

CUBIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net sales:				
Products	\$ 221,039	\$ 255,900	\$ 609,137	\$ 660,897
Services	129,400	126,779	391,623	364,380
	<u>350,439</u>	<u>382,679</u>	<u>1,000,760</u>	<u>1,025,277</u>
Costs and expenses:				
Products	151,553	190,434	471,398	491,856
Services	79,943	77,224	251,011	243,851
Selling, general and administrative expenses	62,272	82,167	206,481	211,348
Research and development	12,254	12,470	32,036	38,236
Amortization of purchased intangibles	16,358	9,717	42,940	32,677
Gain on sale of property, plant and equipment	(40)	(32,563)	(170)	(32,563)
Restructuring costs	3,393	8,505	8,775	12,254
	<u>325,733</u>	<u>347,954</u>	<u>1,012,471</u>	<u>997,659</u>
Operating income (loss)	24,706	34,725	(11,711)	27,618
Other income (expenses):				
Interest and dividend income	1,997	1,696	5,908	4,343
Interest expense	(7,366)	(6,132)	(20,948)	(14,695)
Loss on extinguishment of debt	—	—	(16,090)	—
Other income (expense), net	(6,773)	(8,714)	(26,564)	(17,069)
	<u>—</u>	<u>—</u>	<u>(30,694)</u>	<u>(27,421)</u>
Income (loss) from continuing operations before income taxes	12,564	21,575	(69,405)	197
Income tax provision (benefit)	4,602	1,029	(8,936)	(305)
Income (loss) from continuing operations	7,962	20,546	(60,469)	502
Net income (loss) from discontinued operations	252	(202)	(203)	(1,541)
Net income (loss)	<u>8,214</u>	<u>20,344</u>	<u>(60,672)</u>	<u>(1,039)</u>
Less noncontrolling interest in net income (loss) of VIE	9,369	(3,566)	181	(8,970)
Net income (loss) attributable to Cubic	<u>\$ (1,155)</u>	<u>\$ 23,910</u>	<u>\$ (60,853)</u>	<u>\$ 7,931</u>
Amounts attributable to Cubic:				
Net income (loss) from continuing operations	\$ (1,407)	\$ 24,112	\$ (60,650)	\$ 9,472
Net income (loss) from discontinued operations	252	(202)	(203)	(1,541)
Net income (loss) attributable to Cubic	<u>\$ (1,155)</u>	<u>\$ 23,910</u>	<u>\$ (60,853)</u>	<u>\$ 7,931</u>
Net income (loss) per share:				
Basic				
Continuing operations attributable to Cubic	\$ (0.04)	\$ 0.77	\$ (1.94)	\$ 0.31
Discontinued operations	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ (0.05)
Basic earnings per share attributable to Cubic	<u>\$ (0.04)</u>	<u>\$ 0.77</u>	<u>\$ (1.94)</u>	<u>\$ 0.26</u>
Diluted				
Continuing operations attributable to Cubic	\$ (0.04)	\$ 0.77	\$ (1.94)	\$ 0.31
Discontinued operations	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ (0.05)
Diluted earnings per share attributable to Cubic	<u>\$ (0.04)</u>	<u>\$ 0.77</u>	<u>\$ (1.94)</u>	<u>\$ 0.26</u>
Dividends per common share	\$ —	\$ —	\$ 0.14	\$ 0.14
Weighted average shares used in per share calculations:				
Basic	31,299	31,160	31,289	30,267
Diluted	31,299	31,249	31,289	30,332

CUBIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(amounts in thousands)

	June 30, 2020	September 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 109,050	\$ 65,800
Cash of consolidated VIE	743	347
Restricted cash	22,279	19,507
Restricted cash of consolidated VIE	1,669	9,967
Accounts receivable:		
Billed	145,599	127,406
Allowance for doubtful accounts	(1,141)	(1,392)
	<u>144,458</u>	<u>126,014</u>
Contract assets	253,900	349,559
Recoverable income taxes	16,495	7,754
Inventories	151,613	106,794
Other current assets	35,570	38,534
Other current assets of consolidated VIE	99	33
Total current assets	<u>735,876</u>	<u>724,309</u>
Long-term contracts financing receivables	53,739	36,285
Long-term contracts financing receivables of consolidated VIE	191,042	115,508
Property, plant and equipment, net	160,547	144,969
Operating lease right-of-use asset	82,141	—
Deferred income taxes	8,932	4,098
Goodwill	783,368	578,097
Purchased intangibles, net	226,552	165,613
Other assets	19,615	76,872
Other assets of consolidated VIE	—	1,419
Total assets	<u>\$ 2,261,812</u>	<u>\$ 1,847,170</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 277,000	\$ 195,500
Trade accounts payable	121,253	180,773
Trade accounts payable of consolidated VIE	175	25
Contract liabilities	71,269	46,170
Accrued compensation and current liabilities	117,332	95,013
Other current liabilities of consolidated VIE	150	191
Income taxes payable	814	773
Current portion of long-term debt	11,250	10,714
Total current liabilities	<u>599,243</u>	<u>529,159</u>
Long-term debt	433,653	189,110
Long-term debt of consolidated VIE	155,493	61,994
Operating lease liability	75,468	—
Other noncurrent liabilities	78,528	64,734
Other noncurrent liabilities of consolidated VIE	5,572	21,605
Shareholders' equity:		
Common stock	287,252	274,472
Retained earnings	797,046	862,948
Accumulated other comprehensive loss	(155,357)	(139,693)
Treasury stock at cost	(36,078)	(36,078)
Shareholders' equity related to Cubic	<u>892,863</u>	<u>961,649</u>
Noncontrolling interest in VIE	20,992	18,919
Total shareholders' equity	<u>913,855</u>	<u>980,568</u>
Total liabilities and shareholders' equity	<u>\$ 2,261,812</u>	<u>\$ 1,847,170</u>

CUBIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(amounts in thousands)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Activities:				
Net income (loss)	\$ 8,214	\$ 20,344	\$ (60,672)	\$ (1,039)
Net income (loss) from discontinued operations	(252)	202	203	1,541
Adjustments to reconcile net income (loss) to net cash used in operating activities:				
Depreciation and amortization	23,394	15,351	63,758	48,949
Share-based compensation expense	5,412	4,402	15,271	10,760
Change in fair value of contingent consideration	(74)	1,163	(4,552)	1,833
Change in fair value of interest rate swap of consolidated VIE	6,888	—	18,370	—
Gain on sale of property, plant and equipment	—	(32,563)	(170)	(32,563)
Deferred income taxes	(2,622)	(948)	(14,457)	(6,773)
Loss on extinguishment of debt	—	—	16,090	—
Other items	(5,020)	—	(712)	—
Changes in operating assets and liabilities, net of effects from acquisitions	(65,170)	(6,897)	(136,478)	(105,364)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	(29,230)	1,054	(103,349)	(82,656)
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS	2,693	—	2,778	—
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(26,537)	1,054	(100,571)	(82,656)
Investing Activities:				
Acquisition of businesses, net of cash acquired	—	—	(234,788)	(395,854)
Proceeds from sale of property, plant and equipment	—	44,891	—	44,891
Purchases of property, plant and equipment	(10,741)	(13,114)	(35,802)	(35,291)
Purchase of non-marketable debt and equity securities	—	(52,997)	—	(52,997)
Receipt of withheld proceeds from sale of trade receivables	—	—	5,521	—
NET CASH USED IN INVESTING ACTIVITIES	(10,741)	(21,220)	(265,069)	(439,251)
Financing Activities:				
Proceeds from short-term borrowings	110,000	168,000	994,500	782,500
Principal payments on short-term borrowings	(170,000)	(146,000)	(913,000)	(551,500)
Proceeds from long-term borrowings	—	—	450,000	—
Principal payments on long-term debt	(3,088)	—	(202,921)	—
Proceeds from long-term borrowings of consolidated VIE	174,938	19,841	198,160	35,816
Principal payments on long-term borrowings of consolidated VIE	(92,575)	—	(92,575)	—
Debt extinguishment make whole payment	—	—	(15,856)	—
Deferred financing fees	—	(1,854)	(2,517)	(1,854)
Deferred financing fees of consolidated VIE	(8,638)	(213)	(8,638)	(690)
Proceeds from stock issued under employee stock purchase plan	—	—	1,169	783
Purchase of common stock	—	—	(3,660)	(3,419)
Dividends paid	—	—	(4,225)	(4,205)
Contingent consideration payments related to acquisitions of businesses	—	—	—	(820)
Equity contribution from Boston VIE partner	1,892	—	1,892	—
Proceeds from equity offering, net	—	—	—	215,832
NET CASH PROVIDED BY FINANCING ACTIVITIES	12,529	39,774	402,329	472,443
Effect of exchange rates on cash	8,634	(1,574)	1,431	(234)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(16,115)	18,034	38,120	(49,698)
Cash, cash equivalents and restricted cash at the beginning of the period	149,856	71,876	95,621	139,608

CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF THE PERIOD	<u>\$ 133,741</u>	<u>\$ 89,910</u>	<u>\$ 133,741</u>	<u>\$ 89,910</u>
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Supplemental disclosure of non-cash investing and financing activities:

Contingent consideration liability incurred with the acquisition of Delerok	—	—	1,600	—
Receivable recognized in connection with the acquisition of Trafficware, net	—	—	—	1,588
Receivable recognized in connection with the acquisition of GRIDSMART, net	—	—	—	442
Liability incurred to acquire Nuvotronics, net	—	—	—	5,300