FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 under
the Securities Exchange Act of 1934

For
the month of November, 2022

ICON plc
(Translation of registrant's name into English)

333-08704
(Commission file number)

South County Business Park, Leopardstown, Dublin 18, D18 X5R3, Ireland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F___**X**___ Form 40-F______

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
Yes______ No___**X**___

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
Yes______ No___**X**___

ICON plc

This report on Form 6-K is hereby incorporated by reference in the registration statement on Form F-3 (Registration No. 333-133371) of ICON plc and in the prospectus contained therein, registration statement on Form F-4 (Registration No. 333-254891) of ICON plc and in the prospectus contained therein, registration statement on Form S-8 (Registration No. 333-152802) of ICON plc, registration statement on Form S-8 (Registration No. 333-190068) of ICON plc, registration statement on Form S-8 (Registration No. 333-231527) of ICON plc, registration statement on Form S-8 (Registration No. 333-254891) of ICON plc, and registration statement on Form S-8 (Registration No. 333-257578) of ICON plc, and this report on Form 6-K shall be deemed a part of each such registration statement from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished by ICON plc under the Securities Act of 1933 or the Securities Exchange Act of 1934.

GENERAL

As used herein, “ICON”, the “Company”, the "Group", and “we” refer to ICON plc and its consolidated subsidiaries, unless the context requires otherwise.

Business

ICON public limited company (“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 healthcare intelligence partner of choice by delivering industry leading solutions and best in class performance in clinical development.

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 September 30, 2022 we had approximately 41,150 employees, in 113 locations in 53 countries. During the nine months ended September 30, 2022, we derived approximately 47.9%, 46.3% and 5.8% of our revenue in the United States, Europe and Rest of World respectively.

We began operations in 1990 and have expanded our business through organic 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, D18 X5R3, Republic of Ireland. The contact telephone number of this office is +353-1-291-2000.

Recent developments

Senior Secured Credit Facilities repayment

On September 30, 2022, the Company repaid $200.0 million of the senior secured term loan facility and made a quarterly interest payment of $53.6 million. This repayment resulted in an accelerated charge associated with previously capitalized fees of $1.9 million.

On June 30, 2022, the Company repaid $100.0 million of the senior secured term loan facility and made a quarterly interest payment of $39.4 million. This repayment resulted in an accelerated charge associated with previously capitalized fees of $0.9 million.

On March 31, 2022, the Company repaid $300.0 million of the senior secured term loan facility and made a quarterly interest payment of $35.1 million. This repayment resulted in an additional charge associated with previously capitalized fees of $3.2 million.

Foreign exchange translation

The Company prepares its financial statements in United States dollar while the local results of a certain number of our subsidiaries are prepared in currencies other than United States dollars, including, amongst others, the pound sterling and the euro. In addition, the Company's contracts with clients are sometimes denominated in currencies other than the United States dollar. Finally, the Company is exposed to a wider variety of currencies in the expenses line due to most expenses being incurred in the local currencies of where our global operations are based. Accordingly, changes in exchange rates between the United States dollar and those other currencies can impact the Company’s financial results.

Ukraine situation

On February 24, 2022 Russia invaded Ukraine, creating significant instability and unrest in the region. The Company's operations in these affected regions have been significantly curtailed as a result of these events. The Company’s revenue in the affected regions are approximately 1-2% of the Company’s consolidated revenues for the nine months ended September 30, 2022. The financial impact of the conflict is not material to the Company during the nine months ended September 30, 2022.

During these concerning times, the Company's key focus is on the safety of our employees and their families, patients, investigators and on the mitigation of adverse impacts on ongoing clinical trials. The Company has worked to ensure the safety of employees and their families based in the Ukraine through the implementation of a number of employee assistance programs. These programs aim to provide affected employees and their families with transportation, accommodation in neighboring countries, financial assistance, communications and other support services as needed.

ICON plc
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

	(Unaudited) September 30, 2022	(Audited) December 31, 2021
ASSETS	**(in thousands)**	
Current Assets:		
Cash and cash equivalents	$ 609,158	$ 752,213
Available for sale investments	1,712	1,712
Accounts receivable, net of allowance for credit losses	1,435,010	1,342,770
Unbilled revenue	894,291	623,121
Other receivables	60,251	56,760
Prepayments and other current assets	129,218	114,323
Income taxes receivable	41,935	50,299
Total current assets	3,171,575	2,941,198
Non-current Assets:		
Property, plant and equipment, net	315,524	336,444
Goodwill	8,942,525	9,037,931
Intangible assets	4,391,699	4,710,843
Operating right-of-use assets	137,000	198,123
Other receivables	61,792	70,557
Income taxes receivable	15,468	18,637
Deferred tax asset	62,298	48,392
Equity method investments	—	2,373
Investments in equity- long term	27,932	22,592
Total Assets	$ 17,125,813	$ 17,387,090
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 60,851	$ 90,764
Unearned revenue	1,395,160	1,323,961
Other liabilities	1,147,142	949,629
Income taxes payable	72,580	59,433
Current bank credit lines and loan facilities	55,150	55,150
Total current liabilities	2,730,883	2,478,937
Non-current Liabilities:		
Non-current bank credit lines and loan facilities	4,794,856	5,381,162
Lease liabilities	126,482	159,483
Non-current other liabilities	41,888	42,596
Non-current income taxes payable	218,644	172,109
Deferred tax liability	974,339	1,085,976
Commitments and contingencies	—	—
Total Liabilities	8,887,092	9,320,263
Shareholders' Equity:		
Ordinary shares, par value 6 euro cents per share; 100,000,000 shares authorized, 81,645,279 shares issued and outstanding at September 30, 2022 and 81,554,683 shares issued and outstanding at December 31, 2021	6,645	6,640
Additional paid-in capital	6,818,877	6,733,910
Other undenominated capital	1,162	1,134
Accumulated other comprehensive loss	(291,901)	(90,937)
Retained earnings	1,703,938	1,416,080
Total Shareholders' Equity	8,238,721	8,066,827
Total Liabilities and Shareholders' Equity	$ 17,125,813	$ 17,387,090

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

ICON plc
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands except share and per share data)			
Revenue	$ 1,942,427	$ 1,866,352	$ 5,779,384	$ 3,595,705
Costs and expenses:				
Direct costs (excluding depreciation and amortization)	1,375,837	1,357,942	4,146,366	2,615,309
Selling, general and administrative expense	166,787	206,713	552,000	382,614
Depreciation and amortization	141,861	140,636	427,285	175,317
Transaction and integration-related expenses	8,001	149,791	28,970	182,309
Restructuring	6,197	6,162	32,890	6,162
Total costs and expenses	1,698,683	1,861,244	5,187,511	3,361,711
Income from operations	243,744	5,108	591,873	233,994
Interest income	1,434	53	1,727	496
Interest expense	(63,010)	(102,306)	(154,546)	(129,584)
Income/(loss) before provision for income taxes	182,168	(97,145)	439,054	104,906
Benefit arising/(Provision) for income taxes	(21,012)	3,563	(48,552)	(26,718)
Income before share of earnings from equity method investments	161,156	(93,582)	390,502	78,188
Share of losses in equity method investments	(1,002)	(688)	(2,643)	(1,471)
Net income/(loss) attributable to the Group	$ 160,154	$ (94,270)	$ 387,859	$ 76,717
Net income/(loss) per Ordinary Share attributable to the Group (note 13):				
Basic	$ 1.96	$ (1.17)	$ 4.76	$ 1.23
Diluted	$ 1.94	$ (1.17)	$ 4.70	$ 1.22
Weighted average number of Ordinary Shares outstanding (note 13):				
Basic	81,582,375	80,771,397	81,481,686	62,264,851
Diluted	82,493,211	80,771,397	82,473,521	63,095,857

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

ICON plc
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)		(in thousands)	
Comprehensive income:				
Net income/(loss) attributable to the group	$ 160,154	$ (94,270)	$ 387,859	$ 76,717
Currency translation adjustment	(98,140)	(35,300)	(199,763)	(44,209)
Currency impact of long term funding (net of tax)	(826)	(162)	(1,201)	(401)
Amortization of interest rate hedge	—	—	—	113
Write off of loss on interest rate hedge	—	—	—	778
Total comprehensive income attributable to the group	$ 61,188	$ (129,732)	$ 186,895	$ 32,998

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

ICON plc
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

	Group						
	Shares	Amount	Additional Paid-in Capital	Other Undenominated Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	(dollars in thousands, except share data)						
Balance at December 31, 2021	81,554,683	$ 6,640	$ 6,733,910	$ 1,134	$ (90,937)	$ 1,416,080	$ 8,066,827
Net income	—	—	—	—	—	111,970	111,970
Exercise of share options	84,090	6	7,491	—	—	—	7,497
Issue of restricted share units / performance share units	74,769	4	—	—	—	—	4
Non-cash stock compensation expense	—	—	18,840	—	—	—	18,840
Share issuance costs	—	—	(3)	—	—	—	(3)
Share repurchase program	(420,530)	(28)	—	28	—	(99,983)	(99,983)
Share repurchase costs	—	—	—	—	—	(17)	(17)
Other comprehensive loss, net of tax	—	—	—	—	(35,818)	—	(35,818)
Balance at March 31, 2022	**81,293,012**	**6,622**	**6,760,238**	**1,162**	**(126,755)**	**1,428,050**	**8,069,317**
Net income	—	—	—	—	—	115,734	115,734
Exercise of share options	75,671	4	7,649	—	—	—	7,653
Issue of restricted share units / performance share units	157,924	11	—	—	—	—	11
Non-cash stock compensation expense	—	—	19,478	—	—	—	19,478
Other comprehensive loss, net of tax	—	—	—	—	(66,180)	—	(66,180)
Balance at June 30, 2022	**81,526,607**	**$ 6,637**	**$ 6,787,365**	**$ 1,162**	**$ (192,935)**	**$ 1,543,784**	**$ 8,146,013**
Net income	—	—	—	—	—	160,154	160,154
Exercise of share options	117,140	4	13,827	—	—	—	13,831
Issue of restricted share units / performance share units	1,532	4	—	—	—	—	4
Non-cash stock compensation expense	—	—	17,686	—	—	—	17,686
Share issuance costs	—	—	(1)	—	—	—	(1)
Other comprehensive loss, net of tax	—	—	—	—	(98,966)	—	(98,966)
Balance at September 30, 2022	**81,645,279**	**$ 6,645**	**$ 6,818,877**	**$ 1,162**	**$ (291,901)**	**$ 1,703,938**	**$ 8,238,721**

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

	Group						
	Shares	Amount	Additional Paid-in Capital	Other Undenominated Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	(dollars in thousands, except share data)						
Balance at December 31, 2020	52,788,093	$ 4,580	$ 617,104	$ 1,134	$ (35,477)	$ 1,262,895	$ 1,850,236
Net income	—	—	—	—	—	97,122	97,122
Exercise of share options	—	—	—	—	—	—	—
Issue of restricted share units / performance share units	70,097	5	—	—	—	—	5
Non-cash stock compensation expense	—	—	6,310	—	—	—	6,310
Share issuance costs	—	—	(5)	—	—	—	(5)
Other comprehensive loss, net of tax	—	—	—	—	(19,497)	—	(19,497)
Balance at March, 31 2021	**52,858,190**	**4,585**	**623,409**	**1,134**	**(54,974)**	**1,360,017**	**1,934,171**
Net income	—	—	—	—	—	73,865	73,865
Exercise of share options	4,020	—	170	—	—	—	170
Issue of restricted share units / performance share units	95,853	7	—	—	—	—	7
Non-cash stock compensation expense	—	—	8,495	—	—	—	8,495
Share issuance costs	—	—	(5)	—	—	—	(5)
Other comprehensive income net of tax	—	—	—	—	11,240	—	11,240
Balance at June 30, 2021	**52,958,063**	**$ 4,592**	**$ 632,069**	**$ 1,134**	**$ (43,734)**	**$ 1,433,882**	**$ 2,027,943**
Net loss	—	—	—	—	—	(94,270)	(94,270)
Exercise of share options	909,723	54	103,811	—	—	—	103,865
Issue of restricted share units	157,608	23	—	—	—	—	23
Issue of shares associated with a business combination	27,372,427	1,960	5,656,166	—	—	—	5,658,126
Replacement share-based awards issued to acquiree employees	—	—	209,399	—	—	—	209,399
Non-cash stock compensation expense	—	—	99,771	—	—	—	99,771
Share issuance costs	—	—	(809)	—	—	—	(809)
Other comprehensive loss, net of tax	—	—	—	—	(35,462)	—	(35,462)
Balance at September 30, 2021	**81,397,821**	**$ 6,629**	**$ 6,700,407**	**$ 1,134**	**$ (79,196)**	**$ 1,339,612**	**$ 7,968,586**

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

ICON plc
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021 (UNAUDITED)

	Nine Months Ended	
	September 30, 2022	September 30, 2021
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 387,859	$ 76,717
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	427,285	175,317
Impairment of long lived assets	27,727	5,731
Reduction in carrying value of operating right-of-use assets	35,238	30,607
Loss on equity method investments	2,643	1,471
Charge on interest rate hedge	—	891
Amortization of financing costs and debt discount	13,544	4,448
Stock compensation expense	55,703	114,791
Loss on extinguishment of debt	—	14,434
Deferred taxes	(126,620)	(26,532)
Unrealized foreign exchange gain	(52,334)	(7,374)
Loss on issuance of debt	—	59,460
Other non-cash items	18,595	(1,592)
Changes in operating assets and liabilities:		
Accounts receivable	(140,760)	123,413
Unbilled revenue	(221,104)	49,203
Unearned revenue	28,352	(60,514)
Other net assets	166,613	(21,147)
Net cash provided by operating activities	622,741	539,324
Cash flows from investing activities:		
Purchase of property, plant and equipment	(85,145)	(46,067)
Purchase of subsidiary undertakings, net of cash acquired	—	(5,914,475)
Purchase of equity method investment	—	(2,450)
Sale of available for sale investments	—	17
Purchase of investments in equity - long term	(1,840)	(2,243)
Net cash used in investing activities	(86,985)	(5,965,218)
Cash flows from financing activities:		
Financing related costs	—	(30,349)
Proceeds from exercise of equity compensation	28,967	104,070
Share issue costs	(3)	(848)
Repurchase of ordinary shares	(99,983)	—
Share repurchase costs	(17)	—
Drawdown of bank credit lines and loan facilities	25,000	5,905,100
Repayment of bank credit lines and loan facilities	(625,000)	(377,780)
Net cash used in financing activities	(671,036)	5,600,193
Effect of exchange rate movements on cash	(7,775)	(6,080)
Net (decrease)/ increase in cash and cash equivalents	(143,055)	168,219
Cash and cash equivalents at beginning of period	752,213	840,305
Cash and cash equivalents at end of period	609,158	1,008,524

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

1. Basis of presentation

These condensed consolidated financial statements which have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP") have not been audited. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the operating results and financial position for the periods presented. The preparation of the condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures in the condensed consolidated financial statements. Actual results could differ from those estimates.

The condensed consolidated financial statements should be read in conjunction with the accounting policies and notes to the consolidated financial statements included in ICON's Form 20-F for the year ended December 31, 2021 (see *note 2 - Significant accounting policies*). Operating results for the nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the fiscal period ending December 31, 2022.

2. Significant accounting policies

Revenue recognition

The Company 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, data services and laboratory services. These services, which are described in detail below, can be purchased collectively or individually as part of a clinical trial contract. There is not significant variability in how economic factors affect these services. Contracts range in duration from several 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), which have been applied to revenue recognized from each service described below.

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. 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 projects. 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 over time 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 pass-through/ reimbursable expenses) at each reporting period as a percentage of forecasted total project costs.

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.

Contracting services revenue

The Company has availed itself 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

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 over time 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.

Data services revenue

The Company provides data reports and analytics to customers based on agreed-upon specifications, including the timing of delivery, which is typically either weekly, monthly, or quarterly. If a customer requests more than one type of data report or series of data reports within a contract, each distinct type of data report is a separate performance obligation. The contracts provide for the Company to be compensated for the value of each deliverable. The transaction price is determined using list prices, discount agreements, if any, and negotiations with the customers, and generally includes any out-of-pocket expenses. Typically, the Company bills in advance of services being provided with the amount being recorded as unearned revenue.

When multiple performance obligations exist, the transaction price is allocated to performance obligations on a relative standalone selling price basis. In cases where the Company contracts to provide a series of data reports, or in some cases data, the Company recognizes revenue over time using the “units delivered” output method as the data or reports are delivered. Expense reimbursements are recorded to revenue as the expenses are incurred as they relate directly to the services performed.

Certain arrangements include upfront customization or consultative services for customers. These arrangements often include payments based on the achievement of certain contractual milestones. Under these arrangements, the Company contracts with a customer to carry out a specific study, ultimately resulting in delivery of a custom report or data product. These arrangements are a single performance obligation given the integrated nature of the service being provided. The Company typically recognizes revenue under these contracts over time, using an output-based measure, generally time elapsed, to measure progress and transfer of control of the performance obligation to the customer. Expense reimbursements are recorded to revenue as the expenses are incurred as they relate directly to the service performed.

The Company enters into contracts with some of its larger data suppliers that involve non-monetary terms. The Company issues purchase credits to be used toward the data supplier's purchase of the Company's services based on the fair value of the data obtained. In exchange, the Company receives monetary discounts on the data received from the data suppliers. The fair value of the revenue earned from the customer purchases is recognized as services are delivered as described above. At the end of the contract year, any unused customer purchase credits may be forfeited or carried over to the next contract year based on the terms of the data supplier contract.

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.

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.

Intangible Assets

Intangible assets are amortized on a straight line basis over their estimated useful life.

The carrying values of intangible assets are reviewed for recoverability to determine if the facts and circumstances suggest that a potential impairment may have occurred. If this review indicates that carrying values will not be recoverable the Company will record an impairment charge to reduce carrying values to estimated fair value.

3. Revenue

Revenue disaggregated by customer concentration is as follows:

	Three Months Ended		**Nine Months Ended**	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
	(in thousands)		**(in thousands)**	
Clients 1-5	539,907	525,806	1,595,007	1,242,446
Clients 6-10	270,073	283,003	831,660	472,788
Clients 11-25	405,171	398,816	1,100,118	704,312
Other	727,276	658,727	2,252,599	1,176,159
Total	$ 1,942,427	$ 1,866,352	$ 5,779,384	$ 3,595,705

There was no revenue from individual customers greater than 10% of consolidated revenue in the respective periods.

4. Accounts receivable, unbilled revenue (contract assets) and unearned revenue or payments on account (contract liabilities)

Accounts receivables and unbilled revenue are as follows:

		September 30, 2022		December 31, 2021
		(in thousands)		
Contract assets:				
Billed services (accounts receivable)	$	1,458,753	$	1,349,851
Unbilled services (unbilled revenue)		894,291		623,121
Accounts receivable and unbilled revenue, gross		2,353,044		1,972,972
Allowance for credit losses		(23,743)		(7,081)
Accounts receivable and unbilled revenue, net	$	2,329,301	$	1,965,891

Unbilled services and unearned revenue or payments on account (contract assets and liabilities) were as follows:

(in thousands, except percentages)		September 30, 2022		December 31, 2021		$ Change	% Change
Unbilled services (unbilled revenue)	$	894,291	$	623,121	$	271,170	43.5 %
Unearned revenue (payments on account)		(1,395,160)		(1,323,961)		(71,199)	5.4 %
Net balance	$	(500,869)	$	(700,840)	$	199,971	(28.5)%

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 services 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 to set-off between unbilled services (contract assets) and unearned revenue (contract liabilities), each are separately presented gross on the Condensed Consolidated Balance Sheet.

Unbilled services as at September 30, 2022 increased by $271.2 million compared to December 31, 2021. Unearned revenue increased by $71.2 million over the same period resulting in an increase of $200.0 million in the net balance of unbilled services and unearned revenue or payments on account between December 31, 2021 and September 30, 2022. 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 contracts when a cost-based input method of revenue recognition is applied and revenue recognized exceeds the amount billed to the customer.

As of September 30, 2022 approximately $13.5 billion (September 30, 2021: $13.0 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 49% of the unsatisfied performance obligations over the next 12 months, with the remainder recognized thereafter over the duration of the customer contracts.

5. Goodwill

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
	(in thousands)	
Opening balance	$ 9,037,931	$ 936,257
Current period acquisitions (Note 7)	—	8,120,006
Prior period acquisitions (Note 7)	(35,692)	—
Foreign exchange movement	(59,714)	(18,332)
Closing balance	$ 8,942,525	$ 9,037,931

There are no accumulated impairment charges as of September 30, 2022 and December 31, 2021.

6. Intangible assets

Intangible assets, net consisted of the following:

	Nine Months Ended September 30, 2022	Year Ended December 31, 2021
Cost	(in thousands)	
Customer relationships	$ 4,072,988	$ 4,056,642
Order backlog	535,557	528,022
Trade names & brands	204,536	204,685
Patient database	170,049	170,525
Technology assets	120,283	121,507
Total cost	5,103,413	5,081,381
Accumulated amortization	(711,714)	(370,538)
Net book value	$ 4,391,699	$ 4,710,843

The identifiable intangible assets are amortized over their estimated useful lives.

7. Business combinations

PRA Health Sciences, Inc. - Merger Completion

On July 1, 2021 (the "Merger Date"), the Company completed the Acquisition of PRA by means of a merger whereby Indigo Merger Sub, Inc., a Delaware corporation and subsidiary of ICON, merged with and into PRA, the parent of the PRA Health Sciences Group. The combined Group has retained the name ICON and brought together approximately 38,000 (as at the Merger date) employees across the globe, creating one of the world's most advanced healthcare intelligence and clinical research organizations. The Merger was accounted for as a business combination using the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations*.

The combined Company leverages its enhanced operations to transform clinical trials and accelerate biopharma customers' commercial success through the development of much needed medicines and medical devices. The new ICON has a renewed focus on leveraging data, applying technology and accessing diverse patient populations to speed up drug development.

Upon completion of the Merger, pursuant to the terms of the merger agreement, PRA became a wholly owned subsidiary of ICON plc. Under the terms of the Merger, PRA shareholders received per share $80 in cash and 0.4125 shares of ICON stock. The trading of PRA common stock on NASDAQ was suspended prior to market open on July 1, 2021.

In the nine months ended September 30, 2022, the Company incurred $29.0 million of Merger-related expenses which were accounted for separately from the business combination and expensed as incurred within the "Transaction and integration related expenses" line item of the condensed consolidated statements of operations. These costs consisted primarily of integration costs including severance arrangements, retention agreements and advisory fees.

The Merger Date fair value of the consideration transferred consisted of the following:

		(in thousands)
Fair value of cash consideration	$	5,308,646
Fair value of ordinary shares issued to acquiree stockholders		5,658,126
Fair value of replacement share-based awards issued to acquiree employees		209,399
Repayment of term loan obligations and accrued interest *		865,800
	$	12,041,971

* This represents the portion of PRA debt paid by ICON. PRA also paid $401.6 million from available cash to settle debt obligations that existed at the Merger Date.

The following table summarizes the allocation of the consideration transferred based on the Merger Date fair values of assets acquired and liabilities assumed, with the excess of the purchase price over the estimated fair values of the identifiable net assets acquired recorded as goodwill:

		July 1 2021
		(in thousands)
Cash and cash equivalents	$	259,971
Accounts receivable and unbilled revenue		934,308
Other current assets		125,156
Fixed assets		156,851
Operating lease right-of-use assets		180,601
Goodwill *		8,084,314
Intangible assets		4,919,000
Deferred tax assets		25,190
Other assets		33,928
Accounts payable		(50,259)
Accrued expenses and other current liabilities		(380,048)
Current portion of operating lease liabilities		(36,506)
Unearned revenue		(739,278)
Non-current portion of operating lease liabilities		(147,204)
Non-current deferred tax liabilities		(1,119,762)
Other non-current liabilities		(204,291)
Net assets acquired	**$**	**12,041,971**

* The goodwill in connection with the Merger is primarily attributable to the assembled workforce of PRA and the expected synergies of the Merger. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the fair value of identified intangible assets and their respective useful lives as of the Merger Date (in thousands, except for estimated useful lives):

	Estimated Fair Value	**Estimated Useful Life**
Customer relationship	3,938,000	23 years
Order backlog	500,000	3 years
Trade names	202,000	3 years
Patient database	168,000	7 years
Technology	111,000	5 years
	4,919,000	

At June 30, 2022, the Company completed its review of the July 1, 2021 acquisition balance sheet of PRA and completed final valuation reports associated with certain assets acquired and liabilities assumed. In the period since the Merger Date, the Company recognized certain measurement period adjustments as shown in the table below:

		Measurement period adjustments
		(in thousands)
Cash and cash equivalents	$	—
Accounts receivable and unbilled revenue		—
Other current assets		14,465
Fixed assets		(6,137)
Operating lease right-of-use assets		(11,744)
Goodwill		70,436
Intangible assets *		44,000
Deferred tax assets		(147,039)
Other assets		(1,166)
Accounts payable		—
Accrued expenses and other current liabilities		(37,496)
Current portion of operating lease liabilities		1,865
Unearned revenue **		19,623
Non-current portion of operating lease liabilities		10,454
Non-current deferred tax liabilities		193,837
Other non-current liabilities		(151,098)

* In the nine months ended September 30, 2022, the Company incurred $2.2 million amortization which related to the year ended December 31, 2021 due to the timing of when the measurement period adjustment was identified.
** The unearned revenue measurement period adjustment also includes $16.0 million as a result of the early adoption of ASU 2021-08 'Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers' in Quarter 4 2021.

Pro forma financial information

The following pro forma financial information was derived from the historical financial statements of the Company and PRA and presents the combined results of operations as if the Merger had occurred on January 1, 2021. The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the results that would have actually occurred had the Merger been completed on January 1, 2021. In addition, the pro forma financial information presented for the comparative period does not give effect to any anticipated cost savings, operating efficiencies or other synergies that may result from the Merger, or any estimated costs that have been or will be incurred by the Company to integrate the assets and operations of PRA.

		Nine Months Ended September 30, 2022		Nine Months Ended September 30, 2021
		(in thousands, except per share data)		
Revenue	$	5,779,384	$	5,580,879
Net income (loss)	$	387,859	$	231,442

The pro forma financial information presented above for the nine months ended September 30, 2021 reflect certain pro forma adjustments to the financial performance of the Company had the Merger date been completed on January 1, 2021. The pro forma adjustments primarily relate to the amortization of acquired intangible assets, interest expense, amortization of deferred financing costs related to the new financing arrangements, transaction costs, share-based compensation expense related to the acceleration of share-based compensation awards and replacement share-based awards, and financing fees. The pro forma adjustments were tax effected using the tax rate relevant in the appropriate jurisdiction.

The results presented above for the nine months ended September 30, 2022 are as reported in the Condensed Consolidated Statement of Operations.

8. Fair value measurements

The Company records certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy that prioritizes the inputs used to measure fair value is described below. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, unbilled services, contract assets, accounts payable, and unearned revenue approximate fair value due to the short maturities of these instruments.

Recurring Fair Value Measurements

The Company classifies its interests in investments in equity-long term 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 September 30, 2022 and December 31, 2021 meet the definition of equity securities without readily determinable fair values. The Company concluded that the interests held at September 30, 2022 and December 31, 2021 qualify for the Net Asset Value (NAV) practical expedient in ASC 820 'Fair value measurements and disclosures'. There was an increase in fair value of $3.5 million (December 31, 2021: $3.2 million) recognized in net income during the year bringing the carrying value of the subscriptions to $27.9 million at September 30, 2022 (December 31, 2021: $22.6 million).

Non-recurring Fair Value Measurements

Certain assets and liabilities are carried on the accompanying Condensed Consolidated Balance Sheet at cost and are not re-measured to fair value on a recurring basis. These assets include finite-lived intangible assets that are tested for impairment when a triggering event occurs and goodwill that is tested for impairment annually or when a triggering event occurs. As of September 30, 2022, assets carried on the balance sheet at cost and not re-measured to fair value on a recurring basis totaled approximately $13,334.2 million and are identified as Level 3 assets. These assets are comprised of goodwill of $8,942.5 million and identifiable intangible assets, net of $4,391.7 million. Refer to "Note 11 - Bank credit lines and loan facilities" for additional information regarding the fair value of long-term debt balances.

9. Restructuring

In the nine months ended September 30, 2022, a restructuring charge of $32.9 million was recorded in the Condensed Consolidated Statement of Operations under a restructuring plan adopted following a review of operations. The restructuring plan reflected resource rationalization across the business to improve employee utilization and an office consolidation program to optimize the Company's office footprint.

	Nine Months Ended	
	September 30, 2022	September 30, 2021
	(in thousands)	
Restructuring charges	$ 32,890	$ 6,162
Net charge	$ 32,890	$ 6,162

At September 30, 2022, a total liability of $11.3 million was recorded on the Consolidated Balance Sheet relating to restructuring activities. The total liability included $4.0 million of facilities related liabilities of which $1.7 million is included within other liabilities and $2.3 million is included within non-current other liabilities. The remaining provision of $7.3 million relates to workforce reduction and is included within other liabilities.

	Nine Months Ended	Year ended
	September 30, 2022	December 31, 2021
	(in thousands)	
Opening provision	$ 10,311	$ 4,676
Additional provisions	5,066	11,272
Utilization	(4,087)	(5,637)
Ending provision	$ 11,290	$ 10,311

10. Operating leases

Lease costs recorded under operating leases for the nine months ended September 30, 2022 and September 30, 2021 were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)		(in thousands)	
Operating lease costs	$ 12,164	$ 18,905	$ 40,976	$ 34,243
Income from sub-leases	(268)	(312)	(898)	(743)
Net operating lease costs	$ 11,896	$ 18,593	$ 40,078	$ 33,500

Of the total cost of $40.1 million incurred in the nine months ended September 30, 2022 (September 30, 2021: $33.5 million), $38.1 million (September 30, 2021: $31.9 million) is recorded within selling, general and administration costs and $2.0 million (September 30, 2021: $1.6 million) is recorded within direct costs.

During the nine months ended September 30, 2022 and September 30, 2021, costs incurred by the Group related to variable lease payments was de minimis.

Right-of-use assets obtained during the three months ended September 30, 2022, excluding early termination options, now reasonably certain to be exercised of $Nil (September 30, 2021: $Nil), totaled $1.7 million (September 30, 2021: $1.1 million). Right-of-use assets obtained during the nine months ended September 30, 2022, excluding early termination options, now reasonably certain to be exercised of $Nil (September 30, 2021: $4.2 million), totaled $37.6 million (September 30, 2021: $4.9 million).

The weighted average remaining lease term and weighted-average discount rate at September 30, 2022 were 6.77 years and 2.48%, respectively.

Future minimum lease payments under non-cancelable leases as of September 30, 2022 were as follows:

	Minimum rental payments
(in thousands)	September 30, 2022
Year 1	$ 45,854
Year 2	33,861
Year 3	23,134
Year 4	18,684
Year 5	15,497
Thereafter	45,708
Total future minimum lease payments	182,738
Lease imputed interest	(14,030)
Total	$ 168,708

Operating lease liabilities are presented as current and non-current. Operating lease liabilities of $42.2 million have been included in other liabilities as at September 30, 2022 (September 30, 2021: $61.9 million).

11. Bank credit lines and loan facilities

The Company had the following debt outstanding as of September 30, 2022 and December 31, 2021:

			Principal amount		
	Interest rate as of	Interest rate as of	September 30,	December 31,	
(in thousands)	September 30, 2022	December 31, 2021	2022	2021	Maturity Date
Credit Facilities:					
Senior Secured Term Loan	5.938 %	2.750 %	$ 4,401,213	$ 5,001,213	July 2028
Senior Secured Notes	2.875 %	2.875 %	500,000	500,000	July 2026
Total debt			4,901,213	5,501,213	
Less current portion of long-term debt and debt issuance costs			(55,150)	(55,150)	
Total long-term debt			4,846,063	5,446,063	
Less long-term portion of debt issuance costs and debt discount			(51,207)	(64,901)	
Total long-term debt, net			$ 4,794,856	$ 5,381,162	

The Company paid a $27.6 million debt discount in connection with the Senior Secured Credit Facility and Senior Secured Notes on July 1, 2021.

As of September 30, 2022, the contractual maturities of the Company's debt obligations were as follows:

Current maturities of long-term debt:	(in thousands)
2022 (remaining)	$ 13,788
2023	55,150
2024	55,150
2025	55,150
2026 and thereafter	4,721,975
Total	$ 4,901,213

The Company's primary financing arrangements are its senior secured credit facilities (the "Senior Secured Credit Facilities"), which consists of a senior secured term loan and a revolving credit facility, and the senior secured notes (the "Senior Secured Notes").

Senior Secured Credit Facilities

In conjunction with the completion of the Merger agreement, on July 1, 2021, ICON entered into a credit agreement providing for a senior secured term loan facility of $5,515 million and a senior secured revolving loan facility in an initial aggregate principal amount of $300 million (the "Senior Secured Credit Facilities").

Borrowings under the senior secured term loan facility amortize in equal quarterly installments in an amount equal to 1.00% per annum of the principal amount, with the remaining balance due at final maturity. The interest rate margin applicable to borrowings under the senior secured term loan facility is LIBOR plus an applicable margin of 2.50%, in each case, with a step down of 0.25% if the first lien net leverage ratio is equal to or less than 4.00 to 1.00. On November 10, 2021, the Company achieved a net leverage ratio of less than 4 times and the margin applicable to the senior secured term loan was reduced by 0.25%. The senior secured term loan facility is subject to a LIBOR floor of 0.50%.

The interest rate margin applicable to borrowings under the revolving loan facility will be, at the option of the borrower, either (i) the applicable base rate plus an applicable margin of 1.00%, 0.60% or 0.25% based on ICON's current corporate family rating assigned by S&P of BB- (or lower), BB or BB+ (or higher), respectively, or (ii) LIBOR (or an alternative reference rate) plus an applicable margin of 2.00%, 1.60% or 1.25% based on ICON's current corporate family rating assigned by S&P of BB- (or lower), BB or BB+ (or higher), respectively. In addition, lenders under the revolving loan facility are entitled to commitment fees as a percentage of the applicable margin at the time of drawing and utilization fees dependent on the proportion of the facility drawn. On April 11, 2022, $25 million of the senior secured revolving loan facility was drawn down at an interest rate of 1.75%, representing one month LIBOR plus a margin of 1.25%. This was repaid in full on May 9, 2022. At September 30, 2022 $300.0 million remained available for borrowing under the senior secured revolving loan facility. On October 11, 2022, $50 million of the senior secured revolving loan facility was drawn down at an interest rate of 4.56%, representing 1 month LIBOR plus a margin of 1.25%.

The Borrowers' (as defined in the credit agreement) obligations under the Senior Secured Credit Facilities are guaranteed by ICON and the subsidiary guarantors. The Senior Secured Credit Facilities are secured by a lien on substantially all of ICON's, the Borrowers' and each of the subsidiary guarantor's assets (subject to certain exceptions), and the Senior Secured Credit Facilities have a first-priority lien on such assets, which will rank pari passu with the lien securing the Senior Secured Notes (see below), subject to other permitted liens. Our long-term debt arrangements contain customary restrictive covenants and, as of September 30, 2022, we were in compliance with our restrictive covenants in all material respects.

On September 30, 2022 the Company repaid $200.0 million of the senior secured term loan facility and made a quarterly interest payment of $53.6 million. This repayments resulted in an additional charge associated with previously capitalized fees of $1.9 million.

On June 30, 2022 the Company repaid $100.0 million of the senior secured term loan facility and made a quarterly interest payment of $39.4 million. This repayments resulted in an additional charge associated with previously capitalized fees of $0.9 million.

On March 31, 2022 the Company repaid $300.0 million of the senior secured term loan facility and made a quarterly interest payment of $35.1 million. This repayment resulted in an additional charge associated with previously capitalized fees of $3.2 million.

On December 29, 2021, the Company repaid $500.0 million of the senior secured term loan facility and made a quarterly interest payment of $40.8 million. These repayments resulted in an additional charge associated with previously capitalized fees of $5.6 million. The Company is permitted to make repayments on the senior secured term loan without penalty.

Senior Secured Notes

In addition to the Senior Secured Credit Facilities, on July 1, 2021, a subsidiary of the Company issued $500 million in aggregate principal amount of 2.875% senior secured notes due 2026 (the "Senior Secured Notes") in a private offering (the "Offering"). The Senior Secured Notes will mature on July 15, 2026.

Fair Value of Debt

The estimated fair value of the Company's debt was $4,751.7 million at September 30, 2022. The fair values of the Senior Secured Credit Facilities and Senior Secured Notes were determined based on Level 2 inputs, which are based on rates at which the debt is traded among financial institutions.

12. Income taxes

Income taxes recognized during the nine months ended September 30, 2022 and September 30, 2021, comprise:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)		(in thousands)	
Provision for income taxes	$ 21,012	$ (3,563)	$ 48,552	$ 26,718

As at September 30, 2022 the Company maintains a $223.8 million liability (December 31, 2021: $217.6 million) for unrecognized tax benefit, which is comprised of $201.7 million (December 31, 2021: $202.1 million) related to items generating unrecognized tax benefits and $22.1 million (December 31, 2021: $15.5 million) for interest and penalties related to such items. The Company recognizes interest accrued on unrecognized tax benefits as an additional income tax expense.

The Company has analyzed the filing positions in all of the significant federal, state and foreign jurisdictions where it is required to file income tax returns, as well as open tax years in these jurisdictions. The only periods subject to audit by the major tax jurisdictions where the Company does business are the 2016 through 2021 tax years. During such audits, local tax authorities may challenge the positions taken by us in our tax returns.

13. Net income/(loss) per ordinary share

Basic net income/(loss) per ordinary share attributable to the Group has been computed by dividing net income/(loss) available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net income/(loss) 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/(loss) 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/(loss) used for basic and diluted net income/(loss) per ordinary share.

The reconciliation of the number of shares used in the computation of basic and diluted net income/(loss) per ordinary share is as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Weighted average number of ordinary shares outstanding for basic net income/(loss) per ordinary share	81,582,375	80,771,397	81,481,686	62,264,851
Effect of dilutive share options and other awards outstanding under share based compensation programs	910,836	—	991,835	831,006
Weighted average number of ordinary shares outstanding for diluted net income/(loss) per ordinary share	82,493,211	80,771,397	82,473,521	63,095,857

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net income/(loss) per Ordinary Share attributable to the Group:				
Basic	$ 1.96	$ (1.17)	$ 4.76	$ 1.23
Diluted	$ 1.94	$ (1.17)	$ 4.70	$ 1.22

14. Share-based awards

Share Options

The following table summarizes option activity for the nine months ended September 30, 2022:

	Options Outstanding Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at December 31, 2021	1,695,460	$	104.79	5.39
Granted	108,643	$	229.94	
Exercised	(276,901)	$	104.70	
Canceled/expired	(56,143)	$	141.35	
Outstanding at September 30, 2022	1,471,059	$	119.10	4.85
Exercisable at September 30, 2022	1,100,950	$	101.29	4.31

The Company issues ordinary shares for all options exercised. The total amount of fully vested share options which remained outstanding at September 30, 2022 was 1,100,950. Fully vested share options at September 30, 2022 have an average remaining contractual term of 4.31 years and an average exercise price of $101.29.

Fair value of Stock Options Assumptions

The weighted average fair value of options granted during the nine months ended September 30, 2022 and September 30, 2021 was calculated using the Black-Scholes option pricing model. The weighted average grant date fair values and assumptions used were as follows:

	Nine Months Ended			
	September 30, 2022		September 30, 2021	
Weighted average grant date fair value	$	68.40	$	49.15
Assumptions:				
Expected volatility		31 %		30 %
Dividend yield		— %		— %
Risk-free interest rate		1.85 %		0.78 %
Expected life		5 years		5 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 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 2020, 2021 and 2022 vest in 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 nine months ended September 30, 2022:

	PSU Outstanding Number of Shares		PSU Weighted Average Grant Date Fair Value	RSU Outstanding Number of Shares		RSU Weighted Average Grant Date Fair Value
Outstanding at December 31, 2021	154,190	$	160.23	572,785	$	191.20
Granted	64,682	$	214.25	291,043	$	217.51
Shares vested	(45,567)	$	140.18	(188,658)	$	174.17
Forfeited	(14,542)	$	182.33	(68,261)	$	203.82
Outstanding at September 30, 2022	158,763	$	189.13	606,909	$	207.94

The fair value of PSUs vested for the nine months ended September 30, 2022 totaled $6.4 million (full year 2021: $5.1 million).

The fair value of RSUs vested for the nine months ended September 30, 2022 totaled $32.9 million (full year 2021: $83.5 million).

The PSUs vest based on service and specified EPS targets over the periods 2020 – 2022, 2021 - 2023 and 2022 - 2024. Depending on the amount of EPS from 2021 to 2024, up to an additional 79,381 PSUs may also be granted.

Non-cash stock compensation expense

Non-cash stock compensation expense for the nine months ended September 30, 2022 and September 30, 2021 has been allocated as follows:

	Three Months Ended				Nine Months Ended			
	September 30, 2022		September 30, 2021		September 30, 2022		September 30, 2021	
	(in thousands)				(in thousands)			
Direct costs	$	6,285	$	8,787	$	17,117	$	13,822
Selling, general and administrative		11,232		17,568		38,586		27,133
Transaction and integration-related expenses		—		73,836		0		73,836
	$	17,517	$	100,191	$	55,703	$	114,791

15. Share capital

On July 1, 2021, the Company completed its Merger with PRA. In accordance with the terms of the Merger Agreement, the Company issued 27,372,427 shares of the Company's ordinary share capital at par value in exchange for all outstanding PRA shares of common stock.

The Company can acquire up to 10% of 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.

On February 18, 2022, the Company commenced a share buyback program which was fully complete at March 31, 2022. Under this buyback program, 420,530 ordinary shares were redeemed by the Company for total consideration of $100.0 million. The buyback program gives a broker authority to acquire the Company's ordinary shares from time to time on the open market in accordance with agreed terms and limitations. 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 reserve as required under Irish Company Law.

16. 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 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 reporting 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.

ICON Ireland (Ireland Segment) acts as the Group entrepreneur under the Company’s global transfer pricing model given its role in the development and management of the Group, its ownership of key intellectual property and customer relationships, its key role in the mitigation of risks faced by the Group and its responsibility for maintaining the Company’s global network. ICON Ireland enters into the majority of the Company’s customer contracts.

ICON Ireland remunerates other operating entities in the 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 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. The integration of entities acquired through the Merger into this global network and global transfer pricing model remains ongoing.

The geographic split of revenue disclosed for each region outside Ireland is the cost plus revenue attributable to these entities. The residual revenues of the Group, once each ICON entity has been paid its respective intercompany service fee, generally fall to be retained by ICON Ireland. As such, revenues and income from operations in Ireland are a function of this global transfer pricing model and comprise revenues of the Group after deducting the cost plus revenues attributable to the activities performed outside Ireland. The integration of entities acquired through the Merger into the global transfer pricing model remains ongoing and these entities were not substantially part of the Group's cost plus arrangement in the period ended September 30, 2022.

The geographical distribution of the Company's segment measures as at September 30, 2022 and December 31, 2021 and for the nine months ended September 30, 2022 and September 30, 2021 is as follows:

a) The distribution of revenue by geographical area was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)		(in thousands)	
Ireland	$ 526,867	$ 358,026	$ 1,395,198	$ 1,029,877
Rest of Europe	397,538	471,110	1,281,996	710,043
U.S.	903,200	934,014	2,767,844	1,599,623
Rest of World	114,822	103,202	334,346	256,162
Total	$ 1,942,427	$ 1,866,352	$ 5,779,384	$ 3,595,705

b) The distribution of income from operations by geographical area was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)		(in thousands)	
Ireland	$ 93,640	$ 95,478	$ 159,059	$ 270,126
Rest of Europe	76,178	92,605	194,860	109,009
U.S.	63,356	(159,704)	177,145	(133,997)
Rest of World	10,570	(23,271)	60,809	(11,144)
Total	$ 243,744	$ 5,108	$ 591,873	$ 233,994

c) The distribution of long-lived assets (property, plant and equipment and operating right-of-use assets), net, by geographical area was as follows:

	September 30, 2022	December 31, 2021
	(in thousands)	
Ireland	$ 127,577	$ 118,253
Rest of Europe	89,412	121,174
U.S.	197,650	239,828
Rest of World	37,885	55,312
Total	$ 452,524	$ 534,567

Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes included elsewhere herein and the consolidated financial statements and related notes thereto included in our Form 20-F for the year ended December 31, 2021. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

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 healthcare intelligence partner of choice by delivering industry leading solutions and best in class performance in clinical development.

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 September 30, 2022, we employed approximately 41,150 employees, in 113 locations in 53 countries. During the nine months ended September 30, 2022 we derived approximately 47.9%, 46.3% and 5.8% 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 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 September 30, 2022 we had unsatisfied performance obligations of approximately $13.5 billion *(*see *note 4 - Accounts receivable, unbilled revenue (contract assets) and unearned revenue or payments on account (contract liabilities)* for further details). We believe that our unsatisfied performance obligations 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.

On July 1, 2021, ICON plc announced the completion of its Merger with PRA creating one of the world's most advanced healthcare intelligence and clinical research organization. The management's discussion and analysis below reflects the operating results of the Group for the nine months ended September 30, 2022 which incorporates the results of PRA and results in large variances when comparing to the period ended September 30, 2021. The results of PRA prior to July 1, 2021 are not reflected. Where applicable, management have included commentary on specific one-time charges related to the Merger in order to provide an understanding of the normal operations of the Group.

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 when 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 of 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.

Operating Results

The following tables 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.

Three Months Ended September 30, 2022

	Three Months Ended		
	September 30, 2022	**September 30, 2021**	**2021 to 2022**
	Percentage of Revenue		**Percentage Increase/ (Decrease)**
Revenue	100.0 %	100.0 %	4.1 %
Costs and expenses:			
Direct costs	70.8 %	72.8 %	1.3 %
Selling, general and administrative expense	8.6 %	11.1 %	(19.3)%
Depreciation	1.4 %	1.3 %	8.5 %
Amortization	5.9 %	6.2 %	(0.8)%
Transaction and integration-related expenses	0.4 %	8.0 %	(94.7)%
Restructuring	0.3 %	0.3 %	0.6 %
Income from operations	12.5 %	0.3 %	4,671.8 %

Nine Months Ended September 30, 2022

	Nine Months Ended		
	September 30, 2022	September 30, 2021	2021 to 2022
	Percentage of Revenue		Percentage Increase/ (Decrease)
Revenue	100.0 %	100.0 %	60.7 %
Costs and expenses:			
Direct costs	71.7 %	72.7 %	58.5 %
Selling, general and administrative expense	9.6 %	10.6 %	44.3 %
Depreciation	1.4 %	1.4 %	56.1 %
Amortization	6.0 %	3.5 %	179.4 %
Transaction and integration-related expenses	0.5 %	5.1 %	(84.1)%
Restructuring	0.6 %	0.2 %	433.8 %
Income from operations	10.2 %	6.5 %	152.9 %

Revenue

	Three Months Ended September 30,		Change	
(dollars in thousands)	2022	2021	$	%
Revenue	$ 1,942,427	$ 1,866,352	$ 76,075	4.1 %

Revenue for the three months ended September 30, 2022 increased by $76.1 million, or 4.1%, to $1,942.4 million, compared to $1,866.4 million for the three months ended September 30, 2021. The increase in revenue for the three months ended September 30, 2022 is due to continued organic growth across the Company's markets.

During the three months ended September 30, 2022 we derived approximately 46.5%, 47.6% and 5.9% of our revenue in the United States, Europe and Rest of World respectively. During the three months ended September 30, 2022, $539.9 million or 27.8% of our revenues were derived from our top 5 customers. New customer accounts are continually added across the full portfolio of large pharma customers, mid-tier pharma customers and biotech customers.

Revenue in Ireland for the three months ended September 30, 2022 increased to $526.9 million compared to $358.0 million for the three months ended September 30, 2021. Revenue in Ireland is principally a function of the Company’s global transfer pricing model (see *note 16 - Business segment information* for further details). Revenue in our Rest of Europe region decreased to $397.5 million compared to $471.1 million for the three months ended September 30, 2021. Revenue in the Rest of World region increased to $114.8 million compared to $103.2 million for the three months ended September 30, 2021. Revenue in the U.S. region decreased to $903.2 million from $934.0 million for the three months ended September 30, 2021.

	Nine Months Ended September 30,		Change	
(dollars in thousands)	2022	2021	$	%
Revenue	$ 5,779,384	$ 3,595,705	$ 2,183,679	60.7 %

Revenue for the nine months ended September 30, 2022 increased by $2,183.7 million, or 60.7%, to $5,779.4 million, compared to $3,595.7 million for the nine months ended September 30, 2021. The increase in revenue for the nine months ended September 30, 2022 is due to the Merger and continued organic growth across the Company's markets.

During the nine months ended September 30, 2022 we derived approximately 47.9%, 46.3% and 5.8% of our revenue in the United States, Europe and Rest of World respectively. During the nine months ended September 30, 2022, $1,595.0 million or 27.6% of our revenues were derived from our top 5 customers. New customer accounts are continually added across the full portfolio of large pharma customers, mid-tier pharma customers and biotech customers.

Revenue in Ireland for the nine months ended September 30, 2022 increased to $1,395.2 million compared to $1,029.9 million for the nine months ended September 30, 2021. Revenue in Ireland is principally a function of the Company's global transfer pricing model (see *note 16 - Business segment information* for further details). Revenue in our Rest of Europe region increased to $1,282.0 million compared to $710.0 million for the nine months ended September 30, 2021. Revenue in the Rest of World region increased to $334.3 million compared to $256.2 million for the nine months ended September 30, 2021. Revenue in the U.S. region increased to $2,767.8 million from $1,599.6 million for the nine months ended September 30, 2021. Revenue has increased across all regions due to the completion of the Merger on July 1, 2021.

Direct costs

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Direct costs	$ 1,375,837	$ 1,357,942	$ 17,895	$ 4,146,366	$ 2,615,309	$ 1,531,057
% of revenue	70.8 %	72.8 %	1.3 %	71.7 %	72.7 %	58.5 %

Direct costs for the three months ended September 30, 2022 increased by $17.9 million, or 1.3%, to $1,375.8 million compared to $1,357.9 million for the three months ended September 30, 2021. 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 arose due to an increase in headcount and an increase in personnel related expenditure in the period to September 30, 2022 combined with an increase in other direct project related costs, an increase in travel related costs and an increase in laboratory costs. There was a decrease in third party investigator and other reimbursable costs in the period to September 30, 2022. The decrease in direct costs as a percentage of revenue reflect the different activity mix for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, as well as the realization of integration synergies.

Direct costs for the nine months ended September 30, 2022 increased by $1,531.1 million, or 58.5%, to $4,146.4 million compared to $2,615.3 million for the nine months ended September 30, 2021. The increase in direct costs relates to an increase in third party investigator and other reimbursable costs, an increase in personnel related expenditure and an increase in laboratory costs during the period. As a percentage of revenue, direct costs have decreased to 71.7% compared to 72.7% for the nine months ended September 30, 2021. The decrease in direct costs as a percentage of revenue reflect the different activity mix for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021.

Selling, general and administrative expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Selling, general and administrative expense	$ 166,787	$ 206,713	$ (39,926)	$ 552,000	$ 382,614	$ 169,386
% of revenue	8.6 %	11.1 %	(19.3)%	9.6 %	10.6 %	44.3 %

Selling, general and administrative expenses for the three months ended September 30, 2022 decreased by $39.9 million, or 19.3%, to $166.8 million, compared to $206.7 million for the three months ended September 30, 2021. Selling, general and administrative expenses comprise primarily of compensation, related fringe benefits and routine 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 decreased to 8.6% compared to 11.1% for the three months ended September 30, 2021. The decrease in selling, general and administrative expenses relates to a decrease in personnel and facilities related expenditures as the Company continues to integrate its workforce and physical locations after completion of the Merger. In addition, foreign exchange gains of $36.9 million for the three months ended September 30, 2022 ($7.2 million for the three months ended September 30, 2021) were driven mainly by the movement in the Euro to U.S. dollar exchange rate.

Selling, general and administrative expenses for the nine months ended September 30, 2022 increased by $169.4 million, or 44.3%, to $552.0 million compared to $382.6 million for the nine months ended September 30, 2021. As a percentage of revenue, selling, general and administrative expenses have decreased to 9.6% compared to 10.6% for the nine months ended September 30, 2021. The increase in costs is due to the increase in headcount and facilities acquired as part of the Merger. These increases were partly offset by foreign exchange gains for the nine months ended September 30, 2022 of $60.9 million ($6.4 million for nine months ended September 30, 2021) driven mainly by the movement in the Euro to U.S. dollar exchange rate.

Depreciation and amortization

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Depreciation	$ 26,870	$ 24,762	$ 2,108	$ 79,167	$ 50,702	$ 28,465
% of revenue	1.4 %	1.3 %	8.5 %	1.4 %	1.4 %	56.1 %
Amortization	$ 114,991	$ 115,874	$ (883)	$ 348,118	$ 124,615	$ 223,503
% of revenue	5.9 %	6.2 %	(0.8)%	6.0 %	3.5 %	179.4 %

The depreciation charge reflects investment in facilities, information systems and equipment to support the Company's continued growth. The depreciation expense for the three months ended September 30, 2022 increased by $2.1 million, or 8.5%, to $26.9 million compared to $24.8 million for the three months ended September 30, 2021. As a percentage of revenue the depreciation expense was 1.4%, which increased from 1.3% for the three months ended September 30, 2021. The depreciation expense for the nine months ended September 30, 2022 increased by $28.5 million, or 56.1%, to $79.2 million compared to $50.7 million for the nine months ended September 30, 2021. As a percentage of revenue the depreciation expense was 1.4%, which remained the same at 1.4% for the nine months ended September 30, 2021. The increase in the depreciation charge for the three months ended September 30, 2022 is due to the increase in our depreciable asset base and additional spend related to computer hardware and software. The increase in the depreciation charge for the nine months ended September 30, 2022 is due to the increase in our depreciable asset base acquired through the Merger as well as additional spend related to computer hardware and software.

The amortization expense represents the amortization of intangible assets acquired in business combinations. Amortization of intangibles for the three months ended September 30, 2022 decreased by $0.9 million, or 0.8%, to $115.0 million compared to $115.9 million for the three months ended September 30, 2021. As a percentage of revenue, amortization expense decreased to 5.9%, compared to 6.2% for the three months ended September 30, 2021. The amortization expense for the nine months ended September 30, 2022 increased by $223.5 million, or 179.4%, to $348.1 million compared to $124.6 million for the nine months ended September 30, 2021. As a percentage of revenue the amortization expense was 6.0%, which increased from 3.5% for the nine months ended September 30, 2021. The increase in amortization reflects the amortization of newly acquired intangibles arising from the Merger.

Restructuring, transaction and integration-related expenses associated with the Merger

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Transaction and integration-related expenses	$ 8,001	$ 149,791	$ (141,790)	$ 28,970	$ 182,309	$ (153,339)
% of revenue	0.4 %	8.0 %	(94.7)%	0.5 %	5.1 %	(84.1)%
Restructuring costs	$ 6,197	$ 6,162	$ 35	$ 32,890	$ 6,162	$ 26,728
% of revenue	0.3 %	0.3 %	0.6 %	0.6 %	0.2 %	433.8 %

During the three and nine months ended September 30, 2022, the Company incurred $14.2 million and $61.9 million, respectively, for restructuring, transaction and integration-related expenses associated with the Merger. The charge includes transaction and integration costs of $8.0 million and $29.0 million associated with advisory costs, severance arrangements, retention agreements and ongoing integration activities.

The Company has also undertaken a restructuring program following the announcement of the Merger to review its global office footprint, optimize its locations to best fit the requirements of the Company and reorganize its workforce to drive future growth. This program has resulted in a charge of $6.2 million in the three months ended September 30, 2022 and $32.9 million for the nine months ended September 30, 2022.

We expect to incur additional integration expenses associated with the Merger; however, the timing and the amount of these expenses depends on various factors such as, but not limited to, the execution of integration activities and the aggregate amount of synergies we achieve from these activities.

Income from operations

	Three Months Ended September 30,		
(dollars in thousands)	**2022**	**2021**	**Change**
Income from operations	$ 243,744	$ 5,108	$ 238,636
% of revenue	12.5 %	0.3 %	4,671.8 %

Income from operations for the three months ended September 30, 2022 increased by $238.6 million or 4,671.8% to $243.7 million compared to $5.1 million for the three months ended September 30, 2021. As a percentage of revenue, income from operations increased to 12.5% compared to 0.3% of revenue for the three months ended September 30, 2021.

Income from operations in Ireland decreased to $93.6 million compared to $95.5 million for the three months ended September 30, 2021.

In the Rest of Europe region, income from operations decreased to $76.2 million compared to $92.6 million for the three months ended September 30, 2021. As a percentage of revenues, income from operations in the Rest of Europe region decreased to 19.2% compared to 19.7% for the period ended September 30, 2021.

In the U.S. region, income from operations increased by $223.1 million, to $63.4 million, compared to a loss of $159.7 million for the period ended September 30, 2021. As a percentage of revenues, income from operations in the U.S. region increased to 7.0% compared to (17.1)% for the period ended September 30, 2021.

In other regions, income from operations increased by $33.8 million to $10.6 million compared to a loss of $23.3 million for the three months ended September 30, 2021. As percentage of revenues, income from operations in the other regions increased to 9.2% compared to (22.5)% for the period ended September 30, 2021.

	Nine Months Ended September 30,		
(dollars in thousands)	**2022**	**2021**	**Change**
Income from operations	$ 591,873	$ 233,994	$ 357,879
% of revenue	10.2 %	6.5 %	152.9 %

Income from operations for the nine months ended September 30, 2022 increased by $357.9 million or 152.9% to $591.9 million compared to $234.0 million for the nine months ended September 30, 2021. As a percentage of revenue, income from operations increased to 10.2% compared to 6.5% of revenue for the nine months ended September 30, 2021.

Income from operations in Ireland decreased to $159.1 million compared to $270.1 million for the nine months ended September 30, 2021. The decrease in the period ended September 30, 2022 is mainly a result of the amortization charged on the intangible assets acquired in the Merger. Income from operations in Ireland and other geographic regions are reflective of the Company's global transfer pricing model.

In the Rest of Europe region, income from operations increased to $194.9 million compared to $109.0 million for the nine months ended September 30, 2021. The increase is due to the additional activity in the region as a result of the Merger. As a percentage of revenues, income from operations in the Rest of Europe region decreased to 15.2% compared to 15.4% for the nine months ended September 30, 2021.

In the U.S. region, income from operations increased by $311.1 million, to $177.1 million, compared to a loss of $134.0 million for the nine months ended September 30, 2021. The increase is due to the additional activity in the region as a result of the Merger. As a percentage of revenues, income from operations in the U.S. region increased to 6.4% compared to (8.4)% for the nine months ended September 30, 2021.

In other regions, income from operations increased by $72.0 million to $60.8 million compared to a loss of $11.1 million for the nine months ended September 30, 2021. The increase is due to the additional activity in the region as a result of the Merger. As percentage of revenues, income from operations in the other regions increased to 18.2% compared to (4.4)% for the nine months ended September 30, 2021.

Interest income and expense

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(dollars in thousands)	2022	2021	$	%	2022	2021	$	%
Interest income	$ 1,434	$ 53	$ 1,381	2,605.7 %	$ 1,727	$ 496	$ 1,231	248.2 %
Interest expense	$ (63,010)	$ (102,306)	$ 39,296	(38.4)%	$ (154,546)	$ (129,584)	$ (24,962)	19.3 %

Interest expense for the three months ended September 30, 2022 decreased to $63.0 million, compared to $102.3 million for the three months ended September 30, 2021 as this includes transaction related financing fees of $55.8 million. The change in interest expense was also impacted by fluctuations in interest rates and associated repayments. Interest income for the three months ended September 30, 2022 increased to $1.4 million, compared to $0.1 million for the three months ended September 30, 2021.

Interest expense for the nine months ended September 30, 2022 increased to $154.5 million, compared to $129.6 million for the nine months ended September 30, 2021 due to the year-to-date impact of financing costs associated with the Merger. Interest income for the nine months ended September 30, 2022 increased to $1.7 million, compared to $0.5 million for the nine months ended September 30, 2021.

Income tax expense

	Three Months Ended September 30,		Change	Nine Months Ended September 30,		Change
(dollars in thousands)	2022	2021		2022	2021	
Income tax expense	$ 21,012	$ (3,563)	$ 24,575	$ 48,552	$ 26,718	$ 21,834
Effective income tax rate	11.5 %	3.7 %	(689.7)%	11.1 %	25.5 %	81.7 %

Provision for income taxes increased to a $21.0 million charge, compared to a credit of $3.6 million for the three months ended September 30, 2021. The Company’s effective tax rate for the three months ended September 30, 2022 was 11.5% compared with 3.7% for the three months ended September 30, 2021.

Provision for income taxes increased to a $48.6 million charge, compared to a $26.7 million charge for the nine months ended September 30, 2021. The Company’s effective tax rate for the nine months ended September 30, 2022 was 11.1% compared with 25.5% for the nine months ended September 30, 2021.

The Company’s effective tax rate remains principally a function of the distribution of pre-tax profits amongst the territories in which it operates.

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. Financing activities primarily reflect the servicing of the Company's external debt.

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 time incurred and the total estimated contract duration or on a fee-for-service basis. The cash flow from contracts typically consists of a down payment at the time the contract is entered into, with the balance paid in installments over the contract's 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 net borrowings

	Balance December 31, 2021	(Drawn down)/ repaid	Net cash inflow/ (outflow)	Other non-cash adjustments	Effect of exchange rates	Balance September 30, 2022
			$ (in thousands)			
Cash and cash equivalents	752,213	—	(135,280)	—	(7,775)	**609,158**
Available for sale investments	1,712	—	—	—	—	**1,712**
Senior Secured Credit Facilities & Senior Secured Notes	(5,436,312)	600,000	—	(13,694)	—	**(4,850,006)**
	(4,682,387)	600,000	(135,280)	(13,694)	(7,775)	**(4,239,136)**

The Company's cash and short term investment balances at September 30, 2022 amounted to $610.9 million compared with cash and short term investment balances of $753.9 million at December 31, 2021.

In conjunction with the completion of the Merger agreement, on July 1, 2021, ICON entered into a credit agreement providing for a senior secured term loan facility of $5,515 million and a senior secured revolving loan facility in an initial aggregate principal amount of $300 million (the "Senior Secured Credit Facilities").The senior secured term loan facility will mature in July 2028 and the revolving loan facility will mature in July 2026. No amounts are outstanding under the revolving loan facility at September 30, 2022.

In addition to the Senior Secured Credit Facilities, on July 1, 2021, the Company, issued $500 million in aggregate principal amount of 2.875% senior secured notes due 2026 in a private offering. The senior secured notes will mature on July 15, 2026 and will bear interest at a rate of 2.875%.

On March 31, 2022 the Company repaid $300.0 million of the senior secured term loan facility and made a quarterly interest payment of $35.1 million. This repayment resulted in an accelerated charge associated with previously capitalized fees of $3.2 million.

On June 30, 2022 the Company repaid $100.0 million of the senior secured term loan facility and made a quarterly interest payment of $39.4 million. This repayment resulted in an accelerated charge associated with previously capitalized fees of $0.9 million.

On September 30, 2022, the Company repaid $200.0 million of the senior secured term loan facility and made a quarterly interest payment of $53.6 million. This repayment resulted in an accelerated charge associated with previously capitalized fees of $1.9 million.

Cash flows

Net cash from operating activities

Net cash provided by operating activities was $622.7 million for the nine months ended September 30, 2022 compared with cash provided by operating activities of $539.3 million for the nine months ended September 30, 2021. 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 September 30, 2022 was 43 days compared to 31 days at December 31, 2021 and 26 days at September 30, 2021. 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.

Net cash used in investing activities

Net cash used in investing activities was $87.0 million for the nine months ended September 30, 2022 compared to net cash used in investing activities of $5,965.2 million for the nine months ended September 30, 2021. Net cash used in investing activities during the nine months ended September 30, 2021 were primarily related to outflows on completion of the PRA Merger, net of cash acquired of $5,914.5 million. Net cash used in investing activities during the nine months ended September 30, 2022 were primarily related to cash outflows of $85.1 million for capital expenditures made mainly relating to investment in facilities and IT infrastructure.

Net cash used in financing activities

Net cash provided by financing activities during the nine months ended September 30, 2022 amounted to $671.0 million compared to net cash used in financing activities of $5,600.2 million for the nine months ended September 30, 2021. During the nine months ended September 30, 2022, the Company repaid external financing of $600.0 million and repurchased shares to the value of $100.0 million. This was offset by $29.0 million that 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 decreased by $143.1 million for the nine months ended September 30, 2022 compared to an increase of $168.2 million for the nine months ended September 30, 2021.

Inflation

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

Legal proceedings

We are not party to any material pending legal proceedings, and we do not expect any litigation which could have an 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.

Forward-Looking Statements

Certain statements contained herein are forward looking statements, particularly in the discussion under the caption “Management’s discussion and analysis of financial condition and results of operations”. All statements other than statements of historical fact are forward-looking. Examples of forward-looking statements include, but are not limited to, statements regarding industry prospects, future business, future results of operations or financial condition, our ability to integrate the businesses we have acquired into our existing operations, management strategies and our competitive position. You can identify many forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expects,” “aims,” “anticipates,” “believes,” “estimates,” “intends,” “plans,” “predicts,” “projects,” “seeks,” “potential,” “opportunities” and other similar expressions and the negatives of such expressions. However, not all forward-looking statements contain these words. These statements are based on management's current expectations and information currently available, including current economic and industry conditions. Actual results may differ materially from those stated or implied by forward looking statements due to risks and uncertainties associated with the Company’s business and forward looking statements are not guarantees of future performance. Such 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 ongoing impact of the novel coronavirus identified as 'COVID-19' on our operational results, the challenges associated with the integration of the PRA, competition and the continuing consolidation of the industry, the dependence on certain key executives, changes in the regulatory environment and other factors. Forward-looking statements speak only as of the date they are made and we do not undertake any obligation to update publicly any forward-looking statement, either as a result of new information, future events or otherwise. Please also refer to the Form 20-F filed on March 1, 2022 for risks and uncertainties facing the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICON plc

/s/Brendan Brennan

Date: November 4, 2022

Brendan Brennan
Chief Financial Officer