (iii) net patient service revenue on a per visit basis from health insurers and patients. We are in-network with most health insurance plans in all of our markets.

**Chief Technology Officer Transition**

On March 16, 2021, Kimber Lockhart informed us of her intent to step back from her role as Chief Technology Officer of 1Life upon return from her personal leave of absence and to transition to become a part-time employee of 1Life. The effective date for Ms. Lockhart’s resignation as Chief Technology Officer has not been determined and Ms. Lockhart intends to continue to serve as Chief Technology Officer until her successor is identified and has moved into the role. We have commenced a search for a replacement Chief Technology Officer.

**Industry Challenges and Our Opportunity**

The current state of the healthcare ecosystem leaves key stakeholders frustrated and with unmet needs, delivering suboptimal results for consumers, employers, providers and health networks. We believe that these unmet needs represent a significant opportunity for us.

**Consumers**

According to a 2016 report, approximately 81% of consumers are dissatisfied with their healthcare experience. Their frustrations include long lead times to schedule physician appointments and long waits once checked-in at provider offices. Appointments often occur in crowded medical offices and are typically short in duration, affording limited time to develop deeper provider-patient relationships. Opportunities to engage with providers before and after visits, as well as during nights and weekends, are often limited or non-existent, even though healthcare needs are not constrained to the operating hours of provider offices. Care delivered is also often uncoordinated with providers, leaving consumers to navigate their own way through a complex system.
Employers

To attract and retain staff, employers are making significant investments in health benefits; yet, as commercial insurance costs have reached record highs, employers and employees remain frustrated. Barriers to accessing timely care during the day and after business hours cause employees to miss work and lose productivity. As a result, many employees self-direct themselves to higher cost settings such as emergency rooms. Additionally, uncoordinated care across primary care, specialty care and behavioral health settings creates frustration and causes excessive spending. According to the National Academy of Medicine, approximately 30% of all U.S. healthcare spending is estimated to be avoidable wasted spending.

Providers

By predominantly compensating primary care providers on volume, the prevalent fee-for-service approach seen within the industry incentivizes short and transactional medical encounters, often with insufficient time to address underlying issues related to acute care, chronic disease, and behavioral health issues. Such fee-for-service compensation may also incentivize greater referrals to specialists for more time-intensive cases, even when such patients could otherwise be treated effectively within primary care. Management of preventive care and chronic conditions through longitudinal relationships is typically less-reimbursed, if paid for at all. In addition, providers often find themselves performing excessive administrative tasks that could be better performed by other staff or eliminated altogether. They suffer from rising administrative time spent populating data into cumbersome EHR systems, and documentation hassles associated with insurance procedures. These dynamics contribute to lower job satisfaction and provider burnout.

Health Networks

While many health networks have sought to better integrate primary care with specialty and hospital care, they may underperform on service, access, and coordination of care. This is partly due to their internal incentive systems, processes, and technologies, which are typically focused on addressing high revenue specialty care, rather than best supporting primary care. Moreover, primary care networks can be very costly to develop, and can require significant ongoing investments to operate, while often underperforming on strategic and financial objectives. According to the American Hospital Association’s Futurescan survey of hospital CEOs and leaders published in 2019, 75% of hospital and health systems operate their primary care networks at a loss or are willing to do so, with 76% of health system leaders indicating they are pursuing or are likely to pursue external relationships to advance their physician networks and better serve consumers.

We have developed a human-centered, technology-powered primary care model that simultaneously addresses the aforementioned frustrations and unmet needs of key stakeholders. As we continue to deploy our model at scale, we disrupt the healthcare ecosystem from within its current structure through our:

• modernized member-based model that is based on direct consumer enrollment as well as employer sponsorship;
• seamless care delivery that integrates across multiple digital and in-person modalities;
• inviting offices with high quality service in convenient locations;
• partnerships with health networks;
• alignment with payers;
• premier salaried medical group;
• advanced technology-powered systems; and
• service-oriented team implementing Lean processes.

Our Value Proposition

Our modernized human-centered and technology-powered primary care model simultaneously addresses the frustrations and unmet needs faced by key stakeholders.
**Value Proposition for Consumers**

- *Greater engagement for better health and better care.* We regularly and proactively engage our members digitally and in-person. Members can digitally access medical information, prescriptions, lab results and other health data, and can reach out to our team regarding medical issues or health questions around-the-clock. Members may receive digital health status check-ins before and after office encounters, and our technology facilitates further follow-up with our providers.

- *Unique digital health experience.* Our dedicated and compassionate providers and other team members deliver 24/7 digital care. Members engage through our website or mobile app in timely synchronous and asynchronous interactions, selecting their communication modality of choice, including messaging, text, voice and video. Our in-house virtual team delivers 24/7 service to address health concerns and administrative questions, coordinating with our in-office providers through a common EHR that is shared across digital and in-office settings.

- *Superior in-office care experience.* We are focused on providing kind and attentive in-person care in aesthetically pleasing offices with contemporary interior designs. We offer same- or next-day appointments with minimal wait upon arrival in locations convenient to where consumers work, shop and live. Members enter into first-name relationships with providers who greet them upon arrival and walk them out upon appointment completion. Our approach allows for more time to thoroughly address a broader array of issues and to develop deeper relationships than traditional primary care settings.

- *Longitudinal approach to care.* Our approach treats the whole person by including the physical, mental, social, emotional and administrative needs of our members. In addition to supporting members with routine and preventative primary, chronic and acute care, we provide lab- and immunization services, COVID-19 testing and care, behavioral health, women’s health, men’s health, LGBTQ+ care, pediatrics, sports medicine, lifestyle and wellbeing programs. We proactively reach out to members to assess their health status and mental wellness and follow up with reminders on key health initiatives. These initiatives support the health of our members with the goal of avoiding more costly care in the future.

- *Greater care coordination.* We can serve as a trusted advisor to our members and, through our administrative teams and technology, help them better navigate the healthcare ecosystem. Our health network partnerships further advance clinically and digitally integrated care across primary, specialty and acute care settings by streamlining access to leading specialists and reducing delays and duplicative tests.

- *Improved health outcomes.* We help drive better health outcomes for our members, as reflected in our key primary care-related HEDIS quality metrics. To prevent avoidable conditions and advance health, we can conduct population health initiatives such as proactively screening for cancers, chronic diseases, anxiety and depression.

- *COVID-19.* We offer COVID-19 testing and counseling across all of our markets, including in our offices and in several mobile COVID-19 testing sites. We also administer COVID-19 vaccines in select geographies.

**Value Proposition for Employers**

- *Differentiated and highly valued employee benefit.* We believe our model enhances the benefits offering of employers, improving their recruitment and retention of talent. During 2020, we expanded our service platform with several new offerings that support both employers and their employees, including the following:
  - Healthy Together, our COVID-19 screening, testing, and vaccination program for employers, schools and universities;
  - Mindset by One Medical, our behavioral health service; and,
  - One Medical Now, an expansion of our 24/7 on-demand digital health solutions to employees of our enterprise clients that are located outside of our physical markets.

- *Increased workforce productivity.* We reduce time away from work as well as employee distraction related to illness, injury or other medical conditions by providing quick and convenient access to care for
employees and dependents, including virtual care. With longer appointments, we address more needs in our primary care setting, reducing avoidable referrals and additional time away from work. Additionally, our ability to facilitate timely specialist appointments with our health network partners further reduces an employee’s distraction while waiting for specialty care.

- **Reduced costs.** We reduce health care costs by increasing employee productivity and providing value-based care, substituting higher cost emergency room and specialty services with lower-cost primary care. We help avoid unnecessary testing and higher cost branded prescriptions through best practice clinical protocols embedded in our technology. For example, we have demonstrated a 41% reduction in emergency room visits and total employer cost savings of 8% or more. A peer-reviewed study published in JAMA Network Open in 2020 linked our membership-based, primary care model combining virtual, near-site and work-site services with 45% lower total medical and prescription claims costs for one employer.

- **Insights on improving employee health and value-based care.** We support population health improvement and medical cost assessment by analyzing anonymized aggregated health record information and employee health engagement patterns. We work with employers to better understand the health needs of their employees as well as to review overall utilization patterns. Our aggregated anonymized EHR information allows for timelier and deeper insights to help employers improve their health benefits programs and achieve higher levels of value.

**Value Proposition for Providers**

- **More fulfilling way to practice.** Our providers develop meaningful relationships with our members over time, allowing them to help improve healthy behaviors and better coordinate member health needs. Their relationships with members are more longitudinal and less transactional. Our providers are also supported by our technology platform which enables them to practice at the top of their license, making their work more professionally rewarding while reducing factors driving burnout.

- **Team-based approach across care modalities.** Our in-office providers and our virtual team collaborate for longitudinal health care across time and settings. Our virtual care team and administrative specialists reduce our in-office providers’ workloads while promoting 24/7 care. Providers can better focus on caring for patients during clinical interactions, while excessive administrative tasks can be handled by other team members.

- **Purpose-built technology platform.** Our proprietary technology platform is developed with significant provider input and is purpose-built for primary care. For example, our technology is focused on capturing and surfacing the most meaningful clinical insights in a workflow that is intuitive to providers. Our platform meaningfully reduces administrative workloads by intelligently automating, streamlining and routing tasks across our network to the most appropriate team member, resulting in faster response times while freeing up providers to focus on caring for members.

- **Salaried model with flexible work schedules.** Our salaried model avoids adverse fee-for-service and capitation incentives, and does not financially reward or penalize our providers based on utilization. It supports the delivery of the right amount of care in the best setting without impacting provider take-home pay. Additionally, we have flexible work arrangements and opportunities to practice in office or virtually. We believe this results in a better quality of life and work-life balance. With a presence in markets across the country, we also increasingly offer providers mobility opportunities.

**Value Proposition for Health Networks**

- **Expansion of health networks.** Our partnership model allows health networks to augment their existing primary care and network strategies, without significant additional investment in capital, technology or management resources. Partnering with us can be a more effective, expeditious, economical, and less risky way of developing a coordinated network of attributable lives. Additionally, our model can better position health networks with consumers and employers by focusing on consumer-driven care and facilitating direct-to-employer relationships.

- **Attractive customer base.** Health networks look to partner with us to proactively establish relationships with our members. These partnerships allow health networks to better connect with our largely commercially insured membership base.
Coordinated care. We clinically and digitally integrate our modernized primary care model with our health network partners’ provider networks, better coordinating care for members across a continuum of settings. We digitally integrate EHR information, avoiding duplicative testing often seen when patients are referred across care settings. Through better coordination, we provide members with more seamless access to specialty care when needed. We simultaneously reduce excessive health network administrative costs by linking our referral processes and digital technologies with health network partners. This coordination of care can lead to better experiences and outcomes for members, as well as reduced costs.

Our Competitive Strengths

We believe the following are our key competitive strengths.

Modernized Membership-Based Model

Our membership-based model supports ongoing and longitudinal relationships where we can serve as trusted advisors to our members and as partners to our enterprise clients. Our model also generates stable revenue which is recurring in nature. By having an enrolled population of members, we can proactively reach out to members to encourage adherence to treatment protocols or to check in on their care needs. The relationship inherent in a membership model is very different than the traditional model of transactional patient care visits, where a provider typically only engages with a patient if the patient comes in for a visit. We proactively engage with our members on a regular basis through our digital platform and in our welcoming offices, and believe we are better able to develop long-term connections and relationships with them.

Extraordinary Customer Experience

Our human-centered approach is focused on providing a superior experience to our members, as evidenced by the bundling of services within our membership model, the way we hire and train our team, the culture of caring we foster, our easy-to-use technology, our 24/7 digital health, our inviting in-office care, our compassionate and salaried providers and our streamlined Lean processes. Whether members call, click or visit, they experience outstanding service, as evidenced by our average NPS of 90 over the twelve months ended December 31, 2020. See “Overview” section above for a description of how we calculate NPS. Our virtual care is available around-the-clock. Our inviting medical offices are well-appointed and modern, and our providers and staff are very friendly and trained in customer service. We are committed to not keeping members waiting long, if at all, and our longer appointments provide our team with more time to address member needs. Our technology is designed to promote frictionless access, ease of use and high engagement. We look to address the whole-person needs of our members, providing physical and mental health services, lab services, and coordinating specialty services with health network partners. Our administrative staff is available to answer benefits questions and help navigate the healthcare ecosystem on behalf of our members.

Simultaneously Addressing the Needs of Consumers, Employers, Providers and Health Networks

Our modernized model simultaneously addresses the frustrations and unmet needs of key stakeholders, transforming health care from within the current ecosystem. For consumers, we deliver an extraordinary experience and superior results, including on key primary care-related HEDIS quality measures. For employers, we help improve employee productivity through frictionless access to virtual and in-office care and reduce medical costs by avoiding unnecessary emergency room and specialty visits. For providers, we create a more engaging and manageable primary care work environment by leveraging a salaried model and our proprietary technology. With health networks, we clinically integrate to expand their connections to commercially insured enrollees, and we are in-network with most health insurance plans in all of our markets. Accordingly, we believe our model delivers differentiated value to all key stakeholders simultaneously within the current healthcare ecosystem.

Engaged, Salaried Providers Delivering Best-in-Class Care

We offer an outstanding environment to practice primary care, as reflected in our high provider retention rates and engagement scores. Our salaried compensation approach allows our providers to deliver patient-centered care without impacting their pay as might be the case under fee-for-service compensation approaches. Our providers also have significantly fewer EHR tasks to complete due to our proprietary technology that is purpose-built for primary care, freeing up their time to focus on delivering outstanding clinical care.
**Proprietary Technology Platform**

Our ability to simultaneously deliver significant value to key stakeholders is deeply rooted in our purpose-built, modernized technology platform. Our proprietary technology platform powers all aspects of our company: engaging members, supporting providers and advancing business objectives. Our technology allows us to proactively engage members with personalized clinical outreach and improve health through online scheduling, virtual provider visits and ready access to health information. Our technology also supports providers by leveraging machine learning to reduce and re-route tasks that needlessly create administrative burdens while supporting team-based care. This allows providers to spend more time delivering clinical care, while facilitating higher levels of member responsiveness. Our technology also advances operational efficiencies, as our product designers and engineers collaborate closely with clinical and operational team members to observe and optimize workflows. Our platform is built on a modern cloud-based technology stack, employing Agile development cycles and a DevOps approach to infrastructure. Our modular, service-oriented architecture utilizes Application Programming Interface (“API”) standards for ease of implementing new functionalities and integrating with external systems.

**Operating Platform for High Performance at Scale**

Our approach for operating and scaling our platform is based on leading process improvement and management practices. We leverage Lean methodologies for process improvement, human-centered design thinking, behavioral design, and Agile methodologies for software development to deliver high performance levels at scale. Our operational processes, software development and staffing models, including our virtual medical team, are designed to work together to create efficiencies and uniquely achieve our objectives. Moreover, we standardize our processes and practices so we can efficiently deliver consistent outcomes at scale across existing and new markets, which we believe will further drive our financial performance.

**Highly Experienced Management Team**

Our management team has extensive experience working with leading health systems, health plans, technology companies, service organizations, consumer brands, and enterprise-sales-driven companies. Our leadership embodies our cultural alignment around our behavioral tenants of being human-centered, team-based, unbounded in thinking, driven to excel, and intellectually curious. Our leaders help organize teams of clinicians, technologists and staff to regularly engage together in designing processes and software to further advance our objectives. Accordingly, our team is well positioned to execute on our objectives and advance an outstanding workplace environment.

**Our Growth Strategies**

To transform health care at scale, we can pursue growth through the following avenues.

**Grow consumer and enterprise membership in existing markets**

We have significant opportunities to increase membership in our existing markets through (i) sales to new consumers and enterprise clients, (ii) expansion of the number of enrolled members, including dependents, within our enterprise clients and (iii) adding other potential services. As of December 31, 2020, we had more than 8,000 enterprise clients. Of our 549,000 members as of December 31, 2020, 58% were from our enterprise clients. Within enterprise clients, our median activation rate as of December 31, 2020 was over 40%. We believe the number of clients and the number of enrolled members will increase over time as our brand awareness grows and our customer relationships mature. We define estimated activation rate for any enterprise client at a given time as the percentage of eligible lives enrolled as members. Some of our enterprise clients offer membership benefits to the dependents of their employees, for which we assume eligible lives include one dependent per employee. Additionally, while the percentage of enterprise clients offering our services to dependents of their employees has grown from 67% in 2016 to over 75% as of December 31, 2020, we believe we have significant room for further growth with dependents. Furthermore, as we continue to scale our presence, we anticipate an increasing number of larger national and regional employers will look to partner with us for our services.
Expand into new markets

We are physically present in 13 markets with plans to enter four new markets in 2021. We assess potential markets using a variety of metrics, including population demographics and density, employer presence, potential health network partners, and other factors. In addition, we have launched One Medical Now, a new service offering that provides 24/7 access to unlimited virtual care nationwide, which is sold to new and existing enterprise clients to cover employees in geographies where we are not yet physically present. We do not count employees who have access to or use One Medical Now as members, but we believe this new virtual offering may help us enroll new members in a new geography if and when we decide to offer our complete product offering, which includes a physical footprint. We believe our complete offering is viable in most geographies across the United States.

Grow health network partnerships

To accelerate our growth and presence, we can extend existing health network partnerships into new markets where our partners may also have a presence, or we can enter into new health network partnerships in new markets. In 2020, we entered into four new markets, two of which were through expansion with existing health network partnerships and two were with new health network partnerships. We typically partner with one health network in a given market, and as that partner grows its market presence, we can grow even further with them.

Expand services and populations

Our core offering today is centered on the commercially insured segment. In addition to supporting members with routine and preventative primary, chronic and acute care, we typically provide lab and immunization services, women’s health, men’s health, LGBTQ+ care, pediatrics, sports medicine, lifestyle and wellbeing programs. In addition, throughout 2020, we launched

- COVID-19 testing, and counseling across all of our markets, including in our offices and in several mobile COVID-19 testing sites;
- COVID-19 vaccinations in select geographies;
- Healthy Together, our COVID-19 screening and testing program for employers, schools and universities;
- Mindset by One Medical, our behavioral health service integrated within primary care; and
- One Medical Now, an expansion of our 24/7 on-demand digital health solutions to employees of enterprise clients located in geographies where we are not yet physically present.
- Remote Visits, where our providers perform typical primary care visits with our members remotely from either one of our offices or from a provider’s home.

In addition to continued expansion of the services we offer to the commercially insured segment, we believe our model is also well positioned for other populations such as Medicare, and other reimbursement mechanisms such as shared savings reimbursement models, capitation, and other accountable care approaches, where we can capitalize on our population health capabilities. Our technology has also been developed with modern APIs to enable direct integration with channel partners and other third-party offerings, increasing the potential breadth of our modernized platform solution.

Competition

We compete in a highly fragmented primary care market with direct and indirect competitors that offer varying services to key stakeholders such as consumers, employers, providers, and health networks. Our competitive success is contingent on our ability to simultaneously address the needs of key stakeholders efficiently and with superior outcomes at scale. We expect to face increasing competition, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages to compete for some or all key stakeholders in our markets, as well as new entrants into our market.

We believe our most direct competition today is from primary care providers who are employed by or affiliated with health networks. Due to our growing number of partnerships with these health networks, we increasingly view...
primary care providers affiliated with such health networks as potential partners as opposed to direct competitors. We also face competition from direct-to-consumer solutions or employer-focused on-site primary care offerings. These competitors may be narrower in their competitive footprint and may not address all the key stakeholders we serve simultaneously. Our indirect competitors also include episodic point solutions such as telemedicine offerings as well as urgent care providers. These offerings may typically pay providers on a fee-for-service basis rather than the salaried model we employ. Given the size of the healthcare industry and the extent of unmet needs, we expect additional competition, potentially from new companies, including smaller emerging companies which could introduce new solutions and services, as well as other incumbent players in the healthcare industry or from other industries who could develop their own offerings and may have substantial resources and relationships to leverage. In particular, in light of the COVID-19 pandemic, existing or new competitors have developed or further invested in telemedicine and remote medicine programs and ventures, which would compete with our virtual care offerings. With the emergence of new technologies and market entrants, we expect to face increasing competition over time, which we believe will generally increase awareness of the need for modernized primary care models and other innovative solutions in the United States and globally.

The principal competitive factors in our industry include:

- patient engagement, satisfaction and utilization;
- convenience, accessibility and availability;
- brand awareness and reputation;
- technology capabilities including interoperability with legacy enterprise and health network infrastructures;
- ability to address the needs of employers and payers;
- ability to attract and retain quality providers;
- ability to reduce costs;
- level of participation in insurance plans;
- alignment with health networks;
- domain expertise in health care, technology, sales and service;
- scalability of models; and
- operational execution abilities.

We believe that we compete favorably with our competitors on the basis of these factors and we believe the offerings of competitors inadequately address the needs of key stakeholders simultaneously or fail to do so at scale.

Sales and Marketing

Our marketing and sales initiatives focus on member growth through two primary avenues: directly acquiring consumer members, and signing agreements with employers that sponsor employee memberships as part of their benefits packages. We use marketing and sales strategies to reach consumers as well as enterprise benefits leaders. Enterprise marketing and sales strategies also include account-based marketing, business development initiatives, and client service teams focused on customer acquisition, employee enrollment, and member engagement. With a growing national model, we aspire to be the most loved brand in health care. We anchor our brand messaging on how we delight our members with care for real life.

Consumer Sales & Marketing

When we market and sell directly to individuals, we initially focus on increasing brand awareness, followed by performance marketing targeted toward member enrollment.

Our marketing strategy in new markets is primarily centered on increasing overall brand awareness, familiarity, consideration and ultimately enrollment. To achieve these objectives, we showcase our model via direct mail, print, digital, out-of-home, broadcast, and social media advertising. We also develop thought leadership content such as
whitpapers, eBooks, and blog posts and use public relations to secure earned media placements. Additionally, we participate in industry conferences, and may partner with media outlets, event venues, and local businesses to increase brand awareness.

As brand awareness increases in more established markets, we shift our efforts to performance marketing focused on both customer acquisition and engagement. Our performance marketing initiatives include customized task-based in-app messages and email communications to drive engagement among members, in addition to more targeted advertisements through direct mail, Google Search, YouTube and social media for member acquisition.

Enterprise Sales & Marketing

Our in-house enterprise sales force is organized by geography and customer size. To support our sales force, we segment market data to help with prospect qualification and leverage publicly available and trade organization material to focus on enterprise clients who we believe value health outcomes and medical cost reduction targets. The sales analytics team further supports our value to employers with population health data and medical cost assessment. Additionally, our client services team actively manages our customer accounts through in-depth reporting on a variety of metrics such as NPS, member activation, utilization, engagement, and value.

We also work with channel partners such as payroll and professional employer organizations to reach enterprise clients, including small and midsize businesses and early stage new businesses. Additionally, we partner with select regional and national benefits brokers and consultants to educate potential customers on our offerings.

After onboarding new enterprise accounts, we shift our focus to enrolling and engaging employees. These efforts include on-site visits to employers, enterprise email communications, and social media and other forms of performance marketing. In 2020, these efforts also increasingly included COVID-19 screening and testing, and flu vaccination campaigns.

Intellectual Property

We believe that our intellectual property rights are important to our business. We rely on a combination of trademarks, service marks, copyrights and trade secrets to protect our proprietary technology and other intellectual property. As of December 31, 2020, we exclusively own five registered trademarks in the United States, including One Medical, with five more registrations currently pending. In addition, we have registered domain names for websites that we use or may use in our business. As of December 31, 2020, we had no issued patents and no pending patent applications anywhere in the world, and therefore, we do not have patent protection for any of our proprietary technology, including our technology platform, mobile app or web portal.

We seek to control access to and distribution of our proprietary information, including our algorithms, source and object code, designs, and business processes, through security measures and contractual restrictions. We seek to limit access to our confidential and proprietary information to a “need to know” basis and enter into confidentiality and nondisclosure agreements with our employees, consultants, customers and vendors that may receive or otherwise have access to any confidential or proprietary information. We also obtain written invention assignment agreements from our employees, consultants, and vendors that assign to us all right, interest, and title to inventions and work product developed during their employment or service engagement with us. In the normal course of business, we provide our intellectual property to external parties through licensing or restricted use agreements. We have established a system of security measures to help protect our computer systems from security breaches and computer viruses. We have employed various technology and process-based methods, such as clustered and multi-layer firewalls, intrusion detection systems, vulnerability assessments, threat intelligence, content filtering, endpoint security (including anti-malware and detection response capabilities), email security mechanisms, and access control mechanisms. We also use encryption techniques for data at rest and in transit.

Government Regulation

The healthcare industry and the practice of medicine are governed by an extensive and complex framework of federal and state laws, which continue to evolve and change over time. The costs and resources necessary to comply with these laws are high. Our profitability depends in part upon our ability, and that of the One Medical PCs and their
providers, to operate in compliance with applicable laws and to maintain all applicable licenses. A review of our operations by courts or regulatory authorities could result in determinations that could adversely affect our operations, or the healthcare regulatory environment could change in a way that restricts our operations.

**Practice of Medicine**

*Corporate Practice of Medicine and Fee-Splitting*

We contract with the One Medical PCs, who in turn employ or retain physicians and other medical providers to deliver professional clinical services to patients. We enter into ASAs with the One Medical PCs pursuant to which it provides them with a wide range of administrative services and receive payment from the One Medical PC. These administrative services arrangements are subject to state laws, including those in certain of the states where we operate, which prohibit the practice of medicine by, and/or the splitting of professional fees with, non-professional persons or entities such as general business corporations.

Corporate practice of medicine and fee-splitting prohibitions vary widely from state to state. In addition, such prohibitions are subject to broad powers of interpretation and enforcement by state regulators. Our failure to comply could lead to adverse action against us and/or our providers by courts or state agencies, civil or criminal penalties, loss of provider licenses, or the need to restructure our business model and/or physician relationships, any of which could harm our business.

*Practice of Medicine and Provider Licensing*

The practice of medicine is subject to various federal, state, and local laws and requirements, including, among other things, laws relating to the practice of medicine (including remote care), quality and adequacy of care, non-physician personnel, supervisory requirements, behavioral health, medical equipment, and the prescribing and dispensing of pharmaceuticals and controlled substances.

*Telehealth Provider Licensing, Medical Practice, Certification and Related Laws and Guidelines*

Providers who provide professional medical services to a patient via telehealth must, in most instances, hold a valid license to practice medicine in the state in which the patient is located, unless there are applicable exceptions. Federal and state laws also limit the ability of providers to prescribe pharmaceuticals and controlled substances via telehealth. We have established systems for ensuring that our affiliated providers are appropriately licensed under applicable state law and that their provision of telehealth to our members occurs in each instance in compliance with applicable rules governing telehealth. Failure to comply with these laws and regulations could lead to adverse action against our providers, which could harm our business model and/or physician relationships and have a negative impact on our business.

*Other Healthcare Laws*

HIPAA, as amended by the HITECH Act, and their implementing regulations, includes several separate criminal penalties for making false or fraudulent claims to non-governmental payers. The healthcare fraud statute prohibits knowingly and recklessly executing a scheme or artifice to defraud any healthcare benefit program, which includes private payers. Violation of this statute is a felony and may result in fines, imprisonment, or exclusion from government healthcare programs. The false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact by any trick, scheme, or device, or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items, or services. Violation of this statute is a felony and may result in fines or imprisonment. This statute could be used by the government to assert criminal liability if a healthcare provider knowingly fails to refund an overpayment.

In addition, the Civil Monetary Penalties Law imposes civil administrative sanctions for, among other violations, (1) inappropriate billing of services to government healthcare programs, (2) employing or contracting with individuals or entities who are excluded from participation in government healthcare programs, and (3) offering or providing Medicare or Medicaid beneficiaries with any remuneration, including full or partial waivers of co-payments and deductibles, that are likely to influence the beneficiary’s selection of a particular provider, practitioner, or supplier.
(subject to an exception for non-routine, unadvertised co-payment and deductible waivers based on individualized determinations of financial need or exhaustion of reasonable collection efforts).

**State and Federal Health Information Privacy and Security Laws**

We must comply with various federal and state laws related to the privacy and security of personally identifiable information, or PII, including health information. In particular, HIPAA establishes privacy and security standards that limit the use and disclosure of protected health information, or PHI, and requires the implementation of administrative, physical, and technical safeguards to ensure the confidentiality, integrity, and availability of PHI. The One Medical PCs are regulated as covered entities under HIPAA. HIPAA’s requirements are also directly applicable to the contractors, agents, and other business associates of covered entities that create, receive, maintain, or transmit PHI in connection with their provision of services to covered entities. We are a business associate of the One Medical PCs, health network partners and other covered entities when performing certain administrative services on their behalf.

We are also subject to the HIPAA breach notification rule, which requires covered entities to notify affected individuals of breaches of unsecured PHI. In addition, covered entities must notify the Secretary of Health and Human Services, or HHS, Office of Civil Rights, or OCR, and the local media if a breach affects more than 500 individuals. Breaches affecting fewer than 500 individuals must be reported to OCR on an annual basis. The HIPAA regulations also require business associates to notify the covered entity of breaches by the business associate.

Violations of HIPAA can result in civil and criminal penalties, including civil financial penalties ranging from $119 to $59,522 per violation (as of 2020, and subject to periodic adjustments for inflation).

Many states in which we operate have their own laws protecting the privacy and security of personal information, including health information. We must comply with such laws in the states where we do business in addition to our obligations under HIPAA. In some states, such as California, state privacy laws are even more protective than HIPAA. It may sometimes be necessary to modify our operations and procedures to comply with these more stringent state laws. State data privacy and security laws are subject to change, and we could be subject to financial penalties and sanctions if we fail to comply with these laws.

In addition to federal and state laws protecting the privacy and security of personal information, we may be subject to other types of federal and state privacy laws, including laws that prohibit unfair privacy and security practices and deceptive statements about privacy and security, along with laws that impose specific requirements on certain types of activities, such as data security and texting.

**Federal and State Fraud and Abuse Laws**

**Federal Stark Law**

We are subject to the federal physician self-referral law, commonly known as the Stark Law, which prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain “designated health services” if the referring physician or a member of the physician’s immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity, unless an exception applies. The Stark Law is a strict liability statute, which means intent to violate the law is not required. In addition, the government and some courts have taken the position that claims presented in violation of various fraud, waste, and abuse laws, including the Stark Law, can be considered a predicate legal violation to submission of a false claim under the federal False Claims Act (described below) on the grounds that a provider impliedly certifies compliance with all applicable laws and rules when submitting claims for reimbursement. Penalties for violating the Stark Law may include: denial of payment for services ordered in violation of the law, recoupments of monies paid for such services, civil penalties for each violation and three times the dollar value of each such service, and exclusion from participation in government healthcare programs. Violations of the Stark Law could have a material adverse effect on our business, financial condition, and results of operations.
Federal Anti-Kickback Statute

We are also subject to the federal Anti-Kickback Statute, which, subject to certain exceptions known as “safe harbors,” prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration, in cash or in kind, in return for, or to induce, the (1) the referral of a person covered by government healthcare programs, (2) the furnishing or arranging for the furnishing of items or services reimbursable under government healthcare programs, or (3) the purchasing, leasing, ordering, or arranging or recommending the purchasing, leasing, or ordering, of any item or service reimbursable under government healthcare programs. Federal courts have held that the Anti-Kickback Statute can be violated if just one purpose of a payment is to induce referrals. Actual knowledge of this statute or specific intent to violate it is not required, which makes it easier for the government to prove that a defendant had the state of mind required for a violation. In addition to a few statutory exceptions, the Human Services Office of Inspector General, or OIG, has promulgated safe harbor regulations that outline categories of activities that are deemed protected from prosecution under the Anti-Kickback Statute, provided all applicable criteria are met. The failure of a financial relationship to meet all of the applicable safe harbor criteria does not necessarily mean that the particular arrangement violates the Anti-Kickback Statute, but business arrangements that do not fully satisfy all elements of a safe harbor may result in increased scrutiny by OIG and other enforcement authorities. Violations of the Anti-Kickback Statute can result in exclusion from government healthcare programs as well as civil and criminal penalties, including fines of $50,000 per violation and three times the amount of the unlawful remuneration. Violations of the Anti-Kickback Statute could have a material adverse effect on our business, financial condition, and results of operations.

False Claims Act

The federal False Claims Act prohibits knowingly presenting, or causing to be presented, false claims to government programs, such as Medicare or Medicaid. Some states have adopted similar fraud and false claims laws. Government agencies engage in significant civil and criminal enforcement efforts against healthcare companies under the False Claims Act and other civil and criminal statutes. False Claims Act investigations can be initiated not only by the government, but by private parties through qui tam (or whistleblower) lawsuits. Penalties for False Claims Act violations include fines ranging from $11,665 to $23,331 per false claim or statement (as of 2020, and subject to annual adjustments for inflation), plus up to three times the amount of damages sustained by the federal government. Violations of the False Claims Act violations can also result in exclusion from participation in government healthcare programs.

State Fraud, Waste and Abuse Laws

Several states in which we operate have also adopted similar fraud, waste, and abuse laws to those described above. The scope and content of these laws vary from state to state and are enforced by state courts and regulatory authorities. Some states’ fraud and abuse laws, known as “all-payer laws,” are not limited to government healthcare programs, but apply more broadly to items or services reimbursed by any payer, including commercial insurers. Liability under state fraud, waste, and abuse laws could result in fines, penalties, and restrictions on our ability to operate in those jurisdictions.

Our Health Network Partnerships

We have entered into strategic partnership arrangements with each of our health network partners under which we and the health network partner create a clinically integrated care delivery model that coordinates our network of affiliated primary care practices with the health network partner’s healthcare system to better deliver coordinated care for members, improve operational efficiencies, and deliver value to employers and other players.

Fee Structure

Under most of the strategic partnership arrangements, the health network partners contract with one or more of the One Medical PCs for professional clinical services and contract with 1Life for management, operational and administrative services, including billing and collection services and designing and managing the day-to-day administration of the business aspects of the primary care practices. Under these arrangements, when our medical offices provide professional clinical services to covered members, we, as administrator, perform billing and collection
services on behalf of the health network, and the health network receives the fees for the services provided, including those paid by members’ insurance plans. In return for these professional clinical, management, operational and administrative services, we receive fees from these health network partners on a PMPM basis, which may be based on various factors such as visit rates, other primary care relationships our health network partners may have, and the rates these health network partners receive from payers. In lieu of PMPM fees, certain of our clinically integrated health network partners extend their health insurance contracts to us. Under these arrangements, we bill for and receive fees directly for professional clinical services provided to members.

**Term and Termination**

The term of each strategic partnership arrangement is typically five or more years and automatically renews for additional two- to five-year terms unless either we or the health network partners decide not to renew. We or the health network partners generally may terminate a strategic partnership arrangement with 90 days’ notice upon certain events such as uncured breach, mutual consent, or a change in law that conflicts with the applicable arrangement. The strategic partnership arrangements generally may be terminated immediately upon certain events such as bankruptcy, exclusion and in some cases, business combinations involving us and a specified competing health network. Certain health network partners may also terminate upon their determination that we no longer meet their criteria for clinical partnership or the values or mission of the health network partner.

**Exclusivity and Non-Solicitation**

Under the terms of strategic partnership arrangements, we typically cannot enter into a similar arrangement with direct competitors to the health network partner within the territory covered by the strategic partnership arrangement. Additionally, the terms of some of the strategic partnership arrangements include a mutual non-solicitation clause, prohibiting us and our health network partners from soliciting each other’s employees during the term of the arrangement and for one year following its expiration, subject to certain customary recruiting practices.

**Clinic Commitments and Development Fees**

Pursuant to each strategic partnership arrangement, we typically commit to open an initial number of clinics, ranging from low single digits to mid-teens double digits depending on the area covered, within the initial term. Our health network partners pay us certain development fees for the opening of each clinic.

**Our Enterprise Client Agreements**

We enter into contractual arrangements with our enterprise clients pursuant to which our clients purchase memberships from us for their employees and, in certain circumstances, we provide on-site and nearsite clinics and health services. The transaction price for memberships under most of these contracts is determined on a per employee per month basis, based on the number of employees eligible for membership established at the beginning of each contract period. Our contracts with enterprise clients typically have one- to three-year terms.

**Google Services Agreement**

In August 2017, we entered into an inbound services agreement, or the ISA, with Google Inc. and certain of the One Medical PCs. For 2019 and 2020, Google accounted for 10% of our net revenue. Under the ISA, we and Google enter into statements of work, or SOWs. As part of one or more of the SOW’s, Google sponsors memberships for their employees and dependents in certain markets in exchange for payment of annual fees. We also provide on-site clinics and health services for certain Google office locations under one or more SOWs. Under the ISA, Google is not obligated to enter into any SOWs with us, and we are not obligated to provide any services to Google except as agreed in the SOWs. Any party may terminate the ISA or any SOW following an uncured material breach, or suspend or terminate any SOW if applicable law prohibits performance under the SOW.
Human Capital Resources

Employee Well-Being and Culture

We recognize that to be successful in our mission to transform healthcare, we need to take care of our teams as much as we take care of the members we serve. We reinforce this through our culture and team-based approach to longitudinal care as well as our salaried provider model, which eliminates the volume-based, fee-for-service compensation model commonly seen in our industry that could drive provider burnout. We also offer flexible work arrangements and opportunities to practice in office or virtually. We believe this results in a better quality of life and work-life balance. Our commitment to a team-based, collaborative environment and the values and benefits we provide to employees contributed to our recognition as a Great Place to Work in 2019. We were also named by Forbes and Statista as one of America’s Best Midsize Employers of 2021.

We believe our culture embodies five distinct qualities which we refer to as our DNA:

Human-Centered. We stay humble and empathetic, putting people at the heart of everything we build and every decision we make.

Team-Based. We communicate effectively, respect our teammates, and make the difficult tradeoffs that foster the success of the organization.

Intellectually Curious. We know we don't know everything; we're always eager to learn, and we're never afraid to question the status quo.

Unbounded-Thinking. By staying open minded, creative, and positive, we aim to push beyond constraints that have stymied those before us.

Driven to Excel. In our quest to be the best Primary Care group in the country, we focus on getting things done and pay attention to the little details that matter.

Training and Development

We believe in ensuring that all team members have access to tools to help them grow their careers and have focused our training and development on two primary areas: professional/career and leader development. We have invested in an array of internally generated and externally sourced learning resources, including a range of in-person, virtual and self-directed learning opportunities for our team members to help them develop the skills and competencies to further their career at One Medical.

Diversity and Inclusion

We also recognize the importance of having a diverse and inclusive environment as part of our mission of transforming healthcare. We maintain a Diversity, Equity, Inclusion and Justice Committee to encourage best practices to foster diversity, equity, inclusion and social justice in the workplace. To help support career development for our Black and Latinx team members, we have implemented a mentorship programs and have also implemented training programs to help advance our culture of diversity, inclusion, equity and justice. Recently, we have also established a Health Equity Domain Working Group that evaluates policies and best practices on providing care in a manner that respects the diversity of our patients and the cultural factors that can affect their health.

As of December 31, 2020, across 1Life and the One Medical PCs, we had 1,957 full-time employees. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good and we have not experienced any work stoppages due to labor disagreements.
Corporate and Available Information

We were incorporated under the laws of the state of Delaware in July 2002 under the name 1Life Healthcare, Inc. Our principal executive offices are located at One Embarcadero Center, Suite 1900, San Francisco, California 94111. Our telephone number is (415) 814-0927.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, are available free of charge on or through our website, http://www.onemedical.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission, or the SEC. The SEC’s website, http://www.sec.gov, contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Investors and others should note that we announce material financial and other information using our investor relations website, press releases, SEC filings and public conference calls and webcasts. We also post supplemental materials on the “Events and Presentations” section of our investor relations website at investor.onemedical.com. Except as specifically noted herein, information contained on or accessible through our website is not incorporated into, and does not form a part of, this Annual Report on Form 10-K or any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

We also use our Facebook, Twitter and LinkedIn accounts as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. The information we post through these social media channels may be deemed material. Accordingly, investors should monitor these accounts, in addition to following our press releases, SEC filings and public conference calls and webcasts. This list may be updated from time to time. The information we post through these channels is not a part of this Annual Report on Form 10-K. These channels may be updated from time to time on our investor relations website.
Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Annual Report, including our consolidated financial statements and related notes included elsewhere in this Annual Report, before making an investment decision. If any of the following risks actually occur, it could harm our business, prospects, operating results and financial condition. Unless otherwise indicated, references to our business being harmed in these risk factors will include harm to our business, reputation, financial condition, results of operations, net revenue and future prospects. In such event, the trading price of our common stock could decline and you might lose all or part of your investment.

Risk Factor Summary

Our business is subject to a number of risks and uncertainties which may prevent us from achieving our business and strategic objectives or may adversely impact our business, financial condition, results of operations, cash flows and prospects. These risks include but are not limited to the following:

Risks Related to Our Business and Our Industry

- the impact of the ongoing COVID-19 pandemic;
- our dependence on the success of our strategic relationships with third parties;
- our ability to comply with applicable healthcare laws and government regulations and the impact of regulatory or governmental investigations on our reputation, business, financial condition and results of operations;
- the impact of a decline in the prevalence of private health insurance coverage;
- our ability to cost-effectively develop widespread brand awareness and to maintain our reputation and market acceptance for our healthcare services;
- our history of losses and uncertainty about our future profitability;
- our ability to maintain and expand member utilization of our services;
- the impact of reductions in reimbursement rates paid by third-party payers or federal or state healthcare programs or other policies or initiatives implemented by third-party payers or government payers;
- our ability to compete effectively in the markets in which we participate;
- our ability to grow at the rates we historically have achieved;
- our rapid growth and our ability to effectively manage our growth, including to implement and scale improvements to our internal systems, processes and controls;
- our ability to attract and retain quality primary care providers to support our services;
- our ability to achieve economies of scale in our enterprise client and health network partner relationships;
- the impact of current or future litigation against us, including medical liability claims and class actions
- the availability of additional debt or capital financings on acceptable terms or at all;
- fluctuations in our quarterly results and our ability to meet the expectations of securities analysts and investors;
- the loss of key members of our senior management team and our ability to attract and retain executive officers, employees, providers and medical support personnel;
- our ability to successfully integrate any acquired businesses or to realize the anticipated benefits from such acquisitions; and
• the impact of natural and man-made disasters and similar events on our business, financial condition and results of operations.

Risks Related to Government Regulation
• the impact of healthcare reform legislation and changes in the healthcare industry and healthcare spending;
• the impact of governmental or regulatory scrutiny of or challenge to our arrangements with health networks;
• our dependence on our relationships with the One Medical PCs, which are affiliated professional entities that we do not own, to provide healthcare services;
• our ability to comply with rules related to billing and related documentation for healthcare services; and
• our ability to comply with regulations governing the use and disclosure of PII, including PHI.

Risks Related to Information Technology
• our reliance on internet infrastructure, bandwidth providers, other third parties and our own systems to provide a proprietary services platform to our members and providers;
• our reliance on third-party vendors to host and maintain our technology platform;
• any breaches of our systems or those of our vendors or unauthorized access to employee, contractor, member, client or partner data;
• our ability to maintain and enhance our proprietary technology platform; and
• our ability to optimize our technology solutions for members, integrate our systems with health network partners or resolve technical issues in a timely manner.

Risks Related to Taxation
• the risk of potentially adverse tax consequences on our operations and structure.

Risks Related to Our Intellectual Property
• our ability to obtain, maintain, protect and enforce our intellectual property rights.

Risks Related Ownership of Our Common Stock
• the impact of volatility in the trading price of our common stock;
• our ability to maintain proper and effective internal control over financial reporting; and
• the impact of substantial future sales of our common stock.

Risks Related to Our Outstanding Notes
• the requirement for us to maintain a significant amount of cash to service our debt; and
• our ability to raise the funds necessary for cash settlements of any conversions of the 2025 Notes or to repurchase the 2025 Notes for cash.
Risks Related to Our Business and Our Industry

The ongoing coronavirus (COVID-19) pandemic has significantly impacted, and may continue to significantly impact our business, financial condition, results of operations and growth.

The global COVID-19 pandemic and measures introduced by local, state and federal governments to contain the virus and mitigate its public health effects have significantly impacted and may continue to significantly impact our business, our industry and the global economy.

During the six months ended June 30, 2020, COVID-19 negatively impacted our business as community self-isolation practices and shelter-in-place requirements, as well as the perceived need by individuals to continue such practices to avoid infection, among other factors, reduced our total billable visit volumes, negatively affecting our net revenue. Subsequently, governmental authorities in certain of our markets, including California, began re-opening and lifting or relaxing shelter-in-place and quarantine measures but reverted such restrictions in the face of increases in new COVID-19 cases. Continued or new shelter-in-place, quarantine, executive order or related measures or practices to combat the spread of COVID-19 could reduce our total billable volumes and harm our results of operations, business and financial condition. In addition, in markets where our health network partners receive visit revenue in return for paying us a fixed price PMPM, a decrease in billable utilization also reduces the visit revenue received by those health network partners. These and other related factors such as supply, resource and capital constraints related to the treatment of COVID-19 patients, could harm the business, results of operations and financial condition of our health network partners and negatively impact our health network partners’ ability or willingness to pay us. Given our dependence on our health network partners for a substantial portion of our net revenue, our own business, financial condition and results of operations may be negatively impacted as a result. In addition, sustained remote work policies, quarantines, shelter-in-place requirements and similar government orders have continued to result in temporary closures of certain offices and delays in openings of our new medical offices, and may result in delays in entry into new markets and expansion in existing markets, which may harm our business and growth.

While our total billable volumes and aggregate reimbursement have recently exceeded pre-COVID-19 levels, driven partially by routine and preventative care deferred previously due to COVID-19, by increased public awareness of the importance of flu vaccinations and by COVID-19 testing, we cannot be certain whether such volumes will be sustained. Average reimbursement for these billable services has also remained below pre-COVID-19 levels, driven partially by the higher proportional amount of lower-revenue generating services and products, including billable remote visits, COVID-19 testing, and COVID-19 vaccinations, which may not be reimbursable or have lower average reimbursements relative to traditional in-office visits. We cannot assure you that our total billable volumes will continue to exceed pre-COVID-19 levels, and that the average reimbursement for billable services will return to pre-COVID-19 levels. Further, while membership has increased during the COVID-19 pandemic, such increased membership levels may not be sustained, and our consumer membership and enterprise customer retention may fall following the pandemic. Any of these factors and outcomes could harm our business, financial conditions, results of operations and growth.

In response to the COVID-19 pandemic, state and federal regulators have promulgated a variety of different emergency orders, laws, and regulations intended to permit health care providers to provide care to patients during the COVID-19 pandemic, including through the relaxation of licensure requirements and privacy restrictions for telehealth and various waivers intended to limit liability for providers treating patients during the COVID-19 pandemic. Federal, state and local authorities have also issued orders, laws and regulations related to the distribution of COVID-19 vaccines. We have undertaken many new programs to rapidly respond to the COVID-19 pandemic, including telehealth visits, testing and vaccine administration arrangements, in reliance on these orders, laws and regulations. We cannot assure you that such orders, laws and regulations will continue to apply or that regulators or other governmental entities will agree with our interpretations of these orders laws and regulations. In March 2021, we received (i) requests for information and documents from the United States House Select Subcommittee on the Coronavirus Crisis and (ii) a request for information from the California Attorney General and the Alameda County District Attorney’s Office relating to our provision of COVID-19 vaccinations, or, collectively, the Vaccine Inquiries. We have also received inquiries from state and local public health departments regarding our vaccine administration practices. We are cooperating with these requests and are unable to predict the outcome or timeline of these matters or if any additional requests, inquiries, investigations or other governmental actions may arise relating to such circumstances. The Vaccine Inquiries, together with any additional inquiries, regulatory or governmental
investigations or other disputes that result from our provision of COVID-19 vaccinations or any other arrangements entered into in reliance on these orders, laws and regulations, or the failure of various waivers for limitations of liability or other provisions under such orders, laws and regulations to apply to us could divert resources and harm our reputation, business, financial condition and results of operations. In addition, the reversal of such orders, laws or regulations, or the resumption of pre-COVID-19 licensure and other requirements and restrictions, may also require us to divert resources or revamp certain of our new programs to ensure compliance, which could harm our business, financial condition and results of operations.

As part of our rapid response to the COVID-19 pandemic, we have implemented new services and products as described above based on continuously evolving regulatory standards. Some of these new services and products could result in inaccurate results and our medical offices and virtual care teams could also become overburdened with inquiries and requests, which may result in longer phone wait times or other service delivery delays leading to member or enterprise client dissatisfaction. In order to provide testing and vaccination services in certain markets and to comply with certain local requirements, we opened temporary testing facilities and partnered with local departments of public health and various other enterprises and organizations to set up testing and vaccination sites. To continue providing such services, we will be required to comply with federal, state and local rules, mandates and guidelines, which are subject to rapid change and may vary across jurisdictions. Failure to remain in compliance, or even the perception of non-compliance, may curtail or result in restrictions on our ability to provide any such services, result in time-consuming and potentially costly inquiries, further investigations or disputes, and damage to our reputation, any of which could harm our business, financial condition and results of operations. Further, we may be required in the future to make further alterations to our operations to address the changing needs of our members during the pandemic, which could increase our costs and divert resources from managing our business and growth.

The pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, potentially reducing our ability to access capital, which could in the future negatively affect our liquidity. The COVID-19 pandemic may also continue to impact our operations, and net revenues, expenses, collectability of accounts receivables and other money owed, capital expenditures, liquidity, and overall financial condition by disrupting or delaying delivery of materials and products in the supply chain for our offices, by causing staffing shortages, by increasing our risk for workers’ compensation claims, by increasing capital expenditures due to the need to buy incremental hardware, or by reducing the liquidity and value of our short-term marketable securities.

Our business model and future growth are substantially dependent on the success of our strategic relationships with third parties.

We will continue to substantially depend on our relationships with third parties, including health network partners, enterprise clients and distribution partners to grow our business. In particular, our growth depends on maintaining existing, and developing new, strategic affiliations with health network partners. We also rely on a number of partners such as benefits enrollment platforms, professional employment organizations, consultants and other distribution partners in order to sell our solutions and services and enroll members onto our platform.

Our agreements with our enterprise clients often provide for fees based on the number of members that are covered by such clients’ programs each month, known as capitation arrangements. Certain of our enterprise clients and partners also pay us a fixed fee per year regardless of the number of registered members. The number of individuals who register as members through our enterprise clients is often affected by factors outside of our control, such as plan endorsement by the employer, member outreach and retention initiatives. Enterprise clients may also prohibit us from engaging in direct outreach with employees as potential members, or we may be unsuccessful in spreading brand awareness among employees who perceive competitors as offering better solutions and services, which would decrease growth in membership and reduce our net revenue. Increasing rates of unemployment may also result in loss of members at our enterprise clients, and economic recessions or slowdowns can result in our enterprise clients terminating their employee sponsorship arrangements with us. In addition, during periods of economic slowdown, enterprise clients may face less competition for new hires or may not need to hire as many employees and as a result, they may not need to sponsor memberships with us as a means to attract new hires. Even if the markets in which our enterprise clients operate experience growth, it is possible that a such client’s program membership could fail to grow at similar rates, if at all. If the number of members covered by one or more of such clients’ programs were to be reduced, including due to benefits reductions or layoffs during and after the COVID-19 pandemic, it would lead
to a reduction of membership fees, a decrease in our patient service revenue and partnership revenue, and may also result in the enterprise client electing not to renew our contract for another year. In addition, the growth forecasts of our clients are subject to significant uncertainty, including after the COVID-19 pandemic and any prolonged ensuing economic recession, and are based on assumptions and estimates that may prove to be inaccurate. Further, historical activation rates within a given enterprise client may not be indicative of future membership levels at that enterprise client or activation rates of similarly situated enterprise clients. High activation rates (i.e., the percentage of individuals eligible for membership who are enrolled as members) do not necessarily result in increased net patient service revenue and do not typically result in increased membership revenue.

Health network partnerships also comprise a significant portion of our revenue. Under these contracts, we closely collaborate with a health network on certain strategic initiatives such as the expansion of practice sites in a particular jurisdiction or service area, and clinical and digital integration between our primary care and their specialty care services. Our contracts with the health network partners are typically bespoke, with varying terms across health network partners. However, each contract generally provides for fees on a PMPM basis or a fee-for-service basis. Under contracts providing for PMPM fees, when our medical offices provide professional clinical services to covered members, we, as administrator, perform billing and collection services on behalf of the health network, and the health network receives the fees for services provided, including those paid by members’ insurance plans. If we do not adequately satisfy the objectives of our partners or perform against contractual obligations, we may lose revenue under the applicable health network partner contract and the health network partner may become dissatisfied with the terms or our performance under the contract, which could result in its early termination or amendment, if permitted, and as a result, harm to our business and results of operations, including a reduction in net revenue. Even regardless of our performance under the contracts, we cannot guarantee that our health network partners will continue to be satisfied with the terms or circumstances under existing contracts, particularly given constraints and challenges posed by the COVID-19 pandemic. We have experienced contractual disputes and renegotiations with health network partners in the past and may experience additional disputes and renegotiations in the future. Our contracts with health network partners are often exclusive in the applicable jurisdiction; as a result, in new potential markets, should we pursue a health network partnership, we would need to successfully contract with a sufficiently competitively viable health network partner, as we may not be able to terminate any such contract for several years without penalty or be able to partner with other health network partners in the same market due to competitive pressures or lack of counterparties. If we are unable to successfully continue our strategic relationships with our health network partners on terms favorable to us or at all, or if we do not successfully contract with health network partners in new jurisdictions, our business and results of operations could be harmed.

Most of our enterprise clients and health network partners have no obligation to renew their agreements with us after the initial term expires. In addition, our health network partners and enterprise clients may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these entities. If our health network partners or enterprise clients fail to renew their contracts, renew their contracts upon less favorable terms or at lower fee levels or fail to purchase new solutions and services from us, our revenue may decline or our future revenue growth may be constrained. In addition, our health network partner and enterprise client contracts generally allow partners to terminate such agreements for cause. If a partner or customer terminates its contract early and revenue and cash flows expected from a partner or enterprise client are not realized in the time period expected or not realized at all, our business could be harmed.

Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be more effective in executing such relationships and performing against them. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our net revenue could be impaired and our results of operations may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased member use of our solutions and services or increased net revenue.
We conduct business in a heavily regulated industry, and any failure to comply with applicable healthcare laws and government regulations, could result in financial penalties, exclusion from participation in government healthcare programs and adverse publicity, or could require us to make significant operational changes, any of which could harm our business.

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

- state laws that prohibit general business corporations, such as us, from practicing medicine, controlling physicians’ medical decisions or engaging in practices such as splitting fees with physicians;
- federal and state laws pertaining to non-physician practitioners, such as nurse practitioners and physician assistants, including requirements for physician supervision of such practitioners and licensure and reimbursement-related requirements;
- the federal physician self-referral law, commonly referred to as the Stark Law, which, subject to certain exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain “designated health services” if the physician or a member of the physician's immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity;
- the federal Anti-Kickback Statute, which, subject to certain exceptions known as “safe harbors,” prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration, in cash or in kind, in return for the referral of an individual for, or the lease, purchase, order or recommendation of, items or services covered, in whole or in part, by government healthcare programs such as Medicare and Medicaid;
- the federal False Claims Act, which imposes civil and criminal liability on individuals or entities that knowingly or recklessly submit false or fraudulent claims to Medicare, Medicaid, and other government-funded programs or make or cause to be made false statements in order to have a claim paid;
- a provision of the Social Security Act that imposes criminal penalties on healthcare providers who fail to disclose or refund known overpayments;
- the criminal healthcare fraud provisions of the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, or collectively, HIPAA, and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services;
- the Civil Monetary Penalties Law, which prohibits the offering or giving of remuneration to Medicare and Medicaid beneficiaries that is likely to influence the beneficiary’s selection of a particular provider or supplier;
- federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;
- federal and state laws and policies related to healthcare providers’ licensure, certification, accreditation, Medicare and Medicaid program enrollment and reassignment of benefits;
- federal and state laws and policies related to the prescribing and dispensing of pharmaceuticals and controlled substances;
- state laws related to the advertising and marketing of services by healthcare providers;
- federal and state laws related to confidentiality, privacy and security of personal information, including medical information and records, that limit the manner in which we may use and disclose that information, impose obligations to safeguard such information and require that we notify third parties in the event of a breach;
• federal laws that impose civil administrative sanctions for, among other violations, inappropriate billing of services to government healthcare programs or employing or contracting with individuals who are excluded from participation in government healthcare programs;
• laws and regulations limiting the use of funds in health savings accounts for individuals with high deductible health plans;
• state laws pertaining to anti-kickback, fee splitting, self-referral and false claims, some of which are not limited to relationships involving government-funded programs; and
• state laws governing healthcare entities that bear financial risk.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Achieving and sustaining compliance with these laws requires us to implement controls across our entire organization and it may prove costly and challenging to monitor and enforce compliance. In particular, given the prevalence of laws, rules and regulations restricting the corporate practice of medicine in certain of the states that we operate, we are prohibited from interfering with or inappropriately influencing providers’ professional judgment and are reliant on the providers and other healthcare professionals at the One Medical PCs to operate in compliance with applicable laws related to the practice of medicine and the provision of healthcare services. The risk of our being found in violation of healthcare laws and regulations is increased by the fact that many of them have not been fully interpreted by regulatory authorities or the courts, and their provisions are sometimes complex and open to a variety of interpretations. Failure to comply with these laws and other laws can result in civil and criminal penalties such as fines, damages, recoupments of overpayments, imprisonment, loss of enrollment status and exclusion from the Medicare and Medicaid programs.

To enforce compliance with the federal laws, the U.S. Department of Justice and the Office of Inspector General for the HHS regularly scrutinize healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. The One Medical PCs’ operation of medical practices is also subject to various state laws enforced by state regulators, including state attorneys general, boards of professional licensure and departments of health. A review of our business by judicial, law enforcement, regulatory or accreditation authorities could result in challenges or actions against us that could harm our business and operations. Responding to and managing government investigations can be time- and resource-consuming, divert management’s attention from the business and generate adverse publicity. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management’s attention from the operation of our business and result in adverse publicity. Moreover, if one of our health system partners or another third party fails to comply with applicable laws and becomes the target of a government investigation, government authorities could require our cooperation in the investigation, which could cause us to incur additional legal expenses and result in adverse publicity.

In addition, because of the potential for large monetary exposure under the federal False Claims Act, which provides for treble damages and penalties of $11,665 to $23,331 per false claim or statement (as of 2020, and subject to annual adjustments for inflation), healthcare providers often resolve allegations without admissions of liability for significant amounts to avoid the uncertainty of treble damages that may be awarded in litigation proceedings. Such settlements often contain additional compliance and reporting requirements as part of a consent decree, settlement agreement or corporate integrity agreement. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers’ compliance with the healthcare reimbursement rules and fraud and abuse laws.

Further, our ability to provide our full range of services in each state is dependent upon a state’s treatment of telehealth and emerging technologies (such as digital health services), which are subject to changing political, regulatory and other influences. Many states have laws that limit or restrict the practice of telehealth, such as laws that require a provider to be licensed and/or physically located in the same state where the patient is located. Failure to comply with these laws could result in denials of reimbursement for our services (to the extent such services are billed), recoupments of prior payments, professional discipline for our providers or civil or criminal penalties.
The laws, regulations and standards governing the provision of healthcare services may change significantly in the future and may harm our business and operations. For example, we have had to adapt our business as a result of the CARES Act and other emergency orders, laws and regulations enacted in response to the COVID-19 pandemic. While some of these changes have allowed us to rapidly respond to the COVID-19 pandemic including via expanded telehealth visits and testing arrangements, they have also required us to adapt to new offerings, processes and procedures. We cannot assure you that such emergency orders, laws and regulations will continue to apply or that regulators or other governmental entities will agree with our interpretation of these arrangements under applicable law. The Vaccine Inquiries or any other regulatory or governmental investigations or other disputes as a result of these arrangements, or the failure of various waivers for limitations of liability or other provisions under such emergency orders, laws and regulations to apply to us could divert resources and harm our reputation, business, financial condition and results of operations.

**If the prevalence of private health insurance coverage declines, including due to a decline in the prevalence of employer-sponsored health care, our revenue may be reduced.**

Private third-party payers, including health maintenance organizations, or HMOs, preferred provider organizations and other managed care plans, as well as medical groups and independent practice associations that contract with HMOs, typically reimburse healthcare providers at a higher rate than Medicare or other government healthcare programs. These payers utilize plan structures to encourage or require the use of in-network providers. The One Medical PCs enter into contracts with certain of these payers either directly, or indirectly through our health network partners, which allow them to participate in the payers’ respective networks and set forth reimbursement rates for services rendered thereunder. As a result, our ability to maintain or increase patient volumes covered by private third-party payers and to maintain and obtain favorable contracts with private third-party payers significantly affects our revenue and operating results.

We currently derive a large portion of our revenue from members acquired under contracts with enterprise clients that purchase health care for their employees (either via insurance or self-funded benefit plans). A large part of the demand for our solutions and services among enterprise clients depends on the need of these employers to manage the costs of healthcare services that they pay on behalf of their employees. While the percentage of employers who are self-insured has been increasing over the past decade, this trend may not continue. Over time, employees may also increasingly decide to obtain their own insurance through state-sponsored insurance marketplaces rather than through their employers. While such employees may remain members, our reimbursement from providing services to these members would likely decrease. Employees who obtain their own insurance may also cancel their memberships, which may decrease the fees we receive under our contracts with health network partners as fewer members engage in their healthcare networks. If any of these trends accelerate, there is no guarantee that we would be able to compensate for the loss in revenue derived from enterprise clients and health network partners by increasing retail member acquisition. A decline in overall prevalence of private health insurance coverage, including due to the passage of healthcare reform proposals such as “Medicare for All,” could further harm our revenue, particularly if accompanied by a reduction in employer-sponsored health insurance. In addition, health network partners who rely on patient use of their networks, particularly specialty care, through our contracts with them, may become dissatisfied with the terms under the applicable contract and seek to amend or terminate, or elect not to renew, these contracts. In these cases, our business and results of operations would be harmed.

**If we fail to cost-effectively develop widespread brand awareness and maintain our reputation, or if we fail to achieve and maintain market acceptance for our healthcare services, our business could suffer.**

We believe that developing and maintaining widespread awareness of our brand and maintaining our reputation for providing access to high quality and efficient health care in a cost-effective manner is critical to attracting new members and enterprise clients and maintaining existing members. Our business and revenue are heavily reliant on growing and maintaining our membership base. We have historically derived a significant portion of net revenue from patient visits at the One Medical PCs. In addition, we have a growing number of strategic relationships with health systems and health plans, or collectively, health networks. Market acceptance of our solutions and services and member acquisition depends on educating people, as well as enterprise clients and health networks, as to the distinct features, ease-of-use, positive lifestyle impact, cost savings, quality, and other perceived benefits of our solutions and services as compared to alternative avenues for health care. In particular, market acceptance is highly dependent on our ability to sufficiently saturate a particular geographic area with medical offices to provide services to local
members, which may be customized based on the needs and preferences of the local market and the healthcare preferences of the members in that market. Further, our marketing efforts depend significantly on word of mouth and informal member referrals among the employees of our enterprise clients to spread awareness of our solutions and services. If we are not successful in demonstrating to existing and potential members and enterprise clients the benefits of our solutions and services, are not able to sufficiently saturate a market with medical offices in convenient locations, or are not able to achieve the support of enterprise clients, health networks, healthcare providers and insurance carriers for our solutions and services, we could experience lower than expected sales of new memberships and a higher rate of existing membership termination, including termination of membership purchases by enterprise clients. Further, the loss or dissatisfaction of a significant contingent of our members, adverse media reports or negative feedback about our solutions and services may substantially harm our brand and reputation, inhibit widespread adoption of our solutions and services, reduce our revenue from enterprise clients and health networks, and impair our ability to attract new members and maintain existing members.

Our brand promotion activities may not generate awareness or increase revenue and, even if they do, any increase in revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, we may fail to attract or retain members, health networks and enterprise clients necessary to realize a sufficient return on our brand-building efforts or to achieve the widespread brand awareness that is critical for broad adoption of our solutions and services. Even if we are successful in our brand promotion activities and deliver high quality and efficient service through the One Medical PCs, we cannot guarantee the quality and efficiency of healthcare service, particularly specialty healthcare, from our health network partners, over which we have no control. Many of our health network partners are large institutions with significant operations across a wide network of patients and may be unable to provide consistent levels of service to our members. Patients who experience poor quality healthcare provision from such partners may impute such dissatisfaction to our solutions and services, which could negatively impact member retention and acquisition, reduce our revenue and harm our business.

Our solutions and services may also be perceived by our members or enterprise clients to be more complicated or less effective than traditional approaches, and people may be unwilling to deviate from traditional or competing healthcare access options. Accordingly, healthcare providers may not recommend our solution or services until there is sufficient evidence to convince them to alter their current approach. Moreover, enterprise clients may be unwilling to market our solutions and services, or may prohibit us from marketing our solutions and services, to their employees. Any such resistance to adoption of our solutions and services, or impediment to our ability to market our solutions and services, may harm our business and results of operations.

We have a history of losses, which we expect to continue, and we may never achieve or sustain profitability.

We have incurred significant losses in each period since our inception. We incurred net losses of $53.7 million and $89.4 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, we had an accumulated deficit of $369.8 million. Our net losses and accumulated deficit reflect the substantial investments we made to acquire new health network partners and members, build our proprietary network of healthcare providers and develop our technology platform. We intend to continue scaling our business to increase our customer, member and provider bases, broaden the scope of our partnerships and expand our applications of technology through which members can access our services. Accordingly, we anticipate that our cost of care and other operating expenses will continue to increase in the foreseeable future. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. We cannot assure you that we will achieve profitability in the future or that, if we do become profitable, we will be able to sustain or increase profitability. Our prior net losses, combined with our expected future net losses, have had and will continue to have a negative impact on our total (deficit) equity and working capital. As a result of these factors, we may need to raise additional capital through debt or equity financings in order to fund our operations, and such capital may not be available on reasonable terms, if at all.

Our net revenue depends in part on the number of members enrolled or patient visits, and a decrease in member utilization of our services could harm our business, financial condition and results of operations.

Historically, we have relied on patient visits at the One Medical PCs for a substantial portion of our net revenue. For the years ended December 31, 2019 and 2020, net patient service revenue accounted for 53% and 39%
of our net revenue, respectively. As we develop additional digital health solutions through our mobile platform and continue providing and expanding availability of remote visits, we cannot guarantee that our members will consistently make in-office visits in addition to using our digital health solutions, particularly after the COVID-19 pandemic and as related shelter-in-place and quarantine measures and orders are relaxed or lifted. Further, it may be difficult for us to accurately forecast future patient in-office visits over time, which may vary across geographies and depend on patient demographics within a given market. In part due to the reduction of in-office visits observed due to COVID-19, we have introduced billable remote visits. We cannot predict with any certainty the number of remote billable services and their impact on our in-office visits. As remote billable services on average generate lower reimbursement than in-office visits, this may impact our operations and financial results. In addition, we will continue to rely on our reputation and recommendations from members and key enterprise clients to promote our solutions and services to potential new members. A substantial portion of our members hold subscriptions through their respective employers with which we have membership arrangements. The loss of any of our key enterprise clients, or a failure of some of them to renew or expand their arrangements with us, could have a significant impact on the growth rate of our revenue. If we are unable to attract and retain sufficient members in any given market, we may have reduced visits, which could harm our results of operations, reduce our revenue and harm our business.

In addition, under certain of our contracts with enterprise clients, we base our fees on the number of individuals to whom our clients provide benefits. Under certain of our health network partner agreements, we also collect fees from members who receive healthcare services within the health network partner’s network. Many factors, most of which we do not control, may lead to a decrease in the number of individuals covered by our enterprise clients, including, but not limited to, the following:

- changes in the nature or operations of our enterprise clients or the failure of our enterprise clients to adopt or maintain effective business practices;
- changes of control of our enterprise clients;
- reduced demand in particular geographies;
- shifts away from employer-sponsored health plans toward employee self-insurance;
- shifting regulatory climate and new or changing government regulations; and
- increased competition or other changes in the benefits marketplace.

If the number of members covered by our enterprise clients and health network partners decreases, our revenue will likely decrease.

**If reimbursement rates paid by third-party payers are reduced or if third-party payers otherwise restrain our ability to obtain or provide services to members, our business could be harmed.**

Private third-party payers pay for the services that we provide to many of our members. We estimate that as of December 31, 2020, over 95% of our members were commercially insured. If any commercial third-party payers reduce their reimbursement rates or elect not to cover some or all of our services, our business may be harmed.

Private third-party payers often use plan structures, such as narrow networks or tiered networks, to encourage or require members to use in-network providers. In-network providers typically provide services through private third-party payers for a negotiated lower rate or other less favorable terms. Private third-party payers generally attempt to limit use of out-of-network providers by requiring members to pay higher copayment and/or deductible amounts for out-of-network care. Additionally, private third-party payers have become increasingly aggressive in attempting to minimize the use of out-of-network providers by disregarding the assignment of payment from members to out-of-network providers (i.e., sending payments directly to members instead of to out-of-network providers), capping out-of-network benefits payable to members, waiving out-of-pocket payment amounts and initiating litigation against out-of-network providers for interference with contractual relationships, insurance fraud and violation of state licensing and consumer protection laws. If we become out of network for insurers, our business could be harmed and our patient service revenue could be reduced because members could stop using our services.
If reimbursement rates paid by federal or state healthcare programs are reduced or if government payers otherwise restrain our ability to obtain or provide services to members, our business, financial condition and results of operation could be harmed.

A portion of our revenue comes from government healthcare programs, principally Medicare. Payments from federal and state government programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, requirements for utilization review and federal and state funding restrictions, each of which could increase or decrease program payments, as well as affect the cost of providing service to patients and the timing of payments to the One Medical PCs. We are unable to predict the effect of recent and future policy changes on our operations. In addition, the uncertainty and fiscal pressures placed upon federal and state governments as a result of, among other things, deterioration in general economic conditions and the funding requirements from the federal healthcare reform legislation, may affect the availability of taxpayer funds for Medicare programs. Changes in government healthcare programs may reduce the reimbursement we receive and could adversely impact our business and results of operations.

We operate in a competitive industry, and if we are not able to compete effectively our business would be harmed.

The market for healthcare solutions and services is highly fragmented and intensely competitive, with direct and indirect competitors offering varying levels of impact to key stakeholders such as consumers, employers, providers, and health networks. Our competitive success is contingent on our ability to simultaneously address the needs of key stakeholders efficiently while delivering superior outcomes at scale compared with competitors. We compete across various segments within the healthcare market, including with respect to traditional healthcare providers and medical practices, technology platforms, care management and coordination, digital health, telehealth and telemedicine and health information exchange.

Our future growth and the success of our business are highly dependent on gaining new members and retaining existing members in both existing and target markets. We currently face competition from a range of companies and providers, including traditional healthcare providers and medical practices that offer similar services, often at lower prices, and that are continuing to develop additional products and becoming more sophisticated and effective. We face competition from primary care providers who are employed by or affiliated with health networks, including our health network partners, unaffiliated freestanding outpatient centers and specialty hospitals (some of which are physician-owned) for market share in specialty services and for quality providers and personnel. Our indirect competitors include episodic consumer-driven point solutions such as telemedicine as well as urgent care providers, which may typically pay providers on a fee-for-service basis rather than the salary-based model we employ. In addition, large, well-funded health plans have in some cases developed their own health care or expert medical service tools and may provide these solutions to their customers at discounted prices. In recent years, the number of freestanding specialty hospitals, surgery centers, emergency departments, urgent care centers and diagnostic imaging centers has increased significantly in the geographic areas in which we serve and may provide services similar to those we offer. In some cases, these competitors are more established, may offer a broader array of services or newer or more desirable facilities to patients and providers, and may have larger or more specialized medical staff to admit and refer patients, among other things. Some of the clinics and medical offices that compete with the One Medical PCs are also owned by government agencies or not-for-profit organizations supported by endowments and charitable contributions and can finance capital expenditures and operations on a tax-exempt basis. We expect to continue to encounter competition from system-affiliated hospitals, healthcare companies, and health insurers as well as private equity companies seeking to acquire providers in specific geographical markets.

Because healthcare consumers are now able to access hospital performance data on quality measures and patient satisfaction, as well as standard charges for services, to compare competing providers, if any of the One Medical PCs achieve poor results (or results that are lower than our competitors’) on quality measures or patient satisfaction surveys, or if our standard charges are or are perceived to be higher than our competitors, we may attract fewer members. Additional quality measures and trends toward clinical or billing transparency, including recent price transparency proposals that would require third-party payers and hospitals to make their pricing information publicly available, may also have a negative impact on our competitive position and patient volumes, as patients may prefer to use lower cost healthcare providers if they deliver services that are perceived to be similar in quality to ours. Moreover, our enterprise clients or health network partners may elect to terminate their arrangements with us and enter into arrangements with our competitors, particularly in primary care. For example, our health network partners may wish
to enter into competitor arrangements that are more favorable from a fee or price perspective or that provide greater exposure to, or volume of, patients. In addition, in any geographic area, we may enter into an exclusive contractual arrangement with a single health network partner, which could allow competitors to contract with other health network partners in the same area and gain market share for potential patients. Competitors may also be better positioned to contract with leading health network partners in our target markets, including existing markets after our current contracts expire. If our competitors are better able to attract patients, contract with health network partners, recruit providers, expand services or obtain favorable managed care contracts at their facilities than we are, we may experience an overall decline in member volumes and net revenue. Competition from specialized providers, health plans, medical practices, digital health companies and other parties will result in continued member acquisition and patient visit and utilization volume pressure, which could negatively impact our revenue and market share.

Some of our competitors may have greater name recognition, longer operating histories and significantly greater resources than we do. In addition, our current or potential competitors may be acquired by third parties with greater available resources. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand substantial price competition. In light of the COVID-19 pandemic, existing or new competitors have developed or further invested in telemedicine and remote medicine programs and ventures, which would compete with our virtual care offerings. Also, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary technologies or services to increase the availability of their solutions in the marketplace. Accordingly, new competitors or alliances may emerge that have greater market share, a larger member or patient base, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources and larger sales forces than we have, which could put us at a competitive disadvantage. Our competitors could also be better positioned to serve certain segments of the healthcare market, which would limit our member and patient growth. In light of these factors, even if our solution is more effective than those of our competitors, current or potential members, health network partners and enterprise clients may accept competitive solutions in lieu of purchasing our solution. If we are unable to successfully compete in the healthcare market, our business would be harmed.

Competition in our market also involves rapidly changing technologies, evolving regulatory requirements and industry expectations, frequent new product and service introductions and changes in customer requirements. If we are unable to keep pace with the evolving needs of our clients, members and partners and continue to develop, enhance and market new applications and services in a timely and efficient manner, demand for our solutions and services may be reduced and our business and results of operations would be harmed. We cannot guarantee that we will possess the resources, either financial or personnel, for the research, design and development of new applications or services, or that we will be able to utilize these resources successfully and avoid technological or market obsolescence. Further, we cannot assure you that technological advances by one or more of our competitors or future competitors will not result in our present or future applications and services becoming uncompetitive or obsolete.

We may not grow at the rates we historically have achieved or at all, even if our key metrics may imply future growth, which could have a negative impact on our business, financial condition and results of operations.

We have experienced significant growth in our recent history. Future revenue may not grow at these same rates or may decline. Our future growth will depend, in part, on our ability to grow consumer and enterprise members in existing markets, expand into new markets, expand our services offering and grow our health network partnerships. We are continually executing a number of growth initiatives, strategies and operating plans designed to enhance our business. For example, we are expanding our strategic relationships with health network partners to build integrated delivery networks for broad access to their networks of specialists and hospitals. The anticipated benefits from these efforts are based on several assumptions that may prove to be inaccurate. We may not be able to successfully complete these growth initiatives, strategies and operating plans and realize all of the benefits, including growth targets and cost savings, that we expect to achieve, or it may be more costly to do so than we anticipate. We can provide no assurances that even if our key metrics indicate future growth, we will continue to grow our revenue or to generate net income. Moreover, our continued implementation of these programs may disrupt our operations and performance. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies and operating plans negatively impact our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition and results of operations may be harmed.
If we fail to manage our growth effectively, our expenses could increase more than expected, our revenue may not increase proportionally or at all, and we may be unable to implement our business strategy.

We have experienced significant growth in recent periods, which puts strain on our business, operations and employees. For example, we grew from 1,340 employees as of December 31, 2018 to 1,957 employees as of December 31, 2020. We have also increased our customer and membership bases significantly over the past two years. We anticipate that our operations will continue to rapidly expand. To manage our current and anticipated future growth effectively, we must continue to maintain and enhance our IT infrastructure, financial and accounting systems and controls. In particular, in order for our providers to provide quality healthcare services and longitudinal care to patients and avoid burn-out, we need to provide them with adequate IT and technology support, which requires sufficient staffing for these areas. In addition, as we expand in existing markets and move into new markets, we will need to attract and retain an increasing number of quality healthcare professionals and providers. Failure to retain a sufficient number of providers may result in overworking of existing personnel leading to burn-out or poor quality of healthcare services. In addition, our strategy is to provide longitudinal care to members and patients, which requires substantial time and attention from our providers. We must also attract, train and retain a significant number of qualified sales and marketing personnel, customer support personnel, professional services personnel, software engineers, technical personnel and management personnel, and the availability of such personnel, in particular software engineers, may be constrained.

A key aspect to managing our growth is our ability to scale our capabilities to implement our solutions and services satisfactorily with respect to both large and demanding enterprise clients and health network partners as well as individual consumers. Large clients and partners often require specific features or functions unique to their membership base, which, at a time of significant growth or during periods of high demand, may strain our implementation capacity and hinder our ability to successfully provide our services to our clients and partners in a timely manner. We may also need to make further investments in our technology to decrease our costs. If we are unable to address the needs of our clients, partners or members, or our clients, partners or members are unsatisfied with the quality of our solutions or services, they may not renew their contracts or memberships, seek to cancel or terminate their relationship with us or may renew on less favorable terms, any of which could harm our business and results of operations.

Failure to effectively manage our growth could also lead us to over-invest or under-invest in development and operations, result in weaknesses in our infrastructure, internal systems, processes or controls, give rise to operational mistakes, financial losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees. In order to manage the increasing complexities of our business, we will need to continue to scale and adapt our operational, financial and management controls, as well as our reporting systems and procedures. We may not be able to successfully implement and scale improvements to our systems, processes and controls or in connection with third party software in a timely or efficient manner or in a manner that does not negatively affect our operating results. For example, we may not be able to effectively monitor certain extraordinary contract requirements or provisions that are individually negotiated as the number of transactions continues to grow. In addition, our systems and processes may not prevent or detect all errors, omissions, or fraud, including any fraudulent activities conducted or facilitated by our employees or the providers or staff at the One Medical PCs. Any of these events could result in our expenses increasing more than expected, lack of growth or slower than expected growth in our revenue, and inability to implement our business strategies. The quality of our services may also suffer, which could negatively affect our reputation and harm our ability to attract and retain members, clients and partners.

Investment of significant capital expenditures to support our growth may also divert financial resources from other projects such as the development of new applications and services. In particular, as we enter new markets or seek to expand our presence in existing markets, we will need to make upfront capital expenditures, including to lease and furnish medical office space, acquire medical equipment, staff providers at such medical offices and incur related expenses. As we do not recognize patient revenue until those offices open and begin receiving patients, our margins may be reduced during the periods in which such capital expenditures were incurred. Expansion in new or existing markets can be lengthy and cost-intensive, and we may encounter difficulties or unanticipated issues during the process of opening such new medical offices. We cannot assure you that we will be able to open our planned new medical offices, in existing or new markets, within our operating budgets and planned timelines, or at all. Cost overruns in the process of opening new offices can result in higher than expected cost of care, exclusive of depreciation and amortization, and operating expenses as compared to revenue in the applicable quarter. In addition, we cannot assure
you that new medical offices will operate efficiently or be strategically placed to attract the optimal number of patients. If an office is underperforming for any reason, we could incur additional costs to relocate or shut down that office.

It is essential to our ongoing business that we attract and retain an appropriate number of quality primary care providers to support our services and that we maintain good relations with those providers.

The success of our business depends in significant part on the number, quality, specialties and admitting and scheduling practices of the licensed providers who have been admitted to the medical staffs of the One Medical PCs, as well as providers who affiliate with us and use the One Medical PCs as an extension of their practices. Medical staff of the One Medical PCs are free to terminate their association at any time. In addition, although providers who own interests in the One Medical PCs are generally subject to agreements restricting them from owning an interest in competitive facilities or transferring their ownership interests in the One Medical PCs without our consent, we may not learn of, or may be unsuccessful in preventing, our provider partners from acquiring interests in competitive facilities or making transfers without our consent. Moreover, in certain states in which we operate, such as California, non-competition and other restrictive covenants may be limited in their enforceability, particularly against physicians and providers.

If we are unable to recruit and retain board-certified providers and other healthcare professionals, our business and results of operations could be harmed and our ability to grow could be impaired. In any particular market, providers could demand higher payments or take other actions that could result in higher medical costs, less attractive service for our members or difficulty meeting regulatory or accreditation requirements. Our ability to develop and maintain satisfactory relationships with providers also may be negatively impacted by other factors not associated with us, such as changes in Medicare reimbursement levels and other pressures on healthcare providers and consolidation activity among hospitals, provider groups and healthcare providers.

We expect to encounter increased competition from health insurers and private equity companies seeking to acquire providers in the markets where we operate practices and, where permitted by law, employ providers. In some of our markets, provider recruitment and retention are affected by a shortage of providers and the difficulties that providers can experience in obtaining affordable malpractice insurance or finding insurers willing to provide such insurance. Providers may also leave the One Medical PCs or perceive them as providing a poor quality of life if the One Medical PCs do not adequately manage causes of provider burnout and workload, some of which we have little to no control over under the ASAs. Our business is dependent on providing longitudinal and long-term care for members and requires providers to consistently follow members over time, track overall long-term health and be available 24/7 for virtual care questions and services. If we are unable to efficiently manage provider workload and capacity to provide longitudinal and long-term care, our providers may depart and our patients may experience lower quality of care, which would harm our business. Furthermore, our ability to recruit and employ providers is closely regulated. For example, the types, amount and duration of compensation and assistance we can provide to recruited providers are limited by the Stark law, the Anti-kickback Statute, state anti-kickback statutes and related regulations. If we are unable to attract and retain sufficient numbers of quality providers by providing adequate support personnel, technologically advanced equipment and facilities that meet the needs of those providers and their patients, memberships and patient visits may decrease, our enterprise clients may alter or terminate their membership contracts with us and our operating performance may decline.

We incur significant upfront costs in our enterprise client and health network partner relationships, and if we are unable to maintain and grow these relationships over time, we are likely to fail to recover these costs, which could have a negative impact on our business, financial condition and results of operations.

Our business model and growth depend heavily on achieving economies of scale because our initial upfront investment for any enterprise client or health network partner is costly and the associated revenue is recognized on a ratable basis. We devote significant resources to establishing relationships with our clients and partners and implementing our solutions and services. This is particularly so in the case of large enterprises that, to date, have contributed a large portion of our membership base and revenue as well as health network partners, who often require specific features or functions unique to their particular processes or under the terms of their contracts with us, including significant systems integration and interoperability undertakings. Accordingly, our results of operations will depend in substantial part on our ability to deliver a successful experience for these clients and related members and partners.
to persuade our clients and partners to maintain and grow their relationship with us over time. Additionally, as our business is growing significantly, our new customer and partner acquisition costs could outpace our revenue growth and we may be unable to reduce our total operating costs through economies of scale such that we are unable to achieve profitability. If we fail to achieve appropriate economies of scale or if we fail to manage or anticipate the evolution and in future periods, demand of our clients and partners, our business may be harmed.

Our marketing cycle can be long and unpredictable and requires considerable time and expense, which may cause our results of operations to fluctuate.

The marketing cycle for our solutions and services from initial contact with a potential enterprise client or health network partner to contract execution and implementation varies widely by enterprise client or partner. Some of our partners undertake a significant and prolonged evaluation process, including to determine whether our solutions and services meet their unique healthcare needs, which evaluation can be complex given the size and scale of our clients and partners. Our contractual arrangements with our health network partners are often highly specific to each partner depending on their needs, the characteristics and patient demographics of the market they serve, their growth plans and their operations, among other things. As a result, our marketing efforts to any new health network partner must be tailored to meet its specific strategic demands, which can be time consuming and require significant upfront cost. These efforts also must address interoperability between our IT infrastructure and systems and such partner’s systems, which can result in substantial cost without any assurance that we will ultimately enter into a contractual arrangement with any such partner.

Our large enterprise clients often initially restrict direct access by us to their employees to curb information overflow. As a result, we may not be able to directly market our solutions and services to, and educate, employees at our enterprise clients until much later after execution of an agreement with such clients. This can result in limited membership acquisition at any such enterprise client for a significant period of time following contract execution, and we cannot assure you that we will be able to gain sufficient membership acquisition to justify our upfront investments. Further, even after contract execution with a particular enterprise client, we generally compete with other health service providers who market to the same employees at such enterprise client, and our marketing and employee education efforts may not be successful in winning members from other competing services, many of which are traditional healthcare models that employees are more familiar with. We also incur significant marketing costs to grow awareness of our solution and services in both existing markets and new geographic markets for potential new members. Our marketing efforts for member acquisition are dependent in part on word of mouth, which may take substantial time to spread. In addition, for both new and existing geographic markets, we will need to continuously open medical offices in targeted locations to build awareness, which is both time-intensive and requires substantial upfront fixed costs. If our substantial upfront marketing and implementation investments do not result in sufficient sales to justify our investments, it could harm our business and results of operations.

We could experience losses or liability, including medical liability claims, causing us to incur significant expenses and requiring us to pay significant damages if not covered by insurance.

Our business entails the risk of medical liability claims against the One Medical PCs, their providers, and 1Life and we have in the past been subject to such claims in the ordinary course of business. Although 1Life, the One Medical PCs and individual providers carry insurance at the entity level and at the provider level covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of the One Medical PCs’ insurance coverage. Professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our services and as the professional liability insurance market becomes more challenging due to COVID-19. As a result, adequate professional liability insurance may not be available to our providers or to us in the future at acceptable costs or at all. Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our providers from our operations, which could harm our business. In addition, any claims may significantly harm our business or reputation.

Moreover, we do not control the providers and other healthcare professionals at the One Medical PCs with respect to the practice of medicine and the provision of healthcare services. While we seek to attract high quality professionals, the risk of liability, including through unexpected medical outcomes, is inherent in the healthcare
industry, and negative outcomes may result for any of our members. We attempt to limit our liability to members, clients and partners by contract; however, the limitations of liability set forth in the contracts may not be enforceable or may not otherwise protect us from liability for damages. Additionally, we may be subject to claims that are not explicitly covered by such contractual limits.

We also maintain general liability coverage for certain risks, claims and litigation proceedings. However, this coverage may not continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims against us, and may include larger self-insured retentions or exclusions. In addition, the insurer might disclaim coverage as to any future claim. Any liability claim brought against us, or any ensuing litigation, regardless of merit, could result in a substantial cost to us, divert management’s attention from operations and could also result in an increase of our insurance premiums and damage to our reputation. A successful claim not fully covered by our insurance could have a negative impact on our liquidity, financial condition, and results of operations.

Current or future litigation against us could be costly and time-consuming to defend.

We are subject, and in the future may become subject from time to time, to legal proceedings and claims that arise in the ordinary course of business such as claims brought by our members, clients or partners in connection with commercial disputes, consumer class action claims, employment claims made by our current or former employees or other litigation matters. In particular, as we grow our base of consumer members, we may be subject to an increasing number of consumer claims, disputes and class action complaints, including an ongoing claim alleging misrepresentations with respect to our membership fees. While our membership terms generally require individual arbitration, we cannot assure you that such terms will be enforced, which may result in costly class action litigation. Litigation may result in substantial costs, settlement and judgments and may divert management’s attention and resources, which may substantially harm our business, financial condition and results of operations. Insurance may not cover such claims, may not provide sufficient payments to cover all of the costs to resolve one or more such claims and may not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby leading analysts or potential investors to reduce their expectations of our performance, which could reduce the market price of our common stock.

Our labor costs could be negatively impacted by competition for staffing, the shortage of experienced nurses and labor union activity.

The operations of the One Medical PCs are dependent on the efforts, abilities and experience of our management and medical support personnel, including nurses, therapists, and lab technicians, as well as our providers. We compete with other healthcare providers in recruiting and retaining employees, and, like others in the healthcare industry, we continue to experience a shortage of nurses in certain disciplines and geographic areas. As a result, from time to time, we may be required to enhance wages and benefits to recruit and retain experienced employees, make greater investments in education and training for newly licensed medical support personnel, or hire more expensive temporary or contract employees. Furthermore, state-mandated nurse-staffing ratios in California affect not only our labor costs, but, if we are unable to hire the necessary number of experienced nurses to meet the required ratios, they may also cause us to limit patient volumes, which would have a corresponding negative impact on our net revenue. In addition, while none of our employees are represented by a labor union as of December 31, 2020, our employees may seek to be represented by a labor union in the future. If some or all of our employees were to become unionized, it could increase labor costs. In general, our failure to recruit and retain qualified management, experienced nurses and other medical support personnel, or to control labor costs, could harm our business.

In order to support the growth of our business, we may need to incur additional indebtedness or seek capital through new equity or debt financings, which sources of additional capital may not be available to us on acceptable terms or at all.

Our operations have consumed substantial amounts of cash since inception and we intend to continue to make significant investments to support our business growth, respond to business challenges or opportunities, expand our services in new geographic locations, enhance our operating infrastructure and existing solutions and services and potentially acquire complementary businesses and technologies. For the years ended December 31, 2019 and 2020, our net cash used in operating activities was $31.7 million and $3.6 million, respectively. As of December 31, 2020,
we had $113.0 million of cash and cash equivalents and $570.0 million of short-term marketable securities, which are held for working capital purposes. As of December 31, 2020, we had $316.3 million aggregate principal amount of debt outstanding under our convertible senior notes issued in May 2020, or the 2025 Notes.

As of December 31, 2020, we have also deferred payroll taxes in the amount of $7.0 million and received $2.6 million in grants as part of the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, through the Provider Relief Fund, or PRF, of the U.S. Department of Health and Human Services, or HHS, to help offset the impact of increased healthcare related expenses and lost revenues attributable to the COVID-19 pandemic. We are not required to repay this grant, provided we attest to and comply with certain terms and conditions, including the use of PRF funds for only permitted purposes and only after funds from other sources obligated to reimburse recipients have been applied. If we are unable to attest to or comply with current or future terms and conditions, our ability to retain some or all of the PRF funds received may be impacted.

Our future capital requirements may be significantly different from our current estimates and will depend on many factors, including our growth rate, membership renewal activity and growth, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new or enhanced services, expansion of services to new geographic locations, addition of new health network partners and the continuing market acceptance of our healthcare services. Accordingly, we may need to engage in equity or debt financings or collaborative arrangements to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Moreover, while we are not restricted from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions under the terms of the indenture governing the 2025 Notes, such actions could have the effect of diminishing our ability to make payments on the notes when due.

Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, during times of economic instability, including the recent disruptions to, and volatility in, the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic, it has been difficult for many companies to obtain financing in the public markets or to obtain debt financing, and we may not be able to obtain additional financing on commercially reasonable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, it could harm our business and growth prospects.

**Our revenues have historically been concentrated among our top customers, and the loss of any of these customers could reduce our revenues and adversely impact our operating results.**

Historically, our revenue has been concentrated among a small number of customers. In 2019 and 2020, our top three customers accounted for 36% and 35% of our net revenue, respectively. These customers included Google Inc., which accounted for 10% of our net revenue for 2020, a commercial payer, and a health network partner. As a result, the loss of one or more of these customers could reduce our revenue, harm our results of operations and limit our growth.

**Our quarterly results may fluctuate significantly, which could adversely impact the value of our common stock.**

Our quarterly results of operations, including our net revenue, loss from operations, net loss and cash flows, have varied and may vary significantly in the future, and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, including, without limitation, the following:

- the addition or loss of health network partners or enterprise clients, including through acquisitions or consolidations of such entities;
- the addition or loss of contracts with, or modification of contract terms with, payers, including the reduction of reimbursements for our services or the termination of our network contracts with payers;
• seasonal and other variations in the timing and volume of patient visits, such as the historically higher volume of use of our service during peak cold and flu season months;
• fluctuations in unemployment rates resulting in reductions in total members;
• slowdown in the overall economy resulting in losses of enterprise clients as they scale back on expenses;
• new enterprise sponsorships and renewal of existing enterprise sponsorships and the timing thereof as well as enterprise and consumer member activation and renewal and timing thereof;
• the timing of recognition of revenue;
• the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure, including upfront capital expenditures and other costs related to expanding in existing markets or entering new markets, as well as providing administrative and operational services to the One Medical PCs under the ASAs;
• our ability to effectively manage the size and composition of our proprietary network of healthcare professionals relative to the level of demand for services from our members;
• the timing and success of introductions of new applications and services by us or our competitors, including well-known competitors with significant market clout and perceived ability to compete favorably due to access to resources and overall market reputation;
• changes in the competitive dynamics of our industry, including consolidation among competitors, health network partners or enterprise clients; and
• the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

A large portion of our net revenue in any given quarter is derived from contracts entered into with our partners and clients during previous quarters as well as membership fees that are recognized ratably over the term of each membership. Consequently, a decline in new or renewed contracts or memberships in any one quarter may not be fully reflected in our net revenue for that quarter. Such declines, however, would negatively affect our net revenue in future periods and the effect of loss of members, and potential changes in our rate of renewals or renewal terms, may not be fully reflected in our results of operations until future periods. While we encourage enterprise clients to purchase memberships off of their periodic enrollment cycle, we cannot guarantee that they will do so. Accordingly, the effect of changes in the industry impacting our business or loss of members may not be reflected in our short-term results of operations. Any fluctuation in our quarterly results may not accurately reflect the underlying performance of our business and could cause a decline in the trading price of our common stock.

If we lose key members of our senior management team or are unable to attract and retain executive officers and employees we need to support our operations and growth, our business and growth may be harmed.

Our success depends largely upon the continued services of our key executive officers, particularly our Chair, Chief Executive Officer and President and 1Life’s Chief Medical Officer. These executive officers are at-will employees and therefore they may terminate employment with us at any time with no advance notice. We also do not maintain any key person life insurance policies. Further, we rely on our leadership team in the areas of research and development, marketing, services and general and administrative functions. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. The replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. We are particularly dependent on 1Life’s Chief Medical Officer, who is the sole director and officer of a majority of the One Medical PCs and is responsible for overseeing the operation of several of the One Medical PCs, among other roles. While we have succession plans in place and have employment or service arrangements with a limited number of key executives, these measures do not guarantee that the services of these or suitable successor executives will continue to be available to us.

To continue to execute our growth strategy, we also must attract and retain highly skilled personnel. Competition is intense for qualified professionals and we may not be successful in continuing to attract and retain
qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled personnel with appropriate qualifications. The pool of qualified personnel with experience working in the healthcare market is limited overall. In addition, many of the companies with which we compete for experienced personnel have greater resources than we have. As a result, our success is dependent on our ability to evolve our culture, align our talent with our business needs, engage our employees and inspire our employees to be open to change, to innovate and to maintain member- and customer-focus when delivering our services.

In addition, job candidates often consider the value of the stock options or other equity-based awards they are to receive in connection with their employment. Volatility in the price of our stock may, therefore, negatively impact our ability to attract or retain highly skilled personnel. Further, the requirement to expense stock options and other equity-based compensation may discourage us from granting the size or type of stock option or equity awards that job candidates require to join our company. Our business would be harmed if we fail to adequately plan for succession of our executives and senior management; or if we fail to effectively recruit, integrate, retain and develop key talent and/or align our talent with our business needs and the current rapidly changing environment.

**We may acquire other companies or technologies, which could divert our management’s attention, result in dilution to our stockholders and otherwise disrupt our operations and we may have difficulty integrating any such acquisitions successfully or realizing the anticipated benefits therefrom, any of which could harm our business.**

We may in the future seek to acquire or invest in businesses, applications and services or technologies that we believe could complement or expand our business, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. We do not have a history of acquiring or investing in businesses, applications and services or technologies and may not have the experience or capabilities to successfully execute such transactions or integrate them following consummation.

In addition, if we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including, but not limited to:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- lack of experience in making acquisitions and integrating acquired businesses or assets;
- unanticipated costs or liabilities associated with the acquisition;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- diversion of management’s attention from other business concerns;
- negative impacts to our existing relationships with enterprise clients or health network partners as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could harm our results of operations.
Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could harm our results of operations. In addition, if an acquired business fails to meet our expectations, our business may be harmed.

The estimates of market opportunity and forecasts of market and revenue growth included in this Annual Report may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. In particular, the size and growth of the overall U.S. healthcare market is subject to significant variables, including a changing regulatory environment and population demographic, which can be difficult to measure, estimate or quantify. Our business depends on member acquisition and retention, which further drives revenue from our contracts with health network partners. Estimates and forecasts of these factors in any given market is difficult and affected by multiple variables such as population growth, concentration of enterprise clients and population density, among other things. Further, we cannot assure you that we will be able to sufficiently penetrate certain market segments included in our estimates and forecasts, including due to limited deployable capital, ineffective marketing efforts or the inability to develop sufficient presence in a given market to gain members or contract with employers and health network partners in that market. Once we acquire a member, apart from fixed annual membership fees and payments from health care partners, we primarily derive revenue from patient in-office visits, which may be difficult to forecast over time, particularly as our billable service mix continues to expand, including due to the COVID-19 pandemic. Finally, our contractual arrangements with health network partners typically have highly tailored capitation and other fee structures which vary across health network partners and are dependent on the number of members that receive healthcare services in a health network partner’s network. As a result, we may not be able to accurately forecast revenue from our health network partners. For these reasons, the estimates and forecasts in this Annual Report relating to the size and expected growth of our target markets may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all.

Natural or man-made disasters and other similar events may significantly disrupt our business and negatively impact our business, financial condition and results of operations.

Our offices and facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, extreme weather conditions, power outages, fires, floods, protests and civil unrest, nuclear disasters and acts of terrorism or other criminal activities, which may result in temporary office closures and render it difficult or impossible for us to operate our business for some period of time. In particular, certain of the facilities we lease to house our computer and telecommunications equipment are located in the San Francisco Bay Area, a region known for seismic activity, and our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. Any disruptions in our operations related to the repair or replacement of our offices, could negatively impact our business and results of operations and harm our reputation. Although we maintain an insurance policy covering damage to property we rent, such insurance may not be available or sufficient to compensate for the different types of associated losses that may occur, including business interruption losses. Any such losses or damages could harm our business, financial condition and results of operations. In addition, our health network partners’ facilities may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or other negative effects on our business and operations.

Our financial results may be adversely impacted by changes in accounting principles applicable to us.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and other various bodies formed to promulgate and interpret appropriate accounting principles. For example, in May 2014, the FASB issued accounting standards update No. 2014-09 (Topic 606), Revenue from Contracts with Customers, which supersedes nearly all existing revenue recognition guidance under GAAP and specifies that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services; this new accounting standard also impacts the recognition of sales commissions.
We have adopted this standard as of January 1, 2019 using the modified retrospective method. The adoption of this standard did not have a material impact on our consolidated financial statements. As a result of adopting this standard, we recorded an adjustment to deferred contract costs of $65 thousand as of January 1, 2019, to reflect an increase in the amount of commission costs previously recorded. The application of this new guidance could harm our operating results in one or more periods as compared to what they would have been under previous standards.

Under Topic 606, more estimates, judgments, and assumptions are required within the revenue recognition process than were previously required. Our reported financial position and financial results may be harmed if our estimates or judgments prove to be wrong, assumptions change, or actual circumstances differ from those in our assumptions. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm our business.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be harmed.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, determination of useful lives for property and equipment, allowance for doubtful accounts, valuation of common stock, stock option valuations, contingent liabilities and income taxes. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

Risks Related to Government Regulation

The impact of healthcare reform legislation and other changes in the healthcare industry and in healthcare spending is currently unknown, but may harm our business.

Our revenue is dependent on the healthcare industry and could be affected by changes in healthcare spending and policy. The healthcare industry is subject to changing political, regulatory and other influences. The Patient Protection and Affordable Care Act, or ACA, made major changes in how health care is delivered and reimbursed, and increased access to health insurance benefits to the uninsured and underinsured populations in the United States. ACA, among other things, increased the number of individuals with Medicaid and private insurance coverage.

ACA has been subject to legislative and regulatory changes and court challenges and there is uncertainty regarding whether, when, and how ACA may be changed, the ultimate outcome of court challenges and how the law will be interpreted and implemented. Changes by Congress or government agencies could eliminate or alter provisions beneficial to us, while leaving in place provisions reducing our reimbursement or otherwise negatively impacting our business.

In addition, current and prior healthcare reform proposals have included the concept of creating a single payer such as “Medicare for All” or a public option for health insurance. If enacted, these proposals could have an extensive impact on the healthcare industry, including us and may impact our business, financial condition, results of operations, cash flows and the trading price of our security. We are unable to predict whether such reforms may be enacted or their impact on our operations.

We are also impacted by the Medicare Access and CHIP Reauthorization Act, under which physicians must choose to participate in one of two payment formulas, Merit-Based Incentive Payment System, or MIPS, or Alternative
Payment Models, or APMs. Beginning in 2019, MIPS allows eligible physicians to receive upward or downward adjustments to their Medicare Part B payments based on certain quality and cost metrics, among other measures. As an alternative, physicians can choose to participate in an Advanced APM. Advanced APMs are exempt from the MIPS requirements, and physicians who are meaningful participants in APMs will receive bonus payments from Medicare pursuant to the law.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the number of individuals who qualify for health care coverage and amounts that federal and state governments and other third-party payers will pay for healthcare services, which could harm our business, financial condition and results of operations.

Our arrangements with health networks may be subject to governmental or regulatory scrutiny or challenge.

Some of our relationships with health networks involve risk arrangements, such as capitated payments designed to achieve alignment of financial incentives and to encourage close collaboration on clinical care for patients. Although we believe that our health network contracts involving capitated payments comply with the federal Anti-Kickback Statute and the Stark Law, we cannot assure you that regulators or other governmental entities will agree with our interpretation of these arrangements under applicable law. Our health network partnerships may be subject to scrutiny or investigation from time to time by regulators or other governmental entities, which may be lengthy, costly, and divert resources and our management’s attention from managing our business and growth. If our health network partnerships are challenged and found to violate the Anti-Kickback Statute or the Stark Law, we could incur substantial financial penalties, reimbursement denials, repayments or recoupments, or exclusion from participation in government healthcare programs, any of which could harm our business.

Evolving government regulations may increase costs or negatively impact our results of operations.

Our operations may be subject to direct and indirect adoption, expansion, revision or reinterpretation of various laws and regulations. In the event any such changes in law or interpretation impacts our services or contractual arrangements, we may be required to modify such services, or revise our arrangements, in a manner that undermines the attractiveness of services or may not preserve the same economics, or may be required to discontinue such arrangements. In each case, our revenue may decline and our business may be harmed. Compliance with changes in interpretation of and laws and regulations may require us to change our practices at an undeterminable and possibly significant initial and recurring monetary expense. These additional monetary expenditures may increase future overhead, which could harm our results of operations.

We have identified what we believe are areas of government regulation that, if changed, could be costly to us. These include: fraud, waste and abuse laws; rules governing the practice of medicine by providers; licensure standards for primary care providers and behavioral health professionals; laws limiting the corporate practice of medicine and professional fee splitting; tax laws and regulations applicable to our annual membership fees; cybersecurity and privacy laws; laws and rules relating to the distinction between independent contractors and employees (including recent developments in California that have expanded the scope of workers that are treated as employees instead of independent contractors); and tax and other laws encouraging employer-sponsored health insurance and group benefits. There could be laws and regulations applicable to our business that we have not identified or that, if changed, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us.

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

The corporate practice of medicine prohibition exists in some form, by statute, regulation, board of medicine or attorney general guidance, or case law, in certain of the states in which we operate. These laws generally prohibit the practice of medicine by lay persons or entities and are intended to prevent unlicensed persons or entities from interfering with or inappropriately influencing providers’ professional judgment. As a result, the One Medical PCs
that deliver health care services to our members are wholly owned by providers licensed in their respective states, including Andrew Diamond, M.D., Ph.D., 1Life’s Chief Medical Officer who oversees the operation of several of the One Medical PCs as the sole director and officer of a majority of the One Medical PCs. Under the administrative services agreements, or ASAs, between 1Life and each One Medical PC, we provide various administrative and operations support services in exchange for scheduled fees at the fair market value of our services provided to each One Medical PC. As a result, our ability to receive cash fees from the One Medical PCs is limited to the fair market value of the services provided under the ASAs. To the extent our ability to receive cash fees from the One Medical PCs is limited, our ability to use that cash for growth, debt service or other uses at the One Medical PC may be impaired and, as a result, our results of operations and financial condition may be adversely affected.

Our ability to perform medical and digital health services in a particular U.S. state is directly dependent upon the applicable laws governing the practice of medicine, healthcare delivery and fee splitting in such locations, which are subject to changing political, regulatory and other influences. The extent to which a U.S. state considers particular actions or contractual relationships to constitute the practice of medicine is subject to change and to evolving interpretations by medical boards and state attorneys general, among others, each of which has broad discretion. There is a risk that U.S. state authorities in some jurisdictions may find that our contractual relationships with the One Medical PCs, which govern the provision of medical and digital health services and the payment of administrative and operations support fees, violate laws prohibiting the corporate practice of medicine and fee splitting. Accordingly, we must monitor our compliance with laws in every jurisdiction in which we operate on an ongoing basis, and we cannot provide assurance that our activities and arrangements, if challenged, will be found to be in compliance with the law. Additionally, it is possible that the laws and rules governing the practice of medicine, including the provision of digital health services, and fee splitting in one or more jurisdictions may change in a manner adverse to our business. While the ASAs prohibit us from controlling, influencing or otherwise interfering with the practice of medicine at each One Medical PC, and provide that physicians retain exclusive control and responsibility for all aspects of the practice of medicine and the delivery of medical services, we cannot assure you that our contractual arrangements and activities with the One Medical PCs will be free from scrutiny from U.S. state authorities, and we cannot guarantee that subsequent interpretation of the corporate practice of medicine and fee splitting laws will not circumscribe our business operations. State corporate practice of medicine doctrines also often impose penalties on physicians themselves for aiding the corporate practice of medicine, which could discourage providers from participating in our network of physicians. If a successful legal challenge or an adverse change in relevant laws were to occur, and we were unable to adapt our business model accordingly, our operations in affected jurisdictions would be disrupted, which could harm our business.

Any material changes in our relationship with or among the One Medical PCs, whether resulting from a dispute among the entities, a challenge from a governmental regulator, a change in government regulation, or the loss of these relationships or contracts with the One Medical PCs, could impair our ability to provide services to our members and could harm our business. For example, our arrangements in place to help ensure an orderly succession of the owner or owners of the One Medical PCs upon the occurrence of certain events may be challenged, which may impact our relationship with the One Medical PCs and harm our business and results of operations. The ASAs and these succession arrangements could also subject us to additional scrutiny by federal and state regulatory bodies regarding federal and state fraud and abuse laws. Any scrutiny, investigation or litigation with regard to our arrangement with the One Medical PCs, and any resulting penalties, including monetary fines and restrictions on or mandated changes to our current business and operating arrangements, could harm our business.

Noncompliance with billing and documentation requirements could result in non-payment or subject us to billing or other compliance investigations by government authorities, private insurers or health network partners.

Payers typically have differing and complex billing and documentation requirements. If we fail to comply with these payer-specific requirements, we may not be paid for our services or payment may be substantially delayed or reduced. Moreover, federal and state laws, rules and regulations impose substantial penalties, including criminal and civil fines, monetary penalties, exclusion from participation in government healthcare programs and imprisonment, on entities or individuals (including any individual corporate officers or physicians deemed responsible) that fraudulently or wrongfully bill government-funded programs or other third-party payers for healthcare services. Both federal and state government agencies have heightened and coordinated civil and criminal enforcement efforts as part of numerous ongoing investigations of healthcare companies, as well as their executives and managers, with enforcement actions covering a variety of topics, including referral and billing practices. Further, the federal False
Claims Act and a growing number of state laws allow private parties to bring qui tam or “whistleblower” lawsuits against companies for false billing violations. Some of our activities could become the subject of governmental investigations or inquiries.

From time to time in the ordinary course of business, governmental agencies and private insurers also conduct audits of healthcare providers like us. Such audits could result in the incurrence of additional costs and diversion of management’s time and attention. In addition, such audits could trigger repayment demands based on findings that our services were not medically necessary, were billed at an improper level or otherwise violated applicable billing requirements. Our health network partners also conduct audits under their agreements with us, which audits can also result in disgorgement of fees paid to us under such agreements based on findings that our services were not performed in accordance with the applicable agreement or that we were otherwise not in compliance with any terms of the applicable agreement. Our failure to comply with rules related to billing or adverse findings from audits by our health network partners could result in, among other penalties, non-payment for services rendered or recoupments or refunds of amounts previously paid for such services. We cannot predict whether any future audits, inquiries or investigations, or the public disclosure of such matters, likely would negatively impact our business, financial condition, results of operations, cash flows and the trading price of our securities.

*Our use and disclosure of PII, including PHI, is subject to federal and state privacy and security regulations, and our failure to comply with those regulations or to adequately secure such information we hold could result in significant liability or reputational harm and, in turn, substantial harm to our health network partner and enterprise client base, membership base and revenue.*

We receive, collect, store, process and use personal information as part of our business. Numerous state and federal laws and regulations inside the United States govern the collection, dissemination, use, privacy, confidentiality, security, availability and integrity of PII including PHI. These laws and regulations include HIPAA, as amended by the HITECH Act, and its implementing regulations, as well as state privacy and data protection laws. HIPAA establishes a set of baseline national privacy and security standards for the protection of PHI, by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, which includes the One Medical PCs, and the business associates with whom such covered entities contract for services that involve the use or disclosure of PHI, which includes 1Life. States may enforce more stringent privacy and data protection laws exceeding the requirements of HIPAA.

Compliance with data protection laws and regulations in the United States could cause us to incur substantial costs or require us to change our business practices and compliance procedures in a manner adverse to our business. We strive to comply with applicable laws, regulations, policies and other legal obligations relating to privacy, data protection and information security. However, the various regulatory frameworks for privacy and data protection are, and are likely to remain, uncertain for the foreseeable future, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules and subject our business practices to uncertainty.

Penalties for violations of these laws vary. For example, penalties for violations of HIPAA and its implementing regulations are assessed at varying rates per violation, subject to a statutory cap for violations of the same standard in a single calendar year. Such penalties may be subject to periodic adjustments. However, a single breach incident can result in violations of multiple standards, which could result in significant fines. HIPAA also authorizes state attorneys general to file suit on behalf of their residents. Courts may award damages, costs and attorneys’ fees related to violations of HIPAA in such cases, which may be significant. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI. Any such penalties or lawsuits could harm our business, financial condition, results of operations and prospects.

In addition, HIPAA mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities or business associates for compliance with the HIPAA Privacy and Security Standards and Breach Notification Rule. It also tasks HHS with establishing a methodology whereby harmed individuals who were the victims of breaches of unsecured PHI may receive a percentage of the civil monetary penalty fine or settlement paid by the violator.
HIPAA further requires that patients be notified of any unauthorized acquisition, access, use or disclosure of their unsecured PHI that compromises the privacy or security of such information, with certain exceptions related to unintentional or inadvertent use or disclosure by employees or authorized individuals or where there is a good faith belief that the person who received the impermissible disclosure would not have been able to retain the information. HIPAA specifies that such notifications must be made “without unreasonable delay and in no case later than 60 calendar days after discovery of the breach.” If a breach affects 500 patients or more, it must be reported to HHS without unreasonable delay, and HHS will post the name of the breaching entity on its public web site. Breaches affecting 500 patients or more in the same state or jurisdiction must also be reported to the local media. If a breach involves fewer than 500 people, the covered entity must record it in a log and notify HHS at least annually. Any such notifications, including notifications to the public, could harm our business, financial condition, results of operations and prospects.

Numerous other federal and state laws protect the confidentiality, privacy, availability, integrity and security of personal information, including health information. For example, various states, such as California and Massachusetts, have implemented privacy laws and regulations that in many cases are more restrictive than, and may not be preempted by, the HIPAA rules and may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for us and our health network partners and enterprise clients and potentially exposing us to additional expense, adverse publicity and liability. The cost of compliance could be significant and require investments to enhance our technology and security infrastructure.

If our security measures, some of which are managed by third parties, are breached or fail, and unauthorized access to personal information or PHI occurs, our reputation could be severely damaged, harming member, client and partner confidence and may result in members curtailing their use of our services. In addition, we could face litigation, significant damages for contract breach, significant penalties and regulatory actions for violation of HIPAA and other applicable laws or regulations and significant costs for remediation, notification to individuals and the public and measures to prevent future occurrences. Any potential security breach could also result in increased costs associated with liability for stolen assets or information, repairing system damage that may have been caused by such breaches, remediation offered to employees, contractors, health network partners, enterprise clients or members in an effort to maintain our business relationships after a breach and implementing measures to prevent future occurrences, including organizational changes, deploying additional personnel and protection technologies, training employees and engaging third-party experts and consultants.

We outsource important aspects of the storage and transmission of personal information and PHI, and thus rely on third parties to manage functions that have material cybersecurity risks. We require our vendors who handle personal information and PHI to sign information protection addenda and business associate agreements to contractually commit to safeguarding personal information and PHI, to the same extent that applies to us and require such vendors to undergo security examinations. In addition, we periodically hire third-party security experts to assess and test our security posture. However, we cannot assure that these contractual measures and other safeguards will adequately protect us from the risks associated with the storage and transmission of employees’, contractors’, patients’ and members’ personal information and PHI. Any violation of applicable laws, regulations or policies by these parties, including violations that cause us to incur significant liability and put sensitive data at risk, could in turn harm our business.

We also publish statements to our members that describe how we handle and protect personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, we may be subject to claims of misrepresentation and/or deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, significant costs of responding to investigations, defending against litigation, settling claims and complying with regulatory or court orders.

As public and regulatory focus on privacy issues continues to increase, we expect that there will continue to be new laws, regulations and industry standards concerning privacy, data protection and information security. For example, California’s Consumer Privacy Act of 2018, or the CCPA, which affords consumers expanded privacy protections went into effect on January 1, 2020, which compliance obligations will be expanded by the California Privacy Right Act, or the CPRA, approved by California voters in November 2020 and expected to go into effect on January 1, 2023. The potential effects of the CCPA and CPRA are far-reaching and will require us to modify our data processing practices and policies and to incur substantial costs and expenses to comply. Further, obligations under
new laws and regulations may not be clear, creating uncertainty and risk despite our efforts to comply. If we do not comply with existing or new laws, regulations and industry standards related to privacy, data protection and information security, we could be subject to regulatory enforcement, litigation, contract breach claims as well as reputational harm.

Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of our members’ data content, or regarding the manner in which the express or implied consent for the collection, use, retention or disclosure of such data is obtained, could increase our costs to comply and require us to modify our services and features, possibly in a material manner, which we may be unable to complete and may limit our ability to store and process member data, optimize our operations or develop new services and features. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

 Individuals may claim our call and text messaging services are not compliant with applicable law, including the Telephone Consumer Protection Act.

We call and send short message service, or SMS, text messages to members and potential members who are eligible to use our service. While we obtain consent from these individuals to call and send text messages, federal or state regulatory authorities or private litigants may claim that the notices and disclosures we provide, form of consents we obtain or our call and SMS texting practices are not adequate to comply with, or violate applicable law, including the Telephone Consumer Protection Act, or TCPA. These call and SMS texting campaigns are potential sources of risk for class action lawsuits and liability for our company. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct call and SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. While we strive to adhere to strict policies and procedures, the Federal Communications Commission, as the agency that implements and enforces the TCPA, may disagree with our interpretation of the TCPA and subject us to penalties and other consequences for noncompliance. Determination by a court or regulatory agency that our call or SMS text messaging violate the TCPA could subject us to civil penalties, could require us to change some portions of our business and could otherwise harm our business. Even an unsuccessful challenge by members, consumers or regulatory authorities of our activities could result in adverse publicity and could require a costly response from and defense by us.

Risks Related to Information Technology

 We rely on internet infrastructure, bandwidth providers, other third parties and our own systems to provide a proprietary services platform to our members and providers, and any failure or interruption in the services provided by these third parties or our own systems could expose us to liability and hurt our reputation and relationships with members and clients.

Our ability to maintain our proprietary services platform, including our digital health services, is dependent on the development and maintenance of the infrastructure of the internet and other telecommunications services by third parties, including bandwidth and telecommunications equipment providers. This includes maintenance of a reliable network connection with the necessary speed, data capacity and security for providing reliable internet access and services and reliable telephone and facsimile services. We exercise limited control over these third party providers.

Our platform is designed to operate without perceptible interruption in accordance with our service level commitments. We have, however, experienced limited interruptions in these systems in the past, including server failures that temporarily slowed down or diminished the performance of our platform, and we may experience similar or more significant interruptions in the future. We do not currently maintain redundant systems or facilities for some of these services. Interruptions to third party systems or services, whether due to system failures, cyber incidents (the risk of which has been higher due to the significant increase in remote work across the technology industry as a result of the COVID-19 pandemic and related shelter-in-place orders), physical or electronic break-ins or other events, could affect the security or availability of our platform or services and prevent or inhibit the ability of our members or providers to access our platform or services. In the event of a catastrophic event with respect to one or more of these
systems or facilities, we may experience an extended period of system unavailability, which could result in substantial costs to remedy those problems or harm our relationship with our members and our business.

Additionally, any disruption in the network access, telecommunications or co-location services provided by third-party providers or any failure of or by third-party providers’ systems or our own systems to handle current or higher volumes of use could significantly harm our business. The reliability and performance of our third-party providers’ systems and services may be harmed by increased usage or by denial-of-service attacks or related cyber incidents, which has increased due to more opportunities created by remote work necessitated by the COVID-19 pandemic and related shelter-in-place orders. Any errors, failures, interruptions or delays experienced in connection with these third-party services or our own systems could hurt our ability to deliver our services platform and damage our relationships with health network partners, enterprise clients and members and expose us to third-party liabilities, which could in turn harm our competitive position, business, financial condition, results of operations and prospects.

We rely on third-party vendors to host and maintain our technology platform.

We rely on third-party vendors to host and maintain our technology platform. Our ability to operate our business is dependent on maintaining our relationships with third-party vendors and entering into new relationships to meet the changing needs of our business. Any deterioration in our relationships with such vendors or our failure to enter into agreements with vendors in the future could significantly disrupt our operations or hinder our ability to execute our growth strategies. Because we rely on certain vendors to store and process our data, it is possible that, despite precautions taken at our vendors’ facilities, the occurrence of a natural disaster, cyber incident, decision to close the facilities without adequate notice or other unanticipated problems could result in our non-compliance with privacy laws and regulations, loss of proprietary information, personal information, and other confidential information, and disruption to our technology platform. These service interruptions could also cause our platform to be unavailable to our health network partners, enterprise clients and members, and impair our ability to deliver services and negatively impact our relationships with new and existing health network partners, enterprise clients and members.

Some of our vendor agreements may be unilaterally terminated by the vendor for convenience, including with respect to Amazon Web Services, and if such agreements are terminated, we may not be able to enter into similar relationships with third-party vendors in the future on reasonable terms or at all. We may also incur substantial costs, delays and disruptions to our business in transitioning such services to ourselves or other third-party vendors. In addition, third-party vendors may not be able to provide the services required in order to meet the changing needs of our business. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

If our or our vendors’ security measures fail or are breached and unauthorized access to our employees’, contractors’, members’, clients’ or partners’ data is obtained, our services may be perceived as insecure, we may incur significant liabilities, including through private litigation or regulatory action, our reputation may be harmed, and we could lose members, clients and partners.

Our services and operations involve the storage and transmission of confidential and sensitive data, including the personal information (including health information) of employees, contractors, clients, partners, members and others. Because of the sensitivity of the information we store and transmit, the security features of our and our third-party vendors’ computer, network, and communications systems infrastructure are critical to the success of our business. A breach or failure of our or our third-party vendors’ security measures could result from a variety of circumstances and events, including third-party action, employee negligence or error, malfeasance, computer viruses, cyber-attacks by computer hackers, failures during the process of upgrading or replacing software and databases, power outages, hardware failures, telecommunication failures, user errors, or catastrophic events. Some cybersecurity or other breach incidents may remain undetected for an extended period of time.

Information security risks have generally increased in recent years because of the proliferation of new technologies and the increased number, sophistication and activities of perpetrators of cyber-attacks. Because techniques used to obtain unauthorized access to or sabotage systems change frequently and generally are not recognized until launched, we or our third-party vendors may be unable to anticipate these techniques or to implement adequate preventive measures. The risk of cyber-attacks is heightened during the COVID-19 pandemic as we and our vendors move to remote work which poses more vulnerabilities susceptible to exploitation. As cyber threats continue
to evolve, we may be required to expend additional resources to further enhance our information security measures and/or to investigate and remediate any information security vulnerabilities. If our or our third-party vendors’ security measures fail or are breached, it could result in unauthorized access to sensitive confidential information and personal information (including health information), a loss of or damage to our data, an inability to access data sources, or process data or provide our services. Such failures or breaches of our or our third-party vendors’ security measures, or our or our third-party vendors’ inability to effectively resolve such failures or breaches in a timely manner, could severely damage our reputation, adversely impact customer, partner, member or investor confidence in us, and reduce the demand for our services. In addition, we could face litigation, significant damages for contract breach or other breaches of law, significant monetary penalties, or regulatory actions for violation of applicable laws or regulations, and incur significant costs for remedial or preventative measures. Although we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident. If an actual or perceived breach of our or our third-party vendors’ security occurs, or if we or our third-party vendors are unable to effectively resolve a breach in a timely manner, we could lose current and potential members, partners and clients, which could harm our business, results of operations, financial condition and prospects.

Our proprietary technology platform may not operate properly, which could damage our reputation, subject us to claims or require us to divert application of our resources from other purposes, any of which could harm our business and growth.

Our proprietary technology platform provides members with the ability to, among other things, register for our services, request a visit (either scheduled or on demand) and communicate and interact with providers, and allows our providers to, among other things, chart patient notes, maintain medical records, and conduct visits (via video, phone or the internet). Proprietary software development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our proprietary software from operating properly. Due to the COVID-19 pandemic, use of virtual care, including remote visits, has increased, which places a heavier demand on our technology platform and may cause performance levels to deteriorate. In addition, we are quickly introducing new features and functions within our technology platform to meet the needs of our members and providers during the COVID-19 pandemic. These features and functions may contain bugs or errors that could impact usability as well as technology and clinical operations. We continue to implement software with respect to a number of new applications and services. The operation of our technology also depends in part on the performance of third-party service providers. If our technology platform does not function reliably or fails to achieve member, provider, partner or client expectations in terms of performance, we may be required to divert resources allocated for other business purposes to address these issues, may suffer reputational harm, lose or fail to grow member usage, fail to retain or grow provider talent, members, partners and clients, and may be subject to liability claims.

The information that we provide to our health network partners, enterprise clients and members could be inaccurate or incomplete, which could harm our business, financial condition and results of operations.

We provide healthcare-related information for use by our health network partners, enterprise clients and members. Because data in the healthcare industry is fragmented in origin, inconsistent in format and often incomplete, the overall quality of data in the healthcare industry is poor, and we frequently discover data issues and errors. If the data that we provide to our health network partners, enterprise clients and members is incorrect or incomplete or if we make mistakes in the capture or input of this data, our reputation may suffer and our ability to attract and retain health network partners, enterprise clients and members may be harmed. In addition, a court or government agency may take the position that our storage and display of health information exposes us to personal injury liability or other liability for wrongful delivery or handling of healthcare services or erroneous health information, which could harm our business, financial condition and results of operations.
If we cannot implement or optimize our technology solutions for members, integrate our systems with health network partners or resolve technical issues in a timely manner, we may lose clients and partners and our reputation may be harmed.

Our health network partners utilize a variety of data formats, applications, systems and infrastructure. Moreover, each health network partner may have a unique technology ecosystem and infrastructure. To maintain our strategic relationships with such partners, our services must be seamlessly integrated and interoperable with our partners’ complex systems, which may cause us to incur significant upfront and maintenance costs. Additionally, we do not control our partners’ integration schedules. As a result, if our partners do not allocate the internal resources necessary to meet their integration responsibilities, which resources can be significant as many of them are large healthcare institutions with substantial operations to manage, or if we face unanticipated integration difficulties, the integration may be delayed. In addition, competitors with more efficient operating models with lower integration costs could jeopardize our partner relationships. If the integration process with our partners is not executed successfully or if execution is delayed, we could incur significant costs, partners could become dissatisfied and decide not to continue a strategic contractual relationship with us beyond an initial period during their term commitment or, in some cases, revenue recognition could be delayed, any of which could harm our business and results of operations.

Our members depend on our digital health platform, including our mobile app, web portal, and support services to access on-demand digital health services or schedule in-office visits. We may be unable to quickly accommodate increases in member technology usage, particularly as we increase the size of our membership base and as the COVID-19 pandemic drives more member demand for our digital health services and virtual care. We also may be unable to modify the format of our technology solutions and support services to compete with developments from our competitors. If we are unable to further develop and enhance our technology solutions or maintain effective technical support services to address members’ needs or preferences in a timely fashion, our members, clients and partners may become dissatisfied, which could damage our ability to maintain or expand our membership and business. While any refunds or credits we have issued historically have not had a significant impact on net revenue, we cannot assure you as to whether we may need to issue additional refunds or credits for membership fees in the future as a result of member or client dissatisfaction. For example, our members expect on-demand healthcare services through our mobile app and rapid in-office visit scheduling. Failure to maintain these standards or negative publicity related to our technology solutions, regardless of its accuracy, may reduce our overall NPS, harm our reputation and cause us to lose current or potential members, enterprise clients or partners. In addition, our enterprise clients expect our technology solutions to facilitate long-term cost of care reductions through high employee digital engagement, which we market as potential benefits for employers in providing employees with One Medical memberships. If employers do not perceive our solutions and services as providing such efficiencies and cost savings, they may terminate their contracts with us or elect not to renew. Any such outcomes could also negatively affect our ability to contract with new enterprise clients through damage to our reputation. If any of these were to occur, our revenue may decline and our business, results of operations, financial condition and prospects could be harmed.

**Risks Related to Taxation**

Certain U.S. state tax authorities may assert that we have a state nexus and seek to impose state and local income taxes which could harm our results of operations.

As of December 31, 2020, we are qualified to operate in, and file income tax returns in, 12 states as well as Washington, D.C. There is a risk that certain state tax authorities where we do not currently file a state income tax return could assert that we are liable for state and local income taxes based upon income or gross receipts allocable to such states. States are becoming increasingly aggressive in asserting a nexus for state income tax purposes. We could be subject to state and local taxation, including penalties and interest attributable to prior periods, if a state tax authority successfully asserts that our activities give rise to a nexus. Such tax assessments, penalties and interest may adversely impact our results of operations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, to offset future taxable income. A Section 382 “ownership change” generally occurs if one or more
stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. As of December 31, 2020, we have $398.1 million of federal net operating loss carryforwards and $465.2 million of state and local net operating loss carryforwards. The federal net operating loss carryforwards of $261.4 million arising after 2017 carry forward indefinitely, but the deduction for these carryforwards is limited to 80% of post-2020 current-year taxable income. The federal net operating loss carryforwards of $136.7 million from prior years will begin to expire in 2025. The state and local net operating loss carryforwards begin to expire in 2024. The Company has identified $25.2 million and $31.7 million of the above federal and state net operating losses, respectively, in the PCs that will expire unused due to prior ownership changes. In addition, future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code, further limiting our ability to utilize NOLs arising prior to such ownership change in the future. There is also a risk that due to statutory or regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. We have recorded a full valuation allowance against the deferred tax assets attributable to our NOLs.

**Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use or similar taxes for our membership and enterprise offerings which could negatively impact our results of operations.**

We do not collect sales and use and similar taxes in any states for our membership and enterprise offerings based on our belief that our services are not subject to such taxes in any state. Sales and use and similar tax laws and rates vary greatly from state to state. Certain states in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest with respect to past services, and we may be required to collect such taxes for services in the future. For example, the State of New York audited our sales and use tax records from March 2011 through February 2017 and issued a determination that we owe back taxes, penalties and interest. While we are disputing the results of the audit, we may not be successful, in which case we may be required to make payments in tax assessments, penalties or interest, and may be required to collect sales and use taxes in the future. Such tax assessments, penalties and interest or future requirements may negatively impact our results of operations.

**Risks Related to Our Intellectual Property**

*If we are unable to obtain, maintain and enforce intellectual property protection for our business assets or if the scope of our intellectual property protection is not sufficiently broad, others may be able to develop and commercialize technology and solutions substantially similar to ours, and our ability to conduct business may be compromised.*

Our business depends on proprietary technology and other business assets, including software, processes, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of trademark, trade-secret and copyright laws, confidentiality policies and procedures, cybersecurity practices and contractual provisions to protect our intellectual property. We do not currently own any issued patents. Third parties, including our competitors, may have or obtain patents relating to technologies that overlap or compete with our technology, which they may assert against us to seek licensing fees or preclude the use of our technology.

We may, over time, increase our investment in protecting our intellectual property through additional trademark, patent, copyright and other intellectual property filings, which could be expensive and time-consuming. While our operations are currently based in the United States, we may also be required to protect our intellectual property in foreign jurisdictions, a process that can be prolonged and costly, and one that we may choose not pursue in every instance. We may not be able to obtain protection for our technology and even if we are successful, it is expensive to maintain intellectual property rights and the costs of defending our rights could be substantial. Moreover, these measures may not be sufficient to offer us meaningful protection or provide us with any competitive advantage. Furthermore, changes to U.S. intellectual property laws may jeopardize the enforceability and validity of our intellectual property portfolio and harm our ability to obtain patent protection of certain inventions.
If we are unable to adequately protect our intellectual property and other proprietary rights, our competitive position and our business could be harmed, as competitors may be able to commercialize similar offerings without having incurred the development and licensing costs that we have incurred. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed, misappropriated or violated, our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties, which could result in costly redesign efforts, business disruptions, discontinuance of some of our offerings or other competitive harm.

We may become involved in lawsuits to protect or enforce or defend our intellectual property rights, which could be expensive, time consuming and unsuccessful.

Third parties, including our competitors, could infringe, misappropriate or otherwise violate our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly. From time to time, we seek to analyze our competitors’ solutions and services, and may in the future seek to enforce our rights against potential infringement, misappropriation or violation of our intellectual property. However, the steps we have taken to protect our proprietary rights may not be adequate to enforce our rights as against such infringement, misappropriation or violation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to meaningfully enforce our intellectual property rights could harm our ability to compete and reduce demand for our services.

In recent years, companies are increasingly bringing and becoming subject to lawsuits and proceedings alleging infringement, misappropriation or violation of intellectual property rights, particularly patent rights. Our competitors and other third parties may hold patents or other intellectual property rights, which could be related to our business. We expect that we may receive in the future notices that claim we or our partners, clients or members using our solutions and services have misappropriated or misused other parties’ intellectual property rights, particularly as the number of competitors in our market grows and the functionality of applications amongst competitors overlaps. If we are found to infringe, misappropriate or violate another party’s intellectual property rights, we could be prohibited, including by court order, from further use of the intellectual property asset or be required to obtain a license from such third party to continue commercializing or using such technologies, solutions or services, which may not be available on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. Accordingly, we may be forced to design around such violated intellectual property, which may be expensive, time-consuming or infeasible. In addition, we could be found liable for significant monetary damages, including treble damages and attorneys’ fees, if we are found to have willfully infringed a patent or other intellectual property right. Claims that we have misappropriated the confidential information or trade secrets of third parties could similarly harm our business. Any adverse outcome in such cases could affect our competitive position, business, financial condition, results of operations and prospects.

Litigation or other legal proceedings relating to intellectual property claims, regardless of merits and even if resolved in our favor, can be expensive, time consuming, and resource intensive. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or other business activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of intellectual property proceedings could harm our ability to compete in the marketplace. In addition, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.
If we fail to comply with our license obligations, if our license rights are challenged, or if we cannot license rights to use technologies on reasonable terms, we may experience business disruption, increased costs, or inability to commercialize certain services.

We license certain intellectual property, including technologies and software from third parties, that are important to our business. In the future we may need to enter into additional agreements that provide us with licenses and rights to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could disrupt or prevent us from providing our services, or adversely impact our ability to commercialize future solutions and services. In addition, our rights to certain technologies are licensed to us on a non-exclusive basis. The owners of these non-exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Our licensors may also own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor’s rights. In addition, the agreements under which we license intellectual property or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement.

Moreover, the licensing or acquisition of third-party intellectual property rights is a competitive area, and established companies may have a competitive advantage over us due to their size, capital resources and greater development or commercialization capabilities. Companies that perceive us to be a competitor may also be unwilling to license or grant rights to us. Even if such licenses are available, we may be required to pay the licensor substantial fees or royalties. Such fees or royalties will become a cost of our operations and may affect our margins. If we are unable to obtain licenses on acceptable terms or at all, if any licenses are subsequently terminated, if our licensors fail to abide by the terms of the licenses, if our licensors fail to prevent infringement by third parties, or if the licensed intellectual property rights are found to be invalid or unenforceable, we could be restricted from commercializing our solutions and services and may be required to incur substantial costs to develop alternatives. Any of the foregoing could harm our business, financial condition, results of operations, and prospects.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our competitive position may be harmed.

The registered or unregistered trademarks or trade names that we own may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with the public. In addition, third parties have filed, and may in the future file, for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to develop brand recognition of our services. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. If we are unable to establish or protect our trademarks and trade names, or if we are unable to build name recognition based on our trademarks and trade names, we may not be able to compete effectively, which could harm our competitive position, business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

We rely heavily on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, and other proprietary information, including our technology platform, and to maintain our competitive position. With respect to our technology platform, we consider trade secrets and know-how to be one of our primary sources of intellectual property. However, trade secrets and know-how can be difficult to protect. We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, contractors, consultants, advisors, clients,
prospects, partners, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary information. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets are misappropriated, improperly disclosed, or independently developed by a competitor or other third party, it could harm our competitive position, business, financial condition, results of operations, and prospects.

*)We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.*

Many of our employees, consultants, and advisors are currently or were previously employed at other companies in our field, including our competitors or potential competitors. Although we try to ensure that our employees, consultants, and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual’s current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

*)Our use of open source software could compromise our ability to offer our services and subject us to possible litigation.*

We use open source software in connection with our solutions and services. Companies that incorporate open source software into their solutions have, from time to time, faced claims challenging the use of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Some open source software licenses require users who distribute software containing open source software to publicly disclose all or part of the source code to the licensee’s software that incorporates, links or uses such open source software, and make available to third parties for no cost, any derivative works of the open source code created by the licensee, which could include the licensee’s own valuable proprietary code. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. There is little legal precedent in this area and any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of contract could harm our business and could help third parties, including our competitors, develop solutions and services that are similar to or better than ours. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.
Risks Related to Ownership of Our Common Stock

Our stock price may be volatile, and the value of our common stock may decline.

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control or are related in complex ways, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- variance in our financial performance from expectations of securities analysts or investors;
- changes in the pricing we offer our members;
- changes in our projected operating and financial results;
- the impact of COVID-19 on our financial performance, financial condition and results of operations, and the financial performance and financial condition of our health network partners, on our payers, our enterprise clients and others;
- the impact of protests and civil unrest;
- our relationships with our health network partners and any changes to or terminations of our contracts with the health network partners;
- changes in laws or regulations applicable to our industry and our solutions and services;
- announcements by us or our competitors of significant business developments, acquisitions, or new offerings;
- publicity associated with issues with our services and technology platform;
- our involvement in litigation, including medical malpractice claims and consumer class action claims;
- any governmental investigations or inquiries into our business and operations or challenges to our relationships with the One Medical PCs under the ASAs or to our relationships with health network partners;
- future sales of our common stock or other securities, by us or our stockholders;
- changes in senior management or key personnel;
- developments or disputes concerning our intellectual property or other proprietary rights, including allegations that we have infringed, misappropriated or otherwise violated any intellectual property of any third party;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- actual or anticipated developments in our business, our competitors’ businesses or the competitive landscape generally, including competition or perceived competition from well-known and established companies or entities;
- the trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market;
- rates of unemployment; and
- general economic, regulatory, and market conditions, including economic recessions or slowdowns.

Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, may negatively impact the market price of our common stock. In addition, given the relatively small public float of shares of our common stock on The Nasdaq Global Select Market, or Nasdaq, the trading market for our shares may be subject to increased volatility. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us, because companies reliant on technology solutions have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management’s attention and resources, which could harm our business.
As a result of being a public company, we are obligated to maintain proper and effective internal control over financial reporting and any failure to maintain the adequacy of these internal controls may negatively impact investor confidence in our company and, as a result, the value of our common stock.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of The Nasdaq Global Select Market. In particular, we are required pursuant to Section 404 of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the SEC following the date we are no longer an emerging growth company.

In 2019, we identified material weaknesses in our internal control over financial reporting resulting from an ineffective risk assessment process, which led to improperly designed controls. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, as a result of the ineffective risk assessment, we identified the following material weaknesses as we did not effectively design, implement and maintain: (i) adequate controls over the accounting for significant and unusual transactions (ii) adequate controls to address segregation of duties and (iii) adequate information technology general controls including the following: program change management, user access, computer operations controls and program development.

We remediated the material weakness related to segregation of duties as of September 30, 2020 and the material weaknesses related to accounting for significant and unusual transactions and information technology general controls as of December 31, 2020. However, the remediation of these material weaknesses does not provide assurance that our remediated controls will continue to operate properly or that our financial statements will be free from error.

We cannot assure you that the measures we have taken will be sufficient to avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business and we may discover weaknesses in our disclosure controls and internal control over financial reporting in the future. Any failure to develop or maintain effective internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. Accordingly, there could be a possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities and our access to the capital markets could be restricted in the future.

A significant portion of our total outstanding common stock may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly.

In addition, we filed a registration statement on Form S-8 registering the issuance of approximately 47.7 million shares of common stock subject to options or other equity awards issued or reserved for future issuance under our equity incentive plans. Shares registered under this registration statement on Form S-8 will be available for sale in the public market subject to vesting arrangements and exercise of options and, in the case of our affiliates, the restrictions of Rule 144.

Certain holders of our common stock and warrants to purchase common stock, or their transferees, also have rights, subject to some conditions, to require us to file one or more registration statements covering their shares or to
include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register the resale of these shares, they could be freely sold in the public market without limitation. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

**Concentration of ownership of our common stock among our executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.**

Certain stockholders, including our executive officers, directors and holders of greater than 5% of our common stock outstanding, will continue to own a large portion of our outstanding common stock. These stockholders, acting together, will be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of this group of stockholders may not coincide with the interests of other stockholders.

**If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, our common stock price and trading volume could decline.**

Our stock price and trading volume will be heavily influenced by the way analysts and investors interpret our financial information and other disclosures. If securities or industry analysts do not publish research or reports about our business, delay publishing reports about our business or publish negative reports about our business, regardless of accuracy, or cease covering us, our common stock price and trading volume could decline.

Even if our common stock is actively covered by analysts, we do not have any control over the analysts or the measures that analysts or investors may rely upon to forecast our future results. Over-reliance by analysts or investors on any particular metric to forecast our future results may result in forecasts that differ significantly from our own. Regardless of accuracy, unfavorable interpretations of our financial information and other public disclosures could have a negative impact on our stock price. If our financial performance fails to meet analyst estimates, for any of the reasons discussed above or otherwise, or one or more of the analysts who cover us downgrade our common stock or change their opinion of our common stock, our stock price would likely decline.

**We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.**

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and may be restricted by the terms of any outstanding debt obligations. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

**We are an emerging growth company and our compliance with the reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.**

We are an emerging growth company, as defined in the JOBS Act, and we expect to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including the auditor attestation requirements of Section 404 reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved and extended adoption period for accounting pronouncements. We cannot predict whether investors will find our common stock less attractive as a result of our reliance on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.
We incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we incur significant legal, accounting, and other expenses that we did not incur as a private company. We expect such expenses to further increase after we are no longer an emerging growth company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Furthermore, the senior members of our management team do not have significant experience with operating a public company. As a result, our management and other personnel will have to devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the timing of such costs. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management.

Anti-takeover provisions in our charter documents, under Delaware law and under the indenture governing our 2025 Notes could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- provide for a classified board of directors whose members serve staggered terms;
- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- require that any action to be taken by our stockholders be affected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, or our chief executive officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of the holders of at least 66 2/3% of our outstanding shares of common stock;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum; and
- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of common stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. Furthermore, the indenture governing our 2025 Notes requires us to repurchase
such notes for cash if we undergo certain fundamental changes and, in certain circumstances, to increase the conversion rate for a holder of our 2025 Notes. A takeover of us may trigger the requirement that we purchase our 2025 Notes and/or increase the conversion rate, which could make it more costly for a potential acquiror to engage in a business combination transaction with us. Any delay or prevention of a change of control transaction or changes in our management could cause the market price of our common stock to decline.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware or, under certain circumstances, the federal district courts of the United States of America will be the exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

These provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any claim for which the federal district courts of the United States of America have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims.

Our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation described in the preceding sentences.

To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business.
Risks Related to Our Outstanding Notes

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2025 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Regulatory actions and other events may adversely impact the trading price and liquidity of the 2025 Notes.

We expect that many investors in, and potential purchasers of, the 2025 Notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors would typically implement such a strategy by selling short the common stock underlying the 2025 Notes and dynamically adjusting their short position while continuing to hold the notes. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely impact the trading price and the liquidity of our 2025 Notes.

We may not have the ability to raise the funds necessary to settle conversions of the 2025 Notes in cash or to repurchase the notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the 2025 Notes.

Subject to limited exceptions, holders of the 2025 Notes will have the right to require us to repurchase all or a portion of their 2025 Notes upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest, if any, as described under Note 12 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. In addition, upon conversion of the 2025 Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2025 Notes being converted as described under Note 12 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of 2025 Notes surrendered therefor or 2025 Notes being converted. In addition, our ability to repurchase the 2025 Notes or to pay cash upon conversions of the 2025 Notes may be limited by law, by regulatory authority or by agreements governing our existing or future indebtedness. Our failure to repurchase 2025 Notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the 2025 Notes as required by the indenture would constitute a default under the indenture governing the 2025 Notes. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2025 Notes or make cash payments upon conversions thereof.
The conditional conversion feature of the 2025 Notes, if triggered, may adversely impact our financial condition and operating results.

In the event the conditional conversion feature of the 2025 Notes is triggered, holders of 2025 Notes will be entitled to convert the 2025 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2025 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely impact our liquidity. In addition, even if holders do not elect to convert their 2025 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes as a current rather than long-term liability, which would result in a significant reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the 2025 Notes, could have a material effect on our reported financial results.

Under ASC Topic 470-20, “Debt with conversion and other options” (“ASC 470-20”), an entity must separately account for the liability and equity components of the convertible debt instruments (such as the 2025 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the 2025 Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our consolidated balance sheet at issuance, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the 2025 Notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the 2025 Notes to their face amount over the term of the 2025 Notes. We will report larger net losses or lower net income in our financial results because ASC 470-20 will require interest to include both the current period’s amortization of the debt discount and the instrument’s non-convertible coupon interest rate, which could adversely impact our reported or future financial results, the trading price of our common stock and the trading price of the 2025 Notes.

Accounting standards in the future will result in changes to the current ASC 470-20 accounting model. The Financial Accounting Standards Board issued an accounting standard update that eliminates the liability and equity component separation model for convertible debt instruments with a cash conversion feature. Among other potential impacts, this change is expected to reduce reported interest expense, increase reported net income or lower net loss and result in a reclassification of certain balance sheet amounts from stockholders' equity to liabilities as it relates to the Notes.
Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our headquarters are located in San Francisco, California and consist of approximately 60,874 square feet of leased space. Our lease on this space expires on July 31, 2029. As of December 31, 2020, we lease an additional combined 423,911 square feet of clinical space for the One Medical PCs pursuant to our ASAs. We believe that our headquarters and other offices are adequate for our immediate needs and that additional or substitute space is available if needed to accommodate growth and expansion.

Item 3. Legal Proceedings.

We are currently involved in, and may in the future become involved in, legal proceedings, claims and investigations in the ordinary course of our business, including medical malpractice and consumer claims. Although the results of these legal proceedings, claims and investigations cannot be predicted with certainty, we do not believe that the final outcome of any matters that we are currently involved in are reasonably likely to have a material adverse effect on our business, financial condition or results of operations. Regardless of final outcomes, however, any such proceedings, claims, and investigations may nonetheless impose a significant burden on management and employees and be costly to defend, with unfavorable preliminary or interim rulings.

Please see Note 19, “Commitments and Contingencies” to our consolidated financial statements in Part IV, Item 15 of this Annual Report on Form 10-K for a discussion of our legal proceedings.

Item 4. Mine Safety Disclosures.

Not applicable.
PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock has been listed on the Nasdaq Global Select Market under the symbol “ONEM” since January 31, 2020. Prior to that, there was no public trading market for our common stock.

Holders of Record

As of the close of business on February 26, 2021, there were approximately 100 stockholders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid cash dividends on our capital stock and do not intend to declare or pay any cash dividends on our capital stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our future ability to pay cash dividends on our capital stock may be limited by the terms of any future debt or preferred securities.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item will be set forth in the Proxy Statement and is incorporated into this Annual Report on Form 10-K by reference.
Stock Performance Graph

The following graph compares the 11-month total stockholder return on our common stock with the comparable cumulative returns of the Standard & Poor’s 500 Stock Index (“S&P 500”) and the S&P Health Care Index (“S&P Health Care”). This graph assumes that on January 31, 2020, the initial trading day of our common stock on Nasdaq, $100 was invested in our common stock and in each of the other two indices and assumes the reinvestment of any dividends. However, no dividends have been declared on our common stock to date. The stock price performance on the following graph represents past performance and is not necessarily indicative of possible future stock price performance.

**COMPARISON OF 11 MONTH CUMULATIVE TOTAL RETURN (1)**
Among 1Life Healthcare Inc, the S&P 500 Index and the S&P Health Care Index

The information above shall not be deemed “soliciting material” or to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that section, and shall not be incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, regardless of any general incorporation language in those filings.
Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Use of Proceeds from Registered Securities

On January 30, 2020, our registration statement on Form S-1 (File No. 333-235792) relating to the initial public offering of our common stock was declared effective by the SEC. Pursuant to such registration statement, we issued and sold an aggregate of 20,125,000 shares of our common stock at a price of $14.00 per share for aggregate cash proceeds of approximately $258.2 million, net of underwriting discounts and commissions and offering costs, which includes the full exercise by the underwriters of their option to purchase additional shares of common stock. No payments for offering expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities or (iii) any of our affiliates. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC acted as joint-bookrunning managers for the offering.

There has been no material change in the expected use of the net proceeds from our initial public offering, as described in our final prospectus filed with the SEC on February 3, 2020 pursuant to Rule 424(b) under the Securities Act of 1933, as amended.

The following selected consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and with the consolidated financial statements and notes thereto, which are included elsewhere in this Annual Report on Form 10-K. The consolidated statements of operations data for the years ended December 31, 2020, 2019 and 2018 and the consolidated balance sheets data as of December 31, 2020 and 2019 are derived from the audited consolidated financial statements that are included elsewhere in this Annual Report on Form 10-K. The consolidated statement of operations data for the year ended December 31, 2017 and the consolidated balance sheets data as of December 31, 2018 and 2017 are derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results to be expected in any period in the future.

<table>
<thead>
<tr>
<th>Consolidated Statements of Operations Data (in thousands, except share and per share data):</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>$380,223</td>
<td>$276,258</td>
<td>$212,678</td>
<td>$176,769</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of care, exclusive of depreciation and amortization shown separately below</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$234,959</td>
<td>$167,618</td>
<td>$136,180</td>
<td>$120,705</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$36,967</td>
<td>$39,520</td>
<td>$25,789</td>
<td>$19,172</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$157,282</td>
<td>$108,965</td>
<td>$85,808</td>
<td>$57,964</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$451,582</td>
<td>$330,371</td>
<td>$257,724</td>
<td>$208,527</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>$(71,359)</td>
<td>$(54,113)</td>
<td>$(45,046)</td>
<td>$(31,758)</td>
</tr>
<tr>
<td><strong>Other income (expense), net:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$1,809</td>
<td>$4,498</td>
<td>$2,251</td>
<td>$386</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$(13,434)</td>
<td>$(474)</td>
<td>$(804)</td>
<td>$(834)</td>
</tr>
<tr>
<td>Change in fair value of redeemable convertible preferred stock warrant liability</td>
<td>$(6,560)</td>
<td>$(3,519)</td>
<td>$(1,877)</td>
<td>$646</td>
</tr>
<tr>
<td>Total other income (expense), net</td>
<td>$(18,185)</td>
<td>$505</td>
<td>$(430)</td>
<td>$198</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>$(89,544)</td>
<td>$(53,608)</td>
<td>$(45,476)</td>
<td>$(31,560)</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>$(123)</td>
<td>$87</td>
<td>$25</td>
<td>$126</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(89,421)</td>
<td>$(53,691)</td>
<td>$(45,501)</td>
<td>$(31,686)</td>
</tr>
<tr>
<td>Less: Net loss attributable to noncontrolling interest</td>
<td>$(704)</td>
<td>$(1,141)</td>
<td>$(1,086)</td>
<td>$(889)</td>
</tr>
<tr>
<td>Net loss attributable to 1Life Healthcare, Inc. stockholders</td>
<td>$(88,717)</td>
<td>$(52,554)</td>
<td>$(44,415)</td>
<td>$(30,797)</td>
</tr>
<tr>
<td>Net loss per share attributable to 1Life Healthcare, Inc. stockholders — basic and diluted</td>
<td>$(0.75)</td>
<td>$(2.84)</td>
<td>$(2.65)</td>
<td>$(2.05)</td>
</tr>
<tr>
<td>Weighted average common shares outstanding — basic and diluted</td>
<td>118,379,300</td>
<td>18,476,127</td>
<td>16,735,541</td>
<td>15,002,472</td>
</tr>
</tbody>
</table>
Consolidated Balance Sheet Data (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and short-term (1)</td>
<td>$682,998</td>
<td>$146,536</td>
<td>$230,561</td>
<td>$42,785</td>
</tr>
<tr>
<td>marketable securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets (2)</td>
<td>1,070,990</td>
<td>430,294</td>
<td>326,319</td>
<td>132,507</td>
</tr>
<tr>
<td>Notes payable, current</td>
<td>-</td>
<td>3,282</td>
<td>7,598</td>
<td>10,750</td>
</tr>
<tr>
<td>Convertible senior notes</td>
<td>241,233</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Redeemable convertible preferred stock (1)</td>
<td>-</td>
<td>402,488</td>
<td>402,488</td>
<td>184,832</td>
</tr>
<tr>
<td>Total equity (deficit)</td>
<td>548,475</td>
<td>(184,031)</td>
<td>(148,240)</td>
<td>(119,784)</td>
</tr>
</tbody>
</table>

(1) In February 2020, we completed the initial public offering of our common stock in which we issued an aggregate of 20,125,000 shares of common stock for net proceeds of approximately $258.2 million, after deducting underwriting discounts and commissions and offering costs. Upon the completion of the offering, all 86,251,669 outstanding shares of redeemable convertible preferred stock were converted into an equal number of shares of common stock.

(2) As of January 1, 2019, the impact of the adoption of the new lease standard, ASC 842, to the Company’s consolidated balance sheet includes the recognition of operating lease liabilities, current, of $9,643, operating lease liabilities, non-current, of $63,047 based on the present value of the remaining lease payments for existing operating leases with corresponding right-of-use assets of approximately $60,770.
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read together with our consolidated financial statements and accompanying notes included elsewhere in this Annual Report. This discussion includes both historical information and forward-looking statements based upon current expectations that involve risk, uncertainties and assumptions. Our actual results may differ materially from management’s expectations and those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, the continuing impact of the COVID-19 pandemic and societal and governmental responses as well as those discussed in “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

Overview

Our vision is to delight millions of members with better health and better care while reducing the total cost of care. Our mission is to transform health care for all through our human-centered, technology-powered model. We are a membership-based primary care platform with seamless digital health and inviting in-office care, convenient to where people work, shop, live and click. We are disrupting health care from within the existing ecosystem by simultaneously addressing the frustrations and unmet needs of key stakeholders, which include consumers, employers, providers, and health networks. As of December 31, 2020, we had approximately 549,000 members in 13 markets in the United States and greater than 8,000 enterprise clients.

We have developed a modernized healthcare membership model based on direct consumer enrollment as well as employer sponsorship. Our annual membership model includes seamless access to 24/7 digital health services paired with inviting in-office care routinely covered under health insurance programs. Our technology drives high monthly active usage within our membership, promoting ongoing and longitudinal patient relationships for better health outcomes and high member retention. Our technology also helps our service-minded team in building trust and rapport with our members by facilitating proactive digital health outreach as well as responsive on-demand virtual and in-office care. Our digital health services and our well-appointed offices, which tend to be located in highly convenient locations, are staffed by a team of clinicians who are not paid on a fee-for-service basis, and therefore free of misaligned compensation incentives prevalent in health care. Additionally, we have developed clinically integrated partnerships with health networks, better coordinating more timely access to specialty care when needed by members, while advancing value-based care for employers through clinical and digital integration.

Together, these components of our human-centered and technology-powered model allow us to deliver better results for key stakeholders.

Our focus on simultaneously addressing the unfulfilled needs and frustrations of key stakeholders has allowed us to consistently grow the number of members we serve. Since 2007, we have grown to 549,000 members and 107 medical offices in 13 markets across the United States as of December 31, 2020. From December 31, 2015 through December 31, 2020, we grew our membership by 339%. During the twelve months ended December 31, 2020 as compared to the twelve months ended December 31, 2015, our net revenue grew 247%, our digital interactions with our members grew 533%, and the number of in-office visits by our members grew 145%.

Impact of Covid-19 on Our Business

The COVID-19 pandemic has impacted and may continue to impact our operations, and net revenues, expenses, collectability of accounts receivables and other money owed, capital expenditures, liquidity, and overall financial condition.

During the first half of 2020, we believe the COVID-19 pandemic negatively impacted our business, as many of the communities we serve promoted self-isolation practices, and as shelter-in-place requirements were enacted. These measures and practices reduced in-office visits, and also resulted in temporary closures of certain offices and delays in openings of some of our new medical offices which negatively affected our net revenue. Correspondingly, our cost of care as a percentage of net revenue and loss from operations also increased.

During the second half of 2020, we believe the COVID-19 pandemic helped drive an increase in membership and increase in total revenue due to new and expanded service offerings and increase in aggregate billable services.
For example, we believe COVID-19 caused our value proposition to resonate with an even broader audience of consumers seeking access to primary care, as well as with an even broader audience of employers as they focus on safely reopening their workplaces and managing the ongoing health and well-being of employees and their families. As a result, we experienced increased demand for our memberships during the second half of 2020, adding more new members than in any other six-month period in our history.

In addition, we expanded our service offering in part as a response to COVID-19 and launched several new billable services, including:

- COVID-19 testing, and counseling across all of our markets, including in our offices and in several mobile COVID-19 testing sites;
- COVID-19 vaccinations in select geographies;
- Healthy Together, our COVID-19 screening and testing program for employers, schools and universities;
- Mindset by One Medical, our behavioral health service integrated within primary care;
- One Medical Now, an expansion of our 24/7 on-demand digital health solutions to employees of enterprise clients located in geographies where we are not yet physically present; and,
- Remote Visits, where our providers perform typical primary care visits with our members remotely from either one of our offices or from a provider’s home.

During the second half of 2020, our expanded service offering, particularly the increased demand for COVID-19 screening together with routine and preventative care deferred from the first half of the year, and increased demand for flu vaccines, helped us deliver total billable services in excess of pre-COVID-19 levels.

While the average reimbursement for these billable services remains below pre-COVID-19 levels, total aggregate reimbursement exceeded pre-COVID-19 levels.

We believe the precautionary measures and challenges resulting from the COVID-19 pandemic will likely continue for the duration of the pandemic, which is uncertain, and may present additional challenges to our business, financial condition and results of operations while the pandemic continues. As a result, we cannot assure you that our recent increase in membership, aggregate reimbursement and revenue are indicative of future results or will be sustained, including following the COVID-19 pandemic, or that we will not experience additional impacts associated with COVID-19, which could be significant.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted on March 27, 2020. Intended to provide economic relief to those impacted by the COVID-19 pandemic, the CARES Act includes various tax and lending provisions, among others. Under the CARES Act, we received an income grant of $2.6 million from the Provider Relief Fund administered by the Department of Health and Human Services ("HHS"), which was recognized as Grant income during the year ended December 31, 2020. Please see Note 5, Revenue Recognition, to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

COVID-19 has also disrupted or delayed delivery of materials and products in the supply chain for our offices, including protective equipment for healthcare providers, caused staffing shortages, and increased capital expenditures due to the need to buy incremental hardware.

Given the uncertainty around the duration and extent of the COVID-19 pandemic, we cannot accurately predict at this time the future potential impact on our business, results of operations, financial condition or liquidity. As of December 31, 2020, we had cash, cash equivalents and short-term marketable securities of $683.0 million and $316.3 million principal amount of debt outstanding.
Our Business Model

We have developed a modernized healthcare membership model based on direct consumer enrollment as well as employer sponsorship. Our annual membership model includes seamless access to 24/7 digital health paired with inviting in-office care routinely covered under health insurance programs. Our members join either individually as consumers by paying an annual membership fee or are sponsored by an enterprise client who purchases a subscription for their employees and, increasingly, their dependents. All members have actively registered with us. Digital health services are delivered via our mobile app and website, through such modalities as video and voice encounters, chat and messaging, and our in-office care is delivered at any of our medical offices. As of December 31, 2020, we had 107 medical offices, including some on-site medical offices at certain enterprise clients which are closed as a result of the current COVID-19 pandemic.

We derive net revenue from multiple stakeholders, including consumers, employers, and health networks. We recognize net revenue as (i) membership revenue from employer and consumer subscription fees, including fees paid for our One Medical Now service offering (ii) partnership revenue predominantly on a PMPM basis from health networks, largely fixed payments from enterprise clients for on-site medical services, COVID-19 on-site testing services for enterprise clients, schools and universities where we typically bill such customers directly for the services we perform, and capitation payments from IPAs and (iii) net patient service revenue on a per visit basis from health insurers and patients, including COVID-19 testing services for members that are being billed to health insurers or patients. We are in-network with most health insurance plans in all of our markets.

We generate a portion of our revenue through membership fees charged to either consumer members or enterprise clients. As of December 31, 2020, our list price for new members for an annual consumer membership was $199. Our enterprise clients typically pay a discounted fee collected in advance, based on a rate per employee per month.

We have entered into clinically integrated care partnerships with health networks, which generate revenue either through fee-for-service reimbursements for member in-office visits under the health network’s contracts or as PMPM payments. For our health network arrangements that provide for PMPM payments, when our medical offices provide professional clinical services to covered members, we, as administrator, perform billing and collection services on behalf of the health network, and the health network receives the fees for services provided, including those paid by members’ insurance plans. In those circumstances, we earn PMPM payments in lieu of per visit fees for services from member office visits. See “Business—Our Health Network Partnerships.”

We generate partnership revenue from (i) our health network partners on a PMPM basis, (ii) largely fixed price or fixed price per employee contracts with enterprise clients for on-site medical services, (iii) COVID-19 on-site testing services for enterprise clients, schools and universities where we typically bill such customers a fixed price per service performed or (iv) capitation payments from IPAs that contract with health maintenance organizations (“HMOs”) for medical services provided to covered participants.

Our membership fee revenue and partnership revenue are contractual and, with the exception of our COVID-19 on-site testing services, generally recurring in nature. Membership revenue and partnership revenue as a percentage of total net revenue was 60%, 47% and 32% for the years ended December 31, 2020, 2019 and 2018, respectively. The increased percentage of revenue is, among other factors, due to new and expanded partnership with health networks since 2019, and COVID-19 on-site testing services since 2020.

The remainder of our net revenue is primarily received on a per visit fee-for-service basis from member health insurance plans or patients with billing rates based on our agreements with health network partners. We call this net patient service revenue. We use historical patient visit rates, our historical mix of services performed, and current reimbursement rates to help us analyze and explain historical net patient service revenue from this part of our business.

Key Factors Affecting Our Performance

- **Acquisition of Net New Members and Enterprise Clients.** We believe that our ability to increase our membership will enable us to drive financial growth as members drive our membership revenue, partnership revenue and net patient service revenue. We continue to have significant opportunities to increase members in our existing markets through (i) new sales to consumers and enterprise clients, (ii) expansion of the number of enrolled members, including dependents, within our enterprise clients,
and (iii) adding other potential services. Our ability to enroll new members either as consumer members or through enterprise clients will impact our results of operations. We define estimated activation rate for any enterprise client at a given time as the percentage of eligible lives enrolled as members. Some of our enterprise clients offer membership benefits to the dependents of their employees, for which we assume eligible lives include one dependent per employee. The levels of activation rates at our enterprise clients may also affect the renewal rates of our enterprise clients. While we do not regularly monitor activation rates and related metrics across enterprise clients, we may use these metrics to compare member activation across different enterprise clients and to look for opportunities for additional membership activation within existing enterprise clients. We also intend to acquire members by expanding into new markets. In 2020, we have expanded into four new markets by partnering with new and existing health networks.

- **Components of Revenue.** Our ability to maintain or improve pricing levels for our memberships and the pricing under our contracts with health networks will impact our results of operations. As of December 31, 2020, our list price for new members for an annual consumer membership was $199. Our enterprise clients typically pay a discounted fee collected in advance, based on a rate per employee per month. As of December 31, 2020, all of our members were covered by health network partnerships. In geographies where our health network partners pay us on a PMPM basis, to the extent that the PMPM rate changes, our partnership revenue will change. Similarly, if the fixed price or number of employees covered by fixed price per employee arrangements change, the number of COVID-19 on-site tests or vaccinations change, or capitation payments from IPAs change, our net partnership revenue will also change. Our net patient service revenue is dependent on (i) our billing rates and third-party payer contracted rates through agreements with health networks, (ii) the mix of members who are commercially insured and (iii) the nature of visits. In the future, we may add additional services for which we may charge in a variety of ways. To the extent the net amounts we charge our members, partners and clients change, our net revenue will also change.

- **Care Margin.** Care margin is driven by net revenue, expansion of new medical offices or new services, average utilization of our services, and provider- and office-related expenses. As we open new medical offices or add new services, our care margin is likely to decrease initially due to a lag in realization of revenue from those new offices or services. In markets where we earn partnership revenue on PMPM contracts, higher patient visits, longer lengths of visits or increased use of medical supplies will typically lower our care margin. In markets where we earn patient service revenue, increased visits typically result in higher care margin. To the extent we need to increase the compensation for our providers, our care margin may decline.

- **Investments in Growth.** We expect to continue to focus on long-term growth through investments in sales and marketing, technology research and development, and existing and new medical offices. We are working to enhance our digital health and technology offering and increase the potential breadth of our modernized platform solution. In particular, we have launched several new service offerings throughout 2020. We have also launched new offices, including in four new markets, during 2020. As we expand to new markets, we expect to make significant upfront investments in sales and marketing to establish brand awareness and acquire new members. Additionally, we intend to continue to invest in new offices in new and existing markets. As we invest in new markets, in the short term, we expect these activities to increase our operating expenses and cost of care; however, in the long term we anticipate that these investments will positively impact our results of operations.

- **Seasonality.** As a result of seasonal trends, we typically experience our highest levels of office visits and patient service revenue during the first and fourth quarters of each year when compared to other quarters of the year. Conversely, the second and third quarters of the year have historically been the period of lower office visits, and as a result, lower patient service revenue relative to the other quarters of the year. However, the effects of this seasonality have historically been partially offset by our partnership revenue and membership revenue, which are recognized ratably over the period of each contract and recurring in nature, as well as our period-over-period growth. In the near term, we expect these seasonal trends to fluctuate due to the COVID-19 pandemic and resulting changes in in-office visits and virtual care utilization.
Key Metrics and Non-GAAP Financial Measures

We review 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 our business plan and make strategic decisions.

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020 (in thousands except for members)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members (as of the end of the period)</td>
<td>549,000</td>
<td>422,000</td>
<td>346,000</td>
</tr>
<tr>
<td>Net revenue</td>
<td>$380,223</td>
<td>$276,258</td>
<td>$212,678</td>
</tr>
<tr>
<td>Care margin</td>
<td>$145,264</td>
<td>$108,640</td>
<td>$76,498</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$(13,890)</td>
<td>$(24,968)</td>
<td>$(13,918)</td>
</tr>
</tbody>
</table>

Members

A member is a person who has paid for membership themselves or an employee or dependent whose membership has been paid for by an enterprise client for at least one year in a market where we have an office and who has registered with us. Members help drive membership revenue, partnership revenue and patient service revenue. We may offer trial memberships to enterprise clients, particularly for new services, and we offer access to One Medical Now, our 24/7 virtual care platform, to enterprise clients. The fees generated from these services are included in our Membership Revenue, although we do not include these covered employees as members. Our number of members depends, in part, on our ability to successfully market our services directly to consumers and to employers that are not yet enterprise clients and our activation rate within existing clients. While growth in the number of members is an important indicator of expected revenue growth, it also informs our management of the areas of our business that will require further investment to support expected future member growth. Member numbers as of the end of each period are rounded to the thousands.

Members (in thousands)*

* Number of members is shown as of the end of each period.
Care Margin

We define care margin as loss from operations excluding depreciation and amortization, general and administrative expense and sales and marketing expense. We consider care margin to be an important measure to monitor our performance, specific to the direct costs of delivering care. We believe this margin is useful to measure whether we are controlling our direct expenses included in the provision of care sufficiently and whether we are effectively pricing our services. Care margin is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. Care margin is not a financial measure of, nor does it imply profitability. We have not yet achieved profitability and, even in periods when our net revenue exceeds our cost of care, exclusive of depreciation and amortization, we may not be able to achieve or maintain profitability. The relationship of operating loss to cost of care, exclusive of depreciation and amortization, is not necessarily indicative of future performance. Other companies that present care margin may calculate it differently and, therefore, similarly titled measures presented by other companies may not be directly comparable to ours. In addition, care margin has limitations as an analytical tool, including that it does not reflect depreciation and amortization, stock-based compensation or other overhead allocations.

The following table provides a reconciliation of loss from operations, the most closely comparable GAAP financial measure, to care margin:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Loss from operations</td>
<td>$ (71,359)</td>
</tr>
<tr>
<td>Sales and marketing*</td>
<td>36,967</td>
</tr>
<tr>
<td>General and admin*</td>
<td>157,282</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>22,374</td>
</tr>
<tr>
<td><strong>Care margin</strong></td>
<td>$145,264</td>
</tr>
<tr>
<td>Care margin as a percentage of net revenue</td>
<td>38%</td>
</tr>
</tbody>
</table>

* Includes stock-based compensation

Adjusted EBITDA

We define adjusted EBITDA as net loss excluding interest income, interest expense, depreciation and amortization, stock-based compensation, change in the fair value of our redeemable convertible preferred stock warrant liability and provision for (benefit from) income taxes. We include adjusted EBITDA in this Annual Report because it is an important measure upon which our management assesses and believes investors should assess our operating performance. We consider adjusted EBITDA to be an important measure because it helps illustrate underlying trends in our business and our historical operating performance on a more consistent basis. Adjusted EBITDA is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP.

Our definition of adjusted EBITDA may differ from the definition used by other companies and therefore comparability may be limited. In addition, other companies may not publish this or similar metrics. Thus, our adjusted EBITDA should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP, such as net loss.

In addition, adjusted EBITDA has limitations as an analytical tool, including:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash used for capital expenditures for such replacements or for new capital expenditures;
- adjusted EBITDA does not include the dilution that results from stock-based compensation or any cash outflows included in stock-based compensation, including from our purchases of shares of outstanding common stock; and
• adjusted EBITDA does not reflect interest expense on our debt or the cash requirements necessary to service interest or principal payments.

We provide investors and other users of our financial information with a reconciliation of adjusted EBITDA to net loss. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view adjusted EBITDA in conjunction with net loss.

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

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (89,421)</td>
</tr>
<tr>
<td>Interest income</td>
<td>(1,809)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>13,434</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>22,374</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>35,095</td>
</tr>
<tr>
<td>Change in fair value of redeemable convertible preferred stock warrant liability</td>
<td>6,560</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>(123)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$ (13,890)</td>
</tr>
</tbody>
</table>

Components of Our Results of Operations

**Net Revenue**

We generate net revenue through net patient service revenue, partnership revenue, and membership revenue.

*Net Patient Service Revenue.* We generate net patient service revenue from providing primary care services to patients in our offices when we bill the member or their insurance plan on a fee-for-service basis as medical services are rendered. While substantially all of our patients are members, we occasionally also provide care to non-members.

*Partnership Revenue.* We generate partnership revenue from (i) our health network partners on a PMPM basis, (ii) largely fixed price or fixed price per employee contracts with enterprise clients for on-site medical services, (iii) COVID-19 on-site testing services for enterprise clients, schools and universities where we typically bill such customers a fixed price per service performed or (iv) capitation payments from IPAs that contract with HMOs for medical services provided to covered participants.

Under our partnership arrangements, we generally receive fees that are linked to PMPM, fixed price, fixed price per employee, fixed price per service, or capitation arrangements. All partnership revenue is recognized during the period in which we are obligated to provide professional clinical services to the member, employee, or participant, as applicable, and associated management, operational and administrative services to the health network partner, enterprise client, schools and universities or IPA, as applicable.

*Membership Revenue.* Membership revenue is generated from annual membership fees paid by consumer members and from enterprise clients who purchase access to memberships for their employees and dependents. Membership revenue also includes fees we receive from enterprise clients for trial memberships or for access to our One Medical Now service offering. Membership revenue is recognized ratably over the contract period with the individual member or enterprise client.

*Grant income.* Under the CARES Act, we were eligible for and received grant income from the Provider Relief Fund administered by HHS during the year ended December 31, 2020. The purpose of the payment is to reimburse us for healthcare-related expenses or lost revenues attributable to COVID-19.
The following table summarizes the Company’s net revenue by primary source as a percentage of net revenue. Amounts may not sum due to rounding.

<table>
<thead>
<tr>
<th>Percentage of net revenue:</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net patient service revenue</td>
<td>39%</td>
<td>53%</td>
<td>68%</td>
</tr>
<tr>
<td>Partnership revenue</td>
<td>42%</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>Total net patient service and partnership revenue</td>
<td>81%</td>
<td>81%</td>
<td>80%</td>
</tr>
<tr>
<td>Membership revenue</td>
<td>18%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Grant income</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Net revenue</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Operating Expenses**

**Cost of Care, Exclusive of Depreciation and Amortization**

Our cost of care, exclusive of depreciation and amortization, also excludes stock-based compensation. Cost of care primarily includes provider and support employee-related costs for both in-office and virtual care, occupancy costs, medical supplies, insurance and other operating costs. A large portion of these costs are fixed relative to member utilization of our services, such as occupancy costs and insurance costs. As a result, as net revenue increases due to improved pricing, which can result from, for example, higher net revenue per member under agreements with enterprise clients and health network partners, or when we provide services to more members without increasing our infrastructure or related costs, cost of care as a percentage of net revenue typically decreases. Providers include doctors of medicine, doctors of osteopathy, nurse practitioners and physician assistants. Support employees include phlebotomists and administrative assistants assisting our members with all non-medical related services. Virtual care includes video visits and other synchronous and asynchronous communication via our app and website. As we open new offices, and expand into new markets, we expect cost of care to increase in absolute dollars.

**Sales and Marketing**

Sales and marketing expenses consist of employee-related expenses, including salaries and related costs, commissions and stock-based compensation costs for our employees engaged in marketing, sales, account management and sales support. Sales and marketing expenses also include advertising production and delivery costs of communications materials that are produced to generate greater awareness and engagement among our clients and members, third-party independent research, trade shows and brand messages and public relations costs.

We expect our sales and marketing expenses to increase as we strategically invest to expand our business. We expect to hire additional sales personnel and related account management and sales support personnel to capture an increasing amount of our market opportunity. We also expect to continue our brand awareness and targeted marketing campaigns. As we scale our sales and marketing, we expect these expenses to increase in absolute dollars.

**General and Administrative**

General and administrative expenses include employee-related expenses, including salaries and related costs and stock-based compensation for all employees except sales and marketing teams, which are included in the sales and marketing expenses. In addition, general and administrative expenses include all corporate technology and occupancy costs.

We expect our general and administrative expenses to increase over time due to the additional legal, accounting, insurance, investor relations and other costs that we will incur as a public company, as well as other costs associated with continuing to grow our business.
Depreciation and Amortization

Depreciation and amortization consist primarily of depreciation of property and equipment and amortization of capitalized software development costs.

Other Income (Expense)

Interest Income

Interest income consists of income earned on our cash and cash equivalents, restricted cash and short-term marketable securities.

Interest Expense

Interest expense consists of interest costs associated with our notes payable issued pursuant to the loan and security agreement with an institutional lender (the “LSA”) and our convertible senior notes (the “2025 Notes”). On September 1, 2020, the term loans pursuant to the LSA matured and the remaining outstanding principal was repaid, plus accrued and unpaid interests.

Change in Fair Value of Redeemable Convertible Preferred Stock Warrant Liability

Prior to our initial public offering in January 2020, we classified our redeemable convertible preferred stock warrants as a liability on our consolidated balance sheets. We remeasured the redeemable convertible preferred stock warrant liability to fair value at each reporting date and recognized changes in the fair value of the redeemable convertible preferred stock warrant liability as a component of other income (expense), net in our consolidated statements of operations.

Upon the closing of our initial public offering, the warrants to purchase shares of redeemable convertible preferred stock became exercisable for shares of common stock, at which time we adjusted the redeemable convertible preferred stock warrant liability to fair value prior to reclassifying the redeemable convertible preferred stock warrant liability to additional paid-in capital. As a result, following the closing of our initial public offering, the warrants are no longer subject to fair value accounting.

Provision for (Benefit from) Income Taxes

We account for income taxes using an asset and liability approach. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are provided when necessary to reduce net deferred tax assets to an amount that is more likely than not to be realized.

In determining whether a valuation allowance for deferred tax assets is necessary, we analyze both positive and negative evidence related to the realization of deferred tax assets and inherent in that, assess the likelihood of sufficient future taxable income. We also consider the expected reversal of deferred tax liabilities and analyze the period in which these would be expected to reverse to determine whether the taxable temporary difference amounts serve as an adequate source of future taxable income to support the realizability of the deferred tax assets. In addition, we consider whether it is more likely than not that the tax position will be sustained upon examination by taxing authorities based on the technical merits of the position.

Net Loss Attributable to Noncontrolling Interest

In September 2014, we entered into a joint venture agreement with a healthcare system to jointly operate physician-owned primary care offices in a market. We had the responsibility for the provision of medical services and for the day-to-day operation and management of the offices, including the establishment of guidelines for the employment and compensation of the physicians. Based upon this and other provisions of the operating agreement that indicated that we directed the economic activities that most significantly affect the economic performance of the joint venture, we determined that the joint venture was a variable interest entity and we were the primary beneficiary.
Accordingly, we consolidated the joint venture and the healthcare system’s interest was shown within equity (deficit) as noncontrolling interest. The healthcare system’s share of earnings was recorded in the consolidated statements of operations as net loss attributable to noncontrolling interest.

Effective April 1, 2020, we terminated the joint venture agreement with the healthcare system and transferred our ownership interest in the joint venture to the healthcare system. As a result, we determined that the joint venture no longer met the definition of a variable interest entity and accordingly, we determined that the joint venture was no longer required to be consolidated under the variable interest entity model. The joint venture was deconsolidated in the consolidated financial statements as of April 1, 2020 and we derecognized all assets and liabilities of the joint venture. We did not record a gain or loss in association with the deconsolidation as we did not retain any noncontrolling interest in the joint venture and no consideration was transferred as a result of the ownership interest transfer to the healthcare system.

The consolidated balance sheet as of December 31, 2019 and the consolidated statement of operations for the year ended December 31, 2020 include the operations of the joint venture through the date of deconsolidation. The consolidated balance sheet as of December 31, 2020 does not include the operations of the joint venture.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our net revenue for those periods. Percentages presented in the following tables may not sum due to rounding.

Comparison of the Years Ended December 31, 2020 and 2019

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>% of Revenue</th>
<th>2019</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue..............</td>
<td>$ 380,223</td>
<td>100%</td>
<td>$ 276,258</td>
<td>100%</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of care, exclusive of depreciation and amortization shown separately below</td>
<td>234,959</td>
<td>62%</td>
<td>167,618</td>
<td>61%</td>
</tr>
<tr>
<td>Sales and marketing (1) ................................</td>
<td>36,967</td>
<td>10%</td>
<td>39,520</td>
<td>14%</td>
</tr>
<tr>
<td>General and administrative (1) ...................................</td>
<td>157,282</td>
<td>41%</td>
<td>108,965</td>
<td>39%</td>
</tr>
<tr>
<td>Depreciation and amortization ................................</td>
<td>22,374</td>
<td>6%</td>
<td>14,268</td>
<td>5%</td>
</tr>
<tr>
<td>Total operating expenses........................................</td>
<td>451,582</td>
<td>119%</td>
<td>330,371</td>
<td>120%</td>
</tr>
<tr>
<td>Loss from operations............................................</td>
<td>(71,359)</td>
<td>(19)%</td>
<td>(54,113)</td>
<td>(20)%</td>
</tr>
<tr>
<td>Other income (expense), net:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income.................................</td>
<td>1,809</td>
<td>0%</td>
<td>4,498</td>
<td>2%</td>
</tr>
<tr>
<td>Interest expense......................................</td>
<td>(13,434)</td>
<td>(4)%</td>
<td>(474)</td>
<td>(0)%</td>
</tr>
<tr>
<td>Change in fair value of redeemable convertible preferred stock warrant liability ........</td>
<td>(6,560)</td>
<td>(2)%</td>
<td>(3,519)</td>
<td>(1)%</td>
</tr>
<tr>
<td>Total other income (expense), net .....................</td>
<td>(18,185)</td>
<td>(5)%</td>
<td>505</td>
<td>0%</td>
</tr>
<tr>
<td>Loss before income taxes ...................................</td>
<td>(89,544)</td>
<td>(24)%</td>
<td>(53,608)</td>
<td>(19)%</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes ..........</td>
<td>(123)</td>
<td>(0)%</td>
<td>87</td>
<td>0%</td>
</tr>
<tr>
<td>Net loss...................................................</td>
<td>(89,667)</td>
<td>(24)%</td>
<td>(53,695)</td>
<td>(19)%</td>
</tr>
<tr>
<td>Less: Net loss attributable to noncontrolling interest...........................................</td>
<td>(704)</td>
<td>(0)%</td>
<td>(1,141)</td>
<td>(0)%</td>
</tr>
<tr>
<td>Net loss attributable to 1Life Healthcare, Inc. stockholders ..................</td>
<td>$ (88,717)</td>
<td>(23)%</td>
<td>$ (52,554)</td>
<td>(19)%</td>
</tr>
</tbody>
</table>

(1) Includes stock-based compensation, as follows:
### Sales and Marketing Expenses

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>% of Revenue</th>
<th>2019</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>$2,385</td>
<td>1%</td>
<td>$1,256</td>
<td>0%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$32,710</td>
<td>9%</td>
<td>$13,621</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>$35,095</td>
<td>9%</td>
<td>$14,877</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Net Revenue

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$149,695</td>
<td>$4,306</td>
<td>3%</td>
</tr>
<tr>
<td>Partnership revenue</td>
<td>$159,482</td>
<td>80,748</td>
<td>103%</td>
</tr>
<tr>
<td>Total net patient service and partnership revenue</td>
<td>$309,177</td>
<td>85,054</td>
<td>38%</td>
</tr>
<tr>
<td>Membership revenue</td>
<td>$68,466</td>
<td>16,331</td>
<td>31%</td>
</tr>
<tr>
<td>Grant income</td>
<td>$2,580</td>
<td>-</td>
<td>$2,580</td>
</tr>
<tr>
<td>Net revenue</td>
<td>$380,223</td>
<td>$103,965</td>
<td>38%</td>
</tr>
</tbody>
</table>

*nm – not meaningful

Net revenue increased $104.0 million, or 38%, from $276.3 million for the year ended December 31, 2019 to $380.2 million for the year ended December 31, 2020. This increase in net revenue was primarily due to an increase in members by 127,000, or 30%, from 422,000 as of December 31, 2019 to 549,000 as of December 31, 2020. In addition, net revenue per member increased by 6%, attributable to a higher mix of partnership revenue including revenue related to COVID-19 testing services during the year ended December 31, 2020. The remaining increase in our net revenue was due to grant income of $2.6 million we received from the COVID-19 Provider Relief Fund administered by the HHS during the year ended December 31, 2020.

Net revenue from patient service and partnerships increased $85.1 million, or 38%, from $224.1 million for the year ended December 31, 2019 to $309.2 million for the year ended December 31, 2020. The increase was primarily due to the 30% increase in members and new and expanded partnerships with health networks. Partnership revenue increased $80.7 million, or 103%, from $78.7 million for the year ended December 31, 2019 to $159.5 million for the year ended December 31, 2020. The increase in partnership revenue for the year ended December 31, 2020 was primarily a result of the new and expanded partnerships with health networks and increased members, in addition to new on-site clinics and expanded capacity of existing on-site clinics. The COVID-19 on-site testing services for employers, schools and universities during the year ended December 31, 2020 also positively impacted our partnership revenue. Net patient service revenue increased by 3% for the year ended December 31, 2020 primarily due to an increase in aggregate billable services, which is offset by a lower average reimbursement for these billable services as a result of COVID-19, as well as a lower mix of fee-for-service revenue due to a shift in our revenue away from patient service revenue to partnership revenue. As of December 31, 2020, all of our members are covered by health network partnerships. As a result, we expect the shift in revenue from net patient services to partnership revenue to abate going forward.

Membership revenue increased $16.3 million, or 31%, from $52.1 million for the year ended December 31, 2019 to $68.5 million for the year ended December 31, 2020. The increase in membership revenue for the year ended December 31, 2020 was primarily due to an increase in members of 127,000, or 30% from 422,000 as of December 31, 2019 to 549,000 as of December 31, 2020.
Operating Expenses

Cost of Care, Exclusive of Depreciation and Amortization

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of care, exclusive of depreciation and amortization</td>
<td>$ 234,959</td>
<td>$ 167,618</td>
<td>$ 67,341</td>
<td>40%</td>
</tr>
</tbody>
</table>

Cost of care, exclusive of depreciation and amortization, increased $67.3 million, or 40%, from $167.6 million for the year ended December 31, 2019 to $235.0 million for the year ended December 31, 2020. This increase was primarily due to increases in provider employee and support employee-related expenses of $39.2 million, occupancy costs of $11.1 million, COVID-19 testing site and related security expenses of $8.5 million, and medical supply costs of $6.4 million primarily related to COVID-19 testing. In addition to growth in our existing offices, we added 24 offices since December 31, 2019 bringing our total number of offices to 107 as of December 31, 2020.

Cost of care, exclusive of depreciation and amortization, as a percentage of net revenue increased from 61% for the year ended December 31, 2019 to 62% for the year ended December 31, 2020. This increase was due primarily to COVID-19 testing and screening services related costs, which was mostly offset by an increase in partnership revenue from these testing and screening services in 2020.

Sales and Marketing

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$ 36,967</td>
<td>$ 39,520</td>
<td>$(2,553)</td>
<td>(6)%</td>
</tr>
</tbody>
</table>

Sales and marketing expenses decreased $2.6 million, or 6%, from $39.5 million for the year ended December 31, 2019 to $37.0 million for the year ended December 31, 2020. This decrease was primarily due to decreases in brand marketing and direct advertising of $7.9 million, partially offset by increases in salaries and benefits of $4.7 million and stock-based compensation expense of $1.1 million.

General and Administrative

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>$ 157,282</td>
<td>$ 108,965</td>
<td>$ 48,317</td>
<td>44%</td>
</tr>
</tbody>
</table>

General and administrative expenses increased $48.3 million, or 44%, from $109.0 million for the year ended December 31, 2019 to $157.3 million for the year ended December 31, 2020. This increase was primarily due to higher salaries and benefits of $22.4 million and stock-based compensation expense of $19.1 million, as we expanded our team to support our growth. Stock-based compensation includes $3.5 million associated with performance-based options to an executive that vested immediately upon the execution of the underwriting agreement for our initial public offering. Please see Note 16, Stock-Based Compensation, to our consolidated financial statements in Part II, Item 8 of this Annual Report. In addition, we also incurred additional legal and professional services expenses of $4.9 million and insurance premiums of $4.5 million primarily associated with being a public company, and software-as-a-service costs of $1.9 million, partially offset by a decrease in travel of $4.9 million due to shelter-in-place orders.
Depreciation and Amortization

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$ 22,374</td>
<td>$ 14,268</td>
<td>$ 8,106</td>
<td>57%</td>
</tr>
</tbody>
</table>

Depreciation and amortization expenses increased $8.1 million, or 57%, from $14.3 million for the year ended December 31, 2019 to $22.4 million for the year ended December 31, 2020. This increase was primarily due to depreciation and amortization expenses recognized related to new medical offices, capitalization of software development, upgraded office software, and our new corporate office during the year ended December 31, 2020.

Other Income (Expense)

Interest Income

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$ 1,809</td>
<td>$ 4,498</td>
<td>$ (2,689)</td>
<td>(60)%</td>
</tr>
</tbody>
</table>

Interest income decreased $2.7 million from $4.5 million for the year ended December 31, 2019 to $1.8 million for the year ended December 31, 2020 due to lower interest rates and investment yields despite higher average cash, cash equivalents and marketable securities balances.

Interest Expense

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>$ (13,434)</td>
<td>$ (474)</td>
<td>$ (12,960)</td>
<td>nm</td>
</tr>
</tbody>
</table>

nm – not meaningful

Interest expense increased $13.0 million from $0.5 million for the year ended December 31, 2019 to $13.4 million for the year ended December 31, 2020, primarily due to amortization of the debt discount and issuance costs on our 2025 Notes issued in the second quarter of 2020.

Change in Fair Value of Redeemable Convertible Preferred Stock Warrant Liability

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in fair value of redeemable convertible preferred stock warrant liability</td>
<td>$ (6,560)</td>
<td>$ (3,519)</td>
<td>$ (3,041)</td>
<td>nm</td>
</tr>
</tbody>
</table>

nm – not meaningful
The change in fair value of the redeemable convertible preferred stock warrant liability increased $3.0 million from $3.5 million for the year ended December 31, 2019 to $6.6 million for the year ended December 31, 2020. The increase was due to the change in fair value of the underlying redeemable convertible preferred stock warrant. Upon the closing of our initial public offering in the first quarter of 2020, the warrants to purchase shares of redeemable convertible preferred stock were automatically converted to warrants to purchase shares of common stock, at which time we adjusted the redeemable convertible preferred stock warrant liability to fair value prior to reclassifying the redeemable convertible preferred stock warrant liability to additional paid-in capital. As a result, following the closing of the initial public offering, the warrants are no longer subject to fair value accounting.

**Provision for (Benefit from) Income Taxes**

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>$ (123)</td>
<td>$ 87</td>
<td>$ (210)</td>
<td>nm</td>
</tr>
</tbody>
</table>

nm – not meaningful

Provision for (benefit from) income taxes decreased $210 thousand from $87 thousand for the year ended December 31, 2019 to a benefit of $123 thousand for the year ended December 31, 2020 due primarily to partial release of valuation allowance offset by increased taxable income and state taxes.

**Net Loss Attributable to Noncontrolling Interest**

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(dollar amounts in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interest</td>
<td>$ (704)</td>
<td>$(1,141)</td>
<td>$ 437</td>
<td>(38)%</td>
</tr>
</tbody>
</table>

Net loss attributable to noncontrolling interest decreased $0.4 million for the year ended December 31, 2020 due to the deconsolidation of the joint venture as of April 1, 2020.

**Liquidity and Capital Resources**

Since our inception, we have financed our operations primarily with the issuance of the 2025 Notes, our initial public offering, the sale of redeemable convertible preferred stock, and to a lesser extent, the issuance of term notes under credit facilities. As of December 31, 2020, we had cash, cash equivalents and short-term marketable securities of $683.0 million, compared to $146.5 million as of December 31, 2019. We believe that our existing cash and cash equivalents and short-term marketable securities will be sufficient to meet our working capital and capital expenditure needs for at least the next twelve months.

We may be required to seek additional equity or debt financing. Our future capital requirements will depend on many factors, including our pace of new member growth and expanded enterprise client and health network relationships, our pace and timing of expansion of new medical offices, the timing and extent of spend to support the expansion of sales, marketing and development activities, and the impact of the COVID-19 pandemic. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations would be harmed. See Item 1A. to this Annual Report “Risk Factors—Risks Related to Our Business and Our Industry—In order to support the growth of our business, we may need to incur additional indebtedness or seek capital through new equity or debt financings, which sources of additional capital may not be available to us on acceptable terms or at all.”
Given the uncertainty around the duration and extent of the COVID-19 pandemic, we cannot accurately predict at this time the future potential impact of the pandemic on our business, results of operations, financial condition or liquidity.

**Indebtedness**

In January 2013, we entered into the LSA with Silicon Valley Bank, which, as amended, provides for aggregate borrowings of up to $11.0 million in the form of term loans. In 2016, we drew down the full $11.0 million available to us under the LSA. On September 1, 2020, the term notes under the LSA matured and the remaining outstanding principal was repaid, plus accrued and unpaid interests.

In May 2020, we issued $275.0 million aggregate principal amount of 3.0% convertible senior notes due June 2025 in a private offering and in June 2020, an additional $41.2 million aggregate principal amount of such notes pursuant to the exercise in full of the over-allotment option by the initial purchasers (the “2025 Notes”). The 2025 Notes are unsecured obligations and bear interest at a fixed rate of 3.0% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2020. As of December 31, 2020, the net carrying amount of the liability component of the 2025 Notes was $241.2 million and the net carrying amount of the equity component of the 2025 Notes was $73.4 million.

**Summary Statement of Cash Flows**

The following table summarizes our cash flows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in operating activities</td>
<td>(4,378)</td>
<td>(31,674)</td>
</tr>
<tr>
<td>Net cash (used in) provided by investing activities</td>
<td>(514,474)</td>
<td>23,723</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>604,528</td>
<td>(1,376)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash, cash equivalents and restricted cash</td>
<td>85,676</td>
<td>(9,327)</td>
</tr>
</tbody>
</table>

**Cash Flows from Operating Activities**

For the year ended December 31, 2020, our net cash used in operating activities was $4.4 million, resulting from our net loss of $89.4 million and net cash used by our working capital needs of $3.1 million, largely offset by adjustments for non-cash charges of $82.0 million. The cash decrease resulting from changes in our working capital in 2020 consisted primarily of a $35.2 million increase in accounts receivables, net, a $12.2 million decrease in operating lease liabilities and a $4.9 million increase in inventories and other assets, partially offset by an increase of $27.1 million in accrued expenses and accounts payable, an increase of $16.6 million in deferred revenue, a decrease of $6.5 million in prepaid expenses and other current assets and an increase of $5.1 million in other liabilities. The increase in accounts receivable, net and deferred revenue is primarily due to growth of our partnership with health networks and growth of our enterprise and on-site clients. The net increase in accounts payable and accrued expenses is primarily related to timing of payments for accrued compensation and accrued interest on our 2025 Notes.

For the year ended December 31, 2019, our net cash used in operating activities was $31.7 million, resulting from our net loss of $53.7 million and net cash used in by our working capital needs of $17.7 million, partially offset by adjustments for non-cash charges of $39.7 million. The cash decrease resulting from changes in our working capital in 2019 consisted primarily of a $14.5 million increase in accounts receivable, net, an increase in other assets of $4.6 million, and a $8.1 million decrease in operating lease liabilities, partially offset by a $7.4 million increase in accounts payable and accrued expenses, and a $2.1 million increase in deferred revenue. The increase in accounts receivable, net is primarily due to receivables from health network partners that have longer invoicing and payment cycles than insurance payers. The increase in other assets is primarily associated with $3.6 million in deferred financing costs that will be offset against the proceeds of our initial public offering. The increases in accounts payable and accrued expenses was due to our higher level of operating activities and the timing of vendor invoicing and payments.
**Cash Flows from Investing Activities**

For the year ended December 31, 2020, our net cash used by investing activities was $514.5 million, resulting primarily from purchases of short-term marketable securities of $963.3 million and purchases of property and equipment, net of $63.7 million related to leasehold improvements, computer equipment, and furniture and fixtures for new offices, remodels and improvements to existing offices, capitalization of internal-use software development costs, and office hardware and software. This was partially offset by sales and maturities of short-term marketable securities of $513.3 million.

For the year ended December 31, 2019, our net cash used by investing activities was $23.7 million, resulting primarily from maturities of short-term marketable securities of $324.3 million, offset by purchases of short-term marketable securities of $246.1 million and purchases of property and equipment of $54.4 million related to leasehold improvements, computer equipment, and furniture and fixtures for our new corporate office, new offices and remodels of existing offices, in addition to capitalization of internal-use software development costs.

**Cash Flows from Financing Activities**

For the year ended December 31, 2020, our net cash provided by financing activities was $604.5 million, resulting primarily from proceeds from the issuance of our 2025 Notes of $316.3 million, our initial public offering of $281.8 million, exercises of stock options and warrants of $35.8 million, proceeds from the issuance of stock under our employee stock purchase plan of $4.8 million, offset by payment of the 2025 Notes issuance costs of $9.4 million, payment of offering costs associated with our initial public offering net against reimbursements for our secondary offering of $20.5 million and payment of a debt obligation of $3.3 million.

For the year ended December 31, 2019, financing activities used $1.4 million of cash, resulting primarily from payment of debt obligation of $4.4 million, partially offset by proceeds from the exercise of stock options of $3.0 million.

**Contractual Obligations and Commitments**

The following summarizes our contractual obligations as of December 31, 2020:

<table>
<thead>
<tr>
<th>Payments Due by Period</th>
<th>Total</th>
<th>Less than 1 year</th>
<th>1 to 3 years</th>
<th>3 to 5 years</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td>$316,250</td>
<td>-</td>
<td>-</td>
<td>$316,250</td>
</tr>
<tr>
<td>Convertible senior notes</td>
<td></td>
<td>Interest on convertible senior notes (1)</td>
<td>42,694</td>
<td>9,488</td>
<td>18,975</td>
</tr>
<tr>
<td>Operating lease obligations (2)</td>
<td>276,399</td>
<td>33,282</td>
<td>63,610</td>
<td>58,730</td>
<td>120,777</td>
</tr>
<tr>
<td>Finance lease obligations</td>
<td>139</td>
<td>58</td>
<td>56</td>
<td>25</td>
<td>$ -</td>
</tr>
<tr>
<td>Purchase obligations (3)</td>
<td>4,683</td>
<td>3,131</td>
<td>1,552</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$640,165</td>
<td>45,959</td>
<td>$84,193</td>
<td>$389,236</td>
<td>$120,777</td>
</tr>
</tbody>
</table>

(1) Amounts in this table reflect the contractually required interest payable pursuant to the 2025 Notes.

(2) This table includes contractual obligations relating to leases that have not yet commenced. In addition, the operating lease amounts presented in this table represent cash payments that are not discounted to the present value.

(3) Amounts in the table do not reflect purchase obligations entered into in January and February 2021 within the ordinary course of business pursuant to which we are committed to spend an aggregate of $6.6 million.

The contractual commitment amounts in the table and footnotes above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without a significant penalty are not included in the table or footnotes above.
Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

While our significant accounting policies are described in greater detail in Note 2, “Summary of Significant Accounting Policies,” to our consolidated financial statements included in this Annual Report, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We recognize revenue from contracts with customers using the five-step method described in Note 2 of the notes to our consolidated financial statements included elsewhere in this Annual Report.

We generate net revenue through net patient service revenue, partnership revenue and membership revenue. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on their relative standalone selling price. We determine standalone selling price, or SSP, for all our performance obligations using observable inputs, such as standalone sales and historical contract pricing. SSP is consistent with our overall pricing objectives, taking into consideration the type of services. SSP also reflects the amount we would charge for that performance obligation if it were sold separately in a standalone sale, and the price we would sell to similar customers in similar circumstances.

In general, we recognize net patient service revenue as services are rendered, which are delivered over a period of time but typically within one day, when we provide services to the patient. We recognize partnership revenue over time as we stand ready to provide professional clinical services and the associated management and administrative services to our employers and health network partners. We recognize membership revenue over time as we provision access to primary care services to consumer members and enterprise clients who purchase access to memberships for their employees and dependents.

We review the contract terms and conditions to evaluate the timing and amount of revenue recognition; the related contract balances; and our remaining performance obligations. We also estimate the variable consideration related to customer rebates or discounts based on our assessment of historical, current, and forecasted performance. These evaluations require significant judgment that could affect the timing and amount of revenue recognized.

Stock-Based Compensation

We measure stock-based awards granted to employees and directors based on their fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. For stock option awards issued with only service-based vesting conditions, we record the expense for these awards using the straight-line method. The fair value of these stock option grants is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including fair value of the underlying common stock, the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and our expected dividend yield. The Company also uses the Black-Scholes option-pricing model to estimate the fair value of its stock purchase rights under the 2020 Employee Stock Purchase Plan on the grant date.

Changes in the following assumptions can materially affect the estimate of fair value and ultimately how much stock-based compensation expense is recognized; and the resulting change in fair value, if any, is recognized in our statement of operations and comprehensive loss during the period the related services are rendered. These inputs are subjective and generally require significant analysis and judgment to develop.
**Expected Term.** We determine the expected term of awards using the simplified method which is used when there is insufficient historical data about exercise patterns and post-vesting employment termination behavior. The simplified method is based on the vesting period and the contractual term for each grant, or for each vesting-tranche for awards with graded vesting. The mid-point between the vesting date and the maximum contractual expiration date is used as the expected term under this method. For awards with multiple vesting-tranches, the times from grant until the mid-points for each of the tranches may be averaged to provide an overall expected term.

**Expected Volatility.** We use an average historical stock price volatility of a peer group of comparable publicly traded healthcare companies representative of our expected future stock price volatility, as we do not have sufficient trading history for our common stock. For purposes of identifying these peer companies, we consider the industry, stage of development, size and financial leverage of potential comparable companies. For each grant, we measure historical volatility over a period equivalent to the expected term.

**Expected Dividend Rate.** We have not paid and do not anticipate paying any dividends in the foreseeable future. Accordingly, we estimate the dividend yield to be zero.

**Risk-Free Interest Rate.** The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with maturities similar to the expected term of the award.

For stock option awards issued with market-based vesting conditions, the grant date fair value is determined based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the market condition may not be satisfied. A Monte Carlo simulation requires the use of various assumptions, including the underlying stock price, volatility and the risk-free interest rate as of the valuation date, corresponding to the length of the time remaining in the performance period, and expected dividend yield. The expected term represents the derived service period for the respective tranches, which is the longer of the explicit service period or the period in which the market conditions are expected to be met. Stock-based compensation expense associated with market-based awards is recognized over the derived requisite service using the accelerated attribution method, regardless of whether the market conditions are achieved. If the related market conditions are achieved earlier than the derived service period, the stock-based compensation expense will be recognized as a cumulative catch-up expense from the grant date to that point in time in achieving the share price goal.

We estimate forfeitures based on historical experience and revise those estimates in subsequent periods if actual forfeitures differ from the estimated amounts.

We continue to use judgment in evaluating the expected volatility and expected term utilized in our stock-based compensation expense calculation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimates of expected volatility and expected term, which could materially impact our future stock-based compensation expense.

**Consolidation of Variable Interest Entities**

GAAP requires variable interest entities, or VIEs, to be consolidated if an entity’s interest in the VIE is a controlling financial interest. Under the variable interest model, a controlling financial interest is determined based on which entity, if any, has (i) the power to direct the activities of the VIE that most significantly impacts the VIEs economic performance and (ii) the obligations to absorb losses that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

We perform ongoing reassessments of whether changes in the facts and circumstances regarding our involvement with a VIE would cause our consolidation conclusion to change. The consolidation status of the VIEs with which we are involved may change as a result of such reassessments. Changes in consolidation status are applied in accordance with applicable GAAP. Please see Note 3, “Variable Interest Entities” to our consolidated financial statements.
**Valuation of Redeemable Convertible Preferred Stock Warrant Liability**

Prior to our initial public offering in the first quarter of 2020, we classified our redeemable convertible preferred stock warrants as a liability on our consolidated balance sheets. We remeasured the redeemable convertible preferred stock warrant liability to fair value at each reporting date and recognized changes in the fair value of the redeemable convertible preferred stock warrant liability as a component of other income (expense), net in our consolidated statements of operations.

Upon the closing of our initial public offering, the warrants to purchase shares of redeemable convertible preferred stock became exercisable and were automatically converted to warrants to purchase shares of common stock, at which time we adjusted the redeemable convertible preferred stock warrant liability to fair value at $13.7 million prior to reclassifying the redeemable convertible preferred stock warrant liability to additional paid-in capital. As a result, following the closing of our initial public offering, the warrants are no longer subject to fair value accounting.

**Off-Balance Sheet Arrangements**

We did not have during the periods presented any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

**Emerging Growth Company Status**

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we are (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earlier to occur of (1) (a) December 31, 2025, (b) the last day of the fiscal year in which our annual gross revenue is $1.07 billion or more, or (c) the date on which we are deemed to be a “large-accelerated filer,” under the rules of the SEC with at least $700 million of our common stock held by non-affiliates as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

**Recent Accounting Pronouncements**

Please see Note 2, “Summary of Significant Accounting Policies” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.
Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Sensitivity

We had cash and cash equivalents of $113.0 million as of December 31, 2020, compared to $27.4 million as of December 31, 2019, held primarily in cash deposits and money market funds for working capital purposes.

We had short-term marketable securities of $570.0 million as of December 31, 2020, compared to $119.1 million as of December 31, 2019, consisting of U.S. Treasury obligations, U.S. government agency securities and commercial paper. Our investments are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes. All our investments are denominated in U.S. dollars.

In January 2013, we entered into the LSA with Silicon Valley Bank. The interest rate of the LSA was the greater of prime plus 1.81% or 5.56%. On September 1, 2020, the term notes under the LSA matured and the remaining outstanding principal was repaid, plus accrued and unpaid interest.

In May 2020, we issued the 2025 Notes which bear interest at a fixed rate of 3.0% per annum. As of December 31, 2020, the net carrying amount of the liability component of the 2025 Notes was $241.2 million and the net carrying amount of the equity component of the 2025 Notes was $73.4 million.

Our cash and cash equivalents, short-term marketable securities and debt are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value negatively impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates.

We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our business, financial condition or results of operations.
Item 8. Financial Statements and Supplementary Data.

All information required by this item is included in Item 15 of this Annual Report on Form 10-K and is incorporated into this item by reference.


None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of December 31, 2020, that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.
Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer and the oversight of our audit committee, has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2020. In assessing the effectiveness of our internal control over financial reporting, our management used the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

Our independent registered public accounting firm was not required to perform an evaluation of our internal control over financial reporting as of December 31, 2020 because as an “emerging growth company” we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002.

Remediation of Previously Identified Material Weaknesses

As previously disclosed in Item 9A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2019, our management identified material weaknesses in our internal control over financial reporting resulting from an ineffective risk assessment process, which led to improperly designed controls. Specifically, as a result of the ineffective risk assessment, the following material weaknesses were identified as we did not effectively design, implement, and maintain:

(i) adequate controls over the accounting for significant and unusual transactions;

(ii) adequate controls to address segregation of duties, including assessment of incompatible duties, identification of instances where those incompatible duties were assigned to an individual, and addressing conflicts on a timely basis; and

(iii) adequate information technology general controls over certain systems that support the Company’s financial reporting processes, specifically in the areas of program change management controls to ensure program and data changes are identified, tested, authorized, and implemented appropriately; user access controls to ensure appropriate segregation of duties that adequately restrict user and privileged access to financial applications and data to appropriate company personnel; computer operations controls to ensure batch jobs and backups are monitored; and program development controls to ensure that new software development is aligned with business and information technology (“IT”) requirements.

To remediate the identified material weaknesses, our management, with oversight from our audit committee, dedicated significant resources and efforts to improve our control environment, we:

- performed a comprehensive risk assessment process to identify, design, implement, and re-evaluate our control activities related to internal control over financial reporting, including monitoring controls;
- increased the number of qualified accounting resources with the requisite accounting and financial reporting knowledge and experience, and reallocated responsibilities across the accounting organization to ensure that the appropriate level of knowledge and experience is applied based on risk and complexity of transactions;
- increased the number of information technology compliance professionals to enhance the design and monitoring of information technology general controls. Specifically, we designed and implemented information technology general controls related to computer operations, user access administration, program development, and change management related to external and internally developed systems; and
- designed and implemented controls related to the periodic monitoring and review of user access rights, the identification and risk ranking of segregation of duties conflicts, and computer operations controls to ensure batch jobs and backups are monitored; program development controls to ensure that new software development is aligned with business and IT requirements.
Based on the actions taken, management determined that our newly designed and enhanced controls were in place and operated effectively for a sufficient period of time to enable us to conclude that the material weaknesses were remediated as of December 31, 2020.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitation on the Effectiveness of Internal Control**

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

**Item 9B. Other Information.**

None.
PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item will be set forth in the definitive proxy statement to be filed with the SEC in connection with the Annual Meeting of Stockholders within 120 days after December 31, 2020 (the “Proxy Statement”) and is incorporated into this Annual Report on Form 10-K by reference.

Item 11. Executive Compensation.

The information required by this item will be set forth in the Proxy Statement and is incorporated into this Annual Report on Form 10-K by reference.


The information required by this item will be set forth in the Proxy Statement and is incorporated into this Annual Report on Form 10-K by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be set forth in the Proxy Statement and is incorporated into this Annual Report on Form 10-K by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be set forth in the Proxy Statement and is incorporated into this Annual Report on Form 10-K by reference.
**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements:

   The following financial statements and schedules of the Registrant are contained in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K:

<table>
<thead>
<tr>
<th>Financial Statement/ Schedule</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Independent Registered Public Accounting Firm</td>
<td>F-2</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Consolidated Balance Sheets</td>
<td>F-3</td>
</tr>
<tr>
<td>Consolidated Statements of Operations</td>
<td>F-4</td>
</tr>
<tr>
<td>Consolidated Statements of Comprehensive Loss</td>
<td>F-5</td>
</tr>
<tr>
<td>Consolidated Statements of Redeemable Convertible Preferred Stock and Equity (Deficit)</td>
<td>F-6</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>F-7</td>
</tr>
<tr>
<td>Notes to the Consolidated Financial Statements</td>
<td>F-8</td>
</tr>
</tbody>
</table>

2. Financial Statement Schedules

   No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or notes thereto.

(b) Exhibits

   The exhibits listed in the following “Exhibit Index” are filed, furnished or incorporated by reference as part of this Annual Report on Form 10-K.
<table>
<thead>
<tr>
<th>Number</th>
<th>Exhibit Description</th>
<th>Form</th>
<th>File No.</th>
<th>Exhibit</th>
<th>Filing Date</th>
<th>Filed Herewith</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation of the Registrant</td>
<td>8-K</td>
<td>001-39203</td>
<td>3.1</td>
<td>2/4/2020</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Amended and Restated Bylaws of the Registrant</td>
<td>8-K</td>
<td>001-39203</td>
<td>3.2</td>
<td>2/4/2020</td>
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</tr>
<tr>
<td>4.1</td>
<td>Reference is made to Exhibits 3.1 and 3.2</td>
<td>S-I</td>
<td>333-235792</td>
<td>4.1</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Form of Common Stock Certificate.</td>
<td>S-I</td>
<td>333-235792</td>
<td>4.1</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Description of Securities</td>
<td>8-K</td>
<td>001-39203</td>
<td>4.1</td>
<td>5/29/2020</td>
<td>X</td>
</tr>
<tr>
<td>4.4</td>
<td>Indenture, dated as of May 26, 2020, by and between 1Life Healthcare, Inc. and U.S. Bank National</td>
<td>8-K</td>
<td>001-39203</td>
<td>4.2</td>
<td>5/29/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Association, as Trustee.</td>
<td></td>
<td></td>
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<tr>
<td>4.5</td>
<td>Form of Global Note, representing 1Life Healthcare, Inc.’s 3.00% Convertible Senior Notes due 2025</td>
<td>8-K</td>
<td>001-39203</td>
<td>4.2</td>
<td>5/29/2020</td>
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<tr>
<td></td>
<td>(included as Exhibit A to the Indenture filed as Exhibit 4.1)</td>
<td></td>
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</tr>
<tr>
<td>10.1+</td>
<td>Amended and Restated Investor Rights Agreement, dated January 15, 2020, by and among the Registrant and</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.1</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>investors listed on Exhibit A thereto.</td>
<td></td>
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</tr>
<tr>
<td>10.2+</td>
<td>2007 Equity Incentive Plan, as amended.</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.2</td>
<td>1/3/2020</td>
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<tr>
<td>10.3+</td>
<td>Forms of Option Agreement, Stock Option Grant Notice and Notice of Exercise under the 2007 Equity</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.3</td>
<td>1/3/2020</td>
<td></td>
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<tr>
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<td>Incentive Plan.</td>
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<td></td>
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<tr>
<td>10.4+</td>
<td>2017 Equity Incentive Plan, as amended.</td>
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<td>333-235792</td>
<td>10.4</td>
<td>1/21/2020</td>
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<tr>
<td>10.5+</td>
<td>Forms of Option Agreement, Stock Option Grant Notice and Notice of Exercise under the 2017 Equity</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.5</td>
<td>1/3/2020</td>
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<tr>
<td></td>
<td>Incentive Plan.</td>
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<tr>
<td>10.6+</td>
<td>2020 Equity Incentive Plan.</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.6</td>
<td>1/21/2020</td>
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<tr>
<td>10.7+</td>
<td>Forms of Option Agreement, Stock Option Grant Notice and Notice of Exercise under the 2020 Equity</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.7</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Incentive Plan.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>10.8+</td>
<td>Forms of Restricted Stock Unit Grant Notice and Restricted Stock Award Agreement under the 2020 Equity</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.8</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Incentive Plan.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>10.9+</td>
<td>2020 Employee Stock Purchase Plan.</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.9</td>
<td>1/21/2020</td>
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<tr>
<td>10.10+</td>
<td>Executive Annual Incentive Plan.</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.10</td>
<td>1/3/2020</td>
<td></td>
</tr>
<tr>
<td>10.11+</td>
<td>Form of Indemnification Agreement, by and between the Registrant and each of its directors and executive</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.11</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>officers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.12+</td>
<td>Employment Agreement, dated June 27, 2017, by and between the Registrant and Amir Dan Rubin, as</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.17</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td>10.14+</td>
<td>Physician Employment Agreement, dated August 1, 2007, by and between One Medical Group, Inc. (previously</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.19</td>
<td>1/3/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Apollo Medical Group) and Andrew S. Diamond, M.D., Ph.D.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.15+</td>
<td>Provider Stock Option Program and Advisory Services Agreement, dated October 28, 2014, by and</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.20</td>
<td>1/3/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>between the Registrant and Andrew S. Diamond, M.D., Ph.D.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>10.16+</td>
<td>Office Lease, dated September 25, 2018, by and between the Registrant and One Embarcadero Center</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.21</td>
<td>1/3/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Venture.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.17+</td>
<td>First Amendment to Office Lease, dated June 17, 2019, by and between the Registrant and One</td>
<td>S-I</td>
<td>333-235792</td>
<td>10.22</td>
<td>1/3/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Embarcadero Center Venture.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Number</td>
<td>Exhibit Description</td>
<td>Form</td>
<td>File No.</td>
<td>Exhibit</td>
<td>Filing Date</td>
<td>Filed Herewith</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>------</td>
<td>--------------</td>
<td>---------</td>
<td>-------------</td>
<td>----------------</td>
</tr>
<tr>
<td>10.18</td>
<td>Form of Administrative Services Agreement by and between the Registrant and its affiliated professional entities.</td>
<td>S-1</td>
<td>333-235792</td>
<td>10.23</td>
<td>1/3/2020</td>
<td></td>
</tr>
<tr>
<td>10.21+</td>
<td>1Life Healthcare, Inc. Executive Severance and Change in Control Plan.</td>
<td>S-1</td>
<td>333-235792</td>
<td>10.26</td>
<td>1/21/2020</td>
<td></td>
</tr>
<tr>
<td>23.1</td>
<td>Consent of Independent Registered Public Accounting Firm</td>
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<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>31.1</td>
<td>Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>31.2</td>
<td>Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>32.1†</td>
<td>Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>32.2†</td>
<td>Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</td>
<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>101.INS</td>
<td>XBRL Instance Document</td>
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<td></td>
<td></td>
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<tr>
<td>101.SCH</td>
<td>XBRL Taxonomy Schema Linkbase Document</td>
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<td>101.CAL</td>
<td>XBRL Taxonomy Definition Linkbase Document</td>
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<tr>
<td>101.DEF</td>
<td>XBRL Taxonomy Calculation Linkbase Document</td>
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</tr>
<tr>
<td>101.LAB</td>
<td>XBRL Taxonomy Labels Linkbase Document</td>
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<tr>
<td>101.PRE</td>
<td>XBRL Taxonomy Presentation Linkbase Document</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

† The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Annual Report on Form 10-K, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of 1Life Healthcare, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

+ Indicates management contract or compensatory plan.

¥ Confidential treatment has been granted as to certain portions of this exhibit, which portions have been omitted and submitted separately to the Securities and Exchange Commission.

**Item 16. Form 10-K Summary**

None.
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ILIFE HEALTHCARE, INC.

Date: March 17, 2021

By: ________________________________
/s/ Amir Dan Rubin
Amir Dan Rubin
Chair, Chief Executive Officer and President
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Amir Dan Rubin and Bjorn Thaler, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and either of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Amir Dan Rubin</td>
<td>Chair, Chief Executive Officer and President</td>
<td>March 17, 2021</td>
</tr>
<tr>
<td></td>
<td>(Principal Executive Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ Bjorn Thaler</td>
<td>Chief Financial Officer</td>
<td>March 17, 2021</td>
</tr>
<tr>
<td></td>
<td>(Principal Financial and Accounting Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ Paul R. Auvil</td>
<td>Director</td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>/s/ Mark S. Blumenkranz</td>
<td>Director</td>
<td>March 17, 2021</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Bruce W. Dunlevie</td>
<td></td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>/s/ Kalen F. Holmes</td>
<td></td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>/s/ David P. Kennedy</td>
<td></td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>/s/ Freda Lewis-Hall</td>
<td></td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>/s/ Robert R. Schmidt</td>
<td></td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>/s/ David B. Singer</td>
<td></td>
<td>March 17, 2021</td>
</tr>
</tbody>
</table>
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm ................................................................. F-2
Consolidated Balance Sheets as of December 31, 2020 and 2019 ..................................................... F-3
Consolidated Statements of Operations for the Years Ended December 31, 2020, 2019, and 2018 .......... F-4
Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2020, 2019, and 2018 ..... F-5
Consolidated Statements of Redeemable Convertible Preferred Stock and Equity (Deficit) for the Years Ended December 31, 2020, 2019, and 2018 ................................................................. F-6
Notes to Consolidated Financial Statements ....................................................................................... F-8
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of 1Life Healthcare, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of 1Life Healthcare, Inc. and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive loss, of redeemable convertible preferred stock and equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

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

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

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

/s/ PricewaterhouseCoopers LLP
San Francisco, California
March 17, 2021

We have served as the Company’s auditor since 2013.
## 1Life Healthcare, Inc.

### Consolidated Balance Sheets

(Amounts in thousands, except share and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$112,975</td>
<td>$27,390</td>
</tr>
<tr>
<td>Short-term marketable securities</td>
<td>570,023</td>
<td>119,146</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>67,895</td>
<td>33,601</td>
</tr>
<tr>
<td>Inventories</td>
<td>7,113</td>
<td>3,192</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>16,693</td>
<td>16,708</td>
</tr>
<tr>
<td>Total current assets</td>
<td>774,699</td>
<td>200,037</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>1,911</td>
<td>1,922</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>126,037</td>
<td>90,716</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>138,840</td>
<td>108,046</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Goodwill</td>
<td>21,301</td>
<td>21,301</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,656</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>5,546</td>
<td>8,249</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,070,990</td>
<td>$430,294</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities, Redeemable Convertible Preferred Stock and Equity (Deficit)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$12,654</td>
<td>$13,853</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>46,527</td>
<td>24,863</td>
</tr>
<tr>
<td>Deferred revenue, current</td>
<td>35,966</td>
<td>27,024</td>
</tr>
<tr>
<td>Operating lease liabilities, current</td>
<td>17,418</td>
<td>12,575</td>
</tr>
<tr>
<td>Notes payable, current</td>
<td>-</td>
<td>3,282</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>4,861</td>
<td>1,884</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>117,426</td>
<td>83,481</td>
</tr>
<tr>
<td>Operating lease liabilities, non-current</td>
<td>153,614</td>
<td>120,497</td>
</tr>
<tr>
<td>Convertible senior notes</td>
<td>241,233</td>
<td>-</td>
</tr>
<tr>
<td>Redeemable convertible preferred stock warrant liability</td>
<td>7,624</td>
<td>7,220</td>
</tr>
<tr>
<td>Deferred revenue, non-current</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>2,618</td>
<td>639</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>522,515</td>
<td>211,837</td>
</tr>
</tbody>
</table>

| Commitments and contingencies (Note 19)                                 |      |      |
| Redemable convertible preferred stock (Series A, B, C, D, E, F, G, H and I), $0.001 par value; 0 and 89,338,425 shares authorized as of December 31, 2020 and December 31, 2019, respectively; 0 and 86,251,669 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively; aggregate liquidation preference of $0 and $40,558 as of December 31, 2020 and December 31, 2019, respectively | - | 402,488 |

| Equity (deficit):                                                       |      |      |
| Common stock, $0.001 par value, 1,000,000,000 and 150,000,000 shares authorized as of December 31, 2020 and December 31, 2019, respectively; 134,472,427 and 18,951,416 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively | 134 | 19  |
| Additional paid-in capital                                             | 918,118 | 93,945 |
| Accumulated deficit                                                   | (369,785) | (281,068) |
| Accumulated other comprehensive income                                | 8     | 38    |
| **Total stockholders' equity (deficit) attributable to 1Life Healthcare, Inc. stockholders** | 548,475 | (187,066) |
| Noncontrolling interest                                               | -     | 3,035 |
| **Total equity (deficit)**                                            | 548,475 | (184,031) |
| **Total liabilities, redeemable convertible preferred stock and equity (deficit)** | $1,070,990 | $430,294 |

The accompanying notes are an integral part of these consolidated financial statements.
## 1Life Healthcare, Inc.
### Consolidated Statements of Operations
(Amounts in thousands, except share and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>$380,223</td>
<td>$276,258</td>
<td>$212,678</td>
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<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cost of care, exclusive of depreciation and amortization shown separately below</td>
<td>234,959</td>
<td>167,618</td>
<td>136,180</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>36,967</td>
<td>39,520</td>
<td>25,789</td>
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<tr>
<td>General and administrative</td>
<td>157,282</td>
<td>108,965</td>
<td>85,808</td>
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<tr>
<td>Depreciation and amortization</td>
<td>22,374</td>
<td>14,268</td>
<td>9,947</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>451,582</td>
<td>330,371</td>
<td>257,724</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(71,359)</td>
<td>(54,113)</td>
<td>(45,046)</td>
</tr>
<tr>
<td><strong>Other income (expense), net:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>1,809</td>
<td>4,498</td>
<td>2,251</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(13,434)</td>
<td>(474)</td>
<td>(804)</td>
</tr>
<tr>
<td>Change in fair value of redeemable convertible preferred stock warrant liability</td>
<td>(6,560)</td>
<td>(3,519)</td>
<td>(1,877)</td>
</tr>
<tr>
<td><strong>Total other income (expense), net:</strong></td>
<td>(18,185)</td>
<td>505</td>
<td>(430)</td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>(89,544)</td>
<td>(53,608)</td>
<td>(45,476)</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>(123)</td>
<td>87</td>
<td>25</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(89,667)</td>
<td>(53,521)</td>
<td>(45,501)</td>
</tr>
<tr>
<td>Less: Net loss attributable to noncontrolling interest</td>
<td>(704)</td>
<td>(1,141)</td>
<td>(1,086)</td>
</tr>
<tr>
<td><strong>Net loss attributable to 1Life Healthcare, Inc. stockholders</strong></td>
<td>$ (88,717)</td>
<td>$ (52,554)</td>
<td>$ (44,415)</td>
</tr>
<tr>
<td><strong>Net loss per share attributable to 1Life Healthcare, Inc. stockholders — basic and diluted</strong></td>
<td>$ (0.75)</td>
<td>$ (2.84)</td>
<td>$ (2.65)</td>
</tr>
<tr>
<td><strong>Weighted average common shares outstanding — basic and diluted</strong></td>
<td>118,379,300</td>
<td>18,476,127</td>
<td>16,735,541</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## 1Life Healthcare, Inc.
### Consolidated Statements of Comprehensive Loss
(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>$ (89,421)</td>
<td>$ (53,695)</td>
<td>$ (45,501)</td>
</tr>
<tr>
<td>Other comprehensive loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gain (loss) on short-term marketable securities</td>
<td>(30)</td>
<td>52</td>
<td>(5)</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>(89,451)</td>
<td>(53,643)</td>
<td>(45,506)</td>
</tr>
<tr>
<td>Less: Comprehensive loss attributable to noncontrolling interest</td>
<td>(704)</td>
<td>(1,141)</td>
<td>(1,086)</td>
</tr>
<tr>
<td>Comprehensive loss attributable to 1Life Healthcare, Inc. stockholders</td>
<td>$ (88,747)</td>
<td>$ (52,502)</td>
<td>$ (44,420)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
### ILIFE HEALTHCARE, INC.

**CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)**

(Amounts in thousands, except share amounts)

<table>
<thead>
<tr>
<th>Total Stockholders' Equity (Deficit) Attributable to ILIFE Healthcare, Inc., Noncontrolling Interest</th>
<th>Total Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (119,784)</td>
<td>$ 5,262</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Redemable Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Accumulated Deficit</th>
<th>Total Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>(184,034)</td>
<td>$ (125,046)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

#### Balances at December 31, 2017

<p>| |
| |
|---|---|---|---|---|---|---|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Redemable Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Accumulated Deficit</th>
<th>Total Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>(184,034)</td>
<td>$ (125,046)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>68,326,054</td>
<td>$ 184,832</td>
<td>15,771,086</td>
<td>$ 16</td>
<td>(184,034)</td>
<td>$ (119,784)</td>
</tr>
</tbody>
</table>

#### Impact of adoption of ASC 606

| 
|---|---|---|---|---|---|
| Exercise of stock options | 
|---|---|---|---|---|---|
| 815,959 | 1 | 3,093 | (65) | 14,877 | 14,877 |

#### Balances at December 31, 2018

<p>| |
| |
|---|---|---|---|---|---|---|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Redemable Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Accumulated Deficit</th>
<th>Total Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>(184,034)</td>
<td>$ (125,046)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>86,251,669</td>
<td>402,488</td>
<td>18,135,457</td>
<td>18</td>
<td>(228,449)</td>
<td>(152,416)</td>
</tr>
</tbody>
</table>

#### Balances at December 31, 2019

<p>| |
| |
|---|---|---|---|---|---|---|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Redemable Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Accumulated Deficit</th>
<th>Total Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>(184,034)</td>
<td>$ (125,046)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>86,251,669</td>
<td>402,488</td>
<td>18,951,416</td>
<td>19</td>
<td>(281,068)</td>
<td>(187,066)</td>
</tr>
</tbody>
</table>

#### Balances at December 31, 2020

<p>| |
| |
|---|---|---|---|---|---|---|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Redemable Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Accumulated Deficit</th>
<th>Total Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>(184,034)</td>
<td>$ (125,046)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>86,251,669</td>
<td>402,488</td>
<td>18,951,416</td>
<td>19</td>
<td>(281,068)</td>
<td>(187,066)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
Cash flows from operating activities:

Net loss................................................................. $ (89,421) $ (53,695) $ (45,501)

Adjustments to reconcile net loss to net cash used in operating activities:
Provision for bad debts............................................................... 105 - 3,237
Depreciation and amortization......................................................... 22,374 14,268 9,947
Amortization of debt discount and issuance costs............................... 7,767 84 148
Accretion of discounts and amortization of premiums on short-term investments, net........ (933) (3,359) (1,631)
Change in fair value of redeemable convertible preferred stock warrant liability............... 6,560 3,519 1,877
Reduction of operating lease right-of-use assets................................. 13,653 10,235 -
Stock-based compensation............................................................. 35,095 14,877 13,942
Deferred income taxes........................................................................ (2,656) - -
Other non-cash items......................................................................... (8) 69 110

Changes in operating assets and liabilities:
Accounts receivable, net............................................................ (35,167) (14,484) (7,202)
Inventories.................................................................................. (3,921) 659 224
Prepaid expenses and other current assets........................................... 6,488 (1,027) 87
Other assets................................................................................... (943) (4,567) 26
Accounts payable............................................................................ 298 3,929 1,915
Accrued expenses............................................................................ 26,849 3,476 5,079
Deferred revenue............................................................................. 16,566 2,119 584
Operating lease liabilities................................................................ (12,169) (8,087) -
Other liabilities................................................................................ 5,085 310 (1,252)
Net cash used in operating activities.............................................. (4,378) (31,674) (18,410)

Cash flows from investing activities:
Purchases of property and equipment, net......................................... (63,707) (54,411) (10,767)
Purchases of short-term marketable securities....................................... (963,272) (246,116) (218,592)
Proceeds from sales and maturities of short-term marketable securities............. 513,315 324,250 52,600
VIE deconsolidation.......................................................................... (810) - -
Net cash (used in) provided by investing activities.............................. (514,474) 23,723 (176,759)

Cash flows from financing activities:
Proceeds from issuance of convertible senior notes................................. 316,250 - -
Payment of convertible senior notes issuance costs............................... (9,374) - -
Proceeds from initial public offering....................................................... 281,750 - -
Payment of underwriting discount and commissions, and offering costs............. (20,538) - -
Proceeds from the exercise of stock options........................................... 35,686 3,040 10,464
Proceeds from employee stock purchase plan....................................... 4,835 - -
Taxes paid related to net share settlement of equity awards........................ (833) - -
Proceeds from the exercise of redeemable convertible preferred and common stock warrants... 110 - 307
Repayment of notes payable................................................................ (3,300) (4,400) (3,300)
Payment of principal portion of finance lease liability................................... (58) (16) -
Repurchase and retirement of common stock.......................................... - - (7,533)
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs..... - - 216,664
Net cash provided by (used in) financing activities............................... 604,528 (1,376) 216,602

Net increase (decrease) in cash, cash equivalents and restricted cash........... 85,676 (9,327) 21,433
Cash, cash equivalents and restricted cash at beginning of period................. 29,329 38,656 17,223
Cash, cash equivalent and restricted cash at end of period........................ $ 115,005 $ 29,329 $ 38,656

The accompanying notes are an integral part of these consolidated financial statements.
1. Nature of the Business and Basis of Presentation

1Life Healthcare, Inc. (“1Life”) was incorporated in Delaware on July 25, 2002. 1Life’s headquarters are located in San Francisco, California. 1Life has developed a modernized healthcare membership model based on direct consumer enrollment as well as employer sponsorship. 1Life is also an administrative and managerial services company that provides services pursuant to contracts with physician-owned professional corporations (“PCs”) or “One Medical Entities” that provide medical services in-office and virtually. 1Life and the One Medical Entities are collectively referred to herein as the “Company” and operate under the brand name One Medical.

Initial Public Offering

On February 4, 2020, the Company closed its initial public offering (“IPO”) and sold 20,125,000 shares of common stock, including the underwriters’ option to purchase additional shares at the IPO price. The public offering price of the shares sold in the IPO was $14.00 per share. In aggregate, the shares issued in the offering generated $258,119 in net proceeds, which amount is net of $18,314 in underwriters’ discount and commissions, and $5,317 in offering costs.

Upon the closing of the IPO, all shares of redeemable convertible preferred stock then outstanding were automatically converted into 86,257,242 shares of common stock and all redeemable preferred stock warrants were converted into warrants to purchase 667,668 shares of common stock. In addition, 1,589,798 options held by a named executive officer that were subject to immediate vesting upon the execution of the IPO underwriting agreement vested and accordingly, $3,506 of stock-based compensation expense was recognized.

Certain Risks and Uncertainties

The Company has incurred losses from operations since inception. Management expects that operating losses and negative cash flows from operations will continue in the foreseeable future; however, it currently believes that the Company’s current cash, cash equivalents and short-term marketable securities are sufficient to fund its operating expenses and capital expenditure requirements for the next twelve months.

In March 2020, the World Health Organization declared a pandemic due to the global COVID-19 outbreak. Due to the ongoing COVID-19 pandemic, the global economy and financial markets have been and continue to be affected, and there is a significant amount of uncertainty about the length and severity of the consequences caused by the pandemic. The Company has considered information available to it as of the date of issuance of these financial statements and is not aware of any specific events or circumstances that would require an update to its estimates or judgments, or an adjustment to the carrying value of its assets or liabilities. The accounting estimates and other matters assessed include, but were not limited to, allowance for doubtful accounts, inventory reserves, adverse inventory purchase commitments, goodwill and other long-lived assets, and revenue recognition. These estimates may change as new events occur and additional information becomes available. Actual results could differ materially from these estimates.

Basis of Presentation

The Company has prepared the consolidated financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and include the accounts of 1Life and variable interest entities (“VIE”) in which 1Life has an interest and is the primary beneficiary (see Note 3, “Variable Interest Entities”). All significant intercompany balances and transactions have been eliminated in consolidation. The noncontrolling interest attributable to the Company’s variable interest entities are presented as a separate component of equity in the consolidated balance sheets.

Certain reclassifications have been made to prior periods to conform with the current presentation. During the three months ended March 31, 2020, the company identified a balance sheet misclassification which was not material to the previously issued financial statements. However, the Company has corrected the December 31, 2019 comparative amounts to increase accounts receivable, net and deferred revenue by $3,146 as presented in the condensed consolidated balance sheet.
2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements and related disclosures in conformity with U.S. GAAP and regulations of the SEC requires management to make estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Estimates include, but are not limited to, revenue recognition, determination of useful lives for property and equipment, intangible assets including goodwill, capitalized internal-use software, allowance for doubtful accounts, valuation of redeemable convertible preferred stock warrant liabilities, self-insurance reserves, valuation of common stock, stock options valuations, convertible senior notes fair value, contingent liabilities and income taxes. Actual results could differ materially from those estimates.

Deferred Offering Costs

The Company capitalizes certain legal, accounting and other third-party fees that are directly related to the Company’s in-process equity financings until such financings are consummated, including the Company’s initial public offering in January 2020. After the consummation of the equity financing, these costs are recorded as a reduction of the gross proceeds. Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred offering costs are immediately written off to operating expenses. There were no deferred offering costs capitalized as of December 31, 2020. As of December 31, 2019, there were $3,627 of deferred offering costs included in other assets on the consolidated balance sheet.

Cash, Cash Equivalents and Restricted Cash

The Company considers all short-term, highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash deposits are all in financial institutions in the United States. Cash and cash equivalents consisted of cash on deposit, investments in money market funds and commercial paper. Restricted cash represents cash held under letters of credit for various leases. The expected duration of restrictions on the Company’s restricted cash generally ranges from 1 to 9 years.

The reconciliation of cash, cash equivalents and restricted cash reported within the applicable balance sheet line items that sum to the total of the same such amount shown in the consolidated statements of cash flows is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$112,975</td>
</tr>
<tr>
<td>Restricted cash, current</td>
<td></td>
</tr>
<tr>
<td>(included in prepaid</td>
<td>119</td>
</tr>
<tr>
<td>expenses and other current</td>
<td></td>
</tr>
<tr>
<td>assets)</td>
<td>1,911</td>
</tr>
<tr>
<td>Total restricted cash</td>
<td>$115,005</td>
</tr>
</tbody>
</table>

Marketable Securities

The Company’s investments in marketable securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in total equity (deficit). The Company determines the appropriate classification of these investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company classifies the available-for-sale investments as current assets under the caption short-term marketable securities on the consolidated balance sheets as these investments generally consist of highly marketable securities that are identified to be available to meet near-term cash requirements.

Realized gains and losses and declines in value determined to be other than temporary are based on the specific identification method and are included as a component of other income (expense), net in the consolidated statements of operations.
The Company periodically evaluates its investments in marketable securities for other-than-temporary impairment. When assessing short-term marketable security investments for other-than-temporary declines in value, the Company considers such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been less than its original cost, the Company’s ability and intent to retain the short-term marketable security investment for a period of time sufficient to allow for any anticipated recovery in fair value and market conditions in general. If any adjustment to fair value reflects a decline in the value of the marketable security that the Company considers to be “other than temporary,” the Company reduces the marketable securities through a charge to the consolidated statement of operations. No such adjustments were necessary during the periods presented.

*Fair Value of Financial Instruments*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of inputs that may be used to measure fair value are defined below:

- **Level 1** — Quoted prices in active markets for identical assets or liabilities.
- **Level 2** — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** — Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company determines the fair value of its marketable securities based on quoted prices in active markets (Level 1 inputs) for identical assets and on quoted prices for similar assets (Level 2 inputs), which are classified as available-for-sale. The carrying amounts of the Company’s term notes approximate the fair value based on consideration of current borrowing rates available to the Company (Level 2 inputs.) The Company’s redeemable convertible preferred stock warrant liability is carried at fair value, determined using Level 3 inputs in the fair value hierarchy (See Note 4 “Fair Value Measurements”). Upon the closing of the Company’s IPO in the first quarter of 2020, the warrants to purchase shares of redeemable convertible preferred stock became exercisable and were automatically converted to warrants to purchase shares of common stock. As a result, following the closing of the Company’s IPO, the warrants are no longer subject to fair value accounting. The carrying values of accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their fair values due to the short-term nature of these assets and liabilities.

*Variable Interest Entities*

The Company evaluates its ownership, contractual and other interests in entities to determine if it has any variable interest in a variable interest entity (“VIE”). These evaluations are complex, involve judgment, and the use of estimates and assumptions based on available historical information, among other factors. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company’s involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.
Segment Information

The Company operates and manages its business as one reportable and operating segment. The Company’s chief executive officer, who is the chief operating decision maker, reviews financial information on an aggregate basis for purposes of evaluating financial performance and allocating resources. All of the Company’s long-lived assets and customers are located in the United States.

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the company to concentration of credit risk consist of cash, cash equivalents, marketable securities and accounts receivable. The Company’s cash balances with individual banking institutions might be in excess of federally insured limits. Cash equivalents are invested in highly rated money market funds and commercial paper. The Company’s marketable securities are invested in U.S. Treasury obligations and commercial paper. The Company is not exposed to any significant concentrations of credit risk from these financial instruments. The Company has not experienced any losses on its deposits of cash, cash equivalents or marketable securities. The Company grants unsecured credit to patients, most of whom reside in the service area of the One Medical facilities and are largely insured under third-party payer agreements. The Company’s concentration of credit risk is limited by the diversity, geography and number of patients and payers.

The table below presents the customers that individually represented 10% or more of the Company’s accounts receivable, net balance as of December 31, 2020 and December 31, 2019. A majority of the receivables had been collected subsequent to December 31, 2020.

<table>
<thead>
<tr>
<th>Customer</th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>*</td>
<td>10%</td>
</tr>
<tr>
<td>E</td>
<td>12%</td>
<td>*</td>
</tr>
<tr>
<td>F</td>
<td>24%</td>
<td>11%</td>
</tr>
<tr>
<td>G</td>
<td>*</td>
<td>12%</td>
</tr>
<tr>
<td>H</td>
<td>16%</td>
<td>*</td>
</tr>
</tbody>
</table>

* Represents percentages below 10% of the Company’s accounts receivable in the period.

The table below presents the customers that individually exceeded 10% or more of the Company’s net revenue for the years ended December 31, 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th>Customer</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>A</td>
<td>13%</td>
</tr>
<tr>
<td>B</td>
<td>*</td>
</tr>
<tr>
<td>C</td>
<td>*</td>
</tr>
<tr>
<td>E</td>
<td>10%</td>
</tr>
<tr>
<td>F</td>
<td>12%</td>
</tr>
</tbody>
</table>

* Represents percentages below 10% of the Company’s net revenue in the period.

Accounts Receivable, net

Accounts receivable is comprised of amounts due from third-party payers, patients, and health system and other partners for healthcare services and amounts due from enterprise clients, schools and universities who purchase access to memberships for their employees, students and faculty. The Company reports accounts receivable net of estimated contractual adjustments and any allowance for doubtful accounts. Collection of accounts receivable is the Company’s primary source of cash and is critical to its operating performance. The Company’s primary collection risks relate to
co-payments and other amounts owed by patients. The Company reviews its overall reserve adequacy by monitoring historical cash collections as a percentage of net revenue as well as other collection indicators such as the age of the balance and the payment history of the customer. The Company writes off accounts against the allowance for doubtful accounts when they are deemed to be uncollectible. Increases and decreases in the allowance for doubtful accounts from patient service revenue are included in net revenue in the consolidated statements of operations.

Changes in the allowance for doubtful accounts were as follows:

<table>
<thead>
<tr>
<th>Allowance for doubtful accounts</th>
<th>Balance at Beginning of Period</th>
<th>Additions</th>
<th>Write-offs and Deductions</th>
<th>Balance at End of Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended December 31, 2018</td>
<td>$405</td>
<td>$3,237</td>
<td>$(3,179)</td>
<td>$463</td>
</tr>
<tr>
<td>Year ended December 31, 2019</td>
<td>$463</td>
<td>$2,931</td>
<td>$(2,226)</td>
<td>$1,168</td>
</tr>
<tr>
<td>Year ended December 31, 2020</td>
<td>$1,168</td>
<td>$5,773</td>
<td>$(3,694)</td>
<td>$3,247</td>
</tr>
</tbody>
</table>

**Inventories**

Inventories consist of medical supplies such as vaccines and are stated at the lower of cost or net realizable value with cost being determined on a weighted average basis. Net realizable value is determined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of disposal and transportation. The cost of inventory includes product cost, shipping costs and taxes. Write-offs of potentially slow moving or damaged inventory are recorded based on management’s analysis of inventory levels, forecasted future sales volume and pricing and through specific identification of obsolete or damaged products. The Company assesses inventory quarterly for slow moving products and potential impairment. The Company records a reserve for obsolete inventory or inventory that may expire prior to use. The reserve for obsolete inventory was $1,386 as of December 31, 2020 and there was no reserve for obsolete inventory for the year ended December 31, 2019.

**Property and Equipment, net**

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives. The general range of useful lives of other property and equipment is as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>5 to 7 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Computer software</td>
<td>1.5 to 5 years</td>
</tr>
<tr>
<td>Laboratory equipment</td>
<td>5 to 7 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Lesser of lease term or 10 years</td>
</tr>
</tbody>
</table>

When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts, with any resulting gain or loss recorded in general and administrative expenses in the consolidated statements of operations. Costs of repairs and maintenance are expensed as incurred.

**Software Developed for Internal Use**

The Company capitalizes costs related to internal-use software during the application development stage including consulting costs and compensation expenses related to employees who devote time to the development projects. The Company records software development costs in property and equipment, net. Costs incurred in the preliminary stages of development activities and post implementation activities are expensed in the period incurred and included in general and administrative expense in the consolidated statements of operations. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality.
Capitalized costs associated with internal-use software are amortized on a straight-line basis over their estimated useful life, which is 1.5 to 5 years, and are included in depreciation and amortization in the consolidated statements of operations.

Goodwill and Long-Lived Assets

The Company recognizes the excess of the purchase price, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of identifiable net assets acquired as goodwill. The Company performs a qualitative assessment on goodwill at least annually or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. If it is determined in the qualitative assessment that the fair value of a reporting unit is more likely than not below its carrying amount, then the Company will perform a quantitative impairment test. The quantitative goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any excess in the carrying value of a reporting unit’s goodwill over its fair value is recognized as an impairment loss, limited to the total amount of goodwill allocated to that reporting unit. For purposes of goodwill impairment testing, the Company has one reporting unit.

The Company’s long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the future undiscounted cash flows expected to be generated by the asset or asset group. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

During the years ended December 31, 2020 and 2019, the Company has not recorded any impairment charges related to goodwill or long-lived assets.

Leases

The Company adopted Accounting Standards Codification, Topic 842, Leases (“ASC 842”), using the modified retrospective approach through a cumulative-effect adjustment and utilizing the effective date of January 1, 2019 as its date of initial application. As of January 1, 2019, the impact of the adoption to the Company’s consolidated balance sheet includes the recognition of operating lease liabilities, current, of $9,643, operating lease liabilities, non-current, of $63,047 based on the present value of the remaining lease payments for existing operating leases with corresponding right-of-use assets of approximately $60,770. The difference between the amount of right-of-use assets and lease liabilities recognized upon the adoption of ASC 842 is related to adjustments to existing prepaid rent, deferred rent, and lease incentives.

The Company determines if a contract meets with definition of a lease at inception of a contract. Lease liabilities represent the obligation to make lease payments and right-of-use (“ROU”) assets represent the right to use the underlying asset during the lease term. Leases with a term greater than one year are recognized on the consolidated balance sheet as lease liabilities and ROU assets at the commencement date of the lease based on the present value of lease payments over the lease term. The Company has elected not to recognize on the balance sheet leases with terms of one year or less. When the implicit rate is unknown, an incremental borrowing rate based on the information available at the commencement date is used in determining the present value of the lease payments. Options to extend or terminate the lease are included in the determination of the lease term when it is reasonably certain that the Company will exercise such options. Most leases contain clauses for renewal at the Company’s option with renewal terms that generally extend the lease term from 1 to 7 years.

Operating lease ROU assets are adjusted for (i) payments made at or before the commencement date, (ii) initial direct costs incurred, and (iii) tenant incentives under the lease. When a lease contains an escalation clause or a concession, such as a rent holiday or tenant improvement allowance, the Company includes these items in the determination of the ROU asset and the lease liabilities. The effects of these escalation clauses or concessions have been reflected in lease expenses on a straight-line basis over the expected lease term and any variable lease payments subsequent to establishing the lease liability are expensed as incurred.
Certain lease agreements include rental payments that are adjusted periodically for inflation or other variables. In addition to rent, the leases may require the Company to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as non-lease components. Such adjustments to rental payments and variable non-lease components are treated as variable lease payments and recognized in the period as incurred. Variable lease components and variable non-lease components are not measured as part of the right-of-use assets and lease liability. Only when lease components and their associated non-lease components are fixed are they recognized as part of the right-of-use assets and lease liability. The Company has made an accounting policy election to not separate lease and non-lease components to all asset classes. Rather, each lease component and the related non-lease components will be accounted for together as a single component.

A portfolio approach is applied where appropriate to certain lease contracts with similar characteristics. The Company’s lease agreements do not contain any significant residual value guarantees or material restrictive covenants imposed by the leases.

Operating leases are included in right of use assets, operating lease liabilities, current and operating lease liabilities, non-current on the Company’s consolidated balance sheets. Finance leases are included in property and equipment, net, other current liabilities, and other long-term liabilities on the Company’s consolidated balance sheets. Finance leases are not material.

**Redeemable Convertible Preferred Stock Warrant Liability**

The Company classifies the redeemable convertible preferred stock warrants as a liability on the consolidated balance sheets because the warrants are freestanding financial instruments that may require the Company to transfer assets upon exercise. The liability associated with each of these warrants was initially recorded at fair value upon the issuance date of each warrant and is subsequently re-measured to fair value at each reporting date. Changes in the fair value of the warrant liability are recognized as a component of other income (expense), net in the consolidated statements of operations.

Upon the closing of the Company’s IPO in the first quarter of 2020, the warrants to purchase shares of redeemable convertible preferred stock became exercisable and were automatically converted to warrants to purchase shares of common stock, at which time the Company adjusted the redeemable convertible preferred stock warrant liability to fair value prior to reclassifying the redeemable convertible preferred stock warrant liability to additional paid-in capital. As a result, following the closing of the Company’s IPO, the warrants are no longer subject to fair value accounting.

**Noncontrolling Interest**

The Company recognizes noncontrolling interest related to variable interest entities in which the Company is the primary beneficiary, as equity (deficit) in the consolidated balance sheets separate from 1Life’s equity (deficit). The earnings attributable to noncontrolling interest are recorded in the consolidated statements of operations as net loss attributable to noncontrolling interest. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and noncontrolling interests. In addition, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss. Please see Note 3, “Variable Interest Entities” to our consolidated financial statements.

**Income Taxes**

Income taxes are computed using the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company’s consolidated financial statements. In estimating future tax consequences, the Company considers all expected future events other than enactment of changes in tax laws or rates. A valuation allowance is recorded, if necessary, to reduce net deferred tax assets to their realizable values if management does not believe it is more likely than not that the net
deferred tax assets will be realized. As of December 31, 2020, the Company had recorded a partial valuation allowance against its net deferred tax assets in loss generating entities; as of December 31, 2019, the Company had recorded a full valuation allowance against all its deferred tax assets.

The Company follows the provisions of the authoritative guidance from the Financial Accounting Standards Board ("FASB"), on accounting for uncertainty in income taxes. These provisions provide a comprehensive model for the recognition, measurement and disclosure in financial statements of uncertain income tax positions that a company has taken or expects to take on a tax return. Under these provisions, a company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. Assessing an uncertain tax position begins with the initial determination of the sustainability of the position and is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed. Additionally, the Company must accrue interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws.

The Company’s policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2020 and 2019, the Company had no accrued interest or penalties related to uncertain tax positions.

Net Loss per Share Attributable to 1Life Healthcare, Inc. Stockholders

The Company applies the two-class method to compute basic and diluted net loss per share attributable to 1Life Healthcare, Inc. stockholders when shares meet the definition of participating securities. The two-class method determines net loss per share for each class of common and redeemable convertible preferred stock according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income (loss) available to common stockholders for the period to be allocated between common and redeemable convertible preferred stock based upon their respective rights to share in the earnings as if all income (loss) for the period had been distributed. During periods of loss, there is no allocation required under the two-class method since the redeemable convertible preferred stock does not have a contractual obligation to share in the Company’s losses.

Basic net loss per share attributable to 1Life Healthcare, Inc. stockholders is computed by dividing net loss attributable to 1Life Healthcare, Inc. stockholders by the weighted-average number of common shares outstanding during the period without consideration of potentially dilutive common stock. Diluted net loss per share attributable to 1Life Healthcare, Inc. stockholders reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company unless inclusion of such shares would be anti-dilutive. For periods in which the Company reports net losses, diluted net loss per common share attributable to 1Life Healthcare, Inc. stockholders is the same as basic net loss per common share attributable to 1Life Healthcare, Inc. stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Revenue Recognition

The Company adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, effective January 1, 2019, using the modified retrospective transition method. Net revenue for the years ended December 31, 2020 and 2019 is presented under Topic 606. Net revenue for the year ended December 31, 2018 is presented under Topic 605.

The Company generates net revenue through net patient service revenue, partnership revenue and membership revenue. Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The Company determines revenue recognition through the following steps:

(i) Identify the contract(s) with a customer;
Net Patient Service Revenue

Net patient service revenue is generated from providing primary care services pursuant to contracts with patients. The Company recognizes revenue as services are rendered, which are delivered over a period of time but typically within one day, when the Company provides services to the patient. The Company receives payments for services from third-party payers as well as from patients who have health insurance where they may bear some cost of the service in the form of co-pays, coinsurance or deductibles. In addition, patients who do not have health insurance are required to pay for their services in full. Providing medical services to patients represents the Company’s performance obligation under the contracts, and accordingly, the transaction price is allocated entirely to the one performance obligation.

Net patient service revenue is reported net of provisions for contractual allowances from third-party payers and patients. The Company has certain agreements with third-party payers that provide for reimbursement at amounts different from the Company’s standard billing rates. The differences between the estimated reimbursement rates and the standard billing rates are accounted for as contractual adjustments, which are deducted from gross revenue to arrive at net patient service revenue. The Company estimates implicit price concessions related to payer and patient receivable balances as part of estimating the original transaction price which is based on historical experience, current market conditions, the amount of any receivables in dispute, current receivables aging and other collection indicators.

Partnership Revenue

Partnership revenue is generated from (i) contracts with employers to provide professional clinical services to employee members at the Company’s on-site clinics, (ii) capitation payments from IPAs to provide professional clinical services to covered participants, (iii) contracts with employers, schools, and universities to provide COVID-19 on-site testing services, and (iv) contracts with health systems as health network partners beginning in 2019. The Company’s main performance obligation under the various partnership arrangements is to stand ready to provide professional clinical services and the associated management and administrative services. As the services are provided concurrently over the contract term and have the same pattern of transfer, the Company has concluded that this represents one performance obligation comprising of a series of distinct services over the contract term. The Company also receives an incentive from certain health network partners to open new clinics, which is considered a distinct performance obligation from the stand-ready obligation to provide clinical and administrative services. Revenue is recognized when the performance obligation is satisfied upon the opening of the new location.

While the Company can receive either fixed or variable fees from its enterprise clients (i.e., stated fee per employee per month) for on-site medical services, it generally receives variable fees from IPAs and health networks on a stated fee per member per month basis, based on the number of members (or participants) serviced. The Company also receives variable fees from enterprise clients, schools and, universities on a stated fee per each COVID-19 on-site testing per month basis, based on the number of tests delivered. The Company recognizes revenue as it satisfies its performance obligation. For fixed-fee agreements with its enterprise clients, the Company uses a time-based measure to recognize revenue ratably over the contract term. For variable-fee agreements with health networks, the Company allocates the per member per month variable consideration to the month that the fee is earned, correlated with the amount of services it is providing, which is consistent with the allocation objective of the series guidance. For variable-fee arrangements with employers, schools, and universities to provide COVID-19 on-site testing services, revenue is recognized as services are rendered. The Company generally invoices for the on-site testing services as the work is incurred and monthly in arrears.

From time to time, the Company may provide discounts and rebates to the customer. The Company estimates the variable consideration subject to the constraint and recognizes such variable consideration over the contract term.
Membership Revenue

Membership revenue is generated from annual membership fees paid by consumer members and from enterprise clients who purchase access to memberships for their employees and dependents. The terms of service on the Company's website serve as the contract between the Company and consumer members. The Company enters into written contracts with enterprise clients. The transaction price for contracts with enterprise clients is determined on a per employee per month basis, based on the number of employees eligible for membership established at the beginning of the contract term, which is generally one year. The transaction price for the contract is stated in the contract or determinable and is generally collected in advance of the contract term. The Company may provide numerous services under the agreements; however, these services are generally not considered individually distinct as they are not separately identifiable in the context of the agreement. As a result, the Company's single performance obligation in the transaction constitutes a series for the provision of membership and services as and when requested over the membership term. The transaction price relates specifically to the Company's efforts to transfer the services for a distinct increment of the series. Accordingly, the transaction price is allocated entirely to the one performance obligation. Membership revenue is recognized ratably over the contract period with the individual member or enterprise client. Unrecognized but collected amounts are recorded to deferred revenue and amortized over the remainder of the applicable membership period.

Contracts with Multiple Performance Obligations

Certain contracts with customers contain multiple performance obligations that are distinct and accounted for separately. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. The Company determines SSP for all performance obligations using observable inputs, such as standalone sales and historical contract pricing. SSP is consistent with the Company's overall pricing objectives, taking into consideration the type of services. SSP also reflects the amount the Company would charge for that performance obligation if it were sold separately in a standalone sale, and the price the Company would sell to similar customers in similar circumstances.

Deferred Revenue

The Company records deferred revenue, which is a contract liability, when it has an obligation to provide services to a customer and payment is received in advance of performance.

Deferred Commissions

The Company capitalizes expenses that are considered to be incremental to the acquisition of customer contracts, which are then amortized over an estimated period of benefit. The period of benefit of the deferred commissions is determined based on the type of costs incurred, the nature of the related benefits, the historical contractual terms and renewal rates of the customer arrangements. Amortization expense is included in sales and marketing expenses on the consolidated statements of operations. Deferred commissions are primarily related to enterprise sales.

Cost of Care, Exclusive of Depreciation and Amortization

Cost of care, exclusive of depreciation and amortization, also excludes stock-based compensation. Cost of care primarily includes all costs relating to the provision of virtual care, including video visits and other synchronous and asynchronous communication via the Company's app and website, and the operation and maintenance of medical offices, which includes all provider and support employee-related costs, occupancy costs, medical supplies, insurance and other operating costs. Providers include medical doctors, doctors of osteopathy, nurse practitioners, and physician assistants.
Advertising

The Company expenses advertising costs the first time the advertising takes place. Advertising costs are included in sales and marketing in the consolidated statements of operations. For the years ended December 31, 2020, 2019 and 2018, advertising costs were $15,871, $23,368, and $11,641, respectively.

Stock-Based Compensation

The Company measures all stock-based awards granted to employees and directors based on the fair value on the date of the grant and recognizes compensation expense for those awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award.

For stock option grants with only service-based vesting conditions, the fair value is estimated on the date of grant using a Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and the Company’s expected dividend yield. The expense for the stock option grants with only service-based vesting conditions is recorded using the straight-line method. The Company also uses the Black-Scholes option-pricing model to estimate the fair value of its stock purchase rights under the 2020 Employee Stock Purchase Plan on the grant date.

For stock option awards issued with market-based vesting conditions, the grant date fair value is determined based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the market condition may not be satisfied. A Monte Carlo simulation requires the use of various assumptions, including the underlying stock price, volatility and the risk-free interest rate as of the valuation date, corresponding to the length of the time remaining in the performance period, and expected dividend yield. The expected term represents the derived service period for the respective tranches, which is the longer of the explicit service period or the period in which the market conditions are expected to be met. Stock-based compensation expense associated with market-based awards is recognized over the derived requisite service using the accelerated attribution method, regardless of whether the market conditions are achieved. If the related market conditions are achieved earlier than the derived service period, the stock-based compensation expense will be recognized as a cumulative catch-up expense from the grant date to that point in time in achieving the share price goal. (see Note 16, “Stock-Based Compensation”).

Self-Insurance Program

The Company self-insures for certain levels of employee medical benefits. The Company maintains a stop-loss insurance policy to protect it from individual losses over $250 per claim in 2020, $225 per claim in 2019 and $175 per claim in 2018. A liability for expected claims incurred but not reported is established on a monthly basis. As claims are paid, the liability is relieved. The Company reviews its self-insurance accruals on a quarterly basis based on actuarial methods to determine the liability for actual claims and claims incurred but not yet reported. As of December 31, 2020 and 2019, the Company’s liability for outstanding claims (included in accrued expenses) was $1,936 and $1,753, respectively.

Other Comprehensive Loss

Other comprehensive loss includes unrealized gains and losses on short-term marketable securities classified as available-for-sale.

Recent Accounting Pronouncements

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private
companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Adopted Pronouncements as of December 31, 2020

In November 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and also improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The standard is effective for private companies for fiscal years beginning after December 15, 2021 and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. The Company elected to early adopt this standard during the fourth quarter of 2020. The adoption of this standard did not have a material effect on the Company’s consolidated financial statements.

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements. The standard is effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company adopted this standard on January 1, 2020. The adoption of this standard did not have a material effect on the Company’s consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815) I. Accounting for Certain Financial Instruments with Down Round Features II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception (“ASU 2017-11”). Part I applies to entities that issue financial instruments such as warrants, convertible debt or convertible preferred stock that contain down-round features. Part II replaces the indefinite deferral for certain mandatorily redeemable noncontrolling interests and mandatorily redeemable financial instruments of nonpublic entities contained within Accounting Standards Codification (“ASC”) Topic 480 with a scope exception and does not impact the accounting for these mandatorily redeemable instruments. For private entities, ASU 2017-11 is effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company adopted this standard on January 1, 2020. The adoption of this standard did not have a material effect on the Company’s consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted as of December 31, 2020

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, which simplifies the accounting for convertible instruments by removing certain separation models in Subtopic 470-20, Debt—Debt with Conversion and Other Options, for convertible instruments and also increases information transparency by making disclosure amendments. The convertible debt instruments will be accounted for as a single liability measured at amortized cost. This will also result in the interest expense recognized for convertible debt instruments to be typically closer to the coupon interest rate when applying the guidance in Topic 835, Interest. Further, the ASU made amendments to the EPS guidance in Topic 260 for convertible instruments, the most significant impact of which is requiring the use of the if-converted method for diluted EPS calculation, and no longer allowing the net share settlement method. The standard is effective for private companies for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.
The Company plans to early adopt this standard on January 1, 2021 on a modified retrospective basis. The adoption is expected to reduce additional paid in capital by approximately $75,635 for the equity component of the convertible senior notes (“the 2025 Notes”) remaining outstanding, which was initially separated and recorded in equity, and remove the remaining debt issuance cost recorded for this previous separation for approximately $2,242, as a result. The net effect of these adjustments will result in a reduction in the balance of the opening accumulated deficit of approximately $6,656 as of January 1, 2021, which represents the cumulative non-cash interest expense recorded from the amortization of the debt issuance discount.

The Company currently expects the adoption of the ASU to result in the reduction of non-cash interest expense of approximately $13,000 for the year ending December 31, 2021 and until the 2025 Notes have been settled. The reduction in interest expense will decrease the net loss attributable to common stockholders and decrease the basic net loss per share. The required use of the if converted method will not impact the diluted net loss per share as long as the Company is in a net loss position. The adoption will have no impact on the consolidated statement of cash flows.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use-software. The standard is effective for private companies for fiscal years beginning after December 15, 2020 and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted. The Company will adopt this standard on a prospective basis on January 1, 2021 and does not expect the adoption to have a material impact on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and also issued subsequent amendments to the initial guidance (collectively, Topic 326). Topic 326 replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The standard is effective for private companies for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

3. Variable Interest Entities

1Life’s agreements with the PCs generally consist of both Administrative Services Agreements (“ASAs”), which provide for various administrative and management services to be provided by 1Life to the PC, and Succession Agreements, which provide for transition of ownership of the PCs under certain conditions.

The ASAs typically provide that the term of the arrangements is ten years with automatic renewal for successive one-year terms, subject to termination by 1Life or the PC in certain specified circumstances. The outstanding voting equity instruments of the PCs are owned by nominee shareholders appointed by 1Life (or the PC in one instance) under the terms of the Succession Agreements or other shareholders who are also subject to the terms of the Succession Agreements. 1Life has the right to receive income as an ongoing administrative fee in an amount that represents fair value of services rendered and has provided all financial support through loans to the PCs. 1Life has exclusive responsibility for the provision of all nonmedical services including facilities, technology and intellectual property required for the day-to-day operation and management of each of the PCs, and makes recommendations to the PC in establishing the guidelines for the employment and compensation of the physicians and other employees of the PCs. In addition, the agreements provide that 1Life has the right to designate a person(s) to purchase the stock of the PCs for a nominal amount in the event of a succession event. Based upon the provisions of these agreements, 1Life determined that the PCs are variable interest entities due to its equity holder having insufficient capital at risk, and 1Life has a variable interest in the PCs.

The contractual arrangement to provide management services allows 1Life to direct the economic activities that most significantly affect the PC. Accordingly, 1Life is the primary beneficiary of the PCs and consolidates the PCs under the VIE model. Furthermore, as a direct result of nominal initial equity contributions by the physicians, the
financial support 1Life provides to the PCs (e.g. loans) and the provisions of the nominee shareholder succession arrangements described above, the interests held by noncontrolling interest holders lack economic substance and do not provide them with the ability to participate in the residual profits or losses generated by the PCs. Therefore, all income and expenses recognized by the PCs are allocated to 1Life stockholders. The aggregate carrying value of the current assets and liabilities included in the consolidated balance sheets for the PCs after elimination of intercompany transactions and balances were $48,182 and $31,462, respectively, as of December 31, 2020 and $28,227 and $13,927, respectively, as of December 31, 2019. The PCs did not have noncurrent assets or liabilities.
In September 2014, 1Life entered into a joint venture agreement with a healthcare system to jointly operate physician owned primary care offices in a new market. Pursuant to the formation of this joint venture, the healthcare system contributed $10,000 for a 56.9% interest and 1Life contributed management expertise for a 43.1% interest. One of the PCs had the responsibility for the provision of medical services and 1Life had responsibility for the day-to-day operation and management of the offices, including the establishment of guidelines for the employment and compensation of the physicians. Based upon this and other provisions of the operating agreement that indicated that 1Life directed the economic activities that most significantly affected the economic performance of the joint venture, 1Life determined that the joint venture was a variable interest entity and that 1Life was the primary beneficiary. The Company recorded the $10,000 cash received in noncontrolling interest in the consolidated balance sheet. The income and expenses of the joint venture were recorded in the consolidated statements of operations and statements of comprehensive loss as net loss attributable to noncontrolling interest.

Effective April 1, 2020, 1Life terminated the joint venture agreement with the healthcare system and transferred its ownership interest in the joint venture to the healthcare system. As a result, the joint venture became a wholly owned subsidiary of the healthcare system. The joint venture was deconsolidated in the consolidated financial statements as of April 1, 2020 and the Company derecognized all assets and liabilities of the joint venture. The Company did not record a gain or loss in association with the deconsolidation as the Company did not retain any noncontrolling interest in the joint venture and no consideration was transferred as a result of the ownership interest transfer to the healthcare system.

At the point of deconsolidation, 100% of the net assets were attributable to the noncontrolling interest. The following table shows the balances immediately preceding the deconsolidation of the joint venture that occurred on April 1, 2020:

<table>
<thead>
<tr>
<th>Partially Owned</th>
<th>April 1, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 810</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>768</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>18</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,596</td>
</tr>
<tr>
<td>Other assets</td>
<td>19</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,504</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>1,509</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 4,628</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 9</td>
</tr>
<tr>
<td>Operating lease liabilities, current</td>
<td>273</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>143</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>425</td>
</tr>
<tr>
<td>Operating lease liabilities, non-current</td>
<td>1,872</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$ 2,297</td>
</tr>
</tbody>
</table>
The table below presents the assets and liabilities (excluding intercompany balances that are eliminated in consolidation) for the joint venture as of December 31, 2019:

<table>
<thead>
<tr>
<th>Partially Owned</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,411</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>817</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,252</td>
</tr>
<tr>
<td>Other assets</td>
<td>19</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,521</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>1,553</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 5,345</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 60</td>
</tr>
<tr>
<td>Operating lease liabilities, current</td>
<td>265</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>382</td>
</tr>
<tr>
<td>Operating lease liabilities, non-current</td>
<td>1,946</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 2,328</td>
</tr>
</tbody>
</table>

The consolidated balance sheet as of December 31, 2019 and the consolidated statement of operations for the year ended December 31, 2020 include the operations of the joint venture through the date of deconsolidation. The consolidated balance sheet as of December 31, 2020 does not include the operations of the joint venture.

4. **Fair Value Measurements**

The following tables present information about the Company’s financial assets and liabilities measured at fair value on a recurring basis:

| Fair Value Measurements as of December 31, 2020 Using: |
|-----------------|-----------------|-----------------|-----------------|
|                  | Level 1 | Level 2 | Level 3 | Total |
| **Assets:**     |         |         |         |       |
| Cash equivalents: |         |         |         |       |
| Money market fund | $ 50,761 | $ - | $ - | $ 50,761 |
| Commercial paper | - | 19,999 | - | 19,999 |
| Short-term investments: |         |         |         |       |
| U.S. Treasury obligations | 416,158 | - | - | 416,158 |
| U.S. government agency securities | 20,000 | - | - | 20,000 |
| Commercial paper | - | 133,865 | - | 133,865 |
| **Total** | $ 486,919 | $ 153,864 | $ - | $ 640,783 |
Fair Value Measurements as of December 31, 2019 Using:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash equivalents:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market fund</td>
<td>$13,580</td>
<td>$-</td>
<td>$-</td>
<td>$13,580</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>$-</td>
<td>$4,997</td>
<td>$-</td>
<td>$4,997</td>
</tr>
<tr>
<td><strong>Short-term investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>$48,968</td>
<td>$-</td>
<td>$-</td>
<td>$48,968</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>$-</td>
<td>$70,178</td>
<td>$-</td>
<td>$70,178</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$62,548</td>
<td>$75,175</td>
<td>$-</td>
<td>$137,723</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable convertible preferred stock warrant liability</td>
<td>$-</td>
<td>$-</td>
<td>$7,220</td>
<td>$7,220</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$-</td>
<td>$-</td>
<td>$7,220</td>
<td>$7,220</td>
</tr>
</tbody>
</table>

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1, Level 2 and Level 3.

Valuation of Redeemable Convertible Preferred Stock Warrant Liability

The redeemable convertible preferred stock warrant liability in the table above relates to redeemable convertible preferred stock warrants issued in connection with certain note payable transactions (See Note 12, “Debt”). The fair value of the redeemable convertible preferred stock warrant liability was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy.

The Company used the Black-Scholes option-pricing model, which incorporates assumptions and estimates, to value the redeemable convertible preferred stock warrants. Additionally, because the redeemable convertible preferred stock has certain conversion features, the fair value of the related redeemable convertible preferred stock warrants is re-measured to fair value on a periodic basis and any changes to the redeemable convertible preferred stock warrant liability are recorded in the consolidated statements of operations in the related period. The Company determined the fair value per share of the underlying redeemable convertible preferred stock by taking into consideration the most recent sales of its redeemable convertible preferred stock, results obtained from third-party valuations and additional factors that are deemed relevant. The Company historically has been a private company and lacks company-specific historical and implied volatility information of its stock. Therefore, it estimates its expected stock volatility based on the historical volatility of publicly traded peer companies for a term equal to the remaining contractual term of the redeemable convertible preferred stock warrant. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining contractual term of the redeemable convertible preferred stock warrant. The Company estimated a 0% expected dividend yield based on the fact that the Company has never paid or declared dividends and does not intend to do so in the foreseeable future.
The assumptions that the Company used to determine the fair value of the redeemable convertible preferred stock warrants were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expected stock price volatility</strong></td>
<td>46.5% - 55.0%</td>
<td>39.9% - 55.0%</td>
<td>40.4% - 44.6%</td>
</tr>
<tr>
<td><strong>Risk-free interest rate</strong></td>
<td>1.5% - 1.6%</td>
<td>1.6% - 1.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Remaining contractual term</strong></td>
<td>0.1 - 5 years</td>
<td>0.2 - 5 years</td>
<td>1 - 6 years</td>
</tr>
<tr>
<td><strong>Expected dividend yield</strong></td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Estimated fair value</strong></td>
<td>$16.93 - $22.52</td>
<td>$7.10 - $12.53</td>
<td>$2.67 - $6.90</td>
</tr>
</tbody>
</table>

The following table provides a roll forward of the aggregate fair values of the Company’s redeemable convertible preferred stock warrant liability, for which fair value is determined using Level 3 inputs:

<table>
<thead>
<tr>
<th></th>
<th>Convertible Redeemable Preferred Stock Warrant Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2017</td>
<td>$ 2,686</td>
</tr>
<tr>
<td>Warrant exercise</td>
<td>(862)</td>
</tr>
<tr>
<td>Change in fair value</td>
<td>1,877</td>
</tr>
<tr>
<td>Balance as of December 31, 2018</td>
<td>3,701</td>
</tr>
<tr>
<td>Change in fair value</td>
<td>3,519</td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>7,220</td>
</tr>
<tr>
<td>Warrant exercise</td>
<td>(40)</td>
</tr>
<tr>
<td>Change in fair value</td>
<td>6,560</td>
</tr>
<tr>
<td>Conversion of preferred stock warrants into common stock warrants</td>
<td>(13,740)</td>
</tr>
<tr>
<td>Balance as of December 31, 2020</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Upon the closing of the Company’s IPO in the first quarter of 2020, the warrants to purchase shares of redeemable convertible preferred stock became exercisable and were automatically converted to warrants to purchase shares of common stock. As a result, following the closing of the Company’s IPO, the warrants are no longer subject to fair value accounting.

*Valuation of Convertible Senior Notes*

The Company has $316,250 aggregate principal amount outstanding of 3.0% convertible senior notes due in 2025 (the “2025 Notes”). Refer to Note 12, “Debt” for further details on the 2025 Notes.

As of December 31, 2020, the fair value of the 2025 Notes was $397,472. The fair value was determined based on the closing trading price of the 2025 Notes as of the last day of trading for the period. The fair value of the 2025 Notes is primarily affected by the trading price of the Company's common stock and market interest rates. The fair value of the 2025 Notes is considered a Level 2 measurement as they are not actively traded.
5. Revenue Recognition

The reported results for the years ended December 31, 2020 and 2019 reflect the application under the guidance of Topic 606, while the reported results for the year ending December 31, 2018 reflect the application of Topic 605 guidance.

The following table summarizes the Company’s net revenue by primary source:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$149,695</td>
<td>$145,389</td>
<td>$144,080</td>
</tr>
<tr>
<td>Partnership revenue</td>
<td>159,482</td>
<td>78,734</td>
<td>25,408</td>
</tr>
<tr>
<td>Total net patient service and partnership revenue</td>
<td>309,177</td>
<td>224,123</td>
<td>169,488</td>
</tr>
<tr>
<td>Membership revenue</td>
<td>68,466</td>
<td>52,135</td>
<td>43,190</td>
</tr>
<tr>
<td>Grant income</td>
<td>2,580</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net revenue</td>
<td>$380,223</td>
<td>$276,258</td>
<td>$212,678</td>
</tr>
</tbody>
</table>

Net patient service revenue is primarily generated from commercial third-party payers with which the One Medical entities have established contractual billing arrangements. The following table summarizes net patient service revenue by source:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net patient service revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial and government third-party payers</td>
<td>136,388</td>
<td>121,502</td>
<td>119,657</td>
</tr>
<tr>
<td>Patients, including self-pay, insurance co-pays and deductibles</td>
<td>13,307</td>
<td>23,887</td>
<td>24,423</td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$149,695</td>
<td>$145,389</td>
<td>$144,080</td>
</tr>
</tbody>
</table>

The CARES Act was enacted on March 27, 2020 to provide economic relief to those impacted by the COVID-19 pandemic. The CARES Act includes various tax and lending provisions, among others. Under the CARES Act, the Company received an income grant of $2,580 from the Provider Relief Fund administered by the Health and Human Services (“HHS”) during the year ended December 31, 2020. Management has concluded that the Company met conditions of the grant funds and has recognized it as Grant income for the year ended December 31, 2020. The Company cannot predict the extent to which it will receive any such additional funds in future periods.

During the year ended December 31, 2020, the Company recognized revenue of $26,026, which was included in the beginning deferred revenue balance as of January 1, 2020. During the year ended December 31, 2019, the Company recognized revenue of $21,004, which was included in the beginning deferred revenue balance as of January 1, 2019.

During the year ended December 31, 2020, the Company updated its assessment of variable consideration for its existing contracts which resulted in a reduction to net revenue in the amount of $7,390. As of December 31, 2020, a total of $6,774 is included within deferred revenue related to variable consideration, of which $5,865 is classified as non-current as it will not be recognized within the next twelve months. During the year ended December 31, 2019, the Company updated its assessment of variable consideration for its existing contracts which did not have a material impact. The estimate of variable consideration is based on the Company’s assessment of historical, current, and forecasted performance.
As summarized in the table below, the Company recorded contract assets and deferred revenue as a result of timing differences between the Company’s performance and the customer’s payment.

<table>
<thead>
<tr>
<th>Balances from contracts with customers:</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$ 67,895</td>
</tr>
<tr>
<td>Contract asset (included in prepaid expenses and other current assets)</td>
<td>513</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>43,590</td>
</tr>
</tbody>
</table>

The Company does not disclose the value of remaining performance obligations for (i) contracts with an original contract term of one year or less, (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice when that amount corresponds directly with the value of services performed, and (iii) variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied distinct service that forms part of a single performance obligation. For those contracts that do not meet the above criteria, the Company’s remaining performance obligation as of December 31, 2020, is expected to be recognized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Less than or equal to</th>
<th>Greater than</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 months</td>
<td>12 months</td>
</tr>
<tr>
<td>As of December 31, 2020</td>
<td>$ 5,107</td>
<td>$ 10,562</td>
</tr>
</tbody>
</table>

6. **Cash Equivalents and Short-Term Marketable Securities**

At December 31, 2020 and 2019, the Company’s cash equivalents and short-term marketable securities were as follows:

<table>
<thead>
<tr>
<th>Cash equivalents:</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Money market fund</td>
<td>$ 50,761</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>19,999</td>
</tr>
<tr>
<td>Total cash equivalents</td>
<td>70,760</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short-term marketable securities:</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury obligations</td>
<td>416,150</td>
</tr>
<tr>
<td>U.S. government agency securities</td>
<td>20,000</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>133,865</td>
</tr>
<tr>
<td>Total short-term marketable securities</td>
<td>570,015</td>
</tr>
<tr>
<td><strong>Total cash equivalents and short-term marketable securities</strong></td>
<td>$ 640,775</td>
</tr>
</tbody>
</table>
Gross
Unrealized
Fair value
Amortized cost gains (losses)

Cash equivalents:
Money market fund .................................................. $ 13,580 $ - $ 13,580
Commercial paper..................................................... 4,997 - 4,997
Total cash equivalents............................................ 18,577 - 18,577

Short-term marketable securities:
U.S. Treasury obligations ......................................... 48,930 38 48,968
Commercial paper..................................................... 70,178 - 70,178
Total short-term marketable securities................... 119,108 38 119,146

Total cash equivalents and short-term marketable securities........................................ $ 137,685 $ 38 $ 137,723

7. Property and Equipment, net

Property and equipment consisted of the following:

<table>
<thead>
<tr>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>118,434</td>
</tr>
<tr>
<td>Computer software, including internal-use software</td>
<td>25,708</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>21,502</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>11,805</td>
</tr>
<tr>
<td>Laboratory equipment</td>
<td>6,541</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>8,550</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(66,503)</td>
</tr>
</tbody>
</table>

The Company capitalized $10,069, $6,914 and $3,466 in internal-use software development costs, and recognized depreciation expense related to these assets of $4,907, $3,152 and $2,137 during the years ended December 31, 2020, 2019 and 2018, respectively. As of December 31, 2020 and 2019, the net book value of internal-use software was $14,106 and $8,944, respectively. The Company had disposals in the ordinary course of business of $2,777, $6,466 and $2,735 during the years ended December 31, 2020, 2019 and 2018, respectively. The net loss on disposal was immaterial during the years ended December 31, 2020, 2019 and 2018, respectively. Total depreciation and amortization expense related to property and equipment for the years ended December 31, 2020, 2019 and 2018 was $22,301, $13,970 and $9,586, respectively. All long-lived assets are maintained in the United States.

The Company had immaterial financing leased assets held within computer equipment and computer software as of December 31, 2020 and 2019.

8. Leases

Leases (under ASC 840)

Rent expense for the year ended December 31, 2018, was $13,810. Of this amount, $10,698 was recorded in practice expenses and $3,112 was recorded in general and administrative expenses for the year ended December 31, 2018.
Leases (under ASC 842)

At inception of a contract, the Company determines if a contact meets the definition of a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. The Company assesses throughout the period of use whether the Company has both of the following: i) the right to obtain substantially all of the economic benefits from use of the identified asset, and ii) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed. Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Right-of-use assets and operating lease liabilities are recognized at lease commencement date based on the present value of the minimum future lease payments.

The carrying value of the Company’s right-of-use assets are substantially concentrated in real estate as the Company primarily leases office space. The Company’s policy is not to record leases with an original lease term of one year or less on the consolidated balance sheets. The Company recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

Certain lease agreements include rental payments that are adjusted periodically for inflation or other variables. In addition to rent, the leases may require the Company to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as non-lease components. Such adjustments to rental payments and variable non-lease components are treated as variable lease payments and recognized in the period as incurred. Variable lease components and variable non-lease components are not measured as part of the right-of-use assets and lease liability. Only when lease components and their associated non-lease components are fixed are they recognized as part of the right-of-use assets and lease liability.

Most leases contain clauses for renewal at the Company’s option with renewal terms that generally extend the lease term from 1 to 7 years. Certain lease agreements contain options to terminate the lease before maturity. The Company does not have any lease contracts with the option to purchase as of December 31, 2020. Payments to be made in option periods are recognized as part of the right-of-use lease assets and lease liabilities when the Company is reasonably certain that the option to extend the lease will be exercised or the option to terminate the lease will not be exercised, or is not at the Company’s option. The Company determines whether the reasonably certain threshold is met by considering contract-, asset-, market-, and entity-based factors.

A portfolio approach is applied where appropriate to certain lease contracts with similar characteristics. The Company’s lease agreements do not contain any significant residual value guarantees or material restrictive covenants imposed by the leases.

Certain of the Company’s furniture and fixtures and lab equipment are held under finance leases. Lease-related assets are included in property and equipment, net in the consolidated balance sheets and are immaterial as of December 31, 2020 and 2019.

The components of operating lease costs were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Operating lease costs</td>
<td>$25,250</td>
</tr>
<tr>
<td>Variable lease costs</td>
<td>$4,166</td>
</tr>
<tr>
<td>Total lease costs</td>
<td>$29,416</td>
</tr>
</tbody>
</table>

Other information related to leases was as follows:
Supplemental Cash Flow Information

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Cash paid for amounts included in the measurement of lease liabilities:</td>
<td></td>
</tr>
<tr>
<td>Operating cash flows from operating leases</td>
<td>$24,735</td>
</tr>
<tr>
<td>Non-cash leases activity:</td>
<td></td>
</tr>
<tr>
<td>Right-of-use lease assets obtained in exchange for new operating lease liabilities</td>
<td>$45,957</td>
</tr>
</tbody>
</table>

Lease Term and Discount Rate

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Weighted-average remaining lease term (in years)</td>
<td>8.36</td>
</tr>
<tr>
<td>Weighted-average discount rate</td>
<td>7.60%</td>
</tr>
</tbody>
</table>

At the lease commencement date, the discount rate implicit in the lease is used to discount the lease liability if readily determinable. If not readily determinable or leases do not contain an implicit rate, the Company’s incremental borrowing rate is used as the discount rate. Management determines the appropriate incremental borrowing rates for each of its leases based on the remaining lease term at lease commencement.

Future minimum lease payments under non-cancellable operating leases as of December 31, 2020 were as follows (excluding the effect of lease incentives to be received that are recorded in prepaid expenses and other current assets of $5,563 which serve to reduce total lease payments):

- **Year Ended December 31, 2021**: $29,866
- **2022**: $28,572
- **2023**: $27,763
- **2024**: $27,070
- **2025**: $25,071
- **Thereafter**: $97,247
- **Total lease payments**: $235,589
- **Less: interest**: $64,557
- **Total lease liabilities**: $171,032

The amounts in the table above do not reflect payments for leases that have not yet commenced in the amount of $40,809.
9. Goodwill and Intangible Assets

The Company’s goodwill was generated from business acquisitions of various PCs and a business acquisition in 2016. There have been no changes to the goodwill carrying value during the years ended December 31, 2020 and 2019.

Intangible assets became fully amortized and were removed from the consolidated balance sheet as of December 31, 2020. The following summarizes the Company’s intangible assets and accumulated amortization as of December 31, 2019:

<table>
<thead>
<tr>
<th>December 31, 2019</th>
<th>Original Cost</th>
<th>Accumulated Amortization</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent physician association agreements</td>
<td>$6,460</td>
<td>$(6,460)</td>
<td>$ -</td>
</tr>
<tr>
<td>Non compete agreements</td>
<td>$1,175</td>
<td>$(1,152)</td>
<td>$23</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>$200</td>
<td>$(200)</td>
<td>$ -</td>
</tr>
<tr>
<td>Trade names</td>
<td>$100</td>
<td>$(100)</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,935</strong></td>
<td><strong>$(7,912)</strong></td>
<td><strong>$23</strong></td>
</tr>
</tbody>
</table>

The Company recorded amortization expense of $23, $281 and $361 for the years ended December 31, 2020, 2019 and 2018, respectively. The intangible assets attributable to the PCs were amortized over five years. The intangible assets attributable to the medical practices were being amortized over the four-year term of the noncompete arrangements. The intangible assets attributable to a business acquisition in 2016 were being amortized over two to four years.

10. Accrued Expenses

Accrued expenses consisted of the following:

<table>
<thead>
<tr>
<th>December 31, 2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued employee compensation and benefits</td>
<td>$28,414</td>
</tr>
<tr>
<td>Inventories received not yet invoiced</td>
<td>$3,749</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$811</td>
</tr>
<tr>
<td>Self-insurance programs</td>
<td>$1,936</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>$1,486</td>
</tr>
<tr>
<td>Medical office and lab supplies</td>
<td>$3,581</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>$6,550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$46,527</strong></td>
</tr>
</tbody>
</table>

11. Self-Insurance Reserves

The following table provides a rollforward of the insurance reserves related to the Company’s self-insurance program:

<table>
<thead>
<tr>
<th>December 31, 2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$1,753</td>
</tr>
<tr>
<td>Losses paid</td>
<td>$(16,394)</td>
</tr>
<tr>
<td>Reserves for current period</td>
<td>$16,577</td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td><strong>$1,936</strong></td>
</tr>
</tbody>
</table>
12. Debt

Term Notes

In January 2013, the Company entered into a loan and security agreement with an institutional lender and with subsequent amendments for borrowings of $11,000 at an interest rate at the greater of prime plus 1.81% or 5.56%, (“the “LSA”). In connection with the LSA agreement, the Company issued to the lenders 494,833 warrants. Borrowings under the LSA were secured by substantially all of the Company’s properties, rights and assets, excluding intellectual property. On September 1, 2020, the term notes under the LSA matured and the remaining outstanding principal was repaid, plus accrued and unpaid interest.

For the years ended December 31, 2020, 2019 and 2018, the Company recorded aggregate interest expense of $86, $469 and $801, respectively. The non-cash interest expense related to the accretion of debt discounts for common and redeemable convertible preferred stock warrants included in the aggregate interest expense for the years ended December 31, 2020, 2019 and 2018 was immaterial. The Company’s annual effective interest rate was approximately 6.0%, 7.2% and 6.7% for the years ended December 31, 2020, 2019 and 2018, respectively.

During the years ended December 31, 2020, 2019 and 2018, the Company made aggregate principal payments of $3,300, $4,400 and $3,300, respectively.

Convertible Senior Notes

In May 2020, the Company issued and sold $275,000 aggregate principal amount of 3.0% convertible senior notes due 2025 in a private offering exempt from the registration requirements of the Securities Act of 1933, and in June 2020, the Company issued an additional $41,250 aggregate principal amount of such notes pursuant to the exercise in full of the over-allotment option by the initial purchasers of the 2025 Notes. The 2025 Notes are unsecured obligations and bear interest at a fixed rate of 3.0% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2020. The 2025 Notes will mature on June 15, 2025, unless earlier converted, redeemed or repurchased. The total net proceeds from the debt offering, after deducting the initial purchasers’ commissions and other issuance costs, were $306,868.

Each $1 principal amount of the 2025 Notes will initially be convertible into 22.5052 shares of the Company’s common stock, which is equivalent to an initial conversion price of $44.43 per share, subject to adjustment upon the occurrence of specified events but not for any accrued and unpaid interest.

Holders may convert the 2025 Notes at their option at any time prior to the close of business on the business day immediately preceding March 15, 2025 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2020 (and only during such calendar quarter), if the last reported sale price of the Company’s common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price (as defined below) per $1 principal amount of the 2025 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company’s common stock and the conversion rate on each such trading day; (3) if the Company calls such 2025 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. It is the Company’s current intent to settle conversions through combination settlement comprising of cash and equity.

On or after March 15, 2025 until the close of business on the business day immediately preceding the maturity date, holders may convert all or any portion of their 2025 Notes at any time, regardless of the foregoing circumstances. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election and in accordance with the terms of the indenture governing the 2025 Notes. If the Company satisfies its conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of the Company’s
common stock, the amount of cash and shares of common stock, if any, due upon conversion will be based on a daily conversion value calculated on a proportionate basis for each trading day in a 40 trading day observation period. In addition, following certain corporate events that occur prior to the maturity date or if the Company delivers a notice of redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 2025 Notes in connection with such a corporate event or notice of redemption, as the case may be. If the Company undergoes a fundamental change prior to the maturity date, holders of the 2025 Notes may require the Company to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

In addition, if specific corporate events occur prior to the applicable maturity date, the Company will increase the conversion rate for a holder who elects to convert their 2025 Notes in connection with such a corporate event in certain circumstances. The Company may not redeem the 2025 Notes prior to June 20, 2023. The Company may redeem for cash all or any portion of the 2025 Notes, at the Company’s option, on or after June 20, 2023 and prior to March 15, 2025, if the last reported sale price of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the notes. During the year ended December 31, 2020, the conditions allowing holders of the 2025 Notes to convert have not been met. The 2025 Notes are therefore not convertible as of December 31, 2020 and are classified in long term liabilities in the consolidated balance sheet.

In accounting for the issuance of the 2025 Notes, the Company separated the 2025 Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. As of the issuance date of the 2025 Notes, the liability component was initially measured at $240,637. The carrying amount of the equity component representing the conversion option was $75,635 and was determined by deducting the fair value of the liability component from the par value of the 2025 Notes. The equity component was recorded in additional paid-in capital and is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount (debt discount) is amortized to interest expense over the contractual term of the 2025 Notes at an effective interest rate of 9.68%.

In accounting for the debt issuance costs of $9,374 related to the 2025 Notes, the Company allocated the total amount incurred to the liability and equity components of the 2025 Notes based on their relative values. Issuance costs attributable to the liability component were $7,132 and will be amortized to interest expense using the effective interest method over the contractual terms of the 2025 Notes. Issuance costs attributable to the equity component of $2,242 were netted with the equity component in additional paid-in capital.

The net carrying amount of the liability component of the 2025 Notes was as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$316,250</td>
</tr>
<tr>
<td>Unamortized debt discount</td>
<td>(68,441)</td>
</tr>
<tr>
<td>Unamortized issuance costs</td>
<td>(6,576)</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>$241,233</td>
</tr>
</tbody>
</table>
The net carrying amount of the equity component of the 2025 Notes was as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt discount related to value of conversion option</td>
<td>$ 75,635</td>
</tr>
<tr>
<td>Issuance costs</td>
<td>(2,242)</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>$ 73,393</td>
</tr>
</tbody>
</table>

The following table sets forth the interest expense recognized related to the 2025 Notes:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual interest expense</td>
<td>$ 5,587</td>
</tr>
<tr>
<td>Amortization of debt discount</td>
<td>7,194</td>
</tr>
<tr>
<td>Amortization of issuance costs</td>
<td>556</td>
</tr>
<tr>
<td>Total interest expense related to the 2025 Notes</td>
<td>$ 13,337</td>
</tr>
</tbody>
</table>

13. Redeemable Convertible Preferred Stock Warrants

Warrants to purchase 5,573 shares of Series G redeemable convertible preferred stock were converted to preferred stock prior to the closing of the Company’s IPO. Upon the closing of the IPO, all redeemable preferred stock warrants were converted into warrants to purchase 667,668 shares of common stock.

As of December 31, 2019, outstanding redeemable convertible preferred stock warrants to purchase shares of redeemable convertible preferred stock consisted of the following:

<table>
<thead>
<tr>
<th>Date Exercisable</th>
<th>Number of Shares Issuable</th>
<th>Exercise Price</th>
<th>Exercisable for</th>
<th>Classification</th>
<th>Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 26, 2010</td>
<td>100,000</td>
<td>$ 0.92</td>
<td>Series C</td>
<td>Liability</td>
<td>February 26, 2020</td>
</tr>
<tr>
<td>June 28, 2011</td>
<td>250,000</td>
<td>$ 1.05</td>
<td>Series D</td>
<td>Liability</td>
<td>June 28, 2021</td>
</tr>
<tr>
<td>January 30, 2013</td>
<td>99,280</td>
<td>$ 1.61</td>
<td>Series E</td>
<td>Liability</td>
<td>January 30, 2023</td>
</tr>
<tr>
<td>October 3, 2015</td>
<td>11,010</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>October 3, 2020</td>
</tr>
<tr>
<td>October 5, 2015</td>
<td>10,837</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>October 5, 2020</td>
</tr>
<tr>
<td>October 7, 2015</td>
<td>4,918</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>October 7, 2020</td>
</tr>
<tr>
<td>October 8, 2015</td>
<td>5,573</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>October 8, 2020</td>
</tr>
<tr>
<td>October 12, 2015</td>
<td>5,619</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>October 12, 2020</td>
</tr>
<tr>
<td>October 14, 2015</td>
<td>113,879</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>October 14, 2020</td>
</tr>
<tr>
<td>January 26, 2015</td>
<td>45,553</td>
<td>$ 6.59</td>
<td>Series G</td>
<td>Liability</td>
<td>January 26, 2025</td>
</tr>
<tr>
<td></td>
<td>673,241</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The grant date fair value of the redeemable convertible warrants was determined using a Black-Scholes model and was recorded as a redeemable convertible preferred stock warrant liability. The Company re-measured the liability associated with the redeemable convertible preferred stock warrants as of December 31, 2019 and determined that the fair value of the redeemable convertible preferred stock warrant liability was $7,220. Upon the closing of the IPO, the warrants to purchase shares of redeemable convertible preferred stock became exercisable and were automatically converted to warrants to purchase shares of common stock, at which time the Company adjusted the redeemable convertible preferred stock warrant liability to fair value at $13,740 (See Note 4, “Fair Value Measurements”). The Company recognized losses in connection with changes in the fair value of the redeemable convertible preferred stock warrant liability of $6,560, $3,519, and $1,877, within other (income) expense, net in the consolidated statements of operations for the years ended December 31, 2020, 2019 and 2018, respectively.
14. Preferred Stock and Redeemable Convertible Preferred Stock

**Preferred Stock**

As of December 31, 2020, the Company’s Certificate of Incorporation, as amended and restated, authorized the Company to issue 10,000,000 shares of preferred stock, par value of $0.001 per share. As of December 31, 2020, there are no holders of the Company’s preferred stock.

**Redeemable Convertible Preferred Stock**

As of December 31, 2019, the Company’s Certificate of Incorporation, as amended and restated, authorized the Company to issue 89,338,425 shares of redeemable convertible preferred stock, par value of $0.001 per share.

Upon the closing of the Company’s IPO, all shares of redeemable convertible preferred stock then outstanding were automatically converted into 86,257,242 shares of common stock. As of December 31, 2020, there are no holders of the Company’s redeemable convertible preferred stock.

As of December 31, 2019, redeemable convertible preferred stock consisted of the following:

<table>
<thead>
<tr>
<th>Preferred Stock</th>
<th>Authorized</th>
<th>Issued and Outstanding</th>
<th>Carrying Value</th>
<th>Liquidation Preference</th>
<th>Issuable Upon Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A preferred stock</td>
<td>1,130,000</td>
<td>1,130,000</td>
<td>$ 540</td>
<td>$ 585</td>
<td>1,130,000</td>
</tr>
<tr>
<td>Series B preferred stock</td>
<td>6,324,592</td>
<td>6,324,592</td>
<td>4,424</td>
<td>3,500</td>
<td>6,324,592</td>
</tr>
<tr>
<td>Series C preferred stock</td>
<td>8,763,634</td>
<td>8,663,634</td>
<td>7,938</td>
<td>8,000</td>
<td>8,663,634</td>
</tr>
<tr>
<td>Series D preferred stock</td>
<td>14,528,912</td>
<td>14,278,912</td>
<td>14,899</td>
<td>15,000</td>
<td>14,278,912</td>
</tr>
<tr>
<td>Series E preferred stock</td>
<td>12,509,305</td>
<td>12,410,025</td>
<td>19,905</td>
<td>20,000</td>
<td>12,410,025</td>
</tr>
<tr>
<td>Series F preferred stock</td>
<td>11,695,449</td>
<td>11,695,449</td>
<td>29,885</td>
<td>30,000</td>
<td>11,695,449</td>
</tr>
<tr>
<td>Series G preferred stock</td>
<td>6,829,076</td>
<td>6,605,115</td>
<td>43,358</td>
<td>43,500</td>
<td>6,605,115</td>
</tr>
<tr>
<td>Series H preferred stock</td>
<td>7,444,827</td>
<td>7,444,827</td>
<td>64,875</td>
<td>65,000</td>
<td>7,444,827</td>
</tr>
<tr>
<td>Series I preferred stock</td>
<td>20,112,630</td>
<td>17,699,115</td>
<td>216,664</td>
<td>220,000</td>
<td>17,699,115</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>89,338,425</td>
<td>86,251,669</td>
<td>$402,488</td>
<td>$405,585</td>
<td>86,251,669</td>
</tr>
</tbody>
</table>

Prior to the closing of the Company’s IPO, the holders of redeemable convertible preferred stock had the following rights and preferences:
Conversion

Each share of redeemable convertible preferred stock was convertible into shares of common stock on a one-for-one basis, subject to appropriate adjustment in the event of any stock split, stock dividend, combination or other similar recapitalization at the option of the stockholder and subject to adjustments in accordance with anti-dilution provisions. In addition, such shares would be converted automatically into common stock at the applicable conversion ratio then in effect for each series of redeemable convertible preferred stock upon the earlier of (i) the immediate closing of a firm commitment underwritten public offering of the Company’s common stock with gross proceeds to the Company of at least $50,000 or (ii) obtaining the affirmative vote of the holders of at least 65% of the outstanding shares of the redeemable convertible preferred stock (voting together as a single class on an as-if-converted basis), two-thirds of the then outstanding shares of Series G (voting as a separate series), a majority of the then outstanding shares of Series H (voting as a separate series), and a majority of the outstanding shares of Series I (voting as a separate series) of the shares of redeemable convertible preferred stock outstanding at the time of such vote.

Voting Rights

Each share of redeemable convertible preferred stock had voting rights equivalent to the number of shares of common stock into which it was convertible. In addition, for so long as at least 1,000,000 shares of each class of redeemable convertible preferred stock remained outstanding, the holders of Series B, C, D, E, F and G redeemable convertible preferred stock, voting as a separate class, were each entitled to elect one director of the Company. As long as at least 1,000,000 shares of Series I remained outstanding, the holders of Series I were entitled to elect two directors of the Company. The holders of redeemable convertible preferred stock, together with the holders of common stock and voting as a single class, were entitled to elect the remaining directors of the Company by vote of a majority of such shares. In addition, in certain circumstances, certain actions related to major transactions were subject to a separate vote by Series I preferred stockholders in a more limited manner.

Dividends

Redeemable convertible preferred stockholders were entitled to receive noncumulative dividends if and as declared by the Board of Directors out of any assets legally available, prior to, and in preference to, any declaration or payment of any dividend on the common stock. The dividend rate for redeemable convertible preferred stock per share per annum was 6% for Series A, Series C, Series D and Series E and 8% for Series B, Series F, Series G, Series H and Series I of the original issue price.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Company, a change in control, or a sale of substantially all of the Company’s assets, (“liquidation event”), each holder of a share of redeemable convertible preferred stock was entitled to receive, prior to, and in preference to, any distribution of any of the assets or property of the Company to the holders of the common stock, for each outstanding share of redeemable convertible preferred stock, an amount per share equal to $0.500 for Series A, $0.574 for Series B, $0.923 for Series C, $1.051 for Series D, $1.612 for Series E, $2.565 for Series F, $6.586 for Series G, $8.731 for Series H, and $12.43 for Series I, plus all declared and unpaid dividends. If, upon any such liquidation event, the assets of 1Life were insufficient to make payment in full to all holders of redeemable convertible preferred stock, then such assets would be first distributed to Series I holders, then distributed among the holders of redeemable convertible preferred stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be, respectively, entitled.

Redemption

The holders of the Company’s redeemable convertible preferred stock had no voluntary rights to redeem shares. A liquidation or winding up of the Company, a change in control, or a sale of substantially all of the Company’s assets would constitute a redemption event which may be outside of the Company’s control. Accordingly, these shares were considered contingently redeemable and were classified as temporary equity on the consolidated balance sheet.
15. Common Stock

As of December 31, 2020 and 2019, the Company’s Certificate of Incorporation, as amended and restated, authorized the Company to issue 1,000,000,000 and 150,000,000 shares of common stock, respectively, par value of $0.001 per share. Each share of common stock is entitled to one vote.

In June 2020, the Company completed a secondary offering in which certain stockholders sold 8,300,000 shares of common stock at an offering price of $31.00 per share. The selling stockholders received all of the net proceeds from the sale of shares in this offering. The Company did not sell any shares or receive any proceeds in this secondary offering.

The Company had reserved shares of common stock for issuance in connection with the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion of outstanding shares of redeemable convertible preferred stock</td>
<td>-</td>
<td>86,251,669</td>
</tr>
<tr>
<td>Warrants to purchase redeemable convertible preferred stock (as converted to common stock)</td>
<td>-</td>
<td>673,241</td>
</tr>
<tr>
<td>Options outstanding under the Equity Incentive Plans</td>
<td>28,273,033</td>
<td>27,806,309</td>
</tr>
<tr>
<td>Unvested restricted stock</td>
<td>1,290,953</td>
<td>-</td>
</tr>
<tr>
<td>Options available for future issuance</td>
<td>9,855,031</td>
<td>1,350,202</td>
</tr>
<tr>
<td></td>
<td>39,419,017</td>
<td>116,081,421</td>
</tr>
</tbody>
</table>

16. Stock-Based Compensation and Employee Benefit Plans

Stock Incentive Plan

The Company has the following stock-based compensation plans: 2007 Equity Incentive Plan (the “2007 Plan”), the 2017 Equity Incentive Plan (the “2017 Plan”), and the 2020 Equity Incentive Plan (the “2020 Plan”, and, together with the 2007 Plan and the 2017 Plan, the “Plans”).

In January 2020, the Company’s stockholders approved the Company’s 2020 Equity Incentive Plan, which took effect upon the execution of the underwriting agreement for the Company’s IPO in January 2020. The 2020 Plan is intended as the successor to and continuation of the 2007 Plan and the 2017 Plan. No additional stock awards will be granted under these prior plans. The number of shares of common stock reserved for issuance under the Company’s 2020 Plan will automatically increase on January 1 of each year, beginning on January 1, 2021, and continuing through and including January 1, 2030, by 4% of the total number of shares of common stock outstanding on December 31 of the immediately preceding calendar year, or a lesser number of shares determined by the Company’s board prior to the applicable January 1st. The number of shares issuable under the Plans is adjusted for capitalization changes, forfeitures, expirations and certain share reacquisitions. The Plan provides for the grants of incentive stock options (“ISOs”), nonstatutory stock options (“NSOs”), restricted stock awards, and restricted stock unit awards (“RSUs”). ISOs may be granted only to employees, including officers. All other awards may be granted to employees, including officers, non-employee directors and consultants. The 2020 Plan provides that grants of ISOs will be made at no less than the estimated fair value of common stock, as determined by the Board of Directors, at the date of grant. Stock options granted to employees and nonemployees under the Plans generally vest over four years. Options granted under the Plans generally expire ten years after the date of grant.

At December 31, 2020, 7,404,593 shares were available for future grants.
2020 Employee Stock Purchase Plan

In January 2020, the Company’s stockholders approved the 2020 Employee Stock Purchase Plan (“ESPP”) Plan. The 2020 ESPP became effective upon the execution of the underwriting agreement for the Company’s IPO in January 2020. The Company has initially reserved 2,800,000 shares of common stock for issuance under the 2020 ESPP. The reserve will automatically increase on January 1st of each calendar year for a period of up to ten years, commencing on January 1, 2021 and ending on (and including) January 1, 2030, in an amount equal to the lesser of (1) 1.5% of the total number of shares of Common Stock outstanding on December 31st of the preceding fiscal year, (2) 2,800,000 shares, and (3) a number of shares determined by the Company’s board. At December 31, 2020, 2,450,438 shares were available for future issuance.

The ESPP allows eligible employees to contribute, through payroll deductions, up to 15% of their earnings for the purchase of the Company’s common stock at a discounted price per share, subject to limitations imposed by federal income tax regulations. The price at which common stock is purchased under the ESPP is equal to 85% of the fair market value of the Company’s common stock on the first or last day of the offering period, whichever is lower. The initial offering period ran from January 31, 2020 to August 15, 2020 and the second offering period ran from August 16, 2020 to November 15, 2020. On a going forward basis, the ESPP will provide for separate six-month offering periods beginning on May 16 and November 16 of each year.

During the year ended December 31, 2020, the Company’s employees purchased approximately 350,000 shares under the ESPP at a weighted-average price of $13.83 per share. The stock-based compensation expense recognized for the ESPP was $2,058 during the year ended December 31, 2020.

The fair value of the stock purchase right granted under the ESPP was estimated on the first day of each offering period using the Black-Scholes option pricing model. The following assumptions were used to calculate the stock-based compensation for each stock purchase right granted under the ESPP:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected term in years</td>
<td>0.3 - 0.5</td>
</tr>
<tr>
<td>Expected stock price volatility</td>
<td>53.7% - 63.5%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.1% - 1.5%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

At December 31, 2020, there was $902 in unrecognized stock-based compensation expense related to the ESPP that is expected to be recognized over a period of 0.4 years.
Stock Options

The following table summarizes stock option activity under the Plans:

<table>
<thead>
<tr>
<th></th>
<th>Number of Options</th>
<th>Weighted-Average Exercise Price</th>
<th>Weighted-Average Remaining Contractual Term (Years)</th>
<th>Aggregate Intrinsic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as of December 31, 2017</td>
<td>23,826,773</td>
<td>$4.07</td>
<td>8.51</td>
<td>$14,071</td>
</tr>
<tr>
<td>Granted</td>
<td>4,591,384</td>
<td>5.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(3,767,795)</td>
<td>3.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canceled</td>
<td>(3,146,367)</td>
<td>4.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding as of December 31, 2018</td>
<td>21,503,995</td>
<td>$4.30</td>
<td>8.00</td>
<td>$74,546</td>
</tr>
<tr>
<td>Granted</td>
<td>7,702,397</td>
<td>10.39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(815,959)</td>
<td>3.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canceled</td>
<td>(584,124)</td>
<td>5.99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding as of December, 2019</td>
<td>27,806,309</td>
<td>$5.97</td>
<td>7.76</td>
<td>$207,956</td>
</tr>
<tr>
<td>Granted</td>
<td>380,572</td>
<td>22.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(8,122,909)</td>
<td>4.39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canceled</td>
<td>(436,762)</td>
<td>8.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market-based stock options granted</td>
<td>8,645,823</td>
<td>43.31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding as of December, 2020</td>
<td>28,273,033</td>
<td>$18.03</td>
<td>8.20</td>
<td>$724,339</td>
</tr>
<tr>
<td>Options exercisable as of December 31, 2020</td>
<td>9,607,761</td>
<td>$5.20</td>
<td>6.81</td>
<td>$369,432</td>
</tr>
<tr>
<td>Options vested and expected to vest as of December 31, 2020</td>
<td>17,137,578</td>
<td>$6.53</td>
<td>7.30</td>
<td>$636,227</td>
</tr>
</tbody>
</table>

The aggregate intrinsic value of service-based options exercised for the years ended December 31, 2020, 2019 and 2018 was $206,143, $4,998 and $17,715, respectively.

At December 31, 2020 and 2019, there was $12,983 and $22,156, respectively, in unrecognized compensation expense related to service-based options, net of forfeitures, that is expected to be recognized over a weighted-average period of 1.9 years and 2.2 years, respectively.

Fair Value of Stock Options Granted

The fair value of stock option grants with service-based vesting conditions is estimated using the Black-Scholes option-pricing model. The Company lacks company-specific historical and implied volatility information. Therefore, it estimated its expected stock volatility based on the historical volatility of a publicly traded set of peer companies. For options with service-based vesting conditions, the expected term of the Company’s stock options has been determined utilizing the “simplified” method for awards that qualify as “plain-vanilla” options. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.
We estimated the fair value of stock option grants with service-based vesting conditions using a Black-Scholes option pricing model with the following assumptions presented on a weighted-average basis:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected term in years</td>
<td>6.0</td>
<td>6.3</td>
<td>6.0</td>
</tr>
<tr>
<td>Expected stock price volatility</td>
<td>57.4%</td>
<td>44.8%</td>
<td>47.7%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.9%</td>
<td>1.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Estimated fair value per option granted</td>
<td>$11.88</td>
<td>$4.78</td>
<td>$2.64</td>
</tr>
</tbody>
</table>

The fair value of stock option grants with service-based vesting conditions for the years ended December 31, 2020, 2019 and 2018 was $4,519, $36,785 and $12,137, respectively.

**Market-based Stock Options**

During the year ended December 31, 2020, the Board of Directors (“Board”) approved the grant of a long-term market-based stock option (the “Performance Stock Option”) to the Company’s Chief Executive Officer and President. The Performance Stock Option was granted to acquire up to 8,645,823 shares of the Company’s common stock upon exercise. The Performance Stock Option consists of four separate tranches and each tranche will vest over a seven-year time period and only if the Company’s stock price sustains achievement of pre-determined increases for a period of 90 consecutive calendar days and the Chief Executive Officer remains employed with the Company. The exercise price per share of the Stock Option is the closing price of a share of the Company’s common stock on the date of grant. The vesting of the Performance Stock Option can also be triggered upon a change in control. The following table presents additional information relating to each tranche of the Performance Stock Option:

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Stock Price Milestone</th>
<th>Number of Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tranche 1</td>
<td>$55 per share</td>
<td>1,330,127</td>
</tr>
<tr>
<td>Tranche 2</td>
<td>$70 per share</td>
<td>1,995,190</td>
</tr>
<tr>
<td>Tranche 3</td>
<td>$90 per share</td>
<td>2,660,253</td>
</tr>
<tr>
<td>Tranche 4</td>
<td>$110 per share</td>
<td>2,660,253</td>
</tr>
</tbody>
</table>

The grant date fair value of the Performance Stock Option is determined using a Monte Carlo simulation that incorporates estimates of the potential outcomes of the market condition on the grant with the following assumptions:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derived service period in years</td>
<td>1.16 - 3.09</td>
</tr>
<tr>
<td>Expected stock price volatility</td>
<td>55.0%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.7%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0.0%</td>
</tr>
<tr>
<td>Weighted-average fair value per option granted</td>
<td>$22.84</td>
</tr>
</tbody>
</table>

The Company will recognize aggregate stock-based compensation expense of $197,469 over the derived service period of each tranche using the accelerated attribution method as long as the service-based vesting conditions are satisfied. If the market conditions are achieved sooner than the derived service period, the Company will adjust its stock-based compensation to reflect the cumulative expense associated with the vested awards. The Company recorded stock-based compensation expense of $490 related to the award for the year ended December 31, 2020,
which is included in general and administrative on the consolidated statements of operations. Unamortized stock-based compensation expense related to the award was $196,978 as of December 31, 2020.

**Restricted Stock Units**

In March 2016, the Company issued 150,000 shares of restricted stock pursuant to a purchase agreement that was subject to a twenty-four-month pro-rata vesting period with any unvested shares forfeited upon termination of the employees. The fair value of these shares was recorded as stock-based compensation expense in the Company’s consolidated financial statements.

The following table summarizes restricted stock unit activity under the Plans:

<table>
<thead>
<tr>
<th></th>
<th>Number of Shares</th>
<th>Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unvested and outstanding as of December 31, 2017 ..</td>
<td>2,083</td>
<td>$ 6.19</td>
</tr>
<tr>
<td>Granted ..................</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Vested ..................</td>
<td>(2,083)</td>
<td>6.19</td>
</tr>
<tr>
<td>Canceled and forfeited ...................................</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Unvested and outstanding as of December 31, 2018 ..</td>
<td>-</td>
<td>$ -</td>
</tr>
<tr>
<td>Granted ..................</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Vested ..................</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Canceled and forfeited ...................................</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Unvested and outstanding as of December 31, 2019 ........</td>
<td>-</td>
<td>$ -</td>
</tr>
<tr>
<td>Granted ..................</td>
<td>1,490,274</td>
<td>21.52</td>
</tr>
<tr>
<td>Vested ..................</td>
<td>(65,023)</td>
<td>15.00</td>
</tr>
<tr>
<td>Canceled and forfeited ...................................</td>
<td>(134,298)</td>
<td>18.74</td>
</tr>
<tr>
<td>Unvested and outstanding as of December 31, 2020 ..................................</td>
<td>1,290,953</td>
<td>$ 22.14</td>
</tr>
</tbody>
</table>

The fair value of restricted stock units granted for the year ended December 31, 2020 was $32,071. As of December 31, 2020, there was $11,779 in unrecognized compensation expense related to restricted stock units, net of forfeitures, that is expected to be recognized over a weighted-average period of 1.9 years. As of December 31, 2019, there was no unrecognized compensation expense related to restricted stock granted by the Company.

**Stock-Based Compensation Expense**

Total stock-based compensation expense for employees and nonemployees recognized by the Company for the years ended December 31, 2020, 2019 and 2018, was $35,095, $14,877 and $21,181, respectively. A tax benefit of $53,749, $707 and $3,946 for the years ended December 31, 2020, 2019 and 2018, respectively, was included in the Company’s net operating loss carry-forward that could potentially reduce future tax liabilities.

Stock-based compensation expense was classified in the consolidated statements of operations as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$ 2,385</td>
</tr>
<tr>
<td>General and administrative</td>
<td>32,710</td>
</tr>
<tr>
<td>Total ..................</td>
<td>$ 35,095</td>
</tr>
</tbody>
</table>
For the year ended December 31, 2020, 1,589,798 options held by a named executive officer that were subject to immediate vesting upon the execution of the IPO underwriting agreement vested and accordingly, $3,506 of stock-based compensation expense was recognized.

In connection with the common stock repurchase and retirement in October 2018 (See Note 15, “Common Stock”), the Company recorded stock-based compensation expense for the year ended December 31, 2018 of $7,239 of which $208 is included in sales and marketing and $7,031 is included in general and administrative on the consolidated statements of operations and in the table above.

**Employee Benefit Plan**

Effective January 1, 2007, the Company adopted a 401(k) plan that is available to all full-time employees over the age of 18, who have been employed at least three months with the Company. Eligible employees may contribute up to 60% of their annual compensation to the 401(k) plan, subject to limitations imposed by federal income tax regulations. The Company matches 50% of the first 3% of amounts contributed by employees, subject to limitations by federal income tax regulations. The Company’s contribution was $5,051, $3,618, and $1,764 for the years ended December 31, 2020, 2019 and 2018, respectively.

**17. Income Taxes**

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

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$869</td>
<td>$1</td>
<td>$2</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>1,664</td>
<td>86</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Total current</td>
<td>2,533</td>
<td>87</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Deferred:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>(1,895)</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>(761)</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total deferred</td>
<td>(2,656)</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total provision for (benefit from) income taxes</td>
<td>$ (123)</td>
<td>$ 87</td>
<td>$ 25</td>
<td></td>
</tr>
</tbody>
</table>

The following table reconciles the Federal statutory income tax provision to the Company’s effective income tax provision. Amounts may not sum due to rounding.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Federal statutory income tax rate</td>
<td>21.0%</td>
<td>21.0%</td>
<td>21.0%</td>
<td></td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(49.8)%</td>
<td>(12.6)%</td>
<td>(16.9)%</td>
<td></td>
</tr>
<tr>
<td>Section 382 limitations</td>
<td>0.0%</td>
<td>(10.0)%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>State income tax expense</td>
<td>(6.3)%</td>
<td>(1.4)%</td>
<td>(1.4)%</td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>38.6%</td>
<td>4.5%</td>
<td>(1.1)%</td>
<td></td>
</tr>
<tr>
<td>Warrant fair value adjustment</td>
<td>(1.5)%</td>
<td>(1.4)%</td>
<td>(0.9)%</td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>(1.8)%</td>
<td>(0.3)%</td>
<td>(0.9)%</td>
<td></td>
</tr>
<tr>
<td>Effective income tax rate</td>
<td>0.1%</td>
<td>(0.2)%</td>
<td>(0.1)%</td>
<td></td>
</tr>
</tbody>
</table>
Deferred income taxes reflect the net tax effects of loss and credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company’s deferred income tax assets and liabilities at December 31, 2020 and 2019 were comprised of the following:

<table>
<thead>
<tr>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating loss and credit carryforwards ..........</td>
<td>$ 114,662</td>
<td>$ 53,070</td>
</tr>
<tr>
<td>Reserves and allowances ................................</td>
<td>1,713</td>
<td>-</td>
</tr>
<tr>
<td>Basis difference in fixed and intangible assets ................................</td>
<td>72</td>
<td>73</td>
</tr>
<tr>
<td>Stock-based compensation ................................</td>
<td>11,970</td>
<td>8,874</td>
</tr>
<tr>
<td>Lease liability ................................................</td>
<td>52,045</td>
<td>40,122</td>
</tr>
<tr>
<td>Section 163(j) interest ........................................</td>
<td>2,750</td>
<td>1,352</td>
</tr>
<tr>
<td>Total gross deferred tax assets........................</td>
<td>183,212</td>
<td>103,491</td>
</tr>
<tr>
<td>Valuation allowance ..........................................</td>
<td>(113,770)</td>
<td>(66,535)</td>
</tr>
<tr>
<td>Total deferred tax assets ..................................</td>
<td>69,442</td>
<td>36,956</td>
</tr>
<tr>
<td>Deferred tax liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basis difference in fixed and intangible assets ................................</td>
<td>(3,460)</td>
<td>(2,426)</td>
</tr>
<tr>
<td>Right-of-use assets ............................................</td>
<td>(42,249)</td>
<td>(32,651)</td>
</tr>
<tr>
<td>Capitalized commissions ......................................</td>
<td>(250)</td>
<td>(52)</td>
</tr>
<tr>
<td>Reserves and allowances .....................................</td>
<td>-</td>
<td>(1,827)</td>
</tr>
<tr>
<td>Convertible note debt discount ...........................</td>
<td>(20,827)</td>
<td>-</td>
</tr>
<tr>
<td>Total deferred tax liabilities .........................</td>
<td>(66,786)</td>
<td>(36,956)</td>
</tr>
<tr>
<td>Net deferred tax assets ...................................</td>
<td>$ 2,656</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Of the total deferred tax assets, none are related to the noncontrolling interest as of December 31, 2020 and 2019, respectively.

A valuation allowance is required to be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. A full review of all positive and negative evidence needs to be considered, including the Company’s current and past performance, the market environments in which the Company operates, the utilization of past tax credits, length of carry back and carry forward periods, as well as tax planning strategies that might be implemented. Management believes that, based on a number of factors, it is more likely than not, that most of the deferred tax assets may not be realized; and accordingly, as of December 31, 2020, the Company has provided a partial valuation allowance against its deferred tax assets in entities with recent cumulative losses. A full valuation allowance was established against all the deferred tax assets as of December 31, 2019. The change in total valuation allowance was an increase of $47,235 and $5,483 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020, the Company had net operating loss carryforwards for federal and state and local income tax purposes of $398,150 and $465,206, respectively, which are available to reduce future income subject to income taxes. Federal net operating losses generated after 2017, of $261,434, do not expire. The remaining federal and state net operating loss carry forwards will begin to expire, if not used, at various dates beginning in tax year 2025 and 2024, respectively.

As of December 31, 2020, the Company had no federal credits and state credit carryforwards of $480 which are available to reduce future income tax. Some of the state credit carryforwards will begin to expire, if not used, in tax year 2023.
Utilization of some of the federal, state and local net operating loss and credit carryforwards may be subject to annual limitations due to the “change in ownership” provisions of the Internal Revenue Code of 1986 and similar state and local provisions. The annual limitations may result in the expiration of net operating losses and credits before utilization. The Company performed a Section 382 analysis through December 31, 2018, on 1Life ownership history. The net federal operating losses carryforwards of $344,258 and state and local net operating loss carryforwards of $381,753 generated by 1Life are not expected to expire unutilized as a result of ownership changes identified through December 31, 2018. The Company has identified $25,215 and $31,704 of federal and state net operating losses, respectively, in the PCs that will expire unused due to ownership changes in the non-controlling interests. State credits of $71 will not be able to be utilized due to ownership change limitations in the PCs.

Intended to provide economic relief to those impacted by the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted on March 27, 2020 and includes provisions, among others, addressing the carryback of net operating losses for specific periods, refunds of alternative minimum tax credits, temporary modifications to the limitations placed on the tax deductibility of net interest expenses, and technical amendments for qualified improvement property (“QIP”). Additionally, the CARES Act, in efforts to enhance business’ liquidity, provides for refundable employee retention tax credits and the deferral of the employer paid portion of social security taxes. The CARES Act did not have a material impact on the Company’s income taxes.

On June 29, 2020, California Governor Newsom signed into law the state’s budget package which included Assembly Bill 85 (“AB 85”). AB 85 contained two major tax changes: (1) the suspension of net operating loss (“NOLs”) utilization for certain taxpayers; and (2) the limitation of certain business tax credits for tax years 2020, 2021 and 2022. AB 85 resulted in an additional $105 of current expense to the Company’s state income tax provision.

The Company has analyzed its filing positions in all significant Federal and State jurisdictions where it is required to file income tax returns, as well as open tax years in these jurisdictions. As of December 31, 2020 and 2019, the Company had no uncertain tax positions. The Company’s tax returns continue to remain subject to examination by U.S. federal and state taxing authorities for effectively all years since inception due to net operating loss carryforwards. The Company is not currently under examination in any jurisdictions.

18. Net Loss Per Share

*Net Loss Per Share Attributable to 1Life Healthcare, Inc. Stockholders*

Basic and diluted net loss per share attributable to 1Life Healthcare, Inc. stockholders were calculated as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerator:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(89,421)</td>
<td>(53,695)</td>
<td>(45,501)</td>
</tr>
<tr>
<td>Less: Net loss attributable to noncontrolling interest</td>
<td>(704)</td>
<td>(1,141)</td>
<td>(1,086)</td>
</tr>
<tr>
<td>Net loss attributable to 1Life Healthcare, Inc. stockholders</td>
<td>(88,717)</td>
<td>(52,554)</td>
<td>(44,415)</td>
</tr>
</tbody>
</table>

| Denominator:            |          |          |          |
| Weighted average common shares outstanding—basic and diluted | 118,379,300 | 18,476,127 | 16,735,541 |
| Net loss per share attributable to 1Life Healthcare, Inc. stockholders—basic and diluted | (0.75) | (2.84) | (2.65) |
1LIFE HEALTHCARE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)

The Company’s potentially dilutive securities, which include stock options, unvested RSUs, 2025 Notes, redeemable convertible preferred stock and warrants to purchase shares of redeemable convertible preferred stock, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to 1Life Healthcare, Inc. stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to 1Life Healthcare, Inc. stockholders for the periods indicated because including them would have had an anti-dilutive effect:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options to purchase common stock</td>
<td>28,273,033</td>
<td>27,806,309</td>
<td>21,503,995</td>
</tr>
<tr>
<td>Unvested restricted stock</td>
<td>1,290,953</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Redeemable convertible preferred stock (as</td>
<td>-</td>
<td>86,251,669</td>
<td>86,251,669</td>
</tr>
<tr>
<td>converted to common stock)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warrants to purchase redeemable convertible</td>
<td>-</td>
<td>673,241</td>
<td>673,241</td>
</tr>
<tr>
<td>preferred stock (as converted to common stock)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>29,563,986</td>
<td>114,731,219</td>
<td>108,428,905</td>
</tr>
</tbody>
</table>

As the Company expects to settle the principal amount of the 2025 Notes in cash and any excess in cash or shares of the Company’s common stock, the Company uses the treasury stock method for calculating any potential dilutive effect on diluted net income per share, if applicable. The conversion spread of 7,117,270 shares will have a dilutive impact on diluted net income per share of common stock when the average market price of the Company’s common stock for a given period exceeds the conversion price of $44.43 per share.

19. Commitments and Contingencies

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board of Directors and executive officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. As of December 31, 2020 and 2019, the Company has not incurred any material costs as a result of such indemnifications.

Legal Matters

In May 2018, a class action complaint was filed by two former members against the Company in the Superior Court of California for the County of San Francisco, or the Court, alleging that the Company made certain misrepresentations resulting in them paying the Annual Membership Fee, or AMF in violation of California’s Consumers Legal Remedies Act, California’s False Advertising Law and California’s Unfair Competition Law, and seeking damages and injunctive relief. In September 2018, the Company filed a motion to compel the plaintiffs to individually arbitrate their claims, which motion was granted as to one plaintiff and denied as to the other. The Company is appealing the denial of its motion to compel arbitration and filed its appellate brief in November 2019. Appellate proceedings are delayed due to COVID-related court shutdowns. An arbitrator conducted arbitration between the Company and the plaintiff, and in June 2020, issued a decision that the arbitration agreement is unenforceable against the plaintiff. The Company filed its challenge to the arbitrator’s decision in August 2020. The trial court upheld the arbitrator’s decision, and the appellate court denied the Company’s writ petition for review. The Company answered the complaint in November 2020, denying the allegations and asserting various defenses. In light
of, among other things, the early stage of the litigation, the Company is unable to make an estimate of the amount or range of loss, if any, that could result from an unfavorable outcome. Legal fees, net of amounts recoverable from the Company’s insurance provider, have been recorded as general and administrative expenses in the consolidated statements of operations. Additional attorney’s fees in excess of those covered will be expensed as incurred.

In addition, from time to time, the Company has been and may be involved in various legal proceedings arising in the ordinary course of business. The Company currently believes that the outcome of these legal proceedings, either individually or in the aggregate, will not have a material effect on its consolidated financial position, results of operations or cash flows.

**Government Inquiries and Investigations**

In March 2021, the Company received (i) requests for information and documents from the United States House Select Subcommittee on the Coronavirus Crisis and (ii) a request for information from the California Attorney General and the Alameda County District Attorney’s Office relating to the Company’s provision of COVID-19 vaccinations. The Company has also received inquiries from state and local public health departments regarding its vaccine administration practices. The Company is cooperating with these requests and is unable to predict the outcome or timeline of these matters at this time or if any additional requests, inquiries, investigations or other government actions may arise relating to such circumstances.

**Sales and Use Tax**

During 2017 and 2018, a state jurisdiction engaged in an audit of 1Life’s sales and use tax records applicable to that jurisdiction from March 2011 through February 2017. As of December 31, 2020, the Company estimated a probable loss from the audit and recorded the estimate in accrued expenses related to one aspect of the finding, including interest and penalties. The Company disputes the other finding representing the majority of the state’s proposed audit change and has filed a notice of appeal. An administrative law judge with the state’s tax division conducted a hearing on the appeal in October 2020. A decision from the judge is expected to be issued in the second half of 2021. At this time, the Company believes it has a compelling basis to dispute the audit finding and it is not able to estimate the amount of loss or range of loss, if any, related to this matter.

**20. Related Party Transactions**

Certain of the Company’s investors are also customers of the Company. The Company recognized revenue under contractual obligations from such customers of $2,093, $27,748 and $22,273 for the years ended December 31, 2020, 2019 and 2018, respectively. The outstanding receivable balance from such customers was immaterial as of December 31, 2020 and was $2,344 as of December 31, 2019.

**21. Selected Quarterly Financial Data (unaudited)**

The following tables set forth selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in fiscal 2020 and fiscal 2019. The information for each of these eight quarters has been prepared on the same basis as the audited annual consolidated financial statements included in this Annual Report on Form 10-K and, in the opinion of management, includes all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of the results of operations for these periods in accordance with generally accepted accounting principles, or GAAP.
This data should be read in conjunction with the audited consolidated financial statements and related notes included in this Annual Report on Form 10-K. These quarterly operating results are not necessarily indicative of the Company’s operating results for a full year or any future period.

<table>
<thead>
<tr>
<th>For the Quarter Ended</th>
<th>March 31, 2020</th>
<th>June 30, 2020</th>
<th>September 30, 2020</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>$ 78,756</td>
<td>$ 78,000</td>
<td>$ 101,667</td>
<td>$ 121,800</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>$ (29,028)</td>
<td>$ (28,713)</td>
<td>$ (10,822)</td>
<td>$ (2,796)</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (34,558)</td>
<td>$ (30,301)</td>
<td>$ (16,415)</td>
<td>$ (8,147)</td>
</tr>
<tr>
<td>Less: Net loss attributable to noncontrolling interests</td>
<td>(704)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net loss attributable to 1Life Healthcare, Inc. stockholders</td>
<td>$ (33,854)</td>
<td>$ (30,301)</td>
<td>$ (16,415)</td>
<td>$ (8,147)</td>
</tr>
<tr>
<td>Net loss per share attributable to 1Life Healthcare, Inc. stockholders — basic and diluted</td>
<td>$ (0.40)</td>
<td>$ (0.24)</td>
<td>$ (0.13)</td>
<td>$ (0.06)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For the Quarter Ended</th>
<th>March 31, 2019</th>
<th>June 30, 2019</th>
<th>September 30, 2019</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>$ 63,010</td>
<td>$ 66,233</td>
<td>$ 69,629</td>
<td>$ 77,386</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>$ (8,163)</td>
<td>$ (11,310)</td>
<td>$ 15,678</td>
<td>$ (18,962)</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (7,044)</td>
<td>$ (11,488)</td>
<td>$ 15,645</td>
<td>$ (19,518)</td>
</tr>
<tr>
<td>Less: Net loss attributable to noncontrolling interests</td>
<td>(374)</td>
<td>(287)</td>
<td>(388)</td>
<td>(92)</td>
</tr>
<tr>
<td>Net loss attributable to 1Life Healthcare, Inc. stockholders</td>
<td>$ (6,670)</td>
<td>$ (11,201)</td>
<td>$ 15,257</td>
<td>$ (19,426)</td>
</tr>
<tr>
<td>Net loss per share attributable to 1Life Healthcare, Inc. stockholders — basic and diluted</td>
<td>$ (0.37)</td>
<td>$ (0.61)</td>
<td>$ (0.82)</td>
<td>$ (1.03)</td>
</tr>
</tbody>
</table>
Board of Directors

Amir Dan Rubin
Chair, Chief Executive Officer & President

Paul R. Auivil

Mark S. Blumenkranz, M.D.

Bruce W. Dunlevie

Kalen F. Holmes, Ph.D.

David P. Kennedy

Freda Lewis-Hall, M.D.

Robert R. Schmidt

David B. Singer

Leadership

Amir Dan Rubin
Chair, Chief Executive Officer & President

Bjorn Thaler
Chief Financial Officer

Kimber Lockhart
Chief Technology Officer

Rajneesh Behal, M.D., MPH
Chief Quality Officer

Andrew Diamond, M.D., Ph.D.
Chief Medical Officer

Jenni Vargas
Chief Strategy Officer

Doug Gunderson
SVP, Operations

John Singerling
Chief Network Officer

Christine Morehead
Chief People Officer

Doug Sweeney
Chief Marketing Officer

Jamie McLeod
SVP, One Medical for Business

Lisa Mango
General Counsel

Investor Relations

investor@onemedical.com

Stock Exchange

One Medical’s common stock is traded on NASDAQ under the ticker symbol “ONEM”