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, 2020

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 001-31400

CACI International Inc
(Exact name of registrant as specified in its charter)

Delaware	**54-1345888**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1100 North Glebe Road, Arlington, VA 22201
(Address of principal executive offices)

(703) 841-7800
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CACI	New York Stock Exchange

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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 15, 2020, there were 25,218,802 shares outstanding of CACI International Inc's common stock, par value $0.10 per share.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

CACI INTERNATIONAL INC
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(amounts in thousands, except per share data)

	Three Months Ended September 30,	
	2020	2019
Revenue	$ 1,459,506	$ 1,363,392
Operating costs and expenses:		
Costs of revenue	939,934	878,881
Indirect costs and selling expenses	355,004	357,592
Depreciation and amortization	30,144	26,762
Total operating costs and expenses	1,325,082	1,263,235
Income from operations	134,424	100,157
Interest expense and other, net	9,980	16,811
Income before income taxes	124,444	83,346
Income tax expense	30,800	15,369
Net income	$ 93,644	$ 67,977
Basic earnings per share	$ 3.73	$ 2.73
Diluted earnings per share	$ 3.67	$ 2.66
Weighted-average basic shares outstanding	25,099	24,894
Weighted-average diluted shares outstanding	25,486	25,532

See Notes to Unaudited Consolidated Financial Statements

CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(amounts in thousands)

	Three Months Ended September 30,	
	2020	2019
Net income	$ 93,644	$ 67,977
Other comprehensive income (loss):		
Foreign currency translation adjustment	7,793	(5,308)
Change in fair value of interest rate swap agreements, net of tax	2,252	(4,964)
Other comprehensive income (loss), net of tax	10,045	(10,272)
Comprehensive income	$ 103,689	$ 57,705

See Notes to Unaudited Consolidated Financial Statements

CACI INTERNATIONAL INC

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(amounts in thousands, except per share data)

		September 30, 2020		June 30, 2020
ASSETS				
Current assets:				
Cash and cash equivalents	$	124,862	$	107,236
Accounts receivable, net		820,157		841,227
Prepaid expenses and other current assets		155,853		137,423
Total current assets		1,100,872		1,085,886
Goodwill		3,622,188		3,407,110
Intangible assets, net		526,478		406,885
Property and equipment, net		169,115		170,521
Operating lease right-of-use assets		381,484		330,767
Supplemental retirement savings plan assets		98,393		96,355
Accounts receivable, long-term		9,611		9,629
Other long-term assets		42,227		35,319
Total assets	$	5,950,368	$	5,542,472
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	$	46,920	$	46,920
Accounts payable		79,343		89,961
Accrued compensation and benefits		316,480		338,760
Other accrued expenses and current liabilities		310,611		293,518
Total current liabilities		753,354		769,159
Long-term debt, net of current portion		1,567,371		1,357,519
Supplemental retirement savings plan obligations, net of current portion		108,043		103,004
Deferred income taxes		216,595		213,096
Operating lease liabilities, noncurrent		377,742		309,680
Other long-term liabilities		155,494		128,704
Total liabilities	$	3,178,599	$	2,881,162
COMMITMENTS AND CONTINGENCIES				
Shareholders' equity:				
Preferred stock $0.10 par value, 10,000 shares authorized, no shares issued or outstanding		—		—
Common stock $0.10 par value, 80,000 shares authorized; 42,537 shares issued and 25,105 outstanding at September 30, 2020 and 42,525 shares issued and 25,093 outstanding at June 30, 2020		4,254		4,253
Additional paid-in capital		580,513		573,744
Retained earnings		2,825,288		2,731,644
Accumulated other comprehensive loss		(62,240)		(72,285)
Treasury stock, at cost (17,432 and 17,432 shares, respectively)		(576,181)		(576,181)
Total CACI shareholders' equity		2,771,634		2,661,175
Noncontrolling interest		135		135
Total shareholders' equity		2,771,769		2,661,310
Total liabilities and shareholders' equity	$	5,950,368	$	5,542,472

See Notes to Unaudited Consolidated Financial Statements

CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(amounts in thousands)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 93,644	$ 67,977
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	30,144	26,762
Amortization of deferred financing costs	583	589
Non-cash lease expense	19,056	17,825
Stock-based compensation expense	7,847	7,038
Deferred income taxes	2,339	5,485
Changes in operating assets and liabilities, net of effect of business acquisitions:		
Accounts receivable, net	20,987	21,589
Prepaid expenses and other assets	(21,420)	(25,989)
Accounts payable and other accrued expenses	21,109	3,477
Accrued compensation and benefits	(23,882)	(1,267)
Income taxes payable and receivable	8,384	4,463
Operating lease liabilities	(19,364)	(17,450)
Long-term liabilities	37,473	(7,295)
Net cash provided by operating activities	176,900	103,204
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(16,282)	(22,536)
Cash paid for business acquisitions, net of cash acquired	(354,095)	(1,351)
Net cash used in investing activities	(370,377)	(23,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings under bank credit facilities	839,500	439,500
Principal payments made under bank credit facilities	(630,230)	(506,230)
Proceeds from employee stock purchase plans	2,431	1,852
Repurchases of common stock	(2,074)	(1,717)
Payment of taxes for equity transactions	(688)	(467)
Net cash provided by (used in) financing activities	208,939	(67,062)
Effect of exchange rate changes on cash and cash equivalents	2,164	(1,101)
Net increase in cash and cash equivalents	17,626	11,154
Cash and cash equivalents at beginning of period	107,236	72,028
Cash and cash equivalents at end of period	$ 124,862	$ 83,182
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes, net of refunds	$ 19,725	$ 4,675
Cash paid during the period for interest	$ 8,768	$ 15,114
Non-cash financing and investing activities:		
Landlord sponsored tenant improvement	$ 1,389	$ —
Accrued capital expenditures	$ 938	$ 3,338

See Notes to Unaudited Consolidated Financial Statements

CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(amounts in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total CACI Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount				Shares	Amount			
BALANCE, June 30, 2020	42,525	$ 4,253	$ 573,744	$ 2,731,644	$ (72,285)	17,432	$ (576,181)	$ 2,661,175	$ 135	$ 2,661,310
Net income	—	—	—	93,644	—	—	—	93,644	—	93,644
Stock-based compensation expense	—	—	7,847	—	—	—	—	7,847	—	7,847
Tax withholdings on restricted share vestings	12	1	(1,177)	—	—	—	—	(1,176)	—	(1,176)
Change in fair value of interest rate swap agreements, net	—	—	—	—	2,252	—	—	2,252	—	2,252
Currency translation adjustment	—	—	—	—	7,793	—	—	7,793	—	7,793
Repurchases of common stock	—	—	80	—	—	10	(2,154)	(2,074)	—	(2,074)
Treasury stock issued under stock purchase plans	—	—	19	—	—	(10)	2,154	2,173	—	2,173
BALANCE, September 30, 2020	42,537	$ 4,254	$ 580,513	$ 2,825,288	$ (62,240)	17,432	$ (576,181)	$ 2,771,634	$ 135	$ 2,771,769
BALANCE, June 30, 2019	42,314	$ 4,231	$ 576,277	$ 2,410,164	$ (43,156)	17,434	$ (576,185)	$ 2,371,331	$ 135	$ 2,371,466
Net income	—	—	—	67,977	—	—	—	67,977	—	67,977
Stock-based compensation expense	—	—	7,038	—	—	—	—	7,038	—	7,038
Tax withholdings on restricted share vestings	78	8	(10,868)	—	—	—	—	(10,860)	—	(10,860)
Change in fair value of interest rate swap agreements, net	—	—	—	—	(4,964)	—	—	(4,964)	—	(4,964)
Currency translation adjustment	—	—	—	—	(5,308)	—	—	(5,308)	—	(5,308)
Repurchases of common stock	—	—	(112)	—	—	8	(1,605)	(1,717)	—	(1,717)
Treasury stock issued under stock purchase plans	—	—	13	—	—	(8)	1,606	1,619	—	1,619
BALANCE, September 30, 2019	42,392	$ 4,239	$ 572,348	$ 2,478,141	$ (53,428)	17,434	$ (576,184)	$ 2,425,116	$ 135	$ 2,425,251

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of CACI International Inc and subsidiaries (CACI or the Company) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and include the assets, liabilities, results of operations, comprehensive income and cash flows for the Company, including its subsidiaries and ventures that are majority-owned or otherwise controlled by the Company. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading. All intercompany balances and transactions have been eliminated in consolidation.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and amounts included in other current assets and current liabilities that meet the definition of a financial instrument approximate fair value because of the short-term nature of these amounts. The fair value of the Company's debt outstanding as of September 30, 2020 under its bank credit facility approximates its carrying value. The fair value of the Company's debt under its bank credit facility was estimated using Level 2 inputs based on market data of companies with a corporate rating similar to CACI's that have recently priced credit facilities. See Notes 11 and 18.

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments and reclassifications (all of which are of a normal, recurring nature) that are necessary for the fair presentation of the periods presented. It is suggested that these unaudited consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's latest annual report to the SEC on Form 10-K for the year ended June 30, 2020. The results of operations for the three months ended September 30, 2020 are not necessarily indicative of the results to be expected for any subsequent interim period or for the full fiscal year.

2. Recent Accounting Pronouncements

Accounting Standards Updates Adopted

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the capitalization requirements for implementation costs incurred in a hosting arrangement that is a service contract with the existing capitalization requirements for implementation costs associated with internal-use software (Subtopic 350-40). The Company adopted this standard on July 1, 2020 using the prospective method. The adoption of this standard did not have a material impact on our operating results, financial position or cash flows.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses,* which requires companies to record an allowance for expected credit losses over the contractual term of financial assets, including short-term trade receivables and contract assets, and expands disclosure requirements for credit quality of financial assets. The Company adopted this standard on July 1, 2020 using the modified retrospective method. The adoption of this standard did not have a material impact on our operating results, financial position or cash flows.

3. Acquisition

On August 11, 2020, CACI completed the acquisition of Ascent Vision Technologies (AVT) for a purchase price of approximately $348.8 million. AVT specializes in Electro-Optical Infrared payloads, On-Board Computer Vision Processing and counter-unmanned aircraft system (C-UAS) solutions. The Company preliminarily recognized fair values of the assets acquired and liabilities assumed and allocated $210.9 million to goodwill and $133.8 million to intangible assets. The goodwill of $210.9 million is largely attributable to the assembled workforce of AVT and expected synergies between the Company and AVT. The intangible assets consist of customer relationships of $65.7 million and technology of $68.1 million. The fair value attributed to intangible assets is being amortized on an accelerated basis over approximately 20 years for customer relationships and over approximately 10 years for technology. The fair value attributed to the intangible assets acquired was based on assumptions and other information compiled by management, including independent valuations that utilized established valuation techniques. Of the value attributed to goodwill and intangible assets, approximately $319.7 million is deductible for income tax purposes.

4. Intangible Assets

Intangible assets consisted of the following (in thousands):

	September 30, 2020 (1)	June 30, 2020
Intangible assets:		
Customer contracts and related customer relationships	$ 637,874	$ 570,562
Acquired technologies	198,115	129,925
Other	8	8
Intangible assets	835,997	700,495
Less accumulated amortization:		
Customer contracts and related customer relationships	(281,953)	(271,708)
Acquired technologies	(27,563)	(21,900)
Other	(3)	(2)
Less accumulated amortization	(309,519)	(293,610)
Total intangible assets, net	$ 526,478	$ 406,885

(1) During the three months ended September 30, 2020, the Company removed $0.6 million in fully amortized intangible assets.

Intangible assets are primarily amortized on an accelerated basis over periods ranging from one to twenty years. The weighted-average period of amortization for all customer contracts and related customer relationships as of September 30, 2020 is 17.6 years, and the weighted-average remaining period of amortization is 14.7 years. The weighted-average period of amortization for acquired technologies as of September 30, 2020 is 10.5 years, and the weighted-average remaining period of amortization is 9.4 years.

Expected amortization expense for the remainder of the fiscal year ending June 30, 2021, and for each of the fiscal years thereafter, is as follows (in thousands):

Fiscal year ending June 30,	Amount
2021 (nine months)	$ 51,274
2022	68,452
2023	65,029
2024	57,693
2025	50,452
Thereafter	233,578
Total intangible assets, net	$ 526,478

5. Goodwill

The changes in the carrying amount of goodwill for the three months ended September 30, 2020 are as follows (in thousands):

	Domestic	International	Total
Balance at June 30, 2020	$ 3,279,856	$ 127,254	$ 3,407,110
Goodwill acquired (1)	210,881	(1,396)	209,485
Foreign currency translation	(30)	5,623	5,593
Balance at September 30, 2020	$ 3,490,707	$ 131,481	$ 3,622,188

(1) Includes goodwill initially allocated to new business combinations as well as measurement period adjustments.

6. Revenue Recognition

We disaggregate our revenue arrangements by contract type, customer, whether we perform on the contract as the prime or subcontractor, and whether the solution provided is primarily expertise or technology as defined herein. We believe that these categories allow for a better understanding of the nature, amount, timing, and uncertainty of revenue and cash flows arising from our contracts.

Revenue by Contract Type

The Company generated revenue on our cost-plus-fee, fixed-price, and time-and-materials contracts as follows during the three months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Domestic	**International**	**Total**	**Domestic**	**International**	**Total**
Cost-plus-fee	$ 823,609	$ —	$ 823,609	$ 747,714	$ —	$ 747,714
Fixed-price	409,584	24,230	433,814	391,536	26,440	417,976
Time-and-materials	184,994	17,089	202,083	185,523	12,179	197,702
Total	$ 1,418,187	$ 41,319	$ 1,459,506	$ 1,324,773	$ 38,619	$ 1,363,392

Customer Group

The Company generated revenue from our primary customer groups as follows during the three months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Domestic	**International**	**Total**	**Domestic**	**International**	**Total**
Department of Defense	$ 1,004,195	$ —	$ 1,004,195	$ 937,640	$ —	$ 937,640
Federal Civilian agencies	390,179	—	390,179	363,993	—	363,993
Commercial and other	23,813	41,319	65,132	23,140	38,619	61,759
Total	$ 1,418,187	$ 41,319	$ 1,459,506	$ 1,324,773	$ 38,619	$ 1,363,392

Prime or Subcontractor

The Company generated revenue as either the prime or subcontractor as follows during the three months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Domestic	**International**	**Total**	**Domestic**	**International**	**Total**
Prime contractor	$ 1,288,705	$ 38,133	$ 1,326,838	$ 1,197,634	$ 37,471	$ 1,235,105
Subcontractor	129,482	3,186	132,668	127,139	1,148	128,287
Total	$ 1,418,187	$ 41,319	$ 1,459,506	$ 1,324,773	$ 38,619	$ 1,363,392

Expertise or Technology

The Company generated revenue by providing expertise or technology solutions to our customers as follows during the three months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Domestic	**International**	**Total**	**Domestic**	**International**	**Total**
Expertise	$ 723,197	$ 17,486	$ 740,683	$ 709,025	$ 13,328	$ 722,353
Technology	694,990	23,833	718,823	615,748	25,291	641,039
Total	$ 1,418,187	$ 41,319	$ 1,459,506	$ 1,324,773	$ 38,619	$ 1,363,392

Significant Estimates

For many of our fixed price revenue arrangements and for revenue arrangements that have award or incentive fees, the Company uses an estimate at completion (EAC) to measure progress towards the complete satisfaction of its performance obligations. For these revenue arrangements, revenue is recognized over time primarily using a cost-to-cost input method based on the ratio of costs incurred to date to total estimated costs at completion. The EAC process requires the Company to use professional judgment when assessing risks, estimating contract revenue and costs, estimating variable consideration, and making assumptions for schedule and technical issues. The Company periodically reassesses its EAC assumptions and updates its estimates as needed. When estimates of total costs to be incurred on a contract exceed total revenue, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

Based on changes in a contract's EAC, a cumulative adjustment to revenue will be recorded. For the three months ended September 30, 2020 and 2019, we recognized an increase to income before income taxes of $7.8 million ($0.22 per diluted share) and $6.5 million ($0.19 per diluted share), respectively, from EAC adjustments. The Company used its statutory tax rate when calculating the impact to diluted earnings per share.

Revenue recognized from previously satisfied performance obligations was immaterial for the three months ended September 30, 2020 and 2019. The change in revenue generally relates to final true-up adjustments to our estimated award or incentive fees in the period in which we receive the customer's final performance score or when we can determine that more objective, contractually-defined criteria have been fully satisfied.

Remaining Performance Obligations

The Company's remaining performance obligations balance as of period end represents the expected revenue to be recognized for the satisfaction of remaining performance obligations on our existing contracts. This balance excludes unexercised contract option years and task orders that may be issued underneath an Indefinite Delivery/Indefinite Quantity (IDIQ) vehicle until such task orders are awarded. The remaining performance obligations balance generally increases with the execution of new contracts and converts into revenue as our contractual performance obligations are satisfied.

The Company continues to monitor this balance as it is subject to change from execution of new contracts, contract modifications or extensions, government deobligations, or early terminations. Based on this analysis, an adjustment to the period end balance may be required. Our remaining performance obligations balance as of September 30, 2020 was $7.0 billion.

The Company expects to recognize approximately 80 percent of our remaining performance obligations balance as revenue over the next twelve months and the remaining 20 percent thereafter.

7. Accounts Receivable

	September 30, 2020	June 30, 2020
Billed and billable receivables	$ 729,450	$ 779,339
Unbilled receivables	90,707	61,888
Total accounts receivable, net – current	820,157	841,227
Unbilled receivables, long-term	9,611	9,629
Total accounts receivable	$ 829,768	$ 850,856

Accounts receivable are recorded at amounts earned less an allowance for doubtful accounts. The Company periodically reassesses its allowance for doubtful accounts by analyzing reasonably available information as of the balance sheet date, including the length of time that the receivable has been outstanding, historical bad debts and aging trends, and other general and contract specific factors. In addition, the Company monitors its exposure to customer credit risk for its financial assets, including its trade receivables and contract balances.

The Company's allowance for doubtful accounts was $2.9 million and $3.0 million at September 30 and June 30, 2020, respectively.

8. Contract Balances

Contract assets are primarily comprised of unbilled receivables in which revenue has been recognized but our right to consideration is conditional on factors other than the passage of time. Contract assets exclude billed and billable receivables.

The incremental costs of obtaining a contract (e.g. sales commissions) are capitalized as an asset when the Company expects to recover them either directly or indirectly through the revenue arrangement's profit margins. These capitalized costs are subsequently expensed over the revenue arrangement's period of performance. Contract assets are not stated above their net realizable value.

Contract liabilities are primarily comprised of advance payments in which consideration is received in advance of satisfying a performance obligation. The advance payment is subsequently recognized into revenue as the performance obligation is satisfied.

Net contract assets (liabilities) consisted of the following (in thousands):

Description of Contract Related Balance	Financial Statement Classification	September 30, 2020	June 30, 2020
Contract assets – current:			
Unbilled receivables	Accounts receivable, net	$ 90,707	$ 61,888
Costs to obtain – short-term	Prepaid expenses and other current assets	3,717	3,492
Contract assets – noncurrent:			
Unbilled receivables	Accounts receivable, long-term	9,611	9,629
Costs to obtain – long-term	Other long-term assets	8,518	7,708
Contract liabilities – current:			
Deferred revenue and other contract liabilities – short-term	Other accrued expenses and current liabilities	(76,719)	(57,082)
Contract liabilities – noncurrent:			
Deferred revenue and other contract liabilities – long-term	Other long-term liabilities	(6,516)	(6,507)
Net contract assets (liabilities)		$ 29,318	$ 19,128

During the three months ended September 30, 2020 and 2019, we recognized $33.5 million and $25.7 million of revenue, respectively, that was included in a previously recorded contract liability as of the beginning of the period.

9. Inventories

Inventories consisted of the following (in thousands):

	September 30, 2020	June 30, 2020
Materials, purchased parts and supplies	$ 49,569	$ 36,692
Work in process	12,451	10,867
Finished goods	14,967	17,608
Total	$ 76,987	$ 65,167

Inventories are stated at the lower of cost (average cost or first-in, first-out) or net realizable value and are included in prepaid expenses and other current assets on the accompanying consolidated balance sheets. The Company periodically assesses its current inventory balances and records a provision for damaged, deteriorated, or obsolete inventory based on historical patterns and forecasted sales.

10. Sales of Receivables

On December 27, 2019, the Company amended its Master Accounts Receivable Purchase Agreement (MARPA) with MUFG Bank, Ltd. (the Purchaser), for the sale of certain designated eligible U.S. government receivables. The amendment extended the term of the MARPA to December 24, 2020. Under the MARPA, the Company can sell eligible receivables, including certain billed and unbilled receivables up to a maximum amount of $200.0 million. The Company's receivables are sold under the MARPA without recourse for any U.S. government credit risk.

The Company accounts for receivable transfers under the MARPA as sales under ASC 860, *Transfers and Servicing*, and derecognizes the sold receivables from its balance sheets. The fair value of the sold receivables approximated their book value due to their short-term nature.

The Company does not retain an ongoing financial interest in the transferred receivables other than cash collection and administrative services. The Company estimated that its servicing fee was at fair value and therefore no servicing asset or liability related to these receivables was recognized as of September 30, 2020. Proceeds from the sold receivables are reflected in our operating cash flows on the statement of cash flows.

MARPA activity consisted of the following (in thousands):

	As of and for the Three Months Ended September 30, 2020	2019
Beginning balance:	$ 200,000	$ 192,527
Sales of receivables	626,603	493,879
Cash collections	(642,398)	(505,303)
Outstanding balance sold to Purchaser: (1)	184,205	181,103
Cash collected, not remitted to Purchaser (2)	(79,804)	(90,850)
Remaining sold receivables	$ 104,401	$ 90,253

(1) For the three months ended September 30, 2020 and 2019, the Company recorded a net cash outflow in its cash flows from operating activities of $15.8 million and $11.4 million, respectively, from sold receivables. MARPA cash flows are calculated as the change in the outstanding balance during the fiscal year.

(2) Includes the cash collected on behalf of but not yet remitted to the Purchaser as of September 30, 2020 and 2019. This balance is included in other accrued expenses and current liabilities as of the balance sheet date.

11. Long-term Debt

Long-term debt consisted of the following (in thousands):

	September 30, 2020	June 30, 2020
Bank credit facility – term loans	$ 832,824	$ 844,555
Bank credit facility – revolver loans	790,000	569,000
Principal amount of long-term debt	1,622,824	1,413,555
Less unamortized discounts and debt issuance costs	(8,533)	(9,116)
Total long-term debt	1,614,291	1,404,439
Less current portion	(46,920)	(46,920)
Long-term debt, net of current portion	$ 1,567,371	$ 1,357,519

Bank Credit Facility

The Company has a $2,438.4 million credit facility (the Credit Facility), which consists of an $1,500.0 million revolving credit facility (the Revolving Facility) and a $938.4 million term loan (the Term Loan). The Revolving Facility has subfacilities of $100.0 million for same-day swing line loan borrowings and $25.0 million for stand-by letters of credit.

The Revolving Facility is a secured facility that permits continuously renewable borrowings of up to $1,500.0 million. As of September 30, 2020, the Company had $790.0 million outstanding under the Revolving Facility and no borrowings on the swing line. The Company pays a quarterly facility fee for the unused portion of the Revolving Facility.

The Term Loan is a five-year secured facility under which principal payments are due in quarterly installments of $11.7 million until the balance is due in full on June 30, 2024. As of September 30, 2020, the Company had $832.8 million outstanding under the Term Loan.

The interest rates applicable to loans under the Credit Facility are floating interest rates that, at the Company's option, equal a base rate or a Eurodollar rate plus, in each case, an applicable rate based upon the Company's consolidated total leverage ratio. As of September 30, 2020, the effective interest rate, including the impact of the Company's floating-to-fixed interest rate swap agreements and excluding the effect of amortization of debt financing costs, for the outstanding borrowings under the Credit Facility was 2.14 percent.

The Credit Facility requires the Company to comply with certain financial covenants, including a maximum total leverage ratio and a minimum interest coverage ratio. The Credit Facility also includes customary negative covenants restricting or limiting the Company's ability to guarantee or incur additional indebtedness, grant liens or other security interests to third parties, make loans or investments, transfer assets, declare dividends or redeem or repurchase capital stock or make other distributions, prepay subordinated indebtedness and engage in mergers, acquisitions or other business combinations, in each case except as expressly permitted under the Credit Facility. As of September 30, 2020, the Company was in compliance with all of the financial covenants. A majority of the Company's assets serve as collateral under the Credit Facility.

All debt issuance costs are being amortized from the date incurred to the expiration date of the Credit Facility.

The aggregate maturities of long-term debt at September 30, 2020 are as follows (in thousands):

Twelve months ending September 30,		
2021	$	46,920
2022		46,920
2023		46,920
2024		1,482,064
Principal amount of long-term debt		1,622,824
Less unamortized discounts and debt issuance costs		(8,533)
Total long-term debt	$	1,614,291

Cash Flow Hedges

The Company periodically uses derivative financial instruments as part of a strategy to manage exposure to market risks associated with interest rate fluctuations. The Company has entered into several floating-to-fixed interest rate swap agreements for an aggregate notional amount of $800.0 million which hedge a portion of the Company's floating rate indebtedness. The swaps mature at various dates through 2026. The Company has designated the swaps as cash flow hedges. Unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. The interest rate swap agreements are highly correlated to the changes in interest rates to which the Company is exposed. Realized gains and losses in connection with each required interest payment are reclassified from accumulated other comprehensive income or loss to interest expense. The Company does not hold or issue derivative financial instruments for trading purposes.

The effect of derivative instruments in the consolidated statements of operations and accumulated other comprehensive loss for the three months ended September 30, 2020 and 2019 is as follows (in thousands):

	Three Months Ended September 30,			
	2020		2019	
Gain (loss) recognized in other comprehensive income	$	(1,280)	$	(4,196)
Amounts reclassified to earnings from accumulated other comprehensive loss		3,532		(768)
Net current period other comprehensive income (loss)	$	2,252	$	(4,964)

12. Leases

All of the Company's leases are operating leases. The current portion of operating lease liabilities is included in other accrued expenses and current liabilities in our consolidated balance sheets. Lease balances in our consolidated balance sheet are as follows (in thousands):

	September 30, 2020	June 30, 2020
Operating lease right-of-use assets	$ 381,484	$ 330,767
Operating lease liabilities, current	52,489	67,549
Operating lease liabilities, noncurrent	377,742	309,680
	$ 430,231	$ 377,229

The Company's total lease cost is recorded primarily within indirect costs and selling expenses and had the following impact on the consolidated statement of operations (in thousands):

	Three Months Ended September 30,	
	2020	2019
Operating lease cost	$ 21,972	$ 21,206
Short-term and variable lease cost	3,668	3,370
Sublease income	(126)	(464)
Total lease cost	$ 25,514	$ 24,112

The Company's future minimum lease payments under non-cancelable operating leases for the remainder of the fiscal year ending June 30, 2020, and for each of the fiscal years thereafter, are as follows (in thousands):

Fiscal year ending June 30,	
2021 (nine months)	$ 43,550
2022	75,878
2023	71,507
2024	64,277
2025	56,019
Thereafter	168,161
Total undiscounted lease payments	479,392
Less: imputed interest	(49,161)
Total discounted lease liabilities	$ 430,231

The weighted-average remaining lease term (in years) and weighted-average discount rate was 7.16 years and 2.90 percent, respectively.

Cash paid for operating leases was $22.4 million for the three months ended September 30, 2020. During the three months ended September 30, 2020 operating lease liabilities arising from obtaining new ROU assets was $70.5 million, which includes all noncash changes arising from new or remeasured operating lease arrangements.

13. Commitments and Contingencies

The Company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters, either individually or in the aggregate, will not have a material adverse effect on the Company's operations and liquidity.

Government Contracting

Payments to the Company on cost-plus-fee and T&M contracts are subject to adjustment upon audit by the Defense Contract Audit Agency (DCAA) and other government agencies that do not utilize DCAA's services. The DCAA has completed audits of the Company's annual incurred cost proposals through fiscal year 2018. We are still negotiating the results of prior years' audits with the respective cognizant contracting officers and believe our reserves for such are adequate. In the opinion of management, adjustments that may result from these audits and the audits not yet started are not expected to have a material effect on the Company's financial position, results of operations, or cash flows as the Company has accrued its best estimate of potential disallowances. Additionally, the DCAA continually reviews the cost accounting and other practices of government contractors, including the Company. In the course of those reviews, cost accounting and other issues are identified, discussed and settled.

14. Stock-Based Compensation

For the three months ended September 30, 2020 and 2019, the Company recognized $7.8 million and $7.0 million of stock-based compensation, respectively, that was related to restricted stock units (RSUs). The stock-based compensation was included in indirect costs and selling expenses in the consolidated statements of operations.

During the periods presented all equity instrument grants were made in the form of RSUs. Other than performance-based RSUs (PRSUs) which contain a market-based element, the fair value of RSU grants was determined based on the closing price of a share of the Company's common stock on the date of grant. The fair value of RSUs with market-based vesting features was also measured on the grant date, but was done so using a binomial lattice model.

The Company granted performance-based stock awards to key employees in October of 2019, October of 2018 and September of 2017. The final number of PRSUs that are earned by participants and vest is based on the achievement of a specified EPS for the fiscal year and on the average share price for the 90-day period ended for the following three years. If the 90-day average share price of the Company's stock in years one, two and three exceeds the 90-day average share price at the grant date by 100 percent or more the number of shares ultimately awarded could range up to 200 percent of the specified target award. In addition to the performance and market conditions, there is a service vesting condition that stipulates 50 percent of the award will vest approximately three years from the grant date and 50 percent will vest approximately four years from the grant date, depending on the award date. During the second quarter of FY2021, the Company granted its annual performance-based stock awards to key employees.

The annual performance-based awards granted for each of the fiscal years presented were as follows:

	Performance-based stock awards granted	Number of additional shares earned under performance-based stock awards
Fiscal year 2021	7,059	—
Fiscal year 2020	108,844	—
Fiscal year 2019	129,108	12,462

The total number of shares authorized by shareholders for grants under the 2016 Plan and its predecessor plan is 1,200,000 plus any forfeitures from the 2006 Plan. The aggregate number of grants that may be made may exceed this approved amount as forfeited RSUs become available for future grants. As of September 30, 2020, cumulative grants of 937,934 equity instruments underlying the shares authorized have been awarded, and 197,997 of these instruments have been forfeited.

Activity related to RSUs during the three months ended September 30, 2020 is as follows:

	RSUs
Unvested at June 30, 2020	501,923
Granted	73,504
Vested	(17,578)
Forfeited	(10,286)
Unvested at September 30, 2020	547,563

As of September 30, 2020, there was $35.4 million of total unrecognized compensation costs related to RSUs scheduled to be recognized over a weighted-average period of 2.3 years.

15. Earnings Per Share

Earnings per share and the weighted-average number of diluted shares are computed as follows (in thousands, except per share data):

	Three Months Ended September 30,	
	2020	2019
Net income	$ 93,644	$ 67,977
Weighted-average number of basic shares outstanding during the period	25,099	24,894
Dilutive effect of RSUs after application of treasury stock method	387	638
Weighted-average number of diluted shares outstanding during the period	25,486	25,532
Basic earnings per share	$ 3.73	$ 2.73
Diluted earnings per share	$ 3.67	$ 2.66

16. Income Taxes

The Company is subject to income taxes in the U.S. and various state and foreign jurisdictions. Tax statutes and regulations within each jurisdiction are subject to interpretation and require the application of significant judgment. The Company is currently under examination by the Internal Revenue Service for year 2015 and one state jurisdiction for years 2016 and 2017. The Company does not expect resolution of these examinations to have a material impact on its results of operations, financial condition or cash flows.

The Company's total liability for unrecognized tax benefits as of September 30, 2020 and June 30, 2020 was $9.2 million and $8.8 million, respectively. The $9.2 million unrecognized tax benefit at September 30, 2020, if recognized, would positively impact the Company's effective tax rate.

For the three months ended September 30, 2020, the effective tax rate was 24.8 percent compared to 18.4 percent for the same period last year. The Company's effective tax rate was lower in the prior year quarter primarily due to the timing of excess tax benefits of employee stock-based payment plan awards. For both comparative reporting periods, the Company's effective tax rate was impacted by the change in value of assets invested in COLI policies. If gains or losses on the COLI investments throughout the rest of the current fiscal year vary from our estimates, our FY2021 effective tax rate will fluctuate.

17. Business Segment Information

The Company reports operating results and financial data in two segments: domestic operations and international operations. Domestic operations provide Expertise and Technology primarily to U.S. federal government agencies. International operations provide Expertise and Technology primarily to international government and commercial customers.

The Company evaluates the performance of its operating segments based on net income. Summarized financial information for the Company's reportable segments is as follows (in thousands):

	Domestic Operations	International Operations	Total
Three Months Ended September 30, 2020			
Revenue from external customers	$ 1,418,187	$ 41,319	$ 1,459,506
Net income	88,137	5,507	93,644
Three Months Ended September 30, 2019			
Revenue from external customers	$ 1,324,773	$ 38,619	$ 1,363,392
Net income	64,211	3,766	67,977

18. Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Company's financial assets and liabilities recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- Level 1 Inputs – unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3 Inputs – amounts derived from valuation models in which unobservable inputs reflect the reporting entity's own assumptions about the assumptions of market participants that would be used in pricing the asset or liability.

The Company's financial instruments measured at fair value included interest rate swap agreements. The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 and June 30, 2020, and the level they fall within the fair value hierarchy (in thousands):

Description of Financial Instrument	Financial Statement Classification	Fair Value Hierarchy	September 30, 2020	June 30, 2020
			Fair Value	
Interest rate swap agreements	Other accrued expenses and current liabilities	Level 2	$ 1,251	$ —
Interest rate swap agreements	Other long-term liabilities	Level 2	$ 38,861	$ 43,168

Changes in the fair value of the interest rate swap agreements are recorded as a component of accumulated other comprehensive income or loss.

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

The following discussion and analysis of our financial condition and results of operations is provided to enhance the understanding of, and should be read together with, our unaudited consolidated financial statements and the notes to those statements that appear elsewhere in this Quarterly Report on Form 10-Q.

Information Relating to Forward-Looking Statements

There are statements made herein that do not address historical facts and, therefore, could be interpreted to be forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are subject to risk factors that could cause actual results to be materially different from anticipated results. These risk factors include, but are not limited to, the following:

- our reliance on U.S. government contracts, which includes general risk around the government contract procurement process (such as bid protest, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks;
- significant delays or reductions in appropriations for our programs and broader changes in U.S. government funding and spending patterns;
- legislation that amends or changes discretionary spending levels or budget priorities, such as for homeland security or to address global pandemics like COVID-19;
- legal, regulatory, and political change from successive presidential administrations that could result in economic uncertainty;
- changes in U.S. federal agencies, current agreements with other nations, foreign events, or any other events which may affect the global economy, including the impact of global pandemics like COVID-19;
- the results of government audits and reviews conducted by the Defense Contract Audit Agency, the Defense Contract Management Agency, or other governmental entities with cognizant oversight;
- competitive factors such as pricing pressures and/or competition to hire and retain employees (particularly those with security clearances);
- failure to achieve contract awards in connection with re-competes for present business and/or competition for new business;
- regional and national economic conditions in the United States and globally, including but not limited to: terrorist activities or war, changes in interest rates, currency fluctuations, significant fluctuations in the equity markets, and market speculation regarding our continued independence;
- our ability to meet contractual performance obligations, including technologically complex obligations dependent on factors not wholly within our control;
- limited access to certain facilities required for us to perform our work, including during a global pandemic like COVID-19;
- changes in tax law, the interpretation of associated rules and regulations, or any other events impacting our effective tax rate;
- changes in technology;
- the potential impact of the announcement or consummation of a proposed transaction and our ability to successfully integrate the operations of our recent and any future acquisitions;
- our ability to achieve the objectives of near term or long-term business plans;
- the effects of health epidemics, pandemics and similar outbreaks may have material adverse effects on our business, financial position, results of operations and/or cash flows.

The above non-inclusive list of risk factors may impact the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, other risk factors include, but are not limited to, those described in "Item 1A. Risk Factors" within our Annual Report on Form 10-K. The forward-looking statements contained in this Quarterly Report on Form 10-Q are as of the date of its filing.

Overview

The Company provides Expertise and Technology to Enterprise and Mission customers in support of national security missions and government transformation.

- Enterprise – CACI provides capabilities that enable the internal operations of an agency. This includes business systems, business process reengineering, and enterprise information technology (IT). For example, CACI customizes, implements, and maintains commercial-off-the-shelf (COTS) and custom enterprise resource planning (ERP) systems. This includes financial, human capital, asset and material, and logistics and supply chain management systems. CACI also designs, develops, integrates, deploys and sustains enterprise-wide IT systems in a variety of models. As an Amazon Web Services (AWS) Premier Consulting Partner and Microsoft Cloud Solution Provider for Government, we deliver cloud-powered solutions, performance-based service management, mobility, defensive cyber and network security, end-user services, and infrastructure services.
- Mission – CACI provides capabilities that enable the execution of an agency's primary function, or "mission". For example, we support strategic and tactical Mission customers with capabilities in areas such as command and control, communications, intelligence collection and analysis, signals intelligence (SIGINT), electronic warfare (EW), and cyber operations. CACI develops tools and offerings in an open, software-defined architecture with multi-domain and multi-mission capabilities.
- Expertise – CACI provides Expertise to both Enterprise and Mission customers. For Enterprise customers, we deliver talent with the specific technical and *functional* knowledge to support internal agency operations. And for Mission customers, we deliver talent with technical and *domain* knowledge to support the execution of an agency's mission.
- Technology – CACI delivers Technology to both Enterprise and Mission customers. For Enterprise customers, Technology includes developing and implementing business systems, enterprise applications, and end-to-end IT systems. We also modernize infrastructure through migration to the cloud and IT or software as-a-service. For Mission customers, Technology includes developing and deploying multi-domain offerings for signals intelligence, electronic warfare, and cyber operations. We also deliver actionable intelligence through multi-source collection and analysis. And we generate unique intellectual property through advanced research and development.

Budgetary Environment

We carefully follow federal budget, legislative and contracting trends and activities and evolve our strategies to take these into consideration. In late July 2019, Congress passed the Bipartisan Budget Act of 2019 (BBA 2019), which increased the caps for defense and non-defense spending for government fiscal year (GFY) 2020 and GFY 2021, established discretionary spending caps for GFY 2020 and GFY 2021, and suspended the national debt limit through July 2021. On August 2, 2019, the President signed the measure into law. BBA 2019 called for defense spending, including Overseas Contingency Operations funds, of $738 billion in GFY 2020 and $740.5 billion in GFY 2021. Both represent increases from GFY 2019 levels of $716 billion, which itself represented an increase over GFY 2018 levels. In December 2019, Congress passed two GFY 2020 appropriations bills totaling $1.4 trillion: $738 billion for defense and $632 billion for non-defense agencies, which represent increases over GFY 2019 of $22 billion and $27 billion, respectively. On December 20, 2019, the President signed both bills into law. We believe that bipartisan support remains for continued investment in the areas of defense and national security.

While we view the budget environment as favorable and believe there is bipartisan support for continued investment in the areas of defense and national security, it is uncertain when GFY 2021 appropriations bills will be passed. On October 1, 2020, the President signed a continuing resolution (CR), a temporary measure allowing the government to continue operations through December 11, 2020 at prior year funding levels. During those periods of time when appropriations bills have not been passed and signed into law, government agencies operate under a CR. Depending on their scope, duration, and other factors, CRs can negatively impact our business due to delays in new program starts, delays in contract award decisions, and other factors. When a CR expires, unless appropriations bills have been passed by Congress and signed by the President, or a new CR is passed and signed into law, the government must cease operations, or shutdown, except in certain emergency situations or when the law authorizes continued activity. We continuously review our operations in an attempt to identify programs potentially at risk from CRs so that we can consider appropriate contingency plans.

Impact of COVID-19

As travel restrictions, social distancing advisories, and other requirements began to be implemented in March, we instructed our workforce to begin to work remotely to the extent possible. While a majority of our workforce is able to work remotely, some employees must still travel to client or company facilities in order to work. While CACI employees were deemed part of the ‘critical infrastructure workforce’, ensuring their ability to work despite state travel limitations, our business still experienced some impacts as a result of COVID-19 risk mitigation efforts. For example, in order to reduce personnel concentration and ensure social distancing in classified environments, shift work was implemented, which reduced the number of hours our employees could work and we could bill customers on certain programs. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was passed by Congress and signed by the President on March 27, 2020, provides a mechanism to bill hours where our employees are ready and able to work but unable to access required facilities due to COVID-19. This support was extended through December 11, 2020 under the CR signed by the President on October 1, 2020. We continue to work with our customers to implement the related provisions of the CARES Act, as well as appropriate risk mitigation efforts and alternative work arrangements.

Market Environment

Across our addressable market, we provide expertise and technology to government enterprise and mission customers. Based on the analysis of an independent market consultant retained by the Company, we believe that the total addressable market for our offerings is approximately $230 billion. Our addressable market is expected to continue to grow over the next several years. Approximately 70 percent of our revenue comes from defense-related customers, including those in the Intelligence Community (IC), with additional revenue coming from non-defense IC, homeland security, and other federal civilian customers.

We continue to align the Company’s capabilities with well-funded budget priorities and took steps to maintain a competitive cost structure in line with our expectations of future business opportunities. In light of these actions, as well as the budgetary environment discussed above, we believe we are well positioned to continue to win new business in our large addressable market. We believe that the following trends will influence the USG’s spending in our addressable market:

- A favorable USG budget environment, particularly in defense and intelligence-related areas;
- A shift in focus from readiness toward increased capabilities, effectiveness, and responsiveness;
- Increased USG interest in faster contracting and acquisition processes;
- Increased focus on cyber, space, and the electromagnetic spectrum as key domains for National Security;
- Continued focus on counterterrorism, counterintelligence, and counter proliferation as key U.S. security concerns;
- Balanced focus on enterprise cost reductions through efficiency, with increased spend on infrastructure modernization and enhancements to cyber security protections; and
- Increased investments in advanced technologies (e.g., Artificial Intelligence, 5G).

We believe that our customers' use of lowest price/technically acceptable (LPTA) procurements, which contributed to pricing pressures in prior years, has moderated, though price still remains an important factor in procurements. We also continue to see protests of major contract awards and delays in USG procurement activities. In addition, many of our federal government contracts require us to employ personnel with security clearances, specific levels of education and specific past work experience. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain and competition for skilled personnel in the information technology services industry is intense. Additional factors that could affect USG spending in our addressable market include changes in set-asides for small businesses, changes in budget priorities as a result of the COVID-19 pandemic, and budgetary priorities limiting or delaying federal government spending in general.

Results of Operations for the Three Months Ended September 30, 2020 and 2019

The following table provides the relative percentage that certain items of expense and earnings bear to revenue for the three months ended September 30, 2020 and 2019, respectively.

	Dollar Amount Three Months Ended September 30,		Percentage of Revenue Three Months Ended September 30,		Change	
(dollars in thousands)	2020	2019	2020	2019	$	%
Revenue	$ 1,459,506	$ 1,363,392	100.0%	100.0%	$ 96,114	7.0%
Operating costs and expenses:						
Costs of revenue	939,934	878,881	64.4	64.5	61,053	6.9
Indirect costs and selling expenses	355,004	357,592	24.3	26.2	(2,588)	(0.7)
Depreciation and amortization	30,144	26,762	2.1	2.0	3,382	12.6
Total operating costs and expenses	1,325,082	1,263,235	90.8	92.7	61,847	4.9
Income from operations	134,424	100,157	9.2	7.3	34,267	34.2
Interest expense and other, net	9,980	16,811	0.7	1.2	(6,831)	(40.6)
Income before income taxes	124,444	83,346	8.5	6.1	41,098	49.3
Income tax expense	30,800	15,369	2.1	1.1	15,431	100.4
Net income	$ 93,644	$ 67,977	6.4%	5.0%	$ 25,667	37.8%

Revenue. For the three months ended September 30, 2020, total revenue was $1.5 billion, 7.0 percent greater than last year with 6.1 percent from organic growth. The remaining growth in revenue was attributable to acquired revenues. Out of our primary customer groups, Department of Defense and Federal Civilian revenue increased by $66.6 million and $26.2 million, respectively, compared with the same period a year ago.

The following table summarizes revenue by customer type with related percentages of revenue for the three months ended September 30, 2020 and 2019, respectively:

	Dollar Amount Three Months Ended September 30,		Percentage of Revenue Three Months Ended September 30,		Change	
(dollars in thousands)	2020	2019	2020	2019	$	%
Department of Defense	$ 1,004,195	$ 937,640	68.8%	68.8%	$ 66,555	7.1%
Federal Civilian Agencies	390,179	363,993	26.7	26.7	26,186	7.2
Commercial and other	65,132	61,759	4.5	4.5	3,373	5.5
Total	$ 1,459,506	$ 1,363,392	100.0%	100.0%	$ 96,114	7.0%

- DoD revenue includes services and products provided to the U.S. Army, our single largest customer, where our services focus on supporting readiness, tactical military intelligence, and communications systems. DoD revenue also includes contracts with the U.S. Navy and other DoD agencies.
- Federal civilian agencies' revenue primarily includes services and products provided to non-DoD agencies and departments of the U.S. federal government, including intelligence agencies and Departments of Justice, Agriculture, Health and Human Services, and State.
- Commercial and other revenue primarily includes services and products provided to U.S. state and local governments, commercial customers, and certain foreign governments and agencies through our International reportable segment.

Costs of Revenue. For the three months ended September 30, 2020, costs of revenue increased $61.1 million or 6.9 percent, compared with the same period a year ago. As a percentage of revenue, costs of revenue were 64.4 percent and 64.5 percent for the three months ended September 30, 2020 and 2019. While overall costs of revenue increased primarily related to direct labor costs from organic growth on existing programs and acquired contracts, our margins improved against the comparative period due to certain fixed-price contracts that we were able to deliver on with significantly less costs than originally estimated.

Indirect Costs and Selling Expenses. For the three months ended September 30, 2020, indirect costs and selling expenses decreased $2.6 million or 0.7 percent, compared with the same period a year ago. As a percentage of revenue, indirect costs and selling expenses were 24.3 percent and 26.2 percent for the three months ended September 30, 2020 and 2019, respectively. This percentage decrease is driven primarily by reduced bid and proposal (B&P) costs, indirect travel, and recruiting expenses, partially offset by increased expenses due to a larger workforce, resulting in increased labor, fringe benefits and facility costs.

Depreciation and Amortization. For the three months ended September 30, 2020, depreciation and amortization expense increased $3.4 million or 12.6 percent, compared with the same period a year ago. The increase is primarily attributable to intangible amortization from recent acquisitions and increased depreciation from the Company's higher average property and equipment balances.

Interest Expense and Other, Net. For the three months ended September 30, 2020, interest expense and other, net decreased $6.8 million or 40.6 percent, compared with the same period a year ago. The decrease in interest expense is primarily attributable to lower average outstanding debt balances on the Company's Credit Facility and lower interest rates.

Income Tax Expense. For the three months ended September 30, 2020, the effective tax rate was 24.8 percent compared to 18.4 percent for the same period last year. The Company's effective tax rate was lower in the prior year quarter primarily due to the timing of excess tax benefits of employee stock-based payment plan awards. For both comparative reporting periods, the Company's effective tax rate was impacted by the change in value of assets invested in COLI policies. If gains or losses on the COLI investments throughout the rest of the current fiscal year vary from our estimates, our FY2021 effective tax rate will fluctuate.

Contract Backlog

The Company's backlog represents total value on our existing contracts that has the potential to be recognized into revenue as work is performed. The Company includes unexercised option years in its backlog amount and excludes task orders that may be issued underneath a multiple award IDIQ vehicle until such task orders are issued.

The Company's backlog as of period end is either funded or unfunded:

- Funded backlog represents contract value appropriated by a customer that is expected to be recognized into revenue.
- Unfunded backlog represents the sum of unappropriated contract value on executed contracts and unexercised option years that is expected to be recognized into revenue.

As of September 30, 2020, the Company had total backlog of $21.9 billion, compared with $19.5 billion a year ago, an increase of 12.6 percent. Contract awards were $1.8 billion for the three months ended September 30, 2020. Funded backlog as of September 30, 2020 was $3.4 billion, compared with $3.3 billion a year ago, an increase of 3.8 percent. The total backlog consists of remaining performance obligations (see Note 6 – Revenue Recognition) plus unexercised options.

There is no assurance that all funded or potential contract value will result in revenue being recognized. The Company continues to monitor our backlog as it is subject to change from execution of new contracts, contract modifications or extensions, government deobligations, or early terminations. Based on this analysis, an adjustment to the period end balance may be required.

Liquidity and Capital Resources

To date, COVID-19 has not had a significant impact on our liquidity, cash flows or capital resources. However, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets, which, depending on future developments, could impact our capital resources and liquidity in the future.

Existing cash and cash equivalents and cash generated by operations are our primary sources of liquidity, as well as sales of receivables under our MARPA (as defined and discussed in Note 10) and available borrowings under our Credit Facility (as defined in Note 11) described below.

The Company has a $2,438.4 million Credit Facility, which consists of an $1,500.0 million Revolving Facility and a $938.4 million Term Loan. The Revolving Facility is a secured facility that permits continuously renewable borrowings and has subfacilities of $100.0 million for same-day swing line borrowings and $25.0 million for stand-by letters of credit. As of September 30, 2020, we had $790.0 million outstanding under the Revolving Facility and no borrowings on the swing line.

The Term Loan is a five-year secured facility under which principal payments are due in quarterly installments of $11.7 million until the balance is due in full on June 30, 2024. As of September 30, 2020, $832.8 million was outstanding under the Term Loan.

The interest rates applicable to loans under the Credit Facility are floating interest rates that, at our option, equal a base rate or a Eurodollar rate plus, in each case, an applicable margin based upon our consolidated total leverage ratio.

The Credit Facility requires us to comply with certain financial covenants, including a maximum total leverage ratio and a minimum interest coverage ratio. The Credit Facility also includes customary negative covenants restricting or limiting our ability to guarantee or incur additional indebtedness, grant liens or other security interests to third parties, make loans or investments, transfer assets, declare dividends or redeem or repurchase capital stock or make other distributions, prepay subordinated indebtedness and engage in mergers, acquisitions or other business combinations, in each case except as expressly permitted under the Credit Facility. Since the inception of the Credit Facility, we have been in compliance with all of the financial covenants. A majority of our assets serve as collateral under the Credit Facility.

A summary of the change in cash and cash equivalents is presented below:

	Three Months Ended September 30,	
	2020	2019
Net cash provided by operating activities	$ 176,900	$ 103,204
Net cash provided by (used in) investing activities	(370,377)	(23,887)
Net cash provided by (used in) financing activities	208,939	(67,062)
Effect of exchange rate changes on cash	2,164	(1,101)
Net increase in cash and cash equivalents	$ 17,626	$ 11,154

Our operating cash flow was $176.9 million for the three months ended September 30, 2020. This represents an increase of $73.7 million or 71.4 percent, from our operating cash flows of $103.2 million for the three months ended September 30, 2019. The year-over-year increase is primarily related to increases of $25.7 million in FY2021 net income, $31.5 million related to deferrals of employer related social security taxes under the CARES Act, and $16.5 million of other net favorable working capital changes. Days sales outstanding (DSO) was 47 days at September 30, 2020, compared with 53 days at September 30, 2019.

Cash used in investing activities was $370.4 million and $23.9 million during the three months ended September 30, 2020 and 2019, respectively. During the three months ended September 30, 2020, we paid $354.1 million for business acquisitions, as compared to $1.4 million during the same period a year ago. Capital expenditures of $16.3 million and $22.5 million during the first three months of FY2021 and FY2020, respectively, accounted for the remaining funds used in investing activities.

Cash provided by financing activities was $208.9 million during the three months ended September 30, 2020, compared to cash used in financing activities of $67.1 million during the same period a year ago. During the three months ended September 30, 2020, we had net borrowings under our Credit Facility of $209.3 million compared to net repayments of $66.7 million during the same period a year ago. During the three months ended September 30, 2020 and September 30, 2019, we also used cash of $0.7 million and $0.5 million, respectively, to pay taxes on equity transactions.

We believe that the combination of internally generated funds, available bank borrowings and cash and cash equivalents on hand will provide the required liquidity and capital resources necessary to fund on-going operations, customary capital expenditures, debt service obligations, and other working capital requirements over the next twelve months. We may in the future seek to borrow additional amounts under a long-term debt security. Over the longer term, our ability to generate sufficient cash flows from operations necessary to fulfill the obligations under the Credit Facility and any other indebtedness we may incur will depend on our future financial performance which will be affected by many factors outside of our control, including worldwide economic and financial market conditions.

Critical Accounting Policies

There have been no significant changes to the Company's critical accounting policies as disclosed in our Annual Report on Form 10-K for the year ended June 30, 2020.

Off-Balance Sheet Arrangements and Contractual Obligations

We have no material off-balance sheet financing arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The interest rates on both the Term Loan and the Revolving Facility are affected by changes in market interest rates. We have the ability to manage these fluctuations in part through interest rate hedging alternatives in the form of interest rate swaps. We have entered into floating-to-fixed interest rate swap agreements for an aggregate notional amount of $800.0 million related to a portion of our floating rate indebtedness. All remaining balances under our Term Loan, and any additional amounts that may be borrowed under our Revolving Facility, are currently subject to interest rate fluctuations. With every one percent fluctuation in the applicable interest rates, interest expense on our variable rate debt for the three months ended September 30, 2020 would have fluctuated by approximately $1.7 million.

Approximately 2.8 percent and 2.8 percent of our total revenue in three months ended September 30, 2020 and 2019, respectively, was derived from our international operations headquartered in the U.K. Our practice in our international operations is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign currency exchange fluctuations. It is not possible to accomplish this in all cases; thus, there is some risk that profits will be affected by foreign currency exchange fluctuations. As of September 30, 2020, we held a combination of euros and pounds sterling in the U.K. and in the Netherlands equivalent to approximately $54.3 million. This allows us to better utilize our cash resources on behalf of our foreign subsidiaries, thereby mitigating foreign currency conversion risks.

Item 4. Controls and Procedures

As of the end of the three-month period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. The effectiveness of a system of disclosure controls and procedures is subject to various inherent limitations, including cost limitation, judgments used in decision making, assumptions about the likelihood of future events, the soundness of internal controls, and fraud. Due to such inherent limitations, there can be only reasonable, and not absolute, assurance that any system of disclosure controls and procedures will be successful in preventing all errors or fraud, or in making all material information known in a timely manner to appropriate levels of management.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were operating and effective at September 30, 2020.

The Company reports that no changes in its internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended September 30, 2020.

PART II
<u>OTHER INFORMATION</u>

Item 1. Legal Proceedings

Al Shimari, et al. v. L-3 Services, Inc. et al.

Reference is made to Part I, Item 3, Legal Proceedings in the Registrant's Annual Report on Form 10-K for the year ended June 30, 2020 for the most recently filed information concerning the suit filed in the United States District Court for the Southern District of Ohio. The lawsuit names CACI International Inc, CACI Premier Technology, Inc. and former CACI employee Timothy Dugan as Defendants, along with L-3 Services, Inc. Plaintiffs seek, inter alia, compensatory damages, punitive damages, and attorney's fees.

In 2015, Defendant CACI Premier Technology, Inc. moved to dismiss Plaintiffs' claims based upon the political question doctrine. On June 18, 2015, the Court issued an Order granting Defendant CACI Premier Technology, Inc.'s motion to dismiss, and on June 26, 2015 entered a final judgment in favor of Defendant CACI Premier Technology, Inc.

On July 23, 2015, Plaintiffs filed a Notice of Appeal of the district court's June 2015 decision. On October 21, 2016, the Court of Appeals vacated and remanded the District Court's judgment with instructions for the District Court to make further determinations regarding the political question doctrine. The District Court conducted an initial status conference on December 16, 2016. On June 9, 2017, the District Court dismissed Plaintiff Rashid without prejudice from the action based upon his inability to participate. On July 19, 2017, CACI Premier Technology, Inc. filed a motion to dismiss the action on numerous legal grounds. The Court held a hearing on that motion on September 22, 2017, and denied the motion pending issuance of a written decision. On January 17, 2018, CACI filed a third-party complaint naming the United States and John Does 1-60, asserting claims for contribution, indemnification, exoneration and breach of contract in the event that CACI Premier Technology, Inc. is held liable to Plaintiffs, as Plaintiffs are seeking to hold CACI Premier Technology, Inc. liable on a co-conspirator theory and a theory of aiding and abetting. On April 13, 2018, the Court held a hearing on the United States' motion to dismiss and took the matter under advisement. The Court subsequently stayed the part of the action against John Does 1-60.

On April 13, 2018, the Plaintiffs filed a motion to reinstate Plaintiff Rashid, which CACI opposed. On April 20, 2018, the District Court granted that motion subject to Plaintiff Rashid appearing for a deposition. On May 21, 2018, CACI filed a motion to dismiss for lack of subject matter jurisdiction based on a recent Supreme Court decision. On June 25, 2018, the District Court denied that motion. On October 25, 2018, the District Court conducted a pre-trial conference at which the District Court addressed remaining discovery matters, the scheduling for dispositive motions that CACI intends to file, and set a date of April 23, 2019 for trial, if needed, to start. On December 20, 2018, CACI filed a motion for summary judgment and a motion to dismiss based on the state secrets privilege. On January 3, 2019, CACI filed a motion to dismiss for lack of subject matter jurisdiction. On February 15, 2019, the United States filed a motion for summary judgment with respect to CACI's third-party complaint. On February 27, 2019, the District Court denied CACI's motion for summary judgment and motions to dismiss for lack of subject matter jurisdiction and on the state secrets privilege. On February 28, 2019, CACI filed a motion seeking dismissal on grounds of derivative sovereign immunity.

On March 22, 2019, the District Court denied the United States' motion to dismiss on grounds of sovereign immunity and CACI's motion to dismiss on grounds of derivative sovereign immunity. The District Court also granted the United States' motion for summary judgment with respect to CACI's third-party complaint. On March 26, 2019, CACI filed a Notice of Appeal of the District Court's March 22, 2019 decision. On April 2, 2019, the U.S. Court of Appeals for the Fourth Circuit issued an Accelerated Briefing Order for the appeal. On April 3, 2019, the District Court issued an Order cancelling the trial schedule and holding matters in abeyance pending disposition of the appeal. On July 10, 2019, the U.S. Court of Appeals for the Fourth Circuit heard oral argument in Spartanburg, South Carolina on CACI's appeal. On August 23, 2019, the Court of Appeals issued an unpublished opinion dismissing the appeal. A majority of the panel that heard the appeal held that rulings denying derivative sovereign immunity are not immediately appealable even where they present pure questions of law. The panel also ruled, in the alternative, that even if such a ruling was immediately appealable, review was barred because there remained disputes of material fact with respect to CACI's derivative sovereign immunity defenses. The Court of Appeals subsequently denied CACI's request for rehearing *en banc.* CACI then filed a motion to stay issuance of the mandate pending the filing of a petition for a writ of *certiorari.* On October 11, 2019, the Court of Appeals, by a 2-1 vote, denied the motion to stay issuance of the mandate. CACI then filed an application to stay issuance of the mandate with Chief Justice Roberts in his capacity as Circuit Justice for the U.S. Court of Appeals for the Fourth Circuit. After CACI filed that application, the Court of Appeals issued the mandate on October 21, 2019, returning jurisdiction to the district court. On October 23, Chief Justice Roberts denied the stay application "without prejudice to applicants filing a new application after seeking relief in the district court." CACI then filed a motion in the district court to stay the action pending filing and disposition of a petition for a writ of *certiorari.* On November 1, 2019, the district court granted CACI's motion and issued an Order staying the action until further order of the court. On November 15, 2019, CACI filed a petition for a writ of *certiorari* in the U.S. Supreme Court. On January 27, 2020, the U.S. Supreme Court issued an Order inviting the Solicitor General to file a brief in the case expressing the views of the United States. On August 26, 2020, the Solicitor General filed a brief recommending that CACI's petition for a writ of *certiorari* be held pending the Supreme Court's disposition of *Nestle USA, Inc. v. Doe,* cert. granted, No. 19-416 (July 2, 2020), and *Cargill, Inc. v. Doe,* cert. granted, No. 19-453 (July 2, 2020). The United States' brief recommended that if the Supreme Court's decisions in *Nestle* and *Cargill* did not effectively eliminate the claims in *Al Shimari,* then the Supreme Court should grant CACI's petition for a writ of *certiorari*.

Abbass, et al v. CACI Premier Technology, Inc. and CACI International Inc, Case No. 1:13CV1186-LMB/JFA (EDVA)

Reference is made to Part I, Item 3, Legal Proceedings in the Registrant's Annual Report on Form 10-K for the year ended June 30, 2020 for the most recently filed information concerning the suit filed in the United States District Court for the Eastern District of Virginia. The lawsuit names CACI International Inc and CACI Premier Technology, Inc. as Defendants. Plaintiffs seeks, inter alia, compensatory damages, punitive damages, and attorney's fees.

Since the filing of Registrant's report described above, the case remains stayed pending the outcome in the *Al Shimari* appeal.

We are vigorously defending the above-described legal proceedings, and based on our present knowledge of the facts, believe the lawsuits are completely without merit.

Item 1A. Risk Factors

Reference is made to Part I, Item 1A, Risk Factors, in the Registrant's Annual Report on Form 10-K for the year ended June 30, 2020. There have been no material changes from the risk factors described in that report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides certain information with respect to our purchases of shares of CACI International Inc's common stock:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 2020	10,455	$ 198.42	1,227,859	272,141
August 2020	—	—	—	—
September 2020	—	—	—	—
Total	10,455	$ 198.42	1,227,859	272,141

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

			Incorporated by Reference		
Exhibit No.	Description	Filed with this Form 10-Q	Form	Filing Date	Exhibit No.
31.1	Section 302 Certification John S. Mengucci	X			
31.2	Section 302 Certification Thomas A. Mutryn	X			
32.1	Section 906 Certification John S. Mengucci	X			
32.2	Section 906 Certification Thomas A. Mutryn	X			
101.INS	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)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)				

SIGNATURES

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

CACI International Inc
Registrant

Date: October 30, 2020

By: /s/ John S. Mengucci
John S. Mengucci
President,
Chief Executive Officer and Director
(Principal Executive Officer)

Date: October 30, 2020

By: /s/ Thomas A. Mutryn
Thomas A. Mutryn
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 30, 2020

By: /s/ Christopher A. Voci
Christopher A. Voci
Senior Vice President, Corporate Controller
and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 31.1

Section 302 Certification

I, John S. Mengucci, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CACI International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the 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 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 function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to 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: October 30, 2020

/s/ JOHN S. MENGUCCI

John S. Mengucci
President,
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

Section 302 Certification

I, Thomas A. Mutryn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CACI International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the 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 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 function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to 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 controls over financial reporting.

Date: October 30, 2020

/s/ Thomas A. Mutryn

Thomas A. Mutryn
Executive Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Exhibit 32.1

Section 906 Certification

In connection with the quarterly report on Form 10-Q of CACI International Inc (the Company) for the three months ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2020

/s/ JOHN S. MENGUCCI

John S. Mengucci
President,
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

Section 906 Certification

In connection with the quarterly report on Form 10-Q of CACI International Inc (the Company) for the three months ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned Executive Vice President, Chief Financial Officer and Treasurer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2020

/s/ Thomas A. Mutryn

Thomas A. Mutryn
Executive Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)