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 March 31, 2022
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 No. 000-49604

ManTech International Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware State or Other Jurisdiction of Incorporation or Organization	**22-1852179** I.R.S. Employer Identification No.
2251 Corporate Park Drive Herndon VA Address of Principal Executive Offices	**20171** Zip Code

(703) 218-6000
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
Class A Common Stock	MANT	Nasdaq

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 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	☐ (Do not check if a smaller reporting company)	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 May 3, 2022 there were 39,355,500 shares outstanding of our Class A common stock and 1,596,695 shares outstanding of our Class B common stock.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands Except Share and Per Share Amounts)

	(unaudited) March 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 60,286	$ 53,374
Receivables—net	471,106	476,035
Prepaid expenses	38,510	32,600
Taxes receivable—current	9,657	22,140
Other current assets	14,260	13,372
Total Current Assets	593,819	597,521
Goodwill	1,509,259	1,498,988
Other intangible assets—net	252,344	265,555
Property and equipment—net	136,104	133,297
Operating lease right of use assets	79,973	75,319
Employee supplemental savings plan assets	35,286	43,342
Investments	11,555	11,555
Other assets	15,820	13,988
TOTAL ASSETS	$ 2,634,160	$ 2,639,565
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	$ 158,973	$ 169,140
Accrued salaries and related expenses	124,098	129,685
Operating lease obligations—current	32,118	32,557
Contract liabilities	30,320	36,197
Accrued expenses and other current liabilities	11,691	9,649
Total Current Liabilities	357,200	377,228
Long-term debt	300,000	300,000
Deferred income taxes	170,520	174,060
Operating lease obligations—long term	69,300	63,575
Accrued retirement	29,701	36,053
Other long-term liabilities	13,142	13,229
TOTAL LIABILITIES	939,863	964,145
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, Class A—$0.01 par value; 150,000,000 shares authorized; 39,594,756 and 27,863,041 shares issued at March 31, 2022 and December 31, 2021; 39,350,643 and 27,618,928 shares outstanding at March 31, 2022 and December 31, 2021	396	279
Common stock, Class B—$0.01 par value; 50,000,000 shares authorized; 1,596,695 and 13,176,695 shares issued and outstanding at March 31, 2022 and December 31, 2021	16	132
Additional paid-in capital	570,871	566,573
Treasury stock, 244,113 and 244,113 shares at cost at March 31, 2022 and December 31, 2021	(9,158)	(9,158)
Retained earnings	1,132,457	1,117,867
Accumulated other comprehensive loss	(285)	(273)
TOTAL STOCKHOLDERS' EQUITY	1,694,297	1,675,420
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,634,160	$ 2,639,565

See notes to condensed consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Amounts)

	(unaudited) Three months ended March 31, 2022	2021
REVENUE	$ 675,545	$ 633,224
Cost of services	575,971	542,717
General and administrative expenses	55,736	48,086
OPERATING INCOME	43,838	42,421
Interest expense	(2,242)	(354)
Interest income	53	40
Other income (expense), net	112	(121)
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY METHOD INVESTMENTS	41,761	41,986
Provision for income taxes	(10,420)	(9,657)
Equity in losses of unconsolidated subsidiaries	—	(1)
NET INCOME	$ 31,341	$ 32,328
BASIC EARNINGS PER SHARE:		
Class A common stock	$ 0.77	$ 0.80
Class B common stock	$ 0.77	$ 0.80
DILUTED EARNINGS PER SHARE:		
Class A common stock	$ 0.76	$ 0.79
Class B common stock	$ 0.76	$ 0.79

See notes to condensed consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	(unaudited) Three months ended March 31,	
	2022	**2021**
NET INCOME	$ 31,341	$ 32,328
OTHER COMPREHENSIVE LOSS:		
Translation adjustments, net of tax	(12)	(12)
Total other comprehensive loss	(12)	(12)
COMPREHENSIVE INCOME	$ 31,329	$ 32,316

See notes to condensed consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousands)

	(unaudited) Three months ended March 31,	
	2022	2021
Common Stock, Class A		
At beginning of period	$ 279	$ 275
Conversion Class B to Class A common stock	116	—
Stock-based compensation expense	1	1
Stock option exercises	—	1
At end of period	396	277
Common Stock, Class B		
At beginning of period	132	132
Conversion Class B to Class A common stock	(116)	—
At end of period	16	132
Additional Paid-In Capital		
At beginning of period	566,573	545,717
Stock-based compensation expense	3,917	3,442
Stock option exercises	4,010	3,141
Payment consideration to tax authority on employees' behalf	(3,629)	(2,489)
At end of period	570,871	549,811
Treasury Stock, at cost		
At beginning of period	(9,158)	(9,158)
At end of period	(9,158)	(9,158)
Retained Earnings		
At beginning of period	1,117,867	1,042,676
Net income	31,341	32,328
Dividends	(16,751)	(15,396)
At end of period	1,132,457	1,059,608
Accumulated Other Comprehensive Loss		
At beginning of period	(273)	(230)
Translation adjustments, net of tax	(12)	(12)
At end of period	(285)	(242)
Total Stockholders' Equity	$ 1,694,297	$ 1,600,428

See notes to condensed consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	(unaudited) Three months ended March 31,	
	2022	**2021**
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	$ 31,341	$ 32,328
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	21,951	19,152
Noncash lease expense	7,473	8,023
Stock-based compensation expense	3,918	3,443
Deferred income taxes	(2,136)	1,462
Contract loss reserve	(527)	—
Bad debt expense	(14)	(999)
Change in assets and liabilities—net of effects from acquired businesses:		
Receivables-net	3,220	(26,823)
Prepaid expenses	(7,822)	(3,960)
Taxes receivable—current	12,259	7,629
Other current assets	1,759	1,295
Employee supplemental savings plan asset	3,056	(358)
Other assets	(2,221)	(2,051)
Accounts payable	(10,420)	(19,862)
Accrued salaries and related expenses	(6,518)	(3,015)
Contract liabilities	(6,351)	(6,386)
Accrued expenses and other current liabilities	1,712	(4,963)
Operating lease obligations	(9,692)	(8,941)
Accrued retirement	(6,352)	(3,750)
Other	(160)	(404)
Net cash flow from (used in) operating activities	34,476	(8,180)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,204)	(17,854)
Proceeds from corporate owned life insurance	5,000	—
Net cash used in investing activities	(11,204)	(17,854)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Dividends paid	(16,741)	(15,388)
Proceeds from exercise of stock options	4,010	3,142
Payment consideration to tax authority on employee's behalf	(3,629)	(2,489)
Borrowings under credit facility	2,000	131,000
Repayments under credit facility	(2,000)	(124,500)
Net cash from used in financing activities	(16,360)	(8,235)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,912	(34,269)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	53,374	41,193
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 60,286	$ 6,924
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 2,159	$ 327
Cash paid for income taxes, net of refunds	$ 295	$ 10
Noncash investing and financing activities:		
Operating lease obligations arising from obtaining right of use assets	$ 14,978	$ 5,401
Finance lease obligations arising from obtaining right of use assets	$ —	$ 62
Noncash investing activities	$ (643)	$ 479

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
UNAUDITED

1. Description of the Business

ManTech International Corporation (depending on the circumstances, “ManTech” “Company” “we” “our” “ours” or “us”) provides mission-focused technology solutions and services for U.S. defense, intelligence community and federal civilian agencies. We excel in full-spectrum cyber, data collection & analytics, enterprise information technology (IT) and systems engineering and software application development solutions that support national and homeland security.

2. Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and note disclosures normally included in the annual financial statements, prepared in accordance with accounting principles generally accepted in the U.S., have been condensed or omitted pursuant to those rules and regulations. The preparation of these condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. We recommend that you read these condensed consolidated financial statements in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, previously filed with the SEC. We believe that the condensed consolidated financial statements in this Form 10-Q reflect all adjustments that are necessary to fairly present the financial position, results of operations and cash flows for the interim periods presented. The results of operations for such interim periods are not necessarily indicative of the results that can be expected for the full year.

3. Revenue from Contracts with Customers

We derive revenue from contracts with customers primarily from contracts with the U.S. government in the areas of defense, intelligence, homeland security and other federal civilian agencies. Substantially all of our revenue is derived from services and solutions provided to the U.S. government or to prime contractors supporting the U.S. government, including services by our employees and our subcontractors, and solutions that include third-party hardware and software that we purchase and integrate as a part of our overall solutions. Customer requirements may vary from period-to-period depending on specific contract and customer requirements. We provide our services and solutions under three types of contracts: cost-reimbursable, fixed-price and time-and-materials. Under cost-reimbursable contracts, we are reimbursed for costs that are determined to be reasonable, allowable and allocable to the contract and paid a fee representing the profit margin negotiated between us and the contracting agency, which may be fixed or performance based. Under fixed-price contracts, we perform specific tasks for a fixed price. Fixed-price contracts may include either a product delivery or specific service performance over a defined period. Under time-and-materials contracts, we are reimbursed for labor at fixed hourly rates and are generally reimbursed separately for allowable materials and expenses at cost.

For contracts that do not meet the criteria to measure performance as a right to invoice under the series guidance, we utilize an Estimate at Completion process to measure progress toward completion. We typically estimate progress towards completion based on cost incurred or direct labor incurred. As part of this process, we review information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule, identified risks and opportunities and the related changes in estimates of revenue and costs. The risks and opportunities include judgments about the ability and cost to achieve the contract milestones and other technical contract requirements. We make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, the length of time to complete the performance obligation, execution by our subcontractors, the availability and timing of funding from our customer and overhead cost rates, among other variables. A significant change in one or more of these estimates could affect the timing in which we recognize revenue on our contracts. For the three months ended March 31, 2022, the aggregate impact of adjustments in contract estimates decreased our revenue by $0.1 million. For the three months ended March 31, 2021, the aggregate impact of adjustments in contract estimates increased our revenue by $2.5 million.

We have one reportable segment. Our U.S. government customers typically exercise independent decision-making and contracting authority. Offices or divisions within an agency or department of the U.S. government may directly, or through a prime contractor, use our services as a separate customer as long as the customer has independent decision-making and contracting authority within its organization. We treat sales to U.S. government customers as sales within the U.S. regardless of where the services are performed. We generated nearly 100% of our revenue from sales in the U.S. for each of the three months ended March 31, 2022 and 2021.

The following tables disclose revenue (in thousands) by contract type, customer and contractor type for the periods presented.

	Three months ended March 31,	
	2022	2021
Cost-reimbursable	$ 465,977	$ 419,775
Time-and-materials	115,744	81,241
Fixed-price	93,824	132,208
Revenue	$ 675,545	$ 633,224

	Three months ended March 31,	
	2022	2021
U.S. Government	$ 668,408	$ 628,498
State agencies, international agencies and commercial entities	7,137	4,726
Revenue	$ 675,545	$ 633,224

	Three months ended March 31,	
	2022	2021
Prime contractor	$ 623,192	$ 589,074
Subcontractor	52,353	44,150
Revenue	$ 675,545	$ 633,224

The components of our receivables are as follows (in thousands):

	March 31, 2022	December 31, 2021
Billed receivables	$ 352,496	$ 370,115
Unbilled receivables	130,842	118,387
Allowance for doubtful accounts	(12,232)	(12,467)
Receivables—net	$ 471,106	$ 476,035

Receivables at March 31, 2022 are expected to be substantially collected within one year except for approximately $7.4 million, of which 97% is related to U.S. government receivables. We do not believe that we have significant exposure to credit risk as billed receivables and unbilled receivables are primarily due from the U.S. government. The allowance for doubtful accounts represents our estimate for exposure due to compliance, contractual issues and bad debts related to prime contractors.

At March 31, 2022 and December 31, 2021, our contract liabilities are $30.3 million and $36.2 million, respectively. Changes in the balance of contract liabilities are primarily due to the timing difference between our performance and our customers' payments. For the three months ended March 31, 2022, the amount of revenue that was included in the opening contract liabilities balance was $19.7 million.

The remaining performance obligation as of March 31, 2022 is $2.2 billion. The following table discloses when we expect to recognize the remaining performance obligation as revenue (in billions):

For the remaining nine months ending December 31, 2022	For the year ending		
	December 31, 2023	December 31, 2024	Thereafter
$ 1.3	$ 0.4	$ 0.3	$ 0.2

4. Acquisitions

Technical and Management Assistance Corporation (TMAC)—On December 30, 2021, we completed the acquisition of TMAC through a share purchase agreement by and among ManTech International Corporation, Technical and Management Assistance Corporation, Project Cipher, Inc, and its Shareholder. TMAC is a leading provider of advanced data engineering services and solutions that ensure the delivery of vital information to the U.S. Intelligence Community.

The acquisition was accounted for as a business combination. The results of TMAC's operations have been included in our consolidated financial statements since that date. We funded the acquisition with cash on hand.

The preliminary purchase price was $30.3 million, which includes an estimated working capital adjustment. The preliminary purchase price was preliminarily allocated to the underlying assets and liabilities based on their estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was recorded as goodwill. As we are still in the process of reviewing the fair value of the assets acquired and liabilities assumed, the purchase price allocation for TMAC is not complete as of March 31, 2022. In accordance with ASC 805, *Business Combinations*, we expect to finalize our purchase price allocation within one year of the acquisition date.

Recognition of goodwill is largely attributed to the value paid for TMAC's capabilities, which will broaden our footprint within the U.S. Intelligence Community. The goodwill recorded for this transaction is valued at $14.8 million and will be deductible for tax purposes over 15 years. The components of other intangible assets associated with the acquisition were customer relationships and backlog valued at $15.0 million and $0.7 million, respectively. The fair values of the customer relationships and backlog were determined using the excess earnings method (income approach) in which the value is derived from an estimation of the after-tax cash flows specifically attributable to backlog and customer relationships. Assumptions used in the analysis included revenue and expense forecasts, contributory asset charges, tax amortization benefit and discount rates. Customer contracts and related relationships represent the underlying relationships and agreements with TMAC's existing customers. Customer relationships are amortized using the pattern of benefits method over their estimated useful lives of approximately 20 years. Backlog is amortized using the pattern of benefits method over its estimated useful life of 1 year. The weighted-average amortization period of other intangibles is 19 years.

Gryphon Technologies, Inc. (Gryphon)—On December 9, 2021, we completed the acquisition of Gryphon through a unit purchase agreement by and among ManTech International Corporation, Gryphon Parent, LLC and Gryphon Finance, LLC. Gryphon will further strengthen our long-term competitive position by adding differentiated digital and systems engineering capabilities across the Department of Defense.

The acquisition was accounted for as a business combination. The results of Gryphon's operations have been included in our consolidated financial statements since that date. We funded the acquisition with cash on hand and borrowing under our credit facilities.

The preliminary purchase price was $355.8 million, which includes an estimated working capital adjustment. The preliminary purchase price was preliminarily allocated to the underlying assets and liabilities based on their estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was recorded as goodwill. As we are still in the process of reviewing the fair value of the assets acquired and liabilities assumed, the purchase price allocation for Gryphon is not complete as of March 31, 2022. In accordance with ASC 805, *Business Combinations*, we expect to finalize our purchase price allocation within one year of the acquisition date.

Recognition of goodwill is largely attributed to the value paid for Gryphon's capabilities, which will broaden our footprint within the Department of Defense. Pre-existing goodwill recorded for this transaction will be deductible for tax purposes over 13 years. The remainder of goodwill attributable to the acquisition of Gryphon will not be deductible for tax purposes.

The components of other intangible assets associated with the acquisition were customer relationships and backlog valued at $60.7 million and $5.0 million, respectively. The fair values of the customer relationships and backlog were determined using the excess earnings method (income approach) in which the value is derived from an estimation of the after-tax cash flows specifically attributable to backlog and customer relationships. Assumptions used in the analysis included revenue and expense forecasts, contributory asset charges, tax amortization benefit and discount rates. Customer contracts and related relationships represent the underlying relationships and agreements with Gryphon's existing customers. Customer relationships are amortized using the pattern of benefits method over their estimated useful lives of approximately 20 years. Backlog is amortized using the pattern of benefits method over its estimated useful life of 2 years. The weighted-average amortization period of other intangibles is 19 years.

The following table represents the preliminary purchase price allocation for Gryphon (in thousands):

Cash and cash equivalents	$	20,184
Receivables		56,151
Prepaid expenses		1,939
Taxes receivable - current		1,418
Goodwill		256,346
Other intangible assets		69,067
Operating lease right of use assets		5,479
Property and equipment		2,736
Other assets		352
Accounts payable		(12,221)
Accrued salaries and related expenses		(20,411)
Contract liabilities		(4,773)
Operating lease obligations—current		(1,243)
Accrued expenses and other current liabilities		(1,372)
Deferred income taxes		(13,568)
Operating lease obligations—long term		(4,287)
Net assets acquired and liabilities assumed	$	355,797

For the three months ended March 31, 2022, we incurred approximately $0.1 million of acquisition costs related to the Gryphon transaction, which are included in general and administrative expenses in our consolidated statement of income.

5. Earnings Per Share

Under ASC 260, *Earnings per Share*, the two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared (or accumulated) and participation rights in undistributed earnings. Under that method, basic and diluted earnings per share data are presented for each class of common stock.

In applying the two-class method, we determined that undistributed earnings should be allocated equally on a per share basis between Class A and Class B common stock. Under our Certificate of Incorporation, the holders of the common stock are entitled to participate ratably, on a share-for-share basis as if all shares of common stock were of a single class, in such dividends as may be declared by the Board of Directors. During the three months ended March 31, 2022 and 2021, we declared and paid quarterly dividends in the amounts of $0.41 per share and $0.38 per share, respectively, on both classes of common stock.

Basic earnings per share has been computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding during each period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period in which the shares were outstanding. Diluted earnings per share have been computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during each period.

The net income available to common stockholders and weighted average number of common shares outstanding used to compute basic and diluted earnings per share for each class of common stock are as follows (in thousands, except per share amounts):

	Three months ended March 31,	
	2022	2021
Distributed earnings	$ 16,751	$ 15,396
Undistributed earnings	14,590	16,932
Net income	$ 31,341	$ 32,328
Class A common stock:		
Basic net income available to common stockholders	$ 21,617	$ 21,809
Basic weighted average common shares outstanding	28,150	27,317
Basic earnings per share	$ 0.77	$ 0.80
Diluted net income available to common stockholders	$ 21,682	$ 21,912
Effect of potential exercise of stock options	273	401
Diluted weighted average common shares outstanding	28,423	27,718
Diluted earnings per share	$ 0.76	$ 0.79
Class B common stock:		
Basic net income available to common stockholders	$ 9,724	$ 10,519
Basic weighted average common shares outstanding	12,662	13,177
Basic earnings per share	$ 0.77	$ 0.80
Diluted net income available to common stockholders	$ 9,659	$ 10,416
Diluted weighted average common shares outstanding	12,662	13,177
Diluted earnings per share	$ 0.76	$ 0.79

For the three months ended March 31, 2022 and 2021, options to purchase 21,074 shares and 394 shares, respectively, were outstanding but not included in the computation of diluted earnings per share because the options' effect would have been anti-dilutive. For the three months ended March 31, 2022 and 2021, there were 80,429 shares and 61,804 shares, respectively, issued from the exercise of stock options. For the three months ended March 31, 2022 and 2021 there were 114,659 shares and 92,295 shares, respectively, issued from the vesting of restricted stock units.

6. Property and Equipment

Major classes of property and equipment are summarized as follows (in thousands):

	March 31, 2022	December 31, 2021
Furniture and equipment	$ 240,249	$ 234,169
Leasehold improvements	78,985	70,932
Finance leases	797	797
Property and equipment—gross	320,031	305,898
Accumulated depreciation and amortization	(183,927)	(172,601)
Property and equipment—net	$ 136,104	$ 133,297

Depreciation and amortization expense related to property and equipment for the three months ended March 31, 2022 and 2021 was $12.8 million and $11.5 million, respectively.

7. Goodwill and Other Intangible Assets

The change in the carrying amount of goodwill during the year ended December 31, 2021 and three months ended March 31, 2022 are as follows (in thousands):

		Goodwill Balance
Goodwill at December 31, 2020	$	1,237,894
Acquisitions		260,863
Acquisition fair value adjustment		231
Goodwill at December 31, 2021		1,498,988
Acquisition fair value adjustment		10,271
Goodwill at March 31, 2022	$	1,509,259

Other intangible assets consisted of the following (in thousands):

	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other intangible assets:						
Contract and program intangible assets	$ 512,032	$ 269,051	$ 242,981	$ 517,932	$ 262,105	$ 255,827
Capitalized software	57,915	48,552	9,363	56,938	47,210	9,728
Total other intangible assets—net	$ 569,947	$ 317,603	$ 252,344	$ 574,870	$ 309,315	$ 265,555

Amortization expense relating to intangible assets for the three months ended March 31, 2022 and 2021 was $8.3 million and $6.8 million, respectively. Amortization expense for the three months ended March 31, 2021 includes an impairment of $0.3 million for capitalized software. We estimate that we will have the following amortization expense for the future periods indicated below (in thousands):

For the remaining nine months ending December 31, 2022	$	23,985
For the year ending:		
December 31, 2023	$	25,548
December 31, 2024	$	23,182
December 31, 2025	$	20,549
December 31, 2026	$	19,340
December 31, 2027	$	18,312

8. Debt

On July 20, 2021, we amended and restated our credit agreement (Third Amended and Restated Credit Agreement) with a syndicate of lenders led by Bank of America, N.A., as sole administrative agent. The Third Amended and Restated Credit Agreement includes an aggregate principal amount of up to $1.1 billion made available through (i) a $500 million revolving credit facility with a $100 million letter of credit sublimit and a $50 million swing line loan sublimit and (ii) a $600 million delayed-draw term loan facility. Under the delayed-draw term loan facility, borrowings are available to be drawn prior to the first anniversary of the Third Amended and Restated Credit Agreement in up to three separate drawings in a minimal amount of $50 million. The Third Amended and Restated Credit Agreement also includes an accordion feature that permits us to arrange with the lenders for the provision of additional commitments. The maturity date of the Third Amended and Restated Credit Agreement is July 20, 2026.

Borrowings under the Third Amended and Restated Credit Agreement are collateralized by substantially all of our assets and those of our Material Subsidiaries and bear interest at one of the following variable rates as selected by us at the time of borrowing: a London Interbank Offer Rate base rate plus market-rate spreads (1.25% to 2.00% based on our consolidated total leverage ratio) or Bank of America's base rate plus market spreads (0.25% to 1.00% based on our consolidated total leverage ratio).

The terms of the Third Amended and Restated Credit Agreement permit prepayment and termination of the loan commitments at any time, subject to certain conditions. The Third Amended and Restated Credit Agreement requires us to comply with specified financial covenants, including the maintenance of certain leverage ratios and a consolidated coverage ratio. The Third Amended and Restated Credit Agreement also contains various covenants, including affirmative covenants with respect to certain reporting requirements and maintaining certain business activities, and negative covenants that, among other things, may limit or impose restrictions on our ability to incur liens, incur additional indebtedness, make investments, make acquisitions and undertake certain other actions. As of and during the three months ended March 31, 2022 and 2021, we were in compliance with these covenants.

There was $300.0 million outstanding on our credit facilities at both March 31, 2022 and December 31, 2021. The maximum available borrowing under the credit facilities at March 31, 2022 was $796.6 million. As of March 31, 2022, we were contingently liable under letters of credit totaling $3.4 million, which reduces our availability to borrow under our credit facilities.

9. Commitments and Contingencies

Contracts with the U.S. government, including subcontracts, are subject to extensive legal and regulatory requirements and, from time-to-time, agencies of the U.S. government, in the ordinary course of business, investigate whether our operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government investigations of us, whether related to our U.S. government contracts or conducted for other reasons, could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed upon us, or could lead to suspension or debarment from future U.S. government contracting activities. Management believes it has adequately reserved for any losses that may be experienced from any investigation of which it is aware. The Defense Contract Audit Agency has completed a majority of our incurred cost audits through 2019 with no material adjustments. The remaining audits through 2021 are not expected to have a material effect on our financial position, results of operations or cash flow and management believes it has adequately reserved for any losses.

In the normal course of business, we are involved in certain governmental and legal proceedings, claims and disputes and have litigation pending under several suits. We believe that the ultimate resolution of these matters will not have a material effect on our financial position, results of operations or cash flows.

We have $3.4 million outstanding on our letter of credit, of which $1.6 million is related to an outstanding performance bond in connection with a contract between ManTech MENA, LLC and Jadwalean International Operations and Management Company to fulfill technical support requirements for the Royal Saudi Air Force.

10. Stockholders' Equity and Stock-Based Compensation

Common Stock

On March 28, 2022, 11,580,000 shares of Class B common stock were converted to Class A common stock. On March 31, 2022, there were 39,350,643 shares of Class A common stock outstanding, 244,113 shares of Class A common stock as treasury stock, and 1,596,695 shares of Class B common stock outstanding.

Accounting for Stock-Based Compensation

Our 2016 Management Incentive Plan (the Plan) was designed to attract, retain and motivate key employees. The types of awards available under the Plan include, among others, stock options, restricted stock and restricted stock units (RSUs). Equity awards granted under the Plan are settled in shares of Class A common stock. At the beginning of each year, the Plan provides that the number of shares available for issuance automatically increases by an amount equal to 1.5% of the total number of shares of Class A and Class B common stock outstanding on December 31st of the previous year. On January 2, 2022, there were 611,934 additional shares made available for issuance under the Plan. Through March 31, 2022, the Board of Directors has authorized the issuance of up to 16,970,005 shares under this Plan. Through March 31, 2022, the remaining aggregate number of shares of our common stock available for future grants under the Plan was 8,213,337. The Plan expires in March 2026.

The Plan is administered by the compensation committee of our Board of Directors, along with its delegates. Subject to the express provisions of the Plan, the committee has the Board of Directors' authority to administer and interpret the Plan, including the discretion to determine the exercise price, vesting schedule, contractual life and the number of shares to be issued.

Stock Compensation Expense—For the three months ended March 31, 2022 and 2021, we recorded $3.9 million and $3.4 million, respectively, of stock-based compensation expense. No compensation expense of employees with stock awards, including stock-based compensation expense, was capitalized during the periods. For the three months ended March 31, 2022 and 2021, we recorded $0.9 million and $1.0 million, respectively, to income tax benefit related to the exercise of stock options, vested cancellations and the vesting of restricted stock and restricted stock units.

Stock Options—Under the Plan, we have issued stock options in the past. A stock option gives the holder the right, but not the obligation to purchase a certain number of shares at a predetermined price for a specific period of time. We did not grant any options during the three months ended March 31, 2022 and year ended December 31, 2021.

We have used the Black-Scholes-Merton option pricing model to determine the fair value of our awards on the date of grant. We will reconsider the use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that cannot be reasonably estimated under this model. Option grants that vested during the three months ended March 31, 2022 and 2021 had a combined fair value of $0.6 million and $1.1 million, respectively.

The following table summarizes stock option activity for the year ended December 31, 2021 and the three months ended March 31, 2022:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)	Weighted Average Remaining Contractual Life
Stock options outstanding at December 31, 2020	785,827	$ 56.33	$ 25,629	
Exercised	(196,735)	$ 48.65	$ 7,168	
Cancelled and expired	(21,776)	$ 63.80		
Stock options outstanding at December 31, 2021	567,316	$ 58.70	$ 8,380	
Exercised	(80,429)	$ 50.66	$ 2,360	
Cancelled and expired	(8,399)	$ 62.50		
Stock options outstanding at March 31, 2022	478,488	$ 59.99	$ 12,538	2 years
Stock options exercisable at March 31, 2022	422,687	$ 58.03	$ 11,905	2 years

The following table summarizes non-vested stock options for the three months ended March 31, 2022:

	Number of Shares	Weighted Average Fair Value
Non-vested stock options at December 31, 2021	114,067	$ 12.16
Vested	(54,825)	$ 10.04
Cancelled	(3,441)	$ 12.17
Non-vested stock options at March 31, 2022	55,801	$ 14.23

Unrecognized compensation expense related to non-vested awards was $0.5 million as of March 31, 2022, which is expected to be recognized over a weighted-average period of 1 year.

Restricted Stock—Under the Plan, we have issued restricted stock. A restricted stock award is an issuance of shares that cannot be sold or transferred by the recipient until the vesting period lapses. Restricted stock issued to members of our Board of Directors vest on the one year anniversary of the grant date. The related compensation expense is recognized over the service period and is based on the grant date fair value of the stock. The grant date fair value of the restricted stock is equal to the closing market price of our common stock on the date of grant.

There was no activity for the three months ended March 31, 2022. The following table summarizes the restricted stock activity during the year ended December 31, 2021:

	Number of Shares	Weighted Average Fair Value
Non-vested restricted stock at December 31, 2020	24,000	$ 71.11
Granted	24,000	$ 86.01
Vested	(24,000)	$ 71.11
Non-vested restricted stock at December 31, 2021	24,000	$ 86.01

RSUs—Under the Plan, we have issued restricted stock units (RSUs). RSUs are not actual shares, but rather a right to receive shares in the future. The shares are not issued and the employee cannot sell or transfer shares prior to vesting and have no voting rights until the RSUs vest. Employees who are granted RSUs do not receive dividend payments during the vesting period. Our employees' time-based RSUs generally provide for the delivery of shares in one-third increments on the first, second and third anniversaries of the date of grant. The grant date fair value of the RSUs is equal to the closing market price of our common stock on the grant date less the present value of dividends expected to be awarded during the service period. We recognize the grant date fair value of RSUs of shares we expect to issue as compensation expense ratably over the requisite service period.

The following table summarizes the non-vested RSU activity during the year ended December 31, 2021 and the three months ended March 31, 2022:

	Number of Units	Weighted Average Fair Value
Non-vested RSUs at December 31, 2020	346,799	$ 64.48
Granted	236,240	$ 78.78
Vested	(152,121)	$ 61.06
Forfeited	(25,564)	$ 67.07
Non-vested RSUs at December 31, 2021	405,354	$ 73.94
Granted	199,100	$ 81.02
Vested	(114,959)	$ 71.01
Forfeited	(16,694)	$ 74.55
Non-vested RSUs at March 31, 2022	472,801	$ 77.61

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

Cautionary Note Regarding Forward-Looking Statements

All statements and assumptions contained in this Quarterly Report on Form 10-Q that do not relate to historical facts constitute "forward-looking statements." These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often include the use of words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan" and words and terms of similar substance in connection with discussions of future events, situations or financial performance. While these statements represent our current expectations, no assurance can be given that the results or events described in such statements will be achieved.

Forward-looking statements may include, among other things, statements with respect to our financial condition, results of operations, prospects, business strategies, competitive position, growth opportunities, and plans and objectives of management. Such statements are subject to numerous assumptions, risks, uncertainties and other factors, many of which are outside of our control, and include, without limitations, the risks and uncertainties discussed in the Item 1A "Risk Factors" in Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Factors or risks that could cause our actual results to differ materially from the results we anticipate include, but are not limited to, the following:

- failure to maintain our relationship with the U.S. government, or the failure to win new contract awards or to retain existing U.S. government contracts;
- inability to recruit and retain a sufficient number of employees with specialized skill sets or necessary security clearances who are in great demand and limited supply;
- adverse changes in U.S. government spending for programs we support, whether due to changing mission priorities, socio-economic policies or federal budget constraints generally;
- disruptions to our business resulting from the COVID-19 pandemic or other similar global health epidemics, pandemics and/or other disease outbreaks;
- failure to compete effectively for awards procured through the competitive bidding process, and the adverse impact of delays resulting from our competitors' protests of new contracts that are awarded to us;
- disruptions to our business or damage to our reputation resulting from cyber attacks and other security threats;
- failure to obtain option awards, task orders or funding under our contracts;
- the government renegotiating, modifying or terminating our contracts;
- failure to comply with, or adverse changes in, complex U.S. government laws and procurement regulations;
- adverse results of U.S. government audits or other investigations of our government contracts;
- failure to successfully integrate acquired companies or businesses into our operations or to realize any accretive or synergistic effects from such acquisitions;
- failure to mitigate risks associated with conducting business internationally; and
- adverse changes in business conditions that may cause our investments in recorded goodwill to become impaired.

We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report. We undertake no obligation to update any forward-looking statement made herein following the date of this Quarterly Report, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Overview

We provide mission-focused technology solutions and services for U.S. defense, intelligence community and federal civilian agencies. We excel in full-spectrum cyber, secure mission & enterprise IT, advanced data analytics, software and systems development, intelligent systems engineering, intelligence mission support and mission operations.

Approximately 99% of our revenue is generated through contracts with the U.S. federal government, or through prime contractors supporting the U.S. government. The U.S. government is the largest consumer of services and solutions in the U.S. As such, our business is impacted by the overall U.S. government budget and our ability to match our capabilities and offerings to the U.S. government's spending priorities. On March 15, 2022, the President signed the omnibus spending bill funding the government for the remainder of Government Fiscal Year (GFY) 2022. The GFY 2022 budget includes $729 billion for national defense programs. The President’s GFY 2023 budget proposal includes $773 billion for national defense, a 4% increase over GFY 2022 amounts.

We are continuing to monitor impacts of the global outbreak of the COVID-19 pandemic including new variants of the virus, specific impacts and mitigation protocols enacted in regions in which we operate, and the vaccination status of our employees. In preparation of the President's Executive Order requiring all federal employees and contractors supporting the federal government be vaccinated (or to have an approved accommodation) as well as to promote the well-being of our workforce, we have and continue to encourage our employees to get vaccinated. We cannot predict the potential impact of the vaccination mandate or the overall evolution of the pandemic and its further impacts on the economy or our business.

The U.S. is currently experiencing the highest inflation in 40 years. In response to the increasing inflation rates, the Federal Reserve has begun, and is signaling the intent to continue through 2022, increasing interest rates. Increasing interest rates will increase the amounts of interest we pay on our outstanding debt.

We recommend that you read this discussion and analysis in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, previously filed with the Securities and Exchange Commission.

Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

The following table sets forth certain items from our condensed consolidated statements of income and the relative percentage that certain items of expenses and earnings bear to revenue, as well as the period-to-period change from March 31, 2021 to March 31, 2022.

	Three months ended March 31,				Period-to-Period Change	
	2022	2021	2022	2021	2021 to 2022	
	Dollars		Percentage		Dollars	Percentage
	(dollars in thousands)					
REVENUE	$ 675,545	$ 633,224	100.0 %	100.0 %	$ 42,321	6.7 %
Cost of services	575,971	542,717	85.3 %	85.7 %	33,254	6.1 %
General and administrative expenses	55,736	48,086	8.2 %	7.6 %	7,650	15.9 %
OPERATING INCOME	43,838	42,421	6.5 %	6.7 %	1,417	3.3 %
Interest expense	(2,242)	(354)	0.3 %	0.1 %	1,888	533.3 %
Interest income	53	40	— %	— %	13	32.5 %
Other income (expense), net	112	(121)	— %	— %	233	192.6 %
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY METHOD INVESTMENTS	41,761	41,986	6.2 %	6.6 %	(225)	(0.5)%
Provision for income taxes	(10,420)	(9,657)	1.6 %	1.5 %	763	7.9 %
Equity in losses of unconsolidated subsidiaries	—	(1)	— %	— %	(1)	(100.0)%
NET INCOME	$ 31,341	$ 32,328	4.6 %	5.1 %	$ (987)	(3.1)%

Revenue

The primary drivers of our increase in revenue relates to revenue from recent acquisitions, new contract awards and growth on certain existing contracts. This increase was offset by contracts and tasks that ended and reduced scope of work on some contracts, including contracts with variable material purchase requirements. We expect revenue to increase in the remainder of 2022 due to our recent acquisitions as well as new contracts and growth on existing programs.

Cost of services

The increase in cost of services was primarily due to increases in revenue. As a percentage of revenue, direct labor costs were 51% and 52% for the three months ended March 31, 2022 and 2021, respectively. As a percentage of revenue, other direct costs, which include subcontractors and third party equipment and materials used in the performance of our contracts, was 34% for both the three months ended March 31, 2022 and 2021. Profitability has increased due to higher program profits including improved award fees as compared to the prior period. We expect cost of services as a percentage of revenue to increase in the remainder of 2022.

General and administrative expenses

The increase in general and administrative expenses was primarily due to one-time expenses and higher amortization associated with our acquisitions. As a percentage of revenue, general and administrative expenses increased for the three months ended March 31, 2022 as compared to the same period in 2021. We expect general and administrative expenses as a percentage of revenue to remain the same or slightly decrease the remainder of 2022.

Interest expense

The increase in interest expense was due to interest on borrowing associated with the acquisitions of Gryphon and TMAC. We expect interest expense may increase in the short term as interest rates rise, but to decrease later in 2022 as we expect to reduce our outstanding loan balances.

Provision for income taxes

Our effective tax rate is affected by recurring items, such as the relative amount of income we earn in various taxing jurisdictions and their tax rates. It is also affected by discrete items that may occur in any given year, but are not consistent from year-to-year. Our effective income tax rate was 25% and 23% for the three months ended March 31, 2022 and 2021, respectively. The increase in the effective tax rate is primarily due to market fluctuations in the executive deferred compensation plan. We expect the effective tax rate to remain consistent in the remainder of 2022.

Backlog

At March 31, 2022 and December 31, 2021, our backlog was $10.3 billion and $10.6 billion, respectively. Our funded backlog was $1.4 billion and $1.6 billion as of March 31, 2022 and December 31, 2021, respectively. Backlog represents estimates that we calculate on a consistent basis. For additional information on how we compute backlog, see the disclosure under the caption "Backlog," contained in "Item 1 Business" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Liquidity and Capital Resources

Our primary sources of liquidity are cash provided by operations and our credit facilities. On March 31, 2022, our cash and cash equivalents balance was $60.3 million. There was $300.0 million outstanding under our credit facilities at March 31, 2022. As of March 31, 2022, we were contingently liable under letters of credit totaling $3.4 million, which reduces our availability to borrow under our credit facilities. The maximum available borrowings under our credit facilities at March 31, 2022 were $796.6 million. These sources of liquidity have met the short-term and long-term liquidity needs for financing of acquisitions, working capital, payment under our cash dividend program and capital expenditures.

Cash provided by operating activities has been adequate to fund our operations, including payments under our regular cash dividend program. When there are short-term fluctuations in our cash flows and level of operations, we may from time-to-time increase borrowings under our credit facilities to meet cash demands.

Cash Flows From (Used In) Operating Activities

Our operating cash flow is primarily affected by our ability to invoice and collect from our customers in a timely manner, our ability to manage our vendor payments and the overall profitability of our contracts. We bill most of our customers monthly after services are rendered. Our accounts receivable days sales outstanding were 63 and 61 for the three months ended March 31, 2022 and 2021, respectively. Our net cash flow from operating activities was $34.5 million for the three months ended March 31, 2022 and our net cash used in operating activities was $8.2 million for the three months ended March 31, 2021. The increase in net cash flow from operating activities over the comparative period was primarily related to the timing of customer collections and payment of vendors. Beginning in 2022, we are required to defer over 5 years expenses that meet the definition under Section 174 of the Internal Revenue Code. Absent a repeal of this provision in the tax code, we expect amounts paid for income taxes to increase during the remainder of 2022 by approximately $20 million.

Cash Flows From (Used In) Investing Activities

Our cash used in investing activities consists primarily of business combinations, purchases of property and equipment and investments in capital software. For the three months ended March 31, 2022 our net cash used in investing activities was $11.2 million, which was due to the purchase of equipment to support managed IT service contracts and infrastructure investment, partially offset by proceeds from our corporate owned life insurance. For the three months ended March 31, 2021 our net cash used in investing activities was $17.9 million, which was due to the purchase of equipment to support managed IT service contracts.

Cash Flows From (Used in) Financing Activities

For the three months ended March 31, 2022, our net cash used in financing activities was $16.4 million, which was primarily due to dividends paid and payment consideration to tax authority on employee's behalf, partially offset by proceeds from the exercise of stock options. For the three months ended March 31, 2021, our net cash used in financing activities was $8.2 million, which was primarily the result of our dividend payments, offset by net borrowings under our credit facility.

Credit Facilities

On July 20, 2021, we amended and restated our credit agreement (Third Amended and Restated Credit Agreement) with a syndicate of lenders led by Bank of America, N.A., as sole administrative agent. The Third Amended and Restated Credit Agreement includes an aggregate principal amount of up to $1.1 billion made available through (i) a $500 million revolving credit facility with a $100 million letter of credit sublimit and a $50 million swing line loan sublimit and (ii) a $600 million delayed-draw term loan facility. Under the delayed-draw term loan facility, borrowings are available to be drawn prior to the first anniversary of the Third Amended and Restated Credit Agreement in up to three separate drawings in a minimal amount of $50 million. The Third Amended and Restated Credit Agreement also includes an accordion feature that permits us to arrange with the lenders for the provision of additional commitments. The maturity date of the Third Amended and Restated Credit Agreement is July 20, 2026.

Borrowings under the Third Amended and Restated Credit Agreement are collateralized by substantially all of our assets and those of our Material Subsidiaries and bear interest at one of the following variable rates as selected by us at the time of borrowing: a London Interbank Offer Rate base rate plus market-rate spreads (1.25% to 2.00% based on our consolidated total leverage ratio) or Bank of America's base rate plus market spreads (0.25% to 1.00% based on our consolidated total leverage ratio).

There was $300.0 million outstanding on our credit facilities at March 31, 2022. As of and during the three months ended March 31, 2022, we were in compliance with the covenants under the Third Amended and Restated Credit Agreement.

Capital Resources

We believe the capital resources available to us from cash on hand, our capacity under our credit facilities, and cash from our operations are adequate to fund our anticipated cash requirements for at least the next year. We anticipate financing our internal and external growth through cash from operating activities, borrowings under our credit facilities and issuance of equity.

Cash Management

To the extent possible, we invest our available cash in short-term, investment grade securities in accordance with our investment policy. Under our investment policy, we manage our investments in accordance with the priorities of maintaining the safety of our principal, maintaining the liquidity of our investments, maximizing the yield on our investments and investing our cash to the fullest extent possible. Our investment policy provides that no investment security can have a final maturity that exceeds six months and that the weighted average maturity of the portfolio cannot exceed 60 days. Cash and cash equivalents include cash on hand, amounts due from banks and short-term investments with maturity dates of three months or less at the date of purchase.

Dividend

During the three months ended March 31, 2022 and 2021, we declared and paid a quarterly dividend in the amount of $0.41 per share and $0.38 per share, respectively, on both classes of our common stock. While we expect to continue the cash dividend program, any future dividends declared will be at the discretion of our Board of Directors and will depend, among other factors, upon our results of operations, financial condition and cash requirements, as well as such other factors that our Board of Directors deems relevant.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting estimates are set forth under the caption "Critical Accounting Estimates" in Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, previously filed with the SEC. There have been no material changes to our critical accounting estimates from those discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Recently Adopted Accounting Standards Updates

Accounting Standards Updates that became effective during the three months ended March 31, 2022 did not have a material impact on our condensed consolidated financial statements.

Recently Issued But Not Yet Adopted ASUs

ASUs effective after March 31, 2022 are not expected to have a material effect on our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk relates to changes in interest rates for borrowing under our credit facilities. At March 31, 2022, we had $300.0 million outstanding on our credit facilities. Borrowings under our credit facilities bear interest at variable rates. A hypothetical 10% increase in interest rates would have a $0.5 million effect on our interest expense for the three months ended March 31, 2022.

We do not use derivative financial instruments for speculative or trading purposes. When we have excess cash, we invest in short-term, investment grade, interest-bearing securities. Our investments are made in accordance with an investment policy. Under this policy, no investment securities can have maturities exceeding six months and the weighted average maturity of the portfolio cannot exceed 60 days.

Item 4. Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Quarterly Report on Form 10-Q, is accurately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. As a result, our disclosure controls and procedures are designed to provide reasonable assurance that such disclosure controls and procedures will meet their objectives.

As of March 31, 2022, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), management evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level described above.

There were no changes in our internal control over financial reporting during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to certain legal proceedings, government audits, investigations, claims and disputes that arise in the ordinary course of our business. Like most large government defense contractors, our contract costs are audited and reviewed on a continual basis by an in-house staff of auditors from the Defense Contract Audit Agency. In addition to these routine audits, we are subject from time-to-time to audits and investigations by other agencies of the U.S. government. These audits and investigations are conducted to determine if our performance and administration of our government contracts are compliant with contractual requirements and applicable federal statutes and regulations. An audit or investigation may result in a finding that our performance, systems and administration are compliant or, alternatively, may result in the government initiating proceedings against us or our employees, including administrative proceedings seeking repayment of monies, suspension and/or debarment from doing business with the U.S. government or a particular agency or civil or criminal proceedings seeking penalties and/or fines. Audits and investigations conducted by the U.S. government frequently span several years.

Although we cannot predict the outcome of these and other legal proceedings, investigations, claims and disputes, based on the information now available to us, we do not believe the ultimate resolution of these matters, either individually or in the aggregate, will have a material adverse effect on our business, prospects, financial condition or operating results.

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-K:

Exhibit	Description of Exhibit
10.1*	ManTech International Corporation 2022 Executive Incentive Compensation Plan, adopted on February 22, 2022, in which our executive officers participate (incorporated by reference from registrant's Current Report on Form 8-K, as filed with the SEC on February 24, 2022).
31.1‡	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2‡	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32‡	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
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 (formatted as Inline XBRL and contained in Exhibit 101).

*Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this report pursuant to Item 15(a)(3).

‡ Filed herewith.

SIGNATURES

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

MANTECH INTERNATIONAL CORPORATION

	By:	/s/ KEVIN M. PHILLIPS
Date: May 5, 2022	Name:	**Kevin M. Phillips**
	Title:	**Chairman, Chief Executive Officer and President**
	By:	/s/ JUDITH L. BJORNAAS
Date: May 5, 2022	Name:	**Judith L. Bjornaas**
	Title:	**Chief Financial Officer**

Exhibit 31.1

CERTIFICATION

I, Kevin M. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ManTech International Corporation;

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

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

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

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

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

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

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

By:	/s/ KEVIN M. PHILLIPS
Name:	**Kevin M. Phillips**
Title:	**Chairman, Chief Executive Officer and President**

Exhibit 31.2

CERTIFICATION

I, Judith L. Bjornaas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ManTech International Corporation;

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

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

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

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

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

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

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

By:	/s/ JUDITH L. BJORNAAS
Name:	**Judith L. Bjornaas**
Title:	**Chief Financial Officer**

Exhibit 32

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

In connection with the ManTech International Corporation (the “Company”) Quarterly Report on Form 10-Q for the period ending March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Kevin M. Phillips, Chairman, Chief Executive Officer and President of the Company, and Judith L. Bjornaas, Chief Financial Officer of the Company, certify 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, as amended; and

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

Date: May 5, 2022

By:	/s/ KEVIN M. PHILLIPS
Name:	**Kevin M. Phillips**
Title:	**Chairman, Chief Executive Officer and President**

By:	/s/ JUDITH L. BJORNAAS
Name:	**Judith L. Bjornaas**
Title:	**Chief Financial Officer**