MediaRoom Demo

## ICF Reports Fourth Quarter and Full Year 2022 Results

**Fourth Quarter Highlights:**

- **Total Revenue Was $476 Million; Service Revenue[1] Was $339 Million, Up 24%**
- **Net Income Was $8.9 Million and Diluted EPS Was $0.47, Inclusive of $13.6 Million and $0.72 in Tax-Effected Facility-Related, Severance and M&A Charges**
- **Non-GAAP EPS[1] Was $1.56, Up 31%**
- **Adjusted EBITDA Margin on Service Revenue[1] Was 16.3%**
- **Contract Awards Were $777 Million for a Book-to-Bill Ratio of 1.63**

**Full Year Highlights:**

- **Total Revenue Was $1.78 Billion; Service Revenue Was $1.29 Billion, Up 16%**
- **Net Income Was $64.2 Million and Diluted EPS Was $3.38, Inclusive of $24.9 Million and $1.31 in Tax-Effected Facility-Related, Severance and M&A Charges**
- **Non-GAAP EPS Was $5.77, Up 20%**
- **Adjusted EBITDA Margin on Service Revenue[1] Was 14.9%**
- **Record Contract Awards of $2.3 Billion for a Book-to-Bill Ratio of 1.32**
- **Operating Cash Flow Increased 47% to $162 Million**

**—Year-end Business Development Pipeline Was Over $8.5 Billion After Record Fourth Quarter Contract Awards—**

**—2023 Guidance Anticipates Double-Digit Revenue Growth, GAAP EPS of $4.90 and Non-GAAP EPS of $6.30 at the Midpoints—**

**—On Track to Achieve 2024 Adjusted EBITDA[1] Target of ~$245 Million—**

RESTON, Va., Feb. 28, 2023 /PRNewswire/ -- ICF (NASDAQ:ICFI), a global consulting and technology services provider, reported results for the fourth quarter and full year ended December 31, 2022.

Commenting on the results, John Wasson, chair and chief executive officer, said, "Fourth quarter results capped a record year for ICF, highlighted by double-digit growth across all key financial metrics, record contract awards and robust operating cash flow. Year-on-year revenue growth in the fourth quarter was led by our federal and state and local clients and our commercial energy work, which together represented more than 85% of total revenues for the period.

"In 2022, ICF made significant strides in executing on existing contracts and capturing opportunities in our high-growth markets, namely: IT modernization/digital transformation, public health, disaster management, utility consulting, and climate, environment and infrastructure services. These markets accounted for approximately 75% of our Service Revenue as we exited 2022, up from 55% at the end of 2020. Our strategic decision to invest in these markets organically and through acquisitions has been a key element in margin expansion as well. Adjusted EBITDA Margin on Service Revenue expanded considerably in 2022 to 14.9%, which represents a 60-basis point increase from the prior year and is 120 basis points ahead of 2020 levels. Margin expansion has been driven by a favorable business mix, continued high utilization levels, lower facility costs and the benefits of greater scale.

"Contract wins were at record levels for both the fourth quarter and full year. Over 75% of our 2022 contract awards represented new business, underscoring how well aligned our capabilities are with the current spending priorities of our government and commercial clients. Our business development pipeline was over $8.5 billion at 2022 year-end, 20% higher than a year ago, in part due to revenue synergy opportunities related to the two larger acquisitions we completed since the end of 2021."

**Fourth Quarter 2022 Results**

Fourth quarter 2022 total revenue increased 22.6% to $475.6 million, from $388.0 million in the fourth quarter of 2021. Service Revenue increased 24.0% year-over-year to $339.1 million, from $273.4 million reported in the prior year's fourth quarter. Net income totaled $8.9 million and diluted EPS was $0.47 per share, inclusive of $13.6 million, or $0.72 per share in tax-effected charges, the majority of which represented the company's decision to reduce the facility footprint associated with its commercial marketing services. Net income in the prior year's fourth quarter was $12.1 million, or $0.63 per diluted share, inclusive of $0.43 in tax-effected special charges.

Non-GAAP EPS increased 31% to $1.56 from $1.19 per share in the comparable prior year quarter. EBITDA was $36.9 million, 38.7% above the $26.6 million reported in the fourth quarter of 2021. Adjusted EBITDA[1] was $55.2 million, a 45.1% increase from the $38.0 million reported in the comparable quarter last year. Adjusted EBITDA Margin on Service Revenue was 16.3%, an increase of 240 basis points from the 13.9% reported last year.

**Full Year 2022 Results**

2022 total revenue was $1.78 billion, an increase of 14.6% from $1.55 billion reported in the previous year. Service Revenue increased 15.8% year-over-year to $1.29 billion, from $1.11 billion in 2021. Full year 2022 net income was $64.2 million, or $3.38 per diluted share, inclusive of $24.9 million, or $1.31 per share of tax-effected special charges, of which the overwhelming majority were facility, severance, and M&A-related charges. This compares to net income of $71.1 million reported in 2021, or $3.72 per diluted share, inclusive of $0.63 of tax-effected special charges.

Non-GAAP EPS was $5.77 per share, up 19.7% from $4.82 per share. EBITDA increased 10.7% to $157.2 million, compared to $142.0 million reported in 2021. Adjusted EBITDA was $191.8 million, representing a 20.6% increase over $159.0 million in 2021. The 2022 adjusted EBITDA Margin on Service Revenue was 14.9%, compared to 14.3% in 2021.

Operating cash flow reached $162.2 million in 2022.

**Backlog and New Business Awards**

Total backlog was $3.9 billion at the end of the fourth quarter of 2022. Funded backlog was $1.8 billion, or approximately 46% of the total backlog. The total value of contracts awarded in the 2022 fourth quarter was $777 million, and twelve-month contract awards totaled $2.3 billion for a book-to-bill ratio of 1.32.

**Government Revenue Fourth Quarter 2022 Highlights**

Revenue from government clients was $354.3 million, up 29.3% year-over-year.

- U.S. federal government revenue was $264.5 million, 45.6% above the $181.7 million reported in the year-ago quarter. Federal government revenue accounted for 55.6% of total revenue, compared to 46.8% of total revenue in the fourth quarter of 2021.
- U.S. state and local government revenue was $65.2 million, up 7.0% from the $61.0 million in last year's fourth quarter. State and local government clients represented 13.7% of total revenue, compared to 15.7% in the fourth quarter of 2021.
- International government revenue was $24.6 million, compared to $31.4 million in the year-ago quarter, reflecting the completion of a short-term project with significant pass-through revenue and currency translations. International government revenue represented 5.2% of total revenue, compared to 8.1% in the fourth quarter of 2021.

**Key Government Contracts Awarded in the Fourth Quarter 2022**

ICF was awarded government contracts with an aggregate value of over $600 million. Notable awards won in the fourth quarter 2022 included:

***Digital Modernization***

- A new task order with a ceiling of $160.6 million with the National Institutes of Health National Cancer Institute under the Center for Biomedical Informatics and Information Technology IT blanket purchase agreement to provide digital modernization services.
- A new multimillion-dollar subcontract supporting a component of the U.S. Department of Health and Human Services (HHS) to accelerate its migration to the cloud.

- Two subcontracts with a combined estimated value of $24.5 million to provide digital modernization services to HHS.
- Two task orders with a combined value of $18.9 million with the U.S. Centers for Medicare and Medicaid Services to provide digital modernization services to support high-impact healthcare quality monitoring programs for a number of Medicare healthcare provider settings.

***Disaster Management and Mitigation***

- A new contract with a value of $51.2 million with the Puerto Rico Department of Housing to support the commonwealth's single-family disaster recovery and mitigation programs.
- A contract modification with a value of $5.4 million with the local school board of a Southern U.S. state to continue to provide disaster recovery services.

***Energy, Environment and Transportation***

- A recompete contract with a value of $29.9 million with New York State Department of Transportation to develop an equitable and accessible transportation mobility services program through technological innovations.
- A new task order with a value of $25.0 million with the U.S. Air Force to provide centralized environmental management support services at multiple Air Force bases in the U.S. and Middle East.
- A recompete indefinite delivery, indefinite quantity contract with a ceiling of $31.0 million with the U.S. Environmental Protection Agency Office of Water to assess health risks of water contaminants in U.S. drinking and recreational waters.
- A recompete master services agreement with a ceiling of $8.0 million with a large county of a Western U.S. state to provide on-call environmental services related to water resources in a core services area.
- A task order with a value of $4.0 million with a Northwestern U.S. public utility to provide support services for its public electric vehicle charging program.

***Public Health and Other Program Support***

- A new subcontract with a value of $21.3 million to provide support and infrastructure to a contract responsible for providing services to immigrants for HHS Administration for Children and Families (ACF).
- A recompete framework contract with a ceiling of $21.2 million with a directorate general of the European Union to provide support services related to mutual learning processes.
- A new task order with a value of $9.9 million with the Substance Abuse and Mental Health Services Administration to evaluate Project AWARE (Advancing Wellness and Resilience in Education) and the Trauma-informed Services in Schools (TISS) program, designed to promote mental health and wellness and provide mental health services in school for children and youth.
- A recompete subcontract with a value of $6.6 million to provide training and technical assistance for HHS ACF related to early care and education programs and systems/infrastructure building for children in tribal communities.

**Commercial Revenue Fourth Quarter 2022 Highlights**

Commercial revenue was $121.3 million, compared to $113.9 million in the year-ago quarter.

- Commercial revenue accounted for 25.5% of total revenue compared to 29.3% of total revenue in the 2021 fourth quarter.
- Energy markets increased 17.0% and represented 68.6% of commercial revenue.
- Marketing services and aviation consulting accounted for 24.4% of commercial revenue.

**Key Commercial Contracts Awarded in the Fourth Quarter 2022**

Notable commercial awards won in the fourth quarter 2022 included:

***Energy Markets***

- Six sole-source contract modifications with a Midwestern U.S. utility to provide implementation services for its portfolio of energy efficiency programs.
- A new contract with a Southeastern U.S. utility to implement the utility's commercial energy efficiency program.
- A contract modification with a Southern U.S. utility to continue to provide energy efficiency program implementation services for its residential and agricultural portfolio.
- A contract modification with a Northeastern U.S. utility to expand its billing rate pilot program.

***Commercial Marketing and Other Commercial Services***

- A retainer with a global hospitality chain to provide loyalty platform services.
- A recompete contract with a UK-based financial services organization to deliver its flagship internal annual event to its 15,000 strong community.
- A contract extension with a Fortune 25 healthcare client to provide business transformation consulting services.

**Dividend Declaration**

On February 28, 2023, ICF declared a quarterly cash dividend of $0.14 per share, payable on April 13, 2023, to shareholders of record on March 24, 2023.

**2022 Recognitions**

ICF received several important recognitions in 2022:

- For the seventh straight year, Forbes included ICF on its list of "America's Best Management Consulting Firms."
- ICF was also included on Forbes' list of "America's Best Employers for Diversity" for the second straight year and on Forbes' list of "America's Best Employers for Women" for the first year.
- Environment Analyst ranked ICF 20$^{th}$ on its list of the "Top 100 Environmental & Sustainability Consulting Firms."
- ICF was named a ServiceNow Americas U.S. Federal Partner of the Year.
- ICF Next won six Innovation SABRE awards, the show's second-largest trophy haul, and 15 American Advertising Awards (ADDYs) for public sector creative advertising work.

**Summary and Outlook**

"Fourth quarter results represented a strong finish to another record year for ICF, and together with our robust backlog and business development pipeline provide considerable positive momentum for 2023.

"Specifically, we expect full year 2023 Service Revenue to be in the range of $1.405 billion and $1.465 billion, representing year-on-year growth of 11.6% at the midpoint. Pass-through revenues are anticipated at approximately 28% of total revenue in 2023, implying total revenue of $1.930 billion to $2.0 billion. EBITDA is estimated to range from $210 million to $220 million, and adjusted EBITDA on Service Revenue is expected to be approximately 15%. GAAP EPS is projected at $4.75 to $5.05, exclusive of special charges, and non-GAAP EPS is expected to range from $6.15 to $6.45, representing increases of 45% and 9.2%, respectively over 2022 at the midpoints. Operating cash flow is expected to be approximately $150 million in 2023.

"As anticipated, we were able to utilize our robust cash flow to repay approximately $145 million of debt in the fourth quarter of 2022, bringing our Adjusted Leverage Ratio down to 2.86 at year-end and increasing the fixed-rate hedged percentage of our outstanding debt. Additionally, we are implementing multi-year tax strategies that we anticipate will allow us to maintain an annual tax rate of approximately 23.5%. These initiatives support our future growth plans as we build upon our expanded capabilities to capture the significant opportunities on the horizon.

"At ICF, our business, environmental and social responsibilities are intertwined. In 2022, over 85% of the company's revenues represented our work on programs that create a direct positive impact on society—from our services supporting energy savings, carbon reduction and disaster recovery to those supporting health, education, and social justice programs. We are proud of the positive impact that ICF is making every day and encourage our shareholders to visit our website to learn more about our commitments," Mr. Wasson

concluded.

[1] Non-GAAP EPS, Service Revenue, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA Margin on Service Revenue are non-GAAP measurements. A reconciliation of all non-GAAP measurements to the most applicable GAAP number is set forth below. Special charges are items that were included within our consolidated statements of comprehensive income but are not indicative of ongoing performance and have been presented net of applicable U.S. GAAP taxes. Adjusted Leverage Ratio is based on 2022 reported EBITDA, adjusted for the trailing-twelve-month pro forma EBITDA from the SemanticBits and Blanton acquisitions and one-time facility impairment charges. The presentation of non-GAAP measurements may not be comparable to other similarly titled measures used by other companies.

**About ICF**

ICF is a global consulting and technology services company with approximately 9,000 employees, but we are not your typical consultants. At ICF, business analysts and policy specialists work together with digital strategists, data scientists and creatives. We combine unmatched industry expertise with cutting-edge engagement capabilities to help organizations solve their most complex challenges. Since 1969, public and private sector clients have worked with ICF to navigate change and shape the future. Learn more at icf.com.

**Caution Concerning Forward-looking Statements**

*Statements that are not historical facts and involve known and unknown risks and uncertainties are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements may concern our current expectations about our future results, plans, operations and prospects and involve certain risks, including those related to the government contracting industry generally; our particular business, including our dependence on contracts with U.S. federal government agencies; our ability to acquire and successfully integrate businesses; and the effects of the novel coronavirus disease (COVID-19) and related federal, state and local government actions and reactions on the health of our staff and that of our clients, the continuity of our and our clients' operations, our results of operations and our outlook. These and other factors that could cause our actual results to differ from those indicated in forward-looking statements that are included in the "Risk Factors" section of our securities filings with the Securities and Exchange Commission. The forward-looking statements included herein are only made as of the date hereof, and we specifically disclaim any obligation to update these statements in the future.*

**Note on Forward-looking Non-GAAP Measures**

The company does not reconcile its forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to the variability and difficulty in making accurate forecasts and projections and because not all of the information necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures (such as the effect of share-based compensation or the impact of future extraordinary or non-recurring events like acquisitions) is available to the company without unreasonable effort. For the same reasons, the company is unable to estimate the probable significance of the unavailable information. The company provides forward-looking non-GAAP financial measures that it believes will be achievable, but it cannot accurately predict all of the components of the adjusted calculations, and the U.S. GAAP financial measures may be materially different than the non-GAAP financial measures.

**ICF International, Inc. and Subsidiaries**
**Consolidated Statements of Comprehensive Income**
**(Unaudited)**

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---|---|---|---|
| *(in thousands, except per share amounts)* | **2022** | **2021** | **2022** | **2021** |
| Revenue | $ 475,609 | $ 387,985 | $ 1,779,964 | $ 1,553,048 |
| Direct costs | 300,064 | 246,667 | 1,134,422 | 979,570 |
| Operating costs and expenses: | | | | |
| Indirect and selling expenses | 136,718 | 114,472 | 486,863 | 430,572 |
| Depreciation and amortization | 6,284 | 4,815 | 21,482 | 19,478 |
| Amortization of intangible assets | 9,494 | 3,443 | 28,435 | 12,492 |
| Total operating costs and expenses | 152,496 | 122,730 | 536,780 | 462,542 |
| Operating income | 23,049 | 18,588 | 108,762 | 110,936 |
| Interest, net | (9,186) | (2,337) | (23,281) | (9,984) |
| Other expense | (1,939) | (282) | (1,501) | (862) |
| Income before income taxes | 11,924 | 15,969 | 83,980 | 100,090 |
| Provision for income taxes | 3,046 | 3,890 | 19,737 | 28,958 |
| Net income | $ 8,878 | $ 12,079 | $ 64,243 | $ 71,132 |
| Earnings per Share: | | | | |
| Basic | $ 0.47 | $ 0.64 | $ 3.41 | $ 3.77 |
| Diluted | $ 0.47 | $ 0.63 | $ 3.38 | $ 3.72 |
| Weighted-average Shares: | | | | |
| Basic | 18,855 | 18,877 | 18,818 | 18,868 |
| Diluted | 19,065 | 19,138 | 19,033 | 19,124 |
| Cash dividends declared per common share | $ 0.14 | $ 0.14 | $ 0.56 | $ 0.56 |
| Other comprehensive income, net of tax | 6,009 | 1,830 | 2,902 | 3,071 |
| Comprehensive income, net of tax | $ 14,887 | $ 13,909 | $ 67,145 | $ 74,203 |

**ICF International, Inc. and Subsidiaries**
**Reconciliation of Non-GAAP financial measures[2]**
**(Unaudited)**

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---|---|---|---|
| *(in thousands, except per share amounts)* | **2022** | **2021** | **2022** | **2021** |
| **Reconciliation of Service Revenue** | | | | |
| Revenue | $ 475,609 | $ 387,985 | $ 1,779,964 | $ 1,553,048 |
| Subcontractor and other direct costs[3] | (136,524) | (114,613) | (494,561) | (443,135) |
| Service revenue | $ 339,085 | $ 273,372 | $ 1,285,403 | $ 1,109,913 |

| | | | | |
|---|---|---|---|---|
| **Reconciliation of EBITDA and Adjusted EBITDA** | | | | |
| Net income | $ 8,878 | $ 12,079 | $ 64,243 | $ 71,132 |
| Interest, net | 9,186 | 2,337 | 23,281 | 9,984 |
| Provision for income taxes | 3,046 | 3,890 | 19,737 | 28,958 |
| Depreciation and amortization | 15,778 | 8,258 | 49,917 | 31,970 |
| EBITDA [4] | $ 36,888 | $ 26,564 | $ 157,178 | $ 142,044 |
| Impairment of long-lived assets [5] | 8,354 | 7,877 | 8,354 | 8,215 |
| Acquisition-related expenditures [6] | 920 | 1,388 | 6,441 | 4,798 |
| Severance and other costs related to staff realignment [7] | 1,134 | 98 | 6,302 | 1,242 |
| Facilities consolidations and office closures [8] | 5,034 | 1,295 | 5,034 | 1,434 |
| Expenses related to the transfer to our new corporate headquarters [9] | 2,640 | 899 | 8,287 | 899 |
| Expenses related to retirement of Executive Chair [10] | — | (81) | — | 397 |
| Expenses related to our agreement for the sale of receivables [11] | 240 | — | 240 | — |
| Total Adjustments | 18,322 | 11,476 | 34,658 | 16,985 |
| Adjusted EBITDA | $ 55,210 | $ 38,040 | $ 191,836 | $ 159,029 |
| EBITDA Margin Percent on Revenue [12] | 7.8 % | 6.8 % | 8.8 % | 9.1 % |
| EBITDA Margin Percent on Service Revenue [12] | 10.9 % | 9.7 % | 12.2 % | 12.8 % |
| Adjusted EBITDA Margin Percent on Revenue [12] | 11.6 % | 9.8 % | 10.8 % | 10.2 % |
| Adjusted EBITDA Margin Percent on Service Revenue [12] | 16.3 % | 13.9 % | 14.9 % | 14.3 % |
| **Reconciliation of Non-GAAP Diluted EPS** | | | | |
| U.S. GAAP Diluted EPS | $ 0.47 | $ 0.63 | $ 3.38 | $ 3.72 |
| Impairment of long-lived assets | 0.44 | 0.41 | 0.44 | 0.43 |
| Acquisition-related expenditures | 0.05 | 0.08 | 0.34 | 0.25 |
| Severance and other costs related to staff realignment | 0.06 | — | 0.33 | 0.06 |
| Facilities consolidations and office closures | 0.26 | 0.07 | 0.26 | 0.08 |
| Expenses related to the transfer to our new corporate headquarters | 0.14 | 0.05 | 0.44 | 0.05 |
| Expenses related to retirement of Executive Chair | — | — | — | 0.02 |
| Expenses related to our agreement for the sale of receivables | 0.01 | — | 0.01 | — |
| Amortization of intangibles | 0.50 | 0.17 | 1.49 | 0.65 |
| Income tax effects [13] | (0.37) | (0.22) | (0.92) | (0.44) |
| Non-GAAP Diluted EPS | $ 1.56 | $ 1.19 | $ 5.77 | $ 4.82 |

[2] These tables provide reconciliations of non-GAAP financial measures to the most applicable GAAP numbers. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Other companies may define similarly titled non-GAAP measures differently and, accordingly, care should be exercised in understanding how we define these measures.

[3] Subcontractor and other direct costs is direct costs excluding direct labor and fringe costs.

[4] The calculation of EBITDA for the three months and the twelve months ended December 31, 2021 has been revised to conform to the current period calculation of EBITDA. Specifically, interest income of $0.1 million and $0.3 million was reclassified from "Other expense" to "Interest, net" on the consolidated statements of comprehensive income.

[5] Represents impairment of right-of-use lease assets associated with certain operating leases ceased to be used by us. The amount for the three months and twelve months ended December 31, 2021 have been revised to include $0.3 million and $0.3 million, respectively, in losses on disposal of fixed assets related to the leases to conform to the current presentation.

[6] These costs consist primarily of consultants and other outside third-party costs and integration costs associated with our acquisitions and/or potential acquisitions and divestitures.

[7] These costs are mainly due to involuntary employee termination benefits for Company officers or groups of employees who have been terminated as part of a consolidation or reorganization.

[8] These costs are exit costs associated with terminated leases or full office closures. The exit costs include charges incurred under a contractual obligation that existed as of the date of the accrual and for which we will (i) continue to pay until the contractual obligation is satisfied but with no economic benefit to us or (ii) we contractually terminated the obligation and ceased utilizing the facilities.

[9] These costs are additional rent as a result of us taking possession of our new corporate headquarters in Reston, Virginia, during the fourth quarter of 2021 as well as losses from disposal of fixed assets that we recognized as a result of our transfer to Reston.

[10] These costs relate to equity awards under the departing officer's severance agreement. As a result of the employment agreement, the departing officer was able to maintain certain equity awards beyond his retirement date, including performance-based awards that are subject to changes until they vest.

[11] These costs include legal and structuring fees related to our 2022 Master Receivables Purchase Agreement with MUFG Bank, Ltd.put in place for the sale of our receivables from time-to-time.

[12] EBITDA Margin Percent and Adjusted EBITDA Margin Percent were calculated by dividing the non-GAAP measure by the corresponding revenue.

[13] Income tax effects were calculated using the effective tax rate, adjusted for discrete items, if any, of 25.5% and 28.9% for the three months ended December 31, 2022 and 2021, respectively, and 28.0% and 28.9% for the twelve months ended December 31, 2022 and 2021, respectively.

**ICF International, Inc. and Subsidiaries**
**Consolidated Balance Sheets**
**(Unaudited)**

| *(in thousands, except share and per share amounts)* | **December 31, 2022** | **December 31, 2021** |
|---|---|---|
| ***ASSETS*** | | |
| **Current Assets:** | | |
| Cash and cash equivalents | $ 11,257 | $ 8,254 |
| Restricted cash | 1,711 | 12,179 |
| Contract receivables, net | 232,337 | 237,684 |
| Contract assets | 169,088 | 137,867 |
| Prepaid expenses and other assets | 40,709 | 42,354 |
| Income tax receivable | 11,616 | 10,825 |
| **Total Current Assets** | 466,718 | 449,163 |
| **Property and Equipment, net** | 85,402 | 52,053 |
| **Other Assets:** | | |

| | | |
|---|---|---|
| Goodwill | 1,212,898 | 1,046,760 |
| Other intangible assets, net | 126,537 | 79,645 |
| Operating lease - right-of-use assets | 149,066 | 177,417 |
| Other assets | 51,637 | 44,496 |
| **Total Assets** | $ 2,092,258 | $ 1,849,534 |
| | | |
| ***LIABILITIES AND STOCKHOLDERS' EQUITY*** | | |
| **Current Liabilities:** | | |
| Current portion of long-term debt | $ 23,250 | $ 10,000 |
| Accounts payable | 135,778 | 105,652 |
| Contract liabilities | 25,773 | 39,665 |
| Operating lease liabilities - current | 19,305 | 34,901 |
| Finance lease liabilities - current | 2,381 | — |
| Accrued salaries and benefits | 85,991 | 85,517 |
| Accrued subcontractors and other direct costs | 45,478 | 39,400 |
| Accrued expenses and other current liabilities | 78,036 | 61,496 |
| **Total Current Liabilities** | 415,992 | 376,631 |
| **Long-term Liabilities:** | | |
| Long-term debt | 533,084 | 411,605 |
| Operating lease liabilities - non-current | 182,251 | 191,805 |
| Finance lease liabilities - non-current | 16,116 | — |
| Deferred income taxes | 68,038 | 41,913 |
| Other long-term liabilities | 23,566 | 24,110 |
| **Total Liabilities** | 1,239,047 | 1,046,064 |
| | | |
| **Commitments and Contingencies** | | |
| | | |
| **Stockholders' Equity:** | | |
| Preferred stock, par value $.001 per share; 5,000,000 shares authorized; none issued | — | — |
| Common stock, $.001 par value; 70,000,000 shares authorized; 23,771,596 and 23,535,671 shares issued; and 18,883,050 and 18,876,490 shares outstanding at December 31, 2022 and 2021, respectively | 23 | 23 |
| Additional paid-in capital | 401,957 | 384,984 |
| Retained earnings | 703,030 | 649,298 |
| Treasury stock, 4,906,209 and 4,659,181 shares at December 31, 2022 and 2021, respectively | (243,666) | (219,800) |
| Accumulated other comprehensive loss | (8,133) | (11,035) |
| **Total Stockholders' Equity** | 853,211 | 803,470 |
| **Total Liabilities and Stockholders' Equity** | $ 2,092,258 | $ 1,849,534 |

**ICF International, Inc. and Subsidiaries**
**Consolidated Statements of Cash Flows**
**(Unaudited)**

| | Years ended December 31, | |
|---|---|---|
| *(in thousands)* | **2022** | **2021** |
| **Cash Flows from Operating Activities** | | |
| Net income | $ 64,243 | $ 71,132 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for credit losses | 248 | 10,912 |
| Deferred income taxes | 7,428 | 8,816 |
| Non-cash equity compensation | 13,171 | 13,230 |
| Depreciation and amortization | 49,917 | 31,970 |
| Facilities consolidation reserve | (317) | (302) |
| Amortization of debt issuance costs | 1,305 | 617 |
| Impairment of long-lived assets | 8,412 | 7,901 |
| Other adjustments, net | 1,283 | 1,099 |
| Changes in operating assets and liabilities, net of the effects of acquisitions: | | |
| Net contract assets and liabilities | (41,634) | 3,069 |
| Contract receivables | 19,732 | (19,021) |
| Prepaid expenses and other assets | (20,737) | 4,529 |
| Operating lease assets and liabilities, net | (1,466) | (5,481) |
| Accounts payable | 30,003 | 13,479 |
| Accrued salaries and benefits | (3,337) | (5,616) |
| Accrued subcontractors and other direct costs | 6,965 | (38,575) |
| Accrued expenses and other current liabilities | 24,742 | 26,697 |
| Income tax receivable and payable | (1,526) | (12,802) |
| Other liabilities | 3,774 | (1,449) |
| **Net Cash Provided by Operating Activities** | 162,206 | 110,205 |
| | | |
| **Cash Flows from Investing Activities** | | |
| Capital expenditures for property and equipment and capitalized software | (24,475) | (19,932) |
| Payments for business acquisitions, net of cash acquired | (237,280) | (174,549) |
| Proceeds from working capital adjustments related to prior business acquisition | 2,911 | — |
| **Net Cash Used in Investing Activities** | (258,844) | (194,481) |
| | | |
| **Cash Flows from Financing Activities** | | |
| Advances from working capital facilities | 1,583,936 | 881,037 |
| Payments on working capital facilities | (1,446,125) | (773,264) |
| Receipt of restricted contract funds | 15,721 | 264,214 |
| Payment of restricted contract funds | (25,959) | (319,990) |
| Debt issuance costs | (4,907) | — |
| Proceeds from exercise of options | 602 | 2,848 |
| Dividends paid | (10,547) | (10,565) |
| Net payments for stockholder issuances and buybacks | (21,218) | (20,040) |

| | | |
|---|---|---|
| Payments on business acquisition liabilities | (1,132) | (1,007) |
| **Net Cash Provided by Financing Activities** | 90,371 | 23,233 |
| **Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash** | (1,198) | (511) |
| **Decrease in Cash, Cash Equivalents, and Restricted Cash** | (7,465) | (61,554) |
| **Cash, Cash Equivalents, and Restricted Cash, Beginning of Period** | 20,433 | 81,987 |
| **Cash, Cash Equivalents, and Restricted Cash, End of Period** | $ 12,968 | $ 20,433 |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Cash paid during the period for: | | |
| Interest | $ 22,782 | $ 10,331 |
| Income taxes | $ 16,476 | $ 34,132 |
| Non-cash investing and financing transactions: | | |
| Share repurchases transacted but not settled and paid | $ — | $ 552 |
| Tenant improvements funded by lessor | $ 20,253 | $ — |
| Acquisition of property and equipment through finance lease | $ 18,319 | $ — |

**ICF International, Inc. and Subsidiaries**
**Supplemental Schedule [14] [15]**

| **Revenue by client markets** | **Three Months Ended December 31,** | | **Twelve Months Ended December 31,** | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Energy, environment, and infrastructure | 38 % | 43 % | 37 % | 42 % |
| Health, education, and social programs | 51 % | 44 % | 51 % | 44 % |
| Safety and security | 7 % | 7 % | 7 % | 7 % |
| Consumer and financial | 4 % | 6 % | 5 % | 7 % |
| **Total** | 100 % | 100 % | 100 % | 100 % |

| **Revenue by client type** | **Three Months Ended December 31,** | | **Twelve Months Ended December 31,** | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| U.S. federal government | 56 % | 47 % | 55 % | 47 % |
| U.S. state and local government | 14 % | 16 % | 15 % | 15 % |
| International government | 5 % | 8 % | 6 % | 9 % |
| **Government** | 75 % | 71 % | 76 % | 71 % |
| **Commercial** | 25 % | 29 % | 24 % | 29 % |
| **Total** | 100 % | 100 % | 100 % | 100 % |

| **Revenue by contract mix** | **Three Months Ended December 31,** | | **Twelve Months Ended December 31,** | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Time-and-materials | 40 % | 40 % | 40 % | 41 % |
| Fixed-price | 47 % | 44 % | 45 % | 41 % |
| Cost-based | 13 % | 16 % | 15 % | 18 % |
| **Total** | 100 % | 100 % | 100 % | 100 % |

[14] As is shown in the supplemental schedule, we track revenue by key metrics that provide useful information about the nature of our operations. Client markets provide insight into the breadth of our expertise. Client type is an indicator of the diversity of our client base. Revenue by contract mix provides insight in terms of the degree of performance risk that we have assumed.

[15] Certain immaterial revenue percentages in the prior year have been reclassified due to minor adjustments and reclassification.

**Investor Contacts:**
**Lynn Morgen, ADVISIRY PARTNERS, lynn.morgen@advisiry.com +1.212.750.5800**
**David Gold, ADVISIRY PARTNERS, david.gold@advisiry.com +1.212.750.5800**

**Company Information Contact:**
**Lauren Dyke, ICF, lauren.dyke@ICF.com +1.571.373.5577**

SOURCE ICF