

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

FORM 20-F  
(Mark One)

- Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934  
OR  
 Annual report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934  
For the fiscal year ended: December 31, 2020  
OR  
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
OR  
 Shell company report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number: 333-08704  
ICON PUBLIC LIMITED COMPANY

(Exact name of Registrant as Specified in its Charter)

ICON PLC

(Translation of Registrant's name into English)

Ireland

(Jurisdiction of Incorporation or Organization)

South County Business Park,  
Leopardstown,  
Dublin 18, Ireland

(Address of principal executive offices)

Brendan Brennan, Chief Financial Officer  
South County Business Park, Leopardstown, Dublin 18, Ireland.  
Brendan.Brennan@iconplc.com  
+353-1-291-2000

(Name, telephone number, email and/or facsimile number and address of Company contact person)  
Securities registered or to be registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Name of exchange on which registered</i>
ORDINARY SHARES, PAR VALUE €0.06 EACH	NASDAQ Global Select Market

Securities registered or to be registered pursuant to section 12(g) of the Act:

*Title of each class*

NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

NONE

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 52,788,093 Ordinary Shares.

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months: Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued

Other

by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes

No

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## General Information

As used herein, "ICON plc", "ICON", the "Company" and "we", "our" or "us" refer to ICON public limited company and its consolidated subsidiaries, unless the context requires otherwise.

Unless otherwise indicated, ICON plc's financial statements and other financial data contained in this Form 20-F are presented in United States dollars ("\$\$") and are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

In this Form 20-F, references to "U.S. dollars", "U.S.\$" or "\$" are to the lawful currency of the United States, references to "euro" or "€" are to the European single currency adopted by nineteen members of the European Union, references to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom. ICON publishes its consolidated financial statements in U.S. dollars.

On February 24, 2021, ICON announced it has entered into a definitive agreement to acquire PRA Health Sciences, Inc ('PRAH') in a cash and stock transaction, with the merger consideration per share being \$80 in cash and 0.4125 of an ICON share. The transaction brings together two high-quality, innovative and growing organizations with similar cultures and a shared focus on high quality and efficient clinical trial execution from Phase I to post-approval studies. See **Item 10C of this Form 20-F**.

## Cautionary Statement Regarding Forward-looking Statements

Statements included herein which are not historical facts are forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (the "PSLRA"). Forward-looking statements may be identified by the use of future tense or other forward looking words such as "believe", "expect", "anticipate", "should", "may", "strategy", or other variations or comparable terminology. The forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, our results could be materially adversely affected. The risks and uncertainties include, but are not limited to, dependence on the pharmaceutical industry and certain clients, the need to regularly win projects and then to execute them efficiently and correctly, the challenges presented by rapid growth, our expectations concerning the impact of the novel coronavirus identified as 'COVID-19' on our operational results, competition and the continuing consolidation of the industry, the dependence on certain key executives, changes in the regulatory environment and other factors identified in the Company's United States Securities and Exchange Commission filings and in the "Risk Factors" included on pages 7 through 21. The Company has no obligation under the PSLRA to update any forward looking statements and does not intend to do so.

In addition, we face certain risks and uncertainties with respect to our potential transaction with PRA Health Sciences, Inc. ("PRA"), including the timing to consummate the potential transaction; the risk that a condition to closing the potential transaction may not be satisfied; the risk that regulatory approvals are not obtained or are obtained subject to conditions that are not anticipated by the parties; potential litigation relating to the potential transaction that could be instituted against ICON or its directors; the effects of disruption to ICON's business; restrictions during the pendency of the potential transaction that may impact ICON's ability to pursue certain business opportunities or strategic transactions; the effect of this communication on ICON's stock price; transaction costs; ICON's ability to achieve the benefits from the proposed transaction; ICON's ability to effectively integrate acquired operations into its own operations; the ability of ICON to retain and hire key personnel; unknown liabilities; and the diversion of management time on transaction-related issues.

## No Offer or Solicitation

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

## Important Information for Investors and Stockholders

In connection with the potential transaction, ICON expects to file a registration statement on Form F-4 with the SEC containing a preliminary prospectus of ICON that also constitutes a preliminary proxy statement of each of ICON and PRA. After the registration statement is declared effective, each of ICON and PRA will mail a definitive joint proxy statement/prospectus to stockholders of ICON and PRA, respectively. This communication is not a substitute for the joint proxy statement/prospectus or registration statement or for any other document that ICON or PRA may file with the SEC in connection with the potential transaction. INVESTORS AND SECURITY HOLDERS OF ICON AND PRA ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the joint proxy statement/prospectus (when available) and other documents filed with the SEC by ICON or PRA through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by ICON will be available free of charge on ICON's website at <https://www.iconplc.com> and copies of the documents filed with the

SEC by PRA will be available free of charge on PRA's website at <https://www.prahs.com/>. Additionally, copies may be obtained by contacting the investor relations departments of ICON or PRA.

ICON and PRA and certain of their respective directors, certain of their respective executive officers and other members of management and employees may be considered participants in the solicitation of proxies with respect to the potential transaction under the rules of the SEC. Information about the directors and executive officers of ICON is set forth in this Form 20-F. Information about the directors and executive officers of PRA is set forth in its proxy statement for its 2020 annual meeting of stockholders, which was filed with the SEC on April 3, 2020. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the potential transaction will be included in the registration statement and joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

## Part I

### Item 1. *Identity of Directors, Senior Management and Advisors.*

Not applicable.

### Item 2. *Offer Statistics and Expected Timetable.*

Not applicable.

### Item 3. *Key Information.*

#### A. **Selected Historical Consolidated Financial Data for ICON plc**

The following selected financial data set forth below are derived from the Company's consolidated financial statements and should be read in conjunction with, and are qualified by reference to, Item 5 "Operating and Financial Review and Prospects" and the Company's consolidated financial statements and related notes thereto included elsewhere in this Form 20-F.

The financial statements and financial information in the sections following are prepared in accordance with the accounting policies (see *note 2 - Significant accounting policies* in the consolidated financial statements). The significant changes in accounting policies adopted during the years ended December 31, 2020 and December 31, 2019 are set-out in *note 28 - Impact of change in accounting policies*.

During the year, as a result of the global spread of COVID-19, the Company has experienced a net negative impact on its operations. At this point in time, there continues to be significant uncertainty relating to the long-term effects of COVID-19 on our business. We have experienced restrictions on our ability to ensure laboratory samples are collected and analyzed on time, our ability to monitor our clinical trials, the ability of patients or other service providers to travel, and our ability to travel as a result of the outbreak.

However, ICON has mobilized its vaccine resources to address the COVID-19 global threat, including its ability to conduct home-based trials to minimize infection. In addition, the Company has seen some offsetting positive business impact from COVID-19 and is currently providing clinical monitoring and safety oversight on more than 100 COVID-19 trials for both the private and government sectors.

During the year ended December 31, 2020, ICON provided clinical trial services to the Pfizer and BioNTech SE investigational COVID-19 vaccine program. ICON worked with Pfizer and 153 sites in the US, Europe and Latin America to ensure over 44,000 patients were recruited within four months for phase 3 of the trial, during the global pandemic, in one of the largest and most expeditious clinical trials ever performed. Trial capabilities were key to enabling agility and speed in the global study, which included a high level of remote clinical monitoring and source data verification in addition to on-site monitoring, safeguarding data quality and integrity in the evolving pandemic environment.

Revenue for the year ended December 31, 2020 decreased by \$8.6 million, or 0.3%, to \$2,797.3 million, compared to \$2,805.8 million for the year ended December 31, 2019. Revenue decreased by 0.5% in constant currency. The decrease in revenues in the year ended December 31, 2020 reflected the impact the COVID-19 global pandemic has had on operations including: our ability to ensure laboratory samples are collected and analyzed on time, our ability to perform on-site monitoring of clinical trials, the ability of patients or other service providers to travel, and our ability to travel. This impact was most significant in late quarter one and quarter two, when the impact on sites was most pronounced. Certain cost saving measures were introduced in response to COVID-19 during this period. While the impact of COVID-19 and the resulting restrictions on travel and related operational activity continues, the Company has been involved in clinical monitoring and safety oversight on significant COVID-19 trials during the third and fourth quarters of 2020, which have offset in part the negative impact on activity experienced during the year. The Company has operated a task force during 2020 to lead our operational response to COVID-19. A key priority of the efforts of the task force has been to ensure the safety and well being of our people, supporting them in working from home and ensuring our people working at sites, and in labs are supported.

#### *Global Site Network - Accellacare*

On September 3, 2020, ICON announced that it was launching Accellacare, a global clinical research network offering patients easier and faster access to innovative treatments and offering customers the option to deploy decentralized trials. The site network includes previously acquired PMG Research in the US and MeDiNova Research ("MeDiNova") in EMEA.

Accellacare's patient centric approach focuses on enhancing the patient experience either on site, or at home as part of integrated operations with CRN Holdings, LLC (trading as Symphony Clinical Research ("Symphony")), the leading global provider of at-home care and nursing for clinical trials owned by ICON. This cohesive approach is leading to higher patient recruitment and retention rates. Accellacare is also achieving faster study start-up for our customers through efficiencies gained in central process management including budget and contracting, which can otherwise be a source of delay. This combined with a finely tuned feasibility approach allows the network to identify and recruit more patients to studies, in a wide range of therapeutic areas, in a shorter time frame.

#### *Oncology site network - Oncacare Limited*

On July 24, 2020 a subsidiary of the Company, ICON Clinical Research Limited, entered into an agreement to jointly establish a new company, Oncacare Limited ("Oncacare"), with a third party. Oncacare operates as a specialized oncology site network in the US and EMEA regions. The new site network is focused on implementing a range of commercial models with specialist oncology healthcare providers in the US and EMEA, to accelerate the recruitment and retention of patients into oncology trials. The oncology site network operates as a joint venture between the Company and a third party company which has extensive experience in developing and running a site network.

The Company has invested \$4.9 million to obtain a 49% interest in the voting share capital of Oncacare. The Company's investment in Oncacare is accounted for under the equity method due to the Company's ability to exercise significant influence over Oncacare that is considered to be greater than minor. The Company records its pro rata share of the earnings/losses of this investment in Share of equity method investments in the Consolidated Statement of Operations. See additional details in *note 2 - Significant accounting policies*.

The third party in the joint venture has the right to sell the 51% majority voting share capital exclusively to the Company in an eighteen month period, commencing January 1, 2023 and the Company also has the right to acquire the 51% majority voting share capital from August 1, 2025 (see *note 3 - Investments* in the consolidated financial statements).

#### *Debt refinancing*

On December 15, 2015, ICON Investments Five Unlimited Company issued Senior Notes, '2015 Senior Notes' for aggregate gross proceeds of \$350.0 million in a private placement. The 2015 Senior Notes matured on December 15, 2020 and this debt was repaid in full. On December 8, 2020, ICON Investments Five Unlimited Company issued new senior notes, '2020 Senior Notes' for aggregate gross proceeds of \$350.0 million in a private placement which was guaranteed by ICON plc and ICON Global Treasury Unlimited Company, a subsidiary of the Company. The 2020 Senior Notes were issued in two tranches; Series A Notes of \$275.0 million which will mature on December 8, 2023 and Series B Notes of \$75.0 million which will mature on December 8, 2025. Interest payable on the 2020 Senior Notes is fixed at 2.32% and 2.43% for Series A Notes and Series B Notes, respectively. The Company entered into an interest rate hedge in respect of the planned issuance of the 2020 Senior Notes in June 2020. The interest rate hedge was effective in accordance with Financial Accounting Standards Board ("FASB") ASC 815 '*Derivatives and Hedging*'. The interest rate hedge matured on July 9, 2020 when the interest rates on the issue of the 2020 Senior Notes were fixed. We hereby agree to furnish to the SEC, upon its request, a copy of any instrument defining the rights of holders of long-term debt of the Company or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.

#### *Redemption of MeDiNova noncontrolling Interest*

On May 23, 2019 a subsidiary of the Company, ICON Clinical Research (U.K.) Limited, acquired a majority shareholding in MeDiNova, a site network with research sites in key markets in Europe and Africa. ICON had the right to acquire the remaining shares in the company and on March 9, 2020 ICON exercised its option to call the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. Effective from this date, the noncontrolling interest was derecognized and a liability was recognized, representing the assessment of the redemption value of the noncontrolling interest. This liability was settled on July 17, 2020 for \$43.9 million. The acquisition of MeDiNova has been accounted for as a business combination in accordance with ASC 805 '*Business Combinations*'. In calculating basic and diluted earnings per share, as required by US GAAP, the adjustment to reflect changes in the redemption amount of the noncontrolling interest is included in net income attributable to the Group until the redemption of the noncontrolling interest on March 9, 2020 (see *note 26 - Net income per ordinary share* in the consolidated financial statements).

#### *Acquisition*

On January 22, 2020 a subsidiary of the Company, ICON Investments Limited acquired 100% of the equity share capital of the MedPass Group ("MedPass"). MedPass is the leading European medical device CRO, regulatory and reimbursement consultancy, that specializes in medical device development and market access. The acquisition of MedPass further enhances ICON's Medical Device and Diagnostic Research services, through the addition of new regulatory and clinical capabilities in Europe. The integration of MedPass's services brings noted expertise in complex class 3 medical devices, interventional cardiology and structural heart devices. The total consideration for the acquisition of MedPass is \$47.6 million. The acquisition of MedPass has been accounted for as a business combination in accordance with ASC 805 '*Business Combinations*' (see *note 4 - Goodwill* in the consolidated financial statements).

## Leases

ASC 842 'Leases' became effective for the Company with effect from January 1, 2019. The Company adopted the new standard as of January 1, 2019 under the cumulative-effect adjustment approach. Under this transition method, the new standard is applied without restatement of comparative period amounts. A lease liability and right-of-use asset have been recorded on the Consolidated Balance Sheet as at January 1, 2019 of \$106.5 million (see *note 2 - Significant accounting policies* in the consolidated financial statements). The net operating cost of leases recorded during the years ended December 31, 2020 and December 31, 2019 was \$30.1 million and \$33.0 million, respectively (see *note 22 - Operating leases* in the consolidated financial statements).

### Statement of operations and balance sheet data

	Year Ended December 31,				
	2020	2019	2018	2017	2016
(in thousands, except share and per share data)					
<b>Statement of Operations Data:</b>					
Revenue/gross revenue	\$ 2,797,288	\$ 2,805,839	\$ 2,595,777	\$ 2,402,321	\$ 2,364,956
Reimbursable expenses (2)	—	—	—	(643,882)	(698,469)
				1,758,439	1,666,487
Costs and expenses:					
Direct costs (1)	1,979,883	1,974,135	1,818,220	1,027,310	961,333
Selling, general and administrative	341,690	336,748	325,794	323,741	325,726
Depreciation and amortization	66,126	61,550	65,916	61,297	59,575
Restructuring charges (3),(4),(5),(6)	18,089	—	12,490	7,753	8,159
Total costs and expenses	2,405,788	2,372,433	2,222,420	1,420,101	1,354,793
Income from operations	391,500	433,406	373,357	338,338	311,694
Net interest expense	(10,295)	(6,417)	(8,743)	(10,281)	(11,522)
Income before provision for income taxes	381,205	426,989	364,614	328,057	300,172
Provision for income taxes	(47,875)	(51,133)	(41,958)	(46,569)	(37,993)
Share of equity method investments	(366)	—	—	—	—
Net income attributable to noncontrolling interest	(633)	(1,870)	—	—	—
Net income attributable to the Group	\$ 332,331	\$ 373,986	\$ 322,656	\$ 281,488	\$ 262,179
Net income per ordinary share attributable to the Group (7):					
Basic	\$ 6.20	\$ 6.85	\$ 5.96	\$ 5.20	\$ 4.75
Diluted	\$ 6.15	\$ 6.79	\$ 5.89	\$ 5.13	\$ 4.65
Adjusted net income per Ordinary Share attributable to the Group (8):					
Basic	\$ 6.29	\$ 6.94	\$ 5.96	\$ 5.20	\$ 4.75
Diluted	\$ 6.24	\$ 6.88	\$ 5.89	\$ 5.13	\$ 4.65
Weighted average number of ordinary shares outstanding:					
Basic	52,859,911	53,859,537	54,118,764	54,129,439	55,248,900
Diluted	53,283,585	54,333,461	54,790,663	54,849,046	56,407,136

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(in thousands)				
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 840,305	\$ 520,309	\$ 395,851	\$ 282,859	\$ 192,541
Available for sale investments	1,729	49,628	59,910	77,589	68,046
Working capital	979,035	493,728	719,560	534,960	463,552
Total assets	3,435,606	2,907,512	2,354,255	2,146,618	1,825,843
Ordinary share capital	4,580	4,635	4,658	4,664	4,692
Additional paid-in capital	617,104	577,961	529,642	481,337	438,126
Shareholders' equity	1,850,236	1,618,055	1,354,281	1,191,000	945,174

- (1) In the financial year ended December 31, 2018, the Company adopted ASC 606 'Revenue from Contracts with Customers' (ASC 606) on January 1, 2018. The new revenue recognition policies were applied in the preparation and presentation of the results for the twelve months ended December 31, 2018, the twelve months ended December 31, 2019 and the twelve months ended December 31, 2020. As ICON adopted the standard using the cumulative effect transition method, there was no restatement of comparative amounts. Therefore, the results for the year ended December 31, 2017 and previously reflect the provisions of ASC 605 'Revenue Recognition'. Revenue as reported for the years ended December 31, 2017 and previously are gross revenues (inclusive of revenue from reimbursable expenses) or net revenues (exclusive of revenue from reimbursable expenses). This treatment is consistent with the adoption of ASC 606 from January 1, 2018 without restatement of comparatives. Reimbursable expenses are included within direct costs on adoption of ASC 606 on January 1, 2018 (see *note 2 (c) Significant accounting policies* in the consolidated financial statements).
- (2) Reimbursable expenses comprise investigator payments and certain other costs which are reimbursed by clients under terms specific to each contract to the investigators. Third party costs (reimbursable expenses) and the related revenue were separately presented on the face of the Consolidated Statement of Operations for periods up to and including the year ended December 31, 2017. With effect from January 1, 2018, they are included with direct costs.
- (3) A restructuring charge of \$18.1 million was recognized during the year ended December 31, 2020, under a restructuring plan adopted following a review of operations. The restructuring plan reflected resource rationalization across the business to improve resource utilization (see *note 14 - Restructuring charges* in the consolidated financial statements).
- (4) A restructuring charge of \$12.5 million was recognized during the year ended December 31, 2018, under a restructuring plan adopted following a review of operations. The restructuring plan reflected resource rationalization across the business to improve resource utilization (see *note 14 - Restructuring charges* in the consolidated financial statements).
- (5) A restructuring charge of \$7.8 million was recognized during the year ended December 31, 2017, under a restructuring plan adopted following a review of operations. The restructuring plan reflected resource rationalization across the business to improve resource utilization.
- (6) A restructuring charge of \$8.2 million was recognized during the year ended December 31, 2016 under a restructuring plan adopted following a review of operations. The restructuring plan includes resource rationalizations in certain areas of the business to improve resource utilization and improve operational effectiveness.
- (7) Net income per ordinary share is based on the weighted average number of outstanding ordinary shares. Diluted net income per share includes potential ordinary shares from the exercise of options, RSUs and PSUs outstanding.
- (8) Adjusted net income per ordinary share reflects the add back of the adjustment to bring the noncontrolling interest in MeDiNova to the expected redemption amount. The value of the accretion recorded directly to equity of \$4.5 million has been excluded from net income for the year ended December 31, 2020 (\$5.0 million has been excluded from net income for the year ended December 31, 2019) when calculating adjusted net income per ordinary share attributable to the Group (non-GAAP). This redemption value is required to be included in the calculation of EPS (GAAP). (See *note 26 - Net Income per Ordinary Share* in the consolidated financial statements).

**B. Capitalization and indebtedness**

Not applicable

**C. Reasons for the offer and use of proceeds**

Not applicable



## D. Risk Factors

Various risk factors that are relevant to our business and the services we provide are outlined below. The occurrence of any of these events may materially and adversely affect our business operations, financial condition and results of operations and future prospects.

### **Risk Related to Our Business and Operations**

***We depend on a limited number of customers and a loss of, or significant decrease in business from one or more of them could affect our business.***

During the year ended December 31, 2020, 39.1% of our revenues were derived from our top five customers, with one customer individually contributing more than 10% of our revenues during the period. This customer represented a strategic partnership with a large global pharmaceutical company and contributed 12.1% of revenue for the year. During the year ended December 31, 2019, 37.6% of our revenues were derived from our top five customers, with two customers contributing more than 10% of our revenues during the period (the largest contributing 12.5% and the second largest contributing 10.2%). No other customer contributed more than 10% of our revenues during this period. During the year ended December 31, 2018, 39.5% of our revenues were derived from our top five customers, with one customer contributing more than 10% of our revenues during the period (13.6%). No other customer contributed more than 10% of our revenues during this period (see *note 16 - Disaggregation of revenue* in the consolidated financial statements). If we lose clients, we may not be able to attract new ones and if we lose individual projects, we may not be able to replace them. The loss of, or a significant decrease in business from one or more of these key customers could have a material adverse impact on our results of operations and financial results.

***Our financial results may be adversely impacted if we under price our contracts, overrun our cost estimates or fail to receive approval for or experience delays in documenting change orders.***

Many of our contracts are long-term fixed price or fixed unit price contracts for services. As a result, variations in the timing and progress of large contracts may materially adversely affect our results of operations. Revenue recognized on these service contracts are based on an assessment of progress towards completion being the cost of time and other third party costs as a percentage of total estimated time and other third party costs to deliver our services. As a result, variations in the timing and progress of large contracts may materially adversely affect our results of operations. Estimating time and costs to complete requires judgment and includes consideration of the complexity of the study, the number of geographical sites where trials are to be conducted and the number of patients to be recruited at each site. We regularly review the estimated hours on each contract to determine if the budget accurately reflects the agreed tasks to be performed taking into account the state of progress at the time of review.

We bear the risk of cost overruns unless the scope of activity is revised from the contract specifications and we are able to negotiate a contract modification. We endeavor to ensure that any changes in scope are appropriately monitored and change orders or contract modifications are promptly negotiated and documented for changes in scope. If we were to fail to successfully negotiate change orders for changes in the resources required or the scope of the work to be performed and the costs of performance of these contracts exceeded their fixed fees, it could materially adversely affect our operations and financial results.

***The potential loss or delay of our large contracts or of multiple contracts could adversely affect our results.***

Our clients may discontinue using our services completely or cancel some projects either without notice or upon short notice. The termination or delay of a large contract or of multiple contracts could have a material adverse effect on our revenue and profitability. Historically, clients have canceled or discontinued projects and may in the future cancel their contracts with us for reasons including, amongst others:

- the failure of products being tested to satisfy safety or efficacy requirements;
- unexpected or undesired clinical results of the product;
- a decision that a particular study is no longer necessary or viable;
- poor project performance, quality concerns, insufficient patient enrollment or investigator recruitment; and
- production problems resulting in shortages of the drug.

As a result, contract terminations, delays or other changes are part of our clinical services business. In the event of termination, our contracts often provide for fees for winding down the trial but these fees may not be sufficient for us to maintain our margins, and termination may result in lower resource utilization rates. In addition, we may not realize the full benefits of our unsatisfied performance obligation of contractually committed services if our clients cancel, delay or reduce their commitments under our contracts with them. Therefore, the loss, early termination or delay of a large contract or contracts could adversely affect our revenues and profitability.

***If we do not generate new business awards, or if new business awards are delayed, terminated, reduced in scope or fail to go to contract, our business, financial conditions, results of operations or cash flows may be materially adversely affected.***

Our business is dependent on our ability to generate new business awards from new and existing customers and maintain existing customer contracts. If we were unable to generate new business awards on a timely basis and contract for those awards, that could have a material impact on our business, financial condition, results of operations or cash flows.

***If we are unable to successfully develop and market new services or enter new markets, our growth, results of operations or financial condition could be adversely affected.***

A key element of our growth strategy is the successful development and marketing of new services or entering new markets that complement or expand our existing business. As we develop new services or enter new markets, we may not have or adequately build the competencies necessary to perform such services satisfactorily, may not receive market acceptance for such services or may face increased competition. If we are unable to succeed in developing new services, entering new markets or attracting a client base for our new services or in new markets, we will be unable to implement this element of our growth strategy, and our future business, reputation, results of operations could be adversely impacted.

***If we fail to attract or retain key personnel, our performance may suffer.***

Our business, future success and ability to continue to expand operations depends upon our ability to attract, hire, train and retain qualified professional, scientific and technical operating people. We compete for qualified professionals with other Clinical Research Organizations "CROs", temporary staffing agencies and the in-house departments of pharmaceutical, biotechnology and medical device companies. An inability to attract and retain a sufficient number of high caliber clinical research professionals (in particular, key personnel and executives) at an acceptable cost would impact our ability to provide our services, our future performance and results of operations.

***Our ability to perform clinical trials is dependent upon the ability to recruit suitable willing patients.***

The successful completion of clinical trials is dependent upon the ability to recruit suitable and willing patients on which to test the drug under study. The availability of suitable patients for enrollment on studies is dependent upon many factors including, amongst others, the size of the patient population, the design of the study protocol, eligibility criteria, the referral practices of physicians, the perceived risks and benefits of the drug under study and the availability of alternative medication, including medication undergoing separate clinical trials. Insufficient or inappropriate patient enrollment may result in the termination or delay of a study which could have a material adverse impact on our results of operations.

The Company is focused on continuing to develop its expertise in patient recruitment and on September 3, 2020, announced that it was launching Accellacare, a global clinical research network offering patients easier and faster access to innovative treatments and offering customers the option to deploy decentralized trials. The site network includes PMG Research in the US and MeDiNova in EMEA. The focus is on making it easier for the site and the patient to actively participate in a trial to ensure increased predictability, enrollment and retention. Our site and patient solutions group includes upfront planning of site and patient management including identification, enrollment and engagement.

Improved site selection is achieved through:

- leading technology to identify where the patients are that match the protocol;
- assessment of the qualification of sites based on real data;
- partnerships with leading technology vendors such as Intel, EHR4CR and TriNeTX and developing the capability to enable EMR interrogation into clinical insights such as sub-populations and larger pre-screened pool where the technology and regulations are enabled.

The burden on the site, in ensuring patient enrollment and engagement, is achieved through integrated site networks. ICON have a number of site alliance partners. During 2018, we enhanced our site and patient recruitment capabilities with an expansion of the PMG Research network through a partnership with the DuPage Medical Group. During 2019, we further enhanced our site and patient recruitment abilities through the strategic acquisitions of MeDiNova and Symphony. We also use digital solutions to drive site performance, including pre-screening, eConsent, learning management, document tracking and management with key applications.

***Our ability to perform clinical trials is dependent upon our ability to recruit suitable willing investigators.***

We contract with physicians located in hospitals, clinics or other similar sites, who serve as investigators in conducting clinical trials to test new drugs on their patients. Investigators supervise administration of the study drug to patients during the course of the clinical trial. The successful conduct of a clinical trial is dependent upon the integrity, experience and capabilities of the investigators conducting the trial. Insufficient investigator recruitment, which in turn may lead to insufficient or inappropriate patient enrollment, may result in the termination or delay of a study which could have a material adverse impact on our results of operations.

***We rely on third parties for important products and services.***

We depend on certain third parties to provide us with products and services critical to our business. Such services include, amongst others, suppliers of drugs for patients participating in trials, suppliers of kits for use in our central laboratory business, suppliers of reagents for use in our testing equipment and providers of maintenance services for our equipment. The failure of any of these third parties to adequately provide the required products or services or the significant increase in the costs of such products and services could have a material adverse effect on our business.

***Climate change, extreme weather events, earthquakes and other natural disasters could adversely affect our business.***

In recent years, extreme weather events and changing weather patterns such as storms, flooding, droughts and temperature changes have become more common. As a result, we are potentially exposed to varying natural disaster or extreme weather risks such as hurricanes, tornadoes, droughts or floods, or other events that may result from the impact of climate change on the environment, such as sea level rise. As a result, we could experience increased costs, business interruptions, destruction of facilities, and loss of life, all of which could have a material adverse effect on our business, financial condition, or results of operations. The potential impacts of climate change may also include increased operating costs associated with additional regulatory requirements and investments in reducing energy, water use and greenhouse gas emissions.

***A disease outbreak, epidemic or pandemic such as COVID-19, could adversely affect our business performance.***

A disease outbreak, such as influenza, coronavirus, or other biological attack could negatively impact our operations. We could experience restrictions on our ability to travel, or the ability of patients or other service providers to travel, to monitor our clinical trials and to ensure laboratory samples are collected and analyzed on time as a result of an outbreak. The potential impact of an epidemic or pandemic may also result in increased operating costs and result in a requirement to increase investment in impact prevention.

COVID-19 has, and may continue to, adversely affect our business performance, and could adversely affect the economies and financial markets worldwide, resulting in an economic downturn that could impact our business, financial condition and results of operations. The Company has experienced a negative impact on our operations as a result of the global spread of COVID-19, including restrictions on our ability to ensure laboratory samples are collected and analyzed on time, our ability to monitor our clinical trials, the ability of patients or other service providers to travel, and our ability to travel. We have also experienced costs associated with impact prevention.

The COVID-19 outbreak continues to evolve. While our site network and office facilities have begun to re-open on a phased basis, the extent to which the outbreak may continue to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of COVID-19, additional phases of the outbreak, travel restrictions and actions to contain the outbreak or treat its impact, such as social distancing and quarantines or lock-downs, business closures or business disruptions and the effectiveness of actions taken throughout the world to contain and treat the disease. We may also be required or choose to take temporary measures to again take temporary precautionary measures intended to help minimize the risk of infection from the virus for our employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide and discouraging attendance at industry events, industry and other conferences, and in-person work-related meetings, which could negatively affect our business and cannot presently be predicted with confidence.

***Our business depends on the continued effectiveness and availability of our information systems, including the information systems we use to provide our services to our clients, and any system failures of, security breaches of or cyber-attacks to these systems may materially limit our operations or have a material adverse effect on our results of operations.***

Due to the global nature of our business and our reliance on information systems to provide our services, we use web-enabled and other integrated information systems in delivering our services. We will continue to increase the use of these systems and such systems will either be developed internally or provided in conjunction with third parties. We also provide access to similar information systems to certain clients in connection with the services we provide them. As the use, scope and complexity of our information systems continue to grow, we are exposed to and will increasingly be exposed to the risks inherent in the development, integration and ongoing operation of evolving information systems, including:

- disruption or failure of data centers, telecommunications facilities or other key infrastructure platforms;
- security breaches, cyber-attacks or other failures or malfunctions in our application or information systems or their associated hardware or other systems that we have access to or that we rely upon or that have access to our systems;
- security breaches, cyber-attacks or malfunctions with key suppliers or partners who we rely on to provide services to customers; and
- excessive costs, excessive delays or other deficiencies in or problems with systems development and deployment.

The materialization of any of these risks may impede our ability to provide services, the processing of data, the delivery of databases and services and the day-to-day management of our business and could result in the corruption, loss or unauthorized disclosure of proprietary, confidential or other data, as well as reputational harm.

While we have cybersecurity controls and disaster recovery plans in place, they might not adequately protect us in the event of a system failure, security breach or cyber-attack. Despite any precautions we take, damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, information system security breaches, cyber-attacks and similar events that impact on our various computer facilities could result in interruptions in the flow of data to our servers and from our servers to our clients. Corruption or loss of data may result in the need to repeat a trial at no cost to the client, but at significant cost to us, or result in the termination of one or more contracts, legal proceedings or claims against us or damage to our reputation. Additionally, significant delays in system enhancements or inadequate performance of new or upgraded systems once completed could damage our reputation and harm our business. Long-term disruptions in the infrastructure caused by events such as security breaches, cyber-attacks, natural disasters, the outbreak of war, the escalation of hostilities and acts of terrorism, particularly involving cities in which we have offices, could adversely affect our business.

Unauthorized disclosure of sensitive or confidential data, whether through system failure or employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, despite investing in information and cyber-security controls there is a risk that unauthorized access to or through our information systems or those we develop for our clients, whether by our employees or third parties, including a cyber-attack by computer programmers and hackers who may attack ICON systems, develop and deploy viruses, worms, ransomware or other malicious software programs could result in negative publicity, significant remediation costs, legal liability, loss of customers and damage to our reputation and could have a material adverse effect on our results of operations and financial results. In addition, our liability insurance might not be sufficient in type, the cover provided or amount to adequately cover us against claims related to security breaches, cyber-attacks and other related breaches.

Our information systems and those of third parties which we utilize may face increased cybersecurity risks due to the COVID-19 pandemic, including from the significant number of employees that are working remotely or otherwise impacted by stay-at-home orders. Additional remote access points provide new potential vulnerabilities to cybercriminals. Employees of ICON and third parties may be more susceptible to social engineering efforts, and to phishing attempts which can disguise malware as a legitimate effort to circulate important information relating to COVID-19.

***Upgrading the information systems that support our operating processes and evolving the technology platform for our services pose risks to our business.***

Continued efficient operation of our business requires that we implement standardized global business processes and evolve our information systems to enable this implementation. We have continued to undertake significant programs to optimize business processes with respect to our services. A failure to effectively manage the implementation and adapt to new processes designed into these new or upgraded systems in a timely and cost-effective manner may result in disruption to our business and negatively affect our operations.

We have entered into agreements with certain vendors to provide systems development and integration services that develop or license to us the IT platform for programs to optimize our business processes. If such vendors fail to perform as required or if there are substantial delays in developing, implementing and updating the IT platform, our customer delivery may be impaired and we may have to make substantial further investments, internally or with third parties, to achieve our objectives. Additionally, our progress may be limited by parties with existing or claimed patents who seek to prevent us from using preferred technology or seek license payments from us.

Meeting our objectives is dependent on a number of factors which may not take place as we anticipate, including obtaining adequate technology-enabled services, creating IT-enabled services that our customers will find desirable and implementing our business model with respect to these services. We are continuing to develop opportunities for automation across ICON using state of the art automation tools including Robotic Process Automation (RPA), the development of new applications and capabilities, and enabling deeper integration across our digital ecosystem. If we do not keep pace with rapid technological changes in the CRO industry, our products and services may become less competitive or even obsolete. This applies in particular to our ICONIK, Firecrest, ADDPLAN and One Search services. Also, increased requirements for investment in information technology may negatively impact our financial condition, including profitability.

***Failure to meet productivity objectives under our business improvement objectives could adversely impact our competitiveness and therefore our operating results.***

We continue to pursue business transformation initiatives to embed technology and innovation and deliver operational efficiencies. As part of these initiatives, we seek to improve our productivity, flexibility, quality, functionality and cost savings by our on-going investment in global technologies, continuous improvement of our business processes and functions to deliver economies of scale. These initiatives may not deliver their intended gains or be completed in a timely manner which may adversely impact our competitiveness and our ability to meet our growth objectives and therefore, could adversely affect our business and operating results, including profitability.

***We rely on our interactive response technologies to provide accurate information regarding the randomization of patients and the dosage required for patients enrolled in the trials.***

We develop and maintain computer run and web based interactive response technologies to automatically manage the randomization of patients in trials, assign the study drug and adjust the dosage when required for patients enrolled in trials we support. An error in the design, programming or validation of these systems could lead to inappropriate assignment or dosing of patients, which could give rise to patient safety issues and invalidation of the trial and/or liability claims against the Company, amongst other things, any of which could have a material effect on our financial condition and operations.

***A failure to identify and successfully close and integrate strategic acquisition targets could adversely impact our ongoing business and financial results.***

We have made a number of acquisitions and continue to review new acquisition opportunities. If we are unable to identify suitable acquisition targets, complete an acquisition or successfully integrate an acquired company or business, our business may be disrupted. The success of an acquisition will depend upon, among other things, our ability to:

- effectively and quickly assimilate the operations and services or products of the acquired company or business;
- integrate acquired personnel;
- retain and motivate key employees;
- retain customers; and
- minimize the diversion of management's attention from other business concerns.

In the event that the operations of an acquired company or business do not meet our performance expectations, we may have to restructure the acquired company or business or write-off the value of some or all of the assets of the acquired company or business.

***Improper performance of our services.***

The performance of clinical development services is complex and time-consuming. We may make mistakes in conducting a clinical trial that could negatively impact or damage the usefulness of the clinical trial or cause the results to be reported improperly. If the clinical trial results are compromised, we could be subject to significant costs or liability, which could have an adverse impact on our ability to perform our services. Large clinical trials are costly, and while we endeavor to contractually limit our exposure to such risks, improper performance of our services could have an adverse effect on our financial condition, damage our reputation and result in the cancellation of current contracts or failure to obtain new contracts from affected or other clients.

***Our relationships with existing or potential customers who are in competition with each other may adversely impact the degree to which other customers or potential customers use our services, which may adversely affect our results of operations.***

The biopharmaceutical industry is highly competitive, with biopharmaceutical companies each seeking to persuade payers, providers and patients that their drug therapies are better and more cost-effective than competing therapies marketed or being developed by competing companies. In addition to the adverse competitive interests that biopharmaceutical companies have with each other, biopharmaceutical companies also have adverse interests with respect to drug selection and reimbursement with other participants in the health care industry, including payers and providers. Biopharmaceutical companies also compete to be first to market with new drug therapies. We regularly provide services to biopharmaceutical companies who compete with each other and we sometimes provide services to such customers regarding competing drugs in development. Our existing or future relationships with our biopharmaceutical customers may therefore deter other biopharmaceutical customers from using our services or may result in our customers seeking to place limits on our ability to serve other biopharmaceutical industry participants. In addition, our further expansion into the broader health care market may adversely impact our relationships with biopharmaceutical customers and such customers may elect not to use our services, reduce the scope of services that we provide to them or seek to place restrictions on our ability to serve customers in the broader health care market with interests that are adverse to theirs. Any loss of customers or reductions in the level of revenues from a customer could have a material adverse effect on our results of operations, business and prospects.

***We have only a limited ability to protect our intellectual property rights and these rights are important to our success.***

Our success depends, in part, upon our ability to develop, use and protect our proprietary methodologies, analytics, systems, technologies and other intellectual property. Existing laws of the various countries in which we provide services or solutions offer only limited protection of our intellectual property rights, and the protection in some countries may be very limited. We rely upon a combination of trade secrets, confidentiality policies, non-disclosure, invention assignment and other contractual arrangements and patent, copyright and trademark laws, to protect our intellectual property rights. These laws are subject to change at any time and certain agreements may not be fully enforceable, which could further restrict our ability to protect our innovations. Intellectual property rights may not prevent competitors from independently developing services similar to or duplicative of ours. Further, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees or other third parties and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce our intellectual property rights. Enforcing our rights might also require considerable time, money and oversight and we may not be successful in enforcing our rights.

***The biopharmaceutical industry has a history of patent and other intellectual property litigation and we might be involved in costly intellectual property lawsuits.***

The biopharmaceutical industry has a history of intellectual property litigation, and these lawsuits will likely continue in the future. Accordingly, we may face patent infringement legal proceedings by companies that have patents for similar business processes or other legal proceedings alleging infringement of their intellectual property rights. Legal proceedings relating to intellectual property could be expensive, take significant time and divert management's attention from other business concerns, regardless of the outcome of the litigation. If we do not prevail in an infringement lawsuit brought against us, we might have to pay substantial damages and we could be required to stop the infringing activity or obtain a license to use technology on unfavorable terms. Any infringement or other legal processing related to intellectual property could have a material adverse effect on our operations and financial condition.

***We act as authorized representative and legal representative for some clients pursuant to certain EU legislation.***

We act as authorized representative pursuant to Medical Devices Directive 93/42/EEC ("MDD") and Active Implantable Medical Devices Directive 90/385/EEC ("AIMD") for certain clients who are located outside of the European Union. Medical Devices Regulation 2017/745 ("MDR") replaced MDD on May 26, 2020 and provides for increased responsibility, and accordingly increased risk, for authorized representatives. As authorized representative, we act on behalf of medical device manufacturers in relation to specified tasks with regard to their obligations under MDR.

We also act as legal representative pursuant to MDD and AIMD, and will continue to do so pursuant to MDR, for certain clients who are located outside of the European Union with respect to clinical trials being carried out by those clients in the European Union. As legal representative, we are responsible for ensuring compliance with the client's obligations pursuant to MDR and we are the addressee for all communications with the client provided for under MDR.

We provide these services subject to certain terms and conditions which are contained in our agreements with clients pertaining to these services. We aim to reduce any potential liability associated with these activities by seeking contractual indemnification from our clients and by maintaining an appropriate level of insurance cover. However, there is no guarantee that the specific insurance will be available or that a client will fulfill its obligations in relation to their indemnity.

## **Risk Related to Our Industry**

### ***Outsourcing trends in the pharmaceutical, biotechnology and medical device industries and changes in spending and research and development budgets could adversely affect our operating results and growth rates.***

We are dependent upon the ability and willingness of the pharmaceutical, biotechnology and medical device companies to continue to spend on research and development and to outsource the services that we provide. We are therefore subject to risks, uncertainties and trends that affect companies in these industries that we do not control. We have benefited to date from the tendency of pharmaceutical, biotechnology and medical device companies to outsource clinical research projects. Any downturn in these industries or reduction in spending or outsourcing could materially adversely affect our business. The following could each result in such a downturn:

- if pharmaceutical, biotechnology or medical device companies expanded upon their in-house clinical or development capabilities, they would be less likely to utilize our services;
- if governmental regulations were changed, it could affect the ability of our clients to operate profitably, which may lead to a decrease in research spending and therefore this could have a material adverse effect on our business; and
- if unfavorable economic conditions or disruptions in the credit and capital markets negatively impacted our clients.

### ***Large pharmaceutical companies are increasingly consolidating their vendor base and entering strategic partnership arrangements with a limited number of outsource providers.***

Large pharmaceutical companies are continually seeking to drive efficiencies in their development processes to both reduce costs associated with the development of new drug candidates and accelerate time to market. As a result, large pharmaceutical companies, in particular, are increasingly looking to consolidate the number of outsource providers with which they engage, with many entering strategic partnership arrangements with a limited number of outsource providers. The failure to enter strategic partnership arrangements with customers or the loss of existing customers as a result of them entering strategic partnership arrangements with our competitors could have a material adverse impact on our results of operations.

### ***Increased collaboration amongst pharmaceutical companies in research and development activities may lead to fewer research opportunities.***

Certain pharmaceutical companies have begun to collaborate in seeking to develop new drug candidates. Increased collaboration amongst pharmaceutical companies may lead to fewer research opportunities, which in turn may lead to fewer outsource opportunities for companies within the CRO industry. A reduction in outsource opportunities as a result of this increased collaboration could have a material adverse impact on our results of operations.

### ***We operate in a highly competitive and dynamic market.***

The CRO industry is highly competitive. In particular, we compete with other large global CROs for strategic relationships with large pharmaceutical companies. If we are unable to retain and renew existing strategic relationships and win new strategic relationships, there could be a material adverse impact on our results. Similarly, we compete with other CROs for work which comes outside of these strategic relationships and being unable to win work outside of these strategic relationships would have a material adverse impact on our results.

The type and depth of services provided by CROs has changed in recent years. Failure to develop and market new services or expand existing service offerings could adversely affect our business and operations.

New entrants may also enter the market which would further increase competition and could adversely affect our business and operations.

***We may be adversely affected by industry, customer or therapeutic concentration.***

We provide services to biopharmaceutical, biotechnology, medical device and government organizations and our revenue is dependent on expenditures by these customers. Our business could therefore be adversely impacted by mergers, consolidation, business failures, distress in financial markets or other factors resulting in a decrease in the number of potential customers or therapeutic products being developed through the drug development progress. There has been consolidation in the biopharmaceutical market in recent years. If the number of our potential customers were to decline in the future, they may be able to negotiate price discounts or other terms for services that are less favorable to us than they have been historically.

**Risk Related to Our Financial Results and Financial Position**

***Our quarterly results are dependent upon a number of factors and can fluctuate from quarter to quarter. They may fall short of prior periods, our projections or the expectations of securities analysts or investors, which may adversely affect the market price of our stock.***

Our results of operations in any quarter can fluctuate or differ from expected or forecast results depending upon or due to, among other things, the number and scope of ongoing client projects, the commencement, postponement, variation, cancellation or termination of projects in a quarter, the mix of activity, cost overruns, employee hiring and other factors. Our revenue in any period is directly related to the number of employees who were working on billable projects together with investigator activity during that period. We may be unable to compensate for periods of under-utilization during one part of a fiscal period by earning revenue during another part of that period. We believe that operating results for any particular quarter are not necessarily a meaningful indicator of future results.

Also, if in future quarters, we are unable to continue to deliver operational efficiencies and our expenses grow faster than our revenues, our operating margins, profitability and overall financial condition may be materially adversely impacted.

***Our exposure to exchange rate fluctuations could adversely affect our results of operations.***

Our contracts with clients are sometimes denominated in currencies other than the currency in which we incur expenses related to such contracts. Where expenses are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material adverse effect on our results of operations.

In addition, we are also subject to translation exposures as our consolidated financial results are presented in U.S. dollars, while the local results of certain of our subsidiaries are prepared in currencies other than U.S. dollars, including, amongst others, the pound sterling and the euro. Accordingly, changes in exchange rates between the U.S. dollar and those other currencies will affect the translation of subsidiary companies' financial results into U.S. dollars in reporting our consolidated financial results.

***Our effective tax rate may fluctuate from quarter-to-quarter, which may adversely affect our results of operations.***

Our quarterly effective tax rate has depended and will continue to depend on the geographic distribution of our taxable earnings amongst the multiple tax jurisdictions in which we operate and the tax law in those jurisdictions. Changes in the geographic mix of our results of operations amongst these jurisdictions may have a significant impact on our effective tax rate from quarter to quarter. Changes in tax law in one or more jurisdictions could also have a significant impact on our tax rate and results. In addition, as we operate in multiple tax jurisdictions, we may be subject to audits in certain jurisdictions. These audits may involve complex issues which could require an extended period of time for resolution. The resolution of audit issues may lead to differences, additional taxes, fines or penalties which could have a material adverse impact on our effective tax rate and our financial condition and results.

***Our unsatisfied performance obligation may not convert to revenue and the rate of conversion may slow.***

Our unsatisfied performance obligation is that element of awards that has not yet converted to revenue. This value is not necessarily a meaningful predictor of future results, due to the potential for the cancellation or delay of projects included in the unsatisfied performance obligation. No assurances can be given that we will be able to realize this unsatisfied performance obligation in full as revenue. A failure to realize these awards could have a material adverse impact on our results of operations. In addition, as the length and complexity of projects increases, the rate at which awards convert to revenue may be slower than in the past. A significant reduction in the rate of conversion could have a material impact on our results of operations.

***The Company is exposed to various risks in relation to our cash and cash equivalents and short term investments.***

The Company's treasury function manages our available cash resources and invests significant cash balances in various financial institutions to try to ensure optimum returns for our surplus cash balances. These balances are classified as cash and cash equivalents or short term investments depending on the maturity of the related investment. Cash and cash equivalents comprise cash and highly liquid investments with maturities of three months or less. Short term investments comprise highly liquid investments with maturities of greater than three months and minimum "A-" rated fixed and floating rate securities.



Given the global nature of our business, we are exposed to various risks in relation to these balances including liquidity risk, credit risk associated with the counterparties with whom we invest, interest rate risk on floating rate securities, sovereign risk (our principle sovereign risk relates to investments in U.S. Treasury funds) and other factors.

Although we have not recognized any significant losses to date on our cash and cash equivalents or short term investments, any significant declines in their market values could have a material adverse effect on our financial position and operating results.

***Changes in accounting standards may adversely affect our financial statements.***

We prepare our financial statements in accordance with generally accepted accounting principles in the United States of America ("US GAAP") which are revised on an on-going basis by the authoritative bodies. It is possible that future accounting standard updates may require changes to the accounting treatment that we apply in preparation of our financial statements. These changes may also require significant changes to our reporting systems. These updates may result in unexpected variability in the timing of recognition of revenue or expenses and therefore in our operating results. Application of ASC 326 'Financial Instruments - Credit Losses' at January 1, 2020 did not have a significant impact on the financial statements. Application of ASC 842 'Leases' at January 1, 2019 resulted in the recognition of a lease liability and right-of-use asset on the Consolidated Balance Sheet (see note 28 - Impact of change in accounting policies in the consolidated financial statements).

**Risk Related to Political, Legal or Regulatory Environment**

***We may lose business opportunities as a result of health care reform and the expansion of managed care organizations.***

Numerous governments, including the U.S. government, have undertaken efforts to control growing health care costs through legislation, regulation and voluntary agreements with medical care providers and drug companies. If these efforts are successful, pharmaceutical, biotechnology and medical device companies may react by spending less on research and development and therefore this could have a material adverse effect on our business.

In addition to health care reform proposals, the expansion of managed care organizations in the health care market may result in reduced spending on research and development. Managed care organizations' efforts to cut costs by limiting expenditures on pharmaceuticals and medical devices could result in pharmaceutical, biotechnology and medical device companies spending less on research and development. If this were to occur, we would have fewer business opportunities and our revenues could decrease, possibly materially.

***Healthcare reform legislation, other changes in the healthcare industry and in healthcare spending could adversely affect our business model, financial condition or results of operations.***

Our results of operations and financial conditions could be affected by changes in healthcare spending and policy. The healthcare industry is subject to changing political, regulatory and other influences. It is possible that legislation will be introduced and passed in the United States repealing, modifying or invalidating the current healthcare reform legislation, in whole or in part, and signed into law. Because of the continued uncertainty about the implementation of the current healthcare reform legislation, including the potential for further legal challenges or repeal of that legislation, we cannot quantify or predict with any certainty the likely impact of the current healthcare reform legislation or its repeal on the health care sector, on our customers and ultimately on our financial condition or results of operations, in particular the outsourcing of costs by our customer base to CROs.

***We may lose business as a result of changes in the regulatory environment.***

Various regulatory bodies throughout the world may enact legislation, rules and guidance which could introduce changes to the regulatory environment for drug development and research. The adoption and implementation of such legislation, rules and guidance is difficult to predict and therefore could have a material adverse effect on our business.

***Failure to comply with the regulations and requirements of the U.S. Food and Drug Administration and other regulatory authorities could result in substantial penalties and/or loss of business.***

The U.S. Food and Drug Administration, or "FDA", and other regulatory and government authorities and agencies inspect and audit us from time to time to ensure that we comply with their regulations and guidelines, including environmental and health and safety matters, and other requirements imposed in connection with the performance of government contracts. We must comply with the applicable regulatory requirements governing the conduct of clinical trials and contracting with the government in all countries in which we operate. If we fail to comply with any of these requirements we could suffer some or all of:

- termination of or delay in any research;
- disqualification of data;
- denial of the right to conduct business;
- criminal penalties;

- other enforcement actions including debarment from government contracts;
- loss of clients and/or business; and
- litigation from clients and/or patients and/or regulatory authorities and/or other affected third parties, and resulting material penalties, damages and costs.

***We are subject to political, regulatory, operational and legal risks associated with our international operations.***

We are one of a small group of organizations with the capability and expertise to conduct clinical trials on a global basis. We believe that this capability to provide our services globally in most major and developing pharmaceutical markets enhances our ability to compete for new business from large multinational pharmaceutical, biotechnology and medical device companies. We have expanded geographically in the past and intend to continue expanding in regions that have the potential to increase our client base or increase our investigator and patient populations. We expect that revenues earned in emerging markets will continue to account for an increasing portion of our total revenues. However, emerging market operations may present several risks, including civil disturbances, health concerns, cultural differences such as employment, regulatory and business practices, compliance with economic sanctions, laws and regulations, volatility in gross domestic product, economic and governmental instability, the potential for nationalization of private assets and the imposition of exchange controls. In addition, operating globally means the Company faces the challenges associated with coordinating its services across different countries, time zones and cultures.

Changes in the political and regulatory environment in the international markets in which we operate such as price or exchange controls could impact our revenue and profitability and could lead to penalties, sanctions and reputational damages if we are not compliant with those regulations. Political uncertainty and a lack of institutional continuity in some of the emerging, developing or other countries in which we operate could affect the orderly operation of markets in these economies. In addition, in countries with a large and complicated structure of government and administration, national, regional, local and other governmental bodies may issue inconsistent decisions and opinions that could increase our cost of regulatory compliance and/or have a material adverse effect on our business.

On June 23, 2016, the United Kingdom, or U.K., held a referendum, referred to as "Brexit", in which voters approved an exit from the European Union (EU). The UK have left the EU with effect from January 31, 2020 and entered an eleven month transition period which ended on December 31, 2020. The terms of the withdrawal agreement entered into force on February 1, 2020 are not expected to significantly affect our operations or financial results. On December 24, 2020, the European Commission and the United Kingdom reached agreement on the EU-UK Trade and Cooperation Agreement. Approximately 3% of our revenue is billed in Sterling. We currently employ approximately 900 people in the U.K. The continued uncertainty around Brexit caused volatility in global stock markets and exchange rates. Continued fluctuation in currency exchange rates may expose us to gains and losses on non U.S. currency transactions.

Uncertainty of the legal environment in some emerging countries could also limit our ability to enforce our rights. In certain emerging and developing countries we enjoy less comprehensive protection for some of our rights, including intellectual property rights, which could undermine our competitive position. Proceedings to enforce our future patent rights, if any, in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

If any of the above risks or similar risks associated with our international operations were to materialize, our results of operations and financial condition could be materially adversely affected.

***We operate in many different jurisdictions and we could be adversely affected by violations of anti-corruption laws, including the United States Foreign Corrupt Practices Act of 1977 ("FCPA"), UK Bribery Act of 2010 ("Bribery Act") and similar anti-corruption laws in other jurisdictions as well as laws and regulations relating to trade compliance and economic sanctions.***

The FCPA, UK Bribery Act of 2010 and similar anti-corruption laws in other jurisdictions prohibit us and our offices, directors, employees and third parties acting on our behalf, including agents, from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. In addition, the FCPA imposes certain books, records and accounting control obligations on public companies and other issuers. The UK Bribery Act also prohibits "commercial" bribery and accepting bribes.

Our global business operations also must be conducted in compliance with applicable export controls and economic sanctions laws and regulations, including those administered by the U.S. Department of the Treasury's (the "U.S. Treasury") Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, the European Union, Her Majesty's Treasury and other relevant sanctions authorities.

Our internal policies mandate compliance with these anti-corruption and economic sanctions laws. We also operate in many jurisdictions in which bribery or corruption can be common and compliance with anti-bribery laws may conflict with local customs and practices. Despite our training and compliance program safeguards, we cannot assure that our internal control policies, procedures and safeguards will protect us from acts in violation of anti-corruption and economic sanctions laws committed by employees or other third parties associated with us and our continued expansion, including in developing countries, could increase such risk in the future. Violations of anti-corruption and economic sanctions laws, or even allegations of such violations, could disrupt our business and result in a material adverse effect on our financial condition, results of operations, cash flows and reputation. For example, violations of anti-corruption and economic sanctions laws can result in restatements of, or irregularities in, our financial statements, disgorgement of profits, related stockholder lawsuits as well as severe criminal or civil sanctions. In some cases, companies that violate anti-corruption and economic sanctions laws might be debarred by the U.S. government and/or lose their U.S. export privileges. In addition, the U.S. government or other governments may seek to hold us liable for successor liability of anti-corruption and economic sanctions laws committed by companies that we acquire or in which we invest. Changes in anti-corruption and economic sanctions laws or enforcement priorities could also result in increased compliance requirements and related costs which could materially adversely affect our business, financial condition, results of operations and cash flows.

***Current and proposed laws and regulations regarding the protection of personal data could result in increased risks of liability or increased costs to us or could limit our service offerings.***

The confidentiality, collection, use and disclosure of personal data, including clinical trial patient-specific information, is subject to governmental regulation generally in the country that the personal data was collected or used. For example, United States federal regulations under the Health Insurance Portability and Accountability Act of 1996, or HIPAA, and as amended in 2014 by the Health Information Technology for Economic and Clinical Health (“HITECH”) Act, require individuals’ written authorization, in addition to any required informed consent, before Protected Health Information may be used for research. Such regulations specify standards for de-identifications and for limited data sets. We are both directly and indirectly affected by the privacy provisions surrounding individual authorizations because many investigators with whom we are involved in clinical trials are directly subject to them as a HIPAA “covered entity” and because we obtain identifiable health information from third parties that are subject to such regulations. As there are some instances where we are a HIPAA “business associate” of a “covered entity”, we can also be directly liable for mishandling protected health information. Under HIPAA’s enforcement scheme, we can be subject to up to \$1.5 million in annual civil penalties for each HIPAA violation.

The European data protection framework was significantly revised in 2018 with the coming into force of the General Data Protection Regulation (“GDPR”) containing new provisions specifically directed at the processing of health information, sanctions of up to 4% of worldwide gross revenue and extra-territoriality measures intended to bring non-EU companies under the proposed regulation. Post GDPR implementation we are receiving increased volumes and breadth of data protection/privacy queries from both sponsors and strategic alliance partners and anticipate that this will continue.

For the regulators in the European Union, or EU, personal data includes any information that relates to an identified or identifiable natural person with health information carrying special obligations, including obtaining the explicit consent from the individual for collection, use or disclosure of the information. EU regulations also apply to the personal data of EU data subjects traveling or living outside the EU. In addition, we are subject to EU rules with respect to cross-border transfers of such data out of the EU. The United States, the EU and its member states and other countries where we have operations, such as Japan, South Korea, Malaysia, the Philippines, Russia and Singapore, continue to issue new privacy and data protection rules and regulations that relate to personal data and health information. Failure to comply with certain certification/registration and annual re-certification/registration provisions associated with these data protection and privacy regulations and rules in various jurisdictions, or to resolve any serious privacy complaints, could subject us to regulatory sanctions, criminal prosecution or civil liability. Federal, state and foreign governments are contemplating or have proposed or adopted additional legislation governing the collection, possession, use or dissemination of personal data, such as personal health information and personal financial data as well as security breach notification rules for loss or theft of such data. Additional legislation or regulation of this type might, among other things, require us to implement new security measures and processes or bring within the legislation or regulation de-identified health or other personal data, each of which may require substantial expenditures or limit our ability to offer some of our services. Additionally, if we violate applicable laws, regulations or duties relating to the use, privacy or security of personal data, we could be subject to civil liability or criminal prosecution, be forced to alter our business practices or suffer reputational harm.

***Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.***

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with governmental regulations, comply with federal and state health-care fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical studies or data or documentation fraud or manipulation, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other sanctions.

***The failure to comply with our government contracts or applicable laws and regulations could result in, among other things, fines or other liabilities, and changes in procurement regulations could adversely impact our business, results of operations or cash flows.***

Revenues from our government customers are derived from sales to federal, state and local governmental departments and agencies through various contracts. Sales to public segment customers are highly regulated. Noncompliance with contract provisions, government procurement regulations or other applicable laws or regulations (including but not limited to the False Claims Act) could result in civil, criminal and administrative liability, including substantial monetary fines or damages, termination of government contracts or other public segment customer contracts, and suspension, debarment or ineligibility from doing business with the government and other customers in the public segment. In addition, generally contracts in the public segment are terminable at any time for convenience of the contracting agency or upon default. The effect of any of these possible actions by any governmental department or agency could adversely affect our business, results of operations or cash flows. In addition, the adoption of new or modified procurement regulations and other requirements may increase our compliance costs and reduce our gross margins, which could have a negative effect on our business, results of operations or cash flows.

***Liability claims brought against us could result in payment of substantial damages, costs and liabilities and decrease our profitability.***

We may face legal claims involving stockholders, consumers, clinical trial subjects, competitors, regulators and other parties. As described in 'Legal Proceedings' in Part I, Item 8 of this Form 20-F, we are engaged in legal proceedings. Litigation and other legal proceedings are inherently uncertain, and adverse rulings could occur, including monetary damages, or an injunction stopping us from engaging in business practices, or requiring other remedies, including, but not limited to, compulsory licensing of patents.

#### *Customer Claims*

If we breach the terms of an agreement with a customer (for example if we fail to comply with the agreement, all applicable regulations or Good Clinical Practice) this could result in claims against us for substantial damages which could have a material adverse effect on our business. As we are a "people business" in that we provide staff to deliver our services in hospitals and other sites, there is a risk that our management, quality and control structures fail to quickly detect a failure by one or more employees or contractors to comply with all applicable regulations and Good Clinical Practice and our internal requirements and standard operating procedures thereby exposing us to the risk of claims by customers.

#### *Claims relating to Investigators*

We contract with physicians who serve as investigators in conducting clinical trials to test new drugs on their patients. This testing creates the risk of liability for personal injury to or death of the patients. Although investigators are generally required by law to maintain their own liability insurance, we could be named in lawsuits and incur expenses arising from any professional malpractice or other actions brought against the investigators with whom we contract.

#### *Indemnification from Customers*

Indemnifications provided by our customers against the risk of liability for personal injury to or death of the patients arising from a study drug vary from customer to customer and from trial to trial and may not be sufficient in scope or amount, or our customer may not have the financial ability to fulfill their indemnification obligations. Furthermore, we would be liable for our own negligence and negligence of our employees which could lead to litigation from customers or action or enforcement by regulatory authorities.

#### *Insurance*

We maintain what we believe is an appropriate level of worldwide Professional Liability/Error and Omissions Insurance. In the future we may be unable to maintain or continue our current insurance coverage on the same or similar terms. If we are liable for a claim or settlement that is beyond the level of insurance coverage, we may be responsible for paying all or part of any award or settlement amount. Also, the insurance policies contain exclusions which mean that the policy will not respond or provide cover in certain circumstances.

#### *Claims to Date*

To date, we have not been subject to any liability claims that are expected to have a material effect on our business; however, there can be no assurance that we will not become subject to such claims in the future or that such claims will not have a material effect on our business.

#### **Risk Related to Our Indebtedness**

***We have incurred debt, which could impair our flexibility and access to capital and adversely affect our financial position.***

As of December 31, 2020 and December 31, 2019, we had an outstanding principal amounts of indebtedness of \$350.0 million under a \$350.0 million Note Purchase and Guarantee Agreement.

We also have up to \$150.0 million of additional borrowing capacity available under the Revolving Credit Facility which was entered into with Citibank, JP Morgan, Santander, HSBC Bank and Morgan Stanley International on March 12, 2018. No amounts were drawn under the Revolving Credit Facility as of December 31, 2020 or December 31, 2019. This facility bears interest at LIBOR plus a margin. We continue to monitor the phasing out of LIBOR which is currently scheduled to begin in 2021 before complete phase out by June 2023. In the absence of an agreed new rate, LIBOR will continue to apply where appropriate.

The cost and availability of credit are subject to changes in the global or regional economic environment. If conditions in the major credit markets deteriorate our ability to obtain debt financing on favorable terms may be negatively affected. We may incur additional debt in the future. Our debt could have significant adverse consequences, including to:

- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use all or a portion of our cash flow from operations to make debt service payments;
- require us to sell certain assets;
- restrict us from making strategic investments, including acquisitions or cause us to make non-strategic divestitures;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- cause us to incur substantial fees from time to time in connection with debt amendments or refinancing;
- limit our flexibility to plan for, or react to, changes in our business and industry; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

We are required, under the terms of the 2020 Senior Notes, to offer to purchase all of the outstanding 2020 Senior Notes if we experience a change of control. Similar requirements exist in the Revolving Credit Facility. These provisions may delay or prevent a change in control that our stockholders may consider desirable.

***Covenants in our credit agreements may restrict our business and operations and our financial condition and results of operations could be adversely affected if we do not comply with those covenants.***

The 2020 Senior Notes and the Revolving Credit Facility credit agreements include certain customary covenants that limit our ability to, amongst other things, subject to certain exceptions:

- incur or assume liens or additional debt;
- dispose of assets;
- engage in mergers or reorganizations; or
- enter into certain types of transactions with affiliates.

The 2020 Senior Notes agreement also includes certain financial covenants that require us to comply with a consolidated leverage ratio and a maximum amount of priority debt, each of which are defined in the Note Purchase and Guarantee Agreement. Our ability to comply with these financial covenants may be affected by events beyond our control.

***Interest rate fluctuations may materially adversely affect our results of operations and financial conditions in the event that the Company draws down on either Revolving Credit Facility or in respect of any future issuances of debt.***

The interest rate in respect of the 2020 Senior Notes is fixed at 2.32% for Series A and 2.43% for Series B for the term of the agreement. The Revolving Credit Facility bears interest at LIBOR plus a margin. There were no amounts drawn on the Revolving Credit Facility at December 31, 2020 or at December 31, 2019. We continue to monitor the phasing out of LIBOR which is currently scheduled for 2021. We have engaged with our lenders on the implications of the change. In the absence of an agreed new rate, documents continue to be negotiated using LIBOR. We will continue to engage with our lenders in respect of the requirement for a new rate and seek an amendment letter at that point. The Company is therefore subject to interest rate volatility in respect of any future draw down on the Revolving Credit Facility or in respect of any future issuances of debt.

### **Risk Related to Our Common Stock**

***Volatility in the market price of our common stock could lead to losses by investors.***

The market price of our common stock has experienced volatility in the past and may experience volatility in the future which could lead to losses for investors. Factors impacting volatility in the market price of our common stock include, amongst others:

- general market and economic conditions;
- our results of operations;
- issuance of new or changed securities analysts' reports or recommendations;
- developments impacting the industry or our competitors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- the public's reaction to press releases, other public announcements by us or third parties, including our filings with the SEC;
- guidance, if any, that we provide to the public, any changes in this guidance or failure to meet this guidance;
- changes in the credit rating of our debt;
- sale, or anticipated sale, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory or political developments;
- litigation and governmental investigations;
- changing economic conditions;
- exchange rate fluctuations;
- changes in accounting principles; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to those events.

In addition, stock markets have from time to time experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. Future fluctuations in stock markets may lead to volatility in the market price of our common stock which could lead to losses by investors.

***If securities analysts or industry analysts do not publish reports about our business or if they downgrade our stock or our sector, our stock price and trading volumes could decline.***

The trading market for common stock depends in part on the research and reports that industry or financial analysts publish about us, our business or industry. We do not control these analysts. If one or more of the analysts who do cover us downgrade our stock or our industry or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business or industry, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

***Your investment return may be reduced if we lose our foreign private issuer status.***

We are a "foreign private issuer," as such term is defined in Rule 405 under the U.S. Securities Act 1933, and, therefore, we are not required to file quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC. In addition, the proxy rules and Section 16 reporting and short-swing profit recapture rules are not applicable to us. If we lose our status as a foreign private issuer by our election or otherwise and we become subject to the full reporting regime of the United States securities laws, we will be subject to additional reporting obligations and proxy solicitation obligations under the Exchange Act and our officers, directors and 10% shareholders would become subject to the short-swing profit rules. The imposition of these reporting rules would increase our costs and the obligations of those affected by the short-swing rules.

***We do not expect to pay any cash dividends for the foreseeable future.***

We currently do not expect to declare dividends on our common stock and have not done so in the past. We continue to anticipate that our earnings will be used to provide working capital, to support operations and to finance the growth and development of our business. They may also be used to continue our share repurchase program. Any determination to declare or pay dividends in the future will be at the discretion of our board of directors, subject to relevant laws and dependent on a number of factors, including our earnings, capital requirements and overall financial condition. Therefore, the only opportunity for stockholders to achieve a return on their investment may be if the market price of our common stock appreciates and shares are sold at a profit. The market price for our common stock may not appreciate and may fall below the price stockholders paid for such common stock.

***Environmental, social and governance matters may impact our business and reputation.***

Increasingly, in addition to the importance of their financial performance, companies are being judged by their performance on a variety of environmental, social and governance ('ESG') matters, which are considered to contribute to the long-term sustainability of companies' performance. A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company's efforts and impacts on climate change and human rights, ethics and compliance with law, and the role of the company's board of directors in supervising various sustainability issues. We actively manage a broad range of such ESG matters, taking into consideration their expected impact on the sustainability of our business over time, and the potential impact of our business on society and the environment. However, in light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet society's perceived expectations as to our proper role. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, share price, financial condition, or results of operations, including the sustainability of our business over time.

#### **Item 4. Information on the Company.**

##### **A. History and development**

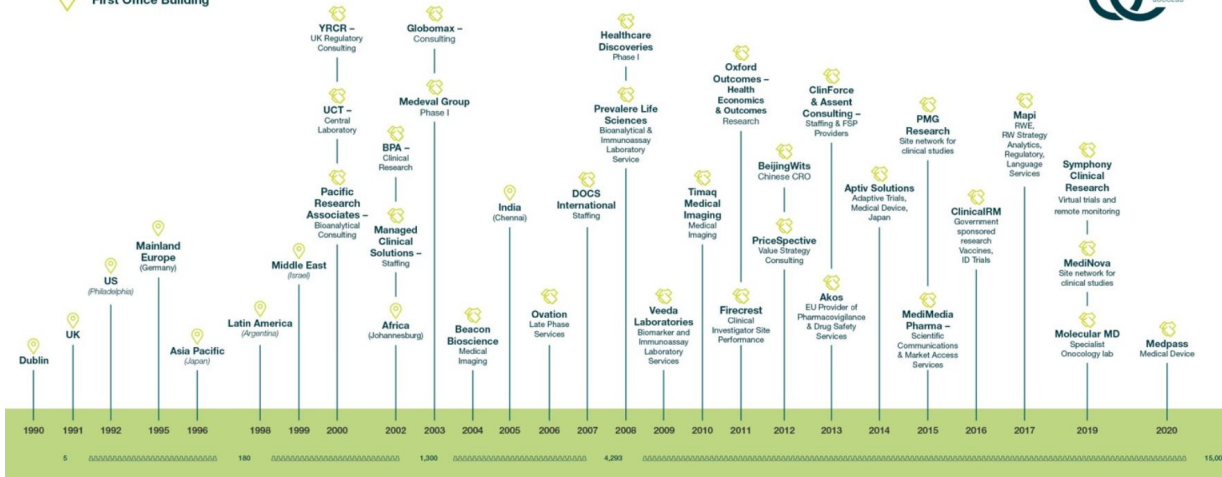
ICON public limited company ("ICON plc") is a clinical research organization ("CRO"), founded in Dublin, Ireland in 1990. Over thirty years we have grown significantly to become a leading global provider of outsourced development and commercialization services to pharmaceutical, biotechnology, medical device and government and public health organizations. Our mission is to help our clients to accelerate the development of drugs and devices that save lives and improve quality of life.

We are a public limited company in Ireland and operate under the Irish Companies Acts. Our principal executive office is located at: South County Business Park, Leopardstown, Dublin 18, Republic of Ireland. The contact telephone number of this office is +353 1 2912000. Our website is [www.iconplc.com](http://www.iconplc.com). Additionally, the SEC maintains a website ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our service offering includes clinical development, functional outsourcing and laboratory services. Our clinical development services include all phases of development (Phases I-IV), peri and post approval and site and patient access services. Our laboratory services include a range of high value testing services, including bionalytical, biomarker, vaccine, good manufacturing practice ('GMP') and central laboratory services. We also offer full-service and functional service partnerships to our customers.

Over thirty years, the Company has expanded through organic growth, together with a number of strategic acquisitions to enhance its expertise and capabilities in certain areas of the clinical development process and to broaden the service portfolio and add scale to existing services.

 New Acquisitions  
 First Office Building



Recent investments, which continue to strengthen our service offerings to meet the needs of our customers include:

- On September 3, 2020, ICON announced that it was launching Accellacare, a global clinical research network offering patients easier and faster access to innovative treatments and offering customers the option to deploy decentralized trials. The site network includes previously acquired PMG Research in the US and MeDiNova Research in EMEA;
- On July 24, 2020 a subsidiary of the Company, ICON Clinical Research Limited, entered into an agreement to jointly establish a new company, Oncacare Limited ("Oncacare"), with a third party. Oncacare will operate a specialized oncology site network in the US and EMEA regions. The new site network will focus on implementing a range of commercial models with specialist oncology healthcare providers in the US and EMEA to accelerate the recruitment and retention of patients into oncology trials. The oncology site network will operate as a joint venture between the Company and a third party company which has extensive experience in developing and running a site network. The Company has invested \$4.9 million to obtain a 49% interest in the voting share capital of Oncacare. The third party to the joint venture has the right to sell the 51% majority voting share capital exclusively to the Company in an eighteen month period, commencing January 1, 2023 and ICON also has the right to acquire the 51% majority voting share capital from August 1, 2025 (see *note 3 - Investments* in the consolidated financial statements);
- On May 23, 2019 a subsidiary of the Company, ICON Clinical Research (U.K.) Limited, acquired a majority shareholding in MeDiNova, a site network with research sites in key markets in Europe and Africa. The consideration to acquire the majority shareholding was cash of \$54.1 million (excluding a working capital adjustment of \$0.5 million) (see *note 4 - Goodwill* in the consolidated financial statements). The contingent consideration was paid in October 2019. The acquisition further enhances ICON's patient recruitment capabilities in EMEA and complements ICON's existing site network in the USA, PMG Research. ICON had the right to acquire the remaining shares in the company and on March 9, 2020 ICON exercised its option to call the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. Effective from this date, the noncontrolling interest was derecognized and a liability was recognized, representing the assessment of the redemption value of the noncontrolling interest. This liability was settled on July 17, 2020 for \$43.9 million;
- On January 22, 2020 a subsidiary of the Company, ICON Investments Limited, acquired 100% of the equity share capital of MedPass International ("MedPass"). MedPass is the leading European medical device CRO, regulatory and reimbursement consultancy, that specializes in medical device development and market access. The acquisition of MedPass further enhances ICON's Medical Device and Diagnostic Research services, through the addition of new regulatory and clinical capabilities in Europe. The integration of MedPass's services brings noted expertise in complex class 3 medical devices, interventional cardiology and structural heart devices. The total consideration was \$47.6 million (see *note 4 - Goodwill* in the consolidated financial statements);



- On September 24, 2019 a subsidiary of the Company, ICON Clinical Research LLC, acquired a 100% interest in Symphony (see *note 4 - Goodwill* in the consolidated financial statements). Founded in 2003 and operating from its headquarters in Illinois, USA and Gdansk, Poland, Symphony is a leading provider of at-home trial services and site support services from study start-up to closeout for Phase I-IV global studies. Symphony will grow ICON's patient recruitment capabilities globally and complements ICON's site network in the USA, PMG Research and the recently acquired site network in EMEA, MeDiNova. The consideration to acquire the 100% interest was cash of \$35.3 million and contingent consideration which was initially estimated at a fair value of \$2.5 million. During 2020, the contingent consideration was settled at fair value in the amount of \$0.5 million. The change in fair value has been recorded in the selling, general and administrative expense line of the Consolidated Statement of Operations;
- On January 25, 2019 a subsidiary of the Company, ICON Laboratory Services, Inc., acquired 100% of the share capital of MolecularMD Corp. ("MMD"). The consideration was \$42.2 million (see *note 4 - Goodwill* in the consolidated financial statements). MMD is a molecular diagnostic specialty laboratory that enables the development and commercialization of precision medicines in oncology. It is a recognized leader in the analytical development and clinical validation of molecular diagnostic assays. It offers a comprehensive test menu in immuno-oncology development and services also include companion diagnostic development services. The acquisition enhances ICON's laboratory offering in molecular diagnostic testing and brings to ICON expanded testing platforms, including next generation sequencing, and immunohistochemistry (IHC);
- On July 27, 2017, a subsidiary of the Company, ICON Clinical Research Limited acquired Mapi Développement SAS ('Mapi') and its subsidiaries ("Mapi Group"). Mapi Group has over 40 years of experience supporting Life-Science companies as the world leading Patient-Centered Research Company in commercializing novel treatments through Real-World Evidence, Strategic Regulatory Services, Pharmacovigilance, Market Access and Language Services. Mapi Group is the premier provider of Health Research and Commercialization services to Life-Science companies enabling Market Authorization, Market Access and Market Adoption of novel therapeutics. Cash outflows on acquisition were \$145.8 million. The acquisition of Mapi Group strengthened ICON's existing commercialization and outcomes research business adding significant commercialization presence, analytics, real world evidence generation and strategic regulatory services.

## B. Business Overview

ICON is a leading global provider of outsourced development and commercialization services to pharmaceutical, biotechnology, medical device, and government and public health organizations.

We offer a full range of clinical, consulting and commercial services that range from clinical development strategy, planning and trial design, to full study execution, and post-market commercialization.

ICON provides its services across a range of clinical outsourcing operating models including strategic partnerships, preferred provider, full-service delivery to functional service provision and stand-alone services.

We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process, from compound selection to Phase I-IV clinical studies. We earn revenue by providing a number of different services to our customers. Those services are integral components of the clinical development process and include clinical trial management, consulting, contract staffing and laboratory services.

Our vision is to be the Global CRO partner of choice in drug development by delivering best in class information, solutions and performance in clinical and outcomes research. We believe that we are one of a select group of CROs with the expertise and capability to conduct clinical trials in the major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated full-service solution.

At December 31, 2020, we employed approximately 15,730 employees in 93 locations in 41 countries. During the year ended December 31, 2020, we derived approximately 33.1%, 57.1% and 9.8% of our revenue in the United States, Europe and Rest of World, respectively (see *note 19 - Business Segment and Geographical Information* in the consolidated financial statements).

### The ICON Strategy

We have achieved strong growth since our foundation in 1990, as a global provider of outsourced development and commercialization services to pharmaceutical, biotechnology, medical device and government and public health organizations. We focus our innovation on those factors that are critical to our clients - reducing time to market, reducing cost and increasing quality. Our global team has extensive experience in a broad range of therapeutic areas. ICON has been recognized as one of the world's leading Contract Research Organizations ("CROs") through a number of high-profile industry awards.

As our market has evolved, biopharmaceutical companies are tackling productivity challenges, increasing budget constraints and greater demands to demonstrate product value; all of which are placing increased pressure on their revenues and levels of profitability. However, these trends have generally been positive for CROs, as increased outsourcing has been adopted by these companies as they seek to create greater efficiencies in their development processes, convert previously fixed costs to variable, and accelerate time to market for new treatments.

One consequence of the drive to accelerate time to market will be increased emphasis on making existing drug development phases more seamless, through the use of techniques such as adaptive trial designs to filter the most promising compounds and test these in parallel in several therapeutic indications or with other drug combinations.

Regulatory and reimbursement pressures will increase the emphasis on late stage (post marketing) research, while increasing requirements to demonstrate the economic value of new treatments. As a result, outcomes and comparative effectiveness research will most likely be required in order to secure on-going product reimbursement. Furthermore, we believe advances in molecular biology and genetics will drive further growth in innovation in the long term which in turn should create further growth opportunities for both biopharma companies and their outsource development partners.

We expect that continued outsourcing will be a core strategy of clients in the near term as they respond to the increased pressures on their revenues and profitability. Larger clients were the first to form strategic partnerships with global CROs in an effort to reduce the number of outsource partners with whom they engage and to reduce inefficiencies in their current drug development models. More recently we have seen the increasing adoption of this partner model with mid-tier pharmaceutical and biotechnology firms as they also seek to drive development efficiencies. As outsourcing penetration increases, we believe clients may seek a greater level of integration of service offerings from CROs, although some will continue to purchase services on a stand-alone basis. Creating greater connectivity and “seamlessness” between our services and the sharing of “real-time” clinical, operational and “real world” data with clients will therefore become increasingly important for CROs. ICON will seek to benefit from this increased outsourcing by clients to grow our business by increasing market share with our existing client base and adding new clients within the Phase I-IV outsourced development services market; the aim being to ensure we will be considered for all major Phase I-IV projects.

Delivery of our mission and strategy is focused on our four strategic pillars, being (i) Partnership & Customer Focused (ii) Operational Excellence & Quality (iii) Talent and People Development and (iv) Patient, Site and Data Solutions.



### *Partnership and Customer Focused*

We continue to focus on expanding and deepening our partnerships with existing customers, while also developing new customer relationships.

Strategic client relationships will increasingly manifest themselves in many different forms. Many of these relationships will require innovative forms of collaboration across ICON service areas and departments and will therefore require increased flexibility to offer services on both a standalone functional basis and as part of a fully integrated service solution. To support this objective, we continue to evolve our collaboration and delivery models, invest in technology that will enable closer data integration across our service areas and enhance our project and program management capabilities.

To meet the evolving needs of both our existing and new clients we continue to enhance our capabilities through both organic service development and targeted acquisitions.

During the year, we continued to enhance our scientific and therapeutic expertise to support our customers in specific areas including oncology, orphan and rare diseases, CNS, dermatology, infectious disease and women's health. During 2020, ICON mobilized its vaccine resources to address the COVID-19 global threat, including its ability to conduct home-based trials to minimize infection. In addition, the Company is currently providing clinical monitoring and safety oversight on more than 100 COVID-19 trials for both the private and government sectors.

We continue to target growth in under-penetrated CRO market segments. Penetration within medical device companies has lagged that of bio-pharma firms but is beginning to accelerate. EU regulatory reform enacted in 2017 is a further catalyst to growth in this segment as it included stricter requirements to perform clinical evaluations and post-sale surveillance. In early 2020, the Group acquired MedPass which will further our value offering in this area.

We also invested significantly in our site and patient network, and consider our expertise and offering in this area as one of our strategic pillars effective from 2021.

### *Operational Excellence and Quality*

We continue to enhance our operating processes and delivery models to gain competitive advantage.

Finding and engaging suitable patients to conduct clinical trials is one of the biggest issues facing the drug development industry today. Less than 1% of the US population participates in clinical trials and the performance of investigative sites that do take part in research is uneven, hard to predict and many trials do not meet the initial recruitment goals. The current market challenge in patient enrollment creates an opportunity for ICON to differentiate its service offering and we are working to reduce patient recruitment times through enhanced site and investigator selection based on key performance metrics and through use of our proprietary Firecrest technology which is used to train and support sites during the development process. Our Accellacare, Symphony and Oncacare site network alliances enhances our ability to enroll patients onto the clinical studies we perform. We have also developed strategic alliances with investigator site groups and health care systems in all major global research markets. In partnership with others we are pioneering patient recruitment solutions that leverage cognitive computing to transform clinical trial matching and allow a data-driven approach to deliver the right patients for trials. One Search is our intuitive, integrated workflow and interrogation tool that enables access to multiple data sources and provides the visualization and tools necessary for optimum site identification based on ICON and industry data of capability, experience and performance. Scoring on enrollment performance, speed of start-up and quality supports better site selection.

Our proprietary ICONIK platform, which integrates clinical data across multiple systems allows us to access clinical and real world data to enhance protocol design and profile match patients to trials. It also facilitates collection of real-time data during the trial process enabling better decision making and project execution. The platform uses data and evidence based research to develop solutions that engage investigators and patients more effectively to improve patient recruitment and retention.

ADDPLAN is part of the ICONIK Informatics Hub. The software provides industry leading statistical design, simulation and analysis for adaptive clinical trials, from Phase I to IV and helps our customers identify the most promising drug candidates earlier in the development process and in parallel test these across several therapeutic indications and with other drug combinations. ADDPLAN is used by regulatory agencies (FDA, EMA (Europe) and PMDA (Japan)), top pharmaceuticals and medical device companies, and academia.

Quality project execution underpins all that we do and we have an ongoing focus on developing our people and processes to continue to enhance our service delivery. We also deploy supporting technologies which we believe will enable faster and deeper insights into the quality of trial data.

We are focused on operational excellence across our support functions and we operate a global business support infrastructure across functions including finance, information technology, facilities, human resources and legal. This enables us to enhance the service levels across these support areas whilst driving down the costs of the service provision.

## *Talent and People Development*

At the core of our strategy is our people. Within ICON we have highly qualified and experienced teams, the majority of whom have third level educational qualifications. The need to develop and retain this expertise and talent within the organization is fundamental in enabling us to be the global CRO partner of choice for our customers. We have invested in creating an innovative learning environment delivered through ICON's training and development group, who have formed an industry leading collaboration with University College Dublin. This enables ICON to provide customized management and development programs for global employees. These programs are focused on leadership development for those people management roles and specific technical training in competencies that are core to our business, such as project and program management and clinical research associate development. We continue to invest to refine and develop these programs.

Our learning and development programs are complemented by advanced people development practices which incorporate rigorous, analytics based screening in the hiring process, global career frameworks, pay for performance aligned to our strategy, and on-going talent review and succession planning.

Our leadership and talent programs contribute to the enhanced retention of our employees, better project deliverables for our customers and the enhanced financial performance of the business.

## *Patient, Site and Data Solutions*

ICON has a focused patient, site and data strategy, which is helping us to improve site identification, study placement and patient recruitment and retention. We continued to expand our site and patient recruitment capabilities during 2020 with the launch of Accellacare, a global clinical research network, enhancing on the acquisitions of MeDiNova and Symphony in 2019 along with the 2018 expansion of the PMG Research network through a partnership with the DuPage Medical Group.

On September 3, 2020, ICON announced that it was launching Accellacare, a global clinical research network offering patients easier and faster access to innovative treatments and offering customers the option to deploy decentralized trials. The site network includes previously acquired PMG Research in the US and MeDiNova Research in EMEA.

Accellacare's patient centric approach focuses on enhancing the patient experience either on site, or at home as part of integrated operations with Symphony, the leading global provider of at-home care and nursing for clinical trials owned by ICON. This cohesive approach is leading to higher patient recruitment and retention rates. Accellacare is also achieving faster study start-up for its customers through efficiencies gained in central process management including budget and contracting, which can otherwise be a source of delay. This combined with a finely tuned feasibility approach allows the network to identify and recruit more patients to studies, in a wide range of therapeutic areas, in a shorter time frame. Accellacare is an important part of the integrated patient, site and data strategy, helping us to improve patient recruitment and retention. Through Accellacare we are committed to delivering on the promise of patient centricity in clinical research. It is also proving investigators with innovative treatments for their patients with a quality-focused clinical research infrastructure supported by experienced professionals globally.

DuPage is the largest independent, multi-specialty physician group in the Chicagoland area with access to more than 700 physicians in over 50 clinical specialties ranging from primary to specialty care in areas such as cardiology and oncology. Through this agreement PMG assumed the research infrastructure at DuPage providing expanded investigator and patient access and bringing clinical research as a care option to the communities served.

## *Applied Innovation and Integrated Data*

Innovation at ICON is focused on the factors that are critical to our clients. We develop integrated technologies to significantly enhance the efficiency and productivity of clients' drug and device development programs, providing true transparency across all areas of a study.

ICON is focused on applying innovation that can help our customers improve their development outcomes. We are focusing this innovation in three critical areas: improving clinical trial design and execution; faster and more predictable patient recruitment; and evolving clinical trials to be more patient centric which includes data collection and analysis directly from patient's digital devices. Our approach to developing solutions to these challenges incorporates partnering with best in class technology providers but is also supported by a suite of differentiated ICON proprietary technologies.

We have continued to invest in building our capabilities in the gathering, analysis and application of real world patient data within both the clinical trial and post-trial observational study environments. Alongside expanding internal capabilities, we continue to develop innovative partnerships with providers of real world data including TriNetX. During 2018, we signed an agreement with Intel to deploy the Intel® Pharma Analytics Platform for use in clinical trials. The Intel platform is an artificial intelligence solution that enables remote monitoring and continuous capture of clinical data from study subjects using sensors and wearable devices and can apply machine learning techniques to objectively measure symptoms and quantify the impact of new therapies.

In addition to our ICONIK platform and ADDPLAN software (see details on page 25), Firecrest; ICON's proprietary comprehensive site performance management system, is a web-based solution which enables accurate study information, including protocol information, training manuals and case report forms, to be rolled out quickly and simultaneously to investigative sites. It allows site behavior to be tracked to ensure training is understood, procedures are being followed and that timelines and study parameters are met. It can significantly reduce the number of data queries originated from investigator sites. We have continued our development in 2020 and Firecrest is now integrated into the ICON Safety Reporting Solution and provides a new Site Question Management Tool. For additional details on our information systems and applied innovation see the Information System section on page 39.

Alongside the application of these technology solutions we are also focused on innovation through the redesign and where appropriate the automation of current clinical trial processes.

### Capabilities and Service Offerings

ICON is a global provider of drug development solutions and services to the pharmaceutical, biotechnology and medical device industries. These solutions span the Clinical Development lifecycle from compound selection to Phase I-IV clinical studies and post approval outcome research and market access



consulting solutions.

We offer a broad range of specialized services to assist pharmaceutical, biotechnology and medical device companies to bring new drugs and devices to market faster. Our services span the entire lifecycle of product development and can be adapted to suit local trials or large global programs. Specific clinical development services offered to biopharmaceutical and medical device companies include:

Product Development Planning	Strategic Consulting	Study Protocol Preparation
Clinical Pharmacology	Pharmacokinetic and Pharmacodynamic Analysis	Site Feasibility - EMR & Data Analytics ICON owned Site Networks
Patient Recruitment & Retention	Digital Patient and Site Solutions - FIRECREST	Project Management
Clinical Operations /Monitoring	Patient Centric Monitoring	Data Management
Adaptive Trials -ADDPLAN	Virtual Trials	Medical Imaging
Biostatistics	Medical Affairs	Pharmacovigilance
Strategic Regulatory Services	Electronic Endpoint Adjudication	Medical Writing and Publishing
Interactive Response Technologies	Functional Solutions	Research Trials for US Government Agencies
Strategic Resourcing Central Laboratories	Bioanalytical Laboratories	Biomarket Development
Real World Strategy & Analytics	Real World & Late Phase Research	Access, Commercialization & Communications
Patient Centered Sciences	Medical Device & Diagnostics Research	

ICON offers a comprehensive service portfolio supporting all aspects of drug development.



## Industry Overview

The CRO industry provides independent product development solutions and services for the pharmaceutical, biotechnology and medical device industries. Companies in these industries outsource services to CROs in order to manage the drug and device development process more efficiently and to bring both patent-protected bio-similars and medical devices to market faster to enhance patient well-being and maximize their return on investment. The CRO industry has evolved since the 1970s from a small number of companies that provided limited clinical development services to a larger number of CROs that offer a range of services that encompass the entire research and development process, including pre-clinical development, clinical trials management, clinical data management, study design, biostatistical analyses, post market surveillance, regulatory affairs, central laboratory and market access services. CROs are required to provide services in accordance with good clinical and laboratory practices, as governed by the applicable regulatory authorities.

The CRO industry is highly fragmented, consisting of several hundred small, limited-service providers, medium sized CROs and a small number of large CROs with global operations. Although there are few barriers to entry for small, specialist service providers, we believe there are significant barriers to becoming a CRO with global capabilities and expertise. These barriers include the infrastructure and experience necessary to serve the global demands of clients (sponsors), the ability to recruit sites and patients globally, the simultaneous management of complex clinical trials, the ability to offer customers a variety of delivery models, broad therapeutic expertise and the development and maintenance of the complex information technology systems required to integrate these capabilities. In recent years, the CRO industry has experienced consolidation, resulting in the emergence of a select group of CROs that have the capital, technical resources, integrated global capabilities, data and expertise to manage the development programs of pharmaceutical, biotechnology and medical device companies. We believe that large and medium sized pharmaceutical companies are selecting a limited number of CRO service providers with which they deal rather than utilizing many, in order to form strategic partnerships with global CROs in an effort to drive incremental development efficiencies and leverage the scientific and medical expertise. We believe that this trend will continue to concentrate the market share among the larger CROs with a track record of quality, speed, flexibility, responsiveness, global capabilities and access to patients and overall development experience and expertise.

## New Drug Development – Ethical Pharmaceuticals and Biologics - An Overview

Before a new drug or biologic may be marketed, it must undergo extensive testing and regulatory review in order to determine that it is safe and effective. The following discussion primarily relates to the FDA approval process for such products. Similar procedures must be followed for product development with other global regulatory agencies. The stages of this development process are as follows:

**Preclinical Research** “In vitro” (test tube) and animal studies must be conducted in accordance with applicable regulations to establish the relative toxicity of the drug over a wide range of doses and to detect any potential to cause birth defects, affect vital organs, cause mutations or cancer. Many of these tests must be performed before a new investigational therapy can progress into human studies. If results warrant continuing development of the drug or biologic, the sponsor or owner of the asset will file for an Investigational New Drug Application, or IND, which must be approved by the FDA before starting the proposed clinical trials. However, preclinical studies will continue to be conducted in parallel with the clinical trials, some of which can take up to 3 years to complete.

### **Clinical Trials (approximately 3.5 to 7 years)**

#### **Exploratory Development**

**Phase I (approximately 6 months to 1 year)** consists of basic safety and tolerability testing in small numbers of human subjects, initially in healthy volunteers, and includes studies which may show the drug is having an effect on the body, if it is safe, how it is affected by other drugs, where it goes in the body, how long it remains active and how it is broken down by and eliminated from the body. After single and multiple dose studies have been conducted, the asset can progress into Phase II, however, Phase I studies will continue to be done to help support the development of the asset in new populations such as children or the elderly.

**Phase II (approximately 2 to 3 years)** includes basic efficacy and dose-range testing in a limited patient population (usually) 100 to 200 patients to help provide preliminary safety and evidence that the drug is likely to be effective in the target disease. If the Phase II results are satisfactory the sponsor may decide to proceed to Phase III studies.

#### **Confirmatory Development**

**Phase III (2 years or greater)** consists of efficacy and safety studies in several hundred to a few thousand patients at multiple investigational sites (hospitals and clinics), often in multiple geographies.

FDA approval, through submission of an investigational new drug (IND) application, is necessary for all clinical trials, regardless of the phase of development. In addition, parallel independent committee approval is also required.

**NDA or BLA Preparation and Submission.** Upon completion of Phase III trials, the sponsor assembles the statistically analyzed data from all phases of development into a single large submission along with the Chemistry, Manufacturing and Controls (CMC) and preclinical data and the proposed labeling into the New Drug Application (NDA), or Biologics License Application (BLA) and submits them for assessment and approval by the relevant division of the FDA.

**Expanded Access Programs (EAPs).** Sometimes a study drug may continue to be provided to subjects after completion of a clinical trial, also called compassionate use. EAPs refer to the regulated use of a study drug outside of a clinical trial by patients with serious or life-threatening conditions where there is no alternative therapy available. In this context the FDA may allow the sponsor to make the study drug available to a larger number of patients for treatment use.

**FDA Review and Approval of NDA or BLA (1 to 1.5 years).** Data from all phases of development is scrutinized to confirm that the applicant company has complied with all applicable regulations and that the benefit to risk ratio for the drug or biologic is positive for the specific use (or “indication”) under study. The FDA may refuse to accept the NDA or BLA if the application has administrative or content criteria which do not meet FDA standards. The FDA may also deny approval of the drug or biologic product if applicable regulatory requirements are not satisfied, if the drug has not adequately shown to be effective or if there are safety concerns. Often a company will be required to conduct specific studies after the approval of a drug. These are called post approval commitments.

**Post-Market Surveillance, Phase IV Studies and Health Outcomes.** Once approved by the FDA, the FDA requires the drug or biologic license holder to collect and periodically report to the FDA additional safety (and perhaps efficacy) data on the drug or biologic for as long as the license holder markets it (post-market surveillance, including pharmacovigilance). If the product is marketed outside the U.S., these reports must include data from all countries in which the drug is sold. Additional studies (Phase III and Phase IV) may be undertaken after initial approval to find new uses for the drug, to test new dosage formulations, or to confirm selected non-clinical benefits, e.g., increased cost-effectiveness or improved quality of life. Additionally, the FDA and other regulatory agencies are requiring license holders of drugs or biologics to prepare risk management plans which are aimed at assessing areas of product risk and actively managing such risks throughout the product lifecycle.

## **Key Trends Affecting the CRO Industry**

CROs derive substantially all of their revenue from the research and development expenditures of pharmaceutical, biotechnology and medical device companies. Based on investment analyst research and our internal estimates, we estimate that development expenditures outsourced by pharmaceutical and biotechnology companies worldwide in 2020 was approximately \$53 billion. We believe that the following trends create further growth opportunities for global CROs, although there is no assurance that growth will materialize.

### **Continued Innovation and Development of Enabling Technologies**

#### *Innovation Driving New Drug Development Activity*

New technologies together with improved understanding of disease pathology (driven by scientific advances such as the mapping of the human genome) have increased the number of new drug candidates being investigated in early development. This has greatly broadened the number of biological mechanisms being targeted which increasingly include rare/orphan diseases that currently have no effective treatments.

These developments should lead to increased activity in both Preclinical and Phase I development and in turn lead to more treatments in Phase II-III clinical trials. As the number of trials that need to be performed increases and these trials become focused in indications where finding suitable patients is increasingly challenging, we believe that drug developers will increasingly rely on CROs to manage these trials to leverage their global expertise and to continue to focus their own competences on drug discovery and sales and marketing.

#### *New Technology Enabling More Efficient Development*

Technology innovation is playing an increasingly important role in helping to support more efficient drug development. Leveraging differentiated technology solutions and data collaborations drives better execution in clinical trials. The larger CROs have been at the forefront of this innovation developing technology solutions that support the integration of trial data across multiple systems; data repositories that enable sponsors to get real time clinical insights on their drugs performance and tools that support better trial designs and operation. See further details on our new technologies and innovations in the section on information systems on page 39.

The emergence of M-health technologies that build on the global prevalence of mobile and digital technologies also have an influence on drug development. It is now possible to capture health data using mobile devices and wearables. This enables sponsors to gather new clinical and “real-world” patient insights and will also be used to enhance patient engagement and adherence throughout the development process. As these devices mature it will also be possible to complete more “virtual trials” based on remote monitoring of patients in their home environment which may drive further efficiencies in the trial process.

Social media is also becoming an important platform for life sciences companies to strengthen patient engagement programs and collaborate with other stakeholders in the health care system. Many sufferers of specific diseases are forming patient groups and actively collaborating using social media. These groups represent an important potential source of patients for new clinical studies but can also provide valuable insights into effectiveness and safety of new treatments.

As the influence of technology on drug development grows, it broadens the potential number of partners that CROs will work with in the future.

#### *Expanded Use of New Patient Data Sources*

Pharmaceutical companies are looking to access a variety of new health care data sources containing medical and prescribing records to help improve development programs and to get better evidence of the value their treatments are bringing to patients once they are launched in the market. The larger global CROs have significant data management experience which can be leveraged to support these efforts and have invested in analytics capabilities to help deliver better insights for customers during the product lifecycle. Global CROs are also forging collaborations to access specific data sets that can provide further patient insights to support better matching of patients to the clinical trial process.



## **Improving Productivity and Operating Efficiencies**

### *Continuing Focus on Productivity within Research and Development Programs*

Pharmaceutical and biotechnology companies continue to seek ways to improve the productivity of their development efforts and increasingly see the use of CROs as a strategic component of these efforts. They are leveraging the expertise with CROs to help identify the most promising drug candidates in early development and discontinue developing those that have safety issues, limited efficacy or that will have significant reimbursement challenges. These companies are also initiating programs to drive more efficiency in their development programs. One example of this has been the efforts to achieve a more seamless transition across development phases, particularly Phase I-III. In parallel, regulatory initiatives such as the 21<sup>st</sup> Century Cures Act and the emergence of clinical trial techniques such as adaptive trial design and risk based clinical trial monitoring are enhancing development, allowing effective treatments to get to patients quicker at reduced development costs.

### *Cost Containment Pressures*

Over the past several years, drug companies have sought more efficient ways of conducting business due to margin pressures stemming from patent expirations, greater acceptance of generic drugs, pricing pressures caused by the impact of managed care, purchasing alliances and regulatory consideration of the economic benefit of new drugs. Consequently, drug companies are centralizing research and development, streamlining their internal structures and outsourcing certain functions to CROs, thereby converting previously fixed costs to variable costs. Larger companies (and more recently medium sized companies) are actively entering strategic partnerships with a limited number of CROs in an effort to drive increased efficiencies. The CRO industry and in particular large CROs with global capabilities, considerable scientific knowledge and expertise are often able to perform the needed services with greater focus and at a lower cost than the client could perform internally, although CRO companies themselves are facing increased cost containment pressures as drug companies seek to further reduce their cost base.

## **Global trends influencing the CRO industry**

### *Pressure to Accelerate Time to Markets and Globalization of the Marketplace*

Reducing product development time maximizes the client's potential period of patent exclusivity, which in turn maximizes potential economic returns. We believe that clients are increasingly using CROs that have the appropriate expertise and innovation to improve the speed of product development to assist them in improving economic returns. In addition, applying for regulatory approval in multiple markets and for multiple indications simultaneously, rather than sequentially, reduces product development time and thereby maximizes economic returns. We believe that CROs with global capabilities, considerable knowledge and experience in a broad range of therapeutic areas are key resources to support a global regulatory approval strategy. Alongside this, the increasing need to access pools of new patients is leading to the conduct of clinical trials in new "emerging regions" such as Eastern Europe, Latin America, Asia-Pacific and South America. We believe that having access to both traditional and emerging clinical research markets gives global CROs a competitive advantage.

### *Growth within the Biotechnology Sector*

The nature of the drugs being developed is continuing to change. Biotechnology is enabling the development of targeted drugs with diagnostic tests to determine whether a drug will be effective given a patient's genomic profile. An increasing proportion of research and development expenditure is being spent on the development of highly technical drugs to treat very specific therapeutic areas in areas of unmet medical need. Much of this discovery expertise is found in biotechnology firms. We believe that it is to these organizations that the large pharmaceutical companies will look for an increasing proportion of their new drug pipelines. Whether it is through licensing agreements, joint ventures or equity investment, we believe we may see the emergence of more strategic relationships between small discovery firms and the larger pharmaceutical groups. As the majority of these biotechnology companies do not have a clinical development infrastructure, we believe that the services offered by CROs will continue to be in demand from such companies providing they have the necessary funding.

### *Increasing Number of Large Long-Term Studies and an Increasing Requirement to Show the Economic Value of New Treatments*

We believe that to establish competitive claims and demonstrate product value, to obtain reimbursement authorization from bodies such as the National Institute for Health and Clinical Excellence in the UK, and to encourage drug prescription by physicians in some large and competitive categories, more clients need to conduct outcome studies to demonstrate, for example, that mortality rates are reduced by certain drugs. To verify such outcomes, very large patient numbers are required and they must be monitored over long time periods. We believe that as these types of studies increase there will be a commensurate increase in demand for the services of CROs who have the ability to quickly assemble large patient populations, globally if necessary, and manage this complex process throughout its duration.

The rising costs of health care in most developed countries also means there is an increasing pressure to show that new medical treatments are more cost effective and deliver better patient outcomes than existing treatment regimes. This also means that sponsors need to increasingly generate outcomes data both as part of the product approval submissions and as part of post-approval research programs. This is creating opportunities for CROs who can offer support in developing and interpreting this data.

### A Focus on Long-term Product Safety

The clinical trial approval process can only detect major and common adverse side effects of drugs; less common but no less serious side effects may only become apparent after many years of use. As a result, there is an increase in the number of drugs given “conditional approvals” where further ‘post-approval’ studies are being mandated. In addition, prudent sponsors undertake similar studies to detect early warning signs of any potential problems with their products. Such studies may take the form of prospective long-term safety studies, simpler observational studies or registries where patients meeting specific criteria for disease or drug use are followed for long periods to detect any safety issues. CROs are well positioned to perform these studies on behalf of sponsors.

### Increasing Regulatory Demands

Regulatory agencies are requiring more data to support new drug approvals and are seeking more evidence that new drugs are safer and more effective than existing products. As a result, the complexity of clinical trials, the number of procedures required to be conducted in these trials and the size of regulatory submissions are driving the demand for services provided by CROs.

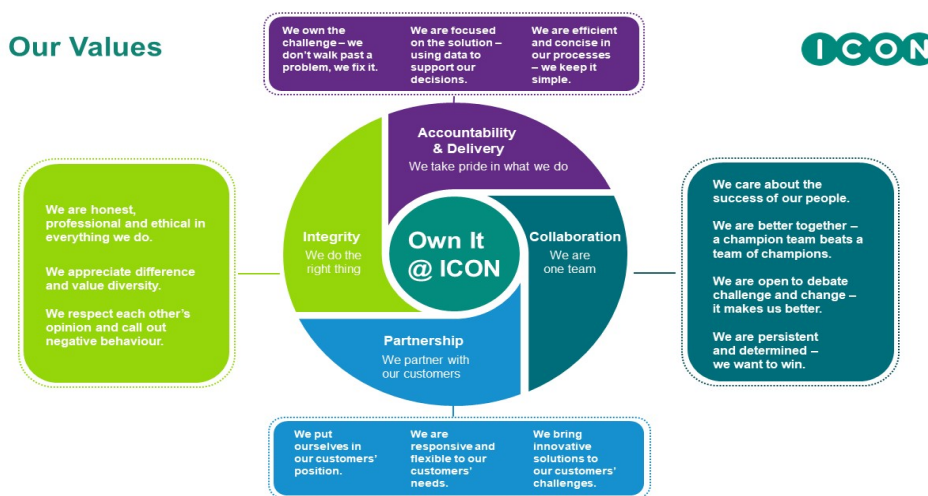
## Sustainability and Environmental Management

### Environmental, Social and Governance

Our mission is to help our customers accelerate the development of drugs and devices that save lives and improve the quality of life. We help our customers deliver life-changing medicines by being innovative in our solutions, collaborative in how we work as teams, accountable for the results we achieve and committed to doing the right thing for our customers and the patients they serve. Our business model is described in the sections preceding this. Our core values underpin our mission and drive a culture and mind-set of ownership at ICON. “Own it @ ICON” is how we define our culture. Our culture of ownership connects us to the core values at the heart of the Company and helps us differentiate how we work with our customers to achieve their goals.

Our values are:

- Accountability & delivery: We take pride in what we do
- Collaboration: We are one team
- Partnership: We partner with our customers
- Integrity: We do the right thing



Our values underpin how we work together to deliver on our mission to help our customers accelerate the development of drugs and devices that save lives and improve the quality of life. These values and our Code of Ethical Conduct, which underpins these values, form the core of what we do and how we do it. It applies to all officers, directors, employees, consultants and agents globally. All employees and temporary workers are mandated to complete global ethics training.

During 2019, ICON established an Environmental, Social, and Governance Committee ('ESG Committee') in order to bring together all of our existing initiatives and efforts under one umbrella to ensure consistency, enhance monitoring, reveal areas for development and facilitate reporting to the Board. The ESG Committee is chaired by the Chief Administrative Officer ('CAO'), who is responsible for reporting to the ICON executive leadership team and Board on ESG matters.

The ESG Committee is focused on developing our strategy and initiatives relating to the environment, social matters, health and safety, community engagement, corporate governance, sustainability and other public policy matters relevant to the Company. The ESG Committee is a cross-functional management committee of the Company with representation from facilities, corporate communications, finance, legal, investor relations and human resources departments. The Committee assists and supports executive management and the Board of the Company in:

- determining and setting the strategy relating to ESG matters;
- developing, implementing and monitoring initiatives and policies based on that strategy; and
- communicating our strategies and initiatives and their results.

We are committed to building and developing our ESG strategies and reporting. During 2020 we published our first annual ESG Report which provides an overview of our ESG priorities and commitments, summarizes our current policies in respect to ESG matters and provides an update as to our actions and results during 2019. We also launched our ESG page on the ICON website and have an internal ESG page on our MyICON portal to engage with our employees and provide information and updates relating to ESG matters and our commitment to sustainability. The ESG page is available at <https://www.iconplc.com/about/esg/>.

### *Environmental Management*

ICON is committed to delivering excellence and care to the communities in which we operate. This includes conducting our business in an environmentally sustainable manner as set out in our Global Code of Ethical Conduct. We achieve this by managing and improving our environmental performance across all business activities. Our employees, directors, officers, contractors, and temporary workers are expected to support our sustainability objectives.

As a Clinical Research Organization, we recognize the impact of how we operate on the environment in the following key areas:

- energy use;
- waste generation;
- emissions to air/water;
- water use;
- transport; and
- procurement.

Our Global Environmental Management Policy and Environmental Management Plan were approved during 2018. Our Environmental Management Plan and Performance Statement sets out the environmental actions and targets to ensure compliance with our Global Environmental Management Policy and to engage our employees in supporting our objectives for continued improvement. Our Environmental Performance Statement is available to employees and to our customers. The plan sets out our commitment to conducting our business in an environmentally sustainable manner by managing and improving our environmental performance across all business activities. Our plan sets out our initiatives and goals.

Responsibilities for the implementation of our objectives and co-ordination of our sustainability efforts and reporting on progress to the executive leadership is led by our facilities team, reporting to the CAO, with input from our procurement, legal, corporate communications and human resources teams through our ESG Committee.

We have more than 80 facilities globally which operate in office buildings, where the primary energy consumption is electricity for light and heating, ventilation and air conditioning systems. Our central laboratories also operate laboratory instruments. Where we have direct control over the buildings we operate, we ensure energy efficient lighting solutions. Where we do not have direct control over our facilities, we work with our landlords and other stakeholders to encourage energy efficient lighting solutions. We also work hard to extend the useful life of our equipment and ensure appropriate disposal of assets when decommissioned. In 2019 our electricity consumption was 24,006 MWh. which was sourced 19% from renewables.

In response to the global pandemic, many of our facilities were closed or operated at reduced capacity for extended periods during 2020. During this time we continued to focus on managing our electricity consumption and sourcing energy from renewables, ensuring appropriate waste management activities and monitoring our carbon footprint. As offices re-open, we renew our efforts in each of these areas.

Waste reduction is one of the objectives of our Environmental Management Policy and we are committed to reducing waste through increasing recycling facilities and continue to engage in waste reduction activities including removing single use cups and using technologies such as secure printing, electronic documents and electronic signatures. Aged IT systems such as laptops and desktops, which are not broken but have exceeded their useful commercial life, are donated to various schools and charity organizations where possible. During 2018 we commenced the development of a global waste management system, which has been maintained during 2019 and 2020.

We track, calculate and report our carbon footprint and use the information available to continue to improve our processes and reduce our impact. As a result of our efforts, our gross Greenhouse Gas (GHG) emissions year on year have consistently decreased since 2016. We follow the GHG Protocol Corporate Standard, which is the global corporate accounting and reporting standard for calculating carbon emissions and we work with Carbon Trust to verify our emissions data. The Carbon Disclosure Project (CDP) provides a globally recognized disclosure system that enables companies to measure and manage their environmental impacts. For CDP 2020, (based on 2019 data) ICON disclosed emissions and environmental data which had been verified by Carbon Trust and based on the data submitted to the CDP, ICON was awarded a C score.

We also require our suppliers to abide by our Global Supplier Code of Conduct which includes a commitment to comply with applicable environmental laws and regulations, our expectations around waste management and sustainable use of resources.

### *Community Engagement*

Our community engagement initiatives are aligned with ICON's values. ICON supports a variety of community engagement programs. Our programs aim to make a positive difference to the communities in which we work and live and also recognize the enthusiasm and creativity of our people in their efforts to give something back to their communities.

Our community engagement activities are focused on two core areas:

- supporting education & building closer ties between industry & academia; and
- improving the welfare of people in the communities in which we live.

### **Supporting education and building closer ties between industry and academia**

ICON is a strong supporter of bridging the ties between industry and academia and inspiring the next generation of business and scientific leaders.

- **Benefactor through the Centuries of Trinity College Dublin.** In February 2020, ICON was recognized as a benefactor of Trinity College Dublin in recognition of its support for Trinity, which includes:
  - The creation of the ICON-McKeon Research Fellowship in Motor Neuron Disease ('MND') in recognition of Mr. Declan McKeon, former Board member, acting Chairman, Lead Independent Director and Chair of the ICON Audit committee. The ICON-McKeon Research Fellow in MND will carry out research in the areas of machine-learning and artificial intelligence to derive insights from multimodal clinical, imaging neuro-electric signaling, in the context of the neurodegenerative disease of ALS.
  - Partnership with Trinity Centre for People with Intellectual Disabilities ('TCPID') - In 2019, we entered into a partnership with the TCPID. The TCPID situated within the School of Education, Trinity College Dublin, aims to promote the inclusion of people with intellectual disabilities in education and society. The Centre provides people who have intellectual disabilities with the opportunity to participate in a higher education program designed to enhance their capacity to fully participate in society as independent adults. The 2-year education program includes work placements and internships to enable students to experience and participate in the work environment.
- **Scholarships supporting female GAA players.** ICON has a partnership with the Women's Gaelic Players Association, whereby we provide ICON-GPA Life Sciences Scholarships to inter-county football and camogie players engaged in undergraduate and post-graduate life sciences courses. ICON also provides mentoring to players to guide and help them as they set-out on their career journeys.
- **Partnership with Junior Achievement to inspire schoolchildren.** ICON supports our people who take time out of their working day to deliver Junior Achievement educational programs. Junior Achievement encourages young people to remain in education and teaches them the skills they need to succeed in a changing world. Our volunteers teach primary and secondary level students valuable business, STEM and entrepreneurship skills that will stand them in good stead as they progress through education and beyond.

- **Science Gallery Founding Partner.** ICON has been a lead corporate supporter of the Science Gallery at Trinity College Dublin since its inception in 2008. Science Gallery aims to inspire and transform curious minds through engagement with science. In 2020, we delivered a new 'Living with....' healthcare event series with the Science Gallery, which explores healthcare, the human experience and the future of disease treatment. 2020 events included a focus on cystic fibrosis, IBD and MND.

### **Improving the welfare of people in the communities in which we live**

ICON employees across the world are making a positive difference to their communities. We support causes that are important to our employees and have a number of programs that support the welfare of people in our local communities. These include:

- **Corporate donations to employee-nominated charities.** In 2020, we continued our corporate donation program to employee-nominated charities, by providing substantial donations to 10 charities across the world. In 2020, we supported charities focused on building a more inclusive society, which is aligned with our commitment to Diversity & Inclusion. Charities included those focused on providing sport and work opportunities for people with physical and intellectual disabilities, empowerment of underprivileged youth and women in minority groups through education, healthcare and livelihood programs and support for LGBTQ communities. Over the last six years, ICON has supported over 70 charities across the world.
- **Donations in support of employee fundraising.** ICON employees raise significant amounts for a variety of charities each year through in-house fundraising events. ICON continues to recognize the enormous effort and creativity of our employees who fundraise for causes that are important to them by supplementing monies raised through ICON's Charitable Donation Program.

#### *At the core of our strategy is our people*

As set-out above, one of our four strategic pillars is '*Talent, Leadership Development and Culture*'. Within ICON we have highly qualified and experienced teams, the majority of whom have third level educational qualifications. The need to develop and retain this expertise and talent within the organization is fundamental in enabling us to be the global CRO partner of choice for our customers.

#### *The training and development of our staff is a key focus for us*

We have a comprehensive curriculum in place to support our people in their roles. We have invested in creating an innovative learning environment delivered through ICON's training and development group.

We provide our people with a personalized and flexible learning experience, delivered through a combination of in-person and technology-driven programs that suit their learning styles and can flex to suit their schedules. Through our CareerHub portal, internally developed professional development programs and partnerships with leading academic institutions, employees are encouraged to broaden their scientific, technical and business knowledge. They also have access to tools that will help them develop the competencies to support their career ambitions. We also collaborate with University College Dublin to deliver customized leadership development programs for global employees.

All of our people are required to complete mandatory training in key areas which support our values and our way of working. They include (but are not limited to) the following areas:

- global ethics compliance;
- data protection and procedures;
- IT security;
- confidentiality and maintaining communications; and
- social media usage.

We have a well-established Graduate Development Program for our clinical teams, which now runs in the US, China, Japan, South Korea, India and also Australia where we take recent graduates and prepare them for careers in clinical monitoring and data management.

Our learning and development program is complemented by advanced people development practices which incorporate rigorous analytics based screening in the hiring process, global career frameworks, pay for performance aligned to our strategy, and on-going talent review and succession planning.

Our leadership and talent program contribute to the enhanced retention of our employees, better project deliverables for our customers and the enhanced financial performance of the business.

ICON is proud of this investment in our people. This investment translated to approximately four days training for each person during 2020.

We are also committed to supporting the career aspirations of our people. Approximately 30% of all roles are filled internally.

*As an organization we are keen to hear directly from our employees*

Listening to the views of our employees in areas including recruitment and on-boarding, training, engagement, enablement, reward, diversity and inclusion is an ongoing activity in ICON. Our listening strategy feeds into the development of initiatives to address turnover, which we closely monitor. We listen using a variety of channels, ranging from formal global employee surveys to more targeted focus groups. Our most recent survey was conducted in October 2018 and had an 88% response rate. There are two key measures which we track closely. The first is Employee Engagement which scored well at 70%, and was on par with the General Industry benchmark. The second is Employee Enablement, which also scored at 70%, 3% above the General Industry benchmark. The feedback we receive through our listening strategy feeds into the ongoing development of our People Leader and employee programs and initiatives and also influences action planning at a service line and/or regional level. Examples of improvements made which were a direct result of feedback from our listening strategy include enhanced onboarding, greater transparency around organizational performance and how it impacts annual bonus potential, and a range of enablement initiatives delivered through our IT systems.

*Difference drives innovative thinking and is critical to our success*

We believe difference drives innovative thinking, which is critical to our customers, and as a global company with approximately 15,730 employees in 41 countries, we encourage diversity of all kinds. We have grown rapidly, increasing our headcount by more than fifty percent over the past 7 years.

As a truly global operation, we are deliberately structured as international teams so that we can support the delivery of our customers' clinical development programs across multiple geographies. Recruitment, selection and promotion decisions are merit-based and in line with the principles of reaching a wider talent pool and equal opportunity.

*Building an inclusive workplace*

We believe that difference drives innovative thinking and therefore is critical to our success. During 2019 we established the ICON Diversity & Inclusion Steering Group. This Steering Group is comprised of six members of our Group executive team. The executive leaders are supported by senior members of our human resources group, as well as 39 Diversity & Inclusion Advocates from across our service lines and geographies.

At ICON, our leadership team sees diversity and inclusion in the workplace as at the core of how we work. We recognize the importance of ensuring it is built into every aspect of the talent and employee life cycle. The team have defined the importance of diversity and inclusion at ICON under three headings as follows:

- **It aligns with our Values.** We value difference of gender, ethnicity, culture, ability and experience. We believe diversity of thought is what drives high performing teams to create better solutions and deliver better outcomes for our customers. Diversity & inclusion is embedded in our values, most notably in our Integrity value. We appreciate differences and value diversity. It is part of our heritage and will drive our organization forward to success.
- **It matters to our People.** Employees do not see inclusion as a 'nice to have' - they expect it. Organizations that have a clear Diversity & Inclusion strategy and are visibly active in driving this agenda are more likely to attract and retain talent. We ensure all employees are treated fairly and equitably with no barriers to career opportunities. We are committed to equal opportunities for all employees and reflect this in our policies and practices. In November 2019, we engaged Willis Towers Watson to undertake an external audit of our gender pay equity position across our top 10 markets (78% of global population), which found that ICON continues to maintain gender pay equity. We continue to perform pay equity reviews annually with the objective of monitoring and closing any gaps identified.
- **It benefits our Business.** Diversity of thinking drives innovation and mitigates against group think which means we develop better solutions for our customers.

The Executive leadership group defined three clear ambition for our Diversity & Inclusion agenda, based on feedback from employee focus groups run during 2020. These ambitions define the goals against which success will be measured. The plans evolve each year, with the Diversity & Inclusion advocates co-creating the plan with the Executive leadership group. Our three ambitions are as follows:

- **To build an inclusive workplace culture:** To foster a workplace culture that is inclusive, collaborative and accountable and supports the talent and diversity of our people.
- **To build a diverse workforce:** To recruit, develop and retain a diverse workforce that is reflective of the communities in which we operate.
- **To contribute to society:** Foster community engagement partnerships with a Diversity & Inclusion lens. Promote diversity within the clinical trials so that all communities have access to new treatments.

These ambitions are supported by key areas of focus are around talent management, country level inclusion policies, reward, training, communications and a renewed focus on culture.

- **Talent** - We recognize that more diversity in senior leadership increases organizational performance. In 2019 we launched our global Senior Director Leadership Program in addition to our Vice President High Potential program for those people who have been identified as High Performing & High Potential Leaders. These programs focus on core organizational skills that will enable these individuals to increase their readiness for promotion, as well as create a strong internal network of senior leaders who feel empowered to take hold of their careers. These programs help build and support our development of a diverse and inclusive group of future leaders from within and complements existing senior level programs already in existence in the organization.
- **Training and Development** - Under our Diversity and Inclusion Program, we train all our people leaders to understand unconscious bias and similarity bias and also how to encourage diversity of thought and foster inclusion in their teams. Our diversity and inclusion initiatives were launched at our Company wide Wake up to Culture day during 2019. The fundamentals will be embedded into all people leader programs, and reflect the values upon which we assess performance behaviors.
- **Recruitment and progression** - We continue to strive to source the best talent in our industry from across the world to fill the highly specialized roles required to help bring new drugs to market. Our most senior roles are truly global in nature. Since 2018, we mandated gender balanced short lists for senior leadership appointments across the organization in all markets in which we are located.
- **Retention** - We offer flexible working arrangements that help our people achieve balance. Prior to the global pandemic experienced in 2020, many of our employees worked remotely. Employees were supported to work remotely during 2020. We also support and facilitate part time working arrangements. Approximately 16% of our people work part-time. We have an employee bonus program linked to individual and company performance and also operate a global recognition program where peer to peer recognition and awards take place for employees who go the extra mile. We also recognize and reward employees who reach significant service milestones within the company.
- **Reward** - we pay our employees equally for the same or equivalent work. We have worked hard to structure our pay principles to ensure that individual differences are not a factor in how we deliver rewards. We are committed to global pay equity for our employees worldwide and use best-in-class analysis on an ongoing basis to ensure fair pay irrespective of gender, race or ethnicity. The information relating to pay decisions is hosted through core technology, enabling our people leaders and employees direct access to information which informs and supports equitable and consistent decision making.

#### *Human rights*

ICON is committed to acting ethically and with integrity in all our business dealings. We are committed to human rights and the adoption and pursuit of compliance with the United Nations Guiding Principles on Human Rights. Our business model and our policies are intended to fully comply with applicable human rights legislation in the countries in which we operate. ICON's Global Supplier Code of Conduct also addresses our zero tolerance stance to slavery and human trafficking. ICON is completely opposed to slavery and human trafficking and will not knowingly support or conduct business with any organization involved in such activities. ICON does not employ anyone below the minimum employment age in the jurisdictions in which we operate.

In our Anti-Slavery and Human Trafficking Statement, we set out the measures we are taking to prevent modern slavery in our supply chains, in addition to our own operations. A copy of our Anti-Slavery and Human Trafficking Statement is available on our website at <https://investor.iconplc.com>.

#### *Ethics and Compliance*

ICON is committed to our core values of Accountability & Delivery, Collaboration, Partnership and Integrity in everything we do. Meeting these values requires us all to work to the highest ethical standards and demonstrate a commitment to honesty, transparency and quality. This is embedded in our Global Code of Ethical Conduct which addresses the core principles underpinning the behavior required of ICON and our people in our internal interactions with each other and our external dealings with patients, customers, health care professionals, regulators, investors, vendors and other third parties.

ICON's Ethics and Compliance Program is fundamental to ICON's culture of ownership and commitment to its legal and contractual obligations and its design is built around three core areas – Prevention, Detection and Correction. The Ethics and Compliance Program includes:

- setting standards of conduct in written and accessible company policies and procedures;
- raising awareness through training and regular internal and external communications;
- conducting or monitoring investigations of reported noncompliance in the risk areas under its oversight; and
- enhancement of monitoring and auditing areas of compliance risk.

There are a number of policies and codes that make up the Ethics and Compliance Program including the Global Code of Ethical Conduct, the Global Anti-Corruption Compliance Policy, the Ethics Line Charter and the Global Supplier Code of Conduct (together "the Codes"). The Codes are available on our website at <https://investor.iconplc.com>. All ICON employees are required to complete ICON's annual Ethics online training, which incorporates the key principles of each of the Codes. Violations of the Codes may result in a variety of corrective actions and in some cases may result in disciplinary action up to and including termination of employment.

Suspected violations of the Codes may be reported on a confidential (or anonymous, where permitted) basis in accordance with our Ethics Line Charter through ICON's Ethics Line. ICON has open door, anti-retaliation policies in place to encourage and protect individuals who raise a concern. Ethics line reports are reported to the Board of ICON plc as appropriate.

#### *Anti-bribery and Corruption*

Our anti-bribery/anti-corruption program ('ABAC Program') is a key element of our Ethics and Compliance Program, with principles and requirements based on the underlying principal that we do not tolerate bribery or any other form of corruption or fraud. ICON and all ICON directors, employees, consultants and agents ("Covered Persons") must act in compliance with international laws and regulations relating to bribery, corruption and illicit payments including, the US Foreign Corrupt Practices Act and the UK Bribery Act 2010.

ICON has the ISO 37001:2016 certification for its Anti-Bribery Management System having established, implemented, maintained, reviewed and improved an Anti-Bribery Management System that can prevent, detect and mitigate the risk of bribery. Our program is designed to ensure our compliance with anti-corruption laws, including due diligence, training, policies, procedures, and internal controls.

Bribery and corruption remains a business risk as we conduct our business across the globe and enter into partnerships and collaborations. There is no certainty that all employees and third party business partners (including our vendors, suppliers, agents, contractors, and other partners) will comply with anti-bribery laws. When working with third parties, we are committed to working with only those who embrace high standards of ethical behavior consistent with our own. Bribery and corruption risks are a focus of our third-party diligence and management process. We hold our suppliers accountable for meeting their contractual obligations with ICON, including commitments that are made with regard to our Global Supplier Code of Conduct and regulatory compliance. Contract non-compliance can result in termination of the business relationship with the supplier and exclusion from future business with ICON.

The Internal Audit team conducts ABAC Program audits. Internal Audits focus on testing for compliance and design effectiveness of the overall ABAC Program, Internal Audit incorporates an assessment of ABAC measures in all audits, as appropriate. In this approach, bribery and corruption risks are incorporated into the risk assessment and scoping process of each audit.

#### *Information Security and Privacy*

We understand that information security and privacy are fundamental to ICON's business and key to retaining customers, building investor trust, protecting patients and ensuring that we are compliant with global and regional regulations. Our cybersecurity strategy and program protects our systems and data against the changing threat landscape and it is independently assessed regularly. ICON's processes and range of information security policies are certified to ISO 27001 and independently audited twice annually as part of surveillance audits and we also have the Cyber Essentials certification.

Our people and partners also play a critical role in safeguarding data. ICON has training in place for all employees and contingent workers on information security and privacy practices so they understand their role in terms of information security and privacy and are clear on how to report incidents.

#### **Sales and Marketing**

Our marketing strategy is focused on building a differentiated brand position for ICON and supporting our business development efforts to develop and build relationships with pharmaceutical, biotechnology, medical device, and government and public health organizations. Our marketing activities are coordinated centrally to ensure a consistent and differentiated market positioning for ICON and to ensure all marketing efforts align to the overall strategic objectives of the business. Our business development teams are located throughout the Americas, Europe and Asia Pacific regions. Business development activities are carried out by account executives with assigned territories and global account directors supporting our large accounts. Specialized business development teams focus on growing each of our business areas. Collectively, our business development team, senior executives and project team leaders share responsibility for the maintenance of key client relationships. Our aim is to develop deeper relationships within our client base in order to gain repeat business and give us opportunities to penetrate into other therapeutic indications and adjacent service lines.



## Competition

The CRO industry is fragmented, consisting of many small, niche service providers, a declining number of medium-sized providers and a smaller number of large CROs, including ICON, that are differentiated by the scale of their global operations, breadth of service portfolios and supporting technology infrastructure. The need to conduct complex research and access patients on a global basis is driving market share to these global CROs. When competing for large development programs, ICON competes primarily with IQVIA, PAREXEL, Pharmaceutical Product Development ('PPD'), the Covance Drug Development business of LabCorp, PRA Health Sciences and Syneos Health. In some specific markets, for example biotech and mid-tier pharma, ICON may also compete against mid-tier CROs. Competition also exists for acquisition candidates in addition to competition for customers.

CROs generally compete on the basis of previous product experience, the ability to recruit patients on a global basis, the depth of therapeutic and scientific expertise, the strength of project teams, price and increasingly on the ability to apply new innovation that can drive significant time and cost savings throughout the development process. An evolving area of competition is the need to provide services that can help generate the evidence of the economic value of new treatments that payers and regulators require. This requires access to new data sources which includes information to support the identification of suitable investigator sites and patient populations as well as data on the value delivered by new products following marketing approval.

We believe that we compete favorably in all these areas and we continue to invest in our capabilities to ensure that we remain competitive in the future.

## Customers

During the year ended December 31, 2020, revenue was earned from over 1,000 clients. During the year ended December 31, 2020, 39.1% of our revenues were derived from our top five customers, with one customer individually contributing more than 10% of our revenues during the period. This customer represented a strategic partnership with a large global pharmaceutical company and contributed 12.1% of revenue for the year. No other customer contributed more than 10% of our revenues during this period (see *note 16 - Disaggregation of revenue* in the consolidated financial statements).

During the year ended December 31, 2019, 37.6% of our revenues were derived from our top five customers, with two customers individually contributing more than 10% of our revenues during the period (The largest contributing 12.5% and the second largest contributing 10.2%). No other customer contributed more than 10% of our revenues during this period.

During the year ended December 31, 2018, 39.5% of our revenues were derived from our top five customers, with one customer individually contributing more than 10% of our revenues during the period (13.6%). No other customer contributed more than 10% of our revenues during this period.

The loss of, or a significant decrease in business from one or more of these key customers could have a material adverse impact on our results of operations.

## Unsatisfied Performance Obligation

Our unsatisfied performance obligation consists of contracted revenue yet to be earned from projects awarded by clients. At December 31, 2020 we had contracted unsatisfied performance obligations of \$6.3 billion (see *note 17 - Accounts receivable, unbilled revenue (contract assets) and unearned revenue or payments on account (contract liabilities)* in the consolidated financial statements). We believe that our unsatisfied performance obligation as of any date is not necessarily a meaningful predictor of future results due to the potential for cancellation or delay of the projects included in the unsatisfied performance obligation, and no assurances can be given on the extent to which we will be able to realize this unsatisfied performance obligation as revenue.

## Information Systems

Having access to accurate and timely information is critical in the management, delivery and quality of all aspects of drug development. ICON utilizes an extensive range of both on premise and cloud based applications that support its services including clinical trial design and planning, site start-up, patient consent, site payments, content management, real world evidence generation, customer relationship management (CRM), performance management, compliance and safety reporting and master data management. These solutions are to allow healthcare companies to manage, optimize and execute their clinical and commercial strategies in an orchestrated manner while addressing their regulatory obligations.

ICON has developed an informatics strategy built around ICONIK, a web-based information platform that enables the management, reporting, analysis and visualization of all data relating to drug development. ICONIK collects, manages and standardizes study data from multiple sources, including Electronic Data Capture (EDC), patient diaries, central laboratories and imaging, to provide a single view of study information. ICONIK enables ICON to deliver new services such as ICONIK monitoring which uses near-real time clinical data to drive monitoring visit schedules, enabling better decision making and the successful implementation of clinical trial strategies that significantly improve efficiency in clinical trials thereby reducing overall cost and time to market.

In addition to managing clinical data, ICONIK collects operational data, such as project management, clinical trials management system (CTMS) and metric information to drive trial efficiency and transparency. Investigator data, such as payments, site details and performance, can also be incorporated. ICONIK can be accessed via a portal that allows clients access to study related information via a secure web based environment. Data analysis from ICONIK Informatics Hub allows us to enhance the design and delivery of our projects, through stronger engagement with investigators and patients.

Firecrest, our site management and training technology, is another important component of our informatics strategy. Firecrest provides an on-line web-based portal to access visit by visit study guides which drive site performance and quality.

ICON also utilizes a range of enterprise applications that enable the delivery of our business services in a global environment. The focus is to provide ease of access and capture of study information for our staff and clients globally. Our current information systems are built on open standards and leading commercial business applications from vendors including Microsoft, Amazon, Oracle, Dell, SAS and Dassault. IT expenditure is authorized by strict IT governance policies requiring senior level approval of all strategic IT expenditure based on defined, measurable business benefits.

In Clinical Operations, we have deployed a suite of software applications that assist in the management and tracking of our clinical trial activities. These software applications are both internally developed and commercially available applications from external vendors. These include a clinical trial management application that tracks all relevant data in a trial and automates all management and reporting processes. In our Data Management function, we have deployed leading clinical data management solutions including EDC and Clinical Data Warehouse solutions from external vendors. This allows us to guarantee the integrity of client data and provide consolidated information across client studies. In our clinical trials management area Firecrest Clinical provides a comprehensive site performance management system that improves compliance, consistency and execution of activities at investigative sites. The web-based solution enables accurate study information, including protocol information, training manuals and case report forms, to be rolled out quickly and simultaneously to sites. Site behavior can then be tracked to ensure training is understood, procedures are being followed, timelines are met and study parameters are maintained. As well as meeting day to day operational requirements, these systems are feeder systems into the ICONIK platform.

We provide interactive response technology (IXR) to enable centralized patient randomization, drug inventory management, patient diary collection and provides our clients with a fully flexible data retrieval solution which can be utilized via telephone, internet browser or a mobile device. In our central laboratory business, we utilize a comprehensive suite of software, including a laboratory information management system (LIMS), a kit / sample management system and a web interface system to allow clients to review results online. Our Laboratory also utilizes IMRA, a web based laboratory review application that allows global access to the latest laboratory data on a study - it facilitates detailed analysis of any trends, signals, alerts or patient specific data on a real-time basis. ICON provides imaging services through the use of its internally developed MIRA platform and also utilizes Medidata's Rave Commercial Imaging for collecting, managing and processing data to support its imaging capabilities.

ICON provides its Pharmacovigilance Services using Oracle's ARGUS safety database, the system is FDA regulation 21 CFR Part 11 compliant and generates all the standard regulatory required reports as well the periodic reports required to support operations.

ICON supports Population Pharmacokinetics & Pharmacokinetic Pharmacodynamic modeling through the use of its proprietary software NONMEM®. NONMEM® is a nonlinear mixed effects modeling tool that can be used to fit models to many different types of data. Statistical analysis with NONMEM® using the appropriate model helps pharmaceutical companies determine appropriate dosing strategies for their products, and increase their understanding of drug mechanisms and interactions. NONMEM® can also be accompanied with PDx-Pop proprietary software. PDx-Pop software is a graphical interface for NONMEM® which has its own automation methodology which expedites the iterative process of population pharmacokinetic modeling and analysis.

All of the Company's global finance operations utilize Oracle's eBusiness suite, with the integrated Excel4Apps reporting tool, to serve the organization's financial and project accounting requirements. Workday is used to fulfill our HR people management requirements.

The Company's strategy of using technology to enhance our global processes is evident from our deployment of platforms like ICONIK Metrics Stream EDMS/QMS, our global SOP Document Management system, our Web-based training delivery solution, iLearn, workflow and automation platforms such as ServiceNow, Sailpoint for identity management and governance and Pega & ARGUS for pharmacovigilance. The Electronic Trial Master File is delivered via ICON's proprietary software ICOMaster or the Wingspan software platform. Our business development and contracting teams use Salesforce.

Our IT systems are operated from three data center hubs in Dublin, Ireland; Philadelphia, Pennsylvania and Singapore. These hubs reside within purpose built data center facility locations. Other offices are linked to these hubs through a network managed by Verizon, a tier one global telecommunications provider. This network provides global connectivity for our applications and allows collaboration and communication using tools like Cisco Jabber, WebEx, Sharepoint and Box. Mobile staff can also access all systems via secure remote access facilities. A global corporate intranet portal provides access to all authorized data and applications for our internal staff as well as providing an internal platform for company-wide communication. IT systems are protected with robust information security controls which are independently audited biannually as part of maintaining ICON's ISO27001:2013 certification.

ICON enables its patient site and data strategy through the services delivered via PMG Research, MeDiNova (together Accellacare), Symphony and through our partnership with Oncacare, where we work with biopharmaceutical companies and other life science providers (e.g. medical devices companies) to develop and deploy bespoke stakeholder engagement solutions. ICON's patient engagement services enable site staff to engage directly with patients to help improve their disease and medication understanding through interventional and non-interventional support.

Through the 2019 acquisition of MMD, ICON provides molecular diagnostic laboratory capabilities that enables the development and commercialization of precision medicines in oncology. MMD delivers this via the WINDOPATH LIMS software.

Other key innovations and new technologies include;

- FLEX ADVANTAGE is our interactive response technology platform (accessible through the web and web-enabled mobile devices) for managing patient randomization, investigator sites and clinical suppliers.
- PubsHub brings speed and efficiency to medical teams by delivering easy-to-use, web-based solutions that bridge process gaps for system harmonization across companies. ICON utilizes PubsHub to automate medical and scientific communications and publications management.
- The ICON Patient Engagement Platform features an easy to navigate, user friendly website enabling patients to explore new and ongoing studies available, opt-in and connect with their nearest clinical research site.
- One Search, an intuitive, integrated workflow and interrogation tool from ICON, enables access to multiple data sources and provides the visualization and tools necessary for optimum site identification based on ICON and industry data of capability, experience and performance. Scoring on enrollment performance, speed of start-up and quality supports better site selection.
- ADDPLAN for simulation and design of exploratory/pilot and confirmatory/pivotal adaptive clinical trials (ADDPLAN® DF (Dose Finder), ADDPLAN® Base, ADDPLAN® MC (Multiple Comparison) and ADDPLAN® PE (Population Enrichment)).
- AptivAdvantage which is an integrated platform comprising EDC, randomization and drug supply management specifically created for execution of adaptive clinical trials and used to deliver risk-based monitoring; and Aptiv Insite which is a novel approach to risk-based monitoring, using Verification by Statistical Sampling (VSS) to manage data quality and site related risks.
- Sample Inventory Management System (SIMS) is an interactive reporting module in ICOLabs for use by sponsors and study teams. It offers near real time, high level traceability of all patient samples in a clinical trial as they move from accessioning through disposition. SIMS provides detailed sample inventory reports and summaries of sample status and location with drill down capabilities. It helps locate samples more rapidly, particularly at critical study junctures.
- Virtual/Hybrid Trials. Utilizing a combination of ICON developed capabilities in conjunction with commercially available software, ICON brings trials directly to patients, thus allowing diverse and difficult to recruit patient populations to be accessed.
- APECS - for Investigator Payments ensures timely and accurate payments to sites for the work performed in the care and management of patients as they participate within clinical trials.

## **Contractual Arrangements**

We are generally awarded projects based upon our responses to requests for proposals received from companies in the pharmaceutical, biotechnology and medical device industries, or work orders executed under our strategic partnership agreements.

Revenues on long term contracts are recognized based on an assessment of progress towards completion. Payment terms usually provide either for payments based on the delivery of certain identified milestones, units delivered or monthly payments, according to a contracted payment schedule over the life of the contract. Where clients request changes in the scope of a trial or in the services to be provided by us, a change order or amendment is issued which may result either in an increase or decrease in the contract value. We also contract on a "fee-for-service" or "time and materials" basis.

Contract periods may range from several weeks to several years depending on the nature of the work to be performed. In most cases, an upfront portion of the contract fee is paid at the time the study or trial is started. The balance of the contract fee is generally payable in installments over the study or trial duration and may be based on the completion of certain performance targets or "milestones", on units delivered, or on a fixed monthly payment schedule. For instance, installment payments may be based on patient enrollment dates or delivery of the database.

The progress towards completion for clinical service contracts is measured based on total project costs (direct fees are therefore inclusive of third party costs). Reimbursable costs include payments to investigators, travel and accommodation costs and various other expenses incurred over the course of the clinical trial which are fully reimbursable by the client. Reimbursable expenses are included within direct costs. Reimbursable expenses are included within the contract and are invoiced on a monthly basis based on actual expenses incurred. Expenses incurred are determined by reference to activity.

As the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred, we usually negotiate currency fluctuation clauses in our contracts which allow for price adjustments if changes in the relative value of those currencies exceed predetermined tolerances.

Most of our contracts are terminable immediately by the client with justifiable cause or with 30 to 90 days' notice without cause. In the event of termination, we are usually entitled to all sums owed for work performed and expenses incurred through the notice of termination and certain costs associated with termination of the study. Termination or delay in the performance of a contract occurs for various reasons, including, but not limited to, unexpected or undesired results, production problems resulting in shortages of the drug, adverse patient reactions to the drug, the client's decision to de-emphasize a particular trial, inadequate patient enrollment or investigator recruitment.

## **Risk Management**

Our Chief Executive Officer and other executive officers are responsible for day-to-day risk management of the Company and our Board oversees management's activities through both the full Board and its committees. Our Chief Executive Officer and other executive officers are members of ICON's Quality and Risk Forum, which reviews risk. Our executive officers regularly report to the Board and its Committees to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The Board oversees general business and market risk management, our Audit Committee oversees risk management with respect to financial statements, accounting and financial controls and our Compensation and Organization Committee oversees risk management with respect to our compensation plans, policies and procedures. Internal audit reports functionally and administratively to our Chief Financial Officer and directly to the Audit Committee. With respect to non-financial risk management, including cybersecurity, legal compliance, privacy and enterprise risk, the Board and its Committees receive updates from the appropriate executives on the primary risks facing the Company and the measures the Company is taking to mitigate such risks.

## **Government Regulation**

The clinical investigation of new drugs is highly regulated by government agencies. The standard for the conduct of clinical research and development studies is Good Clinical Practice ("GCP"), which stipulates procedures designed to ensure the quality and integrity of data obtained from clinical testing and to protect the rights and safety of clinical subjects.

The FDA and other prominent regulators have promulgated regulations and guidelines that pertain to applications to initiate trials of products, the approval and conduct of studies, report and record retention, informed consent, applications for the approval of drugs and post-marketing requirements. Pursuant to these regulations and guidelines, service providers that assume the obligations of a drug sponsor are required to comply with applicable regulations and are subject to regulatory action for failure to comply with such regulations and guidelines. In the United States and Europe, the trend has been in the direction of increased regulation and enforcement by the applicable regulatory authority.

In providing services in the United States, we are obligated to comply with FDA requirements governing such activities. These include ensuring that the study is approved by an appropriate Independent Review Board ("IRB") and Ethics Committee, obtaining patient informed consents, verifying qualifications of investigators, reporting patients' adverse reactions to drugs and maintaining thorough and accurate records. We must maintain critical documents for each study for specified periods, and such documents may be reviewed by the study sponsor and the FDA.

The services we provide outside the United States are ultimately subject to similar regulation by the relevant regulatory authority. In addition, our activities in Europe are affected by the European Medicines Agency.

We must retain records for each study for specified periods for inspection by the client and by the applicable regulatory authority during audits. If we fail to comply with applicable regulations and guidelines, it could result in a material adverse effect. In addition, our failure to comply with applicable regulations and guidelines, depending on the extent of the failure, could result in fines, debarment, termination or suspension of ongoing research, the disqualification of data or litigation by clients, any of which could also result in a material adverse effect.

## Potential Liability and Insurance

The nature of our business exposes us to potential liability including, but not limited to, potential liability for (i) breach of contract or negligence claims by our customers; (ii) non-compliance with regulatory or legal obligations including, but not limited to, anti-bribery and anti-corruption laws; (iii) third party (such as patients) claims in respect of our performance of services.

In addition, although we do not believe we are legally responsible for acts of third party investigators (physicians running trials), we could be subject to claims arising as a result of the actions of these investigators.

We try to reduce this potential liability by:

- Seeking contractual indemnification from customers in relation to certain activities. However, the terms and scope of indemnification varies from customer to customer and project to project and the performance of these indemnities is not secured. As a result, we bear the risk that indemnification may not be relevant or sufficient or that the indemnifying party may not have the financial ability to fulfill its indemnification obligations. This indemnification does not protect us against our own acts or omissions such as our negligence or where our performance does not reach the required contractual, industry or regulatory standard.
- Maintaining worldwide professional liability insurance. While we believe our insurance coverage is adequate, there is no guarantee that we will continue to be able to maintain such insurance coverage on terms acceptable to us, if at all, or that the relevant policy will respond and provide cover when we want it to.

We could be materially adversely affected if ICON is required to pay damages or bear the costs of defending or settling any claim outside the scope of or in excess of a contractual indemnification provision, an indemnifying party does not fulfill its indemnification obligations, the claim is in excess of the level of our insurance coverage or the relevant circumstances are not covered by our insurance policies.

## Description of Property

Our principal executive offices are located in South County Business Park, Leopardstown, Dublin, Republic of Ireland, where we own an office facility of approximately 15,000 square meters. We lease all other properties.

We maintain thirty-three offices in North America; thirty in the United States, two in Canada and one in Mexico. We maintain thirty-seven in Europe; eleven of our offices in the UK, four in France, three each in Germany and Spain, two each in Italy, Ireland, and Poland and one in each of the Czech Republic, Hungary, Israel, Latvia, Romania, Russia, Sweden, The Netherlands, Turkey and the Ukraine. We have fifteen offices in Asia; four each in India and China (including one in Hong Kong), two in Japan, one in each of Singapore, The Philippines, South Korea, Taiwan and Thailand. We have one office in Australia and one in New Zealand. We have five offices in South America; one in each of Argentina, Brazil, Chile, Colombia and Peru. We maintain one office in South Africa.

## C. Organizational Structure

Details of the Company's significant subsidiaries or entities under the Company's control at December 31, 2020 are as follows:

<b>Company</b>	<b>Country</b>	<b>Group ownership</b>
ICON Clinical Research, S.A.	Argentina	100%
ICON Clinical Research PTY Limited	Australia	100%
MedPass International Pty Ltd	Australia	100%
ICON Clinical Research Austria GmbH	Austria	100%
DOCS International Belgium N.V.	Belgium	100%
ICON Pesquisas Clínicas LTDA.	Brazil	100%
ICON Clinical Research EOOD	Bulgaria	100%
ICON Clinical Research (Canada) Inc.	Canada	100%
ICON Life Sciences Canada Inc.	Canada	100%
Oxford Outcomes LTD	Canada	100%
ICON Chile Limitada	Chile	100%
CRS (Beijing) Clinical Research Co., Limited	China	100%
ICON Clinical Research (Beijing No.2) Co., Ltd	China	100%
ICON Clinical Research (Beijing) Co., Ltd	China	100%
ICON Clinical Research Hong Kong Limited	China (Hong Kong)	100%
Ispitivanja ICON d.o.o (ICON Research Ltd.)	Croatia	100%
ICON Clinical Research s.r.o.	Czech Republic	100%

<b>Company</b>	<b>Country</b>	<b>Group ownership</b>
DOCS International Nordic Countries A/S	Denmark	100%
DOCS International Finland Oy	Finland	100%
DOCS International France S.A.S.	France	100%
ICON Clinical Research SARL	France	100%
Mapi Développement SAS	France	100%
Mapi Research Trust*	France	100%
Mapi SAS	France	100%
MedPass International SAS	France	100%
MedPass SAS	France	100%
MPLR SAS	France	100%
DOCS International Germany GmbH	Germany	100%
ICON Clinical Research GmbH	Germany	100%
ICON Klinikai Kutató Korlátolt Felelősségű Társaság (ICON Clinical Research Limited Liability Company)	Hungary	100%
ICON Clinical Research India Private Limited	India	100%
ICON Clinical Research Israel Limited	Israel	100%
ICON Japan K.K.	Japan	100%
ICON Investments Limited	Jersey	100%
ICON Clinical Research Korea Yuhan Hoesa (ICON Clinical Research Korea Ltd.)	Korea	100%
ICON CRO Malaysia SDN. BHD.	Malaysia	100%
ICON Clinical Research México, S.A. de C.V.	Mexico	100%
DOCS Insourcing B.V.	Netherlands	100%
DOCS International B.V.	Netherlands	100%
ICON Contracting Solutions Holdings B.V.	Netherlands	100%
ICON Clinical Research (New Zealand) Limited	New Zealand	100%
ICON Clinical Research Perú S.A.	Peru	100%
ICON Clinical Research Services Philippines, Inc.	Philippines	100%
DOCS International Poland Sp. z o.o.	Poland	100%
ICON Clinical Research Sp. z o.o.	Poland	100%
Symphony Clinical Research Sp. z o.o.	Poland	100%
Accellacare Limited	Republic of Ireland	100%
DOCS Resourcing Limited	Republic of Ireland	100%
ICON (LR) Limited	Republic of Ireland	100%
ICON Clinical International Unlimited Company	Republic of Ireland	100%
ICON Clinical Research Limited	Republic of Ireland	100%
ICON Clinical Research Property Development (Ireland) Limited	Republic of Ireland	100%
ICON Global Treasury Unlimited Company	Republic of Ireland	100%
ICON Holdings Unlimited Company	Republic of Ireland	100%
ICON Holdings Clinical Research International Limited	Republic of Ireland	100%
ICON Investments Five Unlimited Company	Republic of Ireland	100%
ICON Investments Four Unlimited Company	Republic of Ireland	100%
ICON Clinical Research S.R.L.	Romania	100%
ICON Clinical Research (Rus) LLC	Russia	100%
ICON Clinical Research d.o.o. Beograd	Serbia	100%
ICON Clinical Research (Pte) Limited	Singapore	100%
ICON Clinical Research Slovakia, s.r.o.	Slovakia	100%
MeDiNova Merc Clinical Research (SA) Pty Limited	South Africa	100%
ICON Clinical Research España, S.L.	Spain	100%
MeDiNova Investigacion y Desarrollo S.L.	Spain	100%
DOCS International Sweden AB	Sweden	100%
DOCS International Switzerland GmbH	Switzerland	100%
ICON Clinical Research (Switzerland) GmbH	Switzerland	100%
ICON Clinical Research Taiwan Limited	Taiwan	100%

<b>Company</b>	<b>Country</b>	<b>Group ownership</b>
ICON Clinical Research (Thailand) Limited	Thailand	100%
ICON Ankara Klinik Arastirma Dis Ticaret Anonim Sirketi	Turkey	100%
DOCS Ukraine LLC	Ukraine	100%
ICON Clinical Research LLC	Ukraine	100%
DOCS International UK Limited	United Kingdom	100%
ICON Clinical Research (U.K.) Limited	United Kingdom	100%
ICON Development Solutions Limited	United Kingdom	100%
Mapi Life Sciences UK Limited	United Kingdom	100%
VSK (Kenilworth) Limited	United Kingdom	100%
MeDiNova Limited	United Kingdom	100%
MeDiNova Lakeside Clinical Research Limited	United Kingdom	100%
MeDiNova Merc (UK) Limited	United Kingdom	100%
Improving Treatments Limited	United Kingdom	100%
MedPass Group Limited	United Kingdom	100%
MedPass Limited	United Kingdom	100%
MedPass International Limited	United Kingdom	100%
Addplan, Inc.	USA	100%
Beacon Bioscience, Inc.	USA	100%
C4 MedSolutions, LLC	USA	100%
CHC Group, LLC	USA	100%
Complete Healthcare Communications, LLC	USA	100%
Complete Publication Solutions, LLC	USA	100%
CRN Holdings, LLC	USA	100%
Clinical Resource Network, LLC	USA	100%
CRN North America, LLC	USA	100%
DOCS Global, Inc.	USA	100%
Global Pharmaceutical Strategies Group, LLC	USA	100%
ICON Clinical Research LLC	USA	100%
ICON Early Phase Services, LLC	USA	100%
ICON Government and Public Health Solutions, Inc.	USA	100%
ICON Laboratory Services, Inc.	USA	100%
ICON US Holdings Inc.	USA	100%
Managed Care Strategic Solutions, L.L.C.	USA	100%
MMMM Consulting, LLC	USA	100%
MMMM Group, LLC	USA	100%
Molecular MD Corp.	USA	100%
PMG Research of Bristol, LLC	USA	100%
PMG Research of Charleston, LLC	USA	100%
PMG Research of Charlotte, LLC	USA	100%
PMG Research of Christie Clinic, LLC	USA	100%
PMG Research of Hickory, LLC	USA	100%
PMG Research of Raleigh, LLC	USA	100%
PMG Research of Rocky Mount, LLC	USA	100%
PMG Research of Salisbury, LLC	USA	100%
PMG Research of Wilmington, LLC	USA	100%
PMG Research of Winston-Salem, LLC	USA	100%
PMG Research, Inc.	USA	100%
Pricespective, LLC	USA	100%
PubsHub LLC	USA	100%

\*Mapi Research Trust is an association, its members are ICON Subsidiary entities.

**Item 4A. Unresolved Staff Comments.**

Not applicable.

**Item 5. Operating and Financial Review and Prospects.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with our consolidated financial statements, accompanying notes and other financial information, appearing in Item 18. The consolidated financial statements have been prepared in accordance with U.S. GAAP. The information included in the discussion and analysis below provides details on the information for the years ended December 31, 2020 and December 31, 2019. Information related to the year ended December 31, 2018 has not been included. It can be found in the company's filing of the form 20-F for the year ended December 31, 2019.*

**Overview**

We are a CRO, providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process - from compound selection to Phase I-IV clinical studies. Our vision is to be the Global CRO partner of choice in drug development by delivering best in class information, solutions and performance in clinical and outcomes research.

We believe that we are one of a select group of CROs with the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated "full-service" solution. At December 31, 2020, we employed approximately 15,730 employees, in 93 locations in 41 countries. During the year ended December 31, 2020 we derived approximately 33.1%, 57.1% and 9.8% of our revenue in the United States, Europe and Rest of World, respectively.

Revenue consists of fees earned under contracts with third-party clients. In most cases, a portion of the contract fee is paid at the time the study or trial is started, with the balance of the contract fee generally payable in installments over the study or trial duration, based on the delivery of certain performance targets or milestones. Revenue from long term contracts is recognized on a proportional performance method based on the relationship between cost incurred and the total estimated costs of the trial or on a fee-for-service basis according to the particular circumstances of the contract. As is customary in the CRO industry, we contract with third party investigators in connection with clinical trials. Investigator costs and certain other third party costs are included in our assessment of progress towards completion and costs incurred in measuring revenue. Where these costs are reimbursed by clients, they are included in the total contract value recognized over time based on our assessment of progress towards completion.

As the nature of our business involves the management of projects, the majority of which have a duration of one to four years, the commencement or completion of projects in a fiscal year can have a material impact on revenues earned with the relevant clients in such years. In addition, as we typically work with some, but not all divisions of a client, fluctuations in the number and status of available projects within such divisions can also have a material impact on revenues earned from such clients from year to year.

Termination or delay in the performance of an individual contract may occur for various reasons, including, but not limited to, unexpected or undesired results, production problems resulting in shortages of the drug, adverse patient reactions to the drug, the client's decision to de-emphasize a particular trial or inadequate patient enrollment or investigator recruitment. In the event of termination the Company is usually entitled to all sums owed for work performed through the notice of termination and certain costs associated with the termination of the study. In addition, contracts generally contain provisions for renegotiation in the event of changes in the scope, nature, duration, or volume of services of the contract.

Our unsatisfied performance obligation comprises our assessment of contracted revenue yet to be earned from projects awarded by clients. At December 31, 2020 we had unsatisfied performance obligations of approximately \$6.3 billion. We believe that our unsatisfied performance obligation as of any date is not necessarily a meaningful predictor of future results, due to the potential for cancellation or delay of the projects included in the unsatisfied performance obligation, and no assurances can be given on the extent to which we will be able to realize the unsatisfied performance obligation.

Although we are domiciled in Ireland, we report our results in U.S. dollars. As a consequence the results of our non-U.S. based operations, when translated into U.S. dollars, could be materially affected by fluctuations in exchange rates between the U.S. dollar and the currencies of those operations.



In addition to translation exposures, we are also subject to transaction exposures because the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred. Our operations in the United States are not materially exposed to such currency differences as the majority of our revenues and costs are in U.S. dollars. However, outside the United States the multinational nature of our activities means that contracts are usually priced in a single currency, most often U.S. dollars or euro, while costs arise in a number of currencies, depending, among other things, on which of our offices provide staff for the contract and the location of investigator sites. Although many such contracts benefit from some degree of natural hedging, due to the matching of contract revenues and costs in the same currency, where costs are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material effect on our results of operations. We regularly review our currency exposures.

As we conduct operations on a global basis, our effective tax rate has depended and will depend on the geographic distribution of our revenue and earnings among locations with varying tax rates. Our results therefore may be affected by changes in the tax rates of the various jurisdictions. In particular, as the geographic mix of our results of operations among various tax jurisdictions changes, our effective tax rate may vary significantly from period to period.

## **A. Operating Results**

### ***Assessment of COVID-19 impact on operating results***

As a result of the global spread of COVID-19, the Company has experienced a net negative impact on its operations during the year. We have experienced restrictions on our ability to ensure laboratory samples are collected and analyzed on time, our ability to monitor our clinical trials, the ability of patients or other service providers to travel, and our ability to travel, as a result of the outbreak. While we continue to see a gradual improvement in operations, at this point in time, there continues to be significant uncertainty relating to the long-term effect of COVID-19 on our business as the situation evolves. While our site network and office facilities have begun to re-open on a phased basis, the extent to which the outbreak may continue to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of COVID-19, additional phases of the outbreak, travel restrictions and actions to contain the outbreak or treat its impact, such as social distancing and quarantines or lock-downs, business closures or business disruptions and the effectiveness of actions taken throughout the world to contain and treat the disease.

However, ICON has mobilized its vaccine resources to address the COVID-19 global threat, including its ability to conduct home-based trials to minimize infection. In addition, the Company has seen some offsetting positive business impact from COVID-19 and is currently providing clinical monitoring and safety oversight on more than 100 COVID-19 trials for both the private and government sectors.

During the year ended December 31, 2020, ICON provided clinical trial services to the Pfizer and BioNTech SE investigational COVID-19 vaccine program. ICON worked with Pfizer and 153 sites in the US, Europe and Latin America to ensure over 44,000 patients were recruited within four months for phase 3 of the trial, during the global pandemic, in one of the largest and most expeditious clinical trials ever performed. Trial capabilities were key to enabling agility and speed in the global study, which included a high level of remote clinical monitoring and source data verification in addition to on-site monitoring, safeguarding data quality and integrity in the evolving pandemic environment.

Revenue for the year ended December 31, 2020 decreased by \$8.6 million, or 0.3%, to \$2,797.3 million, compared to \$2,805.8 million for the year ended December 31, 2019. Revenue decreased by 0.5% in constant currency. The decrease in revenues in the year ended December 31, 2020 reflected the impact the COVID-19 global pandemic has had on operations including; our ability to ensure laboratory samples are collected and analyzed on time, our ability to perform on-site monitoring of clinical trials, the ability of patients or other service providers to travel, and our ability to travel. This impact was most significant in late Q1 and early Q2 when the impact on sites was most pronounced. Certain cost saving measures were introduced in response to COVID-19 during this period. While the impact of COVID-19 and the resulting restrictions on travel and related operational activity continues, the Company has been involved in clinical monitoring and safety oversight on significant COVID-19 trials during quarters three and four. These activities have offset in part the negative impact on activity experienced during the year.

The following table sets forth, for the periods indicated, certain financial data as a percentage of revenue and the percentage change in these items compared to the prior comparable period. The trends illustrated in the following table may not be indicative of future results.

	Year Ended December 31,		
	2020	2019	2020
	Percentage of Revenue		Percentage Increase/(Decrease)
Revenue	100.0 %	100.0 %	(0.3)%
<b>Costs and expenses:</b>			
Direct costs	70.8 %	70.4 %	0.3 %
Selling, general and administrative	12.2 %	12.0 %	1.5 %
Depreciation	1.7 %	1.6 %	2.8 %
Amortization	0.7 %	0.6 %	20.6 %
Income from operations (excluding restructuring)	14.6 %	15.4 %	(5.5)%
Restructuring	0.6 %	— %	100.0 %
Income from operations (including restructuring)	14.0 %	15.4 %	(9.7)%

**Year ended December 31, 2020 compared to year ended December 31, 2019**

**Revenue**

(dollars in thousands)	Year Ended December 31,		Change	
	2020	2019	\$	%
Revenue	\$ 2,797,288	\$ 2,805,839	(8,551)	(0.3)%

Revenue for the year ended December 31, 2020 decreased by \$8.6 million, or 0.3%, to \$2,797.3 million, compared to \$2,805.8 million for the year ended December 31, 2019. Revenue decreased by 0.5% in constant currency. The decrease in revenues in the year ended December 31, 2020 reflected the impact the COVID-19 global pandemic has had on operations including; our ability to ensure laboratory samples are collected and analyzed on time, our ability to perform on-site monitoring of clinical trials, the ability of patients or other service providers to travel, and our ability to travel. This impact was most significant in late quarter one and early quarter two when the impact on sites was most significant. While the impact of COVID-19 and the resulting restrictions on travel and related operational activity continues, the Company has been involved in clinical monitoring and safety oversight on significant COVID-19 trials during quarters three and four which have offset in part the negative impact on activity experienced during the year.

Revenues from our top five customers amounted to \$1,092.8 million in the year ended December 31, 2020 compared to \$1,055.3 million in the year ended December 31, 2019 or 39.1% and 37.6% respectively. The largest of these customers related to a strategic partnership with a large global pharmaceutical company. Revenue from this customer contributed 12.1% of revenue for the year, compared to 12.5% of revenue for the year ended December 31, 2019. The second largest customer, also a large global pharmaceutical company, accounted for less than 10% of the Group's revenue for the year ended December 31, 2020 compared to 10.2% of revenue for the year ended December 31, 2019.

Revenue in Ireland decreased by \$71.5 million in the year ended December 31, 2020, to \$1,181.3 million, compared to \$1,252.8 million for the year ended December 31, 2019. Revenue in Ireland during the year ended December 31, 2020 decreased by 5.7% compared to an overall decrease in Group revenue of 0.3%. Revenue in Ireland is principally a function of our global contracting model (see note 19 - Business segment and geographical information in the consolidated financial statements).

Revenue for Rest of Europe increased by \$28.0 million or 7.2%, to \$416.9 million, compared to \$388.9 million for the year ended December 31, 2019, principally reflecting the acquisition of MeDiNova in May 2019 and MedPass in January 2020.

Revenue in the U.S. increased by \$33.1 million or 3.7%, to \$925.6 million, compared to \$892.5 million for the year ended December 31, 2019, principally reflecting the acquisition of Symphony in September 2019.

Revenue in our Rest of World ("Other") region increased by \$2.0 million or 0.7%, to \$273.5 million, compared to \$271.6 million for the year ended December 31, 2019. Revenues in non-U.S. dollar operations in this region were impacted by foreign currency translation and the movement in local rates to the U.S. dollar over the comparative year.

### Direct costs

(dollars in thousands)	Year Ended December 31,		
	2020	2019	Change
Direct costs	\$ 1,979,883	\$ 1,974,135	\$ 5,748
% of revenue	70.8 %	70.4 %	0.3 %

Direct costs for the year increased by \$5.7 million, or 0.3%, to \$1,979.9 million, compared to \$1,974.1 million for the year ended December 31, 2019. Direct costs consist primarily of investigator and other reimbursable costs, compensation, associated fringe benefits and share based compensation expense for project-related employees and other direct project driven costs. The increase in direct costs during the year arose due to an increase in headcount and a corresponding increase in personnel related expenditure of \$80.7 million combined with an increase in other direct project related costs of \$2.3 million, increases in laboratory costs of \$12.5 million, partly offset by a decrease in third party investigator and other reimbursable costs of \$84.7 million and a decrease in travel related costs of \$5.1 million.

### Selling, general and administrative expenses

(dollars in thousands)	Year Ended December 31,		
	2020	2019	Change
Selling, general and administrative expenses	\$ 341,690	\$ 336,748	\$ 4,942
% of revenue	12.2 %	12.0 %	1.5 %

Selling, general and administrative expenses for the year increased by \$4.9 million, or 1.5%, to \$341.7 million, compared to \$336.7 million for the year ended December 31, 2019. Selling, general and administrative expenses comprise primarily of compensation, related fringe benefits and share based compensation expense for non-project-related employees, recruitment expenditure, professional service costs, advertising costs and all costs related to facilities and information systems. As a percentage of revenue, selling, general and administrative expenses increased to 12.2% of revenue, compared to 12.0% of revenue for the year ended December 31, 2019. During the year, the increase in selling, general and administrative expenses relates to an increase in general overhead costs net of foreign exchange costs of \$2.8 million, an increase of \$5.2 million in facilities related costs, an increase of \$0.5 million in professional fees and an increase of \$0.4 million in personnel related costs. These increases were partly offset by a decrease of \$3.3 million in acquisition costs and a decrease of \$0.7 million in marketing fees.

Share based compensation expense recognized during the years ended December 31, 2020 and December 31, 2019 was \$26.3 million and \$26.8 million respectively (see note 10 - Equity Incentive Schemes and Stock Compensation Charges to the consolidated financial statements).

### Depreciation and amortization

(dollars in thousands)	Year Ended December 31,		
	2020	2019	Change
Depreciation	\$ 46,892	\$ 45,603	\$ 1,289
% of revenue	1.7 %	1.6 %	2.8 %
Amortization	\$ 19,234	\$ 15,947	\$ 3,287
% of revenue	0.7 %	0.6 %	20.6 %

Depreciation expense for the year increased by \$1.3 million or 2.8%, to \$46.9 million, compared to \$45.6 million for the year ended December 31, 2019. The depreciation charge reflects investments in facilities, information systems and equipment supporting the Company's continued growth. As a percentage of revenue, the depreciation expense increased to 1.7% of revenues, compared to 1.6% for the year ended December 31, 2019. Amortization expense for the year increased by \$3.3 million or 20.6%, to \$19.2 million, compared to \$15.9 million for the year ended December 31, 2019. The amortization expense represents the amortization of intangible assets acquired in business combinations. The increase in amortization expense for the year reflects the amortization of newly acquired intangibles arising on the acquisition of MMD, MeDiNova, Symphony and MedPass. These increases were partly offset by the completion of amortization on other assets. As a percentage of revenue, the amortization expense increased to 0.7%, compared to at 0.6% of revenue for the year ended December 31, 2019.

### Restructuring costs

(dollars in thousands)	Year Ended December 31,		
	2020	2019	Change
Restructuring	\$ 18,089	\$ —	\$ 18,089
% of revenue	0.6 %	— %	100.0 %

During the year ended December 31, 2020 the Company implemented a restructuring plan to improve operating efficiencies resulting in recognition of a restructuring charge of \$18.1 million. The restructuring plan reflected resource rationalization across the business to improve resource utilization. There was no restructuring charge during the year ended December 31, 2019 (see *note 14 - Restructuring charges* to the consolidated financial statements).

### Income from operations

(dollars in thousands)	Year Ended December 31,		
	2020	2019	Change
Income from operations (incl. restructuring)	\$ 391,500	\$ 433,406	\$ (41,906)
% of revenue	14.0 %	15.4 %	(9.7)%
Income from operations (excl. restructuring)	\$ 409,589	\$ 433,406	\$ (23,817)
% of revenue	14.6 %	15.4 %	(5.5)%

As a result of the above, income from operations decreased by \$41.9 million, or 9.7%, to \$391.5 million (\$409.6 million excluding restructuring), compared to \$433.4 million (\$433.4 million, excluding restructuring charges) for the year ended December 31, 2019. As a percentage of revenue, income from operations decreased to 14.0% (14.6% excluding restructuring) of revenues compared to 15.4% of revenues for year ended December 31, 2019.

Income from operations in Ireland decreased by \$37.8 million or 12.0% (\$18.9 million or 6.0% excluding restructuring) to \$276.5 million (\$295.4 million excluding restructuring), compared to \$314.3 million (\$314.3 million excluding restructuring) for the year ended December 31, 2019. Income from operations in Ireland and other geographic regions are reflective of the Company's global transfer pricing model and the centralization of intragroup financing activities in Ireland.

In the Rest of Europe region, income from operations decreased by \$2.2 million (\$2.6 million excluding restructuring), to \$35.8 million (\$35.4 million excluding restructuring), compared to \$38.0 million (\$38.0 million excluding restructuring) for the year ended December 31, 2019. As a percentage of revenues, income from operations in the Rest of Europe region decreased to 8.6% (8.5% excluding restructuring), compared to 9.8% for the year ended December 31, 2019.

In the U.S. region, income from operations decreased by \$2.3 million (\$2.6 million excluding restructuring), or 3.7%, to \$58.0 million compared to \$60.3 million for the year ended December 31, 2019. As a percentage of revenues, income from operations in the U.S. region decreased to 6.3% (6.2% excluding restructuring) compared to 6.8% for the year ended December 31, 2019.

In other regions, income from operations increased by \$0.4 million (\$0.3 million excluding restructuring), to \$21.2 million, compared to \$20.9 million for the year ended December 31, 2019. As a percentage of revenues, income from operations in the other regions increased to 7.8% (7.7% excluding restructuring), compared to 7.7% for the year ended December 31, 2019.

### Interest income and expense

(dollars in thousands)	Year Ended December 31,		Change	
	2020	2019	\$	%
Interest income	\$ 2,724	\$ 6,859	(4,135)	(60.3)%
Interest expense	\$ (13,019)	\$ (13,276)	257	(1.9)%

Interest expense decreased to \$13.0 million compared to \$13.3 million for the year ended December 31, 2019. No amounts were drawn down on the revolving credit facility during the year ended December 31, 2020 or the year ended December 31, 2019. Interest income for the year ended December 31, 2020 decreased to \$2.7 million, compared to \$6.9 million for the year ended December 31, 2019. This reflects reduced returns on cash and cash equivalents.

**Income tax expense**

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2020	2019	\$	%
Income tax expense (including restructuring)	\$ 47,875	\$ 51,133	\$ (3,258)	(6.4)%
Effective income tax rate (including restructuring)	12.6 %	12.0 %		
Income tax expense (excluding restructuring)	\$ 50,136	\$ 51,133	\$ (997)	(1.9)%
Effective income tax rate (excluding restructuring)	12.6 %	12.0 %		

Provision for income taxes for the year decreased to \$47.9 million (\$50.1 million excluding restructuring) compared to \$51.1 million for the year ended December 31, 2019. The Company's effective tax rate for the year ended December 31, 2020 was 12.6% (12.6% excluding restructuring) compared to 12.0% for the year ended December 31, 2019. The Company's effective tax rate is principally a function of the distribution of pre-tax profits in the territories in which it operates.

**Net income per Ordinary Share attributable to the Group**

Basic net income per ordinary share attributable to the Group has been computed by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net income per ordinary share is computed by adjusting the weighted average number of ordinary shares outstanding during the period for all potentially dilutive ordinary shares outstanding during the period and adjusting net income for any changes in income or loss that would result from the conversion of such potential ordinary shares. There is no difference in net income used for basic and diluted net income per ordinary share.

Basic and diluted net income per ordinary share attributable to the Group includes the adjustment to reflect the accretion of the noncontrolling interest in MeDiNova to its redemption value. This adjustment to reflect changes in the redemption amount of the noncontrolling interest has been excluded from net income when calculating adjusted net income per ordinary share attributable to the Group (non-GAAP). See below section on non-GAAP financial measures.

The reconciliation between net income attributable to the Group per the Statement of Operating Income and the net income used to calculate net income per ordinary share attributable to the Group is as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	\$ in thousands		
<b>Net income attributable to the Group</b>	<b>332,331</b>	<b>373,986</b>	<b>322,656</b>
Noncontrolling interest adjustment to redemption amount	(4,522)	(5,048)	—
<b>Net income attributable to the Group (including NCI redemption adjustment)</b>	<b>327,809</b>	<b>368,938</b>	<b>322,656</b>

The net income per Ordinary Share attributable to the Group and adjusted net income per Ordinary Share attributable to the Group reflecting the noncontrolling interest adjustment to redemption amount is as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
<b>Net income per Ordinary Share attributable to the Group (including NCI redemption adjustment):</b>			
Basic (GAAP)	6.20	6.85	5.96
Diluted (GAAP)	6.15	6.79	5.89
<b>Adjusted net income per Ordinary Share attributable to the Group (excluding NCI redemption adjustment):</b>			
Adjusted basic (non-GAAP)	6.29	6.94	5.96
Adjusted diluted (non-GAAP)	6.24	6.88	5.89

#### *Non-GAAP Financial Measure*

We consider this non-GAAP financial measure to be a useful supplemental measure of our operating performance. A non-GAAP financial measure is a measure of historical or future financial performance, financial position or cash flows that excludes or includes amounts that are not excluded from or included in the most directly comparable measure calculated and presented in accordance with GAAP. Described below is the non-GAAP financial measure used by management to evaluate our operating performance and that we consider more useful to investors.

The non-GAAP financial measures we present in this Form 20-F may not be comparable to those presented by other companies due to the fact that not all companies use the same definitions. In Item 5, we have presented Net income per Ordinary Share attributable to the Group (GAAP) and Adjusted Net income per Ordinary Share attributable to the Group (non-GAAP). We have provided a reconciliation between the non-GAAP financial measure and its closest comparable GAAP measure being the Net income per Ordinary Share attributable to the Group. The reconciliation reflects one reconciling item for the adjustment of the MeDiNova noncontrolling interest balance to its redemption value. We believe providing the Adjusted Net income per Ordinary Share attributable to the Group (non-GAAP) provides better insight into the performance of the Company and enhances comparability with previous financial performance of the Company. The noncontrolling interest in MeDiNova is a non-recurring item. On March 9, 2020 ICON exercised its option to call the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. Effective from this date, the noncontrolling interest was derecognized and a liability was recognized, representing the assessment of the redemption value of the noncontrolling interest. No additional noncontrolling interest adjustment was recorded after the exercise of the call option on the outstanding shares on March 9, 2020.

In order to facilitate a clear understanding of our financial performance, you should examine this measure in conjunction with Net income per Ordinary Share attributable to the Group as presented in our Form 20-F.

#### **B. Liquidity and Capital Resources**

The CRO industry is generally not capital intensive. The Group's principal operating cash needs are payment of salaries, office rents, travel expenditures and payments to investigators. Investing activities primarily reflect capital expenditures for facilities and information systems enhancements, the purchase and sale of short term investments and acquisitions.

Our clinical research and development contracts are generally fixed price with some variable components and range in duration from a few weeks to several years. Revenue from contracts is generally recognized as income on the basis of the relationship between costs incurred and the total estimated contract costs. The cash flow from contracts typically consists of a small down payment at the time the contract is entered into, with the balance paid in installments over the contract duration, in some cases on the achievement of certain milestones. Therefore, cash receipts do not correspond to costs incurred and revenue recognized on contracts.

## Cash and cash equivalents and borrowings (net)

	Balance December 31, 2019	Drawn down/ (repaid)*	Net cash inflow/ (outflow)	Other non-cash adjustments	Effect of exchange rates	Balance December 31, 2020
\$ in thousands						
Cash and cash equivalents	520,309	—	313,126	—	6,870	840,305
Available for sale investments	49,628	—	(47,902)	3	—	1,729
Private placement notes	(349,640)	—	—	1,163	—	(348,477)
	<b>220,297</b>	<b>—</b>	<b>265,224</b>	<b>1,166</b>	<b>6,870</b>	<b>493,557</b>

\*On December 8, 2020, \$350.0 million was drawn down in respect of the 2020 Senior Notes. On December 15, 2020, \$350.0 million was repaid in respect of the maturity of the 2015 Senior Notes. As a result, bank credit lines and loan facilities disclosed on the Consolidated Balance Sheets have moved from current to non-current for the year ended December 31, 2020.

The Company's cash and available for sale investments at December 31, 2020 amounted to \$842.0 million compared with cash and available for sale investments of \$569.9 million at December 31, 2019. The Company's cash and short term investment balances at December 31, 2020 comprised cash and cash equivalents \$840.3 million and short-term investments \$1.7 million. The Company's cash and short term investment balances at December 31, 2019 comprised cash and cash equivalents \$520.3 million and short-term investments \$49.6 million.

On December 15, 2015, ICON Investments Five Unlimited Company issued senior notes, '2015 Senior Notes' for aggregate gross proceeds of \$350.0 million in a private placement which was guaranteed by ICON plc. Interest payable was fixed at 3.64% and in October 2015, the Company entered into an interest rate hedge in respect of the planned issuance of the 2015 Senior Notes in December 2015. The interest rate hedge matured in November 2015 when the interest rate on the 2015 Senior Notes was fixed. The interest rate hedge was effective in accordance with ASC 815 'Derivatives and Hedging'. The cash proceeds, representing the realized gain on the interest rate hedge, were received on maturity in November 2015. The 2015 Senior Notes matured on December 15, 2020 and were repaid in full.

On December 8, 2020, ICON Investments Five Unlimited Company issued new senior notes, '2020 Senior Notes' for aggregate gross proceeds of \$350.0 million in a private placement which was guaranteed by ICON plc. The 2020 Senior Notes were issued in two tranches; Series A Notes of \$275.0 million which will mature on December 8, 2023 and Series B Notes of \$75.0 million which will mature on December 8, 2025. Interest payable on the 2020 Senior Notes is fixed at 2.32% and 2.43% for Series A Notes and Series B Notes respectively. The interest is payable semi-annually on the 2020 Senior Notes on each June 8 and December 8, which will commence on June 8, 2021. The Company entered into an interest rate hedge in respect of the planned issuance of the 2020 Senior Notes in June 2020. The interest rate hedge matured in July 2020 when the interest rates on the 2020 Senior Notes was fixed. The interest rate hedge was effective in accordance with ASC 815 'Derivatives and Hedging'. There was a cash outflow on maturity in July 2020 of \$0.9 million, representing the realized loss on the interest rate hedge.

On March 12, 2018, the Company entered into a five year committed multi-currency Revolving Credit Facility for \$150.0 million with Citibank, JP Morgan, Santander, HSBC Bank and Morgan Stanley International ("Revolving Credit Facility"). Each bank subject to the agreement has committed \$30.0 million to the facility, with equal terms and conditions in place with all institutions. The facility is guaranteed by ICON plc. The facility bears interest at LIBOR plus a margin. We continue to monitor the phasing out of LIBOR which is currently scheduled to begin in 2021. We have engaged with our lenders on the implications of the change. In the absence of an agreed new rate, documents continue to be negotiated using LIBOR. We will continue to engage with our lenders in respect of the requirement for a new rate and seek an amendment letter at that point. No amounts were drawn at December 31, 2020, or at December 31, 2019, in respect of the Revolving Credit Facility. Amounts available to the Group under the facility at December 31, 2020 and at December 31, 2019 were \$150.0 million.

We expect to spend approximately \$60 million in the next twelve months on further investments in information technology, the expansion of existing facilities and the addition of new offices. We believe that we will be able to fund our additional foreseeable cash needs for the next twelve months from cash flow from operations, existing cash balances and funds available under negotiated facilities. In the future, we may continue to consider acquiring businesses to enhance our service offerings and global presence. Any such acquisitions could require additional external financing and we may from time to time seek to obtain funds from public or private issues of equity or debt securities. There can be no assurance that such financing will be available on terms acceptable to us.

In connection with the purchase consideration to acquire a 100% interest in Symphony Clinical Research in September 2019, the Company recognized a contingent liability of \$2.5 million at December 31, 2019. This amount was payable to the vendors, contingent upon Symphony Clinical Research attaining certain financial targets up to March 31, 2020. This was finalized during the year and \$0.5 million was paid in settlement of this. The change in fair value has been recorded in the selling, general and administrative expense line of the Consolidated Statement of Operations.

In connection with the acquisition of 60% of the share capital in MeDiNova in May 2019, the vendors had a right to sell the remaining shares exclusively to ICON during 2020. The cash consideration payable to redeem this 40% noncontrolling interest was linked to the earnings performance of MeDiNova for the twelve month period ending 31 March 2020. On March 9, 2020 ICON exercised its call option on the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. Effective from this date, the noncontrolling interest was derecognized and a liability of \$44.7 million was recognized, representing the assessment of the redemption value of the noncontrolling interest. The liability was settled on July 17, 2020 for \$43.9 million.

The Company continues to maintain strong liquidity and we do not expect COVID-19 to have a significant impact on our overall liquidity position. Based on our current operating plan, the Group believes it has adequate liquidity to satisfy the cash needs for at least the next 12 months. The Group has historically funded its operations, including acquisitions, mainly with its working capital, cash flow generated from operations and debt facilities as appropriate.

## **Cash flows**

### **Net cash from operating activities**

Net cash provided by operating activities was \$568.0 million for the year ended December 31, 2020 compared with net cash provided by operating activities of \$412.5 million for the year ended December 31, 2019.

The dollar value of working capital balances and the related number of days' revenue outstanding (i.e. revenue outstanding as a percentage of revenue for the period, multiplied by the number of days in the period) can vary over a study or trial duration. The number of days' revenue outstanding at December 31, 2020 was 57 days compared to 72 days at December 31, 2019. This reflects the timing of cash collections and individual contractual terms. Contract fees are generally payable in installments based on the achievement of certain performance targets or "milestones" (e.g. target patient enrollment rates, clinical testing sites initiated or case report forms completed), such milestones being specific to the terms of each individual contract, while revenues on contracts are recognized as contractual obligations are performed. Billed and unbilled revenue also includes amounts recoverable from customers in respect of reimbursable costs. Amounts recorded as accrued to investigators and others in respect of reimbursable expenses were \$138.2 million at December 31, 2020 and \$142.6 million at December 31, 2019 (see *note 7 - Other liabilities* in the consolidated financial statements). Contractual terms with our customers require ICON to receive and discharge payment to third parties prior to billing the customer for these items. During the year, unearned revenue increased to \$660.9 million from \$367.0 million at December 31, 2019 (see *note 17 - Accounts receivable, unbilled revenue (contract assets) and unearned revenue or payments on account (contract liabilities)* in the consolidated financial statements). These fluctuations are primarily due to timing of payments and invoicing related to the Group's clinical trial management contracts. In accordance with the contractual terms of certain of our larger vaccine trials, amounts have been billed in advance of revenue recognized. These advance billings have resulted in the significant increase in unearned revenue at 31 December 2020.

Cash generated from operations, and days' revenue outstanding may be positively or negatively impacted by, amongst others, the scheduling of contractual milestones over a study or trial duration, the achievement of a particular milestone during the period, the timing of receipt of invoices from third parties for reimbursable costs and the timing of cash receipts from customers. A decrease in the number of days' revenue outstanding during a period will result in cash inflows to the Company while an increase in days revenue outstanding will lead to cash outflows.

### **Net cash used in investing activities**

Net cash used in investing activities was \$46.6 million for the year ended December 31, 2020 compared to net cash used in investing activities of \$162.0 million for the year ended December 31, 2019. Net cash used in investing activities the year ended December 31, 2020 was largely attributable to cash outflows on the acquisition of MedPass of \$47.6 million on January 22, 2020, cash outflows of \$0.3 million in relation to the working capital adjustment on the acquisition of Symphony which was acquired on September 24, 2019, cash outflows of \$0.5 million in relation to the contingent consideration paid for Symphony in the period and a cash inflow of \$0.5 million in relation to the working capital adjustment for MeDiNova which was acquired on May 23, 2019. These amounts were offset in part by cash acquired of \$10.2 million. A cash outflow of \$2.5 million was made in respect of the Company's investment in Oncacare. During the year, capital expenditure of \$51.1 million was made mainly related to investment in facilities and IT infrastructure. In addition, \$47.9 million was generated by the sale of short term investments and \$3.2 million was used for the purchase of investments in equity.

In December 2019, net cash used in investing activities of \$162.0 million was largely attributable to cash outflows on the acquisitions of MMD of \$42.2 million on January 25, 2019, cash outflows on the acquisition of MeDiNova on May 23, 2019 of \$54.1 million and cash outflows on the acquisition of Symphony on September 24, 2019 of \$35.0 million. These were offset in part by cash acquired of \$11.7 million. During the year, capital expenditure of \$50.6 million was made mainly related to the investment in facilities and IT infrastructure. In addition, \$21.7 million was generated by the sale of short term investments, \$9.6 million was used for the purchase of short term investments and \$3.9 million was used for the purchase of investments in equity.



### Net cash used in financing activities

Net cash outflow from financing activities amounted to \$208.3 million for the year ended December 31, 2020 compared with net cash outflow from financing activities of \$125.4 million for the year ended December 31, 2019. Cash outflows in respect of financing activities includes consideration paid by the Company for share buybacks pursuant to the Company's share repurchase program totaling \$175.0 million in the year ended December 31, 2020 compared to \$146.9 million in the year ended December 31, 2019 (see *note 12 - Share Capital* in the consolidated financial statements). In December 2020, \$350.0 million was received in respect of the issue of the 2020 Senior Notes and \$350.0 million was paid in respect of the repayment of the 2015 Senior Notes. Finance costs in respect of the issue of the 2020 Senior Notes were \$1.6 million and there was a cash outflow of \$0.9 million in respect of the loss on settlement of the interest rate hedge on the 2020 Senior Notes. There were cash outflows of \$43.9 million in relation to the purchase of the remaining share capital in MeDiNova. In addition, \$13.2 million was received by the Company from the exercise of share options.

### Net cash outflow

As a result of these cash flows, cash and cash equivalents increased by \$320.0 million for the year ended December 31, 2020 compared to an increase of \$124.5 million for the year ended December 31, 2019.

### C. Research and development, patents and licenses

ICON plays a critical role in new drug development processes by undertaking activities in each of the different stages of the drug development process. Clinical trials result in an advancement in the field of medical science as they establish the safety and efficacy of new drugs thus resolving scientific uncertainty. As one of a number of world leaders in clinical research and commercialization, ICON is a trusted partner for pharmaceutical and medical device companies in helping them to accelerate the development of drugs and devices that save lives and improve the quality of life. ICON's role in ensuring that the trial design is scientifically valid is a crucial part of the design and involves scientists, medical doctors and biostatisticians. ICON works with the sponsors in designing the conduct of the clinical research trial. ICON's role in Ireland of conducting clinical trials is an integral part of the research and development process leading ultimately to a decision as to whether or not each drug is safe for human consumption, has the desired effect on targeted diseases and the best means of delivering that drug to the patient.

### D. Trend information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, or commitments or events since December 31, 2020 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the reported financial information in this annual report to be not necessarily indicative of future operating results or financial conditions.

### E. Off-balance sheet arrangements

Not applicable.

### F. Contractual obligations table

The following table represents our principal contractual obligations and commercial commitments as of December 31, 2020:

	Payments due by period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
	(U.S.\$ in millions)				
Operating lease obligations	\$ 90.5	\$ 26.2	\$ 37.6	\$ 16.2	10.5
Onerous lease obligations	6.2	2.6	2.9	0.3	0.4
Senior Notes	350.0	—	275.0	75.0	—
Interest on Senior Notes	28.3	8.2	16.4	3.7	—
Current and Non-current tax liabilities	17.4	3.2	7.7	6.5	—
<b>Total (U.S.\$ in millions)</b>	<b>\$ 492.4</b>	<b>\$ 40.2</b>	<b>\$ 339.6</b>	<b>\$ 101.7</b>	<b>10.9</b>

## Critical Accounting Policies

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

We base our estimates and judgments on historical experience and on the other factors that we believe are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. The following is a discussion of the accounting policies used by us, which we believe are critical in that they require estimates and judgments by management.

### **Revenue Recognition**

Significant management judgments and estimates must be made and used in connection with the recognition of revenue in any accounting period. Material differences in the amount of revenue in any given period may result if these judgments or estimates prove to be incorrect or if management's estimates change on the basis of development of the business or market conditions. To date there have been no material differences arising from these judgments and estimates.

We earn revenues by providing a number of different services to our clients. These services, which are integral elements of the clinical development process, include clinical trials management, contract staffing, consulting and laboratory services. Contracts range in duration from a number of months to several years. The criteria for revenue recognition is based on five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation.

Clinical trial services are a single performance obligation satisfied over time i.e. the full-service obligation in respect of a clinical trial (including those services performed by investigators and other parties) is considered a single performance obligation. Promises offered to the customer are not distinct within the context of the contract. We have concluded that ICON is the contract principal in respect of both direct services and in the use of third parties (principally investigator services) that support the clinical research project. The transaction price is determined by reference to the contract or change order value (total service revenue and pass-through/ reimbursable expenses) adjusted to reflect a realizable contract value. An assessment of the realizable contract value is judgmental in nature. The realizable value assessment is updated at each reporting period, having regard to (i) contract terms and (ii) customer experience.

Revenue is recognized on a percentage completion basis as the single performance obligation is satisfied. The progress towards completion for clinical service contracts is measured therefore based on an input measure being total project costs (inclusive of third party costs) at each reporting period. Measurement of the progress towards completion involves judgment and estimation. Assessment of completion requires an evaluation of labor and related time cost incurred at the reporting date and third party costs incurred at the reporting date. The assessment of third party costs incurred (principally investigator costs) requires a review of activity performed and recorded by the third party services providers. The timing of payments to third parties in respect of cost incurred reflect invoicing by third parties. The timing difference between the activity performed and receipt of invoices from third parties may result in significant accrued amounts at reporting periods.

The assessment of progress towards completion also requires an up to date evaluation of the forecast costs to complete in respect of these projects. Given the long-term nature of the clinical trials, and the complex nature of those trials, the forecast costs to complete (being internal direct costs and costs that will be incurred by third parties (principally investigators)) is judgmental. Forecast time (and related costs) is determined by reference to (i) contract terms and (ii) past experience. Forecast third party costs to complete are determined by project by reference to (i) contract terms and (ii) past experience.

Our contracting services revenue is recognized on a right to invoice basis. Our consulting services revenue is recognized based on an assessment of progress towards completion at each reporting period. Laboratory services revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the products or services are transferred to the customer. Service revenue is recognized over time as the services are delivered to the customer based on an assessment of progress towards completion.

## Impact of New Accounting Pronouncements

### Impact of new accounting pronouncements adopted during fiscal year ended December 31, 2020 (or previously)

#### *Measurement of Credit Losses on Financial Instruments*

In June 2016, the FASB issued ASU 2016-13 '*Measurement of Credit Losses on Financial Instruments (Topic 326)*', which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life. The update provides guidance on the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The amendment replaces the previous incurred loss impairment approach with a methodology to reflect expected credit losses and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The updated guidance was applied on a modified retrospective approach and was effective for the Group for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2016-13 did not have a significant impact on the financial statements.

#### *Fair Value Measurement*

In August 2018, the FASB issued ASU 2018-13 '*Fair Value Measurement - Disclosure Framework (Topic 820)*'. The updated guidance requires entities to disclose changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Amendments in this guidance also require disclosure of transfers into and out of Level 3 of the fair value hierarchy, purchases and issues of Level 3 assets and liabilities, and clarify that the measurement uncertainty disclosure is about the uncertainty in measurement as of the reporting date. The guidance removed requirements to disclose the amounts and reasons for transfers between Level 1 and Level 2, policy for timing between of transfers between levels, and the valuation processes for Level 3 fair value measurements. The updated guidance is effective for the Group for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2018-13 did not have a significant impact on the financial statements.

#### *Other Pronouncements*

We have reviewed the FASB issued Accounting Standards Update (ASU) accounting pronouncements and interpretations thereof that have effective dates during the periods reported. The following relevant ASUs have also been adopted in 2020:

ASU 2020-04 '*Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*' provides optional expedients and exceptions for applying US GAAP to contracts, hedging relationships, and other transactions affected by the reference rate reform. The amendments apply only to contracts and transactions that reference LIBOR or another reference rate expected to be discontinued as part of the reform. This ASU was issued on March 12, 2020 and applies only to contracts or transactions entered into or evaluated before December 31, 2022. This ASU was effective and adopted upon issuance. The adoption of ASU 2020-04 did not have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-15 '*Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Topic 350)*'. The amendments in the update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The ASU is effective for the Group for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years and was applied prospectively to all relevant implementation costs incurred after the adoption date. The adoption of ASU 2018-15 did not have a significant impact on the financial statements.

In November 2019, the FASB issued ASU 2019-08 '*Codification Improvements—Share-Based Consideration Payable to a Customer*'. The amendments in this update require that an entity measure and classify share-based payment awards granted to a customer by applying the guidance in ASC 718. The amount recorded as a reduction of the transaction price is required to be measured on the basis of the grant-date fair value of the share-based payment award in accordance with ASC 718. The grant date is the date at which a grantor (supplier) and a grantee (customer) reach a mutual understanding of the key terms and conditions of a share-based payment award. The classification and subsequent measurement of the award are subject to the guidance in ASC 718 unless the share-based payment award is subsequently modified and the grantee is no longer a customer. The amendments in this update are effective for the Group for fiscal years beginning after December 15, 2019. The adoption of ASU 2019-08 did not have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-14 '*Compensation - Retirement Benefits - Defined Benefit Plans (Topic 715)*'. The updated guidance requires additional disclosures of weighted-average interest crediting rates for cash balance plans and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation. Amendments in the guidance also clarify the requirement to disclose the projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets. The same disclosure is needed for the accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets. The guidance removes certain previous disclosure requirements no longer considered cost beneficial. The amendments are effective for fiscal years ending after December 15, 2020, with early adoption permitted. The adoption of ASU 2018-14 did not have a significant impact on the financial statements.

In January 2017, the FASB issued ASU 2017-04 '*Intangibles - Goodwill and Other: Simplifying the test for goodwill impairment*' which requires an entity to no longer perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, impairment will be measured using the difference between the carrying amount and the fair value of the reporting unit. The ASU is effective for public businesses, that are SEC filers, for annual and interim periods in fiscal years beginning after December 15, 2019, with early adoption permitted. The Company early adopted this ASU from January 1, 2018. The adoption of this ASU did not have a significant impact on the financial statements.

#### **Impact of new accounting pronouncements which will be adopted during fiscal year ended December 31, 2021**

In August 2020, the FASB issues ASU 2020-06 '*Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*' which removes the separation models in ASC 470 'Debt' for convertible debt with cash conversion features and convertible instruments with beneficial conversion features. The ASU also removes from ASC 815 '*Derivatives and Hedge Accounting*' certain conditions for equity classification for contracts on an entity's own equity. This ASU can be adopted using either the retrospective approach or the modified retrospective approach and is effective for the Group for fiscal years ending after December 15, 2021. The guidance may be early adopted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. This ASU is not expected to have a significant impact on the financial statements.

In December 2019, the FASB issued ASU 2019-12 '*Simplifying the Accounting for Income Taxes (Topic 740)*'. The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company will adopt the amendments in this ASU on a prospective basis, except where the required method of adoption is retrospective or modified retrospective. ASU 2019-12 is effective for the Company for fiscal years commencing on or after December 15, 2020. This ASU is not expected to have a significant impact on the financial statements.

In January 2020, the FASB issued ASU 2020-01, '*Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*'. ASU 2020-01 states any equity security transitioning from the alternative method of accounting under Topic 321 to the equity method, or vice versa, due to an observable transaction will be remeasured immediately before the transition. In addition, the ASU clarifies the accounting for certain non-derivative forward contracts or purchased call options to acquire equity securities stating such instruments will be measured using the fair value principles of Topic 321 before settlement or exercise. The ASU is effective for fiscal years beginning after December 15, 2020, and will be applied on a prospective basis. Early adoption is permitted. The adoption of this ASU is not expected to have a significant impact of the financial statements.

#### **Impact of other new accounting pronouncements**

No other new accounting pronouncement issued or effective has had, or is expected to have, a significant impact on the Company's consolidated financial statements.

#### **Inflation**

We believe that the effects of inflation generally do not have a material adverse impact on our operations or financial conditions.

## Item 6. Directors, Senior Management and Employees.

### A. Directors and Senior Management

The following table and accompanying biographies set forth certain information concerning each of ICON plc's Directors, officers and other key employees as of February 24, 2021.

Name	Age	Position
Ciaran Murray	58	Chairman and Director
Dr. Steve Cutler (1)(5)	60	Chief Executive Officer and Director
Brendan Brennan (1)(5)	42	Chief Financial Officer
Rónán Murphy (2)(3)(5)	63	Lead Independent Director
Professor Hugh Brady (3)	61	Director
Dr. John Climax	68	Director
Joan Garahy (2)(4)	58	Director
Professor William Hall (2)(4)	71	Director
Eugene McCague (3)(4)	62	Director
Julie O'Neill	55	Director
Mary Pendergast (2)	70	Director
Diarmaid Cunningham	46	Chief Administrative Officer, General Counsel & Company Secretary

- (1) Named Executive Officer of the Company.
- (2) Member of Compensation and Organization Committee.
- (3) Member of Audit Committee.
- (4) Member of Nominating and Governance Committee.
- (5) Member of Execution Committee.

#### *Ciaran Murray*

Mr. Ciaran Murray graduated with a Bachelor of Commerce degree from University College Dublin in 1982. Mr. Murray subsequently qualified as a chartered accountant with PwC. Following qualification, Mr. Murray gained extensive global experience working as an executive in the fast moving consumer goods and technology sectors in Ireland, Italy, the UK and the US.

Mr. Murray has been the Chairman of ICON plc since March 2017. Mr. Murray served as Chief Executive Officer from October 2011 until March 2017 and was Chief Financial Officer from joining ICON plc in 2005 until his appointment as Chief Executive Officer in 2011.

During his time with ICON plc, Mr. Murray was recognized for his leadership of ICON and the CRO industry. Mr. Murray served as Chairman of the Association of Clinical Research Organizations (ACRO) which represents the CRO industry globally. In addition, Mr. Murray was named as a leader in CRO Innovation by PharmaVOICE100, a listing of the most influential people in the bio pharma industry.

University College Dublin awarded Mr. Murray an honorary degree of Doctor of Laws in 2013 for his support of third level research and innovation in Ireland. In 2018, the Royal Dublin Society awarded Mr. Murray the RDS Gold Medal for Enterprise for making an exceptional impact on Irish industry and commerce. Mr. Murray is also a member of the advisory Board of UCD Smurfit Business School.

#### *Dr. Steve Cutler*

Dr. Steve Cutler was appointed Chief Executive Officer of ICON plc in March 2017, having previously served as Chief Operating Officer from January 2014. Dr. Cutler served as Group President Clinical Research Services since November 2011 until his appointment as Chief Operating Officer. Dr. Cutler was appointed to the Board of ICON plc in November 2015. Prior to joining the Company, Dr. Cutler held the position of Chief Executive Officer of Kendle, having previously served as Chief Operating Officer. Prior to Kendle, Dr. Cutler spent 14 years with Quintiles where he served as Senior Vice President, Global Project Management; Senior Vice President, Clinical, Medical and Regulatory; Senior Vice President, Project Management - Europe; and Vice President, Oncology - Europe, as well as regional leadership positions in South Africa and Australia. Prior to joining Quintiles, Dr. Cutler held positions with Sandoz (now Novartis) in Australia and Europe. Dr. Cutler holds a B.Sc. and a Ph.D. from the University of Sydney and a Masters of Business Administration from the University of Birmingham (UK).

### *Brendan Brennan*

Mr. Brendan Brennan has served as Chief Financial Officer since February 2012. Mr. Brennan has developed his career over the last 22 years from experience in various industries. Mr. Brennan joined ICON in 2006 and he has served in a number of senior finance roles in the Company including the role of Senior Vice President of Corporate Finance. Prior to this he developed his broad financial experience in Cement Roadstone Holdings, a major Irish building materials organization. Mr. Brennan spent a number of years in public accounting with PwC prior to this. Mr. Brennan is a Fellow of the Institute of Chartered Accountants in Ireland and holds a bachelor's degree in Accounting and Finance from Dublin City University. Over his years in the CRO industry, Mr. Brennan has been involved in many industry organizations and developments including ACRO (Association of Clinical Research Organizations) where he was the founding Chairman of the industry CFO round table group, a group formed to aid CROs dealing with the various industry challenges. Mr. Brennan held the position of Chairman of the round table from its foundation in 2017 to December 31, 2019.

### *Rónán Murphy*

Mr. Rónán Murphy has served as an outside Director of the Company since October 2016. He was appointed as Lead Independent Director in January 2019. Mr. Murphy is the former Senior Partner of PwC Ireland. Mr. Murphy was elected Senior Partner in 2007 and was re-elected for a further four year term in 2011. Following completion of the maximum two terms, Mr. Murphy retired from the firm in 2015. Mr. Murphy was also a member of the PwC EMEA Leadership Board for a five year period from 2010 to 2015. Mr. Murphy joined PwC in 1980 and was admitted to the Partnership in 1992. As an Assurance Partner, he served clients across a number of sectors. In 1995, Mr. Murphy joined the firm's leadership team and held a number of operational leadership roles, prior to being appointed as Partner in Charge of the Firm's Assurance Practice in 2003, a position he held for four years prior to his appointment as Senior Partner. Mr. Murphy is presently Chairman of Greencoat Renewables PLC and a Non-Executive Director of Davy Stockbrokers. Mr. Murphy currently serves as a council member of the ESRI and as Chair of Business in the Community Ireland. He is also a founding Board Member of the British Irish Chamber of Commerce. Mr. Murphy completed a Bachelor of Commerce and Masters in Business Studies at University College Dublin before qualifying as a chartered accountant in 1982.

### *Professor Hugh Brady*

Professor Hugh Brady has served as an outside Director of the Company since April 2014. In September 2015, Professor Brady took up the position of President and Vice-Chancellor of the University of Bristol - a member of the UK's Russell Group of elite research-intensive universities. Professor Brady is also President Emeritus of University College Dublin (UCD), where he served as President from 2004 until the end of 2013. During his tenure Professor Brady oversaw a major institution-wide transformation program that included significant expansion of UCD's science, engineering and biomedical research capacity through the development of the O'Brien Centre for Science, Conway Institute for Biomedical Research, UCD Clinical Research Centre, the Dublin Academic Medical Centre and the Ireland East Hospital Group. In addition, he led a major growth in UCD's international footprint. A nephrologist by training, Professor Brady was Professor of Medicine and Therapeutics at UCD before being appointed the university's President. Prior to that, he built a successful career as a physician and biomedical research scientist in the US - spending almost a decade at Harvard University where he was Associate Professor of Medicine, Director of the Renal Division of the Brockton/West Roxbury VA Medical Center and Consultant Physician at the Brigham and Women's Hospital, Boston. He has an international reputation in the pathogenesis of diabetic kidney disease and renal inflammation. Professor Brady has held many national and international leadership roles, including Chairman of the Irish Health Research Board and Chairman of the Universitas 21 Network of global research universities. He is also a Non-Executive Director of Kerry Group plc.

*Dr. John Climax*

Dr. John Climax, one of the Company's co-founders, served as Chairman of the Board of the Company from November 2002 to December 2009 and as Chief Executive Officer from June 1990 to October 2002. From January 2010 he has held a position as an outside Director of the Company. Dr. Climax has over 30 years of experience in the clinical research industry. Dr. Climax received his primary degree in pharmacy in 1977 from the University of Singapore, his masters in applied pharmacology in 1979 from the University of Wales and his Ph.D. in pharmacology from the National University of Ireland in 1982. He has authored a significant number of papers and presentations, and holds adjunct professorship at the Royal College of Surgeons of Ireland and an honorary professorship at the National University of Singapore. He is currently Executive Chairman of DS Biopharma and CEO of Afimmune, both of which are private companies.

*Joan Garahy*

Ms. Joan Garahy was appointed as an outside Director of the Company in November 2017. Ms. Garahy is a Non-Executive Director of Kerry Group plc, Irish Residential Properties REIT plc and IPB Insurance CLG. Ms. Garahy's previous executive roles include founder and managing director of ClearView Investment & Pensions Limited, a financial advisory company, managing director of HBCL Investment & Pensions Ltd, Director of investments at HC Financial Services Group, head of research at the Irish National Pension Reserve Fund, head of research at Hibernian Investment Managers and her equity analyst roles with Goodbody Stockbrokers and NCB Group. Ms. Garahy was also previously a Non-Executive Director of Galway University Foundation and she is currently a member of the board of The Irish Chamber Orchestra. Ms. Garahy holds a Bachelor of Science degree from University College Galway and a Master of Science from University College Dublin.

*Professor William Hall*

Professor William Hall has served as an outside Director of the Company since February 2013. He is a renowned expert in infectious diseases and virology. He currently serves as Distinguished Professor in Hokkaido University in Japan and is Professor Emeritus of Medical Microbiology and the Centre for Research in Infectious Diseases at University College Dublin's (UCD) School of Medicine and Medical Science. Professor Hall also has served as Consultant to the Minister of Health and Children in the Republic of Ireland, providing input on a range of topics including influenza pandemic preparedness, SARS, and bioterrorism. Prior to his tenure at UCD, Professor Hall was Professor and Head of the Laboratory of Medical Virology, Senior Physician and Director of the Clinical Research Centre at the Rockefeller University in New York. He previously served as an Assistant and Associate Professor of Medicine at Cornell University. Professor Hall is a Non-Executive Director of Evofem Biosciences, San Diego, a Board member of The Atlantic Philanthropies and is a co-founder of the Global Virus Network.

*Eugene McCague*

Mr. Eugene McCague was appointed as an outside Director of the Company in October 2017. Mr. McCague was a corporate partner of Arthur Cox, one of Ireland's premier law firms, from 1988 until June 2017. During his time with Arthur Cox, Mr. McCague served as both managing partner and chairman of Arthur Cox and also advised a wide range of public and private companies on mainstream corporate work, mergers and acquisitions, corporate restructurings and corporate governance. In addition to his distinguished legal career, Mr. McCague also has extensive board experience with commercial, government and educational organizations. Mr. McCague currently serves on the board of FLY Leasing Limited, an aircraft leasing company listed on the New York Stock Exchange, the board of the Irish branch of AON Insurance. He also serves as chairman of Ibec, Ireland's leading business representative association. Mr. McCague's previous board roles include the Health Service Executive, the Irish state body which administers public health service in Ireland, chairman of the governing body of the Dublin Institute of Technology, chairman of the Dublin Institute of Technology Foundation and chairman of the governing authority of University College Dublin. Mr. McCague was also president of the Dublin Chamber of Commerce in 2006. Mr. McCague holds a Bachelor of Civil Law degree and a diploma in European Law from University College Dublin.

*Julie O'Neill*

Ms. Julie O'Neill has served as a outside Director of ICON plc since July 2019. Ms. O'Neill was formerly Executive Vice President, Global Operations of Alexion Pharmaceuticals, Inc., where she was responsible for global manufacturing operations and expanding and improving supply chain and quality operations in the US, Europe, and Asia. Before joining Alexion, Ms. O'Neill was Vice President of Operations and General Manager for Ireland at Gilead Sciences and earlier in her career, Ms. O'Neill held leadership positions in operations, manufacturing and quality functions at Burnil Pharmacies and Helsinn Birex Pharmaceuticals. Ms. O'Neill serves as a Board Member of DBV Technologies, Hookipa Pharma Inc. and ILC Dover and is also on the board of Ireland's National Institute for Bioprocessing Research and Training. Ms. O'Neill holds a Bachelor of Science in Pharmacy from Trinity College Dublin, a Masters of Business Administration from University College Dublin and is a Chartered Director of The Institute of Directors in Ireland. Ms. O'Neill is also a member of the Strategy Committee of the State Claims Agency.

### *Mary Pendergast*

Ms. Mary Pendergast has served as an outside Director of the Company since February 2014. Ms. Pendergast is an expert in the regulatory aspects of drug development and is President of Pendergast Consulting, a consulting firm that advises biopharmaceutical companies, patient groups, professional and advocacy organizations, governments and academic and financial institutions. Prior to founding her own firm, Ms. Pendergast was Executive Vice President of Government Affairs at Elan Corporation plc from 1998 to 2003. Ms. Pendergast also spent more than 18 years at the US Food and Drug Administration (FDA), serving as Deputy Commissioner and Senior Advisor to the FDA Commissioner and Associate Chief Counsel for Enforcement.

### *Diarmaid Cunningham*

Mr. Diarmaid Cunningham is Chief Administrative Officer, General Counsel, Executive Vice President and Company Secretary. Mr. Cunningham joined the Company as General Counsel in November 2009. From 2009 until 2013, Mr. Cunningham was based in the Company's global headquarters in Dublin. In 2013, Mr. Cunningham was seconded to the Company's US headquarters in Pennsylvania and that secondment ended in 2018 when Mr. Cunningham returned to Dublin. In July 2016, Mr. Cunningham's role expanded to include Chief Administrative Officer in addition to General Counsel. This expansion of his role means Mr. Cunningham has responsibility to the Company's Quality Assurance, Client Contracts Services, Facilities and Procurement groups in addition to his responsibility for the Company's Legal group. Mr. Cunningham graduated with a Bachelor of Business and Legal Studies from University College Dublin in 1997, qualified as a lawyer in 2001 and completed the Stanford Executive Program at Stanford University in California in 2015. Mr. Cunningham served as Secretary to the Board of the Association of Clinical Research Organizations (ACRO) in 2013, 2014 and 2020 and has been appointed again for 2021. ACRO represents the CRO industry globally to key stakeholders including pharmaceutical, biotech and medical device companies, regulators, legislators and patient groups. Prior to joining the Company, Mr. Cunningham spent 10 years with A&L Goodbody, one of Ireland's premier corporate law firms. In January 2021, Mr. Cunningham was appointed as a non-executive director of the Irish charity The Jack & Jill Foundation.

## **B. Compensation**

### **Compensation Discussion & Analysis**

#### *Remuneration policy*

The Compensation and Organization Committee seeks to achieve the following goals with the Company's executive compensation programs: to attract, motivate and retain key executives and to reward executives for value creation. The Committee seeks to foster a performance-oriented environment by ensuring that a significant portion of each executive's cash and equity compensation is based on the achievement of performance targets that are important to the Company and its shareholders.

The Company's executive compensation program has three main elements: base salary, a bonus plan and equity incentives in the form of share related awards granted under the Company's equity incentive plans. All elements of key executives' compensation are determined by the Compensation and Organization Committee based on the achievement of the Group's and individual performance objectives. Base salary, bonus awards and Directors' fees were determined by the Compensation and Organization Committee in U.S. dollars or euro.

As a result of the impact of Covid-19 on operations, the Company introduced a number of cost containment measures during the year. One of the measures was to introduce a temporary salary reduction for all employees and the reduction of fees for outside Directors from mid-April 2020. The Chairman and CEO received a 40% reduction in fees and base salary and the CFO and each outside Director (excluding the Board Chairman) received a reduction of 30% of base salary and fees respectively. These reductions were kept under continual review and were suspended in September 2020. The reductions were reversed and paid in full prior to year-end.

#### *Outside Directors' remuneration*

Outside Directors are remunerated by way of Directors' fees and are also eligible for participation in the share equity incentive schemes. During 2020, each outside Director (excluding the Board Chairman) was paid an annual retainer of \$65,000 and additional fees for Board Committee service.

Mr. Murray's Executive Chairman term expired on May 12, 2018 and he transitioned to the outside Director role of Chairman. The arrangements with the Chairman of the Board provide for payment of €300,000 (translated at average rate for the year: \$340,710) annually.

Mr. Rónán Murphy was appointed as Lead Independent Director with effect from January 1, 2019 and receives an additional annual fee of \$25,000 for this role.



Outside Directors are not eligible for performance related bonuses and no pension contributions are made on their behalf. The Compensation and Organization Committee sets outside Directors' remuneration.

#### *Executive Directors' and Key Executive Officers' remuneration*

Total cash compensation is divided into a base salary portion and a bonus incentive portion. The Committee targets total cash compensation with regard to healthcare/biopharmaceutical companies of similar market capitalization and peer CRO companies, adjusted upward or downward based on individual performance and experience and level of responsibility. The Compensation and Organization Committee believes that the higher the executive's level of responsibility within the Company, the greater the percentage of the executive's compensation that should be tied to the Company's performance. Target bonus incentive for executive officers range between 50% and 100% with actual pay outs for 2020 ranging from 25% to 70% of salary based on group and individual performance.

A total bonus of \$1.1 million was awarded to the following individuals; Dr. Steve Cutler Chief Executive Officer (\$0.8 million) and Mr. Brendan Brennan Chief Financial Officer (\$0.3 million) to reflect their contribution to the performance of the Company during 2020. These amounts were approved by the Compensation and Organization Committee and will be paid during the year ended December 31, 2021.

The Company's executives are eligible to receive equity incentives, including stock options, Restricted Share Units and Performance Share Units, granted under the Company's equity incentive plans. If executives receive equity incentive grants, they are normally approved annually at the first scheduled meeting of the Committee in the fiscal year. The grant date is determined by the Committee, and grants are awarded at the closing price on the day of grant. Newly hired executives may receive sign-on grants. In addition, the Committee may, at its discretion, issue additional equity incentive awards to executives if the Committee determines such awards are necessary to ensure appropriate incentives are in place. The equity awards granted to each participant are determined primarily by the Committee at the start of each year based on peer groups and advice from independent compensation consultants.

All executive officers are eligible to participate in applicable pension plans. The Company's contributions are generally a fixed percentage of their annual compensation, supplementing contributions by the executive. The Company has the discretion to make additional contributions if deemed appropriate by the Committee. The Company's contributions are determined at the peer group median of comparable Irish companies and peer CRO companies. Contributions to this plan are recorded as an expense in the Consolidated Statement of Operations.

#### *Third party Agreements and Arrangements*

ICON has not identified any arrangements or agreements relating to compensation or other payments provided by a third party to ICON's directors or director nominees in connection with their candidacy or board service as required to be disclosed pursuant to NASDAQ Rule 5250(b)(3).

**Executive Compensation**
**Summary compensation table - Year ended December 31, 2020**

Name & principal position	Year	Salary	Bonus	Pension contribution	All other compensation	Subtotal	Share-based compensation	Director's Fees	Total compensation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Dr. Steve Cutler Chief Executive Officer	2020	1,172	793	171	31	2,167	6,453	44	8,664
Brendan Brennan, Chief Financial Officer	2020	562	253	70	29	914	1,366	—	2,280
<b>Total</b>	<b>2020</b>	<b>1,734</b>	<b>1,046</b>	<b>241</b>	<b>60</b>	<b>3,081</b>	<b>7,819</b>	<b>44</b>	<b>10,944</b>

**Summary compensation table - Year ended December 31, 2019**

Name & principal position	Year	Salary	Bonus	Pension contribution	All other compensation	Subtotal	Share-based compensation	Director's Fees	Total compensation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Dr. Steve Cutler Chief Executive Officer	2019	1,112	949	178	31	2,270	5,355	44	7,669
Brendan Brennan, Chief Financial Officer	2019	536	271	67	26	900	1,336	—	2,236
<b>Total</b>	<b>2019</b>	<b>1,648</b>	<b>1,220</b>	<b>245</b>	<b>57</b>	<b>3,170</b>	<b>6,691</b>	<b>44</b>	<b>9,905</b>

**Director Compensation**
**Summary compensation table - Year ended December 31, 2020**

Name	Year	Salary	Company pension contribution	All other compensation	Subtotal	Share-based compensation	Director's fees	Total Compensation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ciaran Murray	2020	—	—	—	—	200	328	528
Steve Cutler	2020	1,172	171	824	2,167	6,453	44	8,664
Rónán Murphy	2020	—	—	—	—	240	122	362
Hugh Brady	2020	—	—	—	—	290	77	367
John Climax	2020	—	—	—	—	290	65	355
Joan Garahy	2020	—	—	—	—	200	97	297
William Hall	2020	—	—	—	—	290	90	380
Eugene McCague	2020	—	—	—	—	200	97	297
Julie O'Neill	2020	—	—	—	—	213	65	278
Mary Pendergast	2020	—	—	—	—	290	77	367
<b>Total</b>	<b>2020</b>	<b>1,172</b>	<b>171</b>	<b>824</b>	<b>2,167</b>	<b>8,666</b>	<b>1,062</b>	<b>11,895</b>

Summary compensation table - Year ended December 31, 2019

Name	Year	Salary	Company pension contribution	All other compensation	Subtotal	Share-based compensation	Director's fees	Total Compensation
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ciaran Murray	2019	—	—	—	—	200	343	543
Steve Cutler	2019	1,112	178	980	2,270	5,355	44	7,669
Rónán Murphy *	2019	—	—	—	—	240	122	362
Hugh Brady	2019	—	—	—	—	330	77	407
John Climax	2019	—	—	—	—	330	65	395
Joan Garahy	2019	—	—	—	—	200	96	296
William Hall	2019	—	—	—	—	330	94	424
Dermot Kelleher**	2019	—	—	—	—	980	37	1,017
Eugene McCague	2019	—	—	—	—	200	87	287
Declan McKeon**	2019	—	—	—	—	980	51	1,031
Julie O'Neill***	2019	—	—	—	—	87	29	116
Mary Pendergast	2019	—	—	—	—	330	77	407
<b>Total</b>	<b>2019</b>	<b>1,112</b>	<b>178</b>	<b>980</b>	<b>2,270</b>	<b>9,562</b>	<b>1,122</b>	<b>12,954</b>

\* Appointed as Lead Independent Director on January 1, 2019.

\*\* Retired from the Board at the AGM on July 23, 2019.

\*\*\* Appointed to the Board on July 23, 2019.

**Disclosure of Compensation Agreements**

*Employment Contracts, Termination of Employment and Change in Control Arrangements*

The Company does not have any termination or change of control agreements with its named executive officers other than as set out below and in the agreements relating to their equity incentives which provide for accelerated vesting on change of control.

*Directors' and Executive Officers' service agreements and letters of engagement*

*Mr. Ciaran Murray*

Mr. Ciaran Murray has served as Chairman of the Board of Directors since May 2018 having served as Executive Chairman of the Board of Directors from March 2017 until May 2018. Mr. Murray served as Chief Executive Officer of the Company from October 2011 until March 2017. Mr. Murray has served as a Director of the Company since September 2011. He previously served as Chief Financial Officer of the Company from October 2005 until October 2011. Mr. Murray entered into an agreement with the Company in respect of his role as Executive Chairman which was effective from March 2017. Mr. Murray's Executive Chairman term expired on May 12, 2018 and he transitioned to Chairman. The current arrangement with Mr. Murray provides for the payment to him of fees of \$340,710 (€300,000) per annum in respect of his position as Chairman. His previous service agreement as Executive Chairman included termination provisions and also includes certain post-termination clauses including non-disclosure, non-competition and non-solicitation provisions which still apply. As Chief Financial Officer, Chief Executive and Executive Chairman, Mr. Murray was granted and held ordinary share options, Restricted Share Units and Performance Share Units. The vesting of the ordinary share options and Restricted Share Units which were unvested on Mr. Murray ceasing to be an ICON plc employee on May 12, 2018 were accelerated and the outstanding ordinary share options and Restricted Share Units vested on that date. The unvested Performance Share Units with vesting dates between May 12, 2018 and March 2019 were forfeited on Mr. Murray ceasing to be an ICON plc employee on May 12, 2018. He was previously granted and held at February 24, 2021 58,646 ordinary share options at exercise prices ranging from \$71.95 to \$125.74 per share and 1,201 Restricted Share Units, which vest in May 2021.

*Dr. Steve Cutler*

Dr. Steve Cutler has served as Chief Executive Officer since March 2017 having served as Chief Operating Officer of the Company from January 2014 until March 2017. Prior to his appointment as Chief Operating Officer he served as Group President Clinical Research Services since November 2011. He has served as an Executive Director of the Company since November 2015. The Chief Executive Officer service agreement with Dr. Cutler is terminable on 12 months' notice by either party. Under the terms of this agreement Dr. Cutler is entitled to receive an annual salary of \$1,133,248 and a bonus to be agreed by the Compensation and Organization Committee. He is also entitled to receive a pension contribution, a car allowance of \$12,000 and medical insurance coverage for himself and his dependents. He was previously granted and held at February 24, 2021 135,555 ordinary share options at exercise prices ranging from \$71.95 to \$159.33 per share, 21,062 Restricted Share Units which vest on various dates between March 2021 and March 2023 and 38,778 (up to a maximum of 77,556) Performance Share Units which vest between March 2021 and March 2023 subject to the fulfillment of certain performance conditions. His Chief Executive Officer service agreement requires him to devote his full time and attention to his duties for the Company excepting certain outside director positions authorized by the Company. The agreement with Dr. Cutler includes termination and change of control provisions and also includes certain post-termination clauses including non-disclosure, non-competition and non-solicitation provisions. Dr. Cutler has a separate agreement with the Company in respect to his role as a director of ICON plc. Under the terms of this agreement he is entitled to receive an annual fee of \$44,000.

*Mr. Brendan Brennan*

Mr. Brendan Brennan has served as Chief Financial Officer since February 2012 having previously served as acting Chief Financial Officer since October 2011. Prior to this appointment, he served in a number of senior finance roles in the Company including the role of Senior Vice President of Corporate Finance. The service agreement with Mr. Brennan is terminable on 12 months' notice by either party. Under the terms of this agreement Mr. Brennan is entitled to receive an annual salary of \$561,112 (€494,067) and a bonus to be agreed by the Compensation and Organization Committee. He is also entitled to receive a pension contribution, a car allowance of €20,000 and medical insurance coverage for himself and his dependents. He was previously granted and held at February 24, 2021 55,373 ordinary share options at exercise prices ranging from \$71.95 to \$159.33 per share, 4,649 Restricted Share Units, which vest on various dates between March 2021 and March 2023, and 8,688 (up to a maximum of 17,376) Performance Share Units which vest between March 2021 and March 2023 subject to the fulfillment of certain performance conditions. His service agreement requires him to devote his full time and attention to his duties for the Company excepting certain outside Director positions authorized by the Board. The agreement with Mr. Brennan includes termination and change of control provisions and also includes certain post-termination clauses including non-disclosure, non-competition and non-solicitation provisions.

*Mr. Rónán Murphy*

Mr. Rónán Murphy has served as Lead Independent Director from January 2019 having served as an outside Director of the Company since October 2016. The arrangements with Mr. Murphy continue to provide for the payment to him of Directors fees of \$122,500 per annum. He was previously granted and held at February 24, 2021 9,622 ordinary share options at an exercise prices ranging from \$90.03 to \$125.74 and 1,201 Restricted Share Units, which vest in May 2021.

*Professor Hugh Brady*

Professor Hugh Brady has served as an outside Director of the Company since April 2014. The arrangements with Professor Brady provide for the payment to him of Directors fees of \$77,500 per annum. He was previously granted and held at February 24, 2021 5,192 ordinary share options at exercise prices ranging from \$65.60 to \$90.03 and 1,201 Restricted Share Units, which vest in May 2021.

*Dr. John Climax*

Dr. John Climax, one of the Company's co-founders, served as Chairman of the Board of the Company from November 2002 to December 2009. He also served as Chief Executive Officer of the Company from June 1990 to October 2002 and is currently an outside Director of the Company. The arrangements with Dr. Climax provide for the payment to him of Directors fees of \$65,000 per annum. He was previously granted and held at February 24, 2021 45,755 ordinary share options at exercise prices ranging from \$32.37 to \$125.74 per share and 1,201 Restricted Share Units, which vest in May 2021.

*Ms. Joan Garahy*

Ms. Joan Garahy has served as an outside Director of the Company since November 2017. The arrangements with Ms. Garahy provide for the payment to her of Directors fees of \$97,500 per annum. She was previously granted and held at February 24, 2021 5,005 ordinary share options at an exercise price of \$125.74 and 1,201 Restricted Share Units, which vest in May 2021.

*Professor William Hall*

Professor William Hall has served as an outside Director of the Company since February 2013. The arrangements with Professor Hall provide for the payment to him of Directors fees of \$90,000 per annum. He was previously granted and held at February 24, 2021 5,192 ordinary share options at exercise prices ranging from \$65.60 to \$90.03 and 1,201 Restricted Share Units, which vest in May 2021.

*Mr. Eugene McCague*

Mr. Eugene McCague has served as an outside Director of the Company since October 2017. The arrangements with Mr. McCague provide for the payment to him of Directors fees of \$97,500 per annum. He was previously granted and held at February 24, 2021 5,005 ordinary share options at an exercise price of \$125.74 and 1,201 Restricted Share Units, which vest in May 2021.

*Ms. Julie O'Neill*

Ms. Julie O'Neill was appointed an outside Director of the Company in July 2019. The arrangements with Ms. O'Neill provide for the payment to her of Directors fees of \$65,000 per annum. She was previously granted and held at February 24, 2021 1,201 Restricted Share Units, which vest in May 2021.

*Ms. Mary Pendergast*

Ms. Mary Pendergast has served as an outside Director of the Company since February 2014. The arrangements with Ms. Pendergast provide for the payment to her of Directors fees of \$77,500 per annum. She was previously granted and held at February 24, 2021 43,255 ordinary share options at exercise prices ranging from \$40.83 to \$125.74 and 1,201 Restricted Share Units, which vest in May 2021.

**C. Board Practices**

*Board of Directors*

The business of the Company is managed by the Directors who may exercise all the powers of the Company which are not required by the Companies Act 2014 of Ireland or by the Constitution of the Company to be exercised by the Company in general meeting. A meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors. The Directors may delegate (with power to sub-delegate) to any Director holding any executive office and to any Committee consisting of one or more Directors, together with such other persons as may be appointed to such Committee by the Directors, provided that a majority of the members of each Committee appointed by the Directors shall at all times consist of Directors and that no resolution of any such Committee shall be effective unless two of the members of the Committee present at the meeting at which it was passed are Directors.

The Board comprises one executive and nine outside Directors at the date of this report. The outside Directors bring independent judgment to bear on issues of strategy, performance, resources, key appointments and standards. The Company considers all of its outside Directors to be of complementary skills, experience and knowledge and each outside Director has specific skills, experience and knowledge that are valuable to the Company. The Board members between them have strong financial, pharmaceutical, CRO, scientific, medical and other skills and knowledge which are harnessed to address the challenges facing the Group. The Board meets regularly throughout the year and all Directors have full and timely access to the information necessary for them to discharge their duties. The Directors have access to the advice and services of the Company Secretary and may seek external independent professional advice where required. The Board considers its current size (10 Directors) to be adequate but continues to look for suitable qualified potential candidates to join the Board.

As set out below, certain other matters are delegated to Board Committees and all Board Committees report to the Board. The Company maintains what it considers an appropriate level of insurance cover in respect of legal action against its Directors. The Board, through the Nominating and Governance Committee, engages in succession planning for the Board and in so doing considers the strength and depth of the Board and the levels of knowledge, skills and experience of the Directors necessary for the Company to achieve its objectives. The Board meets at least four times each year. During the year ended December 31, 2020 the Board held five board meetings. During 2020, in response to the global pandemic, those meetings were held virtually. All Directors allocated sufficient time to the Company during the year ended December 31, 2020 to effectively discharge their responsibilities to the Company.

### *Directors' retirement and re-election*

The Company's Constitution provides that, unless otherwise determined by the Company at a general meeting, the number of Directors shall not be more than 15 nor less than 3. At each annual general meeting, one third of the Directors who are subject to retirement by rotation, rounded down to the next whole number if it is a fractional number, shall retire from office. The Directors to retire shall be those who have been longest in office, but as between persons who became or were last re-appointed on the same day, those to retire shall be determined, unless otherwise agreed, by lot. Any additional Director appointed by the Company shall hold office until the next annual general meeting and will be subject to re-election at that meeting. Accordingly, at the annual general meeting of the Company to be held in 2021, it is anticipated that 3 Directors will retire in accordance with the Constitution and offer themselves for re-election. The Board of Directors adopted a Non-Executive Director Policy for Service on April 24, 2018, the Policy was amended on April 21, 2020 which provides that, subject to individual waiver by the Board, an outside Director of ICON plc shall serve on the Board of the Directors for an initial term which expires at the fourth annual general meeting after their appointment. Each outside director may serve a further term of 3 years, subject to the Board's approval. After the second 3 year term the Board may request that the outside Director serve up to 3 further terms of 1 year each. After a third 1 year term the Board may request that the outside director serve for further 1 year terms in the event that the Board has particular requirement or desire for the outside director's skill, knowledge or experience. For an outside Director who previously served as an executive of the Company, the initial 3 year term referred to in this policy is deemed to commence on the date that he/she is determined to be independent as per the NASDAQ Rules. This policy does not apply to Dr. John Climax as he is a founder of the Company.

### *Lead Independent Director*

The Board of Directors adopted a Lead Independent Director Charter on February 14, 2017 which provides that in circumstances where the Chairman of the Board is not independent, the independent members of the Board of Directors shall appoint, from among their number, a Lead Independent Director. The Lead Independent Director shall generally assist in optimizing the effectiveness and independence of the Board of Directors by performing such duties as described in the charter, on behalf of the Board of Directors, including coordinating the meetings of the other non-employee and independent directors, and such other duties as determined from time to time by the Board of Directors and/or its independent members. Mr. Rónán Murphy was appointed as Lead Independent Director with effect from January 1, 2019.

### *Board Committees*

The Board has delegated some of its responsibilities to Board Committees. There are four permanent Committees. These are the Audit Committee, the Compensation and Organization Committee, the Nominating and Governance Committee and the Execution Committee. Each Committee has been charged with specific responsibilities and each has written terms of reference that are reviewed periodically. Minutes of Committee meetings are available to all members of the Board. The Company Secretary is available to act as secretary to each of the Board Committees if required. Appropriate key executives are regularly invited to attend meetings of the Board Committees. The Audit Committee, Compensation and Organization Committee and Nominating and Governance Committee each completed a self-evaluation of the performance of the Committee during the year ended December 31, 2020 or in respect to the year ended December 31, 2020 and each Committee was satisfied with their performance.

### *Audit Committee*

The Audit Committee meets a minimum of four times a year. It reviews the quarterly and annual financial statements, the effectiveness of the system of internal control and recommends the appointment and removal of the external auditors. It monitors the adequacy of internal accounting practices and addresses all issues raised and recommendations made by the external auditors. The Audit Committee pre-approves all audit and non-audit services provided to the Company by its external auditors on a quarterly basis. The Audit Committee, on a case by case basis, may approve additional services not covered by the quarterly pre-approval, as the need for such services arises. The Audit Committee reviews all services which are provided by the external auditor to review the independence and objectivity of the external auditor, taking into consideration relevant professional and regulatory requirements. The Chief Financial Officer, the Head of Internal Audit, the General Counsel and the external auditors normally attend all meetings of the Audit Committee and have direct access to the Committee Chairman at all times. The Audit Committee is currently comprised of three independent Directors: Rónán Murphy (Chairperson), Professor Hugh Brady and Eugene McCague.

### *Compensation and Organization Committee*

The Compensation and Organization Committee is responsible for senior executive remuneration. The Committee aims to ensure that remuneration packages are competitive so that individuals are appropriately rewarded relative to their responsibility, experience and value to the Company. Annual bonuses for the executive Directors and senior executive management are determined by the Committee based on the achievement of the Company's objectives. The Committee also oversees succession planning for the Company's senior management. The Compensation and Organization Committee is currently comprised of the following independent Directors: Joan Garahy (Chairperson), Professor William Hall, Mary Pendergast and Rónán Murphy.

## Nominating and Governance Committee

The Nominating and Governance Committee reviews the membership of the Board of the Company and Board Committees on an ongoing basis. As part of this it regularly evaluates the balance of skills, knowledge and experience on the Board and then, based on this evaluation, identifies and, if appropriate, recommends individuals to join the Board of the Company. The Committee uses an external search consultant as needed to assist it in identifying potential new outside Directors. Once potential suitable candidates are identified either by the external search consultants or by members of the Nominating and Governance Committee, the Committee then discusses and considers the skills, knowledge and experience of the potential candidate. The Committee will assess if the Board of the Company requires and would benefit from the potential candidate's skills, knowledge and experience and, if it decides the potential candidate is suitable, the Committee would recommend to the Board of the Company that the potential candidate be appointed. The Board of the Company then decides whether or not to appoint the candidate. The Committee considers diversity of the Board members when making recommendations to the Board of the Company. The Nominating and Governance Committee currently comprises the following independent Directors: Eugene McCague (Chairperson), Professor William Hall and Joan Garahy.

## Execution Committee

The primary function of the Execution Committee is to exercise the powers and authority of the Board in intervals between meetings of the Board within the limits set out in the Charter of the Execution Committee. The Execution Committee exercises business judgment to act in what the Committee members reasonably believe to be in the best interest of the Company and its shareholders. All powers exercised by the Execution Committee are ratified at board meetings. This Committee convenes as often as it determines to be necessary or appropriate. The Execution Committee is currently comprised of the following Directors and Officers: Steve Cutler (Chairperson), Rónán Murphy and Brendan Brennan.

## Attendance at Board and Committee meetings

Attendance at Board and Committee meetings by the Directors who held office during 2020 are set out as follows:

Directors' Attendance Table				
	Board	Audit	Compensation and Organization	Nominating and Governance
<b>Director</b>	<b>Number of meetings attended / number of meetings eligible to attend as a Director</b>			
Ciaran Murray	5/5	—	—	—
Dr. Steve Cutler	5/5	—	—	—
Rónán Murphy (1)	5/5	4/4	5/5	—
Prof. Hugh Brady (1)	5/5	4/4	—	—
Dr. John Climax (1)	5/5	—	—	—
Joan Garahy (1)	5/5	—	5/5	3/3
Prof. William Hall (1)	5/5	—	5/5	3/3
Eugene McCague (1)	4/5	3/4	—	3/3
Julie O'Neill (1)	5/5	—	—	—
Mary Pendergast (1)	5/5	—	5/5	—

(1) Independent Director as defined under NASDAQ Rule 5605(a)(2).

(2) All decisions by the Execution Committee were made by written resolution and therefore no meetings were held.

## D. Employees

At December 31, 2020, December 31, 2019 and December 31, 2018 we employed approximately 15,730, 14,650 and 13,670 people respectively. Our employees are not unionized and we believe we have a satisfactory relationship with our employees.

## E. Share Ownership

### Shares

The following table sets forth certain information as of February 24, 2021 regarding beneficial ownership of our ordinary shares by all of our current Directors and executive officers. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their ordinary shares, except to the extent authority is shared by spouses under applicable law.

<b>Name of Owner or Identity of Group</b>	<b>No. of Shares (1)</b>	<b>% of total Shares</b>
Mr. Ciaran Murray	710	—
Dr. Steve Cutler	26,601	0.05 %
Mr. Brendan Brennan	19,472	0.04 %
Mr. Rónán Murphy	710	—
Professor Hugh Brady	—	—
Dr. John Climax	563,278	1.07 %
Ms. Joan Garahy	710	—
Professor William Hall	—	—
Mr. Eugene McCague	710	—
Ms. Julie O'Neill	520	—
Ms. Mary Pendergast	767	—

- (1) As used in these tables, each person has the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (i.e. the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security if that such person has the right to acquire such security within 60 days after such date.



## Restricted Share Units and Performance Share Units

The following table sets forth certain information as of February 24, 2021 regarding beneficial ownership of Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”) which have been issued to our current Directors and executive officers.

Name of Owner or Identity of Group	No. of RSUs	Vesting Date	No. of PSUs <sup>(1)</sup>	Vesting Date
Mr. Ciaran Murray	1,201	May 22, 2021		
Dr. Steve Cutler	4,302	March 3, 2021	15,050	March 3, 2021
	3,578	March 3, 2021	12,526	March 3, 2022
	3,200	March 3, 2021	11,202	March 3, 2023
	3,581	March 3, 2022		
	3,200	March 3, 2022		
	3,201	March 3, 2023		
Mr. Brendan Brennan	1,010	March 3, 2021	3,532	March 3, 2021
	780	March 3, 2021	2,731	March 3, 2022
	692	March 3, 2021	2,425	March 3, 2023
	781	March 3, 2022		
	692	March 3, 2022		
	694	March 3, 2023		
Mr. Rónán Murphy	1,201	May 22, 2021		
Professor Hugh Brady	1,201	May 22, 2021		
Dr. John Climax	1,201	May 22, 2021		
Ms. Joan Garahy	1,201	May 22, 2021		
Professor William Hall	1,201	May 22, 2021		
Mr. Eugene McCague	1,201	May 22, 2021		
Ms. Julie O'Neill	1,201	May 22, 2021		
Ms. Mary Pendergast	1,201	May 22, 2021		

- (1) Of the issued PSUs, performance conditions will determine how many vest. If performance targets are exceeded, additional PSUs will be issued and will vest in accordance with the terms of the relevant PSU award. The PSUs vest based on service and specified EPS targets over the periods 2018 – 2020, 2019 – 2021 and 2020 – 2022. Depending on the actual amount of EPS from 2018 to 2022, up to a maximum of 47,466 additional PSUs may also be granted to Dr. Steve Cutler and Mr. Brendan Brennan.

## Share Options

The following table sets forth certain information as of February 24, 2021 regarding options to acquire ordinary shares of the Company by all of our current Directors and executive officers.

Name of Owner or Identity of Group	No. of Options <sup>(1)</sup>	Exercise price	Expiration Date
Mr. Ciaran Murray	45,948	\$71.95	March 4, 2024
	7,693	\$90.03	May 19, 2025
	5,005	\$125.74	May 18, 2026
Dr. Steve Cutler	6,128	\$71.95	March 4, 2024
	25,156	\$83.47	March 3, 2025
	29,613	\$115.11	March 3, 2026
	32,272	\$140.38	March 3, 2027
	42,386	\$159.33	March 3, 2028
Mr. Brendan Brennan	13,611	\$71.95	March 4, 2024
	14,206	\$83.47	March 3, 2025
	9,584	\$115.11	March 3, 2026
	8,796	\$140.38	March 3, 2027
	9,176	\$159.33	March 3, 2028
Mr. Rónán Murphy	4,617	\$90.03	May 19, 2025
	5,005	\$125.74	May 18, 2026
Professor Hugh Brady	2,113	\$65.60	May 20, 2024
	3,079	\$90.03	May 19, 2025
Dr. John Climax	2,500	\$32.37	May 1, 2021
	10,000	\$40.83	May 23, 2022
	10,000	\$68.39	March 18, 2023
	10,557	\$65.60	May 20, 2024
	7,693	\$90.03	May 19, 2025
	5,005	\$125.74	May 18, 2026
Ms. Joan Garahy	5,005	\$125.74	May 18, 2026
Professor William Hall	2,113	\$65.60	May 20, 2024
	3,079	\$90.03	May 19, 2025
Mr. Eugene McCague	5,005	\$125.74	May 18, 2026
Ms. Mary Pendergast	10,000	\$40.83	May 23, 2022
	10,000	\$68.39	March 18, 2023
	10,557	\$65.60	May 20, 2024
	7,693	\$90.03	May 19, 2025
	5,005	\$125.74	May 18, 2026

The title of securities covered by all of the above options are non-qualified.

In February 2018, the Board approved the appointment of Mr. Murray as Chairman of the Board of Directors with effect from May 12, 2018. Mr. Murray ceased to be an employee of the Company as of this date. Mr. Murray was granted and held ordinary share options, Restricted Share Units and Performance Share Units as Chief Financial Officer, Chief Executive Officer and Executive Chairman. The vesting of the ordinary share options and Restricted Share Units which were unvested on Mr. Murray ceasing to be an ICON plc employee (May 12, 2018) were accelerated and the outstanding ordinary share options and Restricted Share Units vested on that date. The unvested Performance Share Units with vesting dates between May 12, 2018 and March 2019 were forfeited on Mr. Murray ceasing to be an ICON plc employee on May 12, 2018.

### Equity Incentive Plans

On April 30 2019, the Company approved the 2019 Consultants and Directors Restricted Share Unit Plan (the "2019 Consultants RSU Plan"), which was effective as of May 16, 2019, pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may select any consultant, adviser or Non-Executive Director retained by the Company, or a Subsidiary to receive an award under the plan. 250,000 ordinary shares have been reserved for issuance under the 2019 Consultants RSU Plan. The awards are at par value and vest over a service period. Awards granted to Non-Executive Directors during 2019 and 2020 vest over twelve months.

On April 23, 2013 the Company adopted the 2013 Employees Restricted Share Unit and Performance Share Unit Plan (the "2013 RSU Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may select any employee, or any Director holding a salaried office or employment with the Company, or a Subsidiary to receive an award under the plan. On May 11, 2015, the 2013 RSU Plan was amended and restated in order to increase the number of ordinary shares that can be issued under the RSU Plan by 2.5 million shares. Accordingly, an aggregate of 4.1 million ordinary shares have been reserved for issuance under the 2013 RSU Plan. The shares are awarded at par value and vest over a service period. Awards under the 2013 RSU Plan may be settled in cash or shares at the option of the Company.

On July 21, 2008 the Company adopted the Employee Share Option Plan 2008 (the "2008 Employee Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may grant options to any employee, or any Director holding a salaried office or employment with the Company or a Subsidiary for the purchase of ordinary shares. On the same date, the Company also adopted the Consultants Share Option Plan 2008 (the "2008 Consultants Plan"), pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may grant options to any consultant, adviser or Non-Executive Director retained by the Company or any Subsidiary for the purchase of ordinary shares.

On February 14, 2017 both the 2008 Employee Plan and the 2008 Consultants Plan (together the "2008 Option Plans") were amended and restated in order to increase the number of options that can be issued under the 2008 Consultants Plan from 0.4 million to 1.0 million and to extend the date for options to be granted under the 2008 Option Plans. An aggregate of 6.0 million ordinary shares have been reserved under the 2008 Employee Plan as reduced by any shares issued or to be issued pursuant to options granted under the 2008 Consultants Plan under which a limit of 1.0 million shares applies. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2008 Employee Option Plan, during any calendar year to any employee shall be 0.4 million ordinary shares. There is no individual limit under the 2008 Consultants Plan. No options may be granted under the 2008 Option Plans after February 14, 2027.

Each option granted under the 2008 Option Plans will be a nonqualified stock option, or NSO and not an incentive stock option as described in Section 422 of the Internal Revenue Code. Each grant of an option under the 2008 Options Plans will be evidenced by a Stock Option Agreement between the optionee and the Company. The exercise price will be specified in each Stock Option Agreement, however, option prices will not be less than 100% of the fair market value of an ordinary share on the date the option is granted.

On January 17, 2003 the Company adopted the Share Option Plan 2003 (the "2003 Share Option Plan") pursuant to which the Compensation and Organization Committee of the Board could grant options to officers and other employees of the Company or its subsidiaries for the purchase of ordinary shares. An aggregate of 6.0 million ordinary shares were reserved under the 2003 Share Option Plan; and, in no event could the number of ordinary shares issued pursuant to options awarded under this plan exceed 10% of the outstanding shares, as defined in the 2003 Share Option Plan, at the time of the grant, unless the Board expressly determined otherwise. Further, the maximum number of ordinary shares with respect to which options could be granted under the 2003 Share Option Plan during any calendar year to any employee was 0.4 million ordinary shares. The 2003 Share Option Plan expired on January 17, 2013. No new options may be granted under this plan.

Share option awards are granted with an exercise price equal to the market price of the Company's shares at date of grant. Share options typically vest over a period of five years from date of grant and expire eight years from date of grant. Share options granted to Non-Executive Directors during 2018 vest over 12 months and expire eight years from the date of grant.

**Item 7. Major Shareholders and Related Party Transactions.****A. Major Shareholders**

The following table sets forth certain information regarding beneficial ownership of ICON's ordinary shares as of February 24, 2021 (i) by each person that beneficially owns more than 5% of the outstanding ordinary shares, based upon information known to us and publicly available information; and (ii) by all of our current Directors, officers and other key employees as a group. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their ordinary shares, except to the extent authority is shared by spouses under applicable law. None of the persons listed below have voting rights that differ from any other person listed below.

Name of Owner or Identity of Group	2020		2019 (4)		2018 (5)	
	No. of Shares (1)	Percent of Class	No. of Shares (1)	Percent of Class	No. of Shares (1)	Percent of Class
Wellington Management Company, LLP (2)	3,989,007	7.6 %	3,800,959	7.1 %	3,728,130	6.9 %
WCM Investment Management (2)	3,976,550	7.5 %	3,643,211	6.8 %	5,272,086	9.8 %
Comgest S.A. (2)	2,648,983	5.0 %	1,760,847	3.3 %	328,333	0.6 %
All Directors, officers and other key employees as a group (3)	1,152,168	2.2 %	1,278,374	2.4 %	1,578,677	2.9 %

- (1) As used in this table, each person has the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security if that such person has the right to acquire such security within 60 days after such date.
- (2) Neither the Company nor any of its officers, Directors or affiliates holds any voting power in this entity.
- (3) Includes 390,100 ordinary shares issuable upon the exercise of stock options granted by the Company, 39,425 RSUs awarded by the Company to Directors, officers and other key employees and 105,776 PSUs awarded by the Company to Directors, officers and other key employees. Of the PSUs, performance conditions determine how many of them will vest and, if performance targets are exceeded, additional PSUs will be issued and vest in accordance with the terms of the relevant PSU award, the figure included is the maximum amount of PSUs that may be issued.
- (4) Amounts shown above are stated as of February 27, 2020.
- (5) Amounts shown above are stated as of March 1, 2019.

ICON plc, is not directly or indirectly, owned or controlled by another corporation or by any government.

**B. Related Party Transactions**

Subsidiaries of the Company earned revenue of \$321,000 (December 31, 2019: \$95,000) from DS Biopharma Limited (formerly Dignity Sciences Limited) during the year. Dr. John Climax is Chief Executive Officer and a Director and shareholder of DS Biopharma Limited. \$41,000 was recorded as due from DS Biopharma Limited at December 31, 2020 (December 31, 2019: \$36,000). The contract terms were agreed on an arm's length basis.

On July 24, 2020, a subsidiary of the Company, ICON Clinical Research Limited, entered into an agreement to jointly establish a new company, Oncacare, with a third party. The Company has invested \$4.9 million to obtain a 49% interest in the voting share capital of Oncacare, of which, \$2.5 million has been paid with the remainder to be paid in the next twelve months. This balance remains outstanding at the year ended December 31, 2020. The majority investor has the right to sell the 51% majority voting share capital exclusively to the Company in an eighteen month period, commencing January 1, 2023 and ICON also has the right to acquire the 51% majority voting share capital from August 1, 2025.

**Item 8. Financial Information.****A. Consolidated Statements and Other Financial Information**

See Item 18.

## Legal Proceedings

On April 20, 2020, an individual named Chrystal Miller (“Miller”) who previously worked for a subsidiary of the Company, ICON Clinical Research LLC (“ICON Clinical”), filed a putative class action lawsuit, Chrystal Miller v. ICON plc et al., in the Superior Court of California, County of San Mateo. Her lawsuit was brought against the Company, ICON Clinical, DOCS Global, Inc., a subsidiary of the Company, and an individual former employee of ICON Clinical (collectively, “the ICON defendants”). The complaint alleges that the ICON defendants violated the California Labor Code and the California Business & Professions Code by failing to pay overtime wages, provide meal and rest periods, provide accurate, itemized wage statements, and timely pay all final wages to Clinical Research Associates employed in California since April 20, 2016. The suit seeks monetary damages, interest, injunctive relief, and attorneys’ fees and costs. On June 22, 2020, the case was removed to the U.S. District Court, Northern District of California. On November 4, 2020, the federal court remanded the case to San Mateo Superior Court. On December 23, 2020, ICON Clinical filed a cross-complaint against Miller alleging causes of action for fraud, negligent misrepresentation, conversion, breach of contract, and accounting. The ICON defendants deny the allegations that they have acted unlawfully and are vigorously defending the lawsuit.

We do not expect the Miller litigation or any other litigation to have a materially adverse effect on our financial condition or results of operations. However, from time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

## Dividend Policy

We have not paid cash dividends on our ordinary shares and do not currently intend to pay cash dividends on our ordinary shares in the foreseeable future.

### B. Significant Changes

There have been no significant changes to our business that we believe could reasonably be expected to have a material adverse effect on our business, results of operations and financial condition.

## Item 9. The Offer and Listing.

### A. Offer and listing details

ICON’s ordinary shares are traded on the NASDAQ Global Select Market under the symbol “ICLR”. ICON plc’s ADR program was terminated on January 31, 2013 and ICON plc’s ordinary shares began directly trading on NASDAQ on February 4, 2013. Prior to that date, ICON plc’s ADSs were traded on NASDAQ and ICON plc’s Depository for the ADSs was The Bank of New York Mellon.

### B. Plan of distribution

Not applicable

### C. Markets

NASDAQ

### D. Selling shareholders

Not applicable

### E. Dilution

Not applicable

## Item 10. Additional Information.

### A. Share Capital

Not applicable.

### B. Memorandum and articles of association

#### Constitution

We hereby incorporate by reference our Constitution, as amended, located under the heading “Constitution of the Company” in Exhibit 3.1.

The following is a summary of certain provisions of the current Constitution of the Company. This summary does not purport to be complete and is qualified in its entirety by reference to the complete text of the Constitution of the Company, which are included as an exhibit to this annual report.

#### *Objects*

The Company is incorporated under the name ICON plc, and is registered in Ireland under registered number 145835. The Company's objects, which are detailed in the Constitution of the Company, are broad and include, but are not limited to the carrying on the business of an investment holding company.

#### *Directors*

Subject to certain exceptions, Directors may not vote on matters in which they have a material interest. Any Director who holds any executive office, serves on any Committee or otherwise performs services, which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine. The Directors may exercise all the powers of the Company to borrow money. These powers may be amended by special resolution of the shareholders. The Directors are not required to retire at any particular age. One-third of the Directors retire and offer themselves for re-election at each Annual General Meeting ("AGM") of the Company. The Directors to retire by rotation are those who have been longest in office since their last appointment or reappointment. As between persons who became or were appointed Directors on the same date, those to retire are determined by agreement between them or, otherwise, by lot. All of the shareholders entitled to attend and vote at the AGM may vote on the re-election of Directors. There is no requirement for Directors to hold shares set out in the Constitution.

#### *Rights, Preferences and Dividends Attaching to Shares*

The Company has only one class of shares, Ordinary Shares with a par value of €0.06 per share. All such Ordinary Shares rank equally with respect to voting, payment of dividends and on any winding-up of the Company. Any dividend, interest or other sum payable to a shareholder that remains unclaimed for one year after having been declared may be invested by the Directors for the benefit of the Company until claimed. If the Directors so resolve, any dividend which has remained unclaimed for 12 years from the date of its declaration shall be forfeited and cease to remain owing by the Company. In the event of the Company being wound up, if the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Ordinary Shares held by them respectively. An Ordinary Share shall be deemed to be a redeemable share in certain circumstances. The liability of shareholders to invest additional capital is limited to the amounts remaining unpaid on the shares held by them.

#### *Action Necessary to Change the Rights of Shareholders*

The rights attaching to shares in the Company may be varied by special resolutions passed at class meetings of that class of shareholders of the Company.

#### *Annual and General Meetings*

The AGM shall be held in such place and at such time as shall be determined by the board, but no more than 15 months shall pass between the dates of consecutive AGMs. Directors may call an Extraordinary General Meeting ("EGM") at any time. The members, in accordance with the Constitution of the Company and Irish Company law, may also requisition EGMs. Notice of the AGM or an EGM passing any special resolution must be given at least 21 clear days prior to the scheduled date and, in the case of any other general meeting, not less than 14 clear days' notice. All holders of Ordinary Shares are entitled to attend, speak at and vote at general meetings of the Company.

#### *Limitations on the Right to Own Shares*

There are no limitations on the right to own shares in the Constitution of the Company.

#### *Disclosure of Share Ownership*

Under Irish law, the Company can require parties to disclose their interests in shares. The Constitution of the Company entitle the Directors to require parties to provide details regarding their identity and the nature and extent of any interest which such parties hold in Ordinary Shares. Under Irish law, if a party acquires or disposes of Ordinary Shares so as to bring their interest above or below 3% of the total issued share capital of the Company, they must notify the Company of that. The Company would also need to be notified of the acquisition by an existing substantial (i.e. 3% plus) shareholder, of every movement of one whole percentage integer (e.g. 3.9% to 4.1% but not 4.1% to 4.9%) or more.

#### *Other Provisions of the Constitution*

There are no provisions in the Constitution of the Company:

- (i) delaying or prohibiting a change in the control of the Company, but which operate only with respect to a merger, acquisition or corporate restructuring;
- (ii) discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares; or
- (iii) governing changes in capital, in each case, where such provisions are more stringent than those required by law.

### C. Material Contracts

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) that has been entered into: (a) within the two years immediately preceding the date of this Form 20-F which are, or may be, material to us; or (b) at any time which contain obligations or entitlements which is, or may be, material to us as at the date of this Form 20-F:

#### Agreement and Plan of Merger

On February 24, 2021, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with PRA Health Sciences, Inc. ("PRA"), ICON US Holdings Inc., a Delaware corporation and subsidiary of ICON ("US HoldCo"), and Indigo Merger Sub, Inc., a Delaware corporation and subsidiary of ICON and US HoldCo ("Merger Subsidiary"). Upon the terms and subject to the conditions of the Merger Agreement, Merger Subsidiary will merge with and into PRA (the "Merger"), with PRA surviving as a subsidiary of ICON and US HoldCo (the "Surviving Corporation"). The Merger Agreement was unanimously approved by the Board of Directors of each of PRA, ICON, and US HoldCo.

Pursuant to the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of common stock, par value \$0.01 per share, of PRA ("PRA Common Stock") issued and outstanding immediately prior to the Effective Time (other than shares held by any shareholder who properly demands and perfects his, her or its appraisal rights with respect to such shares and treasury shares held by PRA), will be converted into the right to receive (i) from ICON, 0.4125 of one ordinary share, par value €0.06 per share, of ICON ("ICON Ordinary Shares") (the "Share Consideration") and (ii) from US HoldCo and the Surviving Corporation, \$80.00 in cash, without any interest thereon (together with the Share Consideration, the "Merger Consideration").

#### Closing Conditions

The obligation of the parties to consummate the Merger is subject to customary conditions, including, among others, (i) the approval by ICON's shareholders (the "Requisite ICON Vote") of the grant of authority to the Board of Directors of ICON to effect the issuance of ICON Ordinary Shares (the "Share Issuance"), (ii) the approval and adoption of the Merger Agreement by PRA's shareholders (the "Requisite PRA Vote"), (iii) the absence of any court order or law prohibiting the consummation of the Merger, the Share Issuance or other transactions contemplated by the Merger Agreement, (iv) the early termination or expiration of any applicable waiting period or periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and specified approvals under certain other antitrust and foreign investment laws, including the expiration or termination of all applicable waiting or other time periods, (v) the ICON Ordinary Shares to be issued in the Merger having been approved for listing on the Nasdaq, (vi) the effectiveness of the registration statement of ICON pursuant to which the ICON Ordinary Shares to be issued in the Merger will be registered with the SEC, (vii) compliance by ICON and PRA in all material respects with their respective obligations under the Merger Agreement, and (viii) subject in most cases to exceptions that do not rise to the level of a "Parent Material Adverse Effect" or a "Company Material Adverse Effect" (each as defined in the Merger Agreement), as applicable, the accuracy of representations and warranties made by ICON and PRA, respectively.

#### Representations and Warranties; Covenants

The Merger Agreement contains customary representations and warranties from both ICON and PRA with respect to each party's business. The Merger Agreement also contains customary covenants, including covenants by each of ICON and PRA to, subject to certain exceptions (including reasonable actions taken in response to COVID-19), use reasonable best efforts to conduct its business in the ordinary course during the interim period between the execution of the Merger Agreement and the consummation of the Merger.

Under the Merger Agreement, each of ICON and PRA has agreed to use its reasonable best efforts to take all actions and to do all things necessary, proper or advisable to consummate the Merger, including obtaining all consents from governmental authorities and taking all steps as may be reasonably necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental authorities, in order to consummate the Merger and the other transactions contemplated by the Merger Agreement. Notwithstanding such general obligation, ICON and PRA are not required to take any action that would reasonably be expected to have a material adverse effect on ICON, PRA and their respective subsidiaries, taken as a whole.

The Merger Agreement provides that ICON will take all reasonably necessary actions to cause, as of the Closing (as defined in the Merger agreement), PRA's CEO and one additional current member of the Board of Directors of PRA to be appointed to the Board of Directors of ICON, until the next annual general meeting of ICON shareholders and ICON will take all reasonably necessary action to nominate such two new directors for re-election to the Board of Directors of ICON at the next annual general meeting of ICON's shareholders, in accordance with and subject to the charter documents and governance policies of ICON and applicable law.

## Shareholder Meetings; Non-Solicitation; Intervening Events

The Merger Agreement requires each of ICON and PRA to convene a shareholder meeting for purposes of obtaining the Requisite ICON Vote and the Requisite PRA Vote, respectively. In addition, subject to certain exceptions, each of ICON and PRA have agreed (i) not to solicit alternative transactions or enter into discussions concerning, or provide information in connection with, any alternative transaction and (ii) that its Board of Directors will recommend that its shareholders approve the granting of authority to the Board of Directors of ICON to effect the Share Issuance, in the case of ICON, and adopt the Merger Agreement, in the case of PRA.

Prior to the Requisite ICON Vote, the Board of Directors of ICON may, in connection with a "Parent Intervening Event" (as defined in the Merger agreement), change its recommendation, subject to complying with notice and other specified conditions, including giving PRA the opportunity to propose changes to the Merger Agreement in response to such Parent Intervening Event, if the Board of Directors of ICON determines that the failure to do so would be inconsistent with its fiduciary duties under applicable law.

Prior to the Requisite PRA Vote, the Board of Directors of PRA may, in connection with (i) the receipt of a "Company Superior Proposal" (as defined in the Merger Agreement), or (ii) a "Company Intervening Event" (as defined in the Merger Agreement), change its recommendation, subject to complying with notice and other specified conditions, including giving ICON the opportunity to propose changes to the Merger Agreement in response to such Company Superior Proposal or Company Intervening Event, as applicable, if the Board of Directors of PRA determines that the failure to do so would be inconsistent with its fiduciary duties under applicable law.

## Termination

The Merger Agreement contains certain customary termination rights for ICON and PRA. Subject to certain limitations, the Merger Agreement may be terminated by either ICON or PRA if (i) the Merger is not consummated on or before February 24, 2022 (such date, as extended, the "End Date"), (x) subject to automatic extension for three months if all of the conditions to the closing, other than the conditions related to obtaining regulatory approvals, have been satisfied or waived and (y) in the event that an antitrust litigation is pending, subject to automatic extension for a maximum of 18 months from the date of the Merger Agreement (inclusive of any extensions), (ii) a final court order makes the Merger illegal or a law is enacted to prohibit the Merger and (iii) if the Requisite ICON Vote or the Requisite PRA Vote is not obtained.

In addition, ICON may terminate the Merger Agreement (subject to certain limitations): (i) if prior to the Requisite PRA Vote, the Board of Directors of PRA has changed its recommendation that PRA shareholders vote in favor of the approval and adoption of the Merger Agreement; or (ii) if PRA has breached or failed to perform any of its representations, warranties, covenants or other agreements such that a condition to ICON's obligation to consummate the Merger would fail to be satisfied, and such breach or failure is not cured during a 30-day cure period or is incapable of being cured by the End Date.

PRA will be obligated to pay to ICON and US HoldCo a termination fee of \$277,000,000 in the event the Merger Agreement is terminated: (i) by ICON in accordance with the termination right described in clause (i) in the immediately preceding paragraph; (ii) by PRA in order to enter into a definitive agreement providing for a Company Superior Proposal; (iii) by ICON or PRA due to the failure to obtain the Requisite PRA Vote at a time when the Merger Agreement was terminable by ICON in accordance with the termination right described in clause (i) in the immediately preceding paragraph; (iv) by ICON in accordance with the termination right described in clause (ii) in the immediately preceding paragraph or by either ICON or PRA due to the failure to consummate the Merger on or before the End Date, if (a) prior to termination of the Merger Agreement, a Company Takeover Proposal has been publicly disclosed or otherwise publicly known or otherwise made to the Board of Directors of PRA and not publicly withdrawn at least seven business days prior to such termination, and (b) within 12 months of termination of the Merger Agreement, PRA enters into certain agreements with respect to a Company Takeover Proposal or any Company Takeover Proposal is consummated; or (v) by ICON or PRA due to failure to obtain the Requisite PRA Vote, if (a) at or prior to the PRA shareholder meeting convened for purposes of obtaining the Requisite PRA Vote, a Company Takeover Proposal has been publicly disclosed or otherwise publicly known or otherwise made to the Board of Directors of PRA and not publicly withdrawn at least seven business days prior to the PRA shareholder meeting, and (b) within 12 months of termination of the Merger Agreement, PRA enters into certain agreements with respect to a Company Takeover Proposal or any Company Takeover Proposal is consummated. In addition, if the Merger Agreement is terminated because of a failure of PRA's shareholders to approve and adopt the Merger Agreement, PRA is required to reimburse ICON and US HoldCo for its expenses in an amount equal to \$100,000,000. In no event would ICON be entitled to receive more than one termination fee or more than one expense reimbursement. Upon payment by PRA of a termination fee, any previously paid expense reimbursements shall be credited against the amount of such termination fee.



In addition, PRA may terminate the Merger Agreement: (i) prior to the receipt of the Requisite PRA Vote, in order to enter into a definitive agreement providing for a Company Superior Proposal if certain conditions are met; (ii) if prior to the Requisite ICON Vote, the Board of Directors of ICON has changed its recommendation that ICON shareholders vote in favor of the grant of authority to the Board of Directors of ICON to effect the Share Issuance; or (iii) if ICON has breached or failed to perform any of its representations, warranties, covenants or other agreements such that a condition to PRA's obligation to consummate the Merger would fail to be satisfied, and such breach or failure is not cured during a 30-day cure period or is incapable of being cured by the End Date.

ICON and US HoldCo will be obligated to pay to PRA a termination fee of \$388,000,000 in the event the Merger Agreement is terminated: (i) by PRA in accordance with the termination right described in clause (ii) in the immediately preceding paragraph; (ii) by ICON or PRA due to the failure to obtain the Requisite ICON Vote at a time when the Merger Agreement was terminable by PRA in accordance with the termination right described in clause (ii) in the immediately preceding paragraph; (iii) by PRA in accordance with the termination right described in clause (iii) in the immediately preceding paragraph or by ICON or PRA due to the failure to consummate the Merger on or before the End Date, if (a) prior to termination of the Merger Agreement, a Parent Takeover Proposal has been publicly disclosed or otherwise publicly known or otherwise made to the Board of Directors of ICON and not publicly withdrawn at least seven business days prior to such termination, and (b) within 12 months of termination of the Merger Agreement, ICON enters into certain agreements with respect to a Parent Takeover Proposal or any Parent Takeover Proposal is consummated; or (v) by ICON or PRA due to failure to obtain the Requisite ICON Vote, if (a) at or prior to the ICON shareholder meeting convened for purposes of obtaining the Requisite ICON Vote, a Parent Takeover Proposal has been publicly disclosed or otherwise publicly known or otherwise made to the Board of Directors of ICON and not publicly withdrawn at least seven business days prior to the ICON shareholder meeting, and (b) within 12 months of termination of the Merger Agreement, ICON enters into certain agreements with respect to a Parent Takeover Proposal or any Parent Takeover Proposal is consummated. In addition, if the Merger Agreement is terminated because of a failure of ICON's shareholders to approve the grant of authority to the Board of Directors of ICON to effect the Share Issuance, ICON is required to reimburse PRA for its expenses in an amount equal to \$120,000,000. In no event would PRA be entitled to receive more than one termination fee or more than one expense reimbursement. Upon payment by ICON of a termination fee, any previously paid expense reimbursements shall be credited against the amount of such termination fee.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which has been filed as an exhibit to a Form 6-K filed with the SEC on February 24, 2021. The Merger Agreement should not be read alone but should instead be read in conjunction with the other information regarding the Merger Agreement, the Merger, ICON, PRA, their respective affiliates and their respective businesses, that will be contained in, or incorporated by reference into, the Registration Statement on Form F-4 that will include a joint proxy statement of ICON and PRA, a prospectus of ICON, and an extraordinary general meeting notice of ICON, as well as in the Forms 10-K, Forms 10-Q, Forms 8-K, and other filings, and the Forms 20-F and 6-K, and other filings, that each of ICON and PRA make with the SEC, respectively.

#### **D. Exchange Controls and Other Limitations Affecting Security Holders**

Irish exchange control regulations ceased to apply from and after December 31, 1992. Except as indicated below, there are no restrictions on non-residents of Ireland dealing in domestic securities, which includes shares or depository receipts of Irish companies. Except as indicated below, dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities.

The Financial Transfers Act, 1992 gives power to the Minister for Finance of Ireland to make provision for the restriction of financial transfers between Ireland and other countries and persons. Financial transfers are broadly defined, and include all transfers which would be movements of capital or payments within the meaning of the treaties governing the European Communities. The acquisition or disposal of shares issued by an Irish incorporated company and associated payments may fall within this definition. In addition, dividends or payments on redemption or purchase of shares and payments on a liquidation of an Irish incorporated company would fall within this definition.

The Financial Transfers Act, 1992 prohibits financial transfers involving a number of persons, entities and bodies, which is subject to amendment on an ongoing, regular basis and currently includes, but is not limited to: certain persons and activities in Sudan, South Sudan, the Central African Republic, Libya, Iraq, the Democratic People's Republic of Korea, Myanmar/Burma, Tunisia, Zimbabwe, Egypt, Venezuela, certain persons, entities and bodies in Syrian Arab Republic, the Republic of Guinea-Bissau, Nicaragua, Democratic Republic of Congo, Iran, Ukraine, associated with the Taliban in Afghanistan; associated with ISIL (Da'esh) and Al-Qaeda; associated with Turkey's unauthorized drilling activities in the Eastern Mediterranean and certain known terrorists and terrorist groups and countries that harbor certain terrorist groups, without the prior permission of the Central Bank of Ireland.

There are no restrictions under the Company's Constitution or under Irish Law that limit the right of non-residents or foreign owners to hold the Company's ordinary shares or vote at general meetings of the Company.

## E. Taxation

### General

The following discussion is based on existing Irish tax law, Irish court decisions and the practice of the Revenue Commissioners of Ireland, and the convention between the United States and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to income and capital gains (the "Treaty"). This discussion does not purport to deal with the tax consequences of owning the ordinary shares for all categories of investors, some of which may be subject to special rules. Prospective purchasers of ordinary shares are advised to consult their own tax advisors concerning the overall tax consequences arising in their own particular situations under Irish law. Each prospective investor should understand that future legislative, administrative and judicial changes could modify the tax consequences described below, possibly with retroactive effect.

As used herein, the term "U.S. Holder" means a beneficial owner of ordinary shares that (i) owns the ordinary shares as capital assets; (ii) is a U.S. citizen or resident, a U.S. corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust that meets the following two tests: (A) a U.S. court is able to exercise primary supervision over the administration of the trust, and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust; and for the purpose of the discussion under Irish Taxation of U.S. Holders (A) is not a resident of, or ordinarily resident in, Ireland for the purposes of Irish tax; and (B) is not engaged in trade or business in Ireland through a permanent establishment.

AS USED HEREIN, REFERENCES TO THE ORDINARY SHARES SHALL INCLUDE SHARES HELD IN THE ACCOUNTS OF PARTICIPANTS THROUGH THE DEPOSITARY TRUST COMPANY ("THE DTC").

### Irish Taxation

#### *Irish corporation tax on income*

ICON is a public limited company incorporated and resident for tax purposes in Ireland by virtue of its place of central management and control being in Ireland.

Companies which are resident in the Republic of Ireland are subject to Irish corporation tax on their total profits (wherever arising and, generally, whether or not remitted to the Republic of Ireland). The question of residence, by virtue of management and control, is essentially one of fact. It is the present intention of the Company's management to continue to manage and control the Company from the Republic of Ireland, so that the Company will continue to be resident in the Republic of Ireland.

The standard rate of Irish corporation tax on trading income (with certain exceptions) is currently 12.5%.

A research and development tax credit is available in Ireland where an Irish resident company incurs qualifying expenditure on research and development activities. Qualifying expenditure incurred in a particular account period results in a tax credit of 25% of that expenditure.

Corporation tax is charged at the rate of 25% on a company's non-trading income and certain types of trading income not eligible for the lower rate of 12.5% referred to above.

Capital gains arising to an Irish resident company are liable to tax at 33%. However, a capital gains tax exemption is available in Ireland for qualifying Irish resident companies in respect of disposals of certain qualifying shareholdings.

The exemption from capital gains tax on the disposal of shares by an Irish resident company will apply where certain conditions are met. These conditions principally are:

- The company claiming the exemption must hold (directly or indirectly) at least 5% of the ordinary share capital of the company in which the interest is being disposed of, throughout a continuous period of at least 12 months, within the two year period prior to disposal;
- The shares being disposed of must be in a company, which at the date of disposal, is resident in a Member State of the European Communities or in a country with which Ireland has signed or made specific arrangements to sign a double tax agreement (together a "Relevant Territory");
- The shares must be in a company which is primarily a trading company or the company making the disposal together with its "5% plus subsidiaries" should be primarily a trading group; and
- The shares must not derive the greater part of their value from land or mineral rights in the State.

#### *Irish withholding tax on dividends*

Unless specifically exempted, all dividends paid by the Company, will be subject to Irish withholding tax. The current rate for dividend withholding tax is 25% (previously 20%).

An individual shareholder who is neither resident nor ordinarily resident for tax purposes in Ireland, but is resident in a country with which Ireland has a double tax treaty, or in a member state of the European Communities, other than Ireland (together, a Relevant Territory), will be exempt from withholding tax provided he or she makes the requisite declaration.

Irish resident corporate shareholders will be exempt from withholding tax. Where the shareholding held by the recipient Company, in the company paying the dividend is not 51% or greater a declaration must be made in order to avail of the exemption.

Non-Irish resident corporate shareholders will be exempt from withholding tax on the production of the appropriate certificates and declarations where they:

- are resident in a Relevant Territory and are not controlled (directly or indirectly) by Irish residents;
- are ultimately controlled (directly or indirectly) by residents of a Relevant Territory; or
- have the principal class of their shares, or shares of a 75% parent, substantially and regularly traded on one or more recognized stock exchanges in a Relevant Territory (including Ireland) or Territories; or
- are wholly owned by two or more companies, each of whose principal class of shares is substantially and regularly traded on one or more recognized stock exchanges in a Relevant Territory (including Ireland) or Territories.

U.S. holders of ordinary shares should note, however, that detailed documentation requirements may need to be complied with. Special arrangements are available in the case of an interest in shares held in Irish companies through a depository or in accounts of participants through the DTC. In certain cases the depository or the DTC can receive and pass on a dividend from an Irish company without deducting withholding tax, provided the depository or the DTC is a qualifying intermediary, and provided the person beneficially entitled to the distribution would meet the same conditions outlined above for the withholding tax exemption to apply and has provided the qualifying intermediary with the appropriate declarations. The depository or the DTC shall be regarded as a qualifying intermediary provided the following conditions are met:

- the depository or the DTC is resident in a Relevant Territory; and
- the depository or the DTC have entered into a qualifying intermediary agreement with the Irish tax authorities; and
- the depository or the DTC have been authorized by the Irish Revenue Commissioners as a qualifying intermediary and such authorization has not expired or been revoked.

#### *Irish income tax on dividends*

Irish resident or ordinarily resident shareholders will generally be liable to Irish income tax on dividend income at their marginal rate of income tax. This income may also be liable to Pay Related Social Insurance ("PRSI") of up to 4% and the Universal Social Charge ("USC") of up to 11% (up to 15% in total).

Under certain circumstances, non-Irish resident shareholders will be subject to Irish income tax on dividend income. This liability is limited to tax at the standard rate of 20% and therefore, where withholding tax has been deducted, this will satisfy the tax liability. No PRSI or USC should apply in these circumstances.

However, a non-Irish resident shareholder will not have an Irish income tax liability on dividends from the Company if the holder is neither resident nor ordinarily resident in the Republic of Ireland and the holder is:

- an individual resident in the U.S. or in a Relevant Territory;
- a corporation that is ultimately controlled by persons resident in the U.S. or in a Relevant Territory;
- a corporation whose principal class of shares (or its 75% or greater parent's principal class of shares) is substantially and regularly traded on a recognized stock exchange in an EU country or in a Relevant Territory;
- a corporation resident in another EU member state or in a Relevant Territory, which is not controlled directly or indirectly by Irish residents; or
- a corporation that is wholly owned by two or more corporations each of whose principal class of shares is substantially and regularly traded on a recognized stock exchange in an EU country or in a Relevant Territory.

U.S. Holders who do not qualify for the above income tax exemption may be able to obtain treaty benefits under the double tax treaty.

#### *Irish domicile levy*

Certain non-Irish resident individuals that are domiciled in Ireland will be subject to an annual levy of €200,000 if the market value of their Irish-located property on December 31 exceeds €5,000,000, their worldwide annual income exceeds €1,000,000 and their liability to Irish Income Tax in that year is less than €200,000.

#### *Irish capital gains tax on disposal of shares*

Irish resident or ordinarily resident shareholders will be liable to capital gains tax at 33% on gains arising from the disposal or part disposal of their shareholding.

A person who is not resident or ordinarily resident in Ireland, who has not been an Irish resident within the past five years and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish capital gains tax on the disposal of ordinary shares or shares held in accounts of participants through the DTC, so long as the shares do not derive the greater part of their value from Irish land or mineral rights.

There are provisions to subject a person who disposes of an interest in a company while temporarily being non-Irish resident, to Irish capital gains tax. This treatment will apply to Irish domiciled individuals:

- who cease to be Irish resident;
- who beneficially own the relevant assets when they cease to be resident;
- if there are not more than 5 years of assessment between the last year of Irish tax residence prior to becoming temporarily non-resident and the tax year that he/she resumes Irish tax residency;
- who dispose of the relevant assets during this temporary non-residence; and
- the interest disposed of represents 5% or greater of the issued share capital of the company or is worth at least €500,000.

In these circumstances the person will be deemed, for Irish capital gains tax purposes, to have sold and immediately reacquired the interest in the company on the date of his or her departure and will be subject to tax at 33% of the taxable gain.

#### *Irish capital acquisitions tax*

Irish capital acquisitions tax (referred to as CAT) applies to gifts and inheritances. Subject to certain tax-free thresholds, gifts and inheritances are liable to tax at 33%.

Where a gift or inheritance is taken under a disposition made after December 1, 1999 it will be within the charge to CAT:

- to the extent that the property of which the gift or inheritance consists is situated in the Republic of Ireland at the date of the gift or inheritance;
- where the person making the gift or inheritance is or was resident or ordinarily resident in the Republic of Ireland at the date of the disposition under which the gift or inheritance is taken;
- in the case of a gift taken under a discretionary trust where the person from whom the gift is taken was resident or ordinarily resident in the Republic of Ireland at the date he/she made the settlement, or at the date of the gift or, if he/she is dead at the date of the gift, at the date of his/her death; or
- where the person receiving the gift or inheritance is resident or ordinarily resident in the Republic of Ireland at the date of the gift or inheritance.

For these purposes a non-Irish domiciled individual will not be regarded as resident or ordinarily resident in the Republic of Ireland on a particular date unless they are resident or ordinarily resident in the Republic of Ireland on that date and have been resident for the 5 consecutive tax years immediately preceding the year of assessment in which the date falls.

The person who receives the gift or inheritance ("the beneficiary") is primarily liable for CAT. In the case of an inheritance, where a beneficiary and personal representative of the deceased are both non-residents, a solicitor must be appointed to be responsible for paying inheritance tax. Taxable gifts or inheritances received by an individual since December 5, 1991 from donors in the same threshold class are aggregated and only the excess over a specified tax-free threshold is taxed.

The tax-free threshold is dependent on the relationship between the donor and the donees and the aggregation since December 5, 1991 of all previous gifts and inheritances, within the same tax threshold.

The tax-free threshold amounts that apply are:

- €16,250 in the case of persons who are not related to one another;
- €32,500 in the case of gifts or inheritances received from inter alia a brother or sister or from a brother or sister of a parent or from a grandparent; and
- €335,000 in the case of gifts and inheritances received from a parent (or from a grandparent by a minor child of a deceased child) and specified inheritances received by a parent from a child for gifts or inheritances taken on or after October 9, 2019. This threshold was €320,000 prior to October 9, 2019.

Gifts and inheritances passing between spouses are exempt from CAT.

A gift or inheritance of ordinary shares or ADSs will be within the charge to Irish capital acquisitions tax, notwithstanding that the person from whom or by whom the gift or inheritance is received is domiciled or resident outside Ireland.

The Estate Tax Convention between Ireland and the United States generally provides for Irish capital acquisitions tax paid on inheritances in Ireland to be credited against U.S. Federal Estate tax payable in the United States and for tax paid in the United States to be credited against tax payable in Ireland, based on priority rules set forth in the Estate Tax Convention. The Estate Tax Convention does not apply to Irish capital acquisitions tax paid on gifts.

#### *Irish stamp duty*

Irish stamp duty, which is a tax on certain documents, is payable on all transfers of ordinary shares (other than between spouses) whenever a document of transfer is executed. Where the transfer is attributable to a sale, stamp duty will be charged at a rate of 1%, rounded to the nearest euro. The stamp duty is calculated on the amount or value of the consideration (i.e. purchase price) or, if the transfer is by way of a gift (subject to certain exceptions) or for consideration less than the market value, on the market value of the shares. Where the consideration for the sale is expressed in a currency other than euro, the duty will be charged on the euro equivalent calculated at the rate of exchange prevailing on the date of the transfer.

Transfers through the DTC of book entry interests in shares are not subject to Irish stamp duty.

A transfer of ordinary shares by a shareholder to a depositary or custodian for deposit and a transfer of ordinary shares from the depositary or the custodian for the purposes of the withdrawal of the underlying ordinary shares in accordance with the terms of a deposit agreement will be stampable at the ad valorem rate if the transfer relates to a sale, a contemplated sale, a gift or any other change in the beneficial ownership of such ordinary shares. However transfers of ordinary shares into or out of the DTC are not subject to Irish stamp duty provided that no change in beneficial ownership of the shares has occurred and provided a contract for sale in respect of the transferring shares is not in place.

The person accountable for payment of stamp duty is normally the transferee or, in the case of a transfer by way of gift, or for a consideration less than the market value, all parties to the transfer.

Transfers of ordinary shares between associated companies (broadly, companies within a 90% group relationship and subject to the satisfaction of certain conditions) are exempt from stamp duty in the Republic of Ireland. In the case of transfers of ordinary shares where no beneficial interest passes (e.g. a transfer of shares from a beneficial owner to his nominee), no stamp duty arises.

No stamp duty shall arise on the transfer of ordinary shares where the consideration for the transfer does not exceed €1,000, provided the instrument contains a statement certifying that the transaction does not form part of a larger transaction or a series of larger transactions, in respect of which the amount of the total consideration attributable to the shares would exceed €1,000.

#### **F. Dividends and paying agents**

Not applicable

#### **G. Statement by experts**

Not applicable

#### **H. Documents on Display**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and file reports and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>.

We "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this report and more recent information automatically updates and supersedes more dated information contained or incorporated by reference in this report. Our SEC file number for Exchange Act reports is 333-08704.

As a foreign private issuer, we are exempt from certain rules under the Exchange Act, including prescribing the furnishing and content of proxy statements to shareholders.

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this report (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to us at the following address: ICON plc, South County Business Park, Leopardstown, Dublin 18, Ireland, Attention: Erina Fox, telephone number: +353 1 2912000.

#### **I. Subsidiary Information**

Not applicable

#### **Exemptions From Corporate Governance Listing Requirements Under the NASDAQ Marketplace Rules**

NASDAQ may provide exemptions from certain NASDAQ corporate governance standards to a foreign private issuer if, among other reasons those standards are contrary to a law, rule or regulation of a public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer's home country of domicile, provided, that, the foreign private issuer properly notifies NASDAQ and makes the required disclosure except to the extent that such exemptions would be contrary to United States federal securities laws.

The exemptions that the Company relies on, and the practices the Company adheres to, are as follows:

- The Company is exempt from provisions set forth in NASDAQ Rule 5620(c), which requires each issuer (other than limited partnerships) to provide for a quorum in its by-laws for any meeting of the holders of common stock, which shall in no case be less than 33.33% of the outstanding shares of the issuer's common voting stock. The Company's Constitution requires that only 3 members be present, in person or by proxy, at a shareholder meeting to constitute a quorum. This quorum requirement is in accordance with Irish law and generally accepted business practices in Ireland.
- The Company is exempt from provisions set forth in NASDAQ Rule 5635(c) which requires (other than for certain specified exceptions) shareholder approval prior to the establishment or material amendment of a stock option or purchase plan or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, Directors, employees or consultants. Irish law does not require shareholder approval with respect to equity compensation arrangements. Accordingly, the 2019 Consultants and Directors Restricted Share Unit Plan, the 2013 Employees Restricted Share Unit Plan and the amendments to the Employee Share Option Plan 2008 and Consultants Share Option Plan 2008 were adopted by the Board of Directors without shareholder approval.
- The Company is exempt from provisions set forth in NASDAQ Rule 5605(b)(2), which requires independent Directors to hold regularly scheduled meetings at which only independent Directors are present. Irish law does not require independent Directors to hold regularly scheduled meetings at which only independent Directors are present. The Company holds regularly scheduled meetings which all of the Directors may attend and the Lead Independent Director may call meetings of the independent Directors and non-employee Directors of the Board, as appropriate, in accordance with the Lead Independent Director Charter.

#### **Item 11 . Quantitative and Qualitative Disclosures about Market Risk.**

The principal market risks (i.e. risk of loss arising from adverse changes in market rates and prices) to which we are exposed include foreign currency risk and interest rate risk.

## Foreign Currency Exchange Risk

We are subject to a number of foreign currency risks given the global nature of our operations. The principal foreign currency risks to which the business is subject to includes both foreign currency translation risk and foreign currency transaction risk.

Although domiciled in Ireland, we report our results in U.S. dollars. As a consequence the results of our non-U.S. based operations, when translated into U.S. dollars, could be affected by fluctuations in exchange rates between the U.S. dollar and the currencies of those operations.

We are also subject to foreign currency transaction exposures as the currency in which our contracts are priced can be different from the currencies in which costs relating to those contracts are incurred. Our operations in the United States are not materially exposed to such currency differences as the majority of revenues and costs are in U.S. dollars. However, outside the United States the multinational nature of our activities means that contracts may be priced in a single currency, most often U.S. dollars, or euro, while costs arise in a number of currencies, depending, among other things, on which of our offices provide staff for the contract and the location of investigator sites. Although many such contracts benefit from some degree of natural hedging due to the matching of contract revenues and costs in the same currency, where costs are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material effect on our results of operations. We regularly review our foreign currency exposures and enter into forward currency contracts to manage our exposure. We had no open foreign currency contracts at December 31, 2020.

The following significant exchange rates applied during the year:

	Average Rate		Closing Rate	
	2020	2019	2020	2019
Euro:USD	1.1357	1.1183	1.2216	1.1213
Pound Sterling:USD	1.2821	1.2735	1.3670	1.3257

## Interest Rate Risk

We are exposed to interest rate risk in respect of our cash and cash equivalents and available for sale investments. Our treasury function actively manages our available cash resources and invests significant cash balances to ensure optimum returns for the Company. Financial instruments are classified either as cash and cash equivalents or available for sale investments depending upon the maturity of the related investment. Funds may be invested in the form of floating rate notes and medium term minimum "A-" rated corporate securities. We may be subject to interest rate risk in respect of interest rate changes on amounts invested. Interest rate risk is managed by monitoring the composition of the Company's investment portfolio on an ongoing basis having regard to current market interest rates and future trends.

In December 8, 2020, the Company issued new senior notes, '2020 Senior Notes' for aggregate gross proceeds of \$350.0 million in the private placement market. The 2020 Senior Notes were issued in two tranches; Series A Notes of \$275.0 million at a fixed interest rate of 2.32% and Series B Notes of \$75.0 million at a fixed interest rate of 2.43%. The effective interest rate is adjusted by the impact of an interest rate cash flow hedge which was entered into in advance of the rate fixing date. This cash flow hedge was deemed to be fully effective in accordance with ASC 815 'Derivatives and Hedging'. The realized loss related to this derivative is recorded within other comprehensive income and is amortized over the life of the 2020 Senior Notes. The effective rate on the 2020 Senior Notes is fixed at 2.41%.

Interest payable on the 2020 Senior Notes is fixed at 2.32% and 2.43% for Series A Notes and Series B Notes respectively. The interest is payable semi-annually on the 2020 Senior Notes on each June 8 and December 8, which will commence on June 8, 2021. The Company entered into an interest rate hedge in respect of the planned issuance of the 2020 Senior Notes in June 2020. The interest rate hedge matured in July 2020 when the interest rates on the 2020 Senior Notes was fixed. The interest rate hedge was effective in accordance with ASC 815 'Derivatives and Hedging'. There was a cash outflow on maturity in July 2020, representing the realized loss on the interest rate hedge.

The 2020 Senior A Notes which will mature on December 8, 2023 and 2020 Series B Notes will mature on December 8, 2025. We regularly evaluate our debt arrangements, as well as market conditions, and during the year we will explore the opportunity to modify our existing arrangements or pursue additional financing arrangements that may result in the issuance of new debt securities by us or our affiliates.

The sensitivity analysis below represents the hypothetical change in the net interest payable of a 1% movement in market interest rates.

	Interest for the year ended December 31, 2020 (in thousands)	Change 1% increase in market interest rate (in thousands)	Change 1% decrease in market interest rate (in thousands)
Interest income	\$2,724	\$9,011	\$244
Interest expense	(\$13,019)	(\$13,019 *)	(\$13,019 *)
	(\$10,295)	(\$4,008)	(\$12,775)

\*No variable debt drawn down during year ended December 31, 2020.

**Item 12 . Description of Securities Other than Equity Securities.**

Not applicable.

**Part II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies.**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.**

None.

**Item 15. Controls and Procedures.**

**A. Disclosure controls and procedures**

An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as at December 31, 2020. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

**B. Management's Annual Report on Internal Accounting Control over Financial Reporting**

Reference is made to page 92 of this Form 20-F.

**C. Attestation Report of Independent Registered Public Accounting Firm**

Reference is made to page 93 of this Form 20-F.

**D. Changes in Internal Controls over Financial Reporting**

There were no changes in our internal controls over financial reporting during the period covered by this Form 20-F that have materially effected or are reasonably likely to materially affect our internal controls over financial reporting.

**Item 16. Reserved.**

**Item 16A. Audit Committee Financial Expert**

Mr. Rónán Murphy acts as the Audit Committee financial expert serving on our Audit Committee and Board of Directors. The Board has determined that Mr. Murphy is independent.



**Item 16B. Code of Ethical Conduct**

Our Global Code of Ethical Conduct applies to all officers, directors, employees, consultants and agents globally of ICON plc, its subsidiaries and branches. There are no waivers from the provisions of the Code of Ethical Conduct that are required to be disclosed. This Code of Ethical Conduct is available on our website at: <https://investor.iconplc.com/corporate-governance/governance-documents>.

**Item 16C. Principal Accountant Fees and Services**

Our principal accountants for the years ended December 31, 2020 and December 31, 2019 were KPMG. The table below summarizes the fees for professional services rendered by KPMG for the audit of our annual financial statements for the years ended December 31, 2020 and December 31, 2019 and fees billed for other services rendered by KPMG.

	12 month period ended December 31, 2020 (in thousands)		12 month period ended December 31, 2019 (in thousands)	
Audit fees (1)	\$1,438	60 %	\$1,478	54 %
Audit related fees (2)	\$211	9 %	\$384	14 %
Tax fees (3)	\$765	31 %	\$855	32 %
<b>Total</b>	<b>\$2,414</b>	<b>100 %</b>	<b>\$2,717</b>	<b>100 %</b>

(1) Audit fees include annual audit fees for the Company and its subsidiaries.

(2) Audit related fees principally consist of fees for financial due diligence services, fees for the audit of employee benefit plans and fees for pension reviews.

(3) Tax fees are fees for tax compliance and tax consultation services.

The Audit Committee pre-approves all audit and non-audit services provided to the Company by its auditors.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

#### Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the year, 1,235,218 ordinary shares were redeemed by the Company for a total consideration of \$175.0 million. All ordinary shares that are redeemed under the buyback program will be canceled in accordance with the constitutional documents of the Company and the nominal value of these shares transferred to an undenominated capital fund as required under Irish Company law.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased	Total Price Paid for Shares Purchased
(in thousands, except per share data)				
February 02/1/20 – 02/29/20	91,944	\$160.49	91,944	\$14,756
March 03/1/20 – 03/31/20	1,143,274	\$140.16	1,143,274	\$160,244
	1,235,218	\$141.68	1,235,218	\$175,000

On January 8, 2019, the Company commenced a share buyback program of up to 1.0 million shares which was completed during the year ended December 31, 2019. These shares were redeemed by the Company for a total consideration of \$141.6 million.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Total Price Paid for Shares Purchased as Part of a Publicly Announced Plan
(in thousands, except per share data)				
January 1/1 /19– 1/31/19	200,253	\$124.84	200,253	\$25,000
April 4/1/19 – 4/30/19	58,630	\$129.91	58,630	\$7,617
May 5/1/19 – 5/31/19	237,352	\$136.86	237,352	\$32,483
August 8/1/19 – 8/31/19	6,495	\$152.00	6,495	\$987
September 9/1/19 – 9/30/19	497,270	\$151.80	497,270	\$75,486
	1,000,000	\$141.57	1,000,000	\$141,573

On October 22, 2019, the Company commenced a further share buyback program. At December 31, 2019, 35,100 ordinary shares were redeemed for a total consideration of \$5.3 million. All ordinary shares that were redeemed under the buyback programs were canceled in accordance with the Constitution of the Company and the nominal value of these shares transferred to other undenominated capital as required under Irish Company law.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased	Total Price Paid for Shares Purchased
(in thousands, except per share data)				
October 10/1/19 – 10/31/19	35,100	\$152.66	35,100	\$5,358
	35,100	\$152.66	35,100	\$5,358

On October 3, 2016 the Company commenced a previously announced share buyback program of up to \$400 million. At December 31, 2018 a total of 4,026,576 shares were redeemed by the Company under this buyback program for a total consideration of \$372.1 million. All ordinary shares that were redeemed under the buyback program were canceled in accordance with the Constitution of the Company and the nominal value of these shares transferred to other undenominated capital as required under Irish Company law.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Total Price Paid for Shares Purchased as Part of a Publicly Announced Plan	Maximum Approximate Value of Shares that may yet be purchased under the Publicly Announced Plan
(in thousands, except per share data)					
October 10/1/16– 10/31/16	474,118	\$77.63	474,118	\$36,804	\$363,196
November 11/1/16 – 11/30/16	756,001	\$76.77	756,001	\$58,039	\$305,157
December 12/1/16 – 12/31/16	199,068	\$76.13	199,068	\$15,157	\$290,000
January 1/1 /17– 1/31/17	152,601	\$77.96	152,601	\$11,897	\$278,103
February 2/1/17 – 2/28/17	—	—	—	—	\$278,103
March 3/1/17 – 3/31/17	1,121,907	\$79.08	1,121,907	\$88,726	\$189,377
April 4/1/17 – 4/30/17	93,628	\$79.92	93,628	\$7,483	\$181,894
May 5/1/17 – 5/31/17	—	—	—	—	\$181,894
June 6/1/17 – 6/30/17	—	—	—	—	\$181,894
July 7/1/17 – 7/31/17	—	—	—	—	\$181,894
August 8/1/17 – 8/31/17	—	—	—	—	\$181,894
September 9/1/17 – 9/30/17	—	—	—	—	\$181,894
October 10/1/17 – 10/31/17	—	—	—	—	\$181,894
November 11/1/17 – 11/30/17	2,376	\$114.49	2,376	\$272	\$181,622
December 12/1/17 – 12/31/17	218,715	\$113.06	218,715	\$24,728	\$156,894
January 1/1/18– 1/31/18	—	—	—	—	\$156,894
February 2/1/18 – 2/28/18	196,591	\$108.20	196,591	\$21,271	\$135,623
March 3/1/18 – 3/31/18	148,521	\$114.04	148,521	\$16,937	\$118,686
April 4/1/18 – 4/30/18	—	—	—	—	\$118,686
May 5/1/18 – 5/31/18	—	—	—	—	\$118,686
June 6/1/18 – 6/30/18	118,943	\$134.22	118,943	\$15,964	\$102,722
July 7/1/18 – 7/31/18	21,088	\$132.20	21,088	\$2,788	\$99,934
August 8/1/18 – 8/31/18	—	—	—	—	\$99,934
September 9/1/18 – 9/30/18	—	—	—	—	\$99,934
October 10/1/18 – 10/31/18	357,303	\$139.94	357,303	\$50,000	\$49,934
November 11/1/18 – 11/30/18	165,716	\$132.76	165,716	\$22,000	\$27,934
December 12/1/18 – 12/31/18	—	—	—	—	\$27,934
	4,026,576	\$92.40	4,026,576	\$372,066	\$27,934

Under the repurchase programs, a broker purchased the Company's shares from time to time on the open market or in privately negotiated transactions in accordance with agreed terms and limitations. The programs are designed to allow share repurchases during periods when the Company would ordinarily not be permitted to do so because it may be in possession of material non-public or price-sensitive information, applicable insider trading laws or self-imposed trading blackout periods. The Company's instructions to the broker were irrevocable and the trading decisions in respect of the repurchase programs were made independently of and uninfluenced by the Company. The Company confirms that on entering the share repurchase plans it had no material non-public, price-sensitive or inside information regarding the Company or its securities. Furthermore, the Company will not enter into additional plans whilst in possession of such information. The timing and actual number of shares acquired by way of the redemption will be dependent on market conditions, legal and regulatory requirements and the other terms and limitations contained in the programs. In addition, acquisitions under the programs may be suspended or discontinued in certain circumstances in accordance with the agreed terms. Therefore, there can be no assurance as to the timing or number of shares that may be acquired under the programs.

**Item 16F. Changes in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

See Item 10 "Exemptions from Corporate Governance Listing Requirements under the NASDAQ Marketplace Rules".

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Part III**

**Item 17. Financial Statements.**

See item 18.

**Item 18. Financial Statements.**

Reference is made to pages 92 to 149 of this Form 20-F.

**Item 19. Exhibits.**

Consolidated Financial Statements of ICON plc and subsidiaries

Exhibits of ICON plc and subsidiaries

Management's Report on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as at December 31, 2020 and December 31, 2019

Consolidated Statements of Operations for the years ended December 31, 2020, December 31, 2019 and December 31, 2018

Consolidated Statements of Comprehensive Income for the years ended December 31, 2020, December 31, 2019 and December 31, 2018

Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended December 31, 2020, December 31, 2019 and December 31, 2018

Consolidated Statements of Cash Flows for the years ended December 31, 2020, December 31, 2019 and December 31, 2018

Notes to the Consolidated Financial Statements

## Exhibits of ICON plc and subsidiaries

<b>Exhibit Number</b>	<b>Title</b>
<a href="#">2.1</a>	Agreement and Plan of Merger, dated as of February 24, 2021, by and among ICON plc, ICON US Holdings Inc., Indigo Merger Sub, Inc and PRA Health Sciences, Inc. (incorporated by reference to exhibit 2.1 to the Form 6K (file No. 333-08704) filed on February 24, 2021.
<a href="#">2.2*</a>	Description of Securities Registered Under Section 12 of the Exchange Act.
<a href="#">3.1</a>	Description of the Constitution of the Company (incorporated by reference to exhibit 99.2 to the Form 6K (File No. 333-08704) filed on July 25, 2016).
<a href="#">12.1*</a>	Section 302 certifications.
<a href="#">12.2*</a>	Section 906 certifications.
21.1	List of Subsidiaries (incorporated by reference to Item 4 of Form 20-F filed herewith).
<a href="#">23.1*</a>	Consent of KPMG, Independent Registered Public Accounting Firm.
101.1*	Interactive Data Files (XBRL – Related Documents).

\* Filed herewith

## Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's executive and financial officers and effected by the Company's board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and Directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitation due to, for example, the potential for human error or circumvention of control, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

Management assessed the effectiveness of the Company's *internal control over financial reporting* as of December 31, 2020. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework 2013*. Based upon the assessment performed, we determined that, as of December 31, 2020 the Company's internal control over financial reporting was effective. There have been no changes in the Company's internal control over financial reporting during 2020 that have materially affected, or are reasonably likely to affect materially, the Group's internal control over financial reporting.

KPMG, an independent registered public accounting firm, has audited the consolidated financial statements of ICON plc and subsidiaries as of and for the year ended December 31, 2020, included herein, and has issued an audit report on the effectiveness of our internal control over financial reporting, which is included below.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors

ICON plc:

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ICON plc and subsidiaries (“the Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, shareholders’ equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, 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 years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2021 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

### Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. 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.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Revenue recognition for clinical trial service contracts*

As discussed in Note 16 to the consolidated financial statements, the Company recognized revenue of US\$2,797.3 million for the year ended 31 December 2020, a significant portion of which relates to clinical trial service revenue. As discussed in Note 2 to the consolidated financial statements, clinical trial service revenue is recognized over time, using an input measure, being total project costs (inclusive of third party costs) incurred to date relative to total forecast project costs, to measure progress towards satisfying the Company’s performance obligation. The transaction price is based on the contract or latest change order value, adjusted to reflect the estimated realizable contract value.

We identified revenue recognition for clinical trial services contracts as a critical audit matter. Complex and subjective auditor judgment was required to evaluate the Company’s estimate of total forecast project costs and realizable contract values.

The following are the primary procedures we performed to address this critical audit matter:

We evaluated the design and tested the operating effectiveness of certain internal controls related to the revenue process, including controls over total forecast project costs and estimated realizable contract values.

**Basis for Opinion (continued)**  
**Critical Audit Matter (continued)**

We tested the total forecast project costs and the realizable contract values for a sample of clinical trial service contracts, by evaluating:

- Direct costs incurred, both during the year and cumulative over the life of the contracts. We tested the accuracy and completeness of the direct costs by agreeing to source data
- Third-party costs incurred, both during the year and cumulative over the life of the contracts. We tested the accuracy and completeness of the third-party costs incurred by agreeing to invoices received
- Findings from interviews with operational personnel of the Company to assess progress to date, the estimate of remaining costs to be incurred and factors impacting the amount of time and costs to complete the sampled contracts, including an understanding of the nature and complexity of the work to be performed
- Correspondence of amendments to the scope or contract value, if any, between the Company and the customer for the sampled contracts as part of our evaluation of contract progress
- Changes to estimated costs, including the amount and timing of the changes and
- The reasonableness of the Company's adjustments from total contract value to arrive at realizable contract value. We confirmed total contract value with customers and compared the assumptions used to derive the adjustments from total contract value to realizable contract value to underlying records.

We also evaluated the Company's methods, assumptions and data used to accurately estimate total forecast project costs and realizable contract values, by comparing historical estimates developed at contract inception to actual results for certain contracts.

(signed) KPMG

We have served as the Company's auditor since 1990.

Dublin, Ireland  
February 24, 2021



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors

ICON plc:

### **Opinion on Internal Control Over Financial Reporting**

We have audited ICON plc and subsidiaries' ("the Company") internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the "consolidated financial statements"), and our report dated February 24, 2021 expressed an unqualified opinion on those consolidated financial statements.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

(signed) KPMG

Dublin, Ireland  
February 24, 2021

**ICON plc**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2020	December 31, 2019
	(in thousands)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 840,305	\$ 520,309
Available for sale investments (Note 3a)	1,729	49,628
Accounts receivable, net (Note 17)	715,271	527,708
Unbilled revenue (Note 17)	428,684	422,769
Other receivables	35,394	39,290
Prepayments and other current assets	53,477	41,517
Income taxes receivable (Note 13)	28,118	23,759
<b>Total current assets</b>	<b>2,102,978</b>	<b>1,624,980</b>
Other Assets:		
Property, plant and equipment, net (Note 6)	174,343	165,087
Goodwill (Note 4)	936,257	883,170
Operating right-of-use assets (Note 22)	84,561	104,977
Other non-current assets	20,773	17,439
Non-current income taxes receivable (Note 13)	17,230	17,230
Non-current deferred tax asset (Note 13)	12,705	16,682
Equity method investments (Note 3c)	4,534	—
Investments in equity-long term (Note 3b)	15,765	10,053
Intangible assets (Note 5)	66,460	67,894
<b>Total Assets</b>	<b>\$ 3,435,606</b>	<b>\$ 2,907,512</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 51,113	\$ 24,050
Unearned revenue (Note 17)	660,883	366,988
Other liabilities (Note 7)	399,769	378,543
Income taxes payable (Note 13)	12,178	12,031
Current bank credit lines and loan facilities (Note 23)	—	349,640
<b>Total current liabilities</b>	<b>1,123,943</b>	<b>1,131,252</b>
Other Liabilities:		
Non-current bank credit lines and loan facilities (Note 23)	348,477	—
Non-current operating lease liabilities (Note 22)	60,801	76,593
Non-current other liabilities (Note 8)	26,366	17,512
Non-current government grants (Note 11)	838	813
Non-current income taxes payable (Note 13)	14,539	14,301
Non-current deferred tax liability (Note 13)	10,406	9,476
Commitments and contingencies (Note 15)	—	—
<b>Total Liabilities</b>	<b>1,585,370</b>	<b>1,249,947</b>
Shareholders' Equity:		
Ordinary shares par value 6 euro cents per share; 100,000,000 shares authorized, (Note 12) 52,788,093 shares issued and outstanding at December 31, 2020 and 53,622,206 shares issued and outstanding at December 31, 2019.	4,580	4,635
Additional paid-in capital	617,104	577,961
Other undenominated capital (Note 12 (a))	1,134	1,052
Accumulated other comprehensive income (Note 21)	(35,477)	(75,819)
Retained earnings	1,262,895	1,110,226
<b>Total Shareholders' Equity</b>	<b>1,850,236</b>	<b>1,618,055</b>
Redeemable noncontrolling interest	—	39,510
<b>Total Shareholders' Equity and Redeemable Noncontrolling Interest</b>	<b>1,850,236</b>	<b>1,657,565</b>
<b>Total Liabilities and Shareholders' Equity and Redeemable Noncontrolling Interest</b>	<b>\$ 3,435,606</b>	<b>\$ 2,907,512</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ICON plc**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended December 31,		
	2020	2019	2018
(in thousands, except share and per share data)			
Revenue	\$ 2,797,288	\$ 2,805,839	2,595,777
Costs and expenses:			
Direct costs	1,979,883	1,974,135	1,818,220
Selling, general and administrative	341,690	336,748	325,794
Depreciation and amortization	66,126	61,550	65,916
Restructuring (Note 14)	18,089	—	12,490
<b>Total costs and expenses</b>	<b>2,405,788</b>	<b>2,372,433</b>	<b>2,222,420</b>
Income from operations	391,500	433,406	373,357
Interest income	2,724	6,859	4,759
Interest expense	(13,019)	(13,276)	(13,502)
Income before income taxes expense	381,205	426,989	364,614
Income tax expense (Note 13)	(47,875)	(51,133)	(41,958)
Income before share of earnings from equity method investments	333,330	375,856	322,656
Share of equity method investments	(366)	—	—
Net Income	332,964	375,856	322,656
Net income attributable to noncontrolling interest	(633)	(1,870)	—
<b>Net income attributable to the Group</b>	<b>\$ 332,331</b>	<b>\$ 373,986</b>	<b>322,656</b>
Net income per Ordinary Share attributable to the Group (Note 26):			
Basic	\$ 6.20	\$ 6.85	5.96
Diluted	\$ 6.15	\$ 6.79	5.89
Weighted average number of ordinary shares outstanding:			
Basic (Note 2 (w))	52,859,911	53,859,537	54,118,764
Diluted (Note 2 (w))	53,283,585	54,333,461	54,790,663

The accompanying notes are an integral part of these consolidated financial statements.

ICON plc  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2020	2019	2018
	(in thousands)		
Net income	\$ 332,964	\$ 375,856	\$ 322,656
<i>Other comprehensive income, net of tax</i>			
Currency translation adjustment	48,129	(1,313)	(26,522)
Currency impact of long-term funding	(1,603)	(2,710)	(4,834)
Unrealized capital (loss)/gain - investments	(231)	681	(155)
Actuarial (loss)/gain on defined benefit pension plan	(4,138)	(2,226)	2,855
Amortization of interest rate hedge	(910)	(923)	(923)
Loss on interest rate hedge	(905)	—	—
Fair value of cash flow hedge	—	—	(1,036)
<b>Total comprehensive income</b>	<b>373,306</b>	<b>369,365</b>	<b>292,041</b>
Less comprehensive income attributable to redeemable noncontrolling interest	(633)	(1,870)	—
<b>Total comprehensive income attributable to the Group</b>	<b>\$ 372,673</b>	<b>\$ 367,495</b>	<b>\$ 292,041</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ICON plc**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
(in thousands, except share and per share data)

	Group								Redeemable Noncontrolling Interest	
	Shares	Amount	Additional Paid-in Capital	Undenominated Capital	Other Comprehensive Income	Accumulated Other Comprehensive Income	Retained Earnings	Total		
<b>Balance at December 31, 2017</b>	54,081,601	\$ 4,664	\$ 481,337	\$	912	\$ (38,713)	\$ 742,800	\$ 1,191,000	\$	—
Cumulative effect adjustment from adoption of ASC 606	—	—	—	—	—	—	(48,104)	(48,104)	—	—
<b>Balance at January 1, 2018</b>	54,081,601	4,664	481,337		912	(38,713)	694,696	1,142,896		—
Comprehensive Income (net of tax):										
Net income	—	—	—	—	—	—	322,656	322,656	—	—
Currency translation adjustment	—	—	—	—	—	(26,522)	—	(26,522)	—	—
Currency impact of long-term funding	—	—	—	—	—	(4,834)	—	(4,834)	—	—
Unrealized capital loss - investments	—	—	—	—	—	(155)	—	(155)	—	—
Actuarial gain on defined benefit pension plan	—	—	—	—	—	2,855	—	2,855	—	—
Amortization of interest rate hedge	—	—	—	—	—	(923)	—	(923)	—	—
Fair value of cash flow hedge	—	—	—	—	—	(1,036)	—	(1,036)	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	—	—	292,041	—	—
Exercise of share options	408,699	29	16,777	—	—	—	—	16,806	—	—
Issue of restricted share units/ performance share units	489,568	36	—	—	—	—	—	36	—	—
Share based compensation expense	—	—	31,544	—	—	—	—	31,544	—	—
Share issue costs	—	—	(16)	—	—	—	—	(16)	—	—
Repurchase of ordinary shares	(1,008,162)	(71)	—	71	—	—	(128,960)	(128,960)	—	—
Share repurchase costs	—	—	—	—	—	—	(66)	(66)	—	—
<b>Balance at December 31, 2018</b>	53,971,706	4,658	529,642		983	(69,328)	888,326	1,354,281		—
Comprehensive Income (net of tax):										
Net income	—	—	—	—	—	—	373,986	373,986	—	1,870
Currency translation adjustment	—	—	—	—	—	(1,313)	—	(1,313)	—	—
Currency impact of long-term funding	—	—	—	—	—	(2,710)	—	(2,710)	—	—
Unrealized capital gain - investments	—	—	—	—	—	681	—	681	—	—
Actuarial loss on defined benefit pension plan	—	—	—	—	—	(2,226)	—	(2,226)	—	—
Amortization of interest rate hedge	—	—	—	—	—	(923)	—	(923)	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	—	—	367,495	—	—
Exercise of share options	329,870	22	21,599	—	—	—	—	21,621	—	—
Issue of restricted share units / performance share units	355,730	24	—	—	—	—	—	24	—	—
Share based compensation expense	—	—	26,733	—	—	—	—	26,733	—	—
Share issue costs	—	—	(13)	—	—	—	—	(13)	—	—
Repurchase of ordinary shares	(1,035,100)	(69)	—	69	—	—	(146,931)	(146,931)	—	—
Share repurchase costs	—	—	—	—	—	—	(107)	(107)	—	—
Acquisition of redeemable noncontrolling interest	—	—	—	—	—	—	—	—	—	32,592
Noncontrolling interest adjustment to redemption amount	—	—	—	—	—	—	(5,048)	(5,048)	—	5,048
<b>Balance at December 31, 2019</b>	53,622,206	\$ 4,635	\$ 577,961	\$	1,052	\$ (75,819)	\$ 1,110,226	\$ 1,618,055	\$	39,510

ICON plc									
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME									
(in thousands, except share and per share data)									
Group									
	Shares	Amount	Additional Paid-in Capital	Undenominated Other Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total	Redeemable Noncontrolling Interest	
<b>Balance at December 31, 2019</b>	53,622,206	\$ 4,635	\$ 577,961	\$ 1,052	\$ (75,819)	\$1,110,226	\$1,618,055	\$	39,510
Comprehensive income (net of tax):									
Net income	—	—	—	—	—	332,331	332,331	—	633
Currency translation adjustment	—	—	—	—	48,129	—	48,129	—	—
Currency impact of long-term funding	—	—	—	—	(1,603)	—	(1,603)	—	—
Unrealized capital loss - investments	—	—	—	—	(231)	—	(231)	—	—
Actuarial loss on defined benefit pension plan	—	—	—	—	(4,138)	—	(4,138)	—	—
Amortization of interest rate hedge	—	—	—	—	(910)	—	(910)	—	—
Loss on interest rate hedge	—	—	—	—	(905)	—	(905)	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	—	372,673	—	—
Exercise of share options	193,417	13	13,176	—	—	—	13,189	—	—
Issue of restricted share units / performance share units	207,688	14	—	—	—	—	14	—	—
Share based compensation expense	—	—	25,981	—	—	—	25,981	—	—
Share issue costs	—	—	(14)	—	—	—	(14)	—	—
Repurchase of ordinary shares	(1,235,218)	(82)	—	82	—	(175,000)	(175,000)	—	—
Share repurchase costs	—	—	—	—	—	(140)	(140)	—	—
Noncontrolling interest adjustment to redemption amount	—	—	—	—	—	(4,522)	(4,522)	—	4,522
Exercise of call option on noncontrolling interest shares	—	—	—	—	—	—	—	—	(44,665)
<b>Balance at December 31, 2020</b>	52,788,093	\$ 4,580	\$ 617,104	\$ 1,134	\$ (35,477)	\$1,262,895	\$1,850,236	\$	—

The accompanying notes are an integral part of these consolidated financial statements.

ICON plc  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
	2020	2019	2018
<b>Cash flows from operating activities:</b>	<b>(in thousands)</b>		
Net income	\$ 332,964	\$ 375,856	\$ 322,656
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on disposal of property, plant and equipment	141	346	70
Depreciation expense	46,892	45,603	50,565
Impairment of right-of-use assets	5,411	—	—
Reduction in carrying value of operating right-of-use assets	28,480	30,372	—
Amortization of intangibles	19,234	15,947	15,351
Amortization of government grants	(45)	(44)	(47)
Interest on short term investments	—	(1,065)	(1,329)
Realized gain on sale of short term investments	(234)	(55)	(56)
Interest on operating lease liability	1,668	2,626	—
(Gain)/loss on re-measurement of financial assets	(2,500)	800	(800)
Loss on equity method investments	366	—	—
Amortization of gain on interest rate hedge	(910)	(923)	(923)
Amortization of financing costs	523	540	812
Stock compensation expense	26,271	26,819	31,594
Deferred tax expense / (benefit)	927	(1,537)	1,652
Changes in assets and liabilities:			
Increase in accounts receivable	(175,040)	(101,545)	(37,557)
Increase in unbilled revenue	(5,748)	(55,790)	(98,510)
Decrease in other receivables	3,041	2,513	3,107
Increase in prepayments and other current assets	(11,468)	(3,583)	(3,237)
(Increase)/decrease in other non-current assets	(3,225)	(2,912)	856
Increase/(decrease) in unearned revenue	291,844	86,567	(6,253)
Increase in other current liabilities	14,968	19,864	2,009
Decrease in operating lease liabilities	(30,504)	(33,437)	—
Increase/(decrease) in other non-current liabilities	256	1,405	(1,034)
(Decrease)/increase in income taxes payable	(1,765)	734	(5,220)
Increase/(decrease) in accounts payable	26,488	3,440	(5,067)
Net cash provided by operating activities	568,035	412,541	268,639
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(51,055)	(50,645)	(48,397)
Purchase of subsidiary undertakings	(47,931)	(131,272)	(1,645)
Investment in equity method investments	(2,450)	—	—
Cash acquired from subsidiary undertakings	10,170	11,697	—
Sale of available for sale investments	47,902	21,686	99,865
Purchase of available for sale investments	—	(9,603)	(80,956)
Purchase of investments in equity - long term	(3,212)	(3,890)	(6,163)
Net cash used in investing activities	(46,576)	(162,027)	(37,296)
<b>Cash flows from financing activities:</b>			
Financing costs	(1,554)	—	(823)
Drawdown of credit lines and facilities	350,000	—	—
Repayment of credit lines and facilities	(350,000)	—	—
Purchase of noncontrolling interest	(43,923)	—	—
Proceeds from the exercise of equity compensation	13,203	21,645	16,842
Share issue costs	(14)	(13)	(16)
Repurchase of ordinary shares	(175,000)	(146,931)	(128,960)
Share repurchase costs	(140)	(107)	(66)
Loss on settlement of interest rate hedge	(905)	—	—
Net cash used in financing activities	(208,333)	(125,406)	(113,023)
Effect of exchange rate movements on cash	6,870	(650)	(5,328)
<b>Net increase in cash and cash equivalents</b>	<b>319,996</b>	<b>124,458</b>	<b>112,992</b>
Cash and cash equivalents at beginning of year	520,309	395,851	282,859
<b>Cash and cash equivalents at end of year</b>	<b>\$ 840,305</b>	<b>\$ 520,309</b>	<b>\$ 395,851</b>

The accompanying notes are an integral part of these consolidated financial statement

**ICON plc**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of business**

ICON plc and its subsidiaries ("the Company" or "ICON") is a clinical research organization ("CRO"), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process from compound selection to Phase I-IV clinical studies. Our vision is to be the global CRO partner of choice in drug development by delivering best in class information, solutions and performance in clinical and outcomes research.

We believe that we are one of a select group of CROs with the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated "full-service" solution. At December 31, 2020 we had approximately 15,730 employees, in 93 locations in 41 countries. During the year ended December 31, 2020, we derived approximately 33.1%, 57.1% and 9.8% of our revenue in the United States, Europe and Rest of World, respectively.

ICON's ordinary shares are traded on the NASDAQ Global Select Market under the symbol "ICLR".

We began operations in 1990 and have expanded our business predominately through internal growth, together with a number of strategic acquisitions to enhance our capabilities and expertise in certain areas of the clinical development process. We are incorporated in Ireland and our principal executive office is located at: South County Business Park, Leopardstown, Dublin 18, Republic of Ireland. The contact telephone number of this office is +353 1 2912000.

**2. Significant accounting policies**

The accounting policies noted below were applied in the preparation of the accompanying financial statements of the Company and are in conformity with accounting principles generally accepted in the United States.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. All significant intercompany profits, transactions and account balances have been eliminated. The results of subsidiary undertakings acquired in the period are included in the Consolidated Statement of Operations from the date of acquisition.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The principal management estimates and judgments used in preparing the financial statements relate to revenue recognition and taxation.

(c) Revenue recognition

The Company primarily earns revenues by providing a number of different services to its customers. These services, which are integral elements of the clinical development process, include clinical trials management, consulting, contract staffing, and laboratory services. Contracts range in duration from a number of months to several years.

ASC 606 requires application of five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation(s).

*Clinical trial service revenue*

A clinical trial service is a single performance obligation satisfied over time i.e. the full-service obligation in respect of a clinical trial (including those services performed by investigators and other parties) is considered a single performance obligation. Promises offered to the customer are not distinct within the context of the contract. We have concluded that ICON is the contract principal in respect of both direct services and in the use of third parties (principally investigator services) that support the clinical research project. The transaction price is determined by reference to the contract or change order value (total service revenue and pass-through/ reimbursable expenses) adjusted to reflect a realizable contract value. Revenue is recognized as the single performance obligation is satisfied. The progress towards completion for clinical service contracts is measured based on an input measure being total project costs incurred (inclusive of third party costs) at each reporting period as a percentage of forecasted total project costs.



#### *Contracting services revenue*

The Company has availed of the practical expedient which results in recognition of revenue on a right to invoice basis. Application of the practical expedient reflects the right to consideration from the customer in an amount that corresponds directly with the value to the customer of the performance completion to date. This reflects hours performed by contract staff.

#### *Consulting services revenue*

We have concluded that our consulting services contracts represent a single performance obligation satisfied over time. The transaction price is determined by reference to contract or change order value. Revenue is recognized as the performance obligation is satisfied. The progress towards completion for consulting contracts is measured based on total project inputs (time) at each reporting period as a percentage of forecasted total project inputs.

#### *Laboratory services revenue*

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the products or services are transferred to the customer. Revenue for laboratory services is measured as the amount of consideration we expect to receive in exchange for transferring products or services. Where contracts with customers contain multiple performance obligations, the transaction price is allocated to each performance obligation based on the estimated relative selling price of the promised good or service. Service revenue is recognized over time as the services are delivered to the customer based on the extent of progress towards completion of the performance obligation. The determination of the methodology to measure progress requires judgment and is based on the nature of services provided. This requires an assessment of the transfer of value to the customer. The right to invoice measure of progress is generally related to rate per unit contracts, as the extent of progress towards completion is measured based on discrete service or time-based increments, such as samples tested or labor hours incurred. Revenue is recorded in the amount invoiced since that amount corresponds to the value of the Company's performance and the transfer of value to the customer.

#### *Commissions*

Incremental costs of obtaining a contract are recognized as an asset on the Consolidated Balance Sheet in respect of those contracts that exceed one year. Where commission costs relate to contracts that are less than one year, the practical expedient is applied as the amortization period of the asset which would arise on deferral would be one year or less.

#### (d) Third party costs (Reimbursable expenses)

Reimbursable expenses comprise investigator payments and certain other costs which are reimbursed by clients under terms specific to each contract to the investigators. See *note 2 (e) Direct costs* below.

#### (e) Direct costs

Direct costs consist of compensation, associated employee benefits and share-based payments for project-related employees and other direct project-related costs.

Reimbursable expenses are presented within direct costs. This presentation is to align the presentation of costs with our assessment that our clinical trial service is a single performance obligation satisfied over time i.e. the full-service obligation is in respect of a clinical trial (including those services performed by investigators and other parties) is considered a single performance obligation. Reimbursable expenses are recorded once the activity which forms the basis for the cost has occurred.

Investigator payment costs are recorded and reported reflecting investigator activity over the life of the contract. Investigator payments are made based on predetermined contractual arrangements. Payments may differ from the recording and reporting of the expense which is based on activity.

#### (f) Advertising costs

All costs associated with advertising and promotion are expensed as incurred. The advertising and promotion costs were \$7,020,328, \$8,088,451 and \$6,516,637 for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 respectively.

(g) Foreign currencies and translation of subsidiaries

ICON plc's financial statements are prepared in United States dollars. Transactions in currencies other than the functional currency of the individual entities within the ICON Group are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency of the individual entities within the ICON Group are translated into the functional currency of that entity at exchange rates prevailing at the Balance Sheet date. Adjustments resulting from these translations are charged or credited to income. Amounts charged or credited to the Consolidated Statements of Operations for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 were as follows:

	Year ended December 31,		
	2020	2019	2018
	(in thousands)		
Amounts charged/(credited)	\$ 5,979	\$ 590	(3,876)

The financial statements of subsidiaries with other functional currencies are translated at period end rates for the Consolidated Balance Sheets and average rates for the Consolidated Statements of Operations. Translation gains and losses arising are reported as a movement on accumulated other comprehensive income. Foreign currency transaction gains and losses are reported in other comprehensive income rather than through income where the foreign currency transaction is 'long-term investment' in nature i.e. settlement is not planned or anticipated in the foreseeable future.

(h) Disclosure of fair value of financial instruments

Cash, cash equivalents, other receivables, available for sale investments, accounts receivable, accounts payable, investigator payments and income taxes payable have carrying amounts that approximate fair value due to the short term maturities of these instruments. Other liabilities' carrying amounts approximate fair value based on net present value of estimated future cash flows. Debt is measured at historical cost.

Financial instruments are measured in the Consolidated Balance Sheets at amortized cost or fair value using a fair value hierarchy of valuation inputs. For financial instruments measured at amortized cost, the fair value of these financial instruments closely approximates their fair value. The fair value hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1: Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Group's Senior notes (private placement debt) are carried at \$350.0 million (prior to related financing costs). The carrying value at December 31, 2020, closely approximates fair value as the Group's Senior notes were entered into close to the end of the reporting period.

The Company classifies its investments in short term debt or equity investments as available for sale, as it does not actively trade such securities nor does it intend to hold them to maturity. The fair value of short term investments are represented by level 1 fair value measurements – quoted prices in active markets for identical assets. The unrealized movements in fair value are recognized in equity until disposal or sale, at which time, those unrealized movements from prior periods are recognized in the Consolidated Statement of Operations. Losses other than temporary, which reduce the carrying amount below cost are recognized in Consolidated Statement of Operations.

(i) Business combinations

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control. Where a business combination agreement provides for an adjustment to the cost of the acquisition which is contingent upon future events, the amount of the estimated adjustment is recognized at the acquisition date at the fair value of the contingent consideration. Any changes to this estimate outside the measurement period will depend on the classification of the contingent consideration. If the contingent consideration is classified as equity it shall not be re-measured and the settlement shall be accounted for within equity. If the contingent consideration is classified as a liability any adjustments will be accounted for through the Consolidated Statement of Operations or Other Comprehensive Income depending on whether the liability is considered a financial instrument.

The assets, liabilities and contingent liabilities of businesses acquired are measured at their fair values at the date of acquisition. In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities and contingent liabilities are determined at the date of each exchange transaction. When the initial accounting for a business combination is determined provisionally, any subsequent adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date and presented as adjustments to goodwill in the reporting period in which the adjustments are determined.

The Company allocates a share of net income to the noncontrolling interest holders based on percentage ownership.

(j) Goodwill and Impairment

Goodwill represents the excess of the cost of acquired entities over the net amounts assigned to assets acquired and liabilities assumed. Goodwill primarily comprises acquired workforce in place which does not qualify for recognition as an asset apart from goodwill. Goodwill is stated net of any provision for impairment. The Company tests goodwill annually for any impairments or whenever events occur which may indicate impairment. The Company applied the provisions of ASU 2017-04 '*Intangibles - Goodwill and Other: Simplifying the test for goodwill impairment*' with effect from January 1, 2018. Under the amendment, the Company was required to perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge would be recognized for any amount by which the carrying amount exceeds the reporting unit's fair value up to the amount of existing goodwill. The amendment allows an entity to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. No impairment was recognized as a result of the impairment testing carried out for the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

(k) Intangible assets

Intangible assets are amortized on a straight line basis over their estimated useful life.

(l) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with initial maturities of three months or less and are stated at cost, which approximates market value.

(m) Investments in debt, equity and other

*Available for sale investments*

The Company classifies short-term investments as available for sale in accordance with the terms of ASC 320 '*Investments - Debt and Equity Securities*'. Realized gains and losses are determined using specific identification. The investments are reported at fair value, with unrealized gains or losses reported in a separate component of shareholders' equity. Any differences between the cost and fair value of the investments are represented by accrued interest and unrealized gains/losses.

*Long term investments*

The Company classifies its interests in funds having considered the nature of its investment, the extent of influence over operating and financial decisions and the availability of readily determinable fair values. The Company determined that the interests in funds at December 31, 2020 meet the definition of equity securities without readily determinable fair values. Effective from January 1, 2018, the Company concluded that the interests held at December 31, 2019 and December 31, 2020 qualify for the NAV practical expedient in ASC 820 '*Fair value measurements and disclosures*'. Any increases or decreases in fair value are recognized in net income in the period. These are therefore measured at Level 3 of the fair value hierarchy.

### Equity method investments

The Company's investments that are not consolidated are accounted for under the equity method if the Company exercises significant influence that is considered to be greater than minor. These investments are classified as equity method investments on the accompanying Consolidated Balance Sheet. The Company records its pro rata share of the earnings/losses of these investments in Share of equity method investments in the Consolidated Statement of Operations. The Company reviews these for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

### (n) Accounts receivable, net and unbilled revenue

Accounts receivable and unbilled revenue are recorded at fair value less an estimate of the credit losses expected to be incurred on the Company's accounts receivable portfolio. The Company's estimate of expected credit losses considers historical credit loss information that is adjusted, where necessary, for current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. The Company's receivables and unbilled services are predominantly due from large and mid-tier pharmaceutical and biotechnology companies that share similar risk characteristics. The Company monitors their portfolio of receivables and unbilled services for any deterioration in current or expected credit quality (for example, expected delinquency level), and adjusts the allowance for credit losses as required.

Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in the Consolidated Statement of Operations. Losses are charged against the allowance when management believes the uncollectibility of a previously provisioned amount is confirmed.

### Accounts receivable factoring

Where the Company enters into an agreement to sell certain portfolios of its accounts receivable balances, the sale is accounted for in accordance with ASC Topic 860 'Transfers and Servicing' (ASC 860). Agreements which result in true sales of the transferred receivables, as defined in ASC 860, which occur when receivables are transferred without recourse to ICON, are excluded from amounts reported in the Consolidated Balance Sheet. Cash proceeds received from such sales are included in operating cash flows. The associated finance costs are presented as interest expense.

### (o) Inventory

Inventory is valued at the lower of cost and net realizable value and after provisions for obsolescence. The cost of inventories comprises the purchase price and attributable costs, less trade discounts. At December 31, 2020 the carrying value of inventory, included within prepayments and other current assets on the Consolidated Balance Sheet, was \$4.8 million (2019: \$3.2 million).

### (p) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is computed using the straight line method based on the estimated useful lives of the assets as listed below:

	<u>Years</u>
Building	40
Computer equipment and software	2-8
Office furniture and fixtures	8
Laboratory equipment	5
Motor vehicles	5

Leasehold improvements are amortized using the straight line method over the estimated useful life of the asset or the lease term, whichever is shorter.

### (q) Leases

The Company adopted ASC 842 'Leases' (ASC 842), with a date of initial application of January 1, 2019. The lease accounting policy applied in preparation of the results for the year ended December 31, 2019 and December 31, 2020 therefore reflect application of ASC 842. The Company adopted the standard using the cumulative-effect adjustment approach. Under this transition method, the Company applied the ASC 842 as at the date of initial application (i.e. January 1, 2019), without restatement of comparative period amounts. The cumulative effect of applying the standard is recorded as an adjustment to the opening consolidated balance sheet as at the date of initial application (see note 24 - Impact of new accounting pronouncements for further details). The comparative information for the year ended December 31, 2018 has not been adjusted and therefore continues to be reported under ASC 840 'Leases' (ASC 840).

ASC 842 requires lessees to recognize the rights and obligations resulting from virtually all leases on the Consolidated Balance Sheet as right-of-use (ROU) assets with corresponding lease liabilities.

The most significant impact of application of the standard for the Company related to the recognition of right-of-use assets and lease liabilities on the Consolidated Balance Sheet for operating leases for certain property, vehicles and equipment. Prior to application of ASC 842, costs in respect of operating leases were charged to the Consolidated Statements of Operations on a straight-line basis over the lease term.

Pursuant to certain practical expedients available as part of adopting ASC 842, ICON did not reassess whether existing or expired supplier contracts are or contain leases, the classification of existing or expired leases, or whether unamortized initial direct costs meet the new definition of initial direct costs under ASC 842. Additionally, the Company elected to use hindsight in determining the lease term and in assessing impairment of ROU assets, if any.

The Company determines if an arrangement is a lease at inception. Finance leases, if any, are depreciated on the same basis as property, plant and equipment. At December 31, 2020 and December 31, 2019, the Company did not account for any leases as finance leases.

Operating leases are included in operating right-of-use assets, other liabilities and non-current operating lease liabilities on our Consolidated Balance Sheet with the lease charge recognized on a straight-line basis over the lease term. ROU assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date or date of transition. Our lease terms may also include options to extend or terminate. The Company actively reviews options to extend or terminate leases and adjusts the ROU asset and lease liability when it is reasonably certain the option will be exercised. The ROU asset is adjusted for any prepayments made at the date of commencement and any initial direct costs incurred. As most of the Company's leases do not provide an implicit rate, the discount rate used is based on the rate of traded corporate bonds available at the commencement date adjusted for country risk, liquidity and lease term.

Leasehold improvements are amortized over the shorter of the depreciable lives of the corresponding fixed assets or the lease term including any applicable renewals. Certain property leases include variable lease payments resulting from periodic rent increases based on an index which cannot be reasonably estimated at the lease commencement date. These costs are expensed as incurred on the Consolidated Statements of Operations.

The Company accounts for lease and non-lease components separately with lease components flowing through the Consolidated Balance Sheet and non-lease components expensed directly to the Consolidated Statements of Operations.

In some cases, the Company enters into sublease agreements and becomes both a lessee and a lessor for the same underlying asset. Although subleases are accounted for separately from the lease they relate to, subleases are accounted for in the same way as other leases.

(r) Income taxes

The Company applies the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the amount more likely than not to be realized. The Company recognizes the effect of income tax positions only if those positions will more likely than not be sustained. Recognized income tax positions are measured at the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. Interest and penalties related to income taxes are included in income tax expense and classified with the related liability on the Consolidated Balance Sheet. The Company accounts for the impact of GILTI ("global intangible low-taxed income") as a period item in the period it arises and has therefore not provided for deferred taxes in respect of this item.

(s) Government grants

Government grants received relating to capital expenditures are shown by deducting the grant from the asset's carrying amount and crediting them to income on a basis consistent with the depreciation policy of the relevant assets. Grants relating to categories of operating expenditures are shown as deferred income and credited to income in the period in which the expenditure to which they relate is charged.

Under the grant agreements amounts received may become repayable in full should certain circumstances specified within the grant agreements occur, including downsizing by the Company, disposing of the related assets, ceasing to carry on its business or the appointment of a receiver over any of its assets. The Company has not recognized any loss contingency having assessed as remote the likelihood of these events arising.

(t) Research and development credits

Research and development credits are available to the Company under the tax laws in certain jurisdictions, based on qualifying research and development spend as defined under those tax laws. Research and development credits are generally recognized as a reduction of income tax expense. However, certain tax jurisdictions provide refundable credits that are not wholly dependent on the Company's ongoing income tax status or income tax position. In these circumstances the benefit of these credits is not recorded as a reduction to income tax expense, but rather as a reduction of operating expenditure.

(u) Pension costs

The Company contributes to defined contribution plans covering all eligible employees. The Company contributes to these plans based upon various fixed percentages of employee compensation and such contributions are expensed as incurred.

The Company operates, through two subsidiaries, a defined benefit plan for certain of its United Kingdom and Swiss employees. The Company accounts for the costs of these plans in accordance with ASC 715-30 *'Defined Benefit Plans – Pension'*. These plans are presented in accordance with the requirements of ASC 715-60 *'Defined Benefit Plans – Other Postretirement'*.

(v) Redeemable noncontrolling interests and equity

The Company acquired a majority ownership interest in MeDiNova during the year ended December 31, 2019. Included in the purchase agreement were put and call option arrangements with the noncontrolling interest holders that required (put option) or enabled (call option) the Company to purchase the remaining minority ownership at a future date. The option was accounted for as temporary equity, which is presented separately as redeemable noncontrolling interest on the Consolidated Balance Sheet. This classification reflects the assessment that the instruments are contingently redeemable in accordance with ASC 480-10-S99 *'Distinguishing Liabilities from Equity'*. On March 9, 2020, ICON exercised its option to call the remaining shares and took 100% ownership of MeDiNova.

Redeemable noncontrolling interests are accreted to their redemption value over the period from the date of issuance to the first date on which the option is exercisable. The change in the option's redemption value is recorded against retained earnings. In a computation of earnings per share, the accretion of redeemable noncontrolling interests to their redemption value is a reduction of net income attributable to the Group. Basic and diluted net income per ordinary share attributable to the Group includes the adjustment to reflect the accretion of the noncontrolling interest to its redemption value until the redemption of the noncontrolling interest on March 9, 2020.

(w) Net income per ordinary share

Basic net income per ordinary share attributable to the Company has been computed by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net income per ordinary share is computed by adjusting the weighted average number of ordinary shares outstanding during the period for all potentially dilutive ordinary shares outstanding during the period and adjusting net income for any changes in income or loss that would result from the conversion of such potential ordinary shares. There is no difference in net income used for basic and diluted net income per ordinary share. Basic and diluted net income per ordinary share attributable to the Company includes the adjustment to reflect the accretion of the noncontrolling interest in MeDiNova to its redemption value (see *note 26 - Net income per ordinary share*).

(x) Share-based compensation

The Company accounts for its share options, Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") in accordance with the provisions of ASC 718 *'Compensation – Stock Compensation'*. Share-based compensation expense for equity-settled awards made to employees and directors is measured and recognized based on estimated grant date fair values. These equity-settled awards include employee share options, RSUs and PSUs.

Share-based compensation expense for share options awarded to employees and directors is estimated at the grant date based on each option's fair value as calculated using the Black-Scholes option-pricing model. Share-based compensation for RSUs and PSUs awarded to employees and directors is calculated based on the market value of the Company's shares on the date of award of the RSUs and PSUs. The value of awards expected to vest is recognized as an expense over the requisite service periods. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Estimating the grant date fair value of share options as of the grant date using an option-pricing model, such as the Black-Scholes model, is affected by the Company's share price as well as assumptions regarding a number of complex variables. These variables include, but are not limited to, the expected share price volatility over the term of the awards, risk-free interest rates and the expected term of the awards.

Liability classified awards are measured at the fair value of the award on the grant date and remeasured at each reporting period at fair value until the award is settled.

(y) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount of the asset or fair value less selling costs.

(z) Derivative financial instruments

We enter into transactions in the normal course of business using various financial instruments in order to hedge against exposure to fluctuating exchange and interest rates. We use derivative financial instruments to reduce exposure to fluctuations in interest rates. A derivative is a financial instrument or other contract whose value changes in response to some underlying variable, which has an initial net investment smaller than would be required for other instruments that have a similar response to the variable and that will be settled at a future date. We do not enter into derivative financial instruments for trading or speculative purposes. We did not hold any interest rate swap contracts or forward currency contracts at December 31, 2020 or December 31, 2019.

We use derivative financial instruments to reduce exposure to fluctuations in foreign exchange rates. During the years ended December 31, 2018, December 31, 2019 and December 31, 2020 we entered into forward currency contracts in respect of identified exposure arising from euro payments. All contracts expired during the year in which the contract was entered into.

Our accounting policies for derivative financial instruments are based on whether they meet the criteria for designation as cash flow or fair value hedges. A designated hedge of the exposure to variability in the future cash flows of an asset or a liability, or of a forecast transaction, is referred to as a cash flow hedge. A designated hedge of the exposure to changes in fair value of an asset or a liability is referred to as a fair value hedge. The criterion for designating a derivative as a hedge includes the assessment of the instrument's effectiveness in risk reduction, matching of the derivative instrument to its underlying transaction and the probability that the underlying transaction will occur. For derivatives with cash flow hedge accounting designation, we report the gain or loss from the effective portion of the hedge as a component of Other Comprehensive Income and reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings and within the same Consolidated Statement of Operations line item as the impact of the hedged transaction. For derivatives with fair value hedge accounting designation, we recognize gains or losses from the change in fair value of these derivatives, as well as the offsetting change in the fair value of the underlying hedged item, in earnings. Fair value gains and losses arising on derivative financial instruments not qualifying for hedge accounting are reported in our Consolidated Statement of Operations.

(aa) Financing costs and gain on interest rate hedge

The interest rate in respect of the 2015 Senior Notes was fixed at 3.64% for the 5 year term of the agreement. The associated interest costs were recognized in interest expense in the period from drawdown in December 2015 until its maturity in December 2020. The interest rate in respect of the 2020 Senior Notes is fixed at 2.32% for Series A Notes which will mature on December 8, 2023 and 2.43% for Series B Notes which will mature on December 8, 2025. The associated interest cost is recognized in the period since drawdown in December 2020.

Cash proceeds (\$4.6 million) received in November 2015 in respect of the realized hedge gain are amortized to the Consolidated Statement of Operations, net against interest payable, over the period of the 2015 Senior Notes. There was a cash outflow (\$0.9 million) in July 2020, representing a realized loss on the interest hedge on the 2020 Senior Notes. This was recorded within Other Comprehensive Income and the realized loss is amortized to the Consolidated Statement of Operations over the term of the 2020 Senior Notes.

Deferred financing costs (including issue costs relating to the Senior Notes) are reported at cost less accumulated amortization and the related amortization expense is included in interest expense, in our Consolidated Statement of Operations.

(ab) Reclassifications

Certain amounts in the consolidated financial statements have been reclassified where necessary to conform to the current year presentation.

### 3. Investments

#### (a) Available for sale investments

	December 31, 2020	December 31, 2019
(in thousands)		
Available for sale investments at start of year	\$ 49,628	\$ 59,910
Purchases	—	9,603
Sales and maturities	(47,902)	(21,686)
Interest on short term investments	—	1,065
Realized gain on sale of short term investments	234	55
Unrealized capital (loss)/gain – investments	(231)	681
Available for sale investments at end of year	\$ 1,729	\$ 49,628

The Company classifies its investment in short term investments as available for sale. Short term investments comprise highly liquid investments with maturities of greater than three months and minimum "A-" rated fixed term deposits. Short term investments at December 31, 2020 have an average maturity of 3.4 years compared to 0.65 years at December 31, 2019.

The following table represents our available for sale short term investments by major security type as of December 31, 2020:

	Maturity by period			
	Cost Total	Fair Value Total	Less than 1 year	1 to 5 years
(in millions)				
Term deposits	\$ 1.73	\$ 1.73	\$ 0.50	\$ 1.23
Total (\$ in millions)	\$ 1.73	\$ 1.73	\$ 0.50	\$ 1.23

The contractual maturity of certain investments in the portfolio is greater than 12 months; however, classification as short-term investments reflects the Company practice and intention in respect of these investments. The Company recognizes the unrealized losses at fair value in equity as these unrealized losses on short term investments have been considered as temporary.

#### (b) Investments in equity - long term

The Company entered into subscription agreements with a number of funds. Capital totaling \$13.3 million had been advanced under the terms of the subscription agreements at December 31, 2020 (December 31, 2019: \$10.1 million). The Company determined that the interests in the funds meet the definition of equity securities without readily determinable fair values. Effective from January 1, 2018, the Company concluded that the interests held at December 31, 2020 qualify for the NAV practical expedient in ASC 820 'Fair value measurements and disclosures'. There was an increase in fair value of \$2.5 million (December 31, 2019: decrease in fair value of \$0.8 million) recognized in net income during the year bringing the carrying value of the subscriptions to \$15.8 million at December 31, 2020 (December 31, 2019: \$10.1 million). At December 31, 2020, the Company had committed to future investments of \$21.9 million in respect of these funds.

#### (c) Equity method investments

The Company has invested \$4.9 million to obtain a 49% interest in the voting share capital of Oncacare. The Company's investment in Oncacare is accounted for under the equity method due to the Company's ability to exercise significant influence over Oncacare that is considered to be greater than minor. The Company records its pro rata share of the earnings/losses of this investment in 'Share of equity method investments' in the Consolidated Statement of Operations. See additional details in note 2 - Significant accounting policies.



The majority investor has the right to sell the 51% majority voting share capital exclusively to the Company in an eighteen month period, commencing January 1, 2023 and ICON also has the right to acquire the 51% majority voting share capital from August 1, 2025.

The following table represents our equity method investments at December 31, 2020:

	Ownership Percentage	Carrying Value	Carrying Value
	December 31, 2020	December 31, 2020	At date of investment July 24, 2020
(in thousands)			
Oncacare Limited	49 %	\$ 4,534	\$ 4,900

The Company has invested \$4.9 million in Oncacare, of which, \$2.5 million has been paid with the remainder to be paid in the next twelve months.

The Company has recorded a loss of \$0.4 million representing its pro rata share of the losses in Oncacare since the date of initial investment.

#### 4. Goodwill

	December 31, 2020	December 31, 2019
(in thousands)		
Opening goodwill	\$ 883,170	\$ 756,260
Current year acquisitions	27,191	126,932
Prior period acquisition (note 4 (b),(c))	123	—
Foreign exchange movement	25,773	(22)
Closing goodwill	\$ 936,257	\$ 883,170

The Company has made a number of strategic acquisitions since inception to enhance its capabilities and experience in certain areas of the clinical development process. Goodwill arising on acquisition represents the excess of the cost of acquired entities over the net amounts assigned to assets acquired and liabilities assumed. Goodwill is primarily comprised of the acquired workforce in place which does not qualify for recognition as an asset apart from goodwill.

The Company tests goodwill annually for impairment or whenever events occur which may indicate impairment. The results of the Company's goodwill impairment testing assessed at September 30, 2020 during the year ended December 31, 2020 provided no evidence of impairment and indicated the existence of sufficient headroom such that a reasonably possible change to the key assumptions used would be unlikely to result in an impairment of the related goodwill.

## Acquisitions

### (a) MedPass Group ("MedPass")

On January 22, 2020 a subsidiary of the Company, ICON Investments Limited acquired 100% of the equity share capital of the MedPass Group. MedPass is the leading European medical device CRO, regulatory and reimbursement consultancy, that specializes in medical device development and market access. The acquisition of MedPass further enhances ICON's Medical Device and Diagnostic Research services, through the addition of new regulatory and clinical capabilities in Europe. The integration of MedPass's services brings noted expertise in complex class 3 medical devices, interventional cardiology and structural heart devices. Accounting for the acquisition of MedPass was finalized in the year ended December 31, 2020.

The acquisition of MedPass has been accounted for as a business combination in accordance with ASC 805 'Business Combinations'. The Company has made an assessment of the fair value of assets acquired and liabilities assumed as at that date. The following table summarizes the Company's fair values of the assets acquired and liabilities assumed:

	January 22, 2020
	(in thousands)
Cash & cash equivalents	\$ 10,170
Property, plant and equipment	45
Operating right of use assets	539
Goodwill *	27,191
Customer relationships	11,725
Order backlog	2,883
Accounts receivable	3,033
Prepayments and other current assets	158
Accounts payable	(368)
Unearned revenue	(989)
Other liabilities	(2,202)
Current lease liabilities	(219)
Non-current lease liabilities	(320)
Non-current deferred tax liability	(4,090)
<b>Net assets acquired</b>	<b>\$ 47,556</b>
Cash outflows	\$ 46,992
Working capital adjustment paid	564
Contingent consideration **	—
<b>Total consideration</b>	<b>\$ 47,556</b>

\* Goodwill represents the acquisition of an established workforce that specializes in medical device development and market access. None of the goodwill recognized is expected to be deductible for income tax purposes.

\*\* The fair value of the contingent consideration was estimated at the date of acquisition. Depending on performance of the company, the total consideration could have increased by a maximum of \$6.7 million in contingent consideration. At the acquisition date and at December 31, 2020, the fair value of this contingent consideration payable to MedPass is \$Nil.

In finalizing the acquisition of MedPass in the twelve month period from acquisition, fair value adjustments were made which resulted in an increase in accounts receivable (\$0.2 million) and unearned revenue (\$0.8 million) and a decrease in operating right of use assets (\$0.8 million), other liabilities (\$0.8 million), current lease liabilities (\$0.1 million), non-current lease liabilities (\$0.7 million) and non-current deferred tax liability (\$0.6 million). Customer relationship and order backlog assets were also finalized.

Since January 22, 2020, MedPass has earned revenue of \$13.2 million and net income of \$2.5 million in the year ended December 31, 2020. The proforma effect of the MedPass acquisition if completed on January 1, 2019 would have resulted in revenue, net income and earnings per share for the fiscal years ended December 31, 2020 and December 31, 2019 as follows:

	Year Ended	
	2020	2019
	(in thousands)	
Revenue	\$ 2,798,180	\$ 2,820,796
Net income	\$ 332,521	\$ 377,485
	(in ones)	
Basic earnings per share	\$ 6.21	\$ 6.91
Diluted earnings per share	\$ 6.16	\$ 6.85

(b) *Symphony*

On September 24, 2019 a subsidiary of the Company, ICON Clinical Research LLC, acquired a 100% interest in Symphony. Symphony is a leading provider of at-home trial services and site support services. The acquisition of Symphony further enhances our site and patient services offering. The acquisition resulted in the recognition of goodwill of \$22.9 million. Accounting for the acquisition of Symphony was finalized in the year ended December 31, 2020.

The acquisition of Symphony has been accounted for as a business combination in accordance with ASC 805 'Business Combinations'. The Company has made an assessment of the fair value of assets acquired and liabilities assumed as at that date. The following table summarizes the Company's fair values of the assets acquired and liabilities assumed:

	September 24, 2019	
	(in thousands)	
Cash & cash equivalents	\$	3,292
Property, plant and equipment		564
Operating right of use assets		820
Goodwill *		22,865
Customer relationships		8,159
Order backlog		2,163
Accounts receivable		4,544
Unbilled revenue		186
Prepayments and other current assets		181
Other receivables		6
Accounts payable		(799)
Unearned revenue		(2,411)
Other liabilities		(933)
Current lease liabilities		(289)
Non-current lease liabilities		(531)
Net assets acquired	\$	37,817
Cash outflows		34,976
Working capital adjustment paid		341
Contingent consideration		2,500
Total consideration	\$	37,817

\* Goodwill represents the acquisition of an established workforce and the capability to provide at-home trial services and site support solutions. The full amount of the goodwill recognized is expected to be deductible for income tax purposes.

In finalizing the acquisition of Symphony in the twelve month period from acquisition, fair value adjustments were made which resulted in increases in accounts receivable (\$0.6 million) and unearned revenue (\$1.0 million) and decreases in unbilled revenue (\$0.1 million), accounts payable (\$0.3 million) and other liabilities (\$0.1 million). Customer relationship and order backlog assets were also finalized.

The contingent consideration was assessed at the acquisition date and was based on revenue targets set for the company to the period ending March 31, 2020. The fair value of the contingent consideration on acquisition, and at December 31, 2019, was \$2.5 million based on an income approach. The value of the contractual contingent consideration is in the range of zero to a maximum of \$2.5 million. Due to the short term nature of the contingent consideration, no discounting was applied. As the fair value measure is based on significant inputs that are not observable in the market, the contingent consideration meets the definition of a level 3 financial instrument under ASC 820. The inputs that are not observable in the market are the expected revenue of the company to the period ending March 31, 2020 and the probability of achievement of this revenue target by the company. A positive or negative movement of these inputs by 10% would not result in a material change to the contingent consideration balance. In the twelve month period ended December 31, 2020, the contingent consideration was settled at fair value in the amount of \$0.5 million. The change in fair value has been recorded in the selling, general and administrative expense line of the Consolidated Statement of Operations.

Since September 24, 2019, Symphony has earned revenue of \$4.5 million and net income of \$1.0 million in the year ended December 31, 2019. The proforma effect of the Symphony acquisition if completed on January 1, 2018 would have resulted in revenue, net income and earnings per share for the fiscal years ending December 31, 2019 and December 31, 2018 as follows:

	<b>Year Ended</b>	
	<b>2019</b>	<b>2018</b>
	<b>(in thousands)</b>	
Revenue	\$ 2,818,280	\$ 2,609,233
Net income	\$ 376,636	\$ 324,671
	<b>(in ones)</b>	
Basic earnings per share	\$ 6.90	\$ 6.00
Diluted earnings per share	\$ 6.84	\$ 5.93

(c) MeDiNova

On May 23, 2019 a subsidiary of the Company, ICON Clinical Research (U.K.) Limited acquired a 60% majority shareholding in MeDiNova, a site network with research sites in key markets in Europe and Africa. On March 9, 2020 ICON exercised its option to call the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. The acquisition further enhances ICON's patient recruitment capabilities in EMEA and complements ICON's existing site network in the US, PMG Research. The acquisition resulted in the recognition of goodwill of \$81.8 million. Accounting for the acquisition of MeDiNova was finalized in the year ended December 31, 2020.

The acquisition of MeDiNova has been accounted for as a business combination in accordance with ASC 805 'Business Combinations'. The Company made an assessment of the fair value of assets acquired and liabilities assumed as at that date. The following table summarizes the Company's fair values of the assets acquired and liabilities assumed:

	May 23, 2019
	(in thousands)
Cash & cash equivalents	\$ 7,719
Property, plant and equipment	670
Operating right of use assets	1,558
Goodwill *	81,760
Customer relationships	3,887
Order backlog	171
Patient database	2,542
Accounts receivable	3,488
Unbilled revenue	4,272
Other receivables	819
Prepayments and other current assets	406
Accounts payable	(5,484)
Unearned revenue	(5,796)
Other liabilities	(6,860)
Current lease liabilities	(430)
Non-current lease liabilities	(1,128)
Non-current deferred tax liability	(1,345)
Net assets acquired	\$ 86,249
Cash outflows	\$ 54,123
Working capital adjustment received	(466)
Redeemable noncontrolling interest **	32,592
Total consideration	\$ 86,249

\*Goodwill represents the acquisition of an established workforce and access to a broad site network in Europe and Africa. None of the goodwill recognized is expected to be deductible for income tax purposes.

\*\*The fair value of the redeemable noncontrolling interest on May 23, 2019 was \$32.6 million which was estimated by applying an income based approach. The valuation approach used was based on the future earnings of the company times an appropriate earnings multiple. On March 9, 2020 ICON exercised its option to call the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. Effective from this date, the noncontrolling interest was derecognized and a liability of \$44.7 million was recognized, representing the assessment of the redemption value of the noncontrolling interest. This liability was settled on July 17, 2020 for \$43.9 million.

In finalizing the acquisition of MeDiNova in the twelve month period from acquisition, fair value adjustments were made which resulted in an increase in other liabilities (\$1.6 million) and decreases in operating right of use assets (\$0.3 million), current lease liabilities (\$0.1 million), non-current lease liabilities (\$0.3 million) and non-current deferred tax liability (\$2.2 million). Customer relationship, order backlog and patient database assets were also finalized.

Since May 23, 2019, MeDiNova has earned revenue of \$6.5 million (after elimination of intercompany revenue from ICON) and net income of \$4.7 million in the year ended December 31, 2019. The proforma effect of the MeDiNova acquisition if completed on January 1, 2018 would have resulted in revenue, net income and earnings per share for the fiscal years ending December 31, 2019 and December 31, 2018 as follows:

	Year Ended	
	2019	2018
	(in thousands)	
Revenue	\$ 2,807,788	\$ 2,599,091
Net income	\$ 375,979	\$ 323,759
	(in ones)	
Basic earnings per share	\$ 6.89	\$ 5.98
Diluted earnings per share	\$ 6.83	\$ 5.91

(d) MMD

On January 25, 2019 a subsidiary of the Company, ICON Laboratory Services, Inc. acquired 100% of the share capital of MMD. MMD is a molecular diagnostic specialty laboratory that enables the development and commercialization of precision medicines in oncology. The acquisition resulted in the recognition of goodwill of \$22.4 million.

The acquisition of MMD has been accounted for as a business combination in accordance with ASC 805 'Business Combinations'. The Company made an assessment of the fair value of assets acquired and liabilities assumed as at that date. The following table summarizes the Company's fair values of the assets acquired and liabilities assumed:

	January, 25 2019	
	(in thousands)	
Cash & cash equivalent	\$	686
Property, plant and equipment		1,697
Operating right of use assets		2,866
Goodwill *		22,430
Customer relationships *		10,708
Order backlog *		2,787
Accounts receivable		3,100
Unbilled revenue		2,421
Other receivables		43
Prepayments and other current assets		908
Deferred tax asset		1,568
Accounts payable		(1,280)
Unearned revenue		(540)
Other liabilities		(1,232)
Current lease liabilities		(699)
Non-current lease liabilities		(2,167)
Non-current other liabilities		(1,123)
Net assets acquired	\$	42,173
Cash outflows	\$	42,349
Working capital adjustment		(176)
Total consideration	\$	42,173

\*Goodwill represents the acquisition of an established workforce with experience in molecular diagnostic specialty laboratory services and commercialization of precision medicines in oncology. None of the goodwill recognized is expected to be deductible for income tax purposes. In finalizing the goodwill on acquisition of MMD in the twelve month period from acquisition, fair value adjustments were made which resulted in increases in unbilled revenue (\$2.1 million), deferred tax asset (\$3.7 million), accounts payable (\$0.6 million) and other liabilities (\$0.1 million) and decreases in property, plant and equipment (\$0.1 million) and unearned revenue (\$0.9 million). Customer relationship and order backlog assets were also finalized.

Since January 25, 2019, MMD has earned revenue of \$17.9 million and net income of \$1.1 million in the year ended December 31, 2019. The proforma effect of the MMD acquisition if completed on January 1, 2018 would have resulted in revenue, net income and earnings per share for the fiscal years ending December 31, 2019 and December 31, 2018 as follows:

	Year Ended	
	2019	2018
	(in thousands)	
Revenue	\$ 2,806,908	\$ 2,612,346
Net income	\$ 373,930	\$ 321,698
	(in ones)	
Basic earnings per share	\$ 6.85	\$ 5.94
Diluted earnings per share	\$ 6.79	\$ 5.87

## 5. Intangible Assets

	December 31, 2020	December 31, 2019
<b>Cost</b>	(in thousands)	
Customer relationships	\$ 144,101	\$ 132,192
Technology asset	11,169	11,169
Order backlog	39,224	36,318
Trade names/ brands	2,766	2,766
Volunteer list	1,325	1,325
Non-compete arrangements	489	489
Patient database	2,542	2,542
Foreign exchange movement	209	(5,728)
<b>Total cost</b>	<b>201,825</b>	<b>181,073</b>
Accumulated amortization	(135,430)	(116,196)
Foreign exchange movement	65	3,017
<b>Net book value</b>	<b>\$ 66,460</b>	<b>\$ 67,894</b>

On January 22, 2020 a subsidiary of the Company, ICON Investments Limited acquired 100% of the equity share capital of the MedPass Group. MedPass is the leading European medical device CRO, regulatory and reimbursement consultancy, that specializes in medical device development and market access. The acquisition of MedPass further enhances ICON's Medical Device and Diagnostic Research services, through the addition of new regulatory and clinical capabilities in Europe. The value of certain customer relationships and order backlog identified of \$11.7 million and \$2.9 million respectively were recognized on acquisition and are being amortized over approximately 13 years and 3 years, the estimated period of benefit. In total, \$1.8 million has been amortized in the period since the date of acquisition.

On September 24, 2019 a subsidiary of the Company, ICON Clinical Research LLC, acquired a 100% interest in Symphony. Symphony is a leading provider of at-home trial services and site support services. The acquisition of Symphony further enhances our site & patient services offering. The value of certain customer relationships and order backlog identified of \$8.2 million and \$2.2 million respectively were recognized on acquisition and are being amortized over approximately 12 years and 2 years, the estimated period of benefit. In total, \$2.2 million has been amortized in the period since the date of acquisition.

On May 23, 2019 a subsidiary of the Company, ICON Clinical Research (U.K.) Limited acquired a majority shareholding in MeDiNova, a site network with research sites in key markets in Europe and Africa. ICON had the right to acquire the remaining shares in the company during 2020 and on March 9, 2020 ICON exercised its option to call the outstanding shares in the noncontrolling interest to take 100% ownership of MeDiNova. The acquisition further enhances ICON's patient recruitment capabilities in EMEA and complements ICON's existing site network in the US, PMG Research. The value of certain customer relationships, patient database and order backlog identified of \$3.9 million, \$2.5 million and \$0.2 million respectively were recognized on acquisition and are being amortized over approximately 12 years, 7 years and 1 year, the estimated period of benefit. In total, \$1.3 million has been amortized in the period since the date of acquisition. The order backlog was fully amortized at December 31, 2020.

On January 25, 2019 a subsidiary of the Company, ICON Laboratory Services, Inc. acquired 100% of the share capital of MMD. MMD is a molecular diagnostic specialty laboratory that enables the development and commercialization of precision medicines in oncology. The value of certain customer relationships and order backlog identified of \$10.7 million and \$2.8 million respectively were recognized on acquisition and are being amortized over approximately over 16 years and 2 years, the estimated period of benefit. In total, \$4.0 million has been amortized in the period since the date of acquisition.

On July 27, 2017, a subsidiary of the Company, ICON Clinical Research Limited acquired Mapi Group. Mapi is a leading patient-centered health outcomes research and commercialization company. The acquisition of Mapi strengthens ICON's existing commercialization and outcomes research business adding significant commercialization presence, analytics, real world evidence generation and strategic regulatory services. The value of certain customer relationships and order backlog identified of \$18.4 million and \$13.0 million respectively were recognized on acquisition and are being amortized over approximately over 8 years and 8.5 years, the estimated period of benefit. In total, \$13.3 million has been amortized in the period since the date of acquisition.

On September 15, 2016, a subsidiary of the Company, ICON US Holdings Inc., acquired ICON Government & Public Health Solutions ("GPHS") (formerly Clinical Research Management (ClinicalRM)), a full-service CRO specializing in preclinical through Phase IV support of clinical research and clinical trial services for biologics, drugs and devices. The organization helps customers progress their products to market faster with a wide array of research, regulatory and sponsor services within the U.S. and around the globe. GPHS provides full-service and functional research solutions to a broad range of US government agencies. The value of certain customer relationship, order backlog and brand assets identified of \$4.0 million, \$1.7 million and \$1.4 million respectively are being amortized over approximately 7 years, 2 years and 5 years respectively, the estimated period of benefit. In total, \$5.6 million has been amortized in the period since the date of acquisition. The order backlog and brand assets were fully amortized at December 31, 2020.

On December 4, 2015, a subsidiary of the Company, ICON Clinical Research LLC, acquired PMG, an integrated network of 52 clinical research sites in North Carolina, South Carolina, Tennessee, Illinois and Iowa. The site network includes wholly owned facilities and dedicated clinical research sites. PMG conducts clinical trials in all major therapeutic areas and has particular expertise in vaccine, gastroenterology, cardiovascular, neurology and endocrinology studies. The value of certain customer relationship and order backlog assets identified of \$6.9 million and \$3.0 million respectively are being amortized over approximately 7 years and 2 years respectively, the estimated period of benefit. In total, \$8.0 million has been amortized in the period since the date of acquisition. The order backlog was fully amortized at December 31, 2020.

On February 27, 2015, a subsidiary of the Company, ICON Holdings Unlimited Company (formerly ICON Holdings), acquired MediMedia Pharma Solutions. Headquartered in Yardley, Pennsylvania, MediMedia Pharma Solutions includes MediMedia Managed Markets and Complete Healthcare Communications. MediMedia Managed Markets is a leading provider of strategic payer-validated market access solutions. Complete Healthcare Communications is one of the leading medical and scientific communication agencies working with medical affairs, commercial and brand development teams within life science companies. The value of certain customer relationships and order backlog identified of \$22.8 million and \$2.5 million respectively are being amortized over approximately 7 years and 1 year, the estimated period of benefit. \$21.5 million has been amortized in the period since the date of acquisition. The order backlog is fully amortized at December 31, 2020.

On May 7, 2014, a subsidiary of the Company, ICON US Holdings Inc., acquired Aptiv Solutions, Inc. ("Aptiv"), a global biopharmaceutical and medical device development services company and leader in adaptive clinical trials. Aptiv offers full-service clinical trial consulting and regulatory support for drugs, medical devices and diagnostics with a specific focus on strategy to increase product development efficiency and productivity. The value of certain customer relationships and order backlog identified of \$21.4 million and \$7.9 million respectively are being amortized over approximately 7 years and 3 years, the estimated period of benefit. In total, \$28.3 million has been amortized in the period since the date of acquisition. The order backlog is fully amortized at December 31, 2020.

On February 28, 2012, a subsidiary of the Company, ICON Clinical Research LLC (formerly ICON Clinical Research, Inc.), acquired PriceSpective, a strategy consulting company. The value of certain customer relationships identified of \$10.2 million are being amortized over approximately 10 years, the estimated period of benefit. The value of order backlog and certain non-compete arrangements identified of \$0.4 million and \$0.4 million respectively were amortized over approximately 0.8 years and 3 years, the estimated period of benefit and were fully amortized at December 31, 2020. In total, \$9.8 million has been amortized in the period since the date of acquisition.

On February 15, 2012, a subsidiary of the Company, ICON Clinical Research Limited, acquired BeijingWits Medical, a Chinese CRO. The value of certain customer relationships identified of \$1.8 million are being amortized over approximately 10 years, the estimated period of benefit. The value of certain order backlog and non-compete arrangements identified of \$0.4 million and \$0.1 million respectively were amortized over approximately 4 years and 5 years, the estimated period of benefit and were fully amortized at December 31, 2020. In total, \$2.0 million has been amortized in the period since the date of acquisition.



On July 14, 2011, a subsidiary of the Company, ICON Clinical Research Limited, acquired Firecrest Clinical Limited, a provider of technology solutions that boost investigator site performance and study management. The value of certain technology assets and customer relationships identified of \$11.2 million and \$5.2 million respectively are being amortized over approximately 7.5 years, the estimated period of benefit and were fully amortized at December 31, 2020. The value of the Firecrest trade name and order backlog identified of \$1.4 million and \$1.2 million respectively were amortized over approximately 4.5 years and 1.2 years, the estimated period of benefit and were fully amortized at December 31, 2020. In total, \$16.5 million has been amortized in the period since the date of acquisition.

Future intangible asset amortization expense for the years ended December 31, 2021 to December 31, 2025 is as follows:

	<b>Year Ended December 31, 2020</b>
	<b>(in thousands)</b>
2021	\$ 16,132
2022	10,426
2023	7,594
2024	7,149
2025	6,126
	<b>\$ 47,427</b>

#### 6. Property, Plant and Equipment, net

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>(in thousands)</b>	
<b>Cost</b>		
Land	\$ 3,724	\$ 3,724
Building	84,195	85,050
Computer equipment and software	438,742	434,707
Office furniture and fixtures	90,477	88,401
Laboratory equipment	44,101	40,611
Leasehold improvements	30,588	31,144
Motor vehicles	158	199
Foreign exchange movement	11,728	(1,371)
	703,713	682,465
Less accumulated depreciation and asset write offs	(522,473)	(518,383)
Foreign exchange movement	(6,897)	1,005
<b>Property, plant and equipment (net)</b>	<b>\$ 174,343</b>	<b>\$ 165,087</b>

## 7. Other Liabilities

	December 31, 2020	December 31, 2019
	(in thousands)	
General trade and overhead liabilities*	\$ 188,638	\$ 174,131
Personnel related liabilities	161,363	157,146
Operating lease liability (note 22)	24,334	28,320
Facility related liabilities	9,441	11,138
Other liabilities	8,726	6,531
Restructuring charges (note 14)	7,219	1,232
Short term government grants (note 11)	48	45
	\$ 399,769	\$ 378,543

\*includes amounts due to third parties in respect of accrued reimbursable expenses of \$138.2 million at December 31, 2020 and \$142.6 million at December 31, 2019.

## 8. Non-Current Other Liabilities

	December 31, 2020	December 31, 2019
	(in thousands)	
Other non-current liabilities	\$ 15,971	\$ 11,459
Defined benefit pension obligations, net (note 9)	10,395	6,053
	\$ 26,366	\$ 17,512

## 9. Employee Benefits

Certain Company employees are eligible to participate in a defined contribution plan (the "Plan"). Participants in the Plan may elect to defer a portion of their pre-tax earnings into a pension plan, which is run by an independent party. The Company matches participant's contributions typically at 8% of the participant's annual compensation. Contributions to the plan are recorded as an expense in the selling, general and administrative line in the Consolidated Statement of Operations. Contributions for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 were \$28,036,000, \$26,483,000 and \$25,241,000 respectively.

The Company's United States operations maintain a retirement plan (the "U.S. Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Participants in the U.S. Plan may elect to defer a portion of their pre-tax earnings, up to the Internal Revenue Service annual contribution limit. The Company matches participant's contributions up to 3% and matches 50% of participant's contributions thereafter to a maximum Company contribution of 4.5% of the participant's annual compensation. Contributions to this U.S. Plan are recorded, in the year contributed, as an expense in the Consolidated Statement of Operations. Contributions for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 were \$17,048,000, \$16,469,000 and \$15,532,000 respectively.

## ICON Development Solutions Limited pension plan

One of the Company's subsidiaries, ICON Development Solutions Limited, operates a defined benefit pension plan in the United Kingdom for its employees. The plan is managed externally and the related pension costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary. Plan assets at December 31, 2020, December 31, 2019 and December 31, 2018, consist of units held in independently administered funds. The pension costs of this plan are presented in the following tables in accordance with the requirements of ASC 715-60 'Defined Benefit Plans – Other Postretirement'. The plan has been closed to new entrants with effect from July 1, 2003.

Funded status	December 31, 2020	December 31, 2019
	(in thousands)	
Projected benefit obligation	\$ (43,988)	\$ (37,036)
Fair value of plan assets	34,612	32,016
<b>Funded status</b>	<b>\$ (9,376)</b>	<b>\$ (5,020)</b>
Non-current other liabilities (note 8)	\$ (9,376)	\$ (5,020)

Change in benefit obligation	December 31, 2020	December 31, 2019
	(in thousands)	
Benefit obligation at beginning of year	\$ 37,036	\$ 30,045
Service cost	100	107
Interest cost	746	867
Plan participants' contributions	22	24
Benefits paid	(724)	(177)
Actuarial loss	5,294	4,756
Foreign currency exchange rate changes	1,514	1,414
<b>Benefit obligation at end of year</b>	<b>\$ 43,988</b>	<b>\$ 37,036</b>

Change in plan assets	December 31, 2020	December 31, 2019
	(in thousands)	
Fair value of plan assets at beginning of year	\$ 32,016	\$ 27,297
Actual return on plan assets	2,092	3,504
Employer contributions	109	148
Plan participants' contributions	22	24
Benefits paid	(724)	(177)
Foreign currency exchange rate changes	1,097	1,220
<b>Fair value of plan assets at end of year</b>	<b>\$ 34,612</b>	<b>\$ 32,016</b>

The fair values of the assets above do not include any of the Company's own financial instruments, property occupied by, or other assets used by, the Company.

The following amounts were recorded in the Consolidated Statement of Operations as components of the net periodic benefit cost:

	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Service cost	\$ 100	\$ 107	\$ 124
Interest cost	746	867	895
Expected return on plan assets	(1,214)	(574)	(624)
Amortization of net loss	160	67	248
<b>Net periodic benefit cost</b>	<b>\$ (208)</b>	<b>\$ 467</b>	<b>\$ 643</b>

The following assumptions were used at the commencement of the year in determining the net periodic pension benefit cost for the years ended December 31, 2020, December 31, 2019 and December 31, 2018:

	December 31, 2020	December 31, 2019	December 31, 2018
Discount rate	2.1 %	2.9 %	2.5 %
Rate of compensation increase	3.3 %	3.7 %	3.7 %
Expected rate of return on plan assets	4.0 %	2.1 %	2.0 %

	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Actuarial loss/(gain) - benefit obligation	\$ 5,294	\$ 4,756	\$ (3,844)
Actuarial (gain)/loss – plan assets	(878)	(2,930)	1,208
Actuarial loss recognized in net periodic benefit cost	(160)	(67)	(248)
<b>Total</b>	<b>\$ 4,256</b>	<b>\$ 1,759</b>	<b>\$ (2,884)</b>

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year are \$0.6 million and \$Nil respectively.

#### Benefit Obligation

The following assumptions were used in determining the benefit obligation at December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Discount rate	1.5 %	2.1 %
Rate of compensation increase	3.4 %	3.3 %

A single discount rate is used which, when used to discount the projected benefit cashflows underlying a pension scheme with a 26 year duration, gives the same result as a full AA corporate bond yield curve.

Actuarial losses on the benefit obligation during 2020 resulted from changes in the assumptions compared to those adopted at December 2019. Changes in the assumptions reflect the changes in market conditions from December 2019 to December 2020 and the actuarial loss is primarily due to the change in the discount rate and a reduction in the inflation risk premium.

## Plan Assets

The assets of the scheme are held on an investment platform with Mobius which invests in a number of investment funds with Legal & General, Stone Harbor, Ninety One and Barings. The overall investment strategy is that approximately 19% of investments are in senior secured loans, 20% in corporate bonds, high yield bonds and multi-asset credit fund and 21% in world equities respectively. There is no self-investment in employer related assets. The expected long-term rate of return on assets at December 31, 2020 of 3.4% was calculated as the value of the fund after application of a market value reduction factor. The expected long term rates of return on different asset classes are as follows:

Asset Category	Expected long-term return per annum
Corporate Bonds (including 50% high yield bonds)	2.8 %
Equities	5.2 %
Secured Loans and Multi Asset Credit	3.0 %

The long-term expected rate of return on cash is determined by reference to traditional corporate bond rates at the latest Balance Sheet date. The long-term expected returns on traditional corporate and government bonds are determined by reference to corporate bond yields and gilt yields respectively at the Balance Sheet date. The long-term expected returns on equities are based on the rate of return on government bonds with an allowance for out-performance. The long-term expected return on high yield bonds, secured loans and multi asset credit is based on the return on traditional corporate bonds with an allowance for out-performance.

The underlying asset split of the fund is shown below.

Asset Category	December 31, 2020	December 31, 2019
Corporate Bonds (including 50% high yield bonds)	40 %	40 %
Equities	21 %	21 %
Secured Loans and Multi Asset Credit	39 %	39 %
	100 %	100 %

Applying the above expected long term rates of return to the asset distribution at December 31, 2020, gives rise to an expected overall rate of return of scheme assets of approximately 3.4% per annum.

## Plan Asset Fair Value Measurements

	Quoted Prices in Active Markets for Identical Assets Level 1	
	December 31, 2020	December 31, 2019
	(in thousands)	
Cash	\$ 11	\$ 17
<u>Fixed Income Securities</u>		
L&G Life GPBF All World Equity Index Fund	7,460	6,753
L&G Life DC Active Corporate Bond	6,797	6,412
Stone Harbor High Yield Bond Fund	6,861	6,292
Ninety One Global Total Return Credit	3,472	—
Investec Global Total Return Credit Fund	—	3,166
Stone Harbor Multi Asset Credit Portfolio	3,389	3,151
Barings European Loan Fund Buy & Hold	6,622	6,225
	\$ 34,612	\$ 32,016

## Cash Flows

The Company expects to contribute \$0.1 million to the pension fund in the year ending December 31, 2021.

The following annual benefit payments, which reflect expected future service as appropriate, are expected to be paid.

	(in thousands)
2021	\$ 342
2022	258
2023	343
2024	421
2025	458
Years 2026 - 2030	3,700

The expected cash flows are estimated figures based on the members expected to retire over the next 10 years assuming no early retirements, withdrawals or commutation of pension for cash. At the present time it is not clear whether annuities will be purchased when members reach retirement or whether pensions will be paid each month out of scheme assets. The cash flows above have been estimated on the assumption that pensions will be paid monthly out of scheme assets. If annuities are purchased, then the expected benefit payments will be significantly different from those shown above.

### Aptiv Solutions pension plan

On May 7, 2014 the Company acquired 100% of the common stock of Aptiv Solutions ("Aptiv"). The acquisition of Aptiv was accounted for as a business combination in accordance with ASC 805 '*Business Combinations*'. The Company has a defined benefit plan covering its employees in Switzerland as mandated by the Swiss government. Benefits are based on the employee's years of service and compensation. Benefits are paid directly by the Company when they become due, in conformity with the funding requirements of applicable government regulations. The plan is managed externally and the related pension costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary. Plan assets at December 31, 2020 and December 31, 2019 consist of units held in independently administered funds. The pension costs of this plan are presented in the following tables in accordance with the requirements of ASC 715-60 '*Defined Benefit Plans – Other Postretirement*'.

Funded status	December 31, 2020	December 31, 2019
	(in thousands)	
Projected benefit obligation	\$ (8,620)	\$ (7,047)
Fair value of plan assets	7,601	6,014
Funded status	\$ (1,019)	\$ (1,033)
Non-current other liabilities (note 8)	\$ (1,019)	\$ (1,033)

Change in benefit obligation	December 31, 2020	December 31, 2019
	(in thousands)	
Benefit obligation at beginning of year	\$ 7,047	\$ 5,279
Service cost	139	115
Interest cost	21	40
Plan participants' contributions	81	67
Prior service cost	(23)	—
Transferred balances/(benefits paid)	245	(72)
Actuarial loss	406	1,479
Foreign currency exchange rate changes	704	139
Benefit obligation at end of year	\$ 8,620	\$ 7,047

Change in plan assets	December 31,	
	2020	2019
	(in thousands)	
Fair value of plan assets at beginning of year	\$ 6,014	\$ 4,707
Expected return on plan assets	21	35
Actual return on plan assets	519	1,114
Scheme contributions	105	89
Plan participants' contributions	81	67
Transferred balances/ (benefits paid)	245	(72)
Foreign currency exchange rate changes	616	74
Fair value of plan assets at end of year	\$ 7,601	\$ 6,014

The fair values of the assets above do not include any of the Company's own financial instruments, property occupied by, or other assets used by, the Company.

The following amounts were recorded in the Consolidated Statement of Operations as components of the net periodic benefit cost:

	December 31,		December 31,
	2020	December 31, 2019	2018
	(in thousands)		
Service cost	\$ 139	\$ 115	\$ 138
Interest cost	21	40	47
Expected return on plan assets	(21)	(35)	(41)
Amortization of net gain	(6)	(93)	(69)
Amortization of prior service credit	(12)	(9)	(8)
Settlement	—	—	(93)
Net periodic benefit cost/(credit)	\$ 121	\$ 18	\$ (26)

The following assumptions were used at the commencement of the year in determining the net periodic pension benefit cost for the years ended December 31, 2020, December 31, 2019 and December 31, 2018:

	December 31, 2020	December 31, 2019	December 31, 2018
Discount rate	0.30 %	0.80 %	0.80 %
Rate of compensation increase	2.00 %	2.00 %	2.00 %
Expected rate of return on plan assets	0.34 %	0.80 %	0.80 %

Other comprehensive income	December 31,		December 31,
	2020	2019	2018
Actuarial loss/(gain) - benefit obligation	\$ 406	\$ 1,479	\$ (372)
Actuarial (gain)/loss – plan assets	(519)	(1,114)	240
Prior service credit recognized in net periodic benefit cost	—	—	93
Actuarial gain recognized in net periodic benefit cost	6	93	69
Amortization of net prior service credit	12	9	8
Net prior service cost occurring during the year	(23)	—	(9)
Total	\$ (118)	\$ 467	\$ 29

The estimated net gain and prior service credit for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year are \$7,000 and \$12,000 respectively.

## Benefit Obligation

The following assumptions were used in determining the benefit obligation at December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Discount rate	0.15 %	0.30 %
Rate of compensation increase	2.00 %	2.00 %

The discount rate is determined by reference to Swiss corporate bond yields at the Balance Sheet date.

Actuarial losses on the benefit obligation during 2020 resulted from actual experience with plan members during 2020 being different from that assumed at December 2019 and due to changes in the assumptions compared to those adopted at December 2019. Changes in the assumptions reflect the changes in market conditions from December 2019 to December 2020 and the actuarial loss is primarily due to the change in the discount rate.

## Plan Assets

The pension plan is an insured arrangement with Swiss Life. The assets are an insurance contract whose value depends on the amount saved by employees and the interest granted by Swiss Life. The value of assets does not depend on the performance of any underlying assets. There is no self-investment in employer related assets.

## Cash Flows

The Company expects to contribute \$0.1 million to its pension fund in the year ending December 31, 2021.

The following annual benefit payments, which reflect expected future service as appropriate, are expected to be paid.

	(in thousands)	
2021	\$	348
2022		342
2023		334
2024		326
2025		377
Years 2025 - 2029		1,587

The expected cash flows are estimated figures based on the members already receiving benefits plus an additional amount for people expected to retire, leave the Company, become disabled or die in the next 10 years. The amounts assume no early retirements and allow for expected experience in line with Swiss population statistics. At the present time it is not clear whether annuities will be purchased when members reach retirement or whether pensions will be paid each month out of scheme assets. The cash flows above have been estimated on the assumption that employees will take 50% of their benefits as a lump sum and the remainder will be paid monthly out of scheme assets as a pension. If employees choose a different option, the actual future benefit payments will be significantly different from those shown above.

## 10. Equity Incentive Schemes and Stock Compensation Charges

### Share Options

On July 21, 2008 the Company adopted the Employee Share Option Plan 2008 (the "2008 Employee Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may grant options to any employee, or any Director holding a salaried office or employment with the Company or a Subsidiary for the purchase of ordinary shares. On the same date, the Company also adopted the Consultants Share Option Plan 2008 (the "2008 Consultants Plan"), pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may grant options to any consultant, adviser or non-executive Director retained by the Company or any Subsidiary for the purchase of ordinary shares.

On February 14, 2017 both the 2008 Employee Plan and the 2008 Consultants Plan (together the "2008 Option Plans") were amended and restated in order to increase the number of options that can be issued under the 2008 Consultants Plan from 0.4 million to 1.0 million and to extend the date for options to be granted under the 2008 Option Plans.



An aggregate of 6.0 million ordinary shares have been reserved under the 2008 Employee Plan, as reduced by any shares issued or to be issued pursuant to options granted under the 2008 Consultants Plan, under which a limit of 1.0 million shares applies. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2008 Employee Option Plan, during any calendar year to any employee shall be 0.4 million ordinary shares. There is no individual limit under the 2008 Consultants Plan. No options may be granted under the 2008 Option Plans after February 14, 2027.

Each option granted under the 2008 Option Plans will be an employee stock option, or NSO, as described in Section 422 or 423 of the Internal Revenue Code. Each grant of an option under the 2008 Options Plans will be evidenced by a Stock Option Agreement between the optionee and the Company. The exercise price will be specified in each Stock Option Agreement, however option prices will not be less than 100% of the fair market value of an ordinary share on the date the option is granted.

On January 17, 2003 the Company adopted the Share Option Plan 2003 (the "2003 Share Option Plan") pursuant to which the Compensation and Organization Committee of the Board could grant options to officers and other employees of the Company or its subsidiaries for the purchase of ordinary shares. An aggregate of 6.0 million ordinary shares were reserved under the 2003 Share Option Plan; and in no event could the number of ordinary shares issued pursuant to options awarded under this plan exceed 10% of the outstanding shares, as defined in the 2003 Share Option Plan, at the time of the grant, unless the Board expressly determined otherwise. Further, the maximum number of ordinary shares with respect to which options could be granted under the 2003 Share Option Plan during any calendar year to any employee was 0.4 million ordinary shares. The 2003 Share Option Plan expired on January 17, 2013. No new options may be granted under this plan.

Share option awards are granted with an exercise price equal to the market price of the Company's shares at date of grant. Prior to 2018, share options typically vest over a period of five years from date of grant and expire eight years from date of grant. Share options granted to non-executive directors during 2018 vest over 12 months and expire eight years from the date of grant.

The following table summarizes the transactions for the Company's share option plans for the years ended December 31, 2020, December 31, 2019 and December 31, 2018:

	Options Granted Under Plans	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2017	1,171,393 \$	56.02 \$	17.15
Granted	167,557 \$	118.90 \$	36.84
Exercised	(408,699) \$	41.12 \$	13.55
Canceled	(9,505) \$	32.35 \$	11.39
Outstanding at December 31, 2018	920,746 \$	74.32 \$	22.39
Granted	97,112 \$	140.13 \$	43.43
Exercised	(329,870) \$	65.54 \$	19.78
Canceled/expired	(31,881) \$	88.12 \$	26.77
Outstanding at December 31, 2019	656,107 \$	87.80 \$	26.60
Granted	107,737 \$	159.83 \$	42.43
Exercised	(193,417) \$	68.19 \$	20.91
Canceled/expired	(16,681) \$	92.21 \$	27.93
Outstanding at December 31, 2020	553,746 \$	108.53 \$	31.63
Vested and exercisable at December 31, 2020	224,845 \$	83.13 \$	24.90

The weighted average remaining contractual life of options outstanding and options exercisable at December 31, 2020, was 4.86 years and 3.60 years respectively (2019: 4.76 years and 3.64 years respectively). 157,797 options are expected to vest during the year ended December 31, 2021 (186,479 options were expected to vest during the year ended December 31, 2020).

The intrinsic value of options exercised during the year ended December 31, 2020 amounted to \$21.3 million. The intrinsic value of options outstanding and options exercisable at December 31, 2020 amounted to \$47.9 million and \$25.1 million respectively. Intrinsic value is calculated based on the market value versus strike price of the Company's shares at the date of exercise and at the year end.

Non-vested shares outstanding as at December 31, 2020 are as follows:

	Options Outstanding Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Non-vested outstanding at December 31, 2019	358,030	\$ 103.68	\$ 31.28
Granted	107,737	159.83	42.43
Vested	(124,605)	92.25	27.51
Forfeited	(12,261)	117.41	34.50
Non-vested outstanding at December 31, 2020	328,901	\$ 125.89	\$ 36.24

*Outstanding and exercisable share options:*

The following table summarizes information concerning outstanding and exercisable share options as of December 31, 2020:

Options Outstanding				Options Exercisable	
Range Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
\$ 32.37	2,500	0.33		2,500	
\$ 37.90	920	0.92		920	
\$ 40.83	21,360	1.39		21,360	
\$ 47.03	479	1.16		479	
\$ 48.67	1,027	1.20		1,027	
\$ 65.60	29,381	3.38		19,528	
\$ 66.47	2,621	2.38		2,621	
\$ 68.39	24,508	2.18		24,508	
\$ 71.95	73,193	3.17		59,284	
\$ 83.47	58,159	4.17		10,671	
\$ 90.03	45,154	4.38		27,698	
\$ 115.11	68,016	5.17		8,866	
\$ 125.74	39,664	5.38		36,885	
\$ 137.47	6,045	6.37		895	
\$ 140.38	75,061	6.17		7,603	
\$ 159.33	98,128	7.17		—	
\$ 166.51	7,530	7.47		—	
<b>\$32.37-\$166.51</b>	<b>553,746</b>	<b>4.86 \$</b>	<b>108.53</b>	<b>224,845 \$</b>	<b>83.13</b>

Options outstanding include both vested and unvested options as at December 31, 2020. Options exercisable represent options which have vested at December 31, 2020. From the date of grant, substantially all options vest over a five year period at 20% per annum.

### Fair value of Stock Options Assumptions

The weighted average fair value of options granted during the years ended December 31, 2020, December 31, 2019 and December 31, 2018 was calculated using the Black-Scholes option pricing model. The weighted average fair values and assumptions were as follows:

	Year Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Weighted average fair value	\$ 42.43	\$ 43.43	\$ 36.84
Assumptions:			
Expected volatility	30 %	30 %	30 %
Dividend yield	— %	— %	— %
Risk-free interest rate	0.57 %	2.55 %	2.76 %
Expected life	5.0 years	5.0 years	5.0 years

Expected volatility is based on the historical volatility of our common stock over a period equal to the expected term of the options; the expected life represents the weighted average period of time that options granted are expected to be outstanding given consideration to vesting schedules and our historical experience of past vesting and termination patterns. The risk-free rate is based on the U.S. government zero-coupon bonds yield curve in effect at time of the grant for periods corresponding with the expected life of the option.

### Restricted Share Units and Performance Share Units

On April 23, 2013 the Company adopted the 2013 Employees Restricted Share Unit and Performance Share Unit Plan (the "2013 RSU Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may select any employee, or any Director holding a salaried office or employment with the Company, or a Subsidiary to receive an award under the plan. On May 11, 2015 the 2013 RSU Plan was amended and restated in order to increase the number of shares that can be issued under the RSU Plan by 2.5 million shares. Accordingly, an aggregate of 4.1 million ordinary shares have been reserved for issuance under the 2013 RSU Plan. The shares are awarded at par value and vest over a service period. Awards under the 2013 RSU Plan may be settled in cash or shares at the option of the Company.

On April 30 2019, the Company approved the 2019 Consultants and Directors Restricted Share Unit Plan (the "2019 Consultants RSU Plan"), which was effective as of May 16, 2019, pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may select any consultant, adviser or non-executive Director retained by the Company, or a Subsidiary to receive an award under the plan. 250,000 ordinary shares have been reserved for issuance under the 2019 Consultants RSU Plan. The awards are at par value and vest over a service period. Awards granted to non-executive directors during 2019 and 2020 vest over twelve months.

The Company has awarded RSUs and PSUs to certain key individuals of the Group. The following table summarizes RSU and PSU activity for the year ended December 31, 2020:

	PSU Outstanding Number of Shares	PSU Weighted Average Grant Date Fair Value	PSU Weighted Average Remaining Contractual Life	RSU Outstanding Number of Shares	RSU Weighted Average Grant Date Fair Value	RSU Weighted Average Remaining Contractual Life
Outstanding at December 31, 2019	175,989	\$ 110.79	1.04	389,900	\$ 119.07	1.43
Granted	57,184	\$ 165.30		137,572	\$ 168.03	
Shares vested	(63,516)	\$ 83.92		(144,747)	\$ 98.47	
Forfeited	(10,016)	\$ 134.27		(41,301)	\$ 133.63	
Outstanding at December 31, 2020	159,641	\$ 137.64	1.14	341,424	\$ 145.77	1.41

The fair value of RSUs vested for the year ended December 31, 2020 totaled \$14.3 million (2019: \$16.5 million). The share price range for the year was \$83.47 - \$156.21 (2019: \$65.60 - \$147.55).

The fair value of PSUs vested for the year ended December 31, 2020 totaled \$5.3 million (2019: \$8.5 million). The share price range for the year was \$83.47 - \$90.03 (2019: \$65.60 - \$71.95).

The PSUs vest based on service and specified EPS targets over the period 2018 – 2020, 2019 – 2021 and 2020 – 2022. Depending on the actual amount of EPS from 2018 to 2022, up to an additional 71,939 PSUs may also be granted.

#### Non-cash stock compensation expense

Income from operations for the year ended December 31, 2020 is stated after charging \$26.3 million in respect of non-cash stock compensation expense. Non-cash stock compensation expense has been allocated as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Direct costs	\$ 8,557	\$ 14,777	\$ 17,408
Selling, general and administrative	17,714	12,042	14,186
<b>Total compensation costs</b>	<b>\$ 26,271</b>	<b>\$ 26,819</b>	<b>\$ 31,594</b>

Total non-cash stock compensation expense not yet recognized at December 31, 2020 amounted to \$45.9 million. The weighted average period over which this is expected to be recognized is 2.12 years.

The income tax expense for the year ended December 31, 2020 reflects a net income tax benefit of \$6.9 million in connection with stock compensation (including excess tax benefits) and the total tax benefit in connection with stock options exercised during 2020 was \$2.5 million. The income tax expense for the year ended December 31, 2019 reflects a net income tax benefit of \$8.2 million in connection with stock compensation (including excess tax benefits) and the total tax benefit in connection with stock options exercised during 2019 was \$1.9 million. The income tax expense for the year ended December 31, 2018 reflects a net income tax benefit of \$12.7 million in connection with stock compensation (including excess tax benefits) and the total tax benefit realized in connection with stock options exercised during 2018 was \$3.6 million.

#### 11. Government Grants

	December 31, 2020	December 31, 2019
	(in thousands)	
Received	\$ 3,539	\$ 3,539
Less accumulated amortization	(2,881)	(2,836)
Foreign exchange translation adjustment	228	155
<b>Total government grants</b>	<b>886</b>	<b>858</b>
Less current portion	(48)	(45)
<b>Non-current government grants</b>	<b>\$ 838</b>	<b>\$ 813</b>

Grants received may be refundable in full if certain events occur. Such events, as set out in the related grant agreements, include sale of the related asset, liquidation of the Company or failure to comply with other conditions of the grant agreements. No loss contingency has been recognized as the likelihood of such events arising has been assessed as remote. Government grants amortized to the profit and loss account amounted to \$45,000 for the year ended December 31, 2020 (December 31, 2019: \$44,000). As at December 31, 2020 the Company had \$6.0 million (December 31, 2019: \$3.1 million) in restricted retained earnings, pursuant to the terms of grant agreements.

## 12. Share Capital

Holders of ordinary shares will be entitled to receive such dividends as may be recommended by the Board of Directors of the Company and approved by the shareholders and/or such interim dividends as the Board of Directors of the Company may decide. On liquidation or a winding up of the Company, the par value of the ordinary shares will be repaid out of the assets available for distribution among the holders of the ordinary shares of the Company. Holders of ordinary shares have no conversion or redemption rights. On a show of hands, every holder of an ordinary share present in person or proxy at a general meeting of shareholders shall have one vote, for each ordinary share held with no individual having more than one vote.

During the year ended December 31, 2020, 193,417 options were exercised by employees at an average exercise price of \$68.19 per share for total proceeds of \$13.2 million. During the year ended December 31, 2020, 144,172 ordinary shares were issued in respect of certain RSUs and 63,516 ordinary shares were issued in respect of PSUs previously awarded by the Company.

During the year ended December 31, 2019, 329,870 options were exercised by employees at an average exercise price of \$65.54 per share for total proceeds of \$21.6 million. During the year ended December 31, 2019, 237,119 ordinary shares were issued in respect of certain RSUs and 118,611 ordinary shares were issued in respect of PSUs previously awarded by the Company.

During the year ended December 31, 2018, 408,699 options were exercised by employees at an average exercise price of \$41.12 per share for total proceeds of \$16.8 million. During the year ended December 31, 2018, 273,742 ordinary shares were issued in respect of certain RSUs and 215,826 ordinary shares were issued in respect of PSUs previously awarded by the Company.

### *(a) Share Repurchase Program*

On July 31, 2015 the Company commenced a buyback program of up to \$400 million under which the Company could acquire its outstanding ordinary shares (by way of redemption), in accordance with Irish law, the United States securities laws and the Company's constitutional documents through open market share acquisitions. A total of 5,316,062 ordinary shares were redeemed by the Company under this buyback program for a total consideration of \$400 million. The share buyback program was completed in December 31, 2015, with a total of 6,198,481 ordinary shares redeemed during the year ended December 31, 2015 for total consideration of \$457.9 million (including the program for \$400 million).

A resolution was passed at the Company's Annual General Meeting ("AGM") on July 22, 2016, which authorized the Directors to purchase (buyback) up to 10% of the outstanding shares in the Company. This authorization was renewed at the Company's AGM on each of July 25, 2017, July 24, 2018, July 23, 2019 and 21 July 2020. On October 3, 2016, the Company commenced a share buyback program of up to \$400 million. The share buyback program was completed during the year ended December 31, 2018 with a total of 4,026,576 ordinary shares redeemed for a total consideration of \$372.1 million. On January 8, 2019, the Company commenced a further share buyback program of up to 1.0 million ordinary shares which was completed during the year ended December 31, 2019. These shares were redeemed by the Company for a total consideration of \$141.6 million. On October 22, 2019, the Company commenced a further share buyback program. At December 31, 2019, 35,100 ordinary shares were redeemed by the Company for a total consideration of \$5.3 million. During the year ended December 31, 2020 1,235,218 ordinary shares were redeemed by the Company under this buyback program for a total consideration of \$175.0 million.

All ordinary shares that were redeemed under the buyback program were canceled in accordance with the Constitution of the Company and the nominal value of these shares transferred to other undenominated capital as required under Irish Company law.

Under the repurchase program, a broker purchased the Company's shares from time to time on the open market or in privately negotiated transactions in accordance with agreed terms and limitations. The program was designed to allow share repurchases during periods when the Company would ordinarily not be permitted to do so because it may be in possession of material non-public or price-sensitive information or due to applicable insider trading laws or self-imposed trading blackout periods. The Company's instructions to the broker were irrevocable and the trading decisions in respect of the repurchase program were made independently of and uninfluenced by the Company. The Company confirms that on entering the share repurchase plans it had no material non-public, price-sensitive or inside information regarding the Company or its securities. Furthermore, the Company will not enter into additional plans whilst in possession of such information. The timing and actual number of shares acquired by way of the redemption will be dependent on market conditions, legal and regulatory requirements and the other terms and limitations contained in the program. In addition, acquisitions under the program may be suspended or discontinued in certain circumstances in accordance with the agreed terms. Therefore, there can be no assurance as to the timing or number of shares that may be acquired under the program.

### 13. Income Taxes

The Company's United States and Irish based subsidiaries file income tax returns in the United States and Ireland respectively. Other foreign subsidiaries are taxed separately under the laws of their respective countries.

The components of income before income tax expense are as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 280,310	\$ 323,726	\$ 243,988
United States	41,950	21,073	27,499
Other	58,945	82,190	93,127
<b>Income before income tax expense</b>	<b>\$ 381,205</b>	<b>\$ 426,989</b>	<b>\$ 364,614</b>

The components of income tax expense are as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Income tax expense:			
Current tax expense:			
Ireland	\$ 28,963	\$ 35,955	\$ 28,042
United States	3,022	5,073	2,885
Other	14,963	11,642	9,379
<b>Total current tax expense</b>	<b>46,948</b>	<b>52,670</b>	<b>40,306</b>
Deferred tax expense/ (benefit):			
Ireland	1,654	2,833	1,054
United States	4,577	(3,502)	875
Other	(5,304)	(868)	(277)
<b>Total deferred tax expense/ (benefit)</b>	<b>927</b>	<b>(1,537)</b>	<b>1,652</b>
<b>Income tax expense allocated to continuing operations</b>	<b>47,875</b>	<b>51,133</b>	<b>41,958</b>
Income tax expense was allocated to the following components of other comprehensive income:			
Currency impact on long term funding	68	25	119
Fair value of cash flow hedge	—	—	(148)
<b>Total</b>	<b>\$ 47,943</b>	<b>\$ 51,158</b>	<b>\$ 41,929</b>

Ireland's statutory income tax rate is 12.5%. The Company's consolidated reported income tax expense differed from the amount that would result from applying the Irish statutory rate as set forth below:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Taxes at Irish statutory rate of 12.5% (2019:12.5%; 2018:12.5%)	\$ 47,651	\$ 53,374	\$ 45,577
Foreign and other income taxed at higher rates	7,943	7,356	7,649
Research & development tax incentives	(1,243)	(893)	(1,243)
Movement in valuation allowance	3,581	(10)	5,667
Effects of change in tax rates	108	359	(147)
Decrease in unrecognized tax benefits	(1,672)	(1,273)	(5,423)
Impact of stock compensation	(5,150)	(7,383)	(8,301)
Other	(3,343)	(397)	(1,821)
<b>Income tax expense</b>	<b>\$ 47,875</b>	<b>\$ 51,133</b>	<b>\$ 41,958</b>

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are presented below:

	December 31, 2020	December 31, 2019
	(in thousands)	
<b>Deferred tax liabilities:</b>		
Property, plant and equipment	\$ 1,359	\$ 1,102
Right-of-use-assets	9,402	11,838
Goodwill	31,629	27,590
Intangible assets	13,398	11,805
Other	1,009	6,284
<b>Total deferred tax liabilities recognized</b>	<b>56,797</b>	<b>58,619</b>
<b>Deferred tax assets:</b>		
Operating loss and tax credits carryforwards	42,794	37,865
Property, plant and equipment	6,040	5,257
Lease liabilities	9,394	11,754
Accrued expenses and payments on account	24,368	26,380
Stock compensation	3,672	5,009
Deferred compensation	3,184	2,744
Unearned revenue	2,257	3,933
Other	155	604
<b>Total deferred tax assets</b>	<b>91,864</b>	<b>93,546</b>
Valuation allowance for deferred tax assets	(32,768)	(27,721)
<b>Deferred tax assets recognized</b>	<b>59,096</b>	<b>65,825</b>
<b>Overall net deferred tax asset</b>	<b>\$ 2,299</b>	<b>\$ 7,206</b>

At December 31, 2020 Ireland subsidiaries had tax credit carryforwards for income tax purposes that may be carried forward indefinitely, available for offset against future tax liabilities, if any, of \$11.7 million.

At December 31, 2020 U.S. subsidiaries had U.S. federal and state net operating loss ("NOL") carryforwards of approximately \$16.6 million and \$51.1 million, respectively. These NOLs are available for offset against future taxable income and the expiry dates are shown in the table below. Of the \$16.6 million U.S. federal NOLs, approximately \$6.4 million is available for offset against future U.S. federal taxable income in 2021. The subsidiaries' ability to use the remaining U.S. federal and state NOL carryforwards is limited on an annual basis due to change of ownership in 2014, 2017, and 2019, as defined by Section 382 of the Internal Revenue Code of 1986, as amended. Of the U.S. federal NOLs, \$15.2 million are limited by Section 382 as follows: \$10.0 million for the years 2021 - 2022, \$4.8 million in 2023 - 2027, \$0.4 million for the years 2028 - 2036. As at December 31, 2020, U.S subsidiaries also had disallowed interest carryforwards of \$29.1 million that can be carried forward indefinitely. These carryforwards are available for offset against future taxable income in the event that the U.S subsidiaries have excess capacity for interest deductions in future years.

At December 31, 2020 other than those in the U.S. and Ireland, we had operating loss carryforwards for income tax purposes that may be carried forward indefinitely, available to offset against future taxable income, if any, of approximately \$42.1 million. At December 31, 2020 those subsidiaries also had additional operating loss carryforwards of \$15.1 million which are due to expire between 2021 and 2027 and operating loss carryforwards of \$18.3 million which are due to expire between 2028 and 2037. In addition, at December 31, 2020 those subsidiaries had tax credit carryforwards for income tax purposes that may be carried forward indefinitely, available to offset against future tax liabilities, if any, of \$5.5 million.

The expected expiry dates of these US losses are as follows:

		Federal NOL's		State NOL's
(in thousands)				
2022-2035	\$	13,295	\$	51,092
2037		1,921		—
Indefinite		1,363		49
	\$	16,579	\$	51,141

In addition, we also have general business tax credit carryforwards of approximately \$0.8 million that are available to reduce future U.S. federal and state income taxes. The general business tax credits are non-refundable and are due to expire between the years 2026-2038.

The valuation allowance at December 31, 2020 was approximately \$32.8 million. The valuation allowance for deferred tax assets as of December 31, 2019 and December 31, 2018 was \$27.7 million and \$27.3 million respectively. The net change in the total valuation allowance was an increase of \$5.1 million during 2020 and an increase of \$0.4 million during 2019. Of the total increase of \$5.1 million in 2020, \$3.6 million was recognized within income tax expense and \$1.5 million was recognized in Other Comprehensive Income. Of the total increase of \$0.4 million in 2019, \$Nil resulted in a current year income tax expense, and \$0.4 million was recognized in Other Comprehensive Income.

The valuation allowances at December 31, 2020 and December 31, 2019 were primarily related to operating loss and tax credit carry forwards that, in the judgment of management, are not more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. In respect of deferred tax assets not subject to a valuation allowance, management considers that it is more likely than not that these deferred tax assets will be realized on the basis that there will be sufficient reversals of deferred tax liabilities and taxable income in future periods.

The Company has recognized a deferred tax liability of \$0.9 million (2019: \$5.4 million) for investments in foreign subsidiaries where the Company does not consider the earnings to be indefinitely reinvested. For the deferred tax liability not recognized in respect of temporary differences related to investments in foreign subsidiaries which are considered to be indefinitely reinvested, it is not practicable to calculate the exact unrecognized deferred tax liability, however it is not expected to be material as Ireland allows a tax credit in respect of distributions from foreign subsidiaries at the statutory tax rate in the jurisdiction of the subsidiary so that no material tax liability would be expected to arise in Ireland in the event these earnings were ever remitted. In addition, withholding taxes applicable to remittances from foreign subsidiaries would not be expected to be material given Ireland's tax treaty network and the EU parent subsidiary directive.



A reconciliation of the beginning and ending amount of total unrecognized tax benefits is as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
(in thousands)			
Unrecognized tax benefits at start of year	\$ 20,156	\$ 21,433	\$ 23,720
Increase related to prior year tax positions	401	—	2,084
Decrease related to prior year tax positions	(1,271)	—	(2,915)
Increase related to current year tax positions	2,931	1,588	3,065
Settlements	(369)	(347)	(182)
Lapse of statute of limitations	(2,770)	(2,518)	(4,339)
Unrecognized tax benefits at end of year	\$ 19,078	\$ 20,156	\$ 21,433

The relevant statute of limitations for unrecognized tax benefits totaling \$3.2 million could potentially expire during 2021.

Included in the balance of total unrecognized tax benefits at December 31, 2020 were potential benefits of \$19.1 million, which if recognized, would affect the effective rate on income tax from continuing operations. The balance of total unrecognized tax benefits at December 31, 2019 and December 31, 2018 included potential benefits which, if recognized, would affect the effective rate of income tax from continuing operations of \$20.2 million and \$21.4 million respectively.

Interest and penalties recognized during the year ended December 31, 2020 amounted to a net release of \$0.6 million (2019: Nil, 2018: net expense of \$1.3 million) and are included within the income tax expense. Total accrued interest and penalties as of December 31, 2020 and December 31, 2019 were \$0.5 million and \$1.1 million respectively and are included in closing income taxes payable at those dates.

Our major tax jurisdictions are the United States and Ireland. We may potentially be subjected to tax audits in both our major jurisdictions. In the United States, tax periods open to audit include the years ended December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020. In Ireland, tax periods open to audit include the years ended December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020. During such audits, local tax authorities may challenge the positions taken by us in our tax returns.

#### 14. Restructuring charges

Restructuring recognized during the year ended December 31, 2020 comprise:

	Year Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
(in thousands)			
Restructuring charges	\$ 18,089	\$ —	\$ 12,490
Net charge	\$ 18,089	\$ —	\$ 12,490

### Restructuring charges

A restructuring charge of \$18.1 million was recognized during the year ended December 31, 2020 under a restructuring plan adopted following a review of operations. The restructuring plan reflected resource rationalization across the business to improve resource utilization, resulting in a charge of \$11.4 million and office consolidation resulting in a charge for onerous lease obligation of \$6.7 million, including the recognition of an impairment of right of use assets of \$5.4 million (see *note 22 - Operating Leases*) and provision for other related costs of \$1.3 million.

	Workforce reductions		Onerous leases		Total
	(in thousands)				
Initial restructuring charge recorded	\$	11,391	\$	6,698	\$ 18,089
Net charge	\$	11,391	\$	6,698	\$ 18,089

	Workforce reductions liability		Onerous lease liability		Total
	(in thousands)				
Initial restructuring provision	\$	11,391	\$	6,698	\$ 18,089
Utilization		(6,987)		(1,309)	\$ (8,296)
Foreign exchange movement		—		325	\$ 325
Provision at December 31, 2020	\$	4,404	\$	5,714	\$ 10,118

Future minimum lease payments (including related costs), associated with the 2020 restructuring plan, under the non-cancelable onerous leases as of December 31, 2020 were as follows:

	Minimum rental payments
	(in thousands)
2021	\$ 2,602
2022	1,896
2023	999
2024	139
2025	139
Thereafter	402
Total future minimum lease payments (including related costs)	6,177
Lease imputed interest	(463)
Total	\$ 5,714

### Prior Period Restructuring Charges

A restructuring charge of \$12.5 million was recognized during the year ended December 31, 2018, under a restructuring plan adopted following a review of operations. The restructuring plan reflected resource rationalization across the business to improve resource utilizations, resulting in a charge of \$9.7 million and office consolidation resulting in the recognition of an onerous lease obligation of \$2.8 million. No additional charge was recorded during the twelve months ended December 31, 2020.

	Workforce reductions	Onerous Lease	Total
	(in thousands)		
Total provision recognized	\$ 9,684	\$ 2,806	\$ 12,490
Utilized	(5,399)	(672)	(6,071)
Provision at December 31, 2018	\$ 4,285	\$ 2,134	\$ 6,419
Utilized	(3,554)	(1,228)	(4,782)
Provision at December 31, 2019	\$ 731	\$ 906	\$ 1,637
Utilized	(731)	(276)	(1,007)
Provision at December 31, 2020	\$ —	\$ 630	\$ 630

At December 31, 2020 \$7.2 million is included within other liabilities and \$3.5 million within non-current other liabilities.

## 15. Commitments and Contingencies

### Litigation

On April 20, 2020, an individual named Chrystal Miller ("Miller") who previously worked for a subsidiary of the Company, ICON Clinical Research LLC ("ICON Clinical"), filed a putative class action lawsuit, Chrystal Miller v. ICON plc et al., in the Superior Court of California, County of San Mateo. Her lawsuit was brought against the Company, ICON Clinical, DOCS Global, Inc., a subsidiary of the Company, and an individual former employee of ICON Clinical (collectively, "the ICON defendants"). The complaint alleges that the ICON defendants violated the California Labor Code and the California Business & Professions Code by failing to pay overtime wages, provide meal and rest periods, provide accurate, itemized wage statements, and timely pay all final wages to Clinical Research Associates employed in California since April 20, 2016. The suit seeks monetary damages, interest, injunctive relief, and attorneys' fees and costs. On June 22, 2020, the case was removed to the U.S. District Court, Northern District of California. On November 4, 2020, the federal court remanded the case to San Mateo Superior Court. On December 23, 2020, ICON Clinical filed a cross-complaint against Miller alleging causes of action for fraud, negligent misrepresentation, conversion, breach of contract, and accounting. The ICON defendants deny the allegations that they have acted unlawfully and are vigorously defending the lawsuit.

### Operating Leases

The Company has several non-cancelable operating leases, primarily for facilities, that expire over the next twelve years. These leases generally contain renewal options and require the Company to pay all executory costs such as maintenance and insurance. See *note 22 - Operating leases* for rental expense pursuant to ASC 842 for the years ended December 31, 2020 and December 31, 2019 and future minimum rental commitments as of December 31, 2020.

## 16. Disaggregation of Revenue

Revenue disaggregated by customer profile is as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Top client	\$ 337,904	\$ 350,287	\$ 352,335
Clients 2-5	754,906	704,963	671,723
Clients 6-10	350,865	347,832	385,741
Clients 11-25	501,643	529,713	461,351
Other	851,970	873,044	724,627
<b>Total</b>	<b>\$2,797,288</b>	<b>\$2,805,839</b>	<b>\$2,595,777</b>

Our customers have similar profiles and economic characteristics, and therefore have similar degrees of risk and growth opportunities.

## 17. Accounts receivable, unbilled revenue (contract assets) and unearned revenue or payments on account (contract liabilities)

Accounts receivable and unbilled revenue are as follows:

	December 31, 2020	December 31, 2019
	(in thousands)	
Billed services (accounts receivable)	\$ 722,420	\$ 535,088
Unbilled services (unbilled revenue)	428,684	422,769
Accounts receivable and unbilled revenue	1,151,104	957,857
Allowance for credit losses (note 18)	(7,149)	—
Provision for doubtful debts (note 18)	—	(7,380)
Accounts receivable and unbilled revenue, net	\$ 1,143,955	\$ 950,477

Unbilled services and unearned revenue or payments on account (contract assets and liabilities) were as follows:

(in thousands, except percentages)	December 31, 2020	December 31, 2019	\$ Change	% Change
Unbilled services (unbilled revenue)	\$ 428,684	\$ 422,769	\$ 5,915	1.4 %
Unearned revenue (payments on account)	(660,883)	(366,988)	(293,895)	80.1 %
Net balance	\$ (232,199)	\$ 55,781	\$ (287,980)	516.3 %

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to our contracts with customers. We record assets for amounts related to performance obligations that are satisfied but not yet billed and/or collected. These assets are recorded as unbilled revenue and therefore contract assets rather than accounts receivables when receipt of the consideration is conditional on something other than the passage of time. Liabilities are recorded for amounts that are collected in advance of the satisfaction of performance obligations or billed in advance of the revenue being earned.

Unbilled services/revenue balances arise where invoicing or billing is based on the timing of agreed milestones related to service contracts for clinical research. Contractual billing arrangements in respect of certain reimbursable expenses (principally investigators) require billing by the investigator to the Company prior to billing by the Company to the customer. As there is no contractual right of set-off between unbilled services (contract assets) and unearned revenue (contract liabilities), each are separately presented gross on the Consolidated Balance Sheet.

The Company is the contract principal in respect of both direct services and in the use of third parties (principally investigator services) that support a clinical trial. The progress towards completion for clinical service contracts is measured based on total project costs (including reimbursable costs). Amounts owed to investigators and others in respect of reimbursable expenses at December 31, 2020 and December 31, 2019 were \$138.2 million and \$142.6 million (see note 7 - *Other liabilities*).

Unbilled services as at December 31, 2020 increased by \$5.9 million as compared to December 31, 2019. Unearned revenue increased by \$293.9 million over the same period resulting in a decrease of \$288.0 million in the net balance of unbilled services and unearned revenue or payments on account between December 31, 2019 and December 31, 2020. These fluctuations are primarily due to timing of payments and invoicing related to the Group's clinical trial management contracts. Billings and payments are established by contractual provisions including predetermined payment schedules which may or may not correspond to the timing of the transfer of control of the Company's services under the contract. Unbilled services arise from long-term contract when a cost-based input method of revenue recognition is applied and revenue recognized exceeds the amount billed to the customer.

The credit loss expense recognized on the Group's receivables and unbilled services was \$2.9 million and \$0.4 million for the twelve months ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 approximately \$6.3 billion of revenue is expected to be recognized in the future in respect of unsatisfied performance obligations. The Company expects to recognize revenue on approximately 42% of the unrealized performance obligation over the next twelve months, with the remainder recognized thereafter over the duration of the customer contracts.

## 18. Provision for Credit Losses

The Company does business with most major international pharmaceutical companies. Provision for credit losses at December 31, 2020 and provision for doubtful debts at December 31, 2019 comprises:

	December 31, 2020	December 31, 2019
	(in thousands)	
Opening provision	\$ 7,380	\$ 8,889
Amounts used during the year	(2,561)	—
Amounts provided during the year	2,692	1,691
Amounts released during the year	(510)	(3,226)
Foreign exchange	148	26
Closing provision	\$ 7,149	\$ 7,380

## 19. Business Segment and Geographical Information

The Company is a clinical research organization ("CRO"), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. It specializes in the strategic development, management and analysis of programs that support all stages of the clinical development process - from compound selection to Phase I-IV clinical studies. The Company has the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and has the operational flexibility to provide development services on a stand-alone basis or as part of an integrated "full-service" solution. The Company has expanded predominately through internal growth, together with a number of strategic acquisitions to enhance its expertise and capabilities in certain areas of the clinical development process.

The Company determines and presents operating segments based on the information that is internally provided to the chief operating decision maker, the ("CODM") in accordance with ASC 280 '*Segment Reporting*'. The Company determined that the CODM was comprised of the Chief Executive Officer and the Chief Financial Officer.

The Company operates as one business segment, which is the provision of outsourced development services on a global basis to the pharmaceutical, biotechnology and medical devices industries.

Revenues are allocated to individual entities based on where the work is performed in accordance with the Company's global transfer pricing model. Revenues and income from operations in Ireland are a function of our global contracting model and the Group's transfer pricing model.

Given ICON Clinical Research Limited's ("ICON Ireland") role in the development and management of the Group, its ownership of key intellectual property, customer relationships, its key role in the mitigation of risks faced by the Group, plus the responsibility for maintaining the Group's global network, ICON Ireland acts as the Group entrepreneur and enters into the majority of the Group's customer contracts. As such, ICON Ireland remunerates most of the other operating entities ("cost plus service providers") in the ICON Group on the basis of a guaranteed cost plus mark-up for the services they perform in each of their local territories.

The cost plus mark-up for each ICON entity is established to ensure that each of ICON Ireland and the ICON entities in the various geographical areas that are involved in the conduct of services for customers, earn an appropriate arms-length return having regard to the assets owned, risks borne and functions performed by each entity from these intercompany transactions. The cost plus mark-up policy is reviewed annually to ensure that it is market appropriate.

Under this method, the residual operating profits (or losses) of the Group, once the cost plus service providers have been paid their respective intercompany service fee, are retained by ICON Ireland. The geographic split of revenue disclosed for each region outside Ireland is the cost plus revenue attributable to these entities. The revenues disclosed as relating to Ireland are the net revenues after deducting the cost plus revenues attributable to the activities performed outside Ireland.

The Company's areas of operation outside of Ireland include the United States, United Kingdom, Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Hungary, Italy, Latvia, Poland, Portugal, Romania, Russia, Serbia, Spain, Sweden, The Netherlands, Turkey, Ukraine, Canada, Argentina, Brazil, Chile, Colombia, Mexico, Peru, China (including Hong Kong), India, Israel, Japan, Singapore, South Korea, The Philippines, Taiwan, Thailand, Australia, New Zealand and South Africa.

There have been no changes to the basis of segmentation or the measurement basis for the segment results since the prior year.

Reportable segment information at December 31, 2020 and December 31, 2019 and for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 is as follows:

a) The distribution of revenue by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 1,181,292	\$ 1,252,834	\$ 1,066,200
Rest of Europe	416,884	388,916	379,883
U.S.	925,563	892,497	894,978
Other	273,549	271,592	254,716
<b>Total</b>	<b>\$ 2,797,288</b>	<b>\$ 2,805,839</b>	<b>\$ 2,595,777</b>

b) The distribution of income from operations, including restructuring, by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 276,478	\$ 314,287	\$ 257,089
Rest of Europe	35,765	37,997	36,280
U.S.	58,018	60,272	58,561
Other	21,239	20,850	21,427
<b>Total</b>	<b>\$ 391,500</b>	<b>\$ 433,406</b>	<b>\$ 373,357</b>

c) The distribution of income from operations, excluding restructuring, by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 295,360	\$ 314,287	\$ 269,196
Rest of Europe	35,402	37,997	36,904
U.S.	57,680	60,272	58,340
Other	21,147	20,850	21,407
<b>Total</b>	<b>\$ 409,589</b>	<b>\$ 433,406</b>	<b>\$ 385,847</b>

d) The distribution of long-lived assets (including operating right-of-use assets (year ended December 31, 2020 and 2019)), net, by geographical area was as follows:

	December 31, 2020	December 31, 2019
		(in thousands)
Ireland	\$ 118,361	\$ 110,522
Rest of Europe	36,723	41,970
U.S.	65,152	72,578
Other	38,668	44,994
<b>Total</b>	<b>\$ 258,904</b>	<b>\$ 270,064</b>

e) The distribution of depreciation, amortization and reduction in carrying value of operating right-of-use assets (year ended December 31, 2020 and 2019 only) by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 33,516	\$ 30,635	\$ 34,721
Rest of Europe	18,569	14,370	5,331
U.S.	36,060	33,922	21,605
Other	11,872	12,995	4,259
<b>Total</b>	<b>\$ 100,017</b>	<b>\$ 91,922</b>	<b>\$ 65,916</b>

f) The distribution of total assets by geographical area was as follows:

	Year Ended	
	December 31, 2020	December 31, 2019
	(in thousands)	
Ireland	\$ 1,675,980	\$ 1,323,181
Rest of Europe	671,218	660,797
U.S.	909,202	755,271
Other	179,206	168,263
<b>Total</b>	<b>\$ 3,435,606</b>	<b>\$ 2,907,512</b>

g) The distribution of capital expenditures (including operating right-of-use assets (year ended December 31, 2020 and 2019 only)) by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 29,309	\$ 32,526	\$ 30,942
Rest of Europe	9,298	13,971	2,590
U.S.	14,347	18,638	9,311
Other	10,201	15,010	5,554
<b>Total</b>	<b>\$ 63,155</b>	<b>\$ 80,145</b>	<b>\$ 48,397</b>

h) The following table sets forth the clients which represented 10% or more of the Company's revenue in each of the periods set out below.

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Client A	12 %	12 %	14 %
Client B	<10%	10 %	<10%

i) The distribution of interest income by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 1,620	\$ 3,674	\$ 2,620
Rest of Europe	570	2,242	1,750
U.S.	22	111	17
Other	512	832	372
<b>Total</b>	<b>\$ 2,724</b>	<b>\$ 6,859</b>	<b>\$ 4,759</b>

j) The distribution of the income tax charge by geographical area was as follows:

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Ireland	\$ 30,616	\$ 38,788	\$ 29,096
Rest of Europe	4,609	4,234	(434)
U.S.	7,600	1,571	3,761
Other	5,050	6,540	9,535
<b>Total</b>	<b>\$ 47,875</b>	<b>\$ 51,133</b>	<b>\$ 41,958</b>



## 20. Supplemental Disclosure of Cash Flow Information

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Cash paid for interest	\$ 13,062	\$ 13,059	\$ 13,060
Cash paid for income taxes (net of refunds)	\$ 27,604	\$ 29,836	\$ 18,558

## 21. Accumulated Other Comprehensive Income

	Year ended	
	December 31, 2020	December 31, 2019
	(in thousands)	
Currency translation adjustments	\$ (15,894)	\$ (64,023)
Currency impact on long term funding	(9,329)	(7,726)
Actuarial loss on defined benefit pension plan (note 9)	(9,364)	(5,226)
Unrealized capital gain – investments (note 3)	—	231
Realized gain on interest rate hedge	4,658	4,658
Amortization of gain on interest rate hedge	(4,658)	(3,733)
Loss on interest rate hedge	(905)	—
Amortization of loss on interest rate hedge	15	—
Total	\$ (35,477)	\$ (75,819)

## 22. Operating leases

Lease costs recorded under operating leases were as follows:

	Year ended	
	December 31, 2020	December 31, 2019
	(in thousands)	
Operating lease costs	\$ 31,088	\$ 34,759
Income from sub-leases	(940)	(1,761)
Net operating lease costs	\$ 30,148	\$ 32,998

Of the total cost of \$30.1 million incurred in the year ended December 31, 2020, \$27.6 million is recorded within selling, general and administration costs and \$2.5 million is recorded within direct costs. Of the total cost of \$33.0 million incurred in the year ended December 31, 2019, \$30.5 million is recorded within selling, general and administration costs and \$2.5 million is recorded within direct costs.

During the years ended December 31, 2020 and December 31, 2019, the Group did not incur any costs related to variable lease payments.

The adoption of ASC 842 resulted in the recognition of operating right-of-use assets and lease liabilities of \$106.5 million at January 1, 2019. Right-of-use assets obtained, in exchange for lease obligations, net of early termination options now reasonably certain to be exercised, during the years ended December 31, 2020 and December 31, 2019 totaled \$12.1 million and \$29.5 million, respectively. During the year ended December 31, 2020, office consolidations resulted in the recognition of an onerous lease obligation. The right-of-use assets related to these offices have been impaired to the extent they are considered onerous and a loss of \$5.4 million was recorded (see *note 14 - Restructuring charges*). No impairment losses were recognized during the year ended December 31, 2019.

The weighted average remaining lease term and weighted-average discount rate at December 31, 2020 were 4.45 years and 2.53%, respectively. The weighted average remaining lease term and weighted-average discount rate at December 31, 2019 were 5.19 years and 2.91%, respectively.

Future minimum lease payments under non-cancelable leases as of December 31, 2020 were as follows:

	<b>Minimum rental payments</b>	
	<b>(in thousands)</b>	
2021	\$	26,164
2022		21,510
2023		16,108
2024		10,165
2025		6,046
Thereafter		10,490
Total future minimum lease payments		90,483
Lease imputed interest		(5,348)
Total	\$	85,135

Operating lease liabilities are presented as current and non-current. Operating lease liabilities of \$24.3 million and \$28.3 million have been included in other liabilities as at December 31, 2020 and December 31, 2019, respectively.

### 23. Debt – Senior Notes

As at December 31, 2020 and December 31, 2019, the Company had an outstanding principal amount of indebtedness of \$350.0 million under a \$350.0 million Note Purchase and Guarantee Agreement. On December 15, 2015, ICON Investments Five Unlimited Company issued Senior Notes, '2015 Senior Notes' for aggregate gross proceeds of \$350.0 million in a private placement. The 2015 Senior Notes matured on December 15, 2020 and this debt was repaid in full. On December 8, 2020, ICON Investments Five Unlimited Company issued new senior notes, '2020 Senior Notes' for aggregate gross proceeds of \$350.0 million in a private placement which was guaranteed by ICON plc and ICON Global Treasury Unlimited Company, a subsidiary of the Company. The 2020 Senior Notes were issued in two tranches; Series A Notes of \$275.0 million which will mature on December 8, 2023 and Series B Notes of \$75.0 million which will mature on December 8, 2025.

The interest rate in respect of the 2015 Senior Notes was fixed at 3.64% for the five year term. The interest cost was recognized in interest expense in the period since drawdown. In October 2015, the Company entered into an interest rate hedge in respect of the planned issuance of the 2015 Senior Notes in December 2015. The interest rate hedge matured in November 2015 when the interest rate on the 2015 Senior Notes was fixed. The interest rate hedge was effective in accordance with ASC 815 'Derivatives and Hedging'. The cash proceeds (\$4.6 million), representing the realized gain on the interest rate hedge, were received on maturity in November 2015 and are recorded within Other Comprehensive Income. The realized gain was amortized to the Consolidated Statements of Operations over the term of the 2015 Senior Notes (net against interest payable).

The interest rate in respect of the 2020 Senior Notes is fixed at 2.32% and 2.43% for Series A Notes and Series B Notes respectively. The interest is payable semi-annually on the 2020 Senior Notes on each June 8 and December 8; this will commence on June 8, 2021 and the interest cost in the period since drawdown was recognized in interest expense. The Company entered into an interest rate hedge in respect of the planned issuance of the 2020 Senior Notes in June 2020. The interest rate hedge matured in July 2020 when the interest rates on the 2020 Senior Notes were fixed. The interest rate hedge was effective in accordance with ASC 815 'Derivatives and Hedging'. There was a cash outflow (\$0.9 million) on maturity in July 2020, representing the realized loss on the interest rate hedge. This was recorded within Other Comprehensive Income and the realized loss is amortized to the Consolidated Statement of Operations over the term of the 2020 Senior Notes.

The 2020 Senior Notes agreement also includes certain financial covenants that require compliance with a consolidated leverage ratio and a maximum amount of priority debt, each of which are defined in the Note Purchase and Guarantee Agreement. The Company was in compliance with these covenants at December 31, 2020.

The Senior Notes have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

We hereby agree to furnish to the SEC, upon its request, a copy of any instrument defining the rights of holders of long-term debt of the Company or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.

## 24. Impact of New Accounting Pronouncements

### Impact of new accounting pronouncements adopted during fiscal year ended December 31, 2020 (or previously)

#### *Measurement of Credit Losses on Financial Instruments*

In June 2016, the FASB issued ASU 2016-13 '*Measurement of Credit Losses on Financial Instruments (Topic 326)*', which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life. The update provides guidance on the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The amendment replaces the previous incurred loss impairment approach with a methodology to reflect expected credit losses and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The updated guidance was applied on a modified retrospective approach and was effective for the Group for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2016-13 did not have a significant impact on the financial statements.

#### *Fair Value Measurement*

In August 2018, the FASB issued ASU 2018-13 '*Fair Value Measurement - Disclosure Framework (Topic 820)*'. The updated guidance requires entities to disclose changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Amendments in this guidance also require disclosure of transfers into and out of Level 3 of the fair value hierarchy, purchases and issues of Level 3 assets and liabilities, and clarify that the measurement uncertainty disclosure is about the uncertainty in measurement as of the reporting date. The guidance removed requirements to disclose the amounts and reasons for transfers between Level 1 and Level 2, policy for timing between of transfers between levels, and the valuation processes for Level 3 fair value measurements. The updated guidance is effective for the Group for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2018-13 did not have a significant impact on the financial statements.

#### *Other Pronouncements*

We have reviewed the FASB issued Accounting Standards Update (ASU) accounting pronouncements and interpretations thereof that have effective dates during the periods reported. The following relevant ASUs have also been adopted in 2020:

ASU 2020-04 '*Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*' provides optional expedients and exceptions for applying US GAAP to contracts, hedging relationships, and other transactions affected by the reference rate reform. The amendments apply only to contracts and transactions that reference LIBOR or another reference rate expected to be discontinued as part of the reform. This ASU was issued on March 12, 2020 and applies only to contracts or transactions entered into or evaluated before December 31, 2022. This ASU was effective and adopted upon issuance. The adoption of ASU 2020-04 did not have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-15 '*Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Topic 350)*'. The amendments in the update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The ASU is effective for the Group for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years and was applied prospectively to all relevant implementation costs incurred after the adoption date. The adoption of ASU 2018-15 did not have a significant impact on the financial statements.

In November 2019, the FASB issued ASU 2019-08 '*Codification Improvements—Share-Based Consideration Payable to a Customer*'. The amendments in this update require that an entity measure and classify share-based payment awards granted to a customer by applying the guidance in ASC 718. The amount recorded as a reduction of the transaction price is required to be measured on the basis of the grant-date fair value of the share-based payment award in accordance with ASC 718. The grant date is the date at which a grantor (supplier) and a grantee (customer) reach a mutual understanding of the key terms and conditions of a share-based payment award. The classification and subsequent measurement of the award are subject to the guidance in ASC 718 unless the share-based payment award is subsequently modified and the grantee is no longer a customer. The amendments in this update are effective for the Group for fiscal years beginning after December 15, 2019. The adoption of ASU 2019-08 did not have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-14 'Compensation - Retirement Benefits - Defined Benefit Plans (Topic 715)'. The updated guidance requires additional disclosures of weighted-average interest credit rates for cash balance plans and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation. Amendments in the guidance also clarify the requirement to disclose the projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets. The same disclosure is needed for the accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets. The guidance removes certain previous disclosure requirements no longer considered cost beneficial. The amendments are effective for fiscal years ending after December 15, 2020, with early adoption permitted. The adoption of ASU 2018-14 did not have a significant impact on the financial statements.

In January 2017, the FASB issued ASU 2017-04 'Intangibles - Goodwill and Other: Simplifying the test for goodwill impairment' which requires an entity to no longer perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, impairment will be measured using the difference between the carrying amount and the fair value of the reporting unit. The ASU is effective for public businesses, that are SEC filers, for annual and interim periods in fiscal years beginning after December 15, 2019, with early adoption permitted. The company early adopted this ASU from January 1, 2018. The adoption of this ASU did not have a significant impact on the financial statements.

#### **Impact of new accounting pronouncements which will be adopted during fiscal year ended December 31, 2021**

In August 2020, the FASB issues ASU 2020-06 'Accounting for Convertible Instruments and Contracts in an Entity's Own Equity' which removes the separation models in ASC 470 'Debt' for convertible debt with cash conversion features and convertible instruments with beneficial conversion features. The ASU also removes from ASC 815 'Derivatives and Hedge Accounting' certain conditions for equity classification for contracts on an entity's own equity. This ASU can be adopted using either the retrospective approach or the modified retrospective approach and is effective for the Group for fiscal years ending after December 15, 2021. The guidance may be early adopted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. This ASU is not expected to have a significant impact on the financial statements.

In December 2019, the FASB issued ASU 2019-12 'Simplifying the Accounting for Income Taxes (Topic 740)'. The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company will adopt the amendments in this ASU on a prospective basis, except where the required method of adoption is retrospective or modified retrospective. ASU 2019-12 is effective for the Company for fiscal years commencing on or after December 15, 2020. This ASU is not expected to have a significant impact on the financial statements.

In January 2020, the FASB issued ASU 2020-01, 'Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)'. ASU 2020-01 states any equity security transitioning from the alternative method of accounting under Topic 321 to the equity method, or vice versa, due to an observable transaction will be remeasured immediately before the transition. In addition, the ASU clarifies the accounting for certain non-derivative forward contracts or purchased call options to acquire equity securities stating such instruments will be measured using the fair value principles of Topic 321 before settlement or exercise. The ASU is effective for fiscal years beginning after December 15, 2020, and will be applied on a prospective basis. Early adoption is permitted. The adoption of this ASU is not expected to have a significant impact of the financial statements.

#### **Impact of other new accounting pronouncements**

No other new accounting pronouncement issued or effective has had, or is expected to have, a significant impact on the Company's consolidated financial statements.

## **25. Related Parties**

Subsidiaries of the Company earned revenue of \$321,000 (December 31, 2019: \$95,000) from DS Biopharma Limited (formerly Dignity Sciences Limited) during the year. Dr. John Climax is Chief Executive Officer and a Director and shareholder of DS Biopharma Limited. \$41,000 was recorded as due from DS Biopharma Limited at December 31, 2020 (December 31, 2019: \$36,000). Dr Ronan Lambe resigned as a Director of ICON plc on July 24, 2018. The contract terms were agreed on an arm's length basis.

On July 24, 2020, a subsidiary of the Company, ICON Clinical Research Limited, entered into an agreement to jointly establish a new company, Oncacare, with a third party. The Company has invested \$4.9 million to obtain a 49% interest in the voting share capital of Oncacare, of which, \$2.5 million has been paid with the remainder to be paid in the next twelve months. This balance remains outstanding at the year ended December 31, 2020. The majority investor has the right to sell the 51% majority voting share capital exclusively to the Company in an eighteen month period, commencing January 1, 2023 and ICON also has the right to acquire the 51% majority voting share capital from August 1, 2025.

## 26. Net income per ordinary share

Basic net income per ordinary share attributable to the Group has been computed by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted net income per ordinary share is computed by adjusting the weighted average number of ordinary shares outstanding during the period for all potentially dilutive ordinary shares outstanding during the period and adjusting net income for any changes in income or loss that would result from the conversion of such potential ordinary shares.

There is no difference in net income used for basic and diluted net income per ordinary share.

Basic and diluted net income per ordinary share attributable to the Group includes the adjustment to reflect the accretion of the noncontrolling interest in MeDiNova to its redemption value.

The reconciliation of the number of shares used in the computation of basic and diluted net income per ordinary share is as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Weighted average number of ordinary shares outstanding for basic net income per ordinary share	52,859,911	53,859,537	54,118,764
Effect of dilutive share options outstanding	423,674	473,924	671,899
Weighted average number of ordinary shares outstanding for diluted net income per ordinary share	53,283,585	54,333,461	54,790,663

The reconciliation between net income attributable to the Group per the Statement of Operating Income and the net income used to calculate net income per ordinary share attributable to the Group is as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
	(in thousands)		
Net income attributable to the Group	\$ 332,331	373,986 \$	322,656
Noncontrolling interest adjustment to redemption amount	(4,522)	(5,048)	—
Net income attributable to the Group (including NCI redemption adjustment)	327,809	368,938	322,656

	December 31, 2020	December 31, 2019	December 31, 2018
<b>Net income per Ordinary Share attributable to the Group (including NCI redemption adjustment):</b>			
Basic	\$ 6.20	\$ 6.85	5.96
Diluted	\$ 6.15	\$ 6.79	5.89

## 27. Subsequent Events

On February 24, 2021, ICON plc announced it has entered into a Merger Agreement to acquire PRA Health Sciences, Inc. ('PRA') in a cash and stock transaction valued at approximately \$12 billion. The per share merger consideration consists of \$80 in cash and 0.4125 shares of ICON stock. The boards of directors of both companies have approved the acquisition. Subject to receipt of regulatory clearances and approval by shareholders of both companies, the acquisition is expected to close in the third quarter of 2021, and upon completion, ICON shareholders will own approximately 66% of the combined company and PRA shareholders will own approximately 34% of the combined company.

In conjunction with the execution of the Merger Agreement, ICON entered into a commitment letter with Citigroup Global Markets Inc. ("Citi") pursuant to which Citi has committed to provide to ICON a senior secured revolving credit facility in an aggregate principal amount of up to \$300.0 million and a senior secured bridge loan facility in an aggregate principal amount of up to \$6,060.0 million to, among other things, finance ICON's obligations in respect of the transactions contemplated by the Merger Agreement. The effectiveness of such credit facilities is subject to the occurrence of customary closing conditions, including the consummation of the Merger.

The Company has evaluated subsequent events from the Balance Sheet date through February 24, 2021, the date at which the consolidated financial statements were available to be issued. Other than the matters described above, the Company has determined that there are no items to disclose.

## 28. Impact of change in accounting policies

### *Measurement of Credit Losses on Financial Instruments*

In June 2016, the FASB issued ASU 2016-13 '*Measurement of Credit Losses on Financial Instruments (Topic 326)*', which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life. The update provides guidance on the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The amendment replaces the previous incurred loss impairment approach with a methodology to reflect expected credit losses and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The updated guidance was applied on a modified retrospective approach and was effective for the Group for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company applied the requirements of the new standard from January 1, 2020 and no adjustment was required to opening retained earnings as of that date.

The Company's estimate of expected credit losses considers historical credit loss information that is adjusted, where necessary, for current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. The Company's receivables and unbilled services are predominantly due from large and mid-tier pharmaceutical and biotechnology companies that share similar risk characteristics. The Company monitors their portfolio of receivables and unbilled services for any deterioration in current or expected credit quality (for example, expected delinquency level), and adjusts the allowance for credit losses as required.

Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in the Consolidated Statement of Operations. Losses are charged against the allowance when management believes the uncollectibility of a previously provisioned amount is confirmed.

### *Leases*

The new leasing standard (ASU No. 2016-02 '*Leases*') was issued in February 2016. ASC 842 '*Leases*' (ASC 842) supersedes the requirements in ASC 840 '*Leases*' (ASC 840) and requires that lessees recognize rights and obligations from virtually all leases (other than leases that meet the definition of a short-term lease) on their Balance Sheets as right-of-use assets with corresponding lease liabilities. The ASU also provides additional guidance on how to classify leases and how to determine the lease term for accounting purposes. In July 2018, the FASB issued ASU No. 2018-11 '*Leases (Topic 842): Targeted Improvements*', which provides the option to adopt the standard retrospectively for each prior period presented, as initially set out in ASU No. 2016-02, or as of the adoption date with a cumulative-effect adjustment to the opening balance of retained earnings.

ASC 842 became effective for ICON plc with effect from January 1, 2019. ICON adopted the new standard as of January 1, 2019 under the cumulative effect adjustment approach. Under this transition method, the new standard is applied from January 1, 2019 without restatement of comparative period amounts. Results for the year ended December 31, 2018 are therefore presented under the previous leasing accounting principles, ASC 840. Operating lease liabilities and right-of-use assets have been recorded on the Consolidated Balance Sheets as at January 1, 2019 of \$106.5 million.

There is no impact of adopting ASC 842 on opening retained earnings at January 1, 2019.

**SIGNATURES**

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**ICON plc**

/s/ Brendan Brennan

Brendan Brennan

Chief Financial Officer

Date February 24, 2021

## INDEX TO EXHIBITS

Exhibit Number	Title
<a href="#">2.1</a>	Agreement and Plan of Merger, dated as of February 24, 2021, by and among ICON plc, ICON US Holdings Inc., Indigo Merger Sub, Inc and PRA Health Sciences, Inc. (incorporated by reference to exhibit 2.1 to the Form 6K (file No. 333-08704) filed on February 24, 2021.
<a href="#">2.2*</a>	Description of Securities Registered Under Section 12 of the Exchange Act.
<a href="#">3.1</a>	Description of the Constitution of the Company (incorporated by reference to exhibit 99.2 to the Form 6K (File No. 333-08704) filed on July 25, 2016).
<a href="#">12.1*</a>	Section 302 certifications.
<a href="#">12.2*</a>	Section 906 certifications.
21.1	List of Subsidiaries (incorporated by reference to Item 4 of Form 20-F filed herewith).
<a href="#">23.1*</a>	Consent of KPMG, Independent Registered Public Accounting Firm.
101.1*	Interactive Data Files (XBRL – Related Documents).

\* Filed herewith



**Description of Securities**  
**Registered Under Section 12 of the Exchange Act**

As of December 31, 2020 ICON plc (“we,” “us,” and “our”) had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Ordinary shares, nominal value €0.06 per share	ICLR	NASDAQ Global Select Market

**Ordinary Shares**

**Item 10. General**

**Item 10.A.1. Limitations or qualifications**

Not applicable.

**Item 10.A.2. Other rights**

Not applicable.

**Item 10.A.3. Type and class of securities**

Each ICON plc share has nominal value of €0.06 per share. The respective number of shares that have been issued as of December 31, 2020 is given in the Consolidated Balance Sheet of the annual report on Form 20-F for the fiscal year ended December 31, 2020. All ICON shares have equal voting rights and carry equal entitlements to dividends. No participation certificates, non-voting equity securities or profit-sharing certificates have been issued.

**Item 10.A.4. Pre-emptive rights**

Not applicable.

**Item 10.B Memorandum and articles of association**

**10.B.1 Shareholder Rights, Preferences and Dividends Attaching to Shares**

The Company has only one class of shares, Ordinary Shares with a par value of €0.06 per share. All such Ordinary Shares rank equally with respect to voting, payment of dividends and on any winding-up of the Company. Any dividend, interest or other sum payable to a shareholder that remains unclaimed for one year after having been declared may be invested by the Directors for the benefit of the Company until claimed. If the Directors so resolve, any dividend which has remained unclaimed for 12 years from the date of its declaration shall be forfeited and cease to remain owing by the Company. In the event of the Company being wound up, if the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Ordinary Shares held by them respectively. An Ordinary Share shall be deemed to be a redeemable share in certain circumstances. The liability of shareholders to invest additional capital is limited to the amounts remaining unpaid on the shares held by them.

**10.B.2. Action Necessary to Change the Rights of Shareholders**

The rights attaching to shares in the Company may be varied by special resolutions passed at class meetings of that class of shareholders of the Company.

**10.B.3 Annual and General Meetings**

The AGM shall be held in such place and at such time as shall be determined by the board, but no more than 15 months shall pass between the dates of consecutive AGMs. Directors may call an Extraordinary General Meeting (“EGM”) at any time. The members, in accordance with the Constitution of the Company and Irish Company law, may also requisition EGMs. Notice of the AGM or an EGM passing any special resolution must be given at least 21 clear days prior to the scheduled date and, in the case of any other general meeting, not less than 14 clear days’ notice. All holders of Ordinary Shares are entitled to attend, speak at and vote at general meetings of the Company.

#### **10.B.4 Limitations on the Right to Own Shares**

There are no limitations on the right to own shares in the Constitution of the Company.

#### **10.B.5 Disclosure of Share Ownership**

Under Irish law, the Company can require parties to disclose their interests in shares. The Constitution of the Company entitle the Directors to require parties to provide details regarding their identity and the nature and extent of any interest which such parties hold in Ordinary Shares. Under Irish law, if a party acquires or disposes of Ordinary Shares so as to bring their interest above or below 3% of the total issued share capital of the Company, they must notify the Company of that. The Company would also need to be notified of the acquisition by an existing substantial (i.e. 3% plus) shareholder, of every movement of one whole percentage integer (e.g. 3.9% to 4.1% but not 4.1% to 4.9%) or more.

**Certification of Chief Financial Officer  
Pursuant to Section 302 of  
the Sarbanes-Oxley Act of 2002**

I, Brendan Brennan, certify that:

1. I have reviewed this annual report on Form 20-F of ICON plc ("the registrant").
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 24, 2021

/s/ Brendan Brennan

Brendan Brennan  
Chief Financial Officer

**Certification of Chief Executive Officer  
Pursuant to Section 302 of  
the Sarbanes-Oxley Act of 2002**

I, Steve Cutler, certify that:

1. I have reviewed this annual report on Form 20-F of ICON plc ("the registrant").
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 24, 2021

/s/ Steve Cutler

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Steve Cutler  
Chief Executive Officer

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ICON plc (the "Company") on Form 20-F for the year ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brendan Brennan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 24, 2021

/s/ Brendan Brennan

Brendan Brennan  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the report or as a separate disclosure document. A signed original of this written statement required by section 906 has been provided to ICON plc and will be retained by ICON plc and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ICON plc (the "Company") on Form 20-F for the year ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steve Cutler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 24, 2021

/s/ Steve Cutler

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Steve Cutler

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the report or as a separate disclosure document. A signed original of this written statement required by section 906 has been provided to ICON plc and will be retained by ICON plc and furnished to the Securities and Exchange Commission or its staff upon request.

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
ICON plc

We consent to the incorporation by reference in the registration statements (Nos. 333-231527, 333-204153, 333-190068 and 333-152802) each on Form S-8 of ICON plc of our reports dated February 24, 2021, with respect to the consolidated balance sheets of ICON plc as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 Annual Report on Form 20-F ICON plc.

/s/ KPMG  
Dublin, Ireland

February 24, 2021