CUBIC CORPORATION

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

		Three Months Ended March 31,		Six Months Ended 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		
	321,482	337,339	650,321	642,598		
Costs and expenses:	1.52.002		210.045	202.052		
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 Amortization of purchased intangibles	11,360	13,754	19,782	25,766		
Loss (gain) on sale of property, plant and equipment	16,493 40	12,395	26,582 (130)	22,960		
Restructuring costs	3,807	1,757	5,382	3,749		
Kesti ucturing costs						
	351,416	343,880	686,738	649,705		
Operating loss	(20.024)	(6,541)	(26, 417)	(7, 107)		
Operating loss	(29,934)	(0,341)	(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)	(4,351)	(16,090)	(0,505)		
Other income (expense), net	(19,664)	(3,602)	(19,791)	(8,355)		
other meome (expense), net	(1),001)	(3,002)	(1),/)1)	(0,555)		
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)		
		<u> </u>	<u> </u>	. <u> </u>		
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	\$ (39,123)	\$ (9,392)	\$ (59,698)	\$ (15,979)		
	<u>_</u>	<u> </u>	<u></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	\$ (39,123)	\$ (9,392)	\$ (59,698)	\$ (15,979)		
Net loss per share:						
Basic						
Continuing operations attributable to Cubic	\$ (1.25)		\$ (1.89)			
Discontinued operations	<u>\$ </u>	\$ (0.04) \$ (0.30)	\$ (0.01)	<u>\$ (0.04)</u>		
Basic earnings per share attributable to Cubic	\$ (1.25)	\$ (0.30)	\$ (1.91)	\$ (0.54)		
Diluted	•	-	.			
Continuing operations attributable to Cubic	\$ (1.25)					
Discontinued operations	<u>\$ </u>	<u>\$ (0.04)</u>	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>		
Diluted earnings per share attributable to Cubic	\$ (1.25)	\$ (0.30)	\$ (1.91)	\$ (0.54)		
Weighted average shares used in per share calculations:		01175				
Deste	21 206	31,150	21 284	29,821		
Basic Diluted	31,296 31,296	31,150	31,284 31,284	29,821		

CUBIC CORPORATION

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

Current assets:Cash and cash equivalents\$ 117,748\$ 65,800Cash in consolidated VIE 457 347 Restricted cash $21,684$ $19,507$ Restricted cash in consolidated VIE $9,967$ $9,967$ Accounts receivable: $152,653$ $127,406$ Allowance for doubtful accounts $(1,151)$ $(1,392)$ Istinct assets $270,153$ $349,559$ Recoverable income taxes $23,947$ $7,754$ Inventories $139,652$ $106,794$ Other current assets in consolidated VIE 112 33		March 31, 2020	September 30, 2019		
Cash and cash equivalents \$ 117,748 \$ 65,800 Cash in consolidated VIE 457 347 Restricted cash in consolidated VIE 9,967 9,967 Billed 152,653 127,406 Billed 152,653 127,406 Contract assets 21,947 7,754 Recoverable income taxes 23,947 7,754 Inventories 139,652 106,794 Other current assets 29,735 38,534 Other current assets 29,735 38,534 Other current assets 794,958 724,309 Long-term contracts financing receivables in consolidated VIE 137,870 115,508 Property, plant and equipment, net 156,445 144,969 Other current assets 3,533 4,098 Goodwill 781,683 578,097 Purchased intangibles, net 22,037 76,6872 Other sarets 3,533 4,098 Goodwill 781,683 578,097 Purchased intangibles, net 22,037 76,6872 Other assets 2,237,690 \$ 195,500 Trada	ASSETS				
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Restricted cash in consolidated VIE 9,967 9,967 Accounts receivable: 127,406 Allowance for doubtful accounts (1,132) Contract assets 270,153 349,559 Recoverable income taxes 23,947 7,754 Inventories 139,652 106,794 Other current assets 39,736 38,534 Other current assets 794,958 724,309 Long-term contracts financing receivables 48,526 36,285 Long-term contracts financing receivables 48,526 36,285 Property, plant and equipment, net 136,645 144,969 Operating flease right-of-use asset 22,037 76,872 Deferred income taxes 3,533 4,098 Goodwill 781,663 578,097 Purchased intangibles, net 242,001 165,613 Other assets 22,037 76,872 Other assets in consolidated VIE - 1,419 Trade accounts payable 140,561 180,773 Trade accounts payable 181 191					
Accounts receivable: 152,653 127,406 Billed 152,653 127,406 Allowance for doubtful accounts (1,151) (1,292) Contract assets 27,01,53 349,559 Recoverable income taxes 23,947 7,754 Inventories 139,652 106,794 Other current assets 59,736 38,534 Other current assets 59,736 38,534 Total current assets 794,958 724,309 Long-term contracts financing receivables in consolidated VIE 137,870 115,508 Property, plant and equipment, net 156,445 144,969 Operating lease right-0-ivae asset 22,037 76,872 Other assets 22,273,6900 \$1,847,170 LIABILITIES AND SHAREHOLDERS' EQUITY					
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Long-term contracts financing receivables in consolidated VIE137,870115,508Property, plant and equipment, net156,445144,969Operating lease right-of-use asset $85,737$ —Deferred income taxes $3,533$ 4,098Goodwill781,683578,097Purchased intangibles, net242,901165,613Other assets22,03776,872Other assets in consolidated VIE—1,419Total assets§ 2,273,690§ 1,847,170LLABILITIES AND SHAREHOLDERS' EQUITYCurrent liabilities:\$ 337,000\$ 195,500Short-term borrowings\$ 337,000\$ 195,500Trade accounts payable140,561180,773Trade accounts payable in consolidated VIE—222Contract liabilities69,22246,170Accrued compensation and current liabilities105,70295,013Other current liabilities in consolidated VIE181191Income taxes payable481773Current portion of long-term debt11,25010,714Total current liabilities664,397529,159Long-term debt in consolidated VIE87,81461,994Operating lease liabilities68,12764,734Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity:—281,840274,472Current of the comprehensive loss(148,159)(139,693)Shareholders' equity:(36,078)(36,078)(36,078)	Long-term contracts financing receivables	48,526	36,285		
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Current liabilities: Short-term borrowings\$ 337,000\$ 195,500Trade accounts payable140,561180,773Trade accounts payable in consolidated VIE—25Contract liabilities69,22246,170Accrued compensation and current liabilities105,70295,013Other current liabilities in consolidated VIE181191Income taxes payable481773Current portion of long-term debt11,25010,714Total current liabilities664,397529,159Long-term debt436,322189,110Long-term debt87,81461,994Operating lease liability78,408—Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity: Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568		\$ 2,275,090	\$ 1,047,170		
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Short-term borrowings\$ 337,000\$ 195,500Trade accounts payable140,561180,773Trade accounts payable in consolidated VIE $$ 25Contract liabilities69,22246,170Accrued compensation and current liabilities105,70295,013Other current liabilities in consolidated VIE181191Income taxes payable481773Current portion of long-term debt11,25010,714Total current liabilities664,397529,159Long-term debt436,322189,110Long-term debt87,81461,994Operating lease liability78,408Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity:281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568					
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Income taxes payable 481 773 Current portion of long-term debt $11,250$ $10,714$ Total current liabilities $664,397$ $529,159$ 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 $664,127$ $64,734$ 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 $895,804$ $961,649$ Noncontrolling interest in VIE $9,731$ $18,919$ Total shareholders' equity $980,568$ $980,568$					
Current portion of long-term debt $11,250$ $10,714$ Total current liabilities $664,397$ $529,159$ 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: $281,840$ $274,472$ 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 $895,804$ $961,649$ Noncontrolling interest in VIE $9,731$ $18,919$ Total shareholders' equity $905,535$ $980,568$					
Total current liabilities $664,397$ $529,159$ 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: $281,840$ $274,472$ 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 $895,804$ $961,649$ Noncontrolling interest in VIE $9,731$ $18,919$ Total shareholders' equity $905,535$ $980,568$					
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Long-term debt in consolidated VIE87,81461,994Operating lease liability78,408—Other noncurrent liabilities68,12764,734Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity: Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	Total current liabilities	664,397	529,159		
Long-term debt in consolidated VIE87,81461,994Operating lease liability78,408—Other noncurrent liabilities68,12764,734Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity: Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568					
Operating lease liability78,408—Other noncurrent liabilities68,12764,734Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity:281,840274,472Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	- <u>0</u> · · · · · · ·				
Other noncurrent liabilities68,12764,734Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity: Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568			61,994		
Other noncurrent liabilities in consolidated VIE33,08721,605Shareholders' equity: Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568					
Shareholders' equity:Common stock281,840274,472Retained earnings798,201862,948Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568		68,127	64,734		
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 895,804 961,649 Noncontrolling interest in VIE 9,731 18,919 Total shareholders' equity 905,535 980,568	Other noncurrent liabilities in consolidated VIE	33,087	21,605		
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 895,804 961,649 Noncontrolling interest in VIE 9,731 18,919 Total shareholders' equity 905,535 980,568					
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 895,804 961,649 Noncontrolling interest in VIE 9,731 18,919 Total shareholders' equity 905,535 980,568	Shareholders' equity:				
Accumulated other comprehensive loss(148,159)(139,693)Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	Common stock				
Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	Retained earnings				
Treasury stock at cost(36,078)(36,078)Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	Accumulated other comprehensive loss	(148,159)			
Shareholders' equity related to Cubic895,804961,649Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	Treasury stock at cost				
Noncontrolling interest in VIE9,73118,919Total shareholders' equity905,535980,568	Shareholders' equity related to Cubic				
Total shareholders' equity905,535980,568					
			980 568		
	who shareholders equily	\$ 2,2,3,000	- 1,017,170		

CUBIC CORPORATION

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

(amounts in thous	Three Months Ended March 31,			Six Months Ended March 31,				
		2020		2019		2020		2019
Operating Activities: Net loss	\$	(52,301)	\$	(10,769)	¢	(68,886)	\$	(21,383)
Net income (loss) from discontinued operations	φ	(32,301) (129)	φ	1,339	φ	455	φ	1,339
Adjustments to reconcile net loss to net cash used in operating		(12))		1,557		455		1,557
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		(2(201)		(20, 754)		$(0 \langle 222 \rangle)$		
acquisitions		(36,281)		(28,754)	_	(86,222)		(98,467)
NET CASH USED IN OPERATING ACTIVITIES FROM		(2(557))		(22, 5, 42)		(74.110)		(02.710)
CONTINUING OPERATIONS		(26,557)		(22,543)		(74,119)		(83,710)
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM		120				05		
DISCONTINUED OPERATIONS		129	_	(22.5.42)	_	85 (74,034)		(92 710)
NET CASH USED IN OPERATING ACTIVITIES		(26,428)		(22,543)		(74,034)		(83,710)
Investing Astivities:								
Investing Activities: Acquisition of businesses, net of cash acquired		(234,538)		(148,704)		(234,538)		(395,854)
Purchases of property, plant and equipment		(13,478)		(148,704) (10,132)		(254,558) (25,311)		(22,177)
Receipt of withheld proceeds from sale of trade receivables		(13,478)		(10,152)		5,521		(22,177)
NET CASH USED IN INVESTING ACTIVITIES	_	(248,016)	_	(158,836)	-	(254,328)	_	(418,031)
NET CASH USED IN INVESTING ACTIVITIES		(248,010)		(138,830)	_	(234,328)		(418,031)
Financing Activities:								
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		()0,000)		450,000		(105,500)
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
NET CASH PROVIDED BY FINANCING ACTIVITIES		341,066		150,393		389,800		432,669
Effect of exchange rates on cash		(11, 224)		(622)		(7,203)		1,340
NET INCREASE (DECREASE) IN CASH, CASH								((= = = = = = =)
EQUIVALENTS ÀND RESTRÍCTED CASH		55,398		(31,608)		54,235		(67,732)
Contraction and a strict description of the basis of the								
Cash, cash equivalents and restricted cash at the beginning of the		04 459		102 494		05 (21		120 (00
period		94,458		103,484	_	95,621		139,608
CASH CASH FOUNTALENTS AND DESTRICTED CASH AT								
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF THE PERIOD	¢	149,856	¢	71 976	¢	149,856	¢	71 076
THE END OF THE FERIOD	\$	149,030	\$	71,876	¢	149,030	\$	71,876
Supplemental disclosure of non-cash investing and financing								
activities: Receivable recognized in connection with the acquisition of								
Pixia, net	\$	1,214	\$		\$	1,214	\$	
Contingent consideration liability incurred with the acquisition of	ф	1,214	Ф		ф	1,214	Ф	
Delerrok		1,600				1,600		
Receivable recognized in connection with the acquisition of		1,000				1,000		
Trafficware, net		_				_		1,588
Receivable recognized in connection with the acquisition of								1,500
Gridsmart, net				442				442
Receivable recognized in connection with the acquisition of				774				774
Nuvotronics, net		_		166		_		166
Liability incurred to acquire Nuvotronics, net				4,900				4,900
				,,				,