

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

or

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

For the transition period from to .

Commission File Number: 001-36730

SYNEOS HEALTH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-3403111

(I.R.S. Employer Identification No.)

1030 Sync Street, Morrisville, North Carolina 27560-5468

(Address of principal executive offices and Zip Code)

(919) 876-9300

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	SYNH	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of October 27, 2021, there were approximately 103,692,056 shares of the registrant's common stock outstanding.

SYNEOS HEALTH, INC.
FORM 10-Q
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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

SYNEOS HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
Revenue	\$ 1,348,230	\$ 1,099,004	\$ 3,839,586	\$ 3,275,758
<i>Costs and operating expenses:</i>				
Direct costs (exclusive of depreciation and amortization)	1,031,887	820,228	2,969,718	2,550,134
Selling, general, and administrative expenses	139,524	118,051	421,507	351,942
Restructuring and other costs	7,209	6,523	18,403	23,414
Depreciation	17,680	17,301	54,285	51,830
Amortization	38,574	38,147	117,618	115,746
Total operating expenses	<u>1,234,874</u>	<u>1,000,250</u>	<u>3,581,531</u>	<u>3,093,066</u>
Income from operations	113,356	98,754	258,055	182,692
<i>Total other expense, net:</i>				
Interest income	76	126	5	(332)
Interest expense	16,698	20,316	62,645	68,458
Loss on extinguishment of debt	—	346	2,802	346
Other (income) expense, net	(3,827)	10,596	(5,856)	(2,573)
Total other expense, net	<u>12,947</u>	<u>31,384</u>	<u>59,596</u>	<u>65,899</u>
Income before provision for income taxes	100,409	67,370	198,459	116,793
Income tax expense	<u>22,166</u>	<u>3,954</u>	<u>39,587</u>	<u>15,892</u>
Net income	<u>\$ 78,243</u>	<u>\$ 63,416</u>	<u>\$ 158,872</u>	<u>\$ 100,901</u>
<i>Earnings per share:</i>				
Basic	\$ 0.76	\$ 0.61	\$ 1.53	\$ 0.97
Diluted	\$ 0.75	\$ 0.60	\$ 1.51	\$ 0.96
<i>Weighted average common shares outstanding:</i>				
Basic	103,562	104,277	103,924	104,247
Diluted	104,785	105,588	105,087	105,483

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

SYNEOS HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Net income	\$ 78,243	\$ 63,416	\$ 158,872	\$ 100,901
Unrealized gain (loss) on derivative instruments, net of income tax expense (benefit) of \$317, \$1,384, \$3,926, and \$(5,203), respectively	936	5,219	11,581	(6,642)
Foreign currency translation adjustments, net of income tax (benefit) expense of \$(1,102), \$0, \$(1,260), and \$0, respectively	(23,687)	33,832	(19,172)	(12,086)
Comprehensive income	<u>\$ 55,492</u>	<u>\$ 102,467</u>	<u>\$ 151,281</u>	<u>\$ 82,173</u>

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

SYNEOS HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	(in thousands, except par value)	
ASSETS		
Current assets:		
Cash, cash equivalents, and restricted cash	\$ 122,535	\$ 272,173
Accounts receivable and unbilled services, net	1,527,032	1,344,781
Prepaid expenses and other current assets	114,632	121,058
Total current assets	1,764,199	1,738,012
Property and equipment, net	205,479	216,200
Operating lease right-of-use assets	221,101	223,285
Goodwill	4,896,907	4,776,178
Intangible assets, net	880,847	933,525
Deferred income tax assets	39,032	35,059
Other long-term assets	209,394	141,047
Total assets	<u>\$ 8,216,959</u>	<u>\$ 8,063,306</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 110,347	\$ 113,684
Accrued expenses	693,599	611,042
Deferred revenue	819,903	793,068
Current portion of operating lease obligations	45,842	42,082
Current portion of finance lease obligations	18,580	17,455
Total current liabilities	1,688,271	1,577,331
Long-term debt	2,894,262	2,902,054
Operating lease long-term obligations	215,907	221,760
Finance lease long-term obligations	29,579	31,522
Deferred income tax liabilities	7,532	20,216
Other long-term liabilities	61,297	68,311
Total liabilities	4,896,848	4,821,194
Commitments and contingencies (Note 16)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; 30,000 shares authorized, 0 shares issued and outstanding at September 30, 2021 and December 31, 2020	—	—
Common stock, \$0.01 par value; 600,000 shares authorized, 103,688 and 103,935 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	1,037	1,039
Additional paid-in capital	3,456,378	3,461,747
Accumulated other comprehensive loss, net of taxes	(48,392)	(40,801)
Accumulated deficit	(88,912)	(179,873)
Total shareholders' equity	3,320,111	3,242,112
Total liabilities and shareholders' equity	<u>\$ 8,216,959</u>	<u>\$ 8,063,306</u>

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

SYNEOS HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 158,872	\$ 100,901
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	171,903	167,576
Share-based compensation	48,891	47,266
Provision for doubtful accounts	51	1,357
(Benefit from) provision for deferred income taxes	(21,324)	21,306
Foreign currency transaction gains	(6,320)	(7,747)
Fair value adjustment of contingent obligations	(597)	(3,791)
Loss on extinguishment of debt	2,802	346
Other non-cash items	6,657	1,881
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, unbilled services, and deferred revenue	(154,162)	15,542
Accounts payable and accrued expenses	99,417	(2,226)
Other assets and liabilities	(41,891)	(31,244)
Net cash provided by operating activities	264,299	311,167
Cash flows from investing activities:		
Payments related to acquisitions of businesses, net of cash acquired	(226,347)	—
Proceeds from notes receivable from divestiture	5,000	—
Purchases of property and equipment	(29,917)	(38,493)
Investments in unconsolidated affiliates	(5,074)	(6,859)
Loan to unconsolidated affiliate	(3,844)	—
Net cash used in investing activities	(260,182)	(45,352)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt, net of discount	494,505	—
Payments of debt financing costs	(544)	(300)
Repayments of long-term debt	(602,277)	(113,750)
Proceeds from accounts receivable financing agreement	65,000	31,600
Repayments of accounts receivable financing agreement	—	(6,600)
Proceeds from revolving line of credit	30,000	300,000
Repayments of revolving line of credit	—	(300,000)
Payments of contingent consideration related to acquisitions	(7,197)	(26,634)
Payments of finance leases	(12,748)	(12,735)
Payments for repurchases of common stock	(117,521)	(62,029)
Proceeds from exercises of stock options	26,223	22,973
Payments related to tax withholdings for share-based compensation	(30,924)	(20,701)
Net cash used in financing activities	(155,483)	(188,176)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1,728	7,568
Net change in cash, cash equivalents, and restricted cash	(149,638)	85,207
Cash, cash equivalents, and restricted cash - beginning of period	272,173	163,689
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 122,535</u>	<u>\$ 248,896</u>

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

SYNEOS HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Shareholders' equity, beginning balance	\$ 3,238,614	\$ 2,999,684	\$ 3,242,112	\$ 3,029,654
Impact from adoption of ASU 2016-13	—	—	—	(2,771)
Shareholders' equity, adjusted beginning balance	3,238,614	2,999,684	3,242,112	3,026,883
Common stock:				
Beginning balance	1,035	1,042	1,039	1,039
Repurchases of common stock	—	(5)	(15)	(11)
Issuances of common stock	2	3	13	12
Ending balance	1,037	1,040	1,037	1,040
Additional paid-in capital:				
Beginning balance	3,430,375	3,446,852	3,461,747	3,441,471
Repurchases of common stock	—	(16,795)	(49,595)	(36,529)
Issuances of common stock	10,904	9,231	(4,665)	2,173
Share-based compensation	15,099	15,093	48,891	47,266
Ending balance	3,456,378	3,454,381	3,456,378	3,454,381
Accumulated other comprehensive loss:				
Beginning balance	(25,641)	(129,372)	(40,801)	(71,593)
Unrealized gain (loss) on derivative instruments, net of taxes	936	5,219	11,581	(6,642)
Foreign currency translation adjustment, net of taxes	(23,687)	33,832	(19,172)	(12,086)
Ending balance	(48,392)	(90,321)	(48,392)	(90,321)
Accumulated deficit:				
Beginning balance	(167,155)	(318,838)	(179,873)	(341,263)
Impact from adoption of ASU 2016-13	—	—	—	(2,771)
Adjusted beginning balance	(167,155)	(318,838)	(179,873)	(344,034)
Repurchases of common stock	—	(13,200)	(67,911)	(25,489)
Net income	78,243	63,416	158,872	100,901
Ending balance	(88,912)	(268,622)	(88,912)	(268,622)
Shareholders' equity, ending balance	<u>\$ 3,320,111</u>	<u>\$ 3,096,478</u>	<u>\$ 3,320,111</u>	<u>\$ 3,096,478</u>

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

SYNEOS HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Nature of Operations

Syneos Health, Inc. (the "Company") is a global provider of end-to-end biopharmaceutical outsourcing solutions. The Company operates under two reportable segments, Clinical Solutions and Commercial Solutions, and derives its revenue through a suite of services designed to enhance its customers' ability to successfully develop, launch, and market their products. The Company offers its solutions on both a standalone and integrated basis with biopharmaceutical development and commercialization services ranging from Phase I to IV clinical trial services to services associated with the commercialization of biopharmaceutical products. The Company's customers include small, mid-sized, and large companies in the pharmaceutical, biotechnology, and medical device industries.

Unaudited Interim Financial Information

The Company prepared the accompanying unaudited condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. The significant accounting policies followed by the Company for interim financial reporting are consistent with the accounting policies followed for annual financial reporting.

The unaudited condensed consolidated financial statements, in management's opinion, include all adjustments of a normal recurring nature necessary for a fair presentation. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission on February 18, 2021. The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the full year ending December 31, 2021 or any other future period. The unaudited condensed consolidated balance sheet at December 31, 2020 is derived from the amounts in the audited consolidated balance sheet included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Reclassification

Certain previously reported amounts have been reclassified to conform to the current year presentation.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization designated the outbreak of the novel strain of coronavirus that causes the disease known as COVID-19 as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, social distancing practices as well as restrictions that prohibit many employees from going to work in person. As a result, the Company experienced significant impacts to its business and results of operations from COVID-19 during 2020 and to a lesser extent for the nine months ended September 30, 2021. While certain governments have eased restrictions, the pandemic continues to be disruptive to the Company's business. The pandemic and associated economic impacts are expected to continue to impact the Company's future financial condition, results of operations, and cash flows.

2. Financial Statement Details**Cash, Cash Equivalents, and Restricted Cash**

Certain of the Company's subsidiaries participate in a notional cash pooling arrangement to manage global liquidity requirements. As part of a master netting arrangement, the participants combine their cash balances in pooling accounts at the same financial institution with the ability to offset bank overdrafts of one participant against positive cash account balances held by another participant. Under the terms of the master netting arrangement, the financial institution has the right, ability, and intent to offset a positive balance in one account against an overdrawn amount in another account. Amounts in each of the accounts are unencumbered and unrestricted with respect to use. As such, the net cash balance related to this pooling arrangement is included in cash, cash equivalents, and restricted cash in the condensed consolidated balance sheets.

The Company's net cash pool position consisted of the following (in thousands):

	September 30, 2021		December 31, 2020	
Gross cash position	\$	205,462	\$	220,261
Less: cash borrowings		(201,881)		(204,647)
Net cash position	\$	<u>3,581</u>	\$	<u>15,614</u>

Accounts Receivable and Unbilled Services, net

Accounts receivable and unbilled services (including contract assets), net of allowance for doubtful accounts, consisted of the following (in thousands):

	September 30, 2021		December 31, 2020	
Accounts receivable billed	\$	848,453	\$	774,605
Accounts receivable unbilled		245,041		211,285
Contract assets		441,125		366,506
Less: Allowance for doubtful accounts		(7,587)		(7,615)
Accounts receivable and unbilled services, net	\$	<u>1,527,032</u>	\$	<u>1,344,781</u>

Accounts Receivable Factoring Arrangement

The Company has an accounts receivable factoring agreement to sell certain eligible unsecured trade accounts receivable, without recourse, to an unrelated third-party financial institution for cash. For the nine months ended September 30, 2021 and 2020, the Company factored \$97.5 million and \$113.1 million, respectively, of trade accounts receivable on a non-recourse basis and received \$97.4 million and \$112.7 million, respectively, in cash proceeds from the sale. The fees associated with these transactions were insignificant.

Goodwill

The changes in the carrying amount of goodwill by segment for the nine months ended September 30, 2021 were as follows (in thousands):

	Clinical Solutions (a)	Commercial Solutions (b)	Total
Balance as of December 31, 2020	\$ 3,216,335	\$ 1,559,843	\$ 4,776,178
Acquisitions (c)	130,239	—	130,239
Impact of foreign currency translation and other (d)	40,733	(50,243)	(9,510)
Balance as of September 30, 2021	<u>\$ 3,387,307</u>	<u>\$ 1,509,600</u>	<u>\$ 4,896,907</u>

(a) Accumulated impairment losses of \$8.1 million associated with the Clinical Solutions segment were recorded prior to 2016 and related to the former Phase I Services segment, now a component of the Clinical Solutions segment. No impairment of goodwill was recorded for the nine months ended September 30, 2021.

(b) Accumulated impairment losses of \$8.0 million associated with the Commercial Solutions segment were recorded prior to 2015 and related to the former Global Consulting segment, now a component of the Commercial Solutions segment. No impairment of goodwill was recorded for the nine months ended September 30, 2021.

(c) Amount represents goodwill recognized in connection with the acquisition of StudyKIK Corporation ("StudyKIK") and an insignificant acquisition during the three months ended September 30, 2021, an insignificant acquisition during the second quarter of 2021, and insignificant measurement period adjustments recognized in connection with the 2020 acquisitions of SHCR Holdings Corporation ("Synteract") and Illingworth Research Group™ ("Illingworth Research") within the Clinical Solutions segment.

(d) Includes \$44.2 million reallocation of goodwill from the Commercial Solutions segment to the Clinical Solutions segment to reflect the transfer of the Kinapse Regulatory and Operations Consulting service lines to align with management reporting in 2021.

Accumulated Other Comprehensive Loss, Net of Taxes

Accumulated other comprehensive loss, net of taxes, consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Beginning balance	\$ (25,641)	\$ (129,372)	\$ (40,801)	\$ (71,593)
Derivative instruments:				
Beginning balance	(8,116)	(26,697)	(18,761)	(14,836)
Other comprehensive (loss) income before reclassifications	(489)	1	(205)	(17,970)
Reclassification adjustments	1,425	5,218	11,786	11,328
Ending balance	<u>(7,180)</u>	<u>(21,478)</u>	<u>(7,180)</u>	<u>(21,478)</u>
Foreign currency translation:				
Beginning balance	(17,525)	(102,675)	(22,040)	(56,757)
Other comprehensive (loss) income before reclassifications	(23,687)	33,832	(19,172)	(12,086)
Ending balance	<u>(41,212)</u>	<u>(68,843)</u>	<u>(41,212)</u>	<u>(68,843)</u>
Accumulated other comprehensive loss, net of taxes	<u>\$ (48,392)</u>	<u>\$ (90,321)</u>	<u>\$ (48,392)</u>	<u>\$ (90,321)</u>

Changes in accumulated other comprehensive loss consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Unrealized gain (loss) on derivative instruments:				
Unrealized loss during period, before taxes	\$ (655)	\$ (478)	\$ (275)	\$ (27,137)
Income tax benefit	(166)	(479)	(70)	(9,167)
Unrealized (loss) gain during period, net of taxes	(489)	1	(205)	(17,970)
Reclassification adjustment, before taxes	1,908	7,081	15,782	15,292
Income tax expense	483	1,863	3,996	3,964
Reclassification adjustment, net of taxes	1,425	5,218	11,786	11,328
Total unrealized gain (loss) on derivative instruments, net of taxes	936	5,219	11,581	(6,642)
Foreign currency translation adjustments:				
Foreign currency translation adjustment, before taxes	(24,789)	33,832	(20,432)	(12,086)
Income tax benefit	(1,102)	—	(1,260)	—
Foreign currency translation adjustments, net of taxes	(23,687)	33,832	(19,172)	(12,086)
Total other comprehensive (loss) income, net of taxes	\$ (22,751)	\$ 39,051	\$ (7,591)	\$ (18,728)

Other (Income) Expense, Net

Other (income) expense, net consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net realized foreign currency loss	\$ 1,861	\$ 4,823	\$ 3,623	\$ 2,772
Net unrealized foreign currency (gain) loss	(2,757)	4,794	(6,320)	(7,747)
Other, net	(2,931)	979	(3,159)	2,402
Total other (income) expense, net	\$ (3,827)	\$ 10,596	\$ (5,856)	\$ (2,573)

3. Acquisitions, Divestitures, and Investments

StudyKIK Acquisition

On September 13, 2021, the Company completed the acquisition of StudyKIK, a leading technology-enabled clinical trial recruitment and retention company, expanding the Company's portfolio of patient-direct, technology-enabled solutions. The total purchase consideration was \$203.9 million (net of cash acquired of \$1.2 million). The Company recognized \$109.7 million of goodwill and \$92.4 million of intangible assets. The remainder of consideration was attributed to other net assets, primarily related to net working capital.

The purchase price has been allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based upon their fair values. The excess of the purchase price over the tangible and intangible assets acquired and liabilities assumed has been recorded as goodwill. Goodwill is attributable to the acquired workforce as well as future synergies and is not deductible for income tax purposes. The operating results from the acquisition have been included in the Company's Clinical Solutions segment from the date of acquisition.

The following table summarizes the fair values of identified intangible assets and their respective useful lives (dollars in thousands):

	Estimated Fair Value	Estimated Useful Life
Customer relationships	\$ 22,900	6 years
Backlog	1,800	1.25 years
Trade name	2,700	6 years
Patient communities	45,100	6 years
Acquired technology	19,900	6 years
Total intangible assets	<u>\$ 92,400</u>	

Syneract Acquisition

On December 9, 2020, the Company completed the acquisition of Syneract, effected through the purchase of 100% of the outstanding shares of Syneract for approximately \$385.5 million in cash (net of approximately \$28.0 million of cash acquired), which included payment of \$1.0 million during the first quarter of 2021. Syneract is a contract research organization focused on the emerging biopharmaceutical industry, strengthening the Company's position in the small to mid-sized category. The Company recognized \$360.8 million of goodwill and \$56.4 million of intangible assets, including acquired backlog and trade name, as a result of the acquisition. The purchase price has been allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based upon their fair values. The excess of the purchase price over the tangible and intangible assets acquired and liabilities assumed has been recorded as goodwill. Goodwill is attributable to the acquired workforce as well as future synergies and is not deductible for income tax purposes. The operating results from the acquisition of Syneract have been included in the Company's Clinical Solutions segment from the date of acquisition.

Illingworth Research Group Acquisition

On December 17, 2020, the Company completed the acquisition of Illingworth Research, a leading provider of clinical research home health services, adding new scale and capabilities to the Company's clinical trial solutions. The total purchase consideration was \$80.9 million (net of cash acquired of \$1.1 million), which included payments of \$9.0 million during the first quarter of 2021. The Company recognized \$64.0 million of goodwill and \$21.5 million of intangible assets, principally customer relationships, as a result of the acquisition. The purchase price has been allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based upon their fair values. The excess of the purchase price over the tangible and intangible assets acquired and liabilities assumed has been recorded as goodwill. Goodwill is attributable to the acquired workforce as well as future synergies and is not deductible for income tax purposes. The operating results from the acquisition of Illingworth Research have been included in the Company's Clinical Solutions segment from the date of acquisition.

The Company's assessment of fair values and the purchase price allocations related to these acquisitions are preliminary and further adjustments may be necessary as additional information related to the fair values of assets acquired and liabilities assumed is assessed during the measurement period (up to one year from the respective acquisition dates).

Pro forma information for these acquisitions is not presented as the operations of the acquired businesses, individually and in the aggregate, are not significant to the overall operations of the Company.

Divestitures

During the second quarter of 2020, the Company sold its contingent staffing business to a related party in exchange for potential future cash consideration not to exceed \$4.0 million. Based on the financial results of the business one year after the divestiture date, the Company recognized \$1.8 million of contingent consideration in other (income) expense, net during the second quarter of 2021. Refer to “Note 15 – Related-Party Transactions” for further information.

During the fourth quarter of 2020, the Company sold its medication adherence business for consideration of \$23.0 million, including cash consideration of \$18.0 million, net of cash transferred, and convertible notes of \$5.0 million. The Company received \$5.0 million of cash proceeds from the notes receivable during the second quarter of 2021. The Company is entitled to future cash consideration that is contingent on the financial performance of the sold business through 2021. The Company will recognize the contingent consideration in the consolidated statements of income in the period the contingency is resolved.

Investments

During the second quarter of 2020, the Company made a non-cash investment of \$27.3 million to acquire certain intellectual property rights from a customer in lieu of cash payment for services rendered. The Company subsequently exchanged the intellectual property for an equity method investment in an unconsolidated variable interest entity. The Company provided the entity \$3.8 million in cash, in the form of a loan, during the three months ended September 30, 2021. Based on the hypothetical liquidation book value of its investment as of September 30, 2021, the Company recorded a \$1.2 million and \$4.0 million loss to other (income) expense, net in the accompanying condensed statements of income for the three months and nine ended September 30, 2021, respectively. As of September 30, 2021, the book value of the Company's investment was \$22.7 million and was included in other long-term assets in the accompanying condensed consolidated balance sheet, with a maximum exposure to loss of approximately \$26.5 million, which includes funding of the loan.

4. Long-Term Debt Obligations

The Company's debt obligations consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Secured Debt		
Term Loan A - tranche one due March 2024	\$ 173,852	\$ 183,715
Term Loan A - tranche two due August 2024	1,737,141	1,273,991
Term Loan B due August 2024	—	560,564
Revolving credit facility due August 2024	30,000	—
Accounts receivable financing agreement due October 2022	365,000	300,000
Total secured debt	2,305,993	2,318,270
Unsecured Debt		
Senior notes due January 2029 (the “Notes”)	600,000	600,000
Total debt obligations	2,905,993	2,918,270
Less: Term loan original issuance discount	(2,841)	(3,500)
Less: Unamortized deferred issuance costs	(8,890)	(12,716)
Total long-term debt	\$ 2,894,262	\$ 2,902,054

Credit Agreement

The Company is party to a credit agreement (as amended, the "Credit Agreement") that included a \$1.55 billion Term Loan A facility ("Term Loan A") that has two tranches, tranche one that matures on March 26, 2024 and tranche two that matures on August 1, 2024, a \$1.60 billion Term Loan B facility ("Term Loan B") that was paid in full during the second quarter of 2021, and a \$600.0 million revolving credit facility that matures on August 1, 2024 (the "Revolver").

In February 2021, as a result of the Company's First Lien Leverage Ratio (as defined in the Credit Agreement) being less than or equal to 2.5x, the Adjusted Eurocurrency Rate Spread (as defined in the Credit Agreement) on Term Loan A and the Revolver decreased from 1.50% to 1.25%.

On June 30, 2021 (the "Closing Date"), the Company entered into Amendment No. 5 (the "Fifth Amendment") to the Credit Agreement. The Fifth Amendment modified the Credit Agreement to increase Term Loan A in an aggregate principal amount of \$495.0 million ("Incremental Term Loan A"). Incremental Term Loan A was funded on the Closing Date, and the proceeds were used, along with cash on hand, to repay the outstanding Term Loan B in full under the Credit Agreement and to pay fees and expenses in connection with the Fifth Amendment and the incurrence of Incremental Term Loan A. Incremental Term Loan A has the same terms as Term Loan A under the Credit Agreement, and is subject to the same covenants. The Company recorded an additional discount of \$0.5 million against the Term Loan A borrowings in connection with the Fifth Amendment, which is being amortized as a component of interest expense using the effective interest method over the term of Term Loan A.

During the nine months ended September 30, 2021, the Company made \$41.8 million and \$560.5 million of voluntary prepayments against Term Loan A and Term Loan B, respectively, which were applied to future principal payments. As a result of these and previous voluntary prepayments, the Company is not required to make a mandatory payment against the principal balance of Term Loan A until October 2022 and Term Loan B has been paid in full. In connection with these prepayments, the Company recorded a \$2.8 million loss on extinguishment of debt during the nine months ended September 30, 2021.

Revolver and Letters of Credit

The Revolver includes letters of credit ("LOCs") with a sublimit of \$150.0 million. As of September 30, 2021, there were \$30.0 million of outstanding Revolver borrowings and \$16.1 million of LOCs outstanding, leaving \$553.9 million of available borrowings under the Revolver, including \$133.9 million available for LOCs.

The lease for the Company's corporate headquarters in Morrisville, North Carolina includes a provision that may require the Company to issue a LOC in certain amounts to the landlord based on the debt rating of the Company issued by Moody's Investors Service (or other nationally-recognized debt rating agency, such as S&P Global Ratings). As of September 30, 2021, the Company's debt rating was such that no LOC is currently required. Any LOC issued in accordance with the aforementioned requirements could be issued under the Company's Revolver, and, if issued under the Revolver, would reduce its available borrowing capacity by the same amount accordingly.

Accounts Receivable Financing Agreement

The Company has an accounts receivable financing agreement (as amended) with a termination date, as of September 30, 2021, of October 3, 2022, unless terminated earlier pursuant to its terms. On January 28, 2021, the Company amended this agreement to increase the amount it can borrow from \$300.0 million to \$365.0 million, and drew down the additional \$65.0 million to partially fund the Term Loan A and Term Loan B voluntary prepayments. Accordingly, there was no incremental impact on the Company's total debt.

Under the accounts receivable financing agreement, certain of the Company's consolidated subsidiaries sell accounts receivable and unbilled services (including contract assets) balances to a wholly-owned, bankruptcy-remote special purpose entity. The Company has guaranteed the performance of the obligations of existing and future subsidiaries that sell and service the accounts receivable under this agreement. The available borrowing capacity varies monthly according to the levels of the Company's eligible accounts receivable and unbilled services (including contract assets). Loans under this agreement will accrue interest at a reserve-adjusted LIBOR rate or a base rate equal to the higher of the applicable lender's prime rate and the federal funds rate plus 0.50%.

As of September 30, 2021, the Company had \$365.0 million of outstanding borrowings under this agreement, which are recorded in long-term debt on the accompanying condensed consolidated balance sheet. There was no remaining borrowing capacity available under this agreement as of September 30, 2021.

On October 13, 2021, the Company further amended its accounts receivable financing agreement to increase the amount it can borrow from \$365.0 million to \$400.0 million, extended the maturity to October 2024, and drew down the additional \$35.0 million. At the same time, the Company paid down \$35.0 million on facilities under its Credit Agreement, resulting in no net impact on leverage.

Maturities of Debt Obligations

As of September 30, 2021, the contractual maturities of the Company's debt obligations (excluding finance leases) were as follows (in thousands):

	Principal
Remainder of 2021	\$ —
2022	385,857
2023	125,875
2024	1,794,261
2025	—
2026 and thereafter	600,000
Less: Term loan original issuance discount	(2,841)
Less: Unamortized deferred issuance costs	(8,890)
Total	<u>\$ 2,894,262</u>

5. Derivatives

Interest Rate Swaps

The Company has entered into various interest rate swaps to mitigate its exposure to changes in interest rates on its term loans.

In June 2018, the Company entered into an interest rate swap with multiple counterparties that had an initial aggregate notional value of \$1.01 billion, an effective date of December 31, 2018, and expired on June 30, 2021.

In March 2020, the Company entered into interest rate swaps with multiple counterparties. The interest rate swaps had an initial aggregate notional value of \$549.2 million that increased to \$1.42 billion on June 30, 2021, an effective date of March 31, 2020, and will expire on March 31, 2023. As of September 30, 2021, the notional value of these interest rate swaps was \$1.37 billion.

Foreign Exchange Forward

On October 30, 2020, the Company entered into a foreign exchange forward in order to minimize monthly foreign currency remeasurement gains or losses on non-functional currency monetary balances. The foreign exchange forward notional value may be adjusted each month as the exposure balance changes. The Company did not designate the derivative as a hedge. All changes in the fair value of the foreign exchange forward are recorded in earnings every month to other (income) expense, net in the accompanying condensed consolidated statements of income. The Company recognized \$2.0 million and \$0.5 million of realized losses during the three and nine months ended September 30, 2021, respectively, related to this foreign exchange forward. As of September 30, 2021, the notional value of this foreign exchange forward was \$70.0 million.

Fair Values

The fair values of the Company's derivative financial instruments and the line items on the accompanying condensed consolidated balance sheets to which they were recorded were as follows (in thousands):

	Balance Sheet Classification	September 30, 2021	December 31, 2020
Interest rate swaps - current	Accrued expenses	\$ 5,875	\$ 17,045
Interest rate swaps - non-current	Other long-term liabilities	1,235	5,572
Fair value of derivative liabilities		<u>\$ 7,110</u>	<u>\$ 22,617</u>

6. Fair Value Measurements**Assets and Liabilities Carried at Fair Value**

As of September 30, 2021 and December 31, 2020, the Company's financial assets and liabilities carried at fair value included cash and cash equivalents, restricted cash, trading securities, accounts receivable, unbilled services (including contract assets), accounts payable, accrued expenses, deferred revenue, contingent obligations, liabilities under the accounts receivable financing agreement, and derivative instruments.

The fair values of cash and cash equivalents, restricted cash, accounts receivable, unbilled services (including contract assets), accounts payable, accrued expenses, deferred revenue, and the liabilities under the accounts receivable financing agreement approximate their respective carrying amounts because of the liquidity and short-term nature of these financial instruments.

Financial Instruments Subject to Recurring Fair Value Measurements

As of September 30, 2021, the fair values of the major classes of the Company's assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value	Total
Assets:					
Trading securities (a)	\$ 25,120	\$ —	\$ —	\$ —	\$ 25,120
Partnership interests (b)	—	—	—	9,660	9,660
Total assets	<u>\$ 25,120</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,660</u>	<u>\$ 34,780</u>
Liabilities:					
Derivative instruments (c)	\$ —	\$ 7,110	\$ —	\$ —	\$ 7,110
Contingent obligations related to acquisitions (d)	—	—	3,492	—	3,492
Total liabilities	<u>\$ —</u>	<u>\$ 7,110</u>	<u>\$ 3,492</u>	<u>\$ —</u>	<u>\$ 10,602</u>

As of December 31, 2020, the fair values of the major classes of the Company's assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value	Total
Assets:					
Trading securities (a)	\$ 22,950	\$ —	\$ —	\$ —	\$ 22,950
Partnership interests (b)	—	—	—	8,665	8,665
Total assets	<u>\$ 22,950</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,665</u>	<u>\$ 31,615</u>
Liabilities:					
Derivative instruments (c)	\$ —	\$ 22,617	\$ —	\$ —	\$ 22,617
Contingent obligations related to acquisitions (d)	—	—	6,793	—	6,793
Total liabilities	<u>\$ —</u>	<u>\$ 22,617</u>	<u>\$ 6,793</u>	<u>\$ —</u>	<u>\$ 29,410</u>

(a) Represents the fair value of investments in mutual funds based on quoted market prices that are used to fund the liability associated with the Company's deferred compensation plan.

(b) The Company has committed to invest \$21.5 million as a limited partner in two private equity funds. The private equity funds invest in opportunities in the healthcare and life sciences industry. As of September 30, 2021, the Company's remaining unfunded commitment in the private equity funds was \$13.7 million. The Company holds minor ownership interests (less than 3%) in each of the private equity funds and has determined that it does not exercise significant influence over the private equity funds' operating and finance activities. As the private equity funds do not have readily determinable fair values, the Company has estimated the fair values using each fund's Net Asset Value, the amount by which the value of all assets exceeds all debt and liabilities, in accordance with ASC Topic 946, *Financial Services – Investment Companies*.

(c) Represents the fair value of interest rate swap arrangements (see "Note 5 – Derivatives" for further information).

(d) Represents the fair value of contingent consideration obligations related to acquisitions. The fair values of these liabilities are determined based on the Company's best estimate of the probable timing and amount of settlement.

The following table presents a reconciliation of changes in the carrying amount of contingent obligations classified as Level 3 for the nine months ended September 30, 2021 (in thousands):

Balance as of December 31, 2020	\$	6,793
Additions (a)		4,558
Changes in fair value recognized in earnings		(662)
Payments (b)		(7,197)
Balance as of September 30, 2021	\$	<u>3,492</u>

(a) Represents obligations in connection with insignificant acquisitions completed during 2021.

(b) The Company made payments to fully settle obligations in connection with the insignificant acquisition completed during the second quarter of 2021 and to fully settle the contingent tax-sharing obligation arising from inVentiv Health, Inc.'s 2016 merger with Double Eagle Parent, Inc. (see "Note 16 – Commitments and Contingencies" for further information) during the first quarter of 2021.

During the nine months ended September 30, 2021, there were no transfers of assets or liabilities between Level 1, Level 2, or Level 3 fair value measurements.

Financial Instruments Subject to Non-Recurring Fair Value Measurements

Certain assets, including goodwill and identifiable intangible assets, are carried on the accompanying condensed consolidated balance sheets at cost and, subsequent to initial recognition, are measured at fair value on a non-recurring basis when certain identified events or changes in circumstances that may have a significant adverse effect on the carrying values of these assets occur. These assets are classified as Level 3 fair value measurements within the fair value hierarchy. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a triggering event has occurred. Intangible assets are tested for impairment upon the occurrence of certain triggering events. As of September 30, 2021 and December 31, 2020, assets carried on the condensed consolidated balance sheets and not remeasured to fair value on a recurring basis totaled \$5.80 billion and \$5.71 billion, respectively.

Fair Value Disclosures for Financial Instruments Not Carried at Fair Value

The estimated fair values of the term loans and the Notes are determined based on the price that the Company would have had to pay to settle the liabilities. As these liabilities are not actively traded, they are classified as Level 2 fair value measurements. The estimated fair values of the Company's term loans and the Notes were as follows (in thousands):

	September 30, 2021		December 31, 2020	
	Carrying Value (a)	Estimated Fair Value	Carrying Value (a)	Estimated Fair Value
Term Loan A - tranche one due March 2024	\$ 173,594	\$ 173,562	\$ 183,320	\$ 183,026
Term Loan A - tranche two due August 2024	1,734,559	1,739,931	1,271,255	1,269,213
Term Loan B due August 2024	—	—	560,194	560,144
Senior notes due January 2029	600,000	600,750	600,000	602,412

(a) The carrying value of the term loan debt is shown net of original issue discounts.

7. Restructuring and Other Costs

During the three and nine months ended September 30, 2021, the Company incurred employee severance and benefit costs, facility and lease termination costs, and other costs related to the Company's restructuring activities. These costs were primarily related to the Company's *ForwardBound* margin enhancement initiative. The costs incurred during the three and nine months ended September 30, 2020 were primarily related to the Company's cost management strategies in response to the COVID-19 pandemic as well as the Company's *ForwardBound* initiative.

Restructuring and other costs consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Employee severance and benefit costs	\$ 3,438	\$ 5,903	\$ 11,815	\$ 21,171
Facility and lease termination costs	3,760	497	6,530	1,605
Other costs	11	123	58	638
Total restructuring and other costs	<u>\$ 7,209</u>	<u>\$ 6,523</u>	<u>\$ 18,403</u>	<u>\$ 23,414</u>

The Company expects to continue to incur costs related to restructuring of its operations in order to achieve cost savings and the targeted synergies related to its acquisitions. However, the timing and the amount of these costs depends on various factors, including, but not limited to, identifying and realizing synergy opportunities and executing the integration of its combined operations. The Company may also continue to incur additional restructuring and other costs during and beyond 2021 related to its *ForwardBound* margin enhancement initiative.

Accrued Restructuring Liabilities

The following table summarizes activity related to the liabilities associated with restructuring and other costs (in thousands):

	Employee Severance Costs	Other Costs	Total
Balance as of December 31, 2020	\$ 5,830	\$ —	\$ 5,830
Expenses incurred (a)	8,425	10	8,435
Payments	(8,963)	(10)	(8,973)
Balance as of September 30, 2021	<u>\$ 5,292</u>	<u>\$ —</u>	<u>\$ 5,292</u>

(a) The amount of expenses incurred for the nine months ended September 30, 2021 excludes \$6.5 million of facility lease closure and lease termination costs that are reflected as a reduction of operating lease right-of-use assets on the condensed consolidated balance sheet under ASC 842.

The Company expects the employee severance costs accrued as of September 30, 2021 will be paid within the next twelve months. Liabilities associated with restructuring and other costs are included in accrued expenses and other long-term liabilities on the accompanying condensed consolidated balance sheets.

8. Shareholders' Equity

Shares Outstanding

Shares of common stock outstanding were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Common stock shares, beginning balance	103,473	104,236	103,935	103,866
Repurchases of common stock	—	(506)	(1,500)	(1,106)
Issuances of common stock	215	264	1,253	1,234
Common stock shares, ending balance	103,688	103,994	103,688	103,994

Stock Repurchase Program

On November 17, 2020, the Company's Board of Directors (the "Board") authorized the repurchase of up to an aggregate of \$300.0 million of the Company's Class A common stock, par value \$0.01 per share, to be executed from time to time in open market transactions effected through a broker at prevailing market prices, in block trades, or through privately negotiated transactions through December 31, 2022 (the "Stock Repurchase Program"). The Stock Repurchase Program took effect on January 1, 2021.

The Stock Repurchase Program does not obligate the Company to repurchase any particular amount of the Company's common stock, and may be modified, extended, suspended, or discontinued at any time. The timing and amount of repurchases will be determined by the Company's management based on a variety of factors such as the market price of the Company's common stock, the Company's corporate cash requirements, and overall market conditions. The Stock Repurchase Program is subject to applicable legal requirements, including federal and state securities laws and applicable Nasdaq rules. The Company may also repurchase shares of its common stock pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit shares of the Company's common stock to be repurchased when the Company might otherwise be precluded from doing so by law.

During the nine months ended September 30, 2021, the Company repurchased 1,500,000 shares of its common stock in private transactions under the Stock Repurchase Program, for a total purchase price of approximately \$117.5 million.

The following table sets forth repurchase activity under the Stock Repurchase Program from inception through September 30, 2021:

	Total number of shares purchased	Average price paid per share	Approximate dollar value of shares purchased (in thousands)
March 2021	600,000	\$ 74.18	\$ 44,505
May 2021	400,000	81.04	32,416
June 2021	500,000	81.20	40,600
Total	1,500,000		\$ 117,521

The Company immediately retired all of the repurchased common stock and charged the par value of the shares to common stock. The excess of the repurchase price over the par value was applied on a pro rata basis against additional paid-in capital, with the remainder applied to accumulated deficit.

As of September 30, 2021, the Company had remaining authorization to repurchase up to approximately \$182.5 million of shares of its common stock under the Stock Repurchase Program.

9. Earnings Per Share

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net income	\$ 78,243	\$ 63,416	\$ 158,872	\$ 100,901
Denominator:				
Basic weighted average common shares outstanding	103,562	104,277	103,924	104,247
Effect of dilutive securities:				
Stock options and other awards under deferred share-based compensation programs	1,223	1,311	1,163	1,236
Diluted weighted average common shares outstanding	104,785	105,588	105,087	105,483
Earnings per share:				
Basic	\$ 0.76	\$ 0.61	\$ 1.53	\$ 0.97
Diluted	\$ 0.75	\$ 0.60	\$ 1.51	\$ 0.96

Potential common shares outstanding that are considered anti-dilutive are excluded from the computation of diluted earnings per share. Potential common shares related to stock options and other awards under share-based compensation programs may be determined to be anti-dilutive based on the application of the treasury stock method. Potential common shares are also considered anti-dilutive in periods when the Company incurs a net loss.

The number of potential shares outstanding that were anti-dilutive and therefore excluded from the computation of diluted earnings per share, weighted for the portion of the period they were outstanding, were 128,894 and 177,330, for the three months ended September 30, 2021 and 2020, respectively, and 146,339 and 713,269 for the nine months ended September 30, 2021 and 2020, respectively.

10. Income Taxes

Income Tax Expense

For the three and nine months ended September 30, 2021, the Company recorded income tax expense of \$22.2 million and \$39.6 million, respectively, compared to pre-tax income of \$100.4 million and \$198.5 million, respectively. Income tax expense for the three and nine months ended September 30, 2021 included discrete tax benefits of \$0.7 million and \$6.5 million, respectively, primarily related to excess tax benefits from share-based compensation. The effective tax rates for the three and nine months ended September 30, 2021, excluding discrete items, varied from the U.S. federal statutory income tax rate of 21.0% primarily due to foreign tax credits, foreign income inclusions such as the Global Intangible Low-Taxed Income ("GILTI") provisions, and state and local taxes on U.S. income.

For the three and nine months ended September 30, 2020, the Company recorded income tax expense of \$4.0 million and \$15.9 million, respectively, compared to pre-tax income of \$67.4 million and \$116.8 million, respectively. Income tax expense for the three and nine months ended September 30, 2020 included discrete tax benefits of \$18.8 million and \$24.3 million, respectively, primarily related to the recognition of U.S. federal unrecognized tax benefits, excess tax benefits from share-based compensation, and the tax benefit from foreign tax credits claimed on amended returns filed during the year. The effective tax rates for the three and nine months ended September 30, 2020, excluding discrete items, varied from the U.S. federal statutory income tax rate of 21.0% primarily due to foreign income inclusions such as the GILTI provisions, state and local taxes on U.S. income, and research and general business credits.

Unrecognized Tax Benefits

The Company's gross unrecognized tax benefits, exclusive of associated interest and penalties, were \$8.7 million and \$9.0 million as of September 30, 2021 and December 31, 2020, respectively. The decrease of \$0.3 million was primarily due to the settlement of unrecognized tax benefits in the U.S. partially offset with positions in foreign jurisdictions. The Company believes it is reasonably possible that its unrecognized tax benefits may decrease by approximately \$0.6 million within the next 12 months as a result of lapses in statutes of limitations.

Tax Returns under Audit

The Company is not currently under any U.S. federal income tax audits, however, income tax returns are under examination by tax authorities in several state and foreign jurisdictions. The Company's federal and state tax filings are open to investigations in numerous years due to net operating loss carryforwards. Additionally, the Company currently has an ongoing examination for tax years 2017 to 2019 in the United Kingdom. The United Kingdom is the jurisdiction with the Company's largest foreign operations. The Company believes that its reserve for uncertain tax positions is adequate to cover existing risks or exposures related to all open tax years and jurisdictions.

11. Revenue from Contracts with Customers

Unsatisfied Performance Obligations

As of September 30, 2021, the total aggregate transaction price allocated to the unsatisfied performance obligations under contracts with contract terms greater than one year and that are not accounted for as a series pursuant to ASC Topic 606, *Revenue from Contracts with Customers* and all the related amendments was \$6.99 billion. This amount includes revenue associated with reimbursable out-of-pocket expenses. The Company expects to recognize revenue over the remaining contract term of the individual projects, with contract terms generally ranging from one to five years. The amount of unsatisfied performance obligations is presented net of any constraints and, as a result, is lower than the potential contractual revenue. The contracts excluded due to constraints include contracts that do not commence within a certain period of time or that require the Company to undertake numerous activities to fulfill these performance obligations, including various activities that are outside of the Company's control.

Timing of Billing and Performance

During the three and nine months ended September 30, 2021, the Company recognized approximately \$376.2 million and \$564.0 million, respectively, of revenue that was included in the deferred revenue balance at the beginning of the periods. During the three and nine months ended September 30, 2021, approximately \$70.8 million and \$101.8 million, respectively, of the Company's revenue recognized was allocated to performance obligations partially satisfied in previous periods, substantially all of which was associated with changes in scope or price for full service clinical studies. The Company reviews its portfolio level risk and inflation factors during the third quarter of each year. Based on this review, the Company modified the application of its portfolio level inflation factor, which was considered a change in estimate, and recognized additional revenue of \$23.5 million related to this change during the three months ended September 30, 2021. The additional revenue was mostly offset by insignificant changes in estimates related to projects recognized in the normal course of the Company's revenue recognition processes.

12. Segment Information

The Company is managed through two reportable segments: Clinical Solutions and Commercial Solutions. Each reportable segment consists of multiple service offerings that, when combined, create a fully integrated biopharmaceutical services organization. Clinical Solutions offers a variety of services spanning Phases I to IV of clinical development, including full service global studies, as well as individual service offerings such as clinical monitoring, investigator recruitment, patient recruitment, data management, and study start-up to assist customers with their drug development process. Commercial Solutions provides the pharmaceutical, biotechnology, and healthcare industries with commercialization services, including deployment solutions, communication solutions (public relations, advertising, and medical communications), and consulting services.

The Company's Chief Operating Decision Maker ("CODM") reviews segment performance and allocates resources based upon segment revenue and income from operations. Inter-segment revenue is eliminated from the segment reporting presented to the CODM and is not included in the segment revenue presented in the table below. Certain costs are not allocated to the Company's reportable segments and are reported as general corporate expenses. These costs primarily consist of share-based compensation, general operating expenses associated with the Board and the Company's senior leadership, finance, investor relations, and internal audit functions, and transaction and integration-related expenses. The Company does not allocate depreciation, amortization, asset impairment charges, or restructuring and other costs to its segments. Prior period segment results have been recast to reflect the transfer of the Kinapse Regulatory and Operations Consulting service lines from Commercial Solutions to Clinical Solutions to align with management reporting in 2021. Additionally, the CODM reviews the Company's assets on a consolidated basis and does not allocate assets to its reportable segments for purposes of assessing segment performance or allocating resources.

Information about reportable segment operating results was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
Clinical Solutions	\$ 1,037,445	\$ 837,237	\$ 2,966,541	\$ 2,475,560
Commercial Solutions	310,785	261,767	873,045	800,198
Total revenue	1,348,230	1,099,004	3,839,586	3,275,758
Segment direct costs:				
Clinical Solutions	777,065	607,951	2,243,988	1,887,611
Commercial Solutions	246,406	204,577	700,092	638,535
Total segment direct costs	1,023,471	812,528	2,944,080	2,526,146
Segment selling, general, and administrative expenses:				
Clinical Solutions	87,907	67,885	264,742	208,838
Commercial Solutions	20,875	19,717	62,164	61,313
Total segment selling, general, and administrative expenses	108,782	87,602	326,906	270,151
Segment operating income:				
Clinical Solutions	172,473	161,401	457,811	379,111
Commercial Solutions	43,504	37,473	110,789	100,350
Total segment operating income	215,977	198,874	568,600	479,461
<i>Direct costs and operating expenses not allocated to segments:</i>				
Share-based compensation included in direct costs	8,416	7,700	25,638	23,988
Share-based compensation included in selling, general, and administrative expenses	6,683	7,393	23,253	23,278
Corporate selling, general, and administrative expenses	24,059	23,056	71,348	58,513
Restructuring and other costs	7,209	6,523	18,403	23,414
Depreciation and amortization	56,254	55,448	171,903	167,576
Total income from operations	\$ 113,356	\$ 98,754	\$ 258,055	\$ 182,692

13. Operations by Geographic Location

The following table summarizes total revenue by geographic area (in thousands, all intercompany transactions have been eliminated):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
North America (a)	\$ 821,700	\$ 694,286	\$ 2,334,929	\$ 2,085,895
Europe, Middle East, and Africa	324,816	258,590	969,887	768,938
Asia-Pacific	159,078	121,155	429,768	348,394
Latin America	42,636	24,973	105,002	72,531
Total revenue	\$ 1,348,230	\$ 1,099,004	\$ 3,839,586	\$ 3,275,758

(a) Revenue for the North America region includes revenue attributable to the U.S. of \$775.7 million and \$659.6 million, or 57.5% and 60.0% of total revenue, for the three months ended September 30, 2021 and 2020, respectively. Revenue for the North America region includes revenue attributable to the U.S. of \$2,192.4 million and \$1,981.7 million, or 57.1% and 60.5% of total revenue for the nine months ended September 30, 2021 and 2020, respectively. No other country represented more than 10% of total revenue for any period.

The following table summarizes long-lived assets by geographic area (in thousands, all intercompany transactions have been eliminated):

	September 30, 2021	December 31, 2020
Property and equipment, net:		
North America (a)	\$ 151,016	\$ 161,531
Europe, Middle East, and Africa	37,390	38,745
Asia-Pacific	11,168	11,167
Latin America	5,905	4,757
Total property and equipment, net	\$ 205,479	\$ 216,200

(a) Long-lived assets for the North America region include property and equipment, net attributable to the U.S. of \$145.4 million and \$156.0 million as of September 30, 2021 and December 31, 2020, respectively.

14. Concentration of Credit Risk

Financial assets that subject the Company to credit risk primarily consist of cash and cash equivalents, accounts receivable, and unbilled services (including contract assets). The Company's cash and cash equivalents consist principally of cash and are maintained at several financial institutions with reputable credit ratings. The Company maintains cash depository accounts with several financial institutions worldwide and is exposed to credit risk related to the potential inability to access liquidity in financial institutions where its cash and cash equivalents are concentrated. The Company has not historically incurred any losses with respect to these balances and believes that they bear minimal credit risk.

As of September 30, 2021 and December 31, 2020, substantially all of the Company's cash and cash equivalents were held within the U.S.

No single customer accounted for greater than 10% of the Company's revenue for the three and nine months ended September 30, 2021 and 2020.

As of September 30, 2021 and December 31, 2020, no single customer accounted for greater than 10% of the Company's accounts receivable and unbilled services (including contract assets) balances.

15. Related-Party Transactions

For the three and nine months ended September 30, 2021, the Company had combined revenue of \$0.9 million and \$2.8 million, respectively, and, as of September 30, 2021, combined receivables of \$1.5 million from two customers whose board of directors each included a member who was also a member of the Company's Board. For the three and nine months ended September 30, 2021, the Company incurred expenses of \$0.6 million and \$2.0 million, respectively, for professional services obtained from the related party noted in the paragraph below.

No related party expenses were recorded for the three months ended September 30, 2020. During the second quarter of 2020, the Company sold its contingent staffing business to a related party in exchange for potential future cash consideration not to exceed \$4.0 million. Based on the financial results of the business one year after the divestiture date, the Company recognized \$1.8 million of contingent consideration in other (income) expense, net in the second quarter of 2021. The future cash consideration is contingent on the financial performance of the sold business through May 31, 2023. The Company will recognize the contingent consideration in the consolidated statements of income in the period the contingency is resolved. No significant related-party revenue was recorded for the nine months ended September 30, 2020.

16. Commitments and Contingencies

Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. In the opinion of management, the outcome of any existing claims and legal or regulatory proceedings, other than the specific matters described below, if decided adversely, is not expected to have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

On December 1, 2017, the first of two virtually identical actions alleging federal securities law claims was filed against the Company and certain of its officers on behalf of a putative class of its shareholders. The first action, captioned *Bermudez v. INC Research, Inc., et al*, No. 17-09457 (S.D.N.Y.), was filed in the Southern District of New York (the "Bermudez action"), and the second action, *Vaitkuvienė v. Syneos Health, Inc., et al*, No. 18-0029 (E.D.N.C.), was filed on January 25, 2018 in the Eastern District of North Carolina (the "Vaitkuvienė action"). On March 30, 2018, the Bermudez action was dismissed voluntarily. After the San Antonio Fire & Police Pension Fund and El Paso Firemen & Policemen's Pension Fund were appointed as Lead Plaintiffs in the Vaitkuvienė action, Lead Plaintiffs filed an amended complaint on July 30, 2018, which named as defendants the Company, Alistair Macdonald, Gregory S. Rush, Michael A. Bell and each member of the Company's board of directors at the time of the stockholder vote on the 2017 merger (the "Merger") of INC Research with an affiliate of inVentiv Health, Inc. ("inVentiv"). The amended complaint alleged claims under Sections 10(b), 14(a) and 20(a) of the Securities Exchange Act of 1934 on behalf of a putative class of purchasers of the Company's common stock between May 10, 2017 and November 8, 2017, contending that the Company published inaccurate or incomplete information regarding, among other things, the financial performance and business outlook for inVentiv's business prior to and following the Merger. On September 20, 2018, Defendants moved to dismiss the action. On August 30, 2021, the District Court entered an order granting the motion to dismiss in its entirety, but allowed Lead Plaintiffs the opportunity to seek leave to further amend their complaint. On October 4, 2021, Lead Plaintiffs advised the Court that it would not seek to further amend their complaint, and on October 21, 2021, the Court entered judgment for Defendants. The deadline for Lead Plaintiffs to appeal from this judgment is November 22, 2021.

The Company is presently unable to predict the duration, scope, or result of the foregoing putative class actions, or any other related lawsuit. As such, the Company is presently unable to develop a reasonable estimate of a possible loss or range of losses, if any, related to these matters. While the Company intends to defend any further proceedings in the putative class action litigation vigorously, the outcome of such litigation or any other litigation is necessarily uncertain. The Company could be forced to expend significant resources in the defense of these lawsuits or future ones, and it may not prevail. As such, these matters could have a material adverse effect on the Company's business, annual, or interim results of operations, cash flows, or its financial condition.

Assumed Contingent Tax-Sharing Obligations

As a result of the Merger, the Company assumed contingent tax-sharing obligations arising from inVentiv Health, Inc.'s 2016 merger with Double Eagle Parent, Inc. During the first quarter of 2021, the Company made payments of \$6.2 million to fully settle this outstanding obligation. As of December 31, 2020, the estimated fair value of the assumed contingent tax-sharing obligations was \$6.8 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and with our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

In addition to historical condensed consolidated financial information, this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect, among other things, our current expectations and anticipated results of operations, all of which are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, performance or achievements, market trends, or industry results to differ materially from those expressed or implied by such forward-looking statements. Therefore, any statements contained herein that are not statements of historical fact may be forward-looking statements and should be evaluated as such, including our business strategy, the future impact of the COVID-19 pandemic on our business, financial results, and financial condition, benefits of acquisitions, and planned capital expenditures. Without limiting the foregoing, the words "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "might," "plans," "projects," "should," "would," "targets," "will" and the negative thereof and similar words and expressions are intended to identify forward-looking statements. Unless legally required, we assume no obligation to update any such forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information.

We caution you that any such forward-looking statements are further qualified by important factors that could cause our actual operating results to differ materially from those in the forward-looking statements, including without limitation, regional, national, or global political, economic, business, competitive, market, and regulatory conditions and the following: risks associated with the COVID-19 pandemic; our potential failure to generate a large number of new business awards and the risk of delay, termination, reduction in scope, or failure to go to contract of our business awards; our potential failure to convert backlog to revenue; fluctuations in our operating results and effective income tax rate; the impact of potentially underpricing our contracts, overrunning our cost estimates, or failing to receive approval for or experiencing delays with documentation of change orders; cyber-security and other risks associated with our information systems infrastructure; changes and costs of compliance with regulations related to data privacy; concentration of our customers or therapeutic areas; the risks associated with doing business internationally; risks related to the impact of the U.K.'s withdrawal from the European Union; challenges by tax authorities of our intercompany transfer pricing policies; our potential failure to successfully increase our market share, grow our business, and execute our growth strategies; our ability to effectively upgrade our information systems; our failure to perform our services in accordance with contractual requirements, regulatory standards, and ethical considerations; risks related to the management of clinical trials; risks related to investments in our customers' businesses or drugs and our related commercial rights strategies; the need to hire, develop, and retain key personnel; the impact of unfavorable economic conditions, including the uncertain international economic environment, changes in exchange rates; effective income tax rate fluctuations; our ability to protect our intellectual property; risks related to our acquisition strategy, including our ability to realize synergies; our relationships with customers who are in competition with each other; any failure to realize the full value of our goodwill and intangible assets; risks related to restructuring; our compliance with anti-corruption and anti-bribery laws; our dependence on third parties; potential employment liability; our ability to utilize net operating loss carryforwards and other tax attributes; downgrades of our credit ratings; competition in the biopharmaceutical services industry; outsourcing trends and changes in aggregate spending and research and development budgets; the impact of, including changes in, government regulations and healthcare reform; our ability to keep pace with rapid technological change; the cost of and our ability to service our substantial indebtedness; and other risks related to ownership of our common stock. For a

further discussion of the risks relating to our business, refer to “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Overview of Our Business and Services

We are a leading global biopharmaceutical solutions organization providing a full suite of clinical and commercial services to customers in the biopharmaceutical, biotechnology, and healthcare industries. We offer both stand-alone and integrated biopharmaceutical product development solutions ranging from Early Phase (Phase I) clinical trials to the full commercialization of biopharmaceutical products, with the goal of increasing the likelihood of regulatory approval and commercial success.

Our operations are divided into two reportable segments, Clinical Solutions and Commercial Solutions. Our Clinical Solutions segment offers a variety of services spanning Phases I to IV of clinical development, including full service global studies and real world evidence programs, as well as individual service offerings such as clinical monitoring, investigator recruitment, patient recruitment, data management, and study start-up to assist customers with their drug development process. Our Commercial Solutions segment provides commercialization services, including deployment solutions, communication solutions (public relations, advertising, and medical communications), and consulting services. We integrate our clinical and commercial capabilities into customized solutions by sharing knowledge, data, and insights through our Biopharmaceutical Acceleration Model. This collaboration across the development and commercialization continuum facilitates unique insights into patient populations, therapeutic environments, product timelines, and the competitive landscape. For further discussion, refer to “Business” in Part I, Item 1 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

During the three months ended September 30, 2021, we acquired StudyKIK, a leading technology-enabled clinical trial recruitment and retention company, expanding our portfolio of patient-direct, technology-enabled solutions. StudyKIK supports patient recruitment, patient retention, eConsent Solutions, Telemedicine Video Calling, and study companion mobile applications to expedite clinical trials, which we believe will result in benefits to customers including accelerated patient enrollment and retention, extensive patient population-based insights, improved site, sponsor and physician experiences, and reduced patient burden.

Prior period segment results have been recast to reflect the transfer of the Kinapse Regulatory and Operations Consulting service lines from Commercial Solutions to Clinical Solutions to align with management reporting in 2021.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization designated the outbreak of the novel strain of coronavirus that causes the disease known as COVID-19 as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, social distancing practices as well as restrictions that prohibit many employees from going to work in person. As a result, we experienced significant impacts to our business and results of operations from COVID-19 during 2020 and to a lesser extent for the nine months ended September 30, 2021. While certain governments have eased restrictions, the pandemic continues to be disruptive to our business. The pandemic and associated economic impacts are expected to continue to impact our future financial condition, results of operations and cash flows.

For a further discussion of this and other risks relating to our business, refer to “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

New Business Awards and Backlog

We add new business awards to backlog when we enter into a contract or when we receive a written commitment from the customer selecting us as a service provider, provided that:

- collection of the award value is probable;
- the project or projects are expected to commence within a certain period of time from the end of the quarter in which the award was granted;
- project contingencies such as the outcome of other clinical trials, funding approvals, or other events, are not anticipated to prevent the project or projects from commencing in accordance with the expected timeline;
- the customer has entered or intends to enter into a comprehensive contract as soon as practicable; and
- for awards related to deployment solutions and functional service provider offerings, a maximum of twelve months of services are included in the award value.

In addition, we continually evaluate our backlog to determine if any of the previously awarded work is no longer expected to be performed, regardless of whether we have received formal cancellation notice from the customer. If we determine that any previously awarded work is no longer probable of being performed, we remove the value from our backlog based on the risk of cancellation. We recognize revenue from these awards as services are performed, provided we have received proper authorization from the customer.

We report new business awards for our Clinical Solutions and Commercial Solutions segments on a trailing twelve months ("TTM") basis. Our total backlog represents backlog for our Clinical Solutions segment and the deployment solutions offering within our Commercial Solutions segment. We do not report backlog for the remaining service offerings in the Commercial Solutions segment.

Backlog

Our backlog consists of anticipated future revenue from business awards that either have not started, or that are in process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these awards. The average duration of our contracts will fluctuate from period to period based on the contracts comprising our backlog at any given time. The majority of our contracts contain early termination provisions that typically require notice periods ranging from 30 to 90 days.

Our backlog as of September 30 was as follows (in millions):

	2021	2020	Change	
Clinical Solutions	\$ 11,281.4	\$ 9,222.4	\$ 2,059.0	22.3%
Commercial Solutions - Deployment Solutions	732.8	586.7	146.1	24.9%
Total backlog	<u>\$ 12,014.2</u>	<u>\$ 9,809.1</u>	<u>\$ 2,205.1</u>	<u>22.5%</u>

We expect approximately \$1.16 billion of our backlog as of September 30, 2021 will be recognized as revenue during the remainder of 2021. We adjust the amount of our backlog each quarter for the effects of fluctuations in foreign currency exchange rates.

Net New Business Awards

New business awards, net of cancellations, for the TTM periods ended September 30 were as follows (in millions):

	2021	2020
Clinical Solutions	\$ 5,322.2	\$ 4,739.6
Commercial Solutions	1,331.1	1,152.5
Total net new business awards	<u>\$ 6,653.3</u>	<u>\$ 5,892.1</u>

New business awards have varied and may continue to vary significantly from quarter to quarter. Fluctuations in our net new business award levels often result from the fact that we may receive a small number of relatively large orders in any given reporting period. Because of these large orders, our backlog and net new business awards in a reporting period may reach levels that are not sustainable in subsequent reporting periods.

We believe that our backlog and net new business awards might not be consistent indicators of future revenue because they have been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. Net new business awards and backlog have been and we expect will continue to be affected by the broad effects of the COVID-19 pandemic on the global economy and major financial markets, as well as various other risks and uncertainties detailed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. We generally do not have a contractual right to the full amount of the awards reflected in our backlog. If a customer cancels an award, we might be reimbursed for the costs we have incurred. As we increasingly compete for and enter into large contracts that are more global in nature, we expect that the rate at which our backlog and net new business awards convert into revenue is likely to decrease, and the duration of projects and the period over which related revenue is recognized to lengthen. For more information about risks related to our backlog see Part I, Item 1A "Risk Factors - Risks Related to Our Business - Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog." in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Results of Operations

The following table sets forth amounts from our condensed consolidated statements of income along with dollar and percentage changes (in thousands, except percentages):

	Three Months Ended September 30,		Change	
	2021	2020		
Revenue	\$ 1,348,230	\$ 1,099,004	\$ 249,226	22.7%
<i>Costs and operating expenses:</i>				
Direct costs (exclusive of depreciation and amortization)	1,031,887	820,228	211,659	25.8%
Selling, general, and administrative expenses	139,524	118,051	21,473	18.2%
Restructuring and other costs	7,209	6,523	686	10.5%
Depreciation and amortization	56,254	55,448	806	1.5%
Total operating expenses	1,234,874	1,000,250	234,624	23.5%
Income from operations	113,356	98,754	14,602	14.8%
Total other expense, net	12,947	31,384	(18,437)	(58.7)%
Income before provision for income taxes	100,409	67,370	33,039	49.0%
Income tax expense	22,166	3,954	18,212	460.6%
Net income	\$ 78,243	\$ 63,416	\$ 14,827	23.4%
	Nine Months Ended September 30,		Change	
	2021	2020		
Revenue	\$ 3,839,586	\$ 3,275,758	\$ 563,828	17.2%
<i>Costs and operating expenses:</i>				
Direct costs (exclusive of depreciation and amortization)	2,969,718	2,550,134	419,584	16.5%
Selling, general, and administrative expenses	421,507	351,942	69,565	19.8%
Restructuring and other costs	18,403	23,414	(5,011)	(21.4)%
Depreciation and amortization	171,903	167,576	4,327	2.6%
Total operating expenses	3,581,531	3,093,066	488,465	15.8%
Income from operations	258,055	182,692	75,363	41.3%
Total other expense, net	59,596	65,899	(6,303)	(9.6)%
Income before provision for income taxes	198,459	116,793	81,666	69.9%
Income tax expense	39,587	15,892	23,695	149.1%
Net income	\$ 158,872	\$ 100,901	\$ 57,971	57.5%

Revenue

For the three months ended September 30, 2021, our revenue increased by \$249.2 million, or 22.7%, to \$1,348.2 million from \$1,099.0 million for the three months ended September 30, 2020. For the nine months ended September 30, 2021, our revenue increased by \$563.8 million, or 17.2%, to \$3,839.6 million from \$3,275.8 million for the nine months ended September 30, 2020. These increases were primarily driven by growth in both our Clinical Solutions and Commercial Solutions segments as discussed below.

No single customer accounted for greater than 10% of our total consolidated revenue for the three and nine months ended September 30, 2021 and 2020. Revenue from our top five customers accounted for approximately 24% and 23% of revenue for the three months ended September 30, 2021 and 2020, respectively, and 22% of revenue for both the nine months ended September 30, 2021 and 2020.

Revenue for each of our segments was as follows (dollars in thousands):

	Three Months Ended September 30,				Change	
	2021	% of total	2020	% of total		
Clinical Solutions	\$ 1,037,445	76.9%	\$ 837,237	76.2%	\$ 200,208	23.9%
Commercial Solutions	310,785	23.1%	261,767	23.8%	49,018	18.7%
Total revenue	<u>\$ 1,348,230</u>		<u>\$ 1,099,004</u>		<u>\$ 249,226</u>	<u>22.7%</u>

	Nine Months Ended September 30,				Change	
	2021	% of total	2020	% of total		
Clinical Solutions	\$ 2,966,541	77.3%	\$ 2,475,560	75.6%	\$ 490,981	19.8%
Commercial Solutions	873,045	22.7%	800,198	24.4%	72,847	9.1%
Total revenue	<u>\$ 3,839,586</u>		<u>\$ 3,275,758</u>		<u>\$ 563,828</u>	<u>17.2%</u>

Clinical Solutions

For the three and nine months ended September 30, 2021, revenue attributable to our Clinical Solutions segment increased compared to the same periods in the prior year, primarily driven by recovery from the COVID-19 pandemic and the acquisitions of SHCR Holdings Corporation (“Synteract”) and Illingworth Research Group™ (“Illingworth Research”) that were completed in the fourth quarter of 2020. The recovery from the COVID-19 pandemic includes increased project start-ups, including larger pharmaceutical customer relationships and COVID-19 projects that generally have higher reimbursable out-of-pocket expenses. The revenue increase for the nine months ended September 30, 2021 was partially offset by a decrease related to the divestiture of our contingent staffing business in the second quarter of 2020. For the three and nine months ended September 30, 2021, revenue was positively impacted by \$6.8 million and \$44.1 million, respectively, from fluctuations in foreign currency exchange rates compared to the same periods in the prior year.

Although we are aggressively managing our response to the COVID-19 pandemic, we expect that the COVID-19 pandemic will continue to negatively impact our Clinical Solutions revenue throughout the remainder of 2021, depending on the continuation of the pandemic. At this time, we believe that the ongoing impacts to revenue in our Clinical Solutions segment will be less significant but similar in nature to those experienced in 2020 with the most significant being the trend of more remote monitoring visits and delayed patient enrollment, resulting in lower reimbursable out-of-pocket expenses and related revenue as the recovery continues. We expect a moderate increase in the use of remote monitoring from pre-COVID-19 levels, although below levels necessitated in 2020.

Commercial Solutions

For the three and nine months ended September 30, 2021, revenue attributable to our Commercial Solutions segment increased compared to the same periods in the prior year, primarily driven by recovery from the COVID-19 pandemic and strength in new project start-ups. The revenue increases were partially offset by decreases related to the divestiture of our medication adherence business in the fourth quarter of 2020.

Although we are aggressively managing our response to the COVID-19 pandemic, we expect that the COVID-19 pandemic will continue to negatively impact our Commercial Solutions revenue throughout the remainder of 2021, depending on the continuation of the pandemic. At this time, we believe that the ongoing impacts to revenue in our Commercial Solutions segment will be temporary and relate to delayed decision-making related to new business awards, delays or cancellations of existing projects, declines in field team visits to healthcare providers and investigator meetings, and travel disruptions, similar to but less significant than those experienced in 2020, resulting in lower reimbursable out-of-pocket expenses and revenue relative to pre-pandemic levels as the recovery continues.

Direct Costs

Direct costs consist principally of compensation expense and benefits associated with our employees and other employee-related costs, and reimbursable out-of-pocket expenses directly related to delivering on our projects. While we have some ability to manage the majority of these costs relative to the amount of contracted services we have during any given period, direct costs as a percentage of revenue can vary from period to period. Such fluctuations are due to a variety of factors, including, among others: (i) the level of staff utilization on our projects; (ii) adjustments to the timing of work on specific customer contracts; (iii) the experience mix of personnel assigned to projects; (iv) the service mix and pricing of our contracts; and (v) the timing of the incurrence of reimbursable out-of-pocket expenses. Relative to pre-pandemic levels, we have experienced reduced travel and other reimbursable out-of-pocket expenses related to lower physical monitoring visits for Clinical Solutions, as well as fewer field team visits to healthcare providers and investigator meetings for Commercial Solutions.

Direct costs were as follows (dollars in thousands):

	Three Months Ended September 30,		Change	
	2021	2020		
Direct costs (exclusive of depreciation and amortization)	\$ 1,031,887	\$ 820,228	\$ 211,659	25.8%
% of revenue	76.5%	74.6%		
Gross margin %	23.5%	25.4%		

	Nine Months Ended September 30,		Change	
	2021	2020		
Direct costs (exclusive of depreciation and amortization)	\$ 2,969,718	\$ 2,550,134	\$ 419,584	16.5%
% of revenue	77.3%	77.8%		
Gross margin %	22.7%	22.2%		

For the three months ended September 30, 2021, our direct costs increased by \$211.7 million, or 25.8%, compared to the three months ended September 30, 2020. For the nine months ended September 30, 2021, our direct costs increased by \$419.6 million, or 16.5%, compared to the nine months ended September 30, 2020. These increases were primarily driven by higher reimbursable out-of-pocket expenses, impacts from the acquisitions that were completed in the fourth quarter of 2020, and temporary cost management strategies in response to the COVID-19 pandemic in the prior year. These increases were partially offset by decreases from business divestitures in 2020.

Clinical Solutions

Direct costs for our Clinical Solutions segment, excluding share-based compensation expense, were as follows (dollars in thousands):

	Three Months Ended September 30,		Change	
	2021	2020		
Direct costs	\$ 777,065	\$ 607,951	\$ 169,114	27.8%
% of segment revenue	74.9%	72.6%		
Segment gross margin %	25.1%	27.4%		

	Nine Months Ended September 30,		Change	
	2021	2020		
Direct costs	\$ 2,243,988	\$ 1,887,611	\$ 356,377	18.9%
% of segment revenue	75.6%	76.2%		
Segment gross margin %	24.4%	23.8%		

For the three months ended September 30, 2021, our Clinical Solutions segment direct costs increased by \$169.1 million, or 27.8%, compared to the three months ended September 30, 2020. For the nine months ended September 30, 2021, our Clinical Solutions segment direct costs increased by \$356.4 million, or 18.9%, compared to the nine months ended September 30, 2020. These increases were primarily driven by higher reimbursable out-of-pocket expenses, impacts from the acquisitions that were completed in the fourth quarter of 2020, temporary cost management strategies in response to the COVID-19 pandemic in the prior year, and negative impacts of foreign exchange rate fluctuations. These increases were partially offset by positive impacts from our *ForwardBound* margin enhancement initiative. The increase related to the nine months ended September 30, 2021 was also partially offset by a decrease from the divestiture of our contingent staffing business in the second quarter of 2020.

Gross margins for our Clinical Solutions segment were 25.1% and 27.4% for the three months ended September 30, 2021 and 2020, respectively, and 24.4% and 23.8% for the nine months ended September 30, 2021 and 2020, respectively. Gross margin was lower for the three months ended September 30, 2021 as compared to the same period in the prior year due to higher costs in the current year primarily driven by recovery from the COVID-19 pandemic, including higher reimbursable out-of-pocket expenses and temporary cost management strategies in response to the COVID-19 pandemic in the prior year, as well as negative impacts of foreign exchange rate fluctuations. Gross margin was higher for the nine months ended September 30, 2021 as compared to the same period in the prior year primarily due to revenue growth and positive impacts from our *ForwardBound* margin enhancement initiative, partially offset by higher reimbursable out-of-pocket expenses, temporary cost management strategies in response to the COVID-19 pandemic in the prior year, and negative impacts of foreign exchange rate fluctuations.

Commercial Solutions

Direct costs for our Commercial Solutions segment, excluding share-based compensation expense, were as follows (dollars in thousands):

	Three Months Ended September 30,		Change	
	2021	2020		
Direct costs	\$ 246,406	\$ 204,577	\$ 41,829	20.4%
% of segment revenue	79.3%	78.2%		
Segment gross margin %	20.7%	21.8%		

	Nine Months Ended September 30,		Change	
	2021	2020		
Direct costs	\$ 700,092	\$ 638,535	\$ 61,557	9.6%
% of segment revenue	80.2%	79.8%		
Segment gross margin %	19.8%	20.2%		

For the three months ended September 30, 2021, our Commercial Solutions segment direct costs increased by \$41.8 million, or 20.4%, compared to the three months ended September 30, 2020. For the nine months ended September 30, 2021, our Commercial Solutions segment direct costs increased by \$61.6 million, or 9.6%, compared to the nine months ended September 30, 2020. These increases were primarily related to recovery from the COVID-19 pandemic and temporary cost management strategies in the prior year, partially offset by the divestiture of our medication adherence business in the fourth quarter of 2020.

Gross margins for our Commercial Solutions segment were 20.7% and 21.8% for the three months ended September 30, 2021 and 2020, respectively, and 19.8% and 20.2% for the nine months ended September 30, 2021 and 2020, respectively. Gross margins were lower during the current year periods as compared to the same periods in the prior year due to higher costs in the current year primarily driven by recovery from the COVID-19 pandemic, including the impact of temporary cost management strategies in response to the COVID-19 pandemic in the prior year and higher reimbursable out-of-pocket expenses.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were as follows (dollars in thousands):

	Three Months Ended September 30,		Change	
	2021	2020		
Selling, general, and administrative expenses	\$ 139,524	\$ 118,051	\$ 21,473	18.2%
% of total revenue	10.3%	10.7%		

	Nine Months Ended September 30,		Change	
	2021	2020		
Selling, general, and administrative expenses	\$ 421,507	\$ 351,942	\$ 69,565	19.8%
% of total revenue	11.0%	10.7%		

Selling, general, and administrative expenses for the three and nine months ended September 30, 2021 increased compared to the same periods in 2020 primarily due to the acquisitions that were completed in the fourth quarter of 2020, including higher transaction and integration-related expenses, and temporary cost management strategies in response to the COVID-19 pandemic in the prior year. Transaction and integration-related expenses are no longer reported separately and are included in selling, general, and administrative expenses. These increases were partially offset by positive impacts from our *ForwardBound* margin enhancement initiative.

Restructuring and Other Costs

Restructuring and other costs were \$7.2 million and \$6.5 million for the three months ended September 30, 2021 and 2020, respectively, and \$18.4 million and \$23.4 million for the nine months ended September 30, 2021 and 2020, respectively. The costs incurred during the three and nine months ended September 30, 2021 were primarily related to our *ForwardBound* margin enhancement initiative as we continue the ongoing evaluations of our workforce and facilities infrastructure needs in an effort to optimize our resources. The costs incurred during the three and nine months ended September 30, 2020 were primarily related to our cost management strategies in response to the COVID-19 pandemic as well as our *ForwardBound* initiative.

Restructuring and other costs consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Employee severance and benefit costs	\$ 3,438	\$ 5,903	\$ 11,815	\$ 21,171
Facility and lease termination costs	3,760	497	6,530	1,605
Other costs	11	123	58	638
Total restructuring and other costs	<u>\$ 7,209</u>	<u>\$ 6,523</u>	<u>\$ 18,403</u>	<u>\$ 23,414</u>

We expect to continue to incur costs related to the restructuring of our operations in order to achieve cost savings and the targeted synergies related to our acquisitions. However, the timing and the amount of these costs depends on various factors, including, but not limited to, identifying and realizing synergy opportunities and executing the integration of our combined operations. We may also continue to incur additional restructuring and other costs during and beyond 2021 related to our *ForwardBound* margin enhancement initiative.

Depreciation and Amortization Expense

Total depreciation and amortization expense was \$56.3 million and \$55.4 million for the three months ended September 30, 2021 and 2020, respectively, and \$171.9 million and \$167.6 million for the nine months ended September 30, 2021 and 2020, respectively. The increases in total depreciation and amortization expense in the current year compared to the prior year periods were primarily due to the acquisitions that were completed in the fourth quarter of 2020, partially offset by decreases due to fully amortized intangible assets from prior acquisitions.

Total Other Expense, Net

Total other expense, net consisted of the following (dollars in thousands):

	Three Months Ended September 30,		Change	
	2021	2020		
Interest income	\$ 76	\$ 126	\$ (50)	(39.7)%
Interest expense	16,698	20,316	(3,618)	(17.8)%
Loss on extinguishment of debt	—	346	(346)	(100.0)%
Other (income) expense, net	(3,827)	10,596	(14,423)	n/m
Total other expense, net	\$ 12,947	\$ 31,384	\$ (18,437)	(58.7)%

	Nine Months Ended September 30,		Change	
	2021	2020		
Interest income	\$ 5	\$ (332)	\$ 337	n/m
Interest expense	62,645	68,458	(5,813)	(8.5)%
Loss on extinguishment of debt	2,802	346	2,456	709.8%
Other income, net	(5,856)	(2,573)	(3,283)	(127.6)%
Total other expense, net	\$ 59,596	\$ 65,899	\$ (6,303)	(9.6)%

Total other expense, net was \$12.9 million and \$31.4 million for the three months ended September 30, 2021 and 2020, respectively, and \$59.6 million and \$65.9 million for the nine months ended September 30, 2021 and 2020, respectively. The decreases in interest expense were primarily due to reductions in our higher interest rate debt as a result of debt prepayments and refinancing transactions as well as lower interest rates on our variable interest rate debt. The losses on extinguishment of debt were the result of our debt prepayments and refinancing transaction. Other (income) expense, net and other income, net primarily consist of foreign currency gains and losses that result from exchange rate fluctuations on our monetary asset balances denominated in currencies other than our functional currency, other gains and losses related to investments, and contingent consideration related to divested businesses.

Income Tax Expense

For the three and nine months ended September 30, 2021, we recorded income tax expense of \$22.2 million and \$39.6 million, respectively, compared to pre-tax income of \$100.4 million and \$198.5 million, respectively. Income tax expense for the three and nine months ended September 30, 2021 included discrete tax benefits of \$0.7 million and \$6.5 million, respectively, primarily related to excess tax benefits from share-based compensation. The effective tax rates for the three and nine months ended September 30, 2021, excluding discrete items, varied from the U.S. federal statutory income tax rate of 21.0% primarily due to foreign tax credits, foreign income inclusions such as the Global Intangible Low-Taxed Income ("GILTI") provisions, and state and local taxes on U.S. income.

For the three and nine months ended September 30, 2020, we recorded income tax expense of \$4.0 million and \$15.9 million, respectively, compared to pre-tax income of \$67.4 million and \$116.8 million, respectively. Income tax expense for the three and nine months ended September 30, 2020 included discrete tax benefits of \$18.8 million and \$24.3 million, respectively, primarily related to the recognition of U.S. federal unrecognized tax benefits, excess tax benefits from share-based compensation, and the tax benefit from foreign tax credits claimed on amended returns filed during the year. The effective tax rates for the three and nine months ended September 30, 2020, excluding discrete items, varied from the U.S. federal statutory income tax rate of 21.0% primarily due to foreign income inclusions such as the GILTI provisions, state and local taxes on U.S. income, and research and general business credits.

We currently maintain a valuation allowance against a portion of our state deferred tax assets and a portion of our foreign deferred tax assets as of September 30, 2021. We intend to continue to maintain a valuation allowance on these deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances.

Liquidity and Capital Resources

Key measures of our liquidity were as follows (in thousands):

	September 30, 2021	December 31, 2020
Balance sheet statistics:		
Cash and cash equivalents	\$ 122,425	\$ 271,901
Restricted cash	110	272
Working capital (excluding restricted cash)	75,818	160,409

As of September 30, 2021, we had \$122.5 million of cash, cash equivalents, and restricted cash. As of September 30, 2021, substantially all of our cash, cash equivalents, and restricted cash was held within the U.S. In addition, we had \$553.9 million (net of \$16.1 million in outstanding letters of credit ("LOCs")) available for borrowing under our revolving credit facility (the "Revolver"), of which \$133.9 million was available for LOCs.

We have historically funded our operations and growth, including acquisitions, primarily with our working capital, cash flow from operations, and funds available through various borrowing arrangements. Our principal liquidity requirements are to fund our debt service obligations, capital expenditures, expansion of service offerings, possible acquisitions, integration and restructuring costs, geographic expansion, stock repurchases, working capital, and other general corporate expenses. Cash flow from operations also could be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic on the global economy and major financial markets, as well as other risks detailed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. Based on past performance and current expectations, we believe our cash and cash equivalents, cash generated from operations, and funds available under the Revolver will be sufficient to meet our working capital needs, capital expenditures, scheduled debt and interest payments, income tax obligations, and other currently anticipated liquidity requirements for at least the next 12 months.

Indebtedness

As of September 30, 2021, we had approximately \$2.95 billion of total principal indebtedness (including \$48.2 million in finance lease obligations), consisting of \$1.91 billion in term loan debt, \$30.0 million under our Revolver, \$600.0 million of 3.625% senior notes (the "Notes"), and \$365.0 million in borrowings against our accounts receivable financing agreement. Approximately \$931.7 million of our indebtedness (excluding finance leases) was subject to variable interest rates.

The Notes

On November 24, 2020, we completed the issuance and sale of \$600.0 million aggregate principal amount of the Notes. The Notes were issued pursuant to an indenture (the "Indenture"), which provides, among other things, that the Notes are senior unsecured obligations of us and are guaranteed, jointly and severally, on a senior unsecured basis, by certain of our subsidiaries.

We may redeem some or all of the Notes at any time prior to January 15, 2024 at a redemption price equal to 100% of the aggregate principal amount of the Notes to be redeemed plus a “make-whole” premium and accrued and unpaid interest. In addition, prior to July 15, 2023, we may redeem up to 40% of the original principal amount of the Notes with proceeds of certain equity offerings at a redemption price equal to 103.625% of the aggregate principal amount of such Notes plus accrued and unpaid interest. On or after January 15, 2024, we may redeem some or all of the Notes at the redemption prices set forth in the Indenture plus accrued and unpaid interest. The Indenture contains covenants that limit the ability of us and our restricted subsidiaries to, among other things, (1) incur additional liens, (2) engage in certain sale and leaseback transactions, and (3) conduct mergers, consolidations, or asset sales. These covenants are subject to exceptions and qualifications set forth in the Indenture.

If we sell certain of our assets or experience specific kinds of changes of control, we are required to offer to repurchase the Notes at a repurchase price equal to (1) par plus any accrued and unpaid interest in the case of an asset sale or (2) 101% of the aggregate principal amount thereof plus any accrued and unpaid interest in the case of a change of control.

Credit Agreement

We are party to a credit agreement (as amended, the “Credit Agreement”) that included a \$1.55 billion Term Loan A facility (“Term Loan A”) that has two tranches, tranche one that matures on March 26, 2024 and tranche two that matures on August 1, 2024, a \$1.60 billion Term Loan B facility (“Term Loan B”) that was paid in full during the second quarter of 2021, and a \$600.0 million Revolver that matures on August 1, 2024. The Revolver includes LOCs with a sublimit of \$150.0 million.

In February 2021, as a result of our First Lien Leverage Ratio (as defined in the Credit Agreement) being less than or equal to 2.5x, the Adjusted Eurocurrency Rate Spread (as defined in the Credit Agreement) on Term Loan A and the Revolver decreased from 1.50% to 1.25%.

On June 30, 2021 (the “Closing Date”), we entered into Amendment No. 5 (the “Fifth Amendment”) to the Credit Agreement. The Fifth Amendment modified the Credit Agreement to increase Term Loan A in an aggregate principal amount of \$495.0 million (“Incremental Term Loan A”). Incremental Term Loan A was funded on the Closing Date, and the proceeds were used, along with cash on hand, to repay the outstanding Term Loan B in full under the Credit Agreement and to pay fees and expenses in connection with the Fifth Amendment and the incurrence of Incremental Term Loan A. Incremental Term Loan A has the same terms as Term Loan A under the Credit Agreement, and is subject to the same covenants. We recorded an additional discount of \$0.5 million against the Term Loan A borrowings in connection with the Fifth Amendment, which is being amortized as a component of interest expense using the effective interest method over the term of Term Loan A.

During the nine months ended September 30, 2021, we made \$41.8 million and \$560.5 million of voluntary prepayments against Term Loan A and Term Loan B, respectively, which were applied to future principal payments. As a result of these and previous voluntary prepayments, we are not required to make a mandatory payment against the principal balance of Term Loan A until October 2022 and Term Loan B has been paid in full. In connection with these prepayments, we recorded a \$2.8 million loss on extinguishment of debt during the nine months ended September 30, 2021.

Our ability to make payments on our indebtedness and to fund planned capital expenditures and necessary working capital will depend on our ability to generate cash in the future. Our ability to meet our cash needs through cash flows from operations will depend on the demand for our services, as well as general economic, financial, competitive, and other factors, many of which are beyond our control, including the broad effects of the COVID-19 pandemic on the global economy and major financial markets. Our business may not generate cash flow in an amount sufficient to enable us to pay the principal of, or interest on, our indebtedness, or to fund our other liquidity needs, including working capital, capital expenditures, acquisitions, investments, and other general corporate requirements. If we cannot fund our liquidity needs, we will have to take actions such as reducing or delaying capital expenditures, acquisitions or investments, selling assets, restructuring or refinancing our debt, reducing the scope of our operations and growth plans, or seeking additional capital. We cannot assure you that any of these remedies could, if necessary, be affected on commercially reasonable terms, or at all, or that they would permit us to meet our scheduled debt service obligations. The Credit Agreement contains covenant restrictions that limit our ability to direct the use of proceeds from any disposition of assets and, as a result, we may not be allowed to use the proceeds from any such dispositions to satisfy all current debt service obligations.

Debt Covenants

Our Credit Agreement contains usual and customary restrictive covenants. Our Credit Agreement requires us to maintain a maximum First Lien Leverage Ratio (as defined in the Credit Agreement) of no more than 4.5 to 1.0 as of the last day of each fiscal quarter from and after March 31, 2020.

The Indenture also contains customary events of default, including (1) failure to make required payments, (2) failure to comply with certain covenants, (3) failure to pay certain other indebtedness, (4) certain events of bankruptcy and insolvency, and (5) failure to pay certain judgments. An event of default under the Indenture allows either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes, as applicable, issued under such Indenture, to accelerate the amounts due under the Notes, or in the case of a bankruptcy or insolvency, will automatically cause the acceleration of the amounts due under the Notes.

As of September 30, 2021, we were in compliance with all applicable debt covenants.

Revolver and Letters of Credit

The Revolver includes LOCs with a sublimit of \$150.0 million. As of September 30, 2021, we had \$30.0 million of outstanding Revolver borrowings and \$16.1 million of LOCs outstanding, leaving \$553.9 million of available borrowings under the Revolver, including \$133.9 million available for LOCs.

Accounts Receivable Financing Agreement

We have an accounts receivable financing agreement (as amended) with a termination date of October 3, 2022, unless terminated earlier pursuant to its terms. On January 28, 2021, we amended this agreement to increase the amount we can borrow from \$300.0 million to \$365.0 million, and drew down the additional \$65.0 million to partially fund the Term Loan A and Term Loan B voluntary prepayments. Accordingly, there was no incremental impact on the outstanding principal of our debt. As of September 30, 2021, we had \$365.0 million of outstanding borrowings under this agreement with no remaining borrowing capacity available.

On October 13, 2021, we further amended our accounts receivable financing agreement to increase the amount we can borrow from \$365.0 million to \$400.0 million, extended the maturity to October 2024, and drew down the additional \$35.0 million. At the same time, we paid down \$35.0 million on facilities under our Credit Agreement, resulting in no net impact on leverage.

Interest Rates

We have entered into various interest rate swaps to mitigate our exposure to changes in interest rates on our term loans. As of September 30, 2021, the percentage of our total principal debt (excluding finance leases) that is subject to fixed interest rates was approximately 68%. Each quarter-point increase or decrease in the applicable floating interest rate at September 30, 2021 would change our annual interest expense by approximately \$2.3 million.

Stock Repurchase Program

On November 17, 2020, our Board authorized the repurchase of up to an aggregate of \$300.0 million of our Class A common stock, par value \$0.01 per share, to be executed from time to time in open market transactions effected through a broker at prevailing market prices, in block trades, or through privately negotiated transactions through December 31, 2022 (the "Stock Repurchase Program"). The Stock Repurchase Program took effect on January 1, 2021. Share repurchases are funded primarily with our working capital, cash flow from operations, and funds available through various borrowing arrangements.

The Stock Repurchase Program does not obligate us to repurchase any particular amount of our Class A common stock, and may be modified, extended, suspended, or discontinued at any time. The timing and amount of repurchases are determined by our management based on a variety of factors such as the market price of our Class A common stock, our corporate cash requirements, and overall market conditions. The Stock Repurchase Program is subject to applicable legal requirements, including federal and state securities laws and applicable Nasdaq rules. We may also repurchase shares of our Class A common stock pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit shares of our Class A common stock to be repurchased when we might otherwise be precluded from doing so by law.

The following table sets forth repurchase activity under the Stock Repurchase Program from inception through September 30, 2021:

	Total number of shares purchased	Average price paid per share	Approximate dollar value of shares purchased (in thousands)
March 2021	600,000	\$ 74.18	\$ 44,505
May 2021	400,000	81.04	32,416
June 2021	500,000	81.20	40,600
Total	1,500,000		\$ 117,521

As of September 30, 2021, we had remaining authorization to repurchase up to approximately \$182.5 million of shares of our common stock under the Stock Repurchase Program.

Cash, Cash Equivalents and Restricted Cash

Our cash flows from operating, investing, and financing activities were as follows (in thousands):

	Nine Months Ended September 30,		Change
	2021	2020	
Net cash provided by operating activities	\$ 264,299	\$ 311,167	\$ (46,868)
Net cash used in investing activities	(260,182)	(45,352)	(214,830)
Net cash used in financing activities	(155,483)	(188,176)	32,693

Cash Flows from Operating Activities

Cash flows provided by operating activities decreased by \$46.9 million during the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. The decrease is primarily due to negative changes in operating assets and liabilities relative to the prior year period partially offset by higher cash-related net income. Fluctuations in accounts receivable, unbilled services (including contract assets), and deferred revenue occur on a regular basis as we perform services, achieve milestones or other billing criteria, send invoices to customers, and collect outstanding accounts receivable. This activity varies by individual customer and contract. We attempt to negotiate payment terms that provide for payment of services prior to or soon after the provision of services, but the levels of accounts receivable, unbilled services (including contract assets), and deferred revenue can vary significantly from period to period.

Cash Flows from Investing Activities

For the nine months ended September 30, 2021, we used \$260.2 million in cash for investing activities, which consisted of \$226.3 million of payments related to acquisitions, including the acquisition of StudyKIK, and \$29.9 million for purchases of property and equipment. We continue to closely monitor our capital expenditures, especially in light of the COVID-19 pandemic, while making strategic investments in the development of our information technology infrastructure to meet the needs of our workforce, enable efficiencies, reduce business continuity risks, and conform to changes in governing rules and regulations.

For the nine months ended September 30, 2020, we used \$45.4 million in cash for investing activities, which consisted of \$38.5 million for purchases of property and equipment and \$6.9 million for investments in unconsolidated affiliates.

Cash Flows from Financing Activities

For the nine months ended September 30, 2021, we used \$155.5 million in cash for financing activities, which consisted primarily of repurchases of our common stock and net repayments of long-term debt. These payments were partially offset by proceeds from our accounts receivable financing arrangement and Revolver.

For the nine months ended September 30, 2020, our financing activities used \$188.2 million in cash, which consisted primarily of repurchases of our common stock, contingent consideration payments, and repayments of long-term debt.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the period, as well as disclosures of contingent assets and liabilities at the date of the financial statements. We evaluate our estimates on an ongoing basis, including those related to revenue recognition, valuation of goodwill and identifiable intangibles, and tax-related contingencies and valuation allowances. These estimates are based on the information available to management at the time these estimates, judgments, and assumptions are made. Actual results may differ materially from these estimates. There have been no significant changes to our critical accounting policies and estimates. For additional information on all of our critical accounting policies and estimates, refer to Part II - Item 7 - Management's Discussion and Analysis included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our quantitative and qualitative disclosures about market risk as compared to the quantitative and qualitative disclosures about market risk described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our CEO and CFO have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are party to legal proceedings incidental to our business. While our management currently believes the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our consolidated financial statements, litigation is subject to inherent uncertainties. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on our financial condition and results of operations.

Please refer to "Note 16 – Commitments and Contingencies" of our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional material developments to legal proceedings included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020. Refer to "Risk Factors" in Part 1, Item 1A of that report for a detailed discussion of risk factors affecting us.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

Recent Sales of Unregistered Securities

Not applicable.

Purchases of Equity Securities by the Issuer

On November 17, 2020, our Board authorized the repurchase of up to an aggregate of \$300.0 million of our Class A common stock, par value \$0.01 per share, to be executed from time to time in open market transactions effected through a broker at prevailing market prices, in block trades, or through privately negotiated transactions through December 31, 2022 (the "Stock Repurchase Program"). The Stock Repurchase Program took effect on January 1, 2021. Share repurchases are funded primarily with our working capital, cash flow from operations, and funds available through various borrowing arrangements. The Stock Repurchase Program does not obligate us to repurchase any particular amount of our Class A common stock, and may be modified, extended, suspended, or discontinued at any time. The timing and amount of repurchases are determined by our management based on a variety of factors such as the market price of our Class A common stock, our corporate cash requirements, and overall market conditions. The Stock Repurchase Program is subject to applicable legal requirements, including federal and state securities laws and applicable Nasdaq rules. We may also repurchase shares of our Class A common stock pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit shares of our Class A common stock to be repurchased when we might otherwise be precluded from doing so by law.

There were no share repurchases under the stock repurchase program for the three months ended September 30, 2021. As of September 30, 2021, we have remaining authorization to repurchase up to approximately \$182.5 million of shares of our Class A common stock under the Stock Repurchase Program.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference (Unless Otherwise Indicated)			
		Form	File No.	Exhibit	Filing Date
10.1	Eleventh Amendment to the Receivables Financing Agreement, dated as of October 13, 2021, by and among Syneos Health Receivables LLC, as borrower, Syneos Health, LLC, as initial servicer, Regions Bank, as a lender, and PNC Bank, National Association, as administrative agent and as a lender.	—	—	—	Filed herewith
10.2	Sixth Amendment to the Purchase and Sale Agreement, dated as of October 13, 2021, among each of the entities listed on the signature pages hereto as an Originator, Syneos Health, LLC, as servicer, and Syneos Health Receivables LLC.	—	—	—	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	—	—	—	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	—	—	—	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	Furnished herewith
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.	—	—	—	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	—	—	—	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	—	—	—	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	—	—	—	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	—	—	—	Filed herewith
101.PRE	Inline Taxonomy Extension Presentation Linkbase Document.	—	—	—	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	—	—	—	Filed herewith

SIGNATURE

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.

Date: November 2, 2021 _____

SYNEOS HEALTH, INC.

BY: /s/ Jason Meggs
Jason Meggs
Chief Financial Officer
(Principal Financial Officer)

**ELEVENTH AMENDMENT TO THE
RECEIVABLES FINANCING AGREEMENT**

This ELEVENTH AMENDMENT TO THE RECEIVABLES FINANCING AGREEMENT (this "Amendment"), dated as of October 13, 2021, is entered into by and among the following parties:

- (i) SYNEOS HEALTH RECEIVABLES LLC, as Borrower;
- (ii) SYNEOS HEALTH, LLC (f/k/a INC RESEARCH, LLC), as initial Servicer;
- (iii) REGIONS BANK ("Regions") as a Lender; and
- (iv) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Administrative Agent and as a Lender.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Financing Agreement described below.

BACKGROUND

A. The parties hereto (other than Regions) have entered into a Receivables Financing Agreement, dated as of June 29, 2018 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Financing Agreement").

B. Concurrently herewith, the Borrower, the Administrative Agent, the Lenders and PNC Capital Markets LLC are entering into that certain Amended and Restated Fee Letter dated as of the date hereof (the "Fee Letter").

C. Concurrently herewith, the Borrower, as buyer, the Servicer, as servicer and as an originator, and the other originators from time to time party thereto, are entering into that certain Sixth Amendment to the Purchase and Sale Agreement, dated as of the date hereof (the "PSA Amendment").

D. Concurrently herewith, Syneos Health Inc. (the "Performance Guarantor") and the Administrative Agent are entering into that certain Amended and Restated Performance Guaranty, dated as of the date hereof (the "Performance Guaranty"), and together with the PSA Amendment and the Fee Letter, collectively, the "Related Agreements").

E. The parties hereto desire to amend the Receivables Financing Agreement as set forth herein.

NOW THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Rebalancing of Capital; Non-Ratable Funded Purchase.

(a) Non-Ratable Loans. Subject to the conditions precedent for Loans set forth in the Receivables Financing Agreement, but notwithstanding the Receivables Financing Agreement's ratable allocation of Loans among the Lenders, the Borrower has requested that the Lenders make Loans on the date hereof in the amounts of (i) with respect to PNC, in an amount equal to \$25,000,000 and (ii) with respect to Regions, in an amount equal to \$10,000,000.

(b) Consent. Each party hereto hereby agrees and consents to the transactions set forth in clause (a) above and waives any otherwise-applicable notice requirements therefor.

(c) Effect of Loans. After giving effect to the Loans contemplated by this Section 1, (i) the Aggregate Capital will be \$400,000,000, (ii) PNC's aggregate outstanding Capital will be \$325,000,000 and (iii) Regions' aggregate outstanding Capital will be \$75,000,000.

SECTION 2. Amendments to the Receivables Financing Agreement. The Receivables Financing Agreement is hereby amended to incorporate the changes shown on the marked pages of the Receivables Financing Agreement attached hereto as Exhibit A.

SECTION 3. Representations and Warranties of the Borrower and the Servicer. The Borrower and the Servicer each hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Receivables Financing Agreement and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof.

(b) Enforceability. The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the Related Agreements, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Related Agreements, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with their terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(c) No Event of Default. After giving effect to this Amendment, no Event of Default or Unmatured Event of Default has occurred and is continuing, or would occur as a result of this Amendment, the Related Agreements or the transactions contemplated hereby or thereby.

SECTION 4. Effect of Amendment; Ratification. All provisions of the Receivables Financing Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Financing Agreement (or in any other Transaction Document) to “the Receivables Financing Agreement”, “this Agreement”, “hereof”, “herein” or words of similar effect referring to the Receivables Financing Agreement shall be deemed to be references to the Receivables Financing Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Financing Agreement other than as set forth herein. The Receivables Financing Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 5. Effectiveness. This Amendment shall become effective as of the date hereof, subject to the conditions precedent that the Administrative Agent shall have received the following:

- (a) counterparts to this Amendment executed by each of the parties hereto;
- (b) counterparts to each Related Agreement executed by each of the parties thereto;
- (c) evidence that each “Upfront Fee” under and as defined in the Fee Letter has been paid; and
- (d) such other agreements, documents, instruments, UCC financing statements, secretary certificates, lien searches, reliance letters and opinions listed on Annex A hereto or otherwise as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 6. Consent to Related Agreements. Each of the parties hereto consents to the execution and delivery of each Related Agreement on the date hereof.

SECTION 7. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Financing Agreement.

SECTION 9. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart. The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved

by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 10. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE BORROWER AND THE SERVICER, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE BORROWER, THE SERVICER OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AMENDMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 9 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR THE SERVICER OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE BORROWER AND THE SERVICER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 11. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Financing Agreement or any provision hereof or thereof.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

SYNEOS HEALTH RECEIVABLES LLC,
as the Borrower

By: /s/ Jennifer Fillman
Name: Jennifer Fillman
Title: President

SYNEOS HEALTH, LLC,
as the Servicer

By: _____
Name: Jason Meggs
Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

SYNEOS HEALTH RECEIVABLES LLC,
as the Borrower

By: _____
Name: Jennifer Fillman
Title: President

SYNEOS HEALTH, LLC,
as the Servicer

By: /s/ Jason Meggs _____
Name: Jason Meggs
Title: Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

REGIONS BANK,
as a Lender

By: /s/ Cecil Noble
Name: Cecil Noble
Title: Managing Director

Acknowledged and agreed:

SYNEOS HEALTH, INC.,
as Performance Guarantor

By: /s/ Jason Meggs
Name: Jason Meggs
Title: Chief Financial Officer

EXHIBIT A

AMENDMENTS TO THE RECEIVABLES FINANCING AGREEMENT

(Attached)

Exhibit A

CONFORMED COPY INCLUDES
FIRST AMENDMENT, dated as of August 1, 2018
SECOND AMENDMENT, dated as of August 29, 2018
THIRD AMENDMENT, dated as of October 25, 2018
FOURTH AMENDMENT, dated as of January 2, 2019
FIFTH AMENDMENT, dated as of July 25, 2019
SIXTH AMENDMENT, dated as of September 30, 2019
OMNIBUS AMENDMENT, dated as of January 31, 2020
EIGHTH AMENDMENT, dated as of March 18, 2020
NINTH AMENDMENT, dated as of September 25, 2020
TENTH AMENDMENT, dated as of January 28, 2021

RECEIVABLES FINANCING AGREEMENT

Dated as of June 29, 2018

by and among
SYNEOS HEALTH RECEIVABLES LLC,
as Borrower,

THE PERSONS FROM TIME TO TIME PARTY HERETO,
as Lenders,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

SYNEOS HEALTH, LLC,
as initial Servicer,
and
PNC CAPITAL MARKETS LLC,
as Structuring Agent

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“Adjusted LIBOR” means with respect to any Tranche Period, the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (i) the rate of interest determined by the Administrative Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the rate per annum for deposits in Dollars as reported by Bloomberg Finance L.P. and shown on US0001M Screen as the composite offered rate for London interbank deposits for such Tranche Period (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at or about 11:00 a.m. (London time) on the Business Day which is two (2) Business Days prior to the first day of such Tranche Period for an amount comparable to the Portion of Capital to be funded at Adjusted LIBOR during such Tranche Period, by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage; provided, however, that with respect to the initial Tranche Period for a Loan that is not advanced on a Monthly Settlement Date, Adjusted LIBOR shall be the interest rate per annum equal to LMIR for each day during such initial Tranche Period from the date that such Loan is made pursuant to Section 2.01 until the next occurring Monthly Settlement Date. The calculation of Adjusted LIBOR may also be expressed by the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{Composite of London interbank offered rates shown on Bloomberg Finance L.P. Screen US0001M or appropriate successor}}{1.00 - \text{Euro-Rate Reserve Percentage}}$$

Adjusted LIBOR shall be adjusted on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. The Administrative Agent shall give prompt notice to the Borrower of Adjusted LIBOR as determined or adjusted in accordance herewith (which determination shall be conclusive absent manifest error). Notwithstanding the foregoing, if Adjusted LIBOR as determined herein would be less than 0.00% or any other rate as may be agreed by the Borrower and Administrative Agent in writing, Adjusted LIBOR shall be deemed to be equal to 0.00% or such other rate for purposes of this Agreement.

“Administrative Agent” means PNC, in its capacity as contractual representative for the Credit Parties, and any successor thereto in such capacity appointed pursuant to Article XI or Section 14.03(f).

“Advent” means Advent International Corporation and its Affiliates.

“Adverse Claim” means any ownership interest or claim, mortgage, deed of trust, pledge, lien, security interest, hypothecation, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including, but not limited to, any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing); it being understood that any of the foregoing in favor of, or assigned to, the

Administrative Agent (for the benefit of the Secured Parties) shall not constitute an Adverse Claim.

“Advisors” has the meaning set forth in Section 14.06(c).

“Affected Person” means each Credit Party and each of their respective Affiliates.

“Affiliate” means, as to any Person: (a) any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or (b) who is a director or officer: (i) of such Person or (ii) of any Person described in clause (a). For purposes of this definition, control of a Person shall mean the power, direct or indirect: (x) to vote 35% or more of the securities having ordinary voting power for the election of directors or managers of such Person or (y) to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

“Aggregate Capital” means, at any time of determination, the aggregate outstanding Capital of all Lenders at such time.

“Aggregate Interest” means, at any time of determination, the aggregate accrued and unpaid Interest on the Loans of all Lenders at such time.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Alternative Currency” means Euros, GBP, AUD, CHF, CAD and any other currencies the Administrative Agent and the Lenders have approved in writing in their sole discretion.

“Anti-Terrorism Laws” ~~Corruption Laws~~ means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and any other similar anti-corruption Laws or regulations applicable to the Parent or any of its Subsidiaries.

“Anti-Terrorism Law” means any Applicable Law ~~relating to terrorism financing, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Applicable Laws, all as amended, supplemented or replaced from time to time in force or hereinafter enacted related to terrorism or money laundering, including the Bank Secrecy Act, 31 U.S.C. § 5311 et seq., as amended by Title III of the USA PATRIOT Act.~~

“Applicable Law” means, with respect to any Person, (x) all provisions of law, statute, treaty, constitution, ordinance, rule, regulation, ordinance, requirement, restriction, permit, executive order, certificate, decision, directive or order of any Governmental Authority applicable to such Person or any of its property and (y) all judgments, injunctions, orders, writs, decrees and awards of all courts and arbitrators in proceedings or actions in which such Person is a party or by which any of its property is bound. For the avoidance of doubt, FATCA shall constitute an “Applicable Law” for all purposes of this Agreement.

“Assignment and Acceptance Agreement” means an assignment and acceptance agreement entered into by a Lender, an Eligible Assignee and the Administrative Agent, and, if

“Collection Account Bank” means any of the banks or other financial institutions holding one or more Collection Accounts.

“Collections” means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, the Borrower, the Servicer or any other Person on their behalf in payment of any amounts owed in respect of such Pool Receivable (including purchase price, service charges, finance charges, interest, fees and all other charges), or applied to amounts owed in respect of such Pool Receivable (including insurance payments, proceeds of drawings under supporting letters of credit and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and available to be applied thereon), (b) all Deemed Collections, (c) all proceeds of all Related Security with respect to such Pool Receivable and (d) all other proceeds of such Pool Receivable.

“Commencement Date” means the date, if any, identified as the “Commencement Date” in a writing delivered by the Borrower to the Administrative Agent; provided, however, that the “Commencement Date” shall be deemed to be the date of the initial Credit Extension if not previously identified as a date on or prior to the date of the initial Credit Extension.

“Commitment” means, with respect to any Lender, the maximum aggregate amount of Capital which such Person is obligated to lend or pay hereunder on account of all Loans, on a combined basis, as set forth on Schedule I or in such other agreement pursuant to which it became a Lender, as such amount may be modified in connection with any subsequent assignment pursuant to Section 14.03 or in connection with a reduction in the Facility Limit pursuant to Section 2.02(e). If the context so requires, “Commitment” also refers to a Lender’s obligation to make Loans hereunder in accordance with this Agreement.

“Concentration Percentage” means (a) except as provided in clause (b) below, (i) for any Group A Obligor, 25.0%, (ii) for any Group B Obligor, 15.0%, (iii) for any Group C Obligor, 10.0% ~~and~~, (iv) for ~~any~~ the largest Group D Obligor (by Obligor Percentage), 7.5%, and (v) for any other Group D Obligor, 5.0% and (b) for each of the Obligors listed in the chart below (each, a “Special Obligor”), the percentage specified in the chart below for such Special Obligor (the applicable “Special Concentration Limit”); provided, however, that (i) the Administrative Agent may, upon not less than five (5) Business Days’ written notice to the Borrower, cancel or reduce the Special Concentration Limit with respect to any or all Special Obligors ~~and~~, (ii) if the aggregate Outstanding Balance of Pool Receivables owing by any Special Obligor that constitute Delinquent Receivables exceeds 30.0% of the aggregate Outstanding Balance of all Pool Receivables owing by such Special Obligor, then the Special Concentration Limit with respect to such Special Obligor shall be immediately and automatically cancelled, and thereafter, in each case, the Concentration Percentage for such Special Obligor(s) shall be determined pursuant to clause (a) above and (iii) in addition to the Special Concentration Limits for Otsuka Pharmaceutical Development and Commercialization, Inc. and Servier Pharmaceuticals LLC, such Obligors shall also have a combined Concentration Percentage of 13.0%. In the event that any other Obligor is or becomes an Affiliate of a Special Obligor, the Special Concentration Limit shall apply to both such Obligor and such Special Obligor and shall be calculated as if such Obligor and such Special Obligor were a single Obligor.

<u>Special Obligor</u>	<u>Special Concentration Limit</u>
Otsuka Pharmaceutical Development and Commercialization, Inc.	8.0%
<u>Servier Pharmaceuticals LLC</u>	<u>8.0%</u>

“Concentration Reserve Percentage” means, at any time of determination, the largest of: (a) the sum of the four (4) largest Obligor Percentages of the Group D Obligors, (b) the sum of the two (2) largest Obligor Percentages of the Group C Obligors and (c) the largest Obligor Percentage of the Group B Obligors.

“Contract” means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

“Covered Entity” means (a) each of Borrower, the Servicer, each Originator, the Parent and each of the Parent’s Subsidiaries and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 35% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

“Credit Agreement” means that certain Credit Agreement, dated as of August 1, 2017, as amended, by and among Syneos Health, Inc. f/k/a INC Research Holdings, Inc., as the administrative borrower, the other borrowers party thereto, the financial institutions party thereto as lenders, JPMorgan Chase Bank, N.A. (as successor agent to Credit Suisse AG, Cayman Islands Branch), as administrative agent, the other financial institutions party thereto, as joint lead arrangers and joint bookrunners.

“Credit Agreement Replacement Rate” means the alternate rate of interest to the “Eurocurrency Rate” (as defined in the Credit Agreement), if any, established in accordance with Section 2.14(b) of the Credit Agreement as in effect on September 25, 2020.

“Credit and Collection Policy” means, as the context may require, those receivables credit and collection policies and practices of the Originators in effect on the Closing Date and described in Exhibit F, as modified in compliance with this Agreement.

“Credit Extension” means the making of any Loan.

“Credit Party” means each Lender and the Administrative Agent.

“Currency Reserve Amount” means, at any time of determination, the product of (a) 7.5%, times (b) the Dollar Equivalent of the aggregate Outstanding Balance of all Eligible Receivables then denominated in an Alternative Currency; provided however that the

“Eligible Assignee” means (i) any Lender or any of its Affiliates, (ii) any Person managed by a Lender or any of its Affiliates and (iii) any other financial or other institution.

“Eligible Foreign Obligor” means an Obligor with respect to any Receivable that is either (i) an Eligible OECD Country Obligor or (ii) an Eligible Non-OECD Country Obligor.

“Eligible Non-OECD Country Obligor” means an Obligor with respect to any Receivable that is organized in or that has a head office (domicile), registered office, and chief executive office located in any country (other than the United States) that is not an OECD Country, is not a Sanctioned ~~Country~~ Jurisdiction and has a long-term foreign currency rating of at least “BBB-” by S&P and “Baa3” by Moody’s.

“Eligible OECD Country Obligor” means an Obligor with respect to any Receivable that is organized in or that has a head office (domicile), registered office, and chief executive office located in an OECD Country (other than the United States).

“Eligible Receivable” means, at any time of determination, a Pool Receivable:

(a) the Obligor of which is: (i) either a U.S. Obligor or an Eligible Foreign Obligor; (ii) not a Governmental Authority; (iii) not a Sanctioned Person; (iv) not subject to any Insolvency Proceeding; (v) not an Affiliate of the Borrower, the Servicer, the Parent, the Performance Guarantor or any Originator; (vi) not the Obligor with respect to Delinquent Receivables with an aggregate Outstanding Balance exceeding 50% of the aggregate Outstanding Balance of all such Obligor’s Pool Receivables; (vii) not a natural person and (viii) not a material supplier to any Originator or an Affiliate of a material supplier;

(b) for which an Insolvency Proceeding shall not have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto;

(c) that is denominated and payable only in Dollars or an Alternative Currency in the United States of America, and, solely for Receivables denominated in Dollars, the Obligor with respect to which has been instructed to remit Collections in respect thereof directly to a Lock-Box or Collection Account in the United States of America; provided however that if (i) a Ratings Event has occurred and is continuing and (ii) any payment on any Receivable denominated in an Alternative Currency is not transferred to a Collection Account within three (3) Business Days after receipt by any Syneos Party (any such Receivable, an “Applicable Receivable”), then any Receivable denominated in an Alternative Currency and the Obligor of which is the Obligor of such Applicable Receivable shall not be an Eligible Receivable;

(d) that does not have a due date which is 120 days or more after the original invoice date of such Receivable;

(e) that (i) arises under a Contract for the sale of goods or services in the ordinary course of the applicable Originator’s business and (ii) does not constitute a loan or other similar financial accommodation being provided by the applicable Originator;

“Eligible Tier I Non-OECD Country Obligor” means an Obligor with respect to any Receivable that is organized in or that has a head office (domicile), registered office, and chief executive office located in any country (other than the United States) that is not an OECD Country, is not a Sanctioned ~~Country~~ Jurisdiction and has a long-term foreign currency rating of at least “A” by S&P and “A2” by Moody’s.

“Eligible Tier II Non-OECD Country Obligor” means any Eligible Non-OECD Country Obligor that is not an Eligible Tier I Non-OECD Country Obligor.

“Eligible Unbilled Receivable” means, at any time, any Unbilled Receivable that satisfies each of the following: (a) the related Originator has recognized the related revenue on its financial books and records under GAAP and (b) if the Outstanding Balance of such Unbilled Receivable were included in the definition of Modified Days’ Sales Outstanding, Modified Days’ Sales Outstanding would not exceed the Maximum Term; provided, however, for purposes of exclusion of any Unbilled Receivable pursuant to this clause (b), Unbilled Receivables shall be excluded in order based on the Outstanding Balance (with the smallest amount excluded first). For purposes of this definition of “Eligible Unbilled Receivable”, “Maximum Term” means 105 days.

“Embargoed Property” means any property: (a) beneficially owned, directly or indirectly, by a Sanctioned Person; (b) that is due to or from a Sanctioned Person; (c) in which a Sanctioned Person otherwise holds any interest; (d) that is located in a Sanctioned Jurisdiction; or (e) that otherwise would cause any actual or possible violation by the Lenders or Administrative Agent of any applicable Anti-Terrorism Law or Sanctions Law if the Lenders were to obtain an encumbrance on, lien on, pledge of, or security interest in such property, or provide services in consideration of such property.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

“ERISA Affiliate” means, with respect to any Person, any corporation, trade or business which together with the Person is a member of a controlled group of corporations or a controlled group of trades or businesses and would be deemed a “single employer” within the meaning of Sections 414(b), (c), (m) of the Code or Section 4001(b) of ERISA.

“Erroneous Payment” has the meaning assigned to it in Section 11.12(a).

“Erroneous Payment Deficiency Assignment” has the meaning assigned to it in Section 11.12(d).

“Erroneous Payment Return Deficiency” has the meaning assigned to it in Section 11.12(d).

“Erroneous Payment Subrogation Rights” has the meaning assigned to it in Section 11.12(d).

“Euro” or “€” each mean the single currency of participating member states of the European Monetary Union.

month that is three (3) Fiscal Months before the then-current Fiscal Month as of the date of determination; plus

(g) the excess (if any) of (i) the Dollar Equivalent of the aggregate Outstanding Balance of all Eligible Receivables that have a due date which is more than 90 days but less than 121 days after the original invoice date of such Receivable, ~~over~~ (ii) the product of (x) 10.0%, ~~multiplied by~~ (y) the Dollar Equivalent of the aggregate Outstanding Balance of all Receivables then in the Receivables Pool; plus

(h) the excess (if any) of (i) the Dollar Equivalent of the aggregate Outstanding Balance of all Eligible Receivables then denominated in an Alternative Currency ~~over~~ (ii) the product of (x) ~~2.55.0%~~, ~~multiplied by~~ (y) the Dollar Equivalent of the aggregate Outstanding Balance of all Receivables in the Receivables Pool; provided, however, that the Administrative Agent may in its sole discretion, upon prior notice to the Borrower, reduce the percentage in ~~clause (ii)(x)~~ above to 0.0% if a Ratings Event has occurred and is continuing during such period.

“Exchange Act” means the Securities Exchange Act of 1934, as amended or otherwise modified from time to time.

“Excluded Obligor” has the meaning set forth in the Excluded Receivable Letter Agreement.

“Excluded Receivable” means (i) any Receivable (without giving effect to the proviso to the definition thereto) the Obligor of which is an Excluded Obligor and (ii) any other Receivable or category of Receivable set forth in the Excluded Receivable Letter Agreement.

“Excluded Receivable Letter Agreement” means that certain letter agreement re: Excluded Receivables, dated as of September 25, 2020, among the Borrower, the Servicer, the Lenders and the Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to an Affected Person or required to be withheld or deducted from a payment to an Affected Person: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Affected Person being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans or Commitment pursuant to a law in effect on the date on which (i) such Lender makes a Loan or its Commitment or (ii) such Lender changes its lending office, except in each case to the extent that amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office and (c) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Facility Limit” means ~~\$365,000,000~~400,000,000 as reduced from time to time pursuant to Section 2.02(e). References to the unused portion of the Facility Limit shall mean, at any time of determination, an amount equal to (x) the Facility Limit at such time, minus (y) the Aggregate Capital at such time.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement entered into between the United States and any other Governmental Authority in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

“Fee Letter” has the meaning specified in Section 2.03(a).

“Fees” has the meaning specified in Section 2.03(a).

“Final Maturity Date” means the date that (i) is one hundred eighty (180) days following the Termination Date or (ii) such earlier date on which the Aggregate Capital becomes due and payable pursuant to Section 10.01.

“Final Payout Date” means the date on or after the Termination Date when (i) the Aggregate Capital and Aggregate Interest have been paid in full, (ii) all Borrower Obligations shall have been paid in full, (iii) all other amounts owing to the Credit Parties and any other Borrower Indemnified Party or Affected Person hereunder and under the other Transaction Documents have been paid in full and (iv) all accrued Servicing Fees have been paid in full.

“Financial Officer” of any Person means, the chief executive officer, the chief financial officer, the senior vice president of finance, the chief accounting officer, the principal accounting officer, the controller, the treasurer or the assistant treasurer of such Person.

“Fiscal Month” means each calendar month.

“GAAP” means generally accepted accounting principles in the United States of America, consistently applied.

“GBP” means the lawful currency of the United Kingdom.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Insolvency Proceeding” means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors of a Person, composition, marshaling of assets for creditors of a Person, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each of clauses (a) and (b) undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

“Intercompany Loan” has the meaning set forth in the Purchase and Sale Agreement.

“Intercompany Loan Agreement” has the meaning set forth in the Purchase and Sale Agreement.

“Intercompany Loan Ratio” means, at any time of determination, the ratio of (a) the aggregate outstanding principal balance of all Intercompany Loans at such time to (B) the aggregate “Purchase Price” (as defined in the Purchase and Sale Agreement) for all outstanding Receivables purchased under the Purchase and Sale Agreement at or prior to such time.

“Intended Tax Treatment” has the meaning set forth in Section 14.14.

“Interest” means, for each Loan for each day during any Interest Period (or portion thereof), the amount of interest accrued on the Capital of such Loan during such Interest Period (or portion thereof) in accordance with Section 2.03(b).

“Interest Period” means, with respect to each Loan, (a) before the Termination Date: (i) initially, the period commencing on the date such Loan is made pursuant to Section 2.01 (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the next Monthly Settlement Date and (ii) thereafter, each period commencing on such Monthly Settlement Date and ending on (but not including) the next Monthly Settlement Date and (b) on and after the Termination Date, such period (including a period of one day) as shall be selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Lenders) or, in the absence of any such selection, each period of 30 days from the last day of the preceding Interest Period.

“Interest Rate” means, for any day in any Interest Period for any Loan (or any portion of Capital thereof):

(a) ~~(i)~~ subject to Sections 5.04 and 5.06 and so long as no Event of Default has occurred and is continuing on such day, LMIR or solely to the extent determined pursuant to Section 2.05, Adjusted LIBOR; provided, however, that the Interest Rate applicable to any LIBOR Loan that is not advanced on a Monthly Settlement Date shall be LMIR for each day during the initial Interest Period applicable to such Loan from the date such Loan is made pursuant to Section 2.01 until the next occurring Monthly Settlement Date; or

(b) ~~(i)~~ for any day while an Event of Default has occurred and is continuing, an interest rate per annum equal to the sum of 2.50% per annum plus the greater of (i) the interest rate per annum determined for such Loan and such day pursuant to clause (a) above, and (ii) the Base Rate in effect on such day;

NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Administrative Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Administrative Agent in consultation with the Borrower at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Outstanding Balance” means, at any time of determination, with respect to any Receivable, the then outstanding principal balance thereof.

“Parent” means Syneos Health, Inc., a Delaware corporation.

“Parent Company” means any Person of which Parent is a direct or indirect Wholly-Owned Subsidiary.

“Parent Group” has the meaning set forth in [Section 8.03\(c\)](#).

“Participant” has the meaning set forth in [Section 14.03\(d\)](#).

“Participant Register” has the meaning set forth in [Section 14.03\(e\)](#).

“PATRIOT Act” has the meaning set forth in [Section 14.15](#).

“Payment Recipient” has the meaning set forth in [Section 11.12\(a\) of this Agreement](#).

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“Pension Plan” means a pension plan as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA or Section 412 of the Code and with respect to which any Originator, the Borrower, the Servicer, the Parent, the Performance Guarantor or any of their respective ERISA Affiliates may have any liability, contingent or otherwise.

“Percentage” means, at any time of determination, with respect to any Lender, a fraction (expressed as a percentage), (a) the numerator of which is (i) prior to the termination of all Commitments hereunder, its Commitment at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of all Loans being funded by the Lenders at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Lenders at such time or (ii) if all Commitments hereunder have been terminated, the Aggregate Capital at such time.

“Performance Guarantor” means Parent.

“Performance Guaranty” means the Performance Guaranty, dated as of the Closing Date, by the Performance Guarantor in favor of the Administrative Agent for the benefit of the Secured

Documents; and

(f) all of the Borrower's rights, interests and claims under the Purchase and Sale Agreement and the other Transaction

(g) all Collections and other proceeds (as defined in the UCC) of any of the foregoing.

"Release" has the meaning set forth in Section 4.01(a).

"Reportable Compliance Event" means that: (a) any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint, or similar charging instrument, arraigned, ~~or~~ custodially detained, ~~penalized or the subject of an assessment for a penalty, or enters into a settlement with a Governmental Authority~~ in connection with any Anti-Corruption Law, Sanctions Law or Anti-Terrorism Law, or any predicate crime to any Anti-Terrorism Law, or ~~the Borrower or the Servicer~~ has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of ~~its~~ such Covered Entity's operations ~~is in actual or probable~~ represents a violation of any Anti-Terrorism Law; (b) any Covered Entity engages in a transaction that has caused or may cause the Lenders or Administrative Agent to be in violation of any Sanctions Laws or Anti-Terrorism Laws; (c) any Collateral becomes Embargoed Property; or (d) the Borrower or the Servicer otherwise violates, or the Borrower or the Servicer reasonably believes that it will violate, any of the representations or covenants set forth in Sections 7.01(bb), 7.02(y), 8.01(v) or 8.01(o) of this Agreement.

"Reportable Event" means any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Pension Plan.

"Representatives" has the meaning set forth in Section 14.06(c).

"Required Capital Amount" means, as of any date of determination, an amount equal to the product of (i) the Loss Reserve Percentage at such time times (ii) the Net Receivables Pool Balance at such time.

"Restricted Payments" has the meaning set forth in Section 8.01(r).

"Returned Goods" means all right, title and interest in and to returned, repossessed or foreclosed goods and/or merchandise the sale of which gave rise to a Receivable; provided that such goods shall no longer constitute Returned Goods after a Deemed Collection has been deposited in a Collection Account with respect to the full Outstanding Balance of the related Receivables.

"S&P" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, and any successor thereto that is a nationally recognized statistical rating organization.

"Sanctioned ~~Country~~ Jurisdiction" means ~~any~~ any country, territory, or region that is the subject ~~to a sanctions program maintained under any Anti-Terrorism Law, including any such country identified on the list maintained by OFAC and available at: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time~~ of comprehensive country-wide or territory-wide sanctions

administered by OFAC (at the time of the Agreement, Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine).

~~“Sanctioned Person” (i) A person named on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by OFAC available at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country or (C) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC, or (iii) any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions); under any Anti-Terrorism Law means (a) a Person that is the subject of sanctions administered by OFAC or the U.S. Department of State (“State”), including by virtue of being (i) named on OFAC’s list of “Specially Designated Nationals and Blocked Persons”; (ii) organized under the Applicable Laws of, ordinarily resident in, or physically located in a Sanctioned Jurisdiction; (iii) owned or controlled 50% or more in the aggregate, by one or more Persons that are the subject of sanctions administered by OFAC; (b) a Person that is the subject of sanctions maintained by the European Union (“E.U.”), including by virtue of being named on the E.U.’s “Consolidated list of persons, groups and entities subject to E.U. financial sanctions” or other, similar lists; (c) a Person that is the subject of sanctions maintained by the United Kingdom (“U.K.”), including by virtue of being named on the “Consolidated List Of Financial Sanctions Targets in the U.K.” or other, similar lists; or (d) a Person that is the subject of sanctions imposed by any Governmental Authority of a jurisdiction whose Applicable Laws apply to this Agreement.~~

“Sanctions Laws” means any Applicable Law in force or hereinafter enacted related to economic sanctions, including the International Emergency Economic Powers Act, 50 U.S.C. 1701, et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1, et seq., 18 U.S.C. § 2332d, and 18 U.S.C. § 2339B.

“Scheduled Termination Date” means October ~~3, 2022~~, 14, 2024.

“SEC” means the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

“Secured Parties” means each Credit Party, each Borrower Indemnified Party and each Affected Person.

“Servicer” has the meaning set forth in the preamble to this Agreement.

“Servicer’s Account” means the deposit account with an account number ending in 4824 maintained by the Servicer or its Affiliate at Bank of America, N.A.

“Servicer Indemnified Amounts” has the meaning set forth in Section 13.02(a).

“Servicer Indemnified Party” has the meaning set forth in Section 13.02(a).

“Servicing Fee” means the fee referred to in Section 9.06(a) of this Agreement.

respect to projected financial information, if any, such representation is made only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(n) ~~Anti-Money Laundering/International Trade Law Compliance.~~ No

~~Covered Entity is a Sanctioned Person. No Covered Entity, either in its own right or~~ Sanctions Laws and Anti-Terrorism Laws.

No: (a) Covered Entity, nor any employees, officers, directors or, to the Borrower's knowledge, affiliates, consultants, brokers, or agents acting on a Covered Entity's behalf in connection with this Agreement: (i) is a Sanctioned Person; (ii) to the Borrower's knowledge, directly, or indirectly through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) engages in any dealings or transactions is engaged in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, or any transactions or other dealings that otherwise are prohibited by any Anti-Terrorism Law Laws or Sanctions Laws; (b) Collateral is Embargoed Property.

(o) Perfection Representations.

(i) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Borrower's right, title and interest in, to and under the Collateral which (A) security interest has been perfected and is enforceable against creditors of and purchasers from the Borrower and (B) will be free of all Adverse Claims (other than Permitted Adverse Claims) in such Collateral.

(ii) The Receivables constitute "accounts" or "general intangibles" within the meaning of Section 9-102 of the UCC.

(iii) The Borrower owns and has good and marketable title to the Collateral free and clear of any Adverse Claim (other than a Permitted Adverse Claim) of any Person.

(iv) All appropriate financing statements, financing statement amendments and continuation statements have been filed in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale and contribution of the Receivables and Related Security from each Originator to the Borrower pursuant to the Purchase and Sale Agreement and the grant by the Borrower of a security interest in the Collateral to the Administrative Agent pursuant to this Agreement.

(v) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Borrower has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except as permitted by this Agreement and the other Transaction Documents. The Borrower has not authorized the filing of and is not aware of any

(u) Taxes. The Borrower has (i) timely filed all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in each case to the extent that such failure to file or pay could not reasonably be expected to have a Borrower Material Adverse Effect.

(v) Tax Status. The Borrower (i) is, and shall at all relevant times continue to be, a “disregarded entity” within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes that is wholly owned by a “United States person” (within the meaning of Section 7701(a)(30) of the Code) and (ii) is not and will not at any relevant time become an association (or publicly traded partnership) taxable as an association for U.S. federal income tax purposes. The Borrower is not subject to any Tax in any jurisdiction outside the United States.

(w) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(x) Other Transaction Documents. Each representation and warranty made by the Borrower under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(y) Liquidity Coverage Ratio. The Borrower has not, does not and will not during this Agreement issue any LCR Security. The Borrower further represents and warrants that its assets and liabilities are consolidated with the assets and liabilities of Parent for purposes of GAAP.

(z) No Linked Accounts. Except for the Servicer’s Account, there are no Linked Accounts with respect to any Collection Account.

(aa) Beneficial Ownership Regulation. As of the Sixth Amendment Closing Date, the Borrower is an entity that is organized under the laws of the United States or of any state and at least 51% of whose common stock or analogous equity interest is owned directly or indirectly by a company listed on the New York Stock Exchange or the American Stock Exchange or designated as a NASDAQ National Market Security listed on the NASDAQ stock exchange and is excluded on that basis from the definition of “Legal Entity Customer” as defined in the Beneficial Ownership Regulation.

(bb) Anti-Corruption Laws. Each Covered Entity has (a) conducted its business in compliance with all Anti-Corruption Laws and (b) has, and shall ensure that each of its Subsidiaries has, instituted and maintains policies and procedures reasonably designed to promote compliance with Anti-Corruption Laws and Sanctions Laws.

(l) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date.

(m) Servicing Programs. No material license or approval is required for the Administrative Agent's use of any software or other computer program used by the Servicer, any Originator or any Sub-Servicer in the servicing of the Pool Receivables, other than those which have been obtained and are in full force and effect.

(n) Servicing of Pool Receivables. Since the Closing Date there has been no material adverse change in the ability of the Servicer or any Sub-Servicer to service and collect the Pool Receivables and the Related Security.

(o) Other Transaction Documents. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party (including, without limitation, the Purchase and Sale Agreement) is true and correct in all material respects as of the date when made.

(p) No Material Adverse Effect. Since December 31, 2017, there has been no Material Adverse Effect on the Servicer.

(q) Investment Company Act. The Servicer is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act.

(r) ~~Anti-Money Laundering/International Trade Law Compliance~~ No Covered Entity is a Sanctioned Person. No Covered Entity, either in its own right or Sanctions Laws and Anti-Terrorism Laws. No: (a) Covered Entity, nor any employees, officers, directors or, to the Servicer's knowledge, affiliates, consultants, brokers, or agents acting on a Covered Entity's behalf in connection with this Agreement: (i) is a Sanctioned Person; (ii) to the Servicer's knowledge, directly, or indirectly through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) does business in or with, or derives any of its income from investments in or is engaged in any transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) engages in any dealings or transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, or any transactions or other dealings that otherwise are prohibited by any Anti-Terrorism ~~Law~~ Laws or Sanctions Laws; (b) Collateral is Embargoed Property.

(s) Financial Condition. The audited consolidated balance sheets of Parent and its consolidated Subsidiaries as of December 31, 2017 and the related statements of income and shareholders' equity of Parent and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to the Administrative Agent and the Lenders, present fairly in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP.

(t) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(u) Taxes. The Servicer has (i) timely filed all tax returns (federal, state, foreign and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in each case to the extent that the failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

(v) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(w) Other Transaction Documents. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(x) No Linked Accounts. Except for the Servicer's Account, there are no Linked Accounts with respect to any Collection Account.

(y) Anti-Corruption Laws. Each Covered Entity has (a) conducted its business in compliance with all Anti-Corruption Laws and (b) has, and shall ensure that each of its Subsidiaries has, instituted and maintains policies and procedures reasonably designed to promote compliance with Anti-Corruption Laws and Sanctions Laws.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations and warranties contained in this Section shall be continuing, and remain in full force and effect until the Final Payout Date.

ARTICLE VIII

COVENANTS

SECTION 8.01. Covenants of the Borrower. At all times from the Closing Date until the Final Payout Date:

(a) Payment of Principal and Interest. The Borrower shall duly and punctually pay Capital, Interest, Fees and all other amounts payable by the Borrower hereunder in accordance with the terms of this Agreement.

(b) Existence. The Borrower shall keep in full force and effect its existence and rights as a limited liability company under the laws of the State of Delaware, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents and the Collateral.

substance satisfactory to the Administrative Agent as to such UCC perfection and priority matters as the Administrative Agent may request at such time.

(v) ~~Anti-Money Laundering/International Trade Law Compliance.~~ The Borrower will not ~~Sanctions Laws and Anti-Terrorism Laws; Anti-Corruption Laws.~~

(i) The Borrower covenants and agrees that (A) it shall promptly notify the Administrative Agent and each of the Lenders in writing upon the occurrence of a Reportable Compliance Event; and (B) if, at any time, any Collateral becomes Embargoed Property, then, in addition to all other rights and remedies available to the Administrative Agent and each of the Lenders, upon request by the Administrative Agent or any of the Lenders, the Borrower shall provide substitute Collateral acceptable to the Lenders that is not Embargoed Property.

(ii) The Borrower will conduct its business in compliance with all Anti-Corruption Laws and maintain policies and procedures reasonably designed to promote compliance with Anti-Corruption Laws.

(iii) The Borrower hereby covenants and agrees it will not: (a) become a Sanctioned Person. ~~No Covered Entity, either in its own right; (b) directly, or indirectly through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of any Credit Extension, third party, engage in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, including any use of the proceeds of the facilities to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. The funds used to repay each Credit Extension will not be Person or Sanctioned Jurisdiction; (c) repay the facilities with Embargoed Property or funds derived from any unlawful activity. The Borrower shall comply with all Anti-Terrorism Laws. The Borrower shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event. The Borrower has not used and will not use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country; or (d) cause any Lender or Administrative Agent to violate any Sanctions Law or Anti-Terrorism Law.~~

(iv) The Borrower hereby covenants and agrees that it will not, and will not permit any of its Subsidiaries to directly or indirectly, use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws.

(w) Borrower's Net Worth. The Borrower shall not permit the Borrower's Net Worth to be less than the Required Capital Amount.

action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Servicer shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Servicer to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Servicer shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(n) Further Assurances; Change in Name or Jurisdiction of Origination, etc. The Servicer hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement or any other Transaction Document. Without limiting the foregoing, the Servicer hereby authorizes, and will, upon the request of the Administrative Agent, at the Servicer's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(o) Sanctions Laws and Anti-Terrorism Laws; Anti-Corruption Laws.

(i) The Servicer covenants and agrees that it shall promptly notify the Administrative Agent and each of the Lenders in writing upon the occurrence of a Reportable Compliance Event.

(ii) The Servicer will conduct its business in compliance with all Anti-Corruption Laws and maintain policies and procedures reasonably designed to promote compliance with Anti-Corruption Laws.

(iii) ~~(o) Anti-Money Laundering/International Trade Law Compliance.~~

The Servicer hereby covenants and agrees it will not: (a) become a Sanctioned Person; ~~No Covered Entity, either in its own right;~~ (b) directly, or indirectly through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c)

~~engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of any Credit Extension a third party, engage in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, including any use of the proceeds of the facilities to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. The funds used to repay each Credit Extension will not be Person or Sanctioned Jurisdiction; (c) repay the facilities with Embargoed Property or funds derived from any unlawful activity. The Servicer shall comply with all Anti-Terrorism Laws. The Servicer shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event; or (d) cause any Lender or Administrative Agent to violate any Sanctions Law or Anti-Terrorism Law.~~

(iv) The Servicer hereby covenants and agrees that it will not, and will not permit any of its Subsidiaries to directly or indirectly, use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws.

(p) Taxes. The Servicer will (i) timely file all tax returns (federal, state and local) required to be filed by it and (ii) pay, or cause to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in each case to the extent that such failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

(q) Borrower's Tax Status. The Servicer shall not take or cause any action to be taken that could result in the Borrower (i) being treated other than as a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes or (ii) becoming an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

(r) Linked Accounts. Except for the Servicer's Account, the Servicer shall not permit any Linked Account to exist with respect to any Collection Account; provided, however, that if so instructed by the Administrative Agent (in its sole discretion) at any time if a Ratings Event has occurred and is continuing, the Servicer shall cause the Servicer's Account to cease being a Linked Account promptly, but not later than 2 Business Days following the Borrower's or the Servicer's receipt of such instruction. The Servicer shall at all times ensure that (i) the account balance in the Servicer's Account is greater than zero and will exceed the aggregate Settlement Item Amount of all Settlement Items at any time outstanding with respect to the Servicer's Account and (ii) no amount will be debited against any Collection Account as a result of any Settlement Item that originated in the Servicer's Account or any account other than a Collection Account.

(s) Other Additional Information. The Servicer will provide to the Administrative Agent and the Lenders such information and documentation as may reasonably be requested by the Administrative Agent or any Lender from time to time for purposes of compliance by the Administrative Agent or such Lender with applicable laws (including without limitation the PATRIOT Act and other "know your customer" and anti-money laundering rules

notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, petition a court of competent jurisdiction to appoint a successor Administrative Agent.

(b) Upon such acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights and duties of the resigning Administrative Agent, and the resigning Administrative Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Administrative Agent's resignation hereunder, the provisions of this Article XI and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent.

SECTION 11.10. Structuring Agent. Each of the parties hereto hereby acknowledges and agrees that the Structuring Agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement, other than the Structuring Agent's right to receive fees pursuant to Section 2.03. Each Credit Party acknowledges that it has not relied, and will not rely, on the Structuring Agent in deciding to enter into this Agreement and to take, or omit to take, any action under any Transaction Document.

SECTION 11.11. LIBOR Notification. Section 5.06 ("*Successor Adjusted LIBOR or LMIR*") provides a mechanism for determining an alternative rate of interest in the event that Adjusted LIBOR or LMIR is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of Adjusted LIBOR or LMIR or with respect to any alternative or successor rate thereto, or replacement rate therefor.

SECTION 11.12. Erroneous Payments.

(a) If the Administrative Agent notifies a Lender, Credit Party or Secured Party, or any Person who has received funds on behalf of a Lender, Credit Party or Secured Party (any such Lender, Credit Party, Secured Party or other recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, Credit Party, Secured Party or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Lender, Credit Party or Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or

portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Overnight Bank Funding Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Lender, Credit Party or Secured Party, or any Person who has received funds on behalf of a Lender, Credit Party or Secured Party, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Lender, Credit Party or Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) in each case:

(i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender, Credit Party or Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 11.12(b).

(c) Each Lender, Credit Party or Secured Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender, Credit Party or Secured Party under any Transaction Document, or otherwise payable or distributable by the Administrative Agent to such Lender, Credit Party or Secured Party from any source, against any amount due to the Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (a), from any Credit Party that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "Erroneous Payment Return Deficiency"), upon the Administrative Agent's notice to such Credit Party at any time, (i) such Credit Party shall be deemed to have assigned its Loans (but not its Commitments) in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may

specify).(such assignment of the Loans (but not Commitments) of the Erroneous Payment, the “Erroneous Payment Deficiency Assignment”) at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment, and such Credit Party shall deliver any Notes evidencing such Loans to the Borrower or the Administrative Agent, (ii) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Credit Party, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender or assigning Credit Party shall cease to be a Credit Party, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender or assigning Credit Party and (iv) the Administrative Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Credit Party shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Credit Party (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Credit Party and such Commitments shall remain available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Loan (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Lender, Credit Party or Secured Party under the Transaction Documents with respect to each Erroneous Payment Return Deficiency (the “Erroneous Payment Subrogation Rights”).

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Borrower Obligations owed by the Borrower or any other Syneos Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Syneos Party for the purpose of making such Erroneous Payment; provided that this Section 11.12 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Borrower Obligations relative to the amount (and/or timing for payment) of the Borrower Obligations that would have been payable had such Erroneous Payment not been made by the Administrative Agent. For the avoidance of doubt, the foregoing proviso shall not derogate from any obligations (including indemnification obligations) of the Borrower set forth in any other Section of this Agreement with respect to any Erroneous Payment or otherwise.

(f) To the extent permitted by Applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand,

claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine.

(g) Each party’s obligations, agreements and waivers under this Section 11.12 shall survive the resignation or replacement of the Administrative Agent, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Borrower Obligations (or any portion thereof) under any Transaction Document.

ARTICLE XII

[RESERVED]

ARTICLE XIII

INDEMNIFICATION

SECTION 13.01. Indemnities by the Borrower.

(a) Without limiting any other rights that the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a “Borrower Indemnified Party”) may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify each Borrower Indemnified Party from and against any and all claims, losses and liabilities (including Attorney Costs) (all of the foregoing being collectively referred to as “Borrower Indemnified Amounts”) arising out of or resulting from this Agreement or any other Transaction Document or the use of proceeds of the Credit Extensions or the security interest in respect of any Pool Receivable or any other Collateral; excluding, however, (a) any portion of Borrower Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Borrower Indemnified Amounts resulted from the gross negligence or willful misconduct by the Borrower Indemnified Party seeking indemnification and (b) Taxes that are covered by Section 5.03 (other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim). Without limiting or being limited by the foregoing, the Borrower shall pay within 10 days of demand (it being understood that if any portion of such payment obligation is made from Collections, such payment will be made at the time and in the order of priority set forth in Section 4.01), to each Borrower Indemnified Party any and all amounts necessary to indemnify such Borrower Indemnified Party from and against any and all Borrower Indemnified Amounts relating to or resulting from any of the following (but excluding Borrower Indemnified Amounts and Taxes described in clauses (a) and (b) above):

(i) any Pool Receivable which the Borrower or the Servicer includes as an Eligible Receivable as part of the Net Receivables Pool Balance but which is not an Eligible Receivable at such time;

(ii) any representation, warranty or statement made or deemed made by the Borrower (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package, any

**SCHEDULE I
Commitments**

PNC Bank, National Association		
<u>Party</u>	<u>Capacity</u>	<u>Commitment</u>
PNC Bank, National Association	Lender	\$300,000,000 325,000,000

Regions Bank		
<u>Party</u>	<u>Capacity</u>	<u>Commitment</u>
Regions Bank	Lender	\$65,000,000 75,000,000

Schedule I- 1

744108212 18569090

Annex A
(attached)

Annex A

744071033 18569090

SYNEOS HEALTH, LLC (f/k/a INC RESEARCH, LLC)
PNC BANK, NATIONAL ASSOCIATION

CLOSING MEMORANDUM

FOR

FACILITY UPSIZE

AND

RENEWAL OF

TRADE RECEIVABLES SECURITIZATION PROGRAM

For October 13, 2021 Closing

Parties and Abbreviations:

<i>Administrative Agent</i>	PNC
<i>BH</i>	Baker & Hostetler LLP, Ohio counsel to the Syneos Parties
<i>BofA</i>	Bank of America, N.A.
<i>Borrower</i>	Syneos Health Receivables LLC, a Delaware limited liability company structured as a typical bankruptcy-remote special purpose entity
<i>Collection Account Banks</i>	Wells and BofA
<i>DLA</i>	DLA Piper LLP, North Carolina counsel to the Syneos Parties
<i>Lenders</i>	PNC and Regions
<i>JPM</i>	JPMorgan Chase Bank, N.A.
<i>MB</i>	Mayer Brown LLP, counsel to the Lenders
<i>Originators</i>	The Originators set forth on Schedule I
<i>Performance Guarantor</i>	Syneos
<i>PNC</i>	PNC Bank, National Association
<i>Regions</i>	Regions Bank
<i>Servicer</i>	Syneos Health
<i>Syneos</i>	Syneos Health, Inc., a Delaware corporation
<i>Syneos Counsel</i>	Latham & Watkins LLP, counsel to the Syneos Parties

Syneos Health
Syneos Parties
Structuring Agent
Wyrick

Syneos Health, LLC (f/k/a INC Research, LLC), a Delaware limited liability company
Each of the Servicer, the Originators, the Borrower and the Performance Guarantor
PNC Capital Markets LLC
Wyrick Robbins Yates & Ponton LLP, counsel to the Syneos Parties

Document	
A. BASIC DOCUMENTS	
1.	Eleventh Amendment to Receivables Financing Agreement
2.	Sixth Amendment to Purchase and Sale Agreement
3.	Amended and Restated Fee Letter
4.	Amended and Restated Performance Guaranty
B. LEGAL OPINIONS	
5.	Opinion of counsel to Syneos Health, Syneos and the Borrower re: general corporate matters, enforceability, no-conflicts with organizational documents, material agreements, New York and Federal law, '40 Act and Volcker Rule matters
C. MISCELLANEOUS	
6.	Pro Forma Information Package

Name and Jurisdiction of the Originators

Legal Name	Jurisdiction
Addison Whitney LLC	North Carolina
BIOSECTOR 2 LLC	New York
CADENT MEDICAL COMMUNICATIONS, LLC	Ohio
Chamberlain Communications LLC	Delaware
CHANDLER CHICCO AGENCY, L.L.C.	New York
GERBIG, SNELL/WEISHEIMER ADVERTISING, LLC	Ohio
Syneos Health Medical Communications, LLC	Ohio
NAVICOR GROUP, LLC	Ohio
Palio + Ignite, LLC	Ohio
Syneos Health Communications, Inc.	Ohio
THE SELVA GROUP, LLC	Ohio
Taylor Strategy Partners, LLC	Ohio
Syneos Health, LLC (f/k/a/ INC Research, LLC)	Delaware
inVentiv Health Clinical, LLC	Delaware
inVentiv Commercial Services, LLC	New Jersey

**SIXTH AMENDMENT TO THE
PURCHASE AND SALE AGREEMENT**

THIS SIXTH AMENDMENT TO THE PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of October 13, 2021, is entered into among each of the entities listed on the signature pages hereto as an Originator (each an "Originator", and collectively, the "Originators"), and SYNEOS HEALTH, LLC (f/k/a INC RESEARCH, LLC) ("Syneos Health"), as servicer (in such capacity, the "Servicer") and SYNEOS HEALTH RECEIVABLES LLC (the "Buyer").

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Purchase and Sale Agreement described below.

BACKGROUND

A. The parties hereto have entered into a Purchase and Sale Agreement, dated as of June 29, 2018 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Purchase and Sale Agreement").

B. Concurrently herewith, the Buyer, as borrower, the Servicer and PNC Bank, National Association, as administrative agent and as a lender (the "Administrative Agent") are entering into that certain Eleventh Amendment to Receivables Financing Agreement, dated as of the date hereof (the "RFA Amendment").

C. The parties hereto desire to amend the Purchase and Sale Agreement as hereinafter set forth.

NOW THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Purchase and Sale Agreement. The Purchase and Sale Agreement is hereby amended to incorporate the changes shown on the marked pages of the Purchase and Sale Agreement attached hereto as Exhibit A.

SECTION 2. Representations and Warranties of the Originators. Each Originator hereby represents and warrants as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Purchase and Sale Agreement and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof.

(b) Enforceability. The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the Purchase and Sale Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Purchase and Sale Agreement (as amended hereby)

and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with their terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(c) No Event of Default. No Purchase and Sale Termination Event, Unmatured Purchase and Sale Termination Event, Event of Default or Unmatured Event of Default has occurred and is continuing, or would occur as a result of this Amendment or the transactions contemplated hereby.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Purchase and Sale Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Purchase and Sale Agreement (or in any other Transaction Document) to "the Purchase and Sale Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Purchase and Sale Agreement shall be deemed to be references to the Purchase and Sale Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Purchase and Sale Agreement other than as set forth herein. The Purchase and Sale Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Effectiveness. This Amendment shall become effective concurrently with the effectiveness of the RFA Amendment.

SECTION 5. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Financing Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart. The words "execution," "execute," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any

applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 8. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE BUYER, THE ORIGINATORS AND THE SERVICER, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE BUYER, THE SERVICER, ANY ORIGINATOR OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AMENDMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 9 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE BUYER OR THE SERVICER OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE BUYER, EACH ORIGINATOR AND THE SERVICER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Purchase and Sale Agreement or any provision hereof or thereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

SYNEOS HEALTH, LLC,
as the Servicer and as an Originator

By: /s/ Jason Meggs
Name: Jason Meggs
Title: Chief Financial Officer

SYNEOS HEALTH COMMERCIAL SERVICES, LLC,
as an Originator

By: /s/ Jason Meggs
Name: Jason Meggs
Title: Manager

ADDISON WHITNEY LLC,
as an Originator

By: _____
Name: Lisa Silverman
Title: Treasurer

BIOSECTOR 2 LLC,
as an Originator

By: _____
Name: Lisa Silverman
Title: Treasurer

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

SYNEOS HEALTH, LLC,
as the Servicer and as an Originator

By: _____
Name: Jason Meggs
Title: Chief Financial Officer

SYNEOS HEALTH COMMERCIAL SERVICES, LLC,
as an Originator

By: _____
Name: Jason Meggs
Title: Manager

ADDISON WHITNEY LLC,
as an Originator

By: /s/ Lisa R. Silverman _____
Name: Lisa Silverman
Title: Treasurer

BIOSECTOR 2 LLC,
as an Originator

By: /s/ Lisa R. Silverman _____
Name: Lisa Silverman
Title: Treasurer

CADENT MEDICAL COMMUNICATIONS, LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

CHAMBERLAIN COMMUNICATIONS GROUP LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

CHANDLER CHICCO AGENCY, L.L.C.,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

GERBIG SNELL/WEISHEIMER ADVERTISING, LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

SYNEOS HEALTH MEDICAL COMMUNICATIONS, LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

NAVICOR GROUP, LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

PALIO + IGNITE, LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

THE SELVA GROUP, LLC
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

SYNEOS HEALTH COMMUNICATIONS, INC.,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

TAYLOR STRATEGY PARTNERS, LLC,
as an Originator

By: /s/ Lisa R. Silverman
Name: Lisa Silverman
Title: Treasurer

SYNEOS HEALTH RECEIVABLES LLC,
as the Buyer

By: /s/ Jennifer Fillman
Name: Jennifer Fillman
Title: President

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S-5

*Sixth Amendment to the Purchase
and Sale Agreement*

EXHIBIT A

AMENDMENTS TO THE PURCHASE AND SALE AGREEMENT

(Attached).

Exhibit A-1

*Sixth Amendment to the Purchase
and Sale Agreement*

744071101 18569090

CONFORMED COPY INCLUDES:

FIRST AMENDMENT, dated as of January 2, 2019
SECOND AMENDMENT, dated as of July 25, 2019
THIRD AMENDMENT, dated as of January 31, 2020
FOURTH AMENDMENT, dated as of September 25, 2020
FIFTH AMENDMENT, dated as of January 28, 2021

PURCHASE AND SALE AGREEMENT

Dated as of June 29, 2018
among
VARIOUS ENTITIES LISTED ON SCHEDULE I HERETO,
as Originators,

SYNEOS HEALTH, LLC,
as Servicer,
and
SYNEOS HEALTH RECEIVABLES LLC,
as Buyer

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SECTION 5.14 Investment Company Act. Such Originator is not an “investment company,” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act.

SECTION 5.15 Anti-Money Laundering/International Trade Law Compliance. ~~Such Originator is not~~ Sanctions Laws and Anti-Terrorism Laws. No: (a) Originator, nor any employees, officers, directors or, to such Originator’s knowledge, affiliates, consultants, brokers, or agents acting on such Originator’s behalf in connection with this Agreement: (i) is a Sanctioned Person. Such; (ii) to such Originator, either in its own right or’s knowledge, directly, or indirectly through any third party, (i) does not have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) neither does business in or with, nor derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) does not engage in any dealings or transactions is engaged in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, or any transactions or other dealings that otherwise are prohibited by any Anti-Terrorism Law Laws or Sanctions Laws; (b) Collateral is Embargoed Property.

SECTION 5.16 Financial Condition.

(a) The audited consolidated balance sheets of Parent and its consolidated Subsidiaries as of December 31, 2017 and the related statements of income and shareholders’ equity of Parent and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to the Administrative Agent and the Lenders, present fairly in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP.

(b) On the date hereof, and on the date of each purchase hereunder (both before and after giving effect to such purchase), such Originator is, and will be on such date, Solvent and no Insolvency Proceeding with respect to such Originator is, or will be on such date, pending or threatened.

SECTION 5.17 Taxes. Such Originator has (i) timely filed all tax returns (federal, state, foreign and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in each case to the extent that the failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.18 ERISA.

(a) Each of the Parent and its ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Pension Plans and Multiemployer Plans and the regulations and published interpretations thereunder and any similar applicable non-U.S. law, except for such noncompliance that would not reasonably be expected to have a Material Adverse Effect. No Reportable Event has occurred during the past five years

SECTION 5.32 Reaffirmation of Representations and Warranties by each Originator. On each day that a new Receivable is created, and when sold or contributed to the Buyer hereunder, such Originator shall be deemed to have certified that all representations and warranties set forth in this Article V are true and correct in all material respects on and as of such day as though made on and as of such day, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such date). Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Article shall be continuing and remain in full force and effect until the Final Payout Date.

SECTION 5.33 Anti-Corruption Laws. Each Originator has (a) conducted its business in compliance with all Anti-Corruption Laws and (b) has, and shall ensure that each of its Subsidiaries has, instituted and maintains policies and procedures reasonably designed to promote compliance with Anti-Corruption Laws and Sanctions Laws.

ARTICLE VI COVENANTS OF THE ORIGINATORS

SECTION 6.1 Covenants. At all times from the Closing Date until the Final Payout Date, each Originator will, unless the Administrative Agent and the Buyer shall otherwise consent in writing, perform the following covenants:

(a) Financial Reporting. Each Originator will maintain a system of accounting established and administered in accordance with GAAP, and each Originator shall furnish to the Buyer, the Administrative Agent and each Lender such information as the Buyer, the Administrative Agent or any Lender may from time to time reasonably request relating to such system.

(b) Notices. Such Originator will notify the Buyer, Administrative Agent and each Lender in writing of any of the following events promptly upon (but in no event later than five (5) Business Days after) a Financial Officer learning of the occurrence thereof (unless a different notice period is set forth for the event in the relevant subsections below), with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Purchase and Sale Termination Events, Unmatured Purchase and Sale Termination Events, Events of Default or Unmatured Events of Default. A statement of a Financial Officer of such Originator setting forth details of any Purchase and Sale Termination Event (as defined in Section 8.1), Unmatured Purchase and Sale Termination Event (as defined in Section 8.1), Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which such Originator proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed to be made by such Originator under this Agreement

hereunder, under the Receivables Financing Agreement or under any other Transaction Document. Without limiting the foregoing, such Originator hereby authorizes, and will, upon therequest of the Buyer or the Administrative Agent, at such Originator's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary, or that the Buyer or Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(n) Mergers, Acquisitions, Sales, etc. Such Originator shall not (i) be a party to any merger, consolidation or other restructuring, except a merger, consolidation or other restructuring where the Buyer, the Administrative Agent and each Lender have each (A) received 30 days' prior notice thereof, (B) consented in writing thereto (such consent not to be unreasonably withheld, conditioned or delayed), (C) received executed copies of all documents, certificates and opinions (including, without limitation, opinions relating to bankruptcy and UCC matters) as the Buyer or the Administrative Agent shall reasonably request and (D) been satisfied that all other action to perfect and protect the interests of the Buyer and the Administrative Agent, on behalf of the Lenders, in and to the Receivables to be sold by it hereunder and other Related Rights, as reasonably requested by the Buyer or the Administrative Agent shall have been taken by, and at the expense of, such Originator (including the filing of any UCC financing statements, the receipt of certificates and other requested documents from public officials and all such other actions required pursuant to Section 7.3) or (ii) directly or indirectly sell, transfer, assign, convey or lease (A) whether in one or a series of transactions, all or substantially all of its assets or (B) any Receivables or any interest therein (other than pursuant to this Agreement).

(o) Frequency of Billing. Prepare and deliver (or cause to be prepared and delivered) invoices with respect to all Receivables in accordance with the Credit and Collection Policies, but in any event no less frequently than as required under the Contract related to such Receivable.

(p) Receivables Not to Be Evidenced by Promissory Notes or Chattel Paper. Such Originator shall not take any action to cause or permit any Receivable created, acquired or originated by it to become evidenced by any "instrument" or "chattel paper" (as defined in the applicable UCC) without the prior written consent of the Buyer and the Administrative Agent.

(q) Sanctions Laws and Anti-Terrorism Laws; Anti-Corruption Laws.

(i) Each Originator covenants and agrees that (A) it shall promptly notify the Administrative Agent and each of the Lenders in writing upon the occurrence of a Reportable Compliance Event; and (B) if, at any time, any Collateral becomes Embargoed Property, then, in addition to all other rights and remedies available to the Administrative Agent and each of the Lenders, upon request by the Administrative Agent or any of the Lenders, such Originator shall provide substitute Collateral acceptable to the Lenders that is not Embargoed Property.

(ii) Each Originator will conduct its business in compliance with all Anti-Corruption Laws and maintain policies and procedures reasonably designed to promote compliance with Anti-Corruption Laws.

~~Such Each~~ Originator hereby covenants and agrees it will not: ~~(a) become a Sanctioned Person. Such Originator, either in its own right; (b) directly, or indirectly through any third party, will not (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds from the sale~~ a third party, engage in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, including any use of the proceeds of the Receivables facilities to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. Such Originator shall comply with all Anti-Terrorism Laws. Such Originator shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event. Person or Sanctioned Jurisdiction; (c) repay the facilities with Embargoed Property or funds derived from any unlawful activity; or (d) cause any Lender or Administrative Agent to violate any Sanctions Law or Anti-Terrorism Law.

(iv) Each Originator hereby covenants and agrees that it will not, and will not permit any of its Subsidiaries to directly or indirectly, use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws.

(r) Legend. Each Originator (or the Servicer on its behalf) shall have placed on the most recent, and have taken all steps reasonably necessary to ensure that there shall be placed on each subsequent, data processing report that it generates which are of the type that a proposed purchaser or lender would use to evaluate the Receivables, the following legend (or the substantive equivalent thereof): “THE RECEIVABLES DESCRIBED HEREIN HAVE BEEN SOLD PURSUANT TO A PURCHASE AND SALE AGREEMENT, DATED AS OF JUNE 29, 2018, AS AMENDED, BETWEEN EACH OF THE ENTITIES LISTED ON SCHEDULE I THERETO, AS ORIGINATORS, SYNEOS HEALTH, LLC, AS SERVICER AND SYNEOS HEALTH RECEIVABLES LLC, AS BUYER; AND THE RECEIVABLES DESCRIBED HEREIN HAVE BEEN PLEDGED TO PNC BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT, PURSUANT TO A RECEIVABLES FINANCING AGREEMENT, DATED AS OF JUNE 29, 2018, AS AMENDED, AMONG SYNEOS HEALTH RECEIVABLES LLC, AS BORROWER, SYNEOS HEALTH, LLC, AS SERVICER, THE VARIOUS LENDERS FROM TIME TO TIME PARTY THERETO AND PNC BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT”.

(s) Buyer’s Tax Status. Neither Syneos Health nor any Originator shall take or cause any action to be taken that could result in the Buyer (i) being treated other than as a “disregarded entity” within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes or (ii) becoming an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

CERTIFICATIONS

I, Alistair Macdonald, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Syneos Health, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2021

/s/ Alistair Macdonald
Alistair Macdonald
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Jason Meggs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Syneos Health, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2021

/s/ Jason Meggs

Jason Meggs
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Alistair Macdonald, Chief Executive Officer of Syneos Health, Inc. (the "registrant"), do hereby certify, that to the best of my knowledge:

1. The registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2021, (the "Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 2, 2021

/s/ Alistair Macdonald
Alistair Macdonald
Chief Executive Officer
(Principal Executive Officer)

This certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jason Meggs, Chief Financial Officer of Syneos Health, Inc. (the "registrant"), do hereby certify, that to the best of my knowledge:

1. The registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report"), to which this Certification is attached as Exhibit 32.2, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 2, 2021

/s/ Jason Meggs

Jason Meggs
Chief Financial Officer
(Principal Financial Officer)

This certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing.