

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Net sales:				
Products	\$ 187,494	\$ 222,744	\$ 388,098	\$ 404,997
Services	133,988	114,595	262,223	237,601
	<u>321,482</u>	<u>337,339</u>	<u>650,321</u>	<u>642,598</u>
Costs and expenses:				
Products	153,002	167,567	319,845	293,052
Services	88,420	82,212	171,068	174,997
Selling, general and administrative expenses	78,294	66,195	144,209	129,181
Research and development	11,360	13,754	19,782	25,766
Amortization of purchased intangibles	16,493	12,395	26,582	22,960
Loss (gain) on sale of property, plant and equipment	40	—	(130)	—
Restructuring costs	3,807	1,757	5,382	3,749
	<u>351,416</u>	<u>343,880</u>	<u>686,738</u>	<u>649,705</u>
Operating loss	(29,934)	(6,541)	(36,417)	(7,107)
Other income (expenses):				
Interest and dividend income	1,693	1,413	3,911	2,647
Interest expense	(8,219)	(4,531)	(13,582)	(8,563)
Loss on extinguishment of debt	(16,090)	—	(16,090)	—
Other income (expense), net	(19,664)	(3,602)	(19,791)	(8,355)
Loss from continuing operations before income taxes	(72,214)	(13,261)	(81,969)	(21,378)
Income tax benefit	(19,784)	(3,831)	(13,538)	(1,334)
Loss from continuing operations	(52,430)	(9,430)	(68,431)	(20,044)
Net income (loss) from discontinued operations	129	(1,339)	(455)	(1,339)
Net loss	(52,301)	(10,769)	(68,886)	(21,383)
Less noncontrolling interest in net loss of VIE	(13,178)	(1,377)	(9,188)	(5,404)
Net loss attributable to Cubic	<u>\$ (39,123)</u>	<u>\$ (9,392)</u>	<u>\$ (59,698)</u>	<u>\$ (15,979)</u>
Amounts attributable to Cubic:				
Net loss from continuing operations	\$ (39,252)	\$ (8,053)	\$ (59,243)	\$ (14,640)
Net income (loss) from discontinued operations	129	(1,339)	(455)	(1,339)
Net loss attributable to Cubic	<u>\$ (39,123)</u>	<u>\$ (9,392)</u>	<u>\$ (59,698)</u>	<u>\$ (15,979)</u>
Net loss per share:				
Basic				
Continuing operations attributable to Cubic	\$ (1.25)	\$ (0.26)	\$ (1.89)	\$ (0.49)
Discontinued operations	\$ —	\$ (0.04)	\$ (0.01)	\$ (0.04)
Basic earnings per share attributable to Cubic	<u>\$ (1.25)</u>	<u>\$ (0.30)</u>	<u>\$ (1.91)</u>	<u>\$ (0.54)</u>
Diluted				
Continuing operations attributable to Cubic	\$ (1.25)	\$ (0.26)	\$ (1.89)	\$ (0.49)
Discontinued operations	\$ —	\$ (0.04)	\$ (0.01)	\$ (0.04)
Diluted earnings per share attributable to Cubic	<u>\$ (1.25)</u>	<u>\$ (0.30)</u>	<u>\$ (1.91)</u>	<u>\$ (0.54)</u>
Weighted average shares used in per share calculations:				
Basic	31,296	31,150	31,284	29,821
Diluted	31,296	31,150	31,284	29,821

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

	March 31, 2020	September 30, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 117,748	\$ 65,800
Cash in consolidated VIE	457	347
Restricted cash	21,684	19,507
Restricted cash in consolidated VIE	9,967	9,967
Accounts receivable:		
Billed	152,653	127,406
Allowance for doubtful accounts	(1,151)	(1,392)
	<u>151,502</u>	<u>126,014</u>
Contract assets	270,153	349,559
Recoverable income taxes	23,947	7,754
Inventories	139,652	106,794
Other current assets	59,736	38,534
Other current assets in consolidated VIE	112	33
<b>Total current assets</b>	<u>794,958</u>	<u>724,309</u>
Long-term contracts financing receivables	48,526	36,285
Long-term contracts financing receivables in consolidated VIE	137,870	115,508
Property, plant and equipment, net	156,445	144,969
Operating lease right-of-use asset	85,737	—
Deferred income taxes	3,533	4,098
Goodwill	781,683	578,097
Purchased intangibles, net	242,901	165,613
Other assets	22,037	76,872
Other assets in consolidated VIE	—	1,419
<b>Total assets</b>	<u>\$ 2,273,690</u>	<u>\$ 1,847,170</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ 337,000	\$ 195,500
Trade accounts payable	140,561	180,773
Trade accounts payable in consolidated VIE	—	25
Contract liabilities	69,222	46,170
Accrued compensation and current liabilities	105,702	95,013
Other current liabilities in consolidated VIE	181	191
Income taxes payable	481	773
Current portion of long-term debt	11,250	10,714
<b>Total current liabilities</b>	<u>664,397</u>	<u>529,159</u>
Long-term debt	436,322	189,110
Long-term debt in consolidated VIE	87,814	61,994
Operating lease liability	78,408	—
Other noncurrent liabilities	68,127	64,734
Other noncurrent liabilities in consolidated VIE	33,087	21,605
Shareholders' equity:		
Common stock	281,840	274,472
Retained earnings	798,201	862,948
Accumulated other comprehensive loss	(148,159)	(139,693)
Treasury stock at cost	(36,078)	(36,078)
Shareholders' equity related to Cubic	<u>895,804</u>	<u>961,649</u>
Noncontrolling interest in VIE	9,731	18,919
<b>Total shareholders' equity</b>	<u>905,535</u>	<u>980,568</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 2,273,690</u>	<u>\$ 1,847,170</u>

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Operating Activities:</b>				
Net loss	\$ (52,301)	\$ (10,769)	\$ (68,886)	\$ (21,383)
Net income (loss) from discontinued operations	(129)	1,339	455	1,339
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	23,414	17,587	40,364	33,598
Share-based compensation expense	5,382	3,638	9,859	6,358
Change in fair value of contingent consideration	(1,473)	241	(4,478)	670
Change in fair value of interest rate swap in VIE	15,819	—	11,482	—
Deferred income taxes	2,909	(5,825)	2,909	(5,825)
Loss on extinguishment of debt	16,090	—	16,090	—
Other items	13	—	4,308	—
Changes in operating assets and liabilities, net of effects from acquisitions	(36,281)	(28,754)	(86,222)	(98,467)
<b>NET CASH USED IN OPERATING ACTIVITIES FROM CONTINUING OPERATIONS</b>	<b>(26,557)</b>	<b>(22,543)</b>	<b>(74,119)</b>	<b>(83,710)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS</b>	<b>129</b>	<b>—</b>	<b>85</b>	<b>—</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(26,428)</b>	<b>(22,543)</b>	<b>(74,034)</b>	<b>(83,710)</b>
<b>Investing Activities:</b>				
Acquisition of businesses, net of cash acquired	(234,538)	(148,704)	(234,538)	(395,854)
Purchases of property, plant and equipment	(13,478)	(10,132)	(25,311)	(22,177)
Receipt of withheld proceeds from sale of trade receivables	—	—	5,521	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(248,016)</b>	<b>(158,836)</b>	<b>(254,328)</b>	<b>(418,031)</b>
<b>Financing Activities:</b>				
Proceeds from short-term borrowings	727,000	242,500	884,500	614,500
Principal payments on short-term borrowings	(616,500)	(98,000)	(743,000)	(405,500)
Proceeds from long-term borrowings	450,000	—	450,000	—
Principal payments on long-term debt	(199,833)	—	(199,833)	—
Proceeds from long-term borrowings in consolidated VIE	3,036	9,700	23,222	15,498
Debt extinguishment make whole payment	(15,856)	—	(15,856)	—
Deferred financing fees	(2,517)	—	(2,517)	—
Proceeds from stock issued under employee stock purchase plan	—	783	1,169	783
Purchase of common stock	(39)	—	(3,660)	(3,419)
Dividends paid	(4,225)	(4,205)	(4,225)	(4,205)
Contingent consideration payments related to acquisitions of businesses	—	(385)	—	(820)
Proceeds from equity offering, net	—	—	—	215,832
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>341,066</b>	<b>150,393</b>	<b>389,800</b>	<b>432,669</b>
Effect of exchange rates on cash	(11,224)	(622)	(7,203)	1,340
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>55,398</b>	<b>(31,608)</b>	<b>54,235</b>	<b>(67,732)</b>
Cash, cash equivalents and restricted cash at the beginning of the period	94,458	103,484	95,621	139,608
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF THE PERIOD</b>	<b>\$ 149,856</b>	<b>\$ 71,876</b>	<b>\$ 149,856</b>	<b>\$ 71,876</b>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>				
Receivable recognized in connection with the acquisition of Pixia, net	\$ 1,214	\$ —	\$ 1,214	\$ —
Contingent consideration liability incurred with the acquisition of Delerrok	1,600	—	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	—	442
Receivable recognized in connection with the acquisition of Nuvotronics, net	—	166	—	166
Liability incurred to acquire Nuvotronics, net	—	4,900	—	4,900