

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 8, 2022

ICF International, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

001-33045

(Commission File Number)

22-3661438

(I.R.S. Employer
Identification Number)

9300 Lee Highway, Fairfax, Virginia

(Address of principal executive offices)

22031

(Zip Code)

Registrant's telephone number, including area code: **(703) 934-3000**

Not Applicable

(Former name or former address, if changed since last report.)

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

| Title of each class | Trading Symbols(s) | Name of each exchange on which registered |
|---------------------|--------------------|---|
| Common Stock | ICFI | NASDAQ |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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

Item 1.01 Entry into a Material Definitive Agreement

On June 8, 2022, ICF International, Inc. (the “Company”), by and through its wholly-owned subsidiary, ICF Incorporated, L.L.C., a Delaware limited liability company (“ICF Incorporated”), entered into an Equity Purchase Agreement (the “Purchase Agreement”) by and among ICF Incorporated, L.L.C., SemanticBits, LLC, a Virginia limited liability company (“Wicket”), and Ramprakash Chilukuri and Vinay Kumar (collectively, the “Equity Holders”) each individually, and Ramprakash Chilukuri in his capacity as the Sellers’ Representative. By the terms of the Purchase Agreement, which contains customary representations and warranties and covenants relating to the transactions, ICF Incorporated will acquire 100% of the membership interests in Wicket (the “Acquisition”), which will become a wholly-owned subsidiary of ICF Incorporated and an indirect subsidiary of the Company. The Company will pay a base purchase price of US\$220 million (the “Purchase Price”) in cash payable to the Equity Holders, subject to adjustment as provided in the Purchase Agreement, including offsets for Wicket transaction expenses, escrow and related items.

At the closing of the Acquisition, the Company will (i) hold back US\$3 million of the Purchase Price for any applicable post-closing, working capital adjustments to the Purchase Price; (ii) place US\$825,000 of the Purchase Price into an escrow account for potential indemnification claims relating to breaches of representations, warranties, and covenants; and (iii) provide for indemnification for certain matters, including pre-closing taxes.

The completion of the Acquisition is subject to certain conditions including, among others, (i) the expiration or termination of the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (“HSR”); (ii) subject to certain materiality exceptions, the representations and warranties made by ICF Incorporated, Wicket and the Equity Holders, respectively, being true and correct; and (iii) ICF Incorporated, Wicket and the Equity Holders being in compliance in all material respects with their respective Purchase Agreement obligations.

The Company and Wicket may terminate the Purchase Agreement upon mutual written agreement, or any party may terminate the Purchase Agreement if: (1) the other party materially violates or breaches any covenant, representation or warranty contained in the Purchase Agreement that has prevented the satisfaction of any closing condition and such violation or breach has not been cured or waived within ten (10) days after receipt of written notice; provided, however, that failure of the closing to occur on the date specified, or failure of the Company to deliver the closing consideration, is not subject to cure unless agreed to in writing by the Equity Holders, or (2) the Acquisition has not closed on or before August 31, 2022.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, which will be filed as an exhibit by an amendment to this Current Report on Form 8-K.

Cautionary Note Regarding the Purchase Agreement

The Purchase Agreement will provide investors and security holders with information regarding its terms and conditions and is not intended to provide any factual information about the Company or Wicket. In particular, the assertions embodied in the representations and warranties contained in the Purchase Agreement are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with the signing of the Purchase Agreement. Moreover, certain representations and warranties in the Purchase Agreement were used for the purpose of allocating risk, rather than establishing matters as facts. Accordingly, investors and security holders should not rely on the representations and warranties in the Purchase Agreement as characterizations of the actual state of facts, since they were made only as of the date of the Purchase Agreement and are modified in important part by the underlying confidential disclosure schedules. In addition, the representations and warranties and other terms of the Purchase Agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations and warranties and other terms may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in the Company’s public disclosures.

Cautionary Statements

This filing and the exhibit attached hereto contain forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of the Company and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the Acquisition.

Item 7.01 Regulation FD Disclosure

On June 8, 2022, the Company issued a press release announcing the signing of the Purchase Agreement and that it will discuss the Purchase Agreement on June 8, 2022, at 5:00 p.m. ET. The meeting will be carried live via webcast, and instructions on how to participate in the webcast are contained in the press release, a copy of which is attached hereto as Exhibit 99.1. Also attached as Exhibit 99.2 is a copy of the Investor Presentation which will be available on the Company's website in conjunction with the webcast.

Neither the information in 7.01 of this Current Report on Form 8-K, nor the information in the press release or the Investor Presentation, shall be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) The following exhibits are being furnished with this Current Report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press Release dated June 8, 2022 |
| 99.2 | Investor Presentation dated June 8, 2022 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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 hereunto duly authorized.

ICF International, Inc.

Date: June 8, 2022

By: /s/ Barry Broadus
Barry Broadus
Chief Financial Officer



ICF to Acquire SemanticBits

- *Broadens ICF's Digital Modernization Capabilities with Leading Open-Source Solutions for U.S. Federal Agencies*
- *Health IT Capabilities Significantly Expand ICF's Addressable Market*
- *Transaction Expected to be Accretive to ICF's EPS Upon Closing*

Conference Call to be Held Today at 5pm Eastern Time

FAIRFAX, VA (June 8, 2022) – ICF (NASDAQ:ICFI), a global consulting and digital services provider, today announced that it has entered into a definitive agreement to acquire SemanticBits, a premier partner to U.S. federal health agencies for mission-critical digital modernization solutions.

SemanticBits is expected to generate approximately \$135 million in annual revenue in 2022. Approximately \$115 million of that is expected to be recurring in 2023, reflecting the completion of several small business contracts. SemanticBits has a track record of double-digit revenue growth and is expected to generate EBITDA margins in the high teens as part of ICF. The \$220 million transaction will be funded by ICF's existing credit facility. The transaction is expected to be accretive to ICF's EPS upon closing.

SemanticBits provides a full suite of scalable digital modernization services using open-source frameworks, including end-to-end agile at scale development capabilities, cloud-native solutions, data analytics and human-centered design. Founded in 2005, SemanticBits' team of 450 technologists and practitioners bring demonstrated success with large federal health IT projects and expertise across 30 technology platforms, using a fully agile approach that complements ICF's deep federal health domain expertise and digital modernization capabilities. SemanticBits supports U.S. federal health agencies, primarily the Centers for Medicare & Medicaid Services (CMS).

"This latest acquisition is in keeping with our strategy to complement organic growth with acquisitions that strengthen ICF's position in key growth markets and provide meaningful revenue synergies over time," said John Wasson, ICF chair and chief executive officer. "SemanticBits' advanced health IT and data science solutions accelerate and improve mission impact and health outcomes. As one of the industry's leading digital service and platform providers using open-source, SemanticBits scales our rapidly growing set of digital modernization capabilities and, together with our deep federal health expertise, will enable ICF to support larger, more complex projects across federal civilian agencies."

"SemanticBits' strong position at CMS also significantly expands ICF's addressable market to include this large agency, which is committed to strengthening and modernizing the country's healthcare system to provide access to high-quality care," Wasson continued. "We see a high degree of cultural alignment with SemanticBits, in our shared passion for maintaining a highly collaborative environment and in our application of innovative thinking to help solve our clients' most complex challenges."

“We are excited to join ICF and offer our civilian agency clients advanced health IT technology and data science solutions informed by deep domain expertise,” said Ram Chilukuri, chief executive officer of SemanticBits. “Together, we can scale our ability to support federal agencies and help unlock new health insights and critical opportunities.”

The transaction is subject to regulatory and customary conditions and is expected to close in mid-July. ICF plans to provide updated financial guidance for full-year 2022 that includes the expected contribution from the SemanticBits acquisition when it issues its second quarter results in early August.

Read more about [ICF and SemanticBits](#).

Conference Call Details

ICF’s management will further discuss its definitive agreement to acquire SemanticBits at 5:00 p.m. ET on June 8, 2022. To participate in the call, please dial 1-877-270-2148.

The live webcast along with supplemental slides will be available at <https://event.choruscall.com/mediaframe/webcast.html?webcastid=kWj61mtk>. To listen to the live webcast, please register at least 15 minutes prior to the live event and download and install any necessary software. An archive will be available following the live event at <https://investor.icf.com/news-events>.

ICF’s corporate development team managed a proprietary acquisition process with SemanticBits’ exclusive financial advisor, G Squared Capital Partners.

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About ICF

ICF (NASDAQ:ICFI) is a global consulting services company with approximately 8,000 full- and part-time 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 SemanticBits’ revenue and post-acquisition revenue rate, the expected closing date, our expectations regarding future opportunities for synergies, 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; and our ability to acquire and successfully integrate businesses, including the SemanticBits business. These and other factors that could cause our actual results to differ from those indicated in forward-looking statements 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.

Investor information contact:

Lynn Morgen, AdvisIRy Partners, lynn.morgen@advisiry.com, +1.212.750.5800

or

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



→ **Definitive agreement to acquire SemanticBits**



John Wasson
Chair and CEO

June 8, 2022

Cautionary statement

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events, or performances are forward-looking statements within the meaning of the federal securities laws. Our actual results may differ materially from those expressed in any forward-looking statements made by us. All statements made by us in this presentation are qualified in all respects by the information disclosed in our filings with the Securities and Exchange Commission and specifically, the risks described therein under the heading "Risk Factors." We are under no duty to update or revise any forward-looking statements pursuant to actual results or events, and do not intend to do so.



Company overview



Leading provider of agile software development and digital transformation services to leading U.S. federal health agencies

High teens EBITDA margin expected as part of ICF



450+
Billable employees

135+
Software engineers

100%
FFP and T&M contracts



Leading Technology Services



Agile software development and delivery



DevOps and cloud



Data science, analytics, and machine learning/AI



Human-centered design



Data engineering and DataOps



Healthcare and federal policy expertise



Addressing Critical Health Domains



Health IT



Biospecimen management



Clinical genomics



Bioinformatics



Clinical trials

Strategic rationale

- 1** **Leading growth platform:** Unique opportunity to acquire a top-tier asset that is focused on the federal health market
- 2** **Direct access to priority customers:** Supports direct expansion into ICF's highly desired customer, CMS, with a strong foothold and presence
- 3** **Strategically scaled:** Large, differentiated platform provides opportunity to leverage open-source project experience to ICF customers within HHS and beyond
- 4** **Advanced technology development:** Leverages highly scalable, cloud enabled, and commercial-grade technology to support overhaul and maintenance of legacy systems
- 5** **Exceptional technical talent:** Approximately 450+ billable employees, including 135+ software engineers



Our initial view of the CMS opportunity

Four highest priorities within CMS

- **Center for Program Integrity (CPI):** handles fraud, waste, and abuse
- **Center for Clinical Standards and Quality (CCSQ):** healthcare/clinical quality, CMS quality IT systems and analytics, and quality tool development
- **Office of Communications (OC):** consumer outreach, UX/CX, public engagement and campaigns
- **Office of Information Technology (OIT):** data analytics, modernization of IT legacy systems



Large contract vehicles

Key Contracts (FY 21 spending)

\$1.75B

GSA IT 70/MAS*

\$768M

SPARC

\$303M

RMADA (1 & 2)

\$105M

CIO-SP3*

\$101M

MIDS*

* Contracts currently held by ICF

Culture and workforce

Employee base overview

100%

Remote workforce since company's founding

40+

States where employees are located

450+

Billable employees

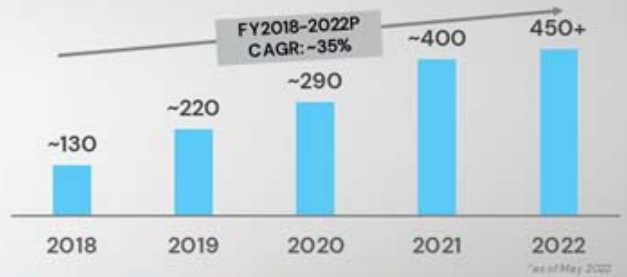
250+

Employee certifications with continued learning

Mission-driven culture

To build digital services that improve people's lives

Exceptional headcount growth



Select employee certifications



~43



~19



~16



+ Other
Employee certifications

Significant opportunities for employees to learn new technologies through direct project experience



Note: FY 2022P Employee Headcount based on most recently provided Census dated February 24, 2022.

Delivery excellence through core values

REMOTE-FIRST: Hire the best no matter where in the country they are.

AGILE: Only constant is change so tailor the process.

QUALITY: Unwaveringly strive for the absolute best in everything we do.

ACCEPTANCE: We embrace each other's differences.

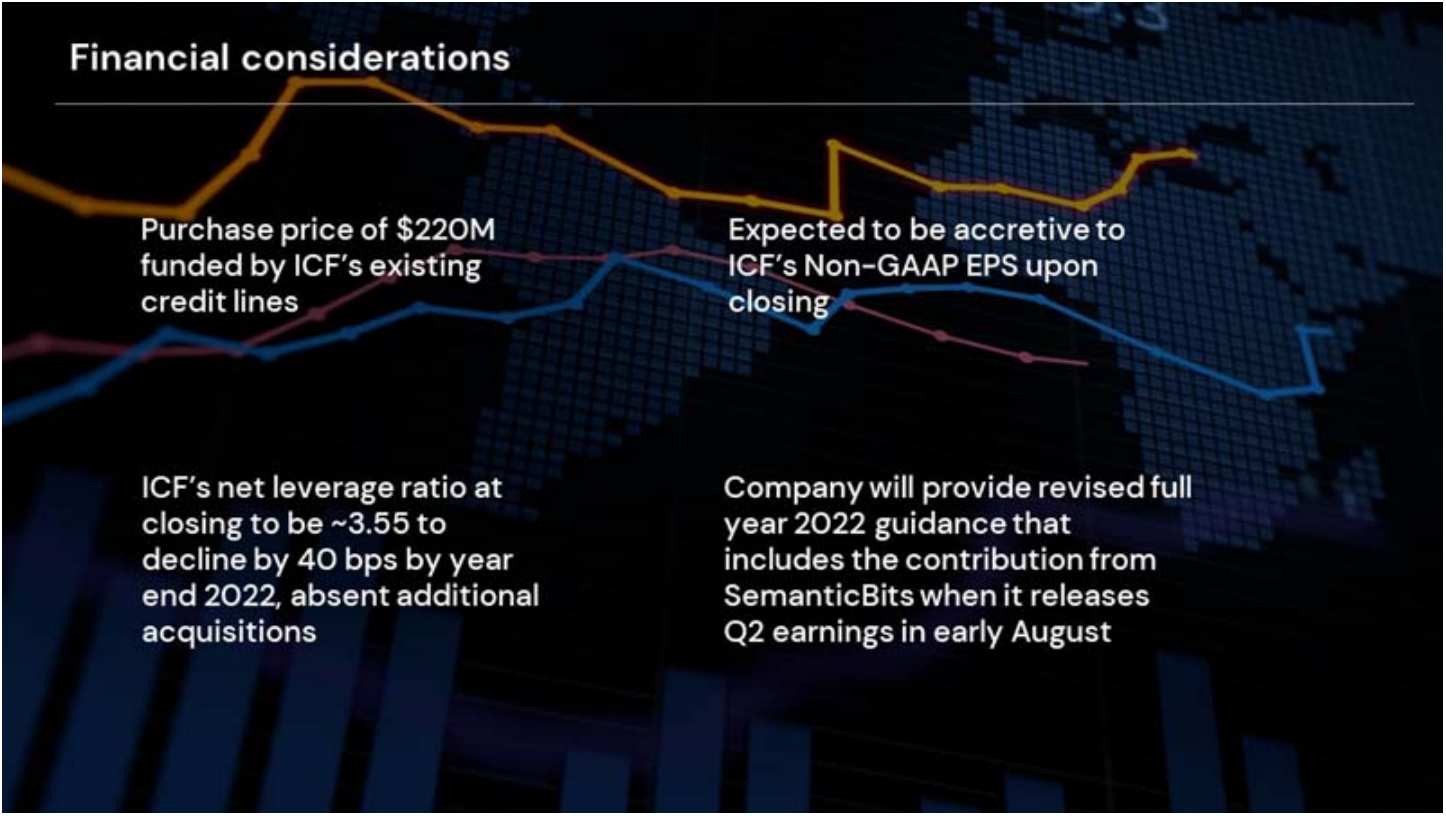
DATA-DRIVEN: Drive all decisions with data, not your gut.

DEFAULT TO OPEN: Use open source to reduce cost and improve maintainability.

TRANSPARENT: Our customers are our partners, and we value openness.

RIGHT TOOLS: Choose the best tools and technologies to solve the problem.

Financial considerations



Purchase price of \$220M
funded by ICF's existing
credit lines

Expected to be accretive to
ICF's Non-GAAP EPS upon
closing

ICF's net leverage ratio at
closing to be ~3.55 to
decline by 40 bps by year
end 2022, absent additional
acquisitions

Company will provide revised full
year 2022 guidance that
includes the contribution from
SemanticBits when it releases
Q2 earnings in early August

SemanticBits meets our M&A criteria

- Expands our addressable market
- Strengthens domain/technical expertise
- Good cultural fit with ICF
- Strong performer
- Familiar/ compatible business models
- Accretive and $IRR > WACC$

- Gain access to CMS
- Open-source solutions and advanced analytics; health domain expertise
- Mission-driven and client-centric
- Rapid growth, great client relationships
- Federal sweet spot
- Immediately accretive

