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 July 30, 2021

or

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

For the transition period from to

Commission File Number	Exact Name of Registrant as Specified in its Charter, Address of Principal Executive Offices and Telephone Number	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No.
001-35832	Science Applications International Corporation	Delaware	46-1932921

12010 Sunset Hills Road, Reston, VA 20190

703-676-4300

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, par value $.0001 per share	**SAIC**	**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, 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 ☒

The number of shares issued and outstanding of the registrant’s common stock as of August 20, 2021 was as follows:

57,566,180 shares of common stock ($.0001 par value per share)

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
FORM 10-Q

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PART I—FINANCIAL INFORMATION

Item 1. *Financial Statements*

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED AND CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
	(in millions, except per share amounts)			
Revenues	**$ 1,836**	$ 1,764	**$ 3,714**	$ 3,521
Cost of revenues	**1,604**	1,564	**3,265**	3,138
Selling, general and administrative expenses	**85**	89	**165**	165
Acquisition and integration costs	**14**	15	**24**	44
Other operating income	**—**	(4)	**(3)**	(4)
Operating income	**133**	100	**263**	178
Interest expense	**26**	32	**53**	63
Other (income) expense, net	**(1)**	(2)	**(3)**	—
Income before income taxes	**108**	70	**213**	115
Provision for income taxes	**(26)**	(17)	**(49)**	(25)
Net income	**82**	53	**164**	90
Net income attributable to non-controlling interest	**—**	2	**1**	3
Net income attributable to common stockholders	**$ 82**	$ 51	**$ 163**	$ 87
Earnings per share:				
Basic	**$ 1.42**	$ 0.88	**$ 2.81**	$ 1.50
Diluted	**$ 1.41**	$ 0.87	**$ 2.79**	$ 1.49

See accompanying notes to condensed and consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
		(in millions)		
Net income	**$ 82**	$ 53	**$ 164**	$ 90
Other comprehensive income (loss), net of tax:				
Net unrealized gain (loss) on derivative instruments	**1**	(1)	**15**	(37)
Total other comprehensive income (loss), net of tax	**1**	(1)	**15**	(37)
Comprehensive income	**$ 83**	$ 52	**$ 179**	$ 53
Comprehensive income attributable to non-controlling interest	**—**	2	**1**	3
Comprehensive income attributable to common stockholders	**$ 83**	$ 50	**$ 178**	$ 50

See accompanying notes to condensed and consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED AND CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	July 30, 2021	January 29, 2021
	(in millions)	
SETS		
rrent assets:		
Cash and cash equivalents	$ **133**	$ 171
Receivables, net	**1,064**	962
Inventory, prepaid expenses and other current assets	**146**	156
tal current assets	**1,343**	1,289
odwill	**2,899**	2,787
Intangible assets, net	**1,199**	1,138
Property, plant, and equipment (net of accumulated depreciation of $173 million and $158 million at July 30, 2021 and January 29, 2021, respectively)	**105**	108
erating lease right of use assets	**221**	236
her assets	**138**	165
tal assets	$ **5,905**	$ 5,723
ABILITIES AND EQUITY		
rrent liabilities:		
Accounts payable and accrued liabilities	$ **897**	$ 861
Accrued payroll and employee benefits	**374**	346
Long-term debt, current portion	**112**	68
tal current liabilities	**1,383**	1,275
ng-term debt, net of current portion	**2,461**	2,447
erating lease liabilities	**195**	205
her long-term liabilities	**238**	244
mmitments and contingencies (Note 11)		
uity:		
Common stock, $0.0001 par value, 1 billion shares authorized, 58 million shares issued and outstanding as of July 30, 2021 and January 29, 2021	**—**	—
Additional paid-in capital	**945**	1,004
Retained earnings	**747**	627
Accumulated other comprehensive loss	**(74)**	(89)
tal common stockholders' equity	**1,618**	1,542
n-controlling interest	**10**	10
tal stockholders' equity	**1,628**	1,552
tal liabilities and stockholders' equity	$ **5,905**	$ 5,723

See accompanying notes to condensed and consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED AND CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Non-controlling interest	Total
			(in millions)			
Balance at April 30, 2021	**58**	**$ 965**	**$ 687**	**$ (75)**	**$ 10**	**$ 1,587**
Net income	—	—	82	—	—	82
Issuances of stock	—	4	—	—	—	4
Other comprehensive income, net of tax	—	—	—	1	—	1
Cash dividends of $0.37 per share	—	—	(22)	—	—	(22)
Stock-based compensation	—	13	—	—	—	13
Repurchases of stock	—	(37)	—	—	—	(37)
Distributions to non-controlling interest	—	—	—	—	—	—
Balance at July 30, 2021	**58**	**$ 945**	**$ 747**	**$ (74)**	**$ 10**	**$ 1,628**
Balance at January 29, 2021	**58**	**$ 1,004**	**$ 627**	**$ (89)**	**$ 10**	**$ 1,552**
Net income	—	—	163	—	1	164
Issuances of stock	—	8	—	—	—	8
Other comprehensive income, net of tax	—	—	—	15	—	15
Cash dividends of $0.74 per share	—	—	(43)	—	—	(43)
Stock-based compensation	—	10	—	—	—	10
Repurchases of stock	—	(77)	—	—	—	(77)
Distributions to non-controlling interest	—	—	—	—	(1)	(1)
Balance at July 30, 2021	**58**	**$ 945**	**$ 747**	**$ (74)**	**$ 10**	**$ 1,628**
Balance at May 1, 2020	**58**	**$ 983**	**$ 520**	**$ (108)**	**$ 13**	**$ 1,408**
Net income	—	—	51	—	2	53
Issuances of stock	—	3	—	—	—	3
Other comprehensive loss, net of tax	—	—	—	(1)	—	(1)
Cash dividends of $0.37 per share	—	—	(21)	—	—	(21)
Stock-based compensation	—	11	—	—	—	11
Repurchases of stock	—	(1)	—	—	—	(1)
Distributions to non-controlling interest	—	—	—	—	(2)	(2)
Balance at July 31, 2020	**58**	**$ 996**	**$ 550**	**$ (109)**	**$ 13**	**$ 1,450**
Balance at January 31, 2020	**58**	**$ 983**	**$ 506**	**$ (72)**	**$ 10**	**$ 1,427**
Net income	—	—	87	—	3	90
Issuances of stock	—	6	—	—	—	6
Other comprehensive loss, net of tax	—	—	—	(37)	—	(37)
Cash dividends of $0.74 per share	—	—	(43)	—	—	(43)
Stock-based compensation	—	9	—	—	—	9
Repurchases of stock	—	(2)	—	—	—	(2)
Distributions to non-controlling interest	—	—	—	—	—	—
Balance at July 31, 2020	**58**	**$ 996**	**$ 550**	**$ (109)**	**$ 13**	**$ 1,450**

See accompanying notes to condensed and consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended	
	July 30, 2021	July 31, 2020
	(in millions)	
Cash flows from operating activities:		
Net income	**$ 164**	$ 90
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**79**	83
Amortization of off-market customer contracts	**(17)**	(7)
Amortization of debt issuance costs	**4**	12
Deferred income taxes	**31**	11
Stock-based compensation expense	**24**	19
(Gain) loss on divestitures	**(2)**	10
Impairment of right of use assets	**10**	—
Increase (decrease) resulting from changes in operating assets and liabilities, net of the effect of acquisitions:		
Receivables	**(80)**	151
Inventory, prepaid expenses and other current assets	**10**	(15)
Other assets	**(8)**	(7)
Accounts payable and accrued liabilities	**42**	(4)
Accrued payroll and employee benefits	**20**	80
Operating lease assets and liabilities, net	**3**	(5)
Other long-term liabilities	**1**	53
Net cash provided by operating activities	**281**	471
Cash flows from investing activities:		
Expenditures for property, plant, and equipment	**(17)**	(23)
Purchases of marketable securities	**(3)**	(4)
Sales of marketable securities	**2**	7
Cash paid for acquisitions, net of cash acquired	**(244)**	(1,202)
Proceeds from divestitures	**8**	1
Other	**(2)**	(2)
Net cash used in investing activities	**(256)**	(1,223)
Cash flows from financing activities:		
Dividend payments to stockholders	**(44)**	(44)
Principal payments on borrowings	**(61)**	(158)
Issuances of stock	**8**	6
Stock repurchased and retired or withheld for taxes on equity awards	**(91)**	(12)
Proceeds from borrowings	**116**	1,000
Debt issuance costs	**—**	(27)
Distributions to non-controlling interest	**(1)**	—
Net cash (used in) provided by financing activities	**(73)**	765
Net (decrease) increase in cash, cash equivalents and restricted cash	**(48)**	13
Cash, cash equivalents and restricted cash at beginning of period	**190**	202
Cash, cash equivalents and restricted cash at end of period	**$ 142**	$ 215

See accompanying notes to condensed and consolidated financial statements.

Note 1—Business Overview and Summary of Significant Accounting Policies:

Overview

Science Applications International Corporation (collectively, with its consolidated subsidiaries, the "Company") is a leading provider of technical, engineering and enterprise information technology (IT) services primarily to the U.S. government. The Company provides engineering and integration services for large, complex projects and offers a broad range of services with a targeted emphasis on higher-end, differentiated technology services. The Company is organized as a matrix comprised of two customer facing operating sectors supported by a strategy, growth and innovation organization. Each of the Company's two customer facing operating sectors is focused on providing the Company's comprehensive technical and enterprise IT service offerings to one or more agencies of the U.S. federal government. The Company's operating sectors are aggregated into one reportable segment for financial reporting purposes.

During the second quarter of fiscal 2022, the Company completed the acquisition of Halfaker and Associates, LLC (Halfaker), a mission focused, pure-play health IT company, growing the Company's digital transformation portfolio. Additionally, the Company acquired Koverse, a software company that provides a data management platform enabling artificial intelligence and machine learning on complex sensitive data.

During the first quarter of fiscal 2021, the Company completed the acquisition of Unisys Federal, a former operating unit of Unisys Corporation, which enhances our capabilities in government priority areas, expands our portfolio of intellectual property and technology-driven offerings, and increases our access to current and new customers.

Principles of Consolidation and Basis of Presentation

The accompanying financial information has been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting purposes. References to "financial statements" refer to the condensed and consolidated financial statements of the Company, which include the statements of income and comprehensive income, balance sheets, statements of equity and statements of cash flows. These financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). All intercompany transactions and account balances within the Company have been eliminated. The financial statements are unaudited, but in the opinion of management include all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation thereof. The results reported in these financial statements are not necessarily indicative of results that may be expected for the entire year and should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K for the year ended January 29, 2021.

Non-controlling Interest. The Company holds a 50.1% majority interest in Forfeiture Support Associates J.V. (FSA). The results of operations of FSA are included in the Company's condensed and consolidated statements of income and comprehensive income. The non-controlling interest reported on the condensed and consolidated balance sheets represents the portion of FSA's equity that is attributable to the non-controlling interest.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant estimates inherent in the preparation of the financial statements may include, but are not limited to estimated profitability of long-term contracts, income taxes, fair value measurements, fair value of goodwill and other intangible assets, pension and defined benefit plan obligations, and contingencies. Estimates have been prepared by management on the basis of the most current and best available information at the time of estimation and actual results could differ from those estimates.

Reporting Periods

The Company utilizes a 52/53 week fiscal year ending on the Friday closest to January 31, with fiscal quarters typically consisting of 13 weeks. Fiscal 2021 began on February 1, 2020 and ended on January 29, 2021, while fiscal 2022 began on January 30, 2021 and ends on January 28, 2022.

Operating Cycle

The Company’s operating cycle may be greater than one year and is measured by the average time intervening between the inception and the completion of contracts.

Derivative Instruments Designated as Cash Flow Hedges

Derivative instruments are recorded on the condensed and consolidated balance sheets at fair value. Unrealized gains and losses on derivatives designated as cash flow hedges are reported in other comprehensive income (loss) and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions.

The Company’s fixed interest rate swaps are considered over-the-counter derivatives, and fair value is calculated using a standard pricing model for interest rate swaps with contractual terms for maturities, amortization and interest rates. Level 2, or market observable inputs (such as yield and credit curves), are used within the standard pricing models in order to determine fair value. The fair value is an estimate of the amount that the Company would pay or receive as of a measurement date if the agreements were transferred to a third party or canceled. See Note 8 for further discussion on the Company’s derivative instruments designated as cash flow hedges.

Marketable Securities

Investments in marketable securities consist of equity securities which are recorded at fair value using observable inputs such as quoted prices in active markets (Level 1). As of July 30, 2021 and January 29, 2021, the fair value of our investments total $30 million and $27 million, respectively, and are included in other assets on the condensed and consolidated balance sheets. The Company's investments are primarily held in a custodial account, which includes investments to fund our deferred compensation plan liabilities.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the condensed and consolidated balance sheets for the periods presented:

	July 30, 2021	January 29, 2021
	(in millions)	
Cash and cash equivalents	$ 133	$ 171
Restricted cash included in inventory, prepaid expenses and other current assets	5	5
Restricted cash included in other assets	4	14
Cash, cash equivalents and restricted cash	$ 142	$ 190

Acquisition and Integration Costs

Acquisition-related costs that are not part of the purchase price consideration are generally expensed as incurred, except for certain costs that are deferred in connection with the issuance of debt. These costs typically include transaction-related costs, such as finder’s fees, legal, accounting, and other professional costs. Integration-related costs represent costs directly related to combining the Company and its acquired businesses. Integration-related costs typically include strategic consulting services, facility consolidation, employee related costs, such as retention, severance and accelerated vesting of assumed stock awards, costs to integrate information technology infrastructure, enterprise planning systems, processes, and other non-recurring integration-related costs. Acquisition and integration costs are presented together as acquisition and integration costs on the condensed and consolidated statements of income.

The amounts recognized in acquisition and integration costs on the condensed and consolidated statements of income are as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
		(in millions)		
Acquisition[1]	**$ 2**	$ —	**$ 3**	$ 20
Integration[2][3]	**12**	15	**21**	24
Total acquisition and integration costs	**$ 14**	$ 15	**$ 24**	$ 44

(1) Acquisition expenses recognized for the three and six months ended July 30, 2021 are related to the acquisitions of Halfaker and Koverse. Acquisition expenses recognized for the six months ended July 31, 2020 are related to the acquisition of Unisys Federal.
(2) Includes $3 million and $10 million of impairment of right of use lease assets for the three and six months ended July 30, 2021 and $4 million of restructuring costs for the six months ended July 31, 2020.
(3) Integration expenses for the three and six months ended July 31, 2020 include an $11 million loss associated with the divestiture of non-strategic international operations.

Accounting Standards Updates

Accounting Standards Updates effective after July 30, 2021 are not expected to have a material effect on the Company’s financial statements.

Note 2—Earnings Per Share and Dividends:

Basic earnings per share (EPS) is computed by dividing net income attributable to common stockholders by the basic weighted-average number of shares outstanding. Diluted EPS is computed similarly to basic EPS, except the weighted-average number of shares outstanding is increased to include the dilutive effect of outstanding stock options and other stock-based awards.

A reconciliation of the weighted-average number of shares outstanding used to compute basic and diluted EPS was:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
		(in millions)		
Basic weighted-average number of shares outstanding	**57.9**	58.1	**58.0**	58.0
Dilutive common share equivalents - stock options and other stock-based awards	**0.5**	0.5	**0.5**	0.5
Diluted weighted-average number of shares outstanding	**58.4**	58.6	**58.5**	58.5

The following stock-based awards were excluded from the weighted-average number of shares outstanding used to compute diluted EPS:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
		(in millions)		
Antidilutive stock options excluded	**—**	0.4	**—**	0.4

Dividends

The Company declared and paid a quarterly dividend of $0.37 per share of its common stock during the three months ended July 30, 2021. Subsequent to the end of the quarter, on September 1, 2021, the Company's Board of Directors declared a quarterly dividend of $0.37 per share of the Company's common stock payable on October 29, 2021 to stockholders of record on October 15, 2021.

Note 3—Revenues:

Changes in Estimates

Changes in estimates of revenues, cost of revenues or profits related to performance obligations satisfied over time are recognized in operating income in the period in which such changes are made for the inception-to-date effect of the changes. Changes in these estimates can occur routinely over the performance period for a variety of reasons, which include: changes in scope; changes in cost estimates due to unanticipated cost growth or reassessments of risks impacting costs; changes in the estimated transaction price, such as variable amounts for incentive or award fees; and performance being better or worse than previously estimated.

Many of the Company's contracts recognize revenue on performance obligations using a cost input measure (cost-to-cost), which requires estimates of total costs at completion. In cases when total expected costs exceed total estimated revenues for a performance obligation, the Company recognizes the total estimated loss in the quarter identified. Total estimated losses are inclusive of any unexercised options that are probable of award only if they increase the amount of the loss.

Aggregate net changes in estimates on contracts accounted for using the cost-to-cost method of accounting were recognized in operating income as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
	(in millions, except per share amounts)			
Net favorable adjustments	**$ 6**	$ —	**$ 9**	$ 3
Net favorable adjustments, after tax	**5**	—	**7**	2
Diluted EPS impact	**$ 0.08**	$ —	**$ 0.12**	$ 0.04

Revenues were $15 million and $20 million higher for the three and six months ended July 30, 2021, respectively, and $2 million and $6 million higher for the three and six months ended July 31, 2020, respectively, due to net revenue recognized from performance obligations satisfied in prior periods.

Disaggregation of Revenues

The Company's revenues are generated primarily from long-term contracts with the U.S. government including subcontracts with other contractors engaged in work for the U.S. government. The Company disaggregates revenues by customer, contract-type and prime vs. subcontractor to the federal government.

Disaggregated revenues by customer were as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
	(in millions)			
Department of Defense	**$ 900**	$ 833	**$ 1,820**	$ 1,692
Other federal government agencies	**899**	894	**1,822**	1,757
Commercial, state and local	**37**	37	**72**	72
Total	**$ 1,836**	$ 1,764	**$ 3,714**	$ 3,521

Disaggregated revenues by contract-type were as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	July 30, 2021	July 31, 2020
	(in millions)			
Cost reimbursement	$ 993	$ 937	$ 1,983	$ 1,907
Time and materials (T&M)	365	402	776	776
Firm-fixed price (FFP)	478	425	955	838
Total	$ 1,836	$ 1,764	$ 3,714	$ 3,521

Disaggregated revenues by prime vs. subcontractor were as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	July 30, 2021	July 31, 2020
	(in millions)			
Prime contractor to federal government	$ 1,657	$ 1,593	$ 3,347	$ 3,181
Subcontractor to federal government	142	134	295	268
Other	37	37	72	72
Total	$ 1,836	$ 1,764	$ 3,714	$ 3,521

Contract Balances

Contract balances for the periods presented were as follows:

	Balance Sheet line item	July 30, 2021	January 29, 2021
		(in millions)	
Billed and billable receivables, net[(1)]	Receivables, net	$ 672	$ 600
Contract assets - unbillable receivables	Receivables, net	392	362
Contract assets - contract retentions	Other assets	17	18
Contract liabilities - current	Accounts payable and accrued liabilities	51	82
Contract liabilities - non-current	Other long-term liabilities	$ 11	$ 17

(1) Net of allowance of $4 million and $3 million as of July 30, 2021 and January 29, 2021.

During the three and six months ended July 30, 2021, the Company recognized revenues of $14 million and $64 million, respectively, relating to amounts that were included in the opening balance of contract liabilities as of January 29, 2021. During the three and six months ended July 31, 2020, the Company recognized revenues of $5 million and $22 million, respectively, relating to amounts that were included in the opening balance of contract liabilities as of January 31, 2020.

Remaining Performance Obligations

As of July 30, 2021, the Company had $4.9 billion of remaining performance obligations. Remaining performance obligations represent the expected value yet to be recognized on exercised contracts. Remaining performance obligations exclude unexercised option periods and unissued task orders under indefinite delivery, indefinite quantity (IDIQ) contracts. Remaining performance obligations also exclude any variable consideration that is allocated entirely to unsatisfied performance obligations on our supply chain contracts. The Company expects to recognize revenue on approximately 80% of the remaining performance obligations over the next 12 months and approximately 90% over the next 24 months, with the remaining recognized thereafter.

Lessor revenue

The Company leases IT equipment and hardware to its customers. All of the Company's lessor arrangements are operating leases. Operating lease revenue is recognized on a straight-line basis over the term of the lease. Operating lease income is reported as revenue on the condensed and consolidated statements of income. Operating lease income was $2 million and $11 million for the three and six months ended July 30, 2021, respectively, and $11 million and $17 million for the three and six months ended July 31, 2020, respectively.

Note 4—Acquisitions:

Halfaker Acquisition

On July 2, 2021, the Company completed the acquisition of Halfaker, a mission focused, pure-play health IT company for a preliminary purchase price of $217 million, net of $3 million cash acquired, subject to post-closing adjustments. The Company funded the transaction from increased borrowings (as discussed in Note 7) and cash on hand. The allocation of the preliminary purchase price resulted in goodwill of $92 million and intangible assets of $112 million, all of which is deductible for income tax purposes. The Company has not yet obtained all of the information required to complete the purchase price allocation related to this acquisition. The goodwill is primarily associated with future customer relationships and an acquired assembled work force. The intangible assets consist of backlog of $17 million and customer relationships of $95 million that will be amortized over a period of one and nine years, respectively. During the current quarter, the Company recognized integration expenses of $3 million related to the payment of certain transaction bonuses. The Company will make additional cash payments of $21 million in March 2022 associated with certain change in control provisions that will be recognized as post-combination expense.

Koverse Acquisition

On May 3, 2021, the Company acquired Koverse, a software company that provides a data management platform enabling artificial intelligence and machine learning on complex sensitive data, for a preliminary purchase price of $30 million, net of $2 million cash acquired, subject to post-closing adjustments. The preliminary purchase price includes $3 million of contingent consideration, representing the fair value recognized for potential future earnout payments of up to $27 million based on the achievement of certain revenue targets over the next four years. The allocation of the preliminary purchase price resulted in goodwill of $21 million and intangible assets of $10 million, which are not deductible for income tax purposes. The goodwill is primarily associated with intellectual capital, future customer relationships, and an acquired assembled work force. The intangible assets, which primarily consist of developed technology, are being amortized over a weighted average period of seven years. The Company will recognize an additional $13 million in post-combination compensation expense over the next two years associated with employee retention agreements.

Unisys Federal Acquisition

On March 13, 2020, the Company completed the acquisition of Unisys Federal, a former operating unit of Unisys Corporation. Unisys Federal provides infrastructure modernization, cloud migration, managed services, and enterprise IT-as-a-service solutions to U.S. federal civilian agencies and the Department of Defense. The Company purchased substantially all of the assets and liabilities of Unisys Federal for an aggregate purchase price of $1.2 billion. The Company used the net proceeds from its offering of Senior Notes and borrowings under the Term Loan B2 Facility, proceeds from the sale of receivables under its MARPA Facility, and cash on its balance sheet to finance the acquisition and pay related fees and expenses.

During the second quarter of fiscal 2022, the Company accelerated the amortization for certain off-market customer contracts as a result of a change in the expected contractual terms and resulted in additional amortization of $8 million during the quarter. Amortization for the next four years is expected to be as follows: $16 million in the remainder of 2022, $9 million in 2023, $8 million in 2024, and $2 million in 2025.

The amount of Unisys Federal's revenue included in the condensed and consolidated statements of income for the three and six months ended July 31, 2020, was $175 million and $279 million, respectively, and the amount of net income attributable to common stockholders included in the condensed and consolidated statements of income for the three and six months ended July 31, 2020, was $8 million and $19 million, respectively.

The following unaudited pro forma financial information presents the combined results of operations for Unisys Federal and the Company for the three and six months ended July 31, 2020:

	Three Months Ended July 31, 2020	Six Months Ended July 31, 2020
	(in millions)	
Revenues	$ 1,764	$ 3,611
Net income attributable to common stockholders	$ 62	$ 115

The unaudited pro forma combined financial information presented above has been prepared from historical financial statements that have been adjusted to give effect to the acquisition of Unisys Federal as though it had occurred on February 2, 2019. They include adjustments for intangible asset amortization; interest expense and debt issuance costs on long-term debt; acquisition and other transaction costs; and certain costs allocated from the former parent. The unaudited pro forma financial information is not intended to reflect the actual results of operations that would have occurred if the acquisition had occurred on February 2, 2019, nor is it indicative of future operating results.

Note 5—Goodwill and Intangible Assets:

Goodwill

Goodwill had a carrying value of $2,899 million and $2,787 million as of July 30, 2021 and January 29, 2021, respectively. Goodwill increased by $112 million during the six months ended July 30, 2021, primarily due to the acquisitions of Halfaker ($92 million) and Koverse ($21 million) as discussed in Note 4. There were no impairments of goodwill during the periods presented.

Intangible Assets

Intangible assets, all of which were finite-lived, consisted of the following:

	July 30, 2021			January 29, 2021		
	Gross carrying value	**Accumulated amortization**	**Net carrying value**	Gross carrying value	Accumulated amortization	Net carrying value
			(in millions)			
Customer relationships	**$ 1,467**	**$ (294)**	**$ 1,173**	$ 1,371	$ (241)	$ 1,130
Backlog	**17**	**(1)**	**16**	47	(41)	6
Developed technology	**10**	**(1)**	**9**	9	(7)	2
Trade name	**1**	**—**	**1**	—	—	—
Total intangible assets	**$ 1,495**	**$ (296)**	**$ 1,199**	$ 1,427	$ (289)	$ 1,138

Amortization expense related to intangible assets was $29 million and $61 million for the three and six months ended July 30, 2021, respectively, and $42 million and $68 million for the three and six months ended July 31, 2020, respectively. There were no intangible asset impairment losses during the periods presented.

As of July 30, 2021, the estimated future annual amortization expense related to intangible assets is as follows:

Fiscal Year Ending	(in millions)
Remainder of 2022	$ 66
2023	$ 125
2024	$ 115
2025	$ 115
2026	$ 115
Thereafter	$ 663
Total	$ 1,199

Actual amortization expense in future periods could differ from these estimates as a result of future acquisitions, divestitures, impairments, and other factors.

Note 6—Income Taxes:

The Company's effective income tax rate was 23.6% and 23.0% for the three and six months ended July 30, 2021, respectively, and 24.9% and 22.0% for the three and six months ended July 31, 2020, respectively. The Company’s effective tax rate was lower for the three months ended July 30, 2021 compared to the prior year period primarily due to tax benefits recorded from an employee retention credit study. The Company's effective tax rate was higher for the six months ended July 30, 2021 compared to the prior year period due to lower excess tax benefits from employee share-based compensation and the prior period included the benefits from a reversal of foreign tax reserves. Tax rates for the three and six months ended July 30, 2021 were lower than the combined federal and state statutory rates due principally to excess tax benefits related to employee share-based compensation, research and development tax credits, employee retention credits, and other permanent book tax differences.

As of July 30, 2021, the Company's total liability for unrecognized tax benefits was $68 million, which is classified as other long-term liabilities on the condensed and consolidated balance sheets, and if recognized, would positively impact the effective tax rate.

While the Company believes it has adequate accruals for uncertainty in income taxes, the tax authorities, on review of the Company’s tax filings, may determine that the Company owes taxes in excess of recorded accruals, or the recorded accruals may be in excess of the final settlement amounts agreed to by the tax authorities. Although the timing of such reviews is not certain, over the next 12 months the Company does not expect a significant increase or decrease in the unrecognized tax benefits recorded at July 30, 2021.

Note 7—Debt Obligations:

The Company’s long-term debt as of the dates presented was as follows:

	July 30, 2021					January 29, 2021		
	Stated interest rate	Effective interest rate	Principal	Unamortized debt issuance costs	Net	Principal	Unamortized debt issuance costs	Net
					(in millions)			
Term Loan A Facility due October 2023	1.84 %	2.17 %	$ 805	$ (6)	$ 799	$ 844	$ (6)	$ 838
Term Loan A2 Facility due October 2023	1.84 %	2.00 %	100	—	100	—	—	—
Term Loan B Facility due October 2025	1.97 %	2.16 %	1,021	(8)	1,013	1,026	(9)	1,017
Term Loan B2 Facility due March 2027	1.97 %	2.36 %	272	(6)	266	272	(6)	266
Senior Notes due April 2028	4.88 %	5.04 %	400	(5)	395	400	(6)	394
Total long-term debt			$ 2,598	$ (25)	$ 2,573	$ 2,542	$ (27)	$ 2,515
Less current portion			112	—	112	68	—	68
Total long-term debt, net of current portion			$ 2,486	$ (25)	$ 2,461	$ 2,474	$ (27)	$ 2,447

As of July 30, 2021, the Company has a $2.6 billion credit facility (the Credit Facility) consisting of a $400 million secured Revolving Credit Facility due October 2023, an $805 million secured Term Loan A Facility due October 2023, a $100 million secured Term Loan A2 Facility due October 2023, a $1,021 million secured Term Loan B Facility due October 2025, and a $272 million secured Term Loan B2 Facility due March 2027 (together, the Term Loan Facilities). There is no balance outstanding on the Revolving Credit Facility as of July 30, 2021. As of July 30, 2021, the Company was in compliance with the covenants under its Credit Facility.

On March 1, 2021, the Company executed the Third Amendment to the Third Amended and Restated Credit Agreement, which reduces the applicable margin for the Term Loan B2 Facility due March 2027 for LIBOR loans from 2.25% to 1.875% and for base rate loans from 1.25% to 0.875%.

On July 2, 2021, the Company executed the Fourth Amendment to the Third Amended and Restated Credit Agreement, which established a new senior secured incremental term loan credit facility commitment in the amount of $100 million (the Term Loan A2 Facility due October 2023). The entirety of the Term Loan A2 Facility due October 2023 was borrowed by the Company and the proceeds were immediately used to pay a portion of the purchase price of Halfaker (see Note 4).

The Term Loan A2 Facility due October 2023 will amortize quarterly beginning October 31, 2021 at 0.3125% of the original borrowed amount thereunder. The Term Loan A2 Facility due October 2023 may be prepaid at any time without penalty and is subject to the same mandatory prepayments, including from excess cash flow, as the Company's existing term loans under the Credit Facility. The Term Loan A2 Facility due October 2023 will mature and be due and payable in full on October 31, 2023.

The Term Loan A2 Facility due October 2023 is secured by substantially all of the assets of the Company and the Company's wholly owned domestic subsidiaries, and is guaranteed by each of the Company's wholly owned domestic subsidiaries. The Term Loan A2 Facility due October 2023 will bear interest at a variable rate of interest based on LIBOR or a base rate, plus an applicable margin of 1.25% to 2.00% for LIBOR loans and 0.25% to 1.00% for base rate loans, dependent upon the Company's leverage ratio.

The Term Loan A2 Facility due October 2023 is subject to the same covenants and events of default as the Company's existing term loans under the Credit Facility.

As of July 30, 2021 and January 29, 2021, the carrying value of the Company's outstanding debt obligations approximated its fair value. The fair value of long-term debt is calculated using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the Company's Term Loan Facilities and Senior Notes.

Note 8—Derivative Instruments Designated as Cash Flow Hedges:

The Company's derivative instruments designated as cash flow hedges consist of:

					Liability Fair Value[1] at	
	Notional Amount at July 30, 2021	Pay Fixed Rate	Receive Variable Rate	Settlement and Termination	**July 30, 2021**	January 29, 2021
	(in millions)				(in millions)	
Interest rate swaps #1	$ —	2.78 %	1-month LIBOR	Monthly through July 30, 2021	$ —	$ (3)
Interest rate swaps #2	685	3.07 %	1-month LIBOR	Monthly through October 31, 2025	(70)	(81)
Interest rate swaps #3	563	2.49 %	1-month LIBOR	Monthly through October 31, 2023	(25)	(33)
Total	$ 1,248				$ (95)	$ (117)

(1) The fair value of the fixed interest rate swaps liability is included in accounts payable and accrued liabilities on the condensed and consolidated balance sheets.

The Company is party to fixed interest rate swap instruments that are designated and accounted for as cash flow hedges to manage risks associated with interest rate fluctuations on a portion of the Company's floating rate debt. The counterparties to all swap agreements are financial institutions. See Note 9 for the unrealized change in fair values on cash flow hedges recognized in other comprehensive income (loss) and the amounts reclassified from accumulated other comprehensive loss into earnings for the current and comparative periods presented. The Company estimates that it will reclassify $34 million of unrealized losses from accumulated other comprehensive loss into earnings in the twelve months following July 30, 2021.

Note 9—Changes in Accumulated Other Comprehensive Loss by Component:

The following table presents the changes in accumulated other comprehensive loss attributable to the Company’s fixed interest rate swap cash flow hedges that are discussed in Note 8 and the Company's defined benefit plans.

	Unrealized Gains (Losses) on Fixed Interest Rate Swap Cash Flow Hedges[(1)]	Defined Benefit Obligation Adjustment	Total
		(in millions)	
Three months ended July 30, 2021			
Balance at April 30, 2021	$ (72)	$ (3)	$ (75)
Other comprehensive loss before reclassifications	(6)	—	(6)
Amounts reclassified from accumulated other comprehensive loss	8	—	8
Income tax impact	(1)	—	(1)
Net other comprehensive income	1	—	1
Balance at July 30, 2021	**$ (71)**	**$ (3)**	**$ (74)**
Three months ended July 31, 2020			
Balance at May 1, 2020	$ (103)	$ (5)	$ (108)
Other comprehensive loss before reclassifications	(10)	—	(10)
Amounts reclassified from accumulated other comprehensive loss	8	—	8
Income tax impact	1	—	1
Net other comprehensive loss	(1)	—	(1)
Balance at July 31, 2020	**$ (104)**	**$ (5)**	**$ (109)**
Six months ended July 30, 2021			
Balance at January 29, 2021	$ (86)	$ (3)	$ (89)
Other comprehensive income before reclassifications	4	—	4
Amounts reclassified from accumulated other comprehensive loss	17	—	17
Income tax impact	(6)	—	(6)
Net other comprehensive income	15	—	15
Balance at July 30, 2021	**$ (71)**	**$ (3)**	**$ (74)**
Six months ended July 31, 2020			
Balance at January 31, 2020	$ (67)	$ (5)	$ (72)
Other comprehensive loss before reclassifications	(62)	—	(62)
Amounts reclassified from accumulated other comprehensive loss	12	—	12
Income tax impact	13	—	13
Net other comprehensive loss	(37)	—	(37)
Balance at July 31, 2020	**$ (104)**	**$ (5)**	**$ (109)**

(1) The amount reclassified from accumulated other comprehensive loss is included in interest expense.

Note 10—Sales of Receivables:

The Company has a Master Accounts Receivable Purchase Agreement (MARPA Facility) with MUFG Bank, Ltd. (the Purchaser) for the sale of up to a maximum amount of $300 million of certain designated eligible receivables with the U.S. government.

During the six months ended July 30, 2021 and July 31, 2020, the Company incurred purchase discount fees of $1 million, which are presented in Other (income) expense, net on the condensed and consolidated statements of income.

MARPA Facility activity consisted of the following:

	Six Months Ended	
	July 30, 2021	July 31, 2020
	(in millions)	
Beginning balance	$ 185	$ —
Sale of receivables	1,638	1,624
Cash collections	(1,623)	(1,424)
Outstanding balance sold to Purchaser[1]	200	200
Cash collected, not remitted to Purchaser[2]	(46)	(14)
Remaining sold receivables	$ 154	$ 186

(1) For the six months ended July 30, 2021 and July 31, 2020, the Company recorded a net increase to cash flows from operating activities of $15 million and $200 million, respectively, from sold receivables.
(2) Represents primarily the cash collected on behalf of but not yet remitted to the Purchaser as of July 30, 2021 and July 31, 2020. This balance is included in accounts payable and accrued liabilities on the condensed and consolidated balance sheets.

Note 11—Legal Proceedings and Other Commitments and Contingencies:

Legal Proceedings

The Company is involved in various claims and lawsuits arising in the normal conduct of its business, none of which the Company's management believes, based on current information, is expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

AAV Termination for Convenience

On August 27, 2018, the Company received a stop-work order from the United States Marine Corps on the Assault Amphibious Vehicle (AAV) contract and on October 3, 2018 the program was terminated for convenience by the customer. The Company is continuing to negotiate with the Marine Corps to recover costs associated with the termination.

Beginning in fiscal 2018, the Company entered into contracts with various vendors for long-lead time materials that would be necessary to complete the low-rate initial production (LRIP) phase of the program, including portions of the LRIP phase that had not yet been awarded. As a result of the program termination, the Company recognized an inventory provision for long-lead items during fiscal 2019.

Government Investigations, Audits and Reviews

The Company is routinely subject to investigations and reviews relating to compliance with various laws and regulations with respect, in particular, to its role as a contractor to federal, state and local government customers and in connection with performing services in countries outside of the United States. U.S. government agencies, including the Defense Contract Audit Agency (DCAA), the Defense Contract Management Agency and others, routinely audit and review a contractor’s performance on government contracts, indirect rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of the contractor’s compliance with government standards for its business systems. Adverse findings in these investigations, audits, or reviews can lead to criminal, civil or administrative proceedings, and the Company could face disallowance of previously billed costs, penalties, fines, compensatory damages and suspension or debarment from doing business with governmental agencies. Due to the Company’s reliance on government contracts, adverse findings could also have a material impact on the Company’s business, including its financial position, results of operations and cash flows.

The indirect cost audits by the DCAA of the Company’s business remain open for certain prior years and the current year. Although the Company has recorded contract revenues based on an estimate of costs that the Company believes will be approved on final audit, the Company does not know the outcome of any ongoing or future audits. If future completed audit adjustments exceed the Company’s reserves for potential adjustments, the Company’s profitability could be materially adversely affected.

The Company has recorded reserves for estimated net amounts to be refunded to customers for potential adjustments for indirect cost audits and compliance with Cost Accounting Standards. As of July 30, 2021, the Company has recorded a total liability of $17 million which is presented in accounts payable and accrued liabilities on the condensed and consolidated balance sheets.

Letters of Credit and Surety Bonds

The Company has outstanding obligations relating to letters of credit of $10 million as of July 30, 2021, principally related to guarantees on insurance policies. The Company also has outstanding obligations relating to surety bonds in the amount of $19 million, principally related to performance and payment bonds on the Company’s contracts.

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 and quantitative and qualitative disclosures about market risk should be read in conjunction with our unaudited condensed and consolidated financial statements and the related notes. It contains forward-looking statements (which may be identified by words such as those described in "Risk Factors—Forward-Looking Statement Risks" in Part I of the most recently filed Annual Report on Form 10-K), including statements regarding our intent, belief, or current expectations with respect to, among other things, trends affecting our financial condition or results of operations (including our financial targets discussed below under "Management of Operating Performance and Reporting" and "Liquidity and Capital Resources"); backlog; our industry; government budgets and spending; market opportunities; the impact of competition; and the impact of acquisitions. Such statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Risks, uncertainties and assumptions that could cause or contribute to these differences include those discussed below, in "Risk Factors" in Part II of this report and in Part I of the most recently filed Annual Report on Form 10-K. Due to such risks, uncertainties and assumptions you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to update these factors or to publicly announce the results of any changes to our forward-looking statements due to future results or developments.

We use the terms "SAIC," the "Company," "we," "us" and "our" to refer to Science Applications International Corporation and its consolidated subsidiaries.

The Company utilizes a 52/53 week fiscal year, ending on the Friday closest to January 31, with fiscal quarters typically consisting of 13 weeks. Fiscal 2021 began on February 1, 2020 and ended on January 29, 2021, while fiscal 2022 began on January 30, 2021 and ends on January 28, 2022.

Business Overview

We are a leading technology integrator providing full life cycle services and solutions in the technical, engineering and enterprise information technology (IT) markets. We developed our brand by addressing our customers' mission critical needs and solving their most complex problems for over 50 years. As one of the largest pure-play technical service providers to the U.S. government, we serve markets of significant scale and opportunity. Our primary customers are the departments and agencies of the U.S. government. We serve our customers through approximately 2,100 active contracts and task orders and employ approximately 26,000 individuals who are led by an experienced executive team of proven industry leaders. Our long history of serving the U.S. government has afforded us the ability to develop strong and longstanding relationships with some of the largest customers in the markets we serve. Substantially all of our revenues and tangible long-lived assets are generated by or owned by entities located in the United States.

Economic Opportunities, Challenges, and Risks

During the three and six months ended July 30, 2021, we generated greater than 95% of our revenues from contracts with the U.S. government, including subcontracts on which we perform. Our business performance is affected by the overall level of U.S. government spending and the alignment of our offerings and capabilities with the budget priorities of the U.S. government. Appropriations measures passed in December 2020 provided full funding for the federal government through the end of government fiscal year (GFY) 2021. These bills are funded at levels for defense and non-defense spending based on the August 2019 Bipartisan Budget Act agreement that raises the Budget Control Act spending caps enacted in August 2011 and suspended the Federal debt ceiling until July 31, 2021.

Adverse changes in fiscal and economic conditions could materially impact our business. Some changes that could have an adverse impact on our business include the implementation of future spending reductions (including sequestration), delayed passage of appropriations bills resulting in temporary or full-year continuing resolutions, extremely inflationary increases adversely impacting fixed price contracts, inability to increase or suspend the Federal debt ceiling after the Department of Treasury exhausts its current use of "extraordinary measures" in the October and November 2021 timeframe, and potential government shutdowns.

Potential spending packages including the infrastructure bill and the proposed budget resolution may provide additional opportunity in areas of SAIC focus.

The U.S. government has increasingly relied on contracts that are subject to a competitive bidding process (including indefinite delivery, indefinite quantity (IDIQ), U.S. General Services Administration (GSA) schedules, and other multi-award contracts), which has resulted in greater competition and increased pricing pressure. We expect a majority of the business we seek in the foreseeable future will be awarded through a competitive bidding process.

Despite the budget and competitive pressures affecting the industry, we believe we are well-positioned to protect and expand existing customer relationships and benefit from opportunities that we have not previously pursued. Our scale, size, and prime contractor leadership position are expected to help differentiate us from our competitors, especially on large contract opportunities. We believe our long-term, trusted customer relationships and deep technical expertise provide us with the sophistication to handle highly complex, mission-critical contracts. SAIC's value proposition is found in the proven ability to serve as a trusted adviser to our customers. In doing so, we leverage our expertise and scale to help them execute their mission.

We succeed as a business based on the solutions we deliver, our past performance, and our ability to compete on price. Our solutions are inspired through innovation based on adoption of best practices and technology integration of the best capabilities available. Our past performance was achieved by employees dedicated to supporting our customers' most challenging missions. Our current cost structure and ongoing efforts to reduce costs by strategic sourcing and developing repeatable offerings sold "as a service" and as managed services in a more commercial business model are expected to allow us to compete effectively on price in an evolving environment. Our ability to be competitive in the future will continue to be driven by our reputation for successful program execution, competitive cost structure, development of new pricing and business models, and efficiencies in assigning the right people, at the right time, in support of our contracts.

On July 2, 2021, we completed the acquisition of Halfaker and Associates, LLC (Halfaker). The acquisition of Halfaker, in alignment with our long-term strategy, grows the Company's digital transformation portfolio while expanding its ability to support the government's healthcare mission.

On March 13, 2020, we completed the acquisition of Unisys Federal, a former operating unit of Unisys Corporation. The acquisition of Unisys Federal, in alignment with our long-term strategy, positions SAIC as a leading government services technology integrator in digital transformation and is highly accretive across all key financial metrics.

Impacts of the COVID-19 Pandemic

We are continuing to monitor the ongoing outbreak of the coronavirus disease 2019 ("COVID-19") and we continue to work with our stakeholders to assess further possible implications to our business, supply chain and customers, and to take actions in an effort to mitigate adverse consequences.

Section 3610 of 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 recover our labor costs where our employees are ready and able to work but unable to access required facilities due to COVID-19. Under the American Rescue Plan Act of 2021, this support from the CARES Act has been extended through September 30, 2021. Reduced activity on contracts, including travel and other direct costs, caused revenues to be approximately $69 million lower for the six months ended July 30, 2021 (net of $57 million of labor recovered under the provisions of the CARES Act described above to maintain our workforce in a stand-ready state).

We are generally not able to bill profit on those costs and, in some cases, funding limitations and the necessity for contract modifications may cause us not to be able to recover all of the labor costs. As a result, operating income for the six months ended July 30, 2021 was reduced by approximately $5 million. Our current use of the Section 3610 authorities has been limited in recent weeks. However, as the situation with COVID-19 continues to evolve, the continued need for this provision may be required if customers return to partial operations and/or further restrict access to facilities.

In addition, the CARES Act allows for the deferral of certain payroll tax payments and we have deferred payments totaling approximately $103 million as of July 30, 2021. We must begin repaying these deferred taxes in the fourth quarter of fiscal 2022.

We have not experienced a significant impact to our liquidity or access to capital as a result of the COVID-19 pandemic.

We continue to work with our customers to implement the related provisions of the CARES Act. We cannot currently estimate the overall impact of the COVID-19 pandemic. The longer the duration of the event, the more likely that there may be an adverse impact on our business, financial position, results of operations and/or cash flows.

Management of Operating Performance and Reporting

Our business and program management process is directed by professional managers focused on serving our customers by providing high quality services in achieving program requirements. These managers carefully monitor contract margin performance by constantly evaluating contract risks and opportunities. Throughout each contract's life cycle, program managers review performance and update contract performance estimates to reflect their understanding of the best information available. For performance obligations satisfied over time, updates to estimates are recognized on inception-to-date activity, during the period of adjustment, resulting in either a favorable or unfavorable impact to operating income.

We evaluate our results of operations by considering the drivers causing changes in revenues, operating income and operating cash flows. Given that revenues fluctuate on our contract portfolio over time due to contract awards and completions, changes in customer requirements, and increases or decreases in ordering volume of materials, we evaluate significant trends and fluctuations in these terms. Whether performed by our employees or by our subcontractors, we primarily provide services and, as a result, our cost of revenues are predominantly variable. We also analyze our cost mix (labor, subcontractor or materials) in order to understand operating margin because programs with a higher proportion of SAIC labor are generally more profitable. Changes in costs of revenues as a percentage of revenue other than from revenue volume or cost mix are normally driven by fluctuations in shared or corporate costs, or cumulative revenue adjustments due to changes in estimates.

Changes in operating cash flows are described with regard to changes in cash generated through the delivery of services, significant drivers of fluctuations in assets or liabilities and the impacts of changes in timing of cash receipts or disbursements.

Results of Operations

The primary financial performance measures we use to manage our business and monitor results of operations are revenues, operating income, and cash flows from operating activities. The following table summarizes our results of operations:

	Three Months Ended			Six Months Ended		
	July 30, 2021	Percent change	July 31, 2020	**July 30, 2021**	Percent change	July 31, 2020
			(dollars in millions)			
Revenues	**$ 1,836**	*4 %*	$ 1,764	**$ 3,714**	*5 %*	$ 3,521
Cost of revenues	**1,604**	*3 %*	1,564	**3,265**	*4 %*	3,138
As a percentage of revenues	***87.4 %***		*88.7 %*	***87.9 %***		*89.1 %*
Selling, general and administrative expenses	**85**	*(4 %)*	89	**165**	*— %*	165
Acquisition and integration costs	**14**	*(7 %)*	15	**24**	*(45 %)*	44
Other operating income	**—**	*(100 %)*	(4)	**(3)**	*(25 %)*	(4)
Operating income	**133**	*33 %*	100	**263**	*48 %*	178
As a percentage of revenues	***7.2 %***		*5.7 %*	***7.1 %***		*5.1 %*
Net income attributable to common stockholders	**$ 82**	*61 %*	$ 51	**$ 163**	*87 %*	$ 87
Net cash provided by operating activities	**$ 92**	*(12 %)*	$ 104	**$ 281**	*(40 %)*	$ 471

Revenues. Revenues increased $72 million or 4.1% for the three months ended July 30, 2021 as compared to the same period in the prior year primarily due to ramp up on new and existing contracts, net favorable changes in contract estimates, and the accelerated amortization on certain off-market liability contracts, partially offset by contract completions. Adjusting for the impact of acquired revenues and divested revenues, revenues grew 3.8% primarily due to net increases in program volume and new awards.

Revenues increased $193 million or 5.5% for the six months ended July 30, 2021 as compared to the same period in the prior year due to ramp up on new and existing contracts, the acquisition of Unisys Federal (which occurred in the middle of the first quarter of the prior year period), net favorable changes in contract estimates, and the accelerated amortization on certain off-market liability contracts, partially offset by contract completions. Adjusting for the impact of acquired revenues and divested revenues, revenues grew 3.2% primarily due to net increases in program volume and new awards.

Cost of Revenues. Cost of revenues increased $40 million for the three months ended July 30, 2021 as compared to the same period in the prior year primarily due to an increase in volume on existing contracts. Cost of revenues as a percentage of revenues decreased from the prior year quarter, primarily due to improved profitability across our contract portfolio, net favorable changes in contract estimates, and the accelerated amortization on certain off-market liability contracts.

Cost of revenues increased $127 million or 4.0% for the six months ended July 30, 2021 as compared to the same period in the prior year primarily due to an increase in volume on existing contracts and the acquisition of Unisys Federal (which occurred in the middle of the first quarter of the prior year period). Cost of revenues as a percentage of revenues decreased from the prior year, primarily due to improved profitability across our contract portfolio, net favorable changes in contract estimates, and the accelerated amortization on certain off-market liability contracts.

Selling, General and Administrative Expenses. SG&A decreased $4 million for the three months ended July 30, 2021 as compared to the same period in the prior year primarily due to decreased intangible asset amortization as compared to the prior year quarter, partially offset by gains related to the resolution of certain legal matters in the prior year quarter and the acquisitions of Halfaker and Koverse.

SG&A for the six months ended July 30, 2021 remained consistent with the same period in the prior year. Decreases in intangible asset amortization were offset by gains related to the resolution of certain legal matters in the prior year.

Operating Income. Operating income as a percentage of revenues of 7.2% for the three months ended July 30, 2021 increased from 5.7% in the comparable prior year period primarily due to improved profitability across our contract portfolio, net favorable changes in contract estimates, the accelerated amortization on certain off-market liability contracts, and decreased intangible asset amortization, partially offset by gains related to the resolution of certain legal and other program contract matters in the prior year.

Operating income as a percentage of revenues increased to 7.1% for the six months ended July 30, 2021 from 5.1% in the comparable prior year period primarily due to improved profitability across our contract portfolio, net favorable changes in contract estimates, the accelerated amortization on certain off-market liability contracts, lower acquisition and integration costs, and benefit from a net favorable settlement of prior indirect rate years, partially offset by gains related to the resolution of certain legal and other program contract matters in the prior year.

Net Cash Provided by Operating Activities. Net cash provided by operating activities was $281 million for the six months ended July 30, 2021, a decrease of $190 million compared to the prior year, primarily due to a net decrease in cash received under the MARPA Facility ($185 million).

Non-GAAP Measures

Earnings before interest, taxes, depreciation and amortization (EBITDA), and adjusted EBITDA are non-GAAP financial measures. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered as supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Reconciliations, definitions, and how we believe these measures are useful to management and investors are provided below. Other companies may define similar measures differently.

EBITDA and Adjusted EBITDA. The performance measure EBITDA is calculated by taking net income and excluding interest and loss on sale of receivables, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is calculated by taking EBITDA and excluding acquisition and integration costs and restructuring costs. Integration costs excluded are costs to integrate acquired companies including costs of strategic consulting services, facility consolidation and employee related costs such as retention and severance costs. The acquisition and integration costs relate to the Company's acquisitions of Engility, Unisys Federal, Halfaker, and Koverse. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing performance.

We believe that EBITDA and adjusted EBITDA provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company.

EBITDA and adjusted EBITDA for the periods presented were calculated as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	July 30, 2021	July 31, 2020
	(in millions)			
Net income	$ 82	$ 53	$ 164	$ 90
Interest expense and loss on sale of receivables	26	32	54	64
Interest income	—	—	—	(1)
Provision for income taxes	26	17	49	25
Depreciation and amortization	37	50	79	83
EBITDA	171	152	346	261
EBITDA as a percentage of revenues	*9.3 %*	*8.6 %*	*9.3 %*	*7.4 %*
Acquisition and integration costs	14	15	24	44
Depreciation included in acquisition and integration costs	—	—	(1)	—
Recovery of acquisition and integration costs[1]	—	—	—	(1)
Adjusted EBITDA	$ 185	$ 167	$ 369	$ 304
Adjusted EBITDA as a percentage of revenues	*10.1 %*	*9.5 %*	*9.9 %*	*8.6 %*

(1) Adjustment to reflect the portion of acquisition and integration costs and recovered through the Company's indirect rates in accordance with Cost Accounting Standards.

Adjusted EBITDA as a percentage of revenues for the three months ended July 30, 2021 increased to 10.1% of revenues from 9.5% of revenues for the prior year quarter primarily due to a net increase in profitability across our existing contract portfolio, net favorable changes in contract estimates, and the accelerated amortization on certain off-market liability contracts, partially offset by gains related to the resolution of certain legal and program contract matters in the prior year.

Adjusted EBITDA as a percentage of revenues for the six months ended July 30, 2021 increased to 9.9% of revenues from 8.6% of revenues from the prior year driven by a net increase in profitability across our existing contract portfolio, net favorable changes in contract estimates, the accelerated amortization on certain off-market liability contracts, and benefit from a net favorable settlement of prior indirect rate years, partially offset by gains related to the resolution of certain legal and program contract matters in the prior year.

Other Key Performance Measures

In addition to the financial measures described above, we believe that bookings and backlog are useful measures for management and investors to evaluate our potential future revenues. We also consider measures such as contract types and cost of revenues mix to be useful for management and investors to evaluate our operating income and performance.

Net Bookings and Backlog. Net bookings represent the estimated amount of revenues to be earned in the future from funded and negotiated unfunded contract awards that were received during the period, net of adjustments to estimates on previously awarded contracts. We calculate net bookings as the period's ending backlog plus the period's revenues less the prior period's ending backlog and initial backlog obtained through acquisitions.

Backlog represents the estimated amount of future revenues to be recognized under negotiated contracts as work is performed. We do not include in backlog estimates of revenues to be derived from IDIQ contracts, but rather record backlog and bookings when task orders are awarded on these contracts. Given that much of our revenue is derived from IDIQ contract task orders that renew annually, bookings on these contracts tend to refresh annually as the task orders are renewed. Additionally, we do not include in backlog contract awards that are under protest until the protest is resolved in our favor.

We segregate our backlog into two categories as follows:

- *Funded Backlog.* Funded backlog for contracts with government agencies primarily represents estimated amounts of revenue to be earned in the future from contracts for which funding is appropriated less revenues previously recognized on these contracts. It does not include the unfunded portion of contracts in which funding is incrementally appropriated or authorized on a quarterly or annual basis by the U.S. government and other customers even though the contract may call for performance over a number of years. Funded backlog for contracts with non-government customers represents the estimated value on contracts, which may cover multiple future years, under which we are obligated to perform, less revenues previously recognized on these contracts.
- *Negotiated Unfunded Backlog.* Negotiated unfunded backlog represents estimated amounts of revenue to be earned in the future from negotiated contracts for which funding has not been appropriated or otherwise authorized and from unexercised priced contract options. Negotiated unfunded backlog does not include any estimate of future potential task orders expected to be awarded under IDIQ, GSA Schedules or other master agreement contract vehicles.

We expect to recognize revenue from a substantial portion of our funded backlog within the next twelve months. However, the U.S. government can adjust the scope of services of or cancel contracts at any time. Similarly, certain contracts with commercial customers include provisions that allow the customer to cancel prior to contract completion. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and fees (contract profit) for work performed.

The estimated value of our total backlog as of the dates presented was:

	July 30, 2021	January 29, 2021
	(in millions)	
Funded backlog	$ 3,299	$ 3,024
Negotiated unfunded backlog	20,938	18,524
Total backlog	$ 24,237	$ 21,548

We had net bookings worth an estimated $1.6 billion and $5.8 billion during the three and six months ended July 30, 2021. Total backlog at the end of the second quarter has increased compared to total backlog at prior year end primarily due to several large awards received during the period from the U.S. Army. In addition, $0.6 billion of acquired backlog from Halfaker was recorded as an increase to backlog as of the acquisition date.

Contract Types. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract. For a discussion of the types of contracts under which we generate revenues, see “Contract Types” in Part I of the most recently filed Annual Report on Form 10-K. The following table summarizes revenues by contract type as a percentage of revenues for the periods presented:

	Six Months Ended	
	July 30, 2021	July 31, 2020
Cost reimbursement	53 %	54 %
Time and materials (T&M)	21 %	22 %
Firm-fixed price (FFP)	26 %	24 %
Total	100 %	100 %

Our contract mix for the six months ended July 30, 2021 reflects an increase in firm-fixed price type contracts due in part to the acquisition of Unisys Federal (which occurred in the middle of the first quarter of the prior year period and historically had a higher proportion of these contracts).

Cost of Revenues Mix. We generate revenues by providing a customized mix of services to our customers. The profit generated from our service contracts is affected by the proportion of cost of revenues incurred from the efforts of our employees (which we refer to below as labor-related cost of revenues), the efforts of our subcontractors and the cost of materials used in the performance of our service obligations under our contracts. Contracts performed with a higher proportion of SAIC labor are generally more profitable. The following table presents cost mix for the periods presented:

	Three Months Ended		Six Months Ended	
	July 30, 2021	July 31, 2020	**July 30, 2021**	July 31, 2020
Labor-related cost of revenues	**54 %**	56 %	**54 %**	56 %
Subcontractor-related cost of revenues	**30 %**	30 %	**29 %**	30 %
Supply chain materials-related cost of revenues	**8 %**	7 %	**8 %**	8 %
Other materials-related cost of revenues	**8 %**	7 %	**9 %**	6 %

Cost of revenues mix for the three and six months ended July 30, 2021 reflects an increase in other materials-related content due in part to the acquisition of Unisys Federal (which occurred in the middle of the first quarter of the prior year period and historically had a higher proportion of such costs).

Liquidity and Capital Resources

As a services provider, our business generally requires minimal infrastructure investment. We expect to fund our ongoing working capital, commitments and any other discretionary investments with cash on hand, future operating cash flows and, if needed, borrowings under our $400 million Revolving Credit Facility and $300 million receivable factoring facility.

We anticipate that our future cash needs will be for working capital, capital expenditures, and contractual and other commitments. We consider various financial measures when we develop and update our capital deployment strategy, which includes evaluating cash provided by operating activities, free cash flow and financial leverage. When our cash generation enables us to exceed our target average minimum cash balance, we intend to deploy excess cash through dividends, share repurchases, debt prepayments or strategic acquisitions.

Our ability to fund these needs will depend, in part, on our ability to generate cash in the future, which depends on our future financial results. Our future results are subject to general economic, financial, competitive, legislative and regulatory factors that may be outside of our direct control. Although we believe that the financing arrangements in place will permit us to finance our operations on acceptable terms and conditions for at least the next year, our future access to, and the availability of financing on acceptable terms and conditions will be impacted by many factors (including our credit rating, capital market liquidity and overall economic conditions). Therefore, we cannot ensure that such financing will be available to us on acceptable terms or that such financing will be available at all. Nevertheless, we believe that our existing cash on hand, generation of future operating cash flows, and access to bank financing and capital markets will provide adequate resources to meet our short-term liquidity and long-term capital needs.

Historical Cash Flow Trends

The following table summarizes our cash flows:

	Six Months Ended	
	July 30, 2021	July 31, 2020
	(in millions)	
Net cash provided by operating activities	**$ 281**	$ 471
Net cash used in investing activities	**(256)**	(1,223)
Net cash (used in) provided by financing activities	**(73)**	765
Net (decrease) increase in cash, cash equivalents and restricted cash	**$ (48)**	$ 13

Net Cash Provided by Operating Activities. Refer to “Results of Operations” above for a discussion of the changes in cash provided by operating activities between the six months ended July 30, 2021 and the comparable prior year period.

Net Cash Used in Investing Activities. Cash used in investing activities for the six months ended July 30, 2021 decreased compared to the prior year period primarily due to cash paid for the acquisition of Unisys Federal in the prior year period, partially offset by cash paid for the acquisitions of Halfaker and Koverse in the current year period.

Net Cash Used in / Provided by Financing Activities. Cash used in financing activities for the six months ended July 30, 2021 was $73 million compared to cash provided by financing activities of $765 million in the prior year period. This change is primarily due to proceeds from borrowings obtained to finance the Unisys Federal acquisition in the prior year period and higher share repurchases in the current year period, partially offset by voluntary principal prepayments in the prior year period and borrowings obtained to finance the Halfaker acquisition in the current year period.

Critical Accounting Policies

There have been no changes to our critical accounting policies during the six months ended July 30, 2021 from those disclosed in our most recently filed Annual Report on Form 10-K.

Recently Issued But Not Yet Adopted Accounting Pronouncements

For information on recently issued but not yet adopted accounting pronouncements, see Note 1 of the notes to the condensed and consolidated financial statements contained within this report.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

There have been no material changes to our Market Risks from those discussed in our most recently filed Annual Report on Form 10-K.

Item 4. *Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) and have concluded that as of July 30, 2021 these controls and procedures were operating and effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarterly period covered by this report that materially affected, or are likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. *Legal Proceedings*

We have provided information about legal proceedings in which we are involved in our fiscal 2021 Annual Report on Form 10-K, and we have provided an update to this information in Note 11 of the notes to the condensed and consolidated financial statements contained within this report.

In addition to the described legal proceedings, we are routinely subject to investigations and reviews relating to compliance with various laws and regulations. Additional information regarding such investigations and reviews is included in our fiscal 2021 Annual Report on Form 10-K, and we have also updated this information in Note 11 of the notes to the condensed and consolidated financial statements contained within this report, under the heading “Government Investigations, Audits and Reviews.”

Item 1A. *Risk Factors*

There have been no material changes from the risk factors disclosed in our most recently filed Annual Report on Form 10-K.

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

Purchases of Equity Securities. We may repurchase shares on the open market in accordance with established repurchase plans. Whether repurchases are made and the timing and amount of repurchases depend on a variety of factors including market conditions, our capital position, internal cash generation and other factors. We also repurchase shares in connection with stock option and stock award activities to satisfy tax withholding obligations.

The following table presents repurchases of our common stock during the three months ended July 30, 2021:

Period(1)	Total Number of Shares (or Units) Purchased(2)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(3)
May 1, 2021 - June 4, 2021	132,118	$ 89.00	132,118	3,891,928
June 5, 2021 - July 2, 2021	140,772	91.93	140,772	3,751,156
July 3, 2021 - July 30, 2021	140,228	88.04	140,228	3,610,928
Total	413,118	$ 89.67	413,118	

(1) Date ranges represent our fiscal periods during the current quarter. Our fiscal quarters typically consist of one five-week period and two four-week periods.

(2) Includes shares purchased on surrender by stockholders of previously owned shares to satisfy minimum statutory tax withholding obligations related to stock option exercises and vesting of stock awards in addition to shares purchased under our publicly announced plans or programs.

(3) On March 27, 2019, the number of shares that may be purchased increased by approximately 4.6 million shares, bringing the total authorized shares to be repurchased under the plan to approximately 16.4 million shares. As of July 30, 2021, we have repurchased approximately 12.8 million shares of common stock under the program.

Item 3. *Defaults Upon Senior Securities*

No information is required in response to this item.

Item 4. *Mine Safety Disclosures*

No information is required in response to this item.

Item 5. *Other Information*

No information is required in response to this item.

Item 6. *Exhibits*

Exhibit Number	Description of Exhibit
10.1	Fourth Amendment to the Third Amended and Restated Credit Agreement, dated July 2, 2021, by and among SAIC, Citibank N.A., as administrative agent and collateral agent, and certain other lenders and parties thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 7, 2021.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Quarterly Report on Form 10-Q, formatted as Inline XBRL.

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.

Date: September 2, 2021

Science Applications International Corporation

/s/ Prabu Natarajan

Prabu Natarajan
Executive Vice President and Chief Financial Officer

Exhibit 31.1

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nazzic S. Keene, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended July 30, 2021 of Science Applications 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 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 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: September 2, 2021

/s/ Nazzic S. Keene

Nazzic S. Keene
Chief Executive Officer

Exhibit 31.2

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Prabu Natarajan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended July 30, 2021 of Science Applications 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 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 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: September 2, 2021

/S/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer

Exhibit 32.1

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

**CERTIFICATION OF CHIEF EXECUTIVE 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 Quarterly Report of Science Applications International Corporation (the “Company”) on Form 10-Q for the period ended July 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Nazzic S. Keene, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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: September 2, 2021

/s/ Nazzic S. Keene

Nazzic S. Keene
Chief Executive Officer

Exhibit 32.2

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

**CERTIFICATION OF 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 Quarterly Report of Science Applications International Corporation (the “Company”) on Form 10-Q for the period ended July 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Prabu Natarajan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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: September 2, 2021

/S/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer