

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

	Years Ended September 30,		
	2020	2019	2018
Net sales:			
Products	\$ 947,765	\$ 1,011,069	\$ 704,941
Services	528,470	485,406	497,957
	<u>1,476,235</u>	<u>1,496,475</u>	<u>1,202,898</u>
Costs and expenses:			
Products	678,840	732,137	472,698
Services	340,807	332,923	362,694
Selling, general and administrative expenses	274,701	270,064	258,644
Research and development	44,574	50,132	52,398
Amortization of purchased intangibles	59,309	42,106	27,064
Gain on sale of property, plant and equipment	(170)	(32,510)	—
Restructuring costs	16,599	15,386	5,018
	<u>1,414,660</u>	<u>1,410,238</u>	<u>1,178,516</u>
Operating income	61,575	86,237	24,382
Other income (expenses):			
Interest and dividend income	7,522	6,519	1,615
Interest expense	(27,685)	(20,453)	(10,424)
Loss on extinguishment of debt	(16,090)	—	—
Other income (expense), net	(28,767)	(19,957)	(687)
Income (loss) from continuing operations before income taxes	(3,445)	52,346	14,886
Income tax provision (benefit)	(6,380)	11,040	7,093
Income from continuing operations	2,935	41,306	7,793
Net income (loss) from discontinued operations	436	(1,423)	4,243
Net income	3,371	39,883	12,036
Less noncontrolling interest in net income (loss) of VIE	6,592	(9,811)	(274)
Net income (loss) attributable to Cubic	<u>\$ (3,221)</u>	<u>\$ 49,694</u>	<u>\$ 12,310</u>
Amounts attributable to Cubic:			
Net income (loss) from continuing operations	(3,657)	51,117	8,067
Net income (loss) from discontinued operations	436	(1,423)	4,243
Net income (loss) attributable to Cubic	<u>\$ (3,221)</u>	<u>\$ 49,694</u>	<u>\$ 12,310</u>
Net income (loss) per share:			
Basic			
Continuing operations attributable to Cubic	\$ (0.12)	\$ 1.68	\$ 0.30
Discontinued operations	\$ 0.01	\$ (0.05)	\$ 0.16
Basic earnings per share attributable to Cubic	\$ (0.10)	\$ 1.63	\$ 0.45
Diluted			
Continuing operations attributable to Cubic	\$ (0.12)	\$ 1.67	\$ 0.29
Discontinued operations	\$ 0.01	\$ (0.05)	\$ 0.16
Diluted earnings per share attributable to Cubic	\$ (0.10)	\$ 1.62	\$ 0.45
Weighted average shares used in per share calculations:			
Basic	31,299	30,495	27,229
Diluted	31,299	30,606	27,351

CUBIC CORPORATION
CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 128,619	\$ 65,800
Cash of consolidated VIE	1,065	347
Restricted cash	25,478	19,507
Restricted cash of consolidated VIE	1,822	9,967
Accounts receivable:		
Billed	161,473	127,406
Allowance for doubtful accounts	<u>(1,498)</u>	<u>(1,392)</u>
	159,975	126,014
Contract assets	268,773	349,559
Recoverable income taxes	17,434	7,754
Inventories	127,251	106,794
Other current assets	32,626	38,534
Other current assets of consolidated VIE	31	33
Total current assets	<u>763,074</u>	<u>724,309</u>
Long-term contracts financing receivables	64,642	36,285
Long-term contracts financing receivables of consolidated VIE	221,245	115,508
Property, plant and equipment, net	166,301	144,969
Operating lease right-of-use asset	87,167	—
Deferred income taxes	4,790	4,098
Goodwill	784,882	578,097
Purchased intangibles, net	210,361	165,613
Other assets	21,759	76,872
Other assets of consolidated VIE	—	1,419
Total assets	<u>\$ 2,324,221</u>	<u>\$ 1,847,170</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 215,716	\$ 195,500
Trade accounts payable	156,953	180,773
Trade accounts payable of consolidated VIE	49	25
Contract liabilities	75,546	46,170
Accrued compensation	75,924	58,343
Other current liabilities	50,464	36,670
Other current liabilities of consolidated VIE	85	191
Income taxes payable	799	773
Current portion of long-term debt	11,250	10,714
Total current liabilities	<u>586,786</u>	<u>529,159</u>
Long-term debt	430,115	189,110
Long-term debt of consolidated VIE	163,348	61,994
Operating lease liability	80,568	—
Financing lease liability	395	—
Accrued pension liability	19,760	25,386
Deferred compensation	9,570	11,040
Income taxes payable	539	937
Deferred income taxes	6,187	4,554
Other noncurrent liabilities	32,883	22,817

Other noncurrent liabilities of consolidated VIE	5,890	21,605
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value; authorized 5,000 shares, none issued	—	—
Common stock, no par value; authorized 50,000 shares		
40,274 issued and 31,329 outstanding at September 30, 2020		
40,124 issued and 31,178 outstanding at September 30, 2019	295,986	274,472
Retained earnings	850,472	862,948
Accumulated other comprehensive loss	(149,603)	(139,693)
Treasury stock at cost - 8,945 shares	<u>(36,078)</u>	<u>(36,078)</u>
Shareholders' equity related to Cubic	960,777	961,649
Noncontrolling interest in VIE	<u>27,403</u>	<u>18,919</u>
Total shareholders' equity	988,180	980,568
Total liabilities and shareholders' equity	<u>\$ 2,324,221</u>	<u>\$ 1,847,170</u>

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

	<u>Years Ended September 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Activities:			
Net income	\$ 3,371	\$ 39,883	\$ 12,036
Net (income) loss from discontinued operations	(436)	1,423	(4,243)
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	88,482	64,742	46,600
Share-based compensation expense	22,728	15,488	7,515
Change in fair value of contingent consideration	(1,856)	(1,005)	1,029
Change in fair value of interest rate swap of consolidated VIE	18,687	—	—
Gain on sale of property, plant and equipment	(170)	(32,510)	—
Gain on sale of investment in real estate	—	—	(1,474)
Deferred income taxes	(15,160)	(3,363)	(6,860)
Deferred compensation	(1,470)	(436)	41
Net pension benefit	(833)	(1,337)	(2,770)
Loss on extinguishment of debt	16,090	—	—
Other items	2,202	—	—
Changes in operating assets and liabilities, net of effects from acquisitions			
Accounts receivable	(35,177)	44,473	(34,762)
Contract assets	84,899	(83,697)	—
Inventories	(19,720)	(31,544)	3,023
Prepaid expenses and other current assets	6,443	5,317	(15,455)
Long-term financing receivables	(133,894)	(56,575)	—
Long-term capitalized contract costs	—	—	(29,552)
Operating lease right of use asset	(9,715)	—	—
Accounts payable and other current liabilities	(3,031)	27,792	30,423
Contract liabilities	27,531	(15,359)	21,566
Income taxes	(8,610)	(17,268)	(361)
Operating lease liability	6,894	—	—
Other items, net	(55,546)	12,125	(18,167)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	(8,291)	(31,851)	8,589
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS	3,417	—	10,376
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,874)	(31,851)	18,965
Investing Activities:			
Acquisition of businesses, net of cash acquired	(234,788)	(393,908)	(16,322)
Proceeds from sale of property, plant and equipment	—	44,891	—
Purchases of property, plant and equipment	(49,247)	(49,084)	(31,696)
Proceeds from sale of investment in real estate	—	—	2,400
Purchase of non-marketable debt and equity securities	(1,173)	(60,694)	(1,500)
Receipt of withheld proceeds from sale of trade receivables	5,521	—	—
NET CASH USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	(279,687)	(458,795)	(47,118)
NET CASH PROVIDED BY INVESTING ACTIVITIES FROM DISCONTINUED OPERATIONS	—	—	133,795
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(279,687)	(458,795)	86,677
Financing Activities:			
Proceeds from short-term borrowings	1,100,163	898,000	269,770
Principal payments on short-term borrowings	(1,080,000)	(702,500)	(324,770)
Proceeds from long-term borrowings	450,000	—	—
Principal payments on long-term borrowings	(205,622)	—	—
Proceeds from long-term borrowings of consolidated VIE	204,905	50,162	13,196

Principal payments on long-term borrowings of consolidated VIE	(92,575)	—	—
Debt extinguishment make-whole payment	(15,856)	—	—
Deferred financing fees	(3,354)	(1,907)	—
Deferred financing fees of consolidated VIE	(9,153)	—	(4,778)
Proceeds from stock issued under employee stock purchase plan	2,493	1,832	1,517
Purchase of common stock	(3,707)	(3,688)	(2,449)
Dividends paid	(8,431)	(8,414)	(7,355)
Contingent consideration payments related to acquisitions of businesses	—	(820)	(1,156)
Equity contribution from Boston VIE partner	1,892	—	24,349
Proceeds from equity offering, net	—	215,832	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	340,755	448,497	(31,676)
Effect of exchange rates on cash	5,169	(1,838)	(2,935)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	61,363	(43,987)	71,031
Cash, cash equivalents and restricted cash at the beginning of the period	95,621	139,608	68,577
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF THE PERIOD	\$ 156,984	\$ 95,621	\$ 139,608
Supplemental disclosure of non-cash investing and financing activities:			
Contingent consideration liability incurred with the acquisition of Delerrok	\$ 1,600	\$ —	\$ —
Withheld proceeds from the sale of trade receivables to be received in fiscal 2021	\$ 1,842	\$ —	\$ —
Liability recognized in connection with the acquisition of Nuvotronics, net	\$ —	\$ 4,900	\$ —
Liability recognized in connection with the acquisition of Shield Aviation, net	\$ —	\$ —	\$ 6,248