

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

	Three Months Ended	
	December 31,	
	2018	2017
Net sales:		
Products	\$ 182,253	\$ 131,743
Services	123,006	116,648
	<u>305,259</u>	<u>248,391</u>
Costs and expenses:		
Products	125,485	91,573
Services	92,785	86,217
Selling, general and administrative expenses	62,986	61,680
Research and development	12,012	11,977
Amortization of purchased intangibles	10,565	7,351
Restructuring costs	1,992	1,495
	<u>305,825</u>	<u>260,293</u>
Operating loss	(566)	(11,902)
Other income (expenses):		
Interest and dividend income	1,234	482
Interest expense	(4,032)	(2,674)
Other income (expense), net	<u>(4,753)</u>	<u>(78)</u>
Loss from continuing operations before income taxes	(8,117)	(14,172)
Income tax (benefit) provision	<u>2,497</u>	<u>(2,737)</u>
Loss from continuing operations	(10,614)	(11,435)
Net income from discontinued operations	<u>—</u>	<u>1,649</u>
Net loss	(10,614)	(9,786)
Less noncontrolling interest in loss of VIE	<u>(4,027)</u>	<u>—</u>
Net loss attributable to Cubic	<u>\$ (6,587)</u>	<u>\$ (9,786)</u>
Amounts attributable to Cubic:		
Net loss from continuing operations	\$ (6,587)	\$ (11,435)
Net income from discontinued operations	<u>—</u>	<u>1,649</u>
Net loss attributable to Cubic	<u>\$ (6,587)</u>	<u>\$ (9,786)</u>
Net income (loss) per share:		
Basic		
Continuing operations attributable to Cubic	\$ (0.23)	\$ (0.42)
Discontinued operations	<u>\$ —</u>	<u>\$ 0.06</u>
Basic earnings per share attributable to Cubic	\$ (0.23)	\$ (0.36)
Diluted		
Continuing operations attributable to Cubic	\$ (0.23)	\$ (0.42)
Discontinued operations	<u>\$ —</u>	<u>\$ 0.06</u>
Diluted earnings per share attributable to Cubic	\$ (0.23)	\$ (0.36)
Weighted average shares used in per share calculations:		
Basic	28,492	27,207
Diluted	28,492	27,207

CUBIC CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2018	September 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,174	\$ 111,834
Cash in consolidated VIE	421	374
Restricted cash	17,889	17,400
Restricted cash in consolidated VIE	10,000	10,000
Accounts receivable:		
Long-term contracts	119,943	393,691
Allowance for doubtful accounts	(1,652)	(1,324)
	<u>118,291</u>	<u>392,367</u>
Contract assets	320,277	—
Recoverable income taxes	1,321	91
Inventories	92,201	84,199
Assets held for sale	8,177	8,177
Other current assets	40,924	43,705
Total current assets	<u>684,675</u>	<u>668,147</u>
Long-term contracts receivables	—	6,134
Long-term contracts financing receivables	44,936	—
Long-term contracts financing receivables in consolidated VIE	52,996	—
Long-term capitalized contract costs	—	84,924
Long-term capitalized contract costs in consolidated VIE	—	1,258
Property, plant and equipment, net	125,298	117,546
Deferred income taxes	4,687	4,713
Goodwill	484,329	333,626
Purchased intangibles, net	137,201	73,533
Other assets	13,871	14,192
Other assets in consolidated VIE	962	810
Total assets	<u>\$ 1,548,955</u>	<u>\$ 1,304,883</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 64,500	\$ —
Trade accounts payable	109,094	125,414
Trade accounts payable in consolidated VIE	205	165
Contract liability	69,713	—
Customer advances	—	75,941
Accrued compensation and other current liabilities	82,323	118,233
Income taxes payable	6,771	8,586
Total current liabilities	<u>332,606</u>	<u>328,339</u>
Long-term debt	199,801	199,793
Long-term debt in consolidated VIE	15,357	9,056
Other long-term liabilities	43,838	43,486
Other long-term liabilities in consolidated VIE	6,146	13
Shareholders' equity:		
Common stock	260,141	45,008
Retained earnings	815,083	801,834
Accumulated other comprehensive loss	(112,642)	(110,643)

Treasury stock at cost	(36,078)	(36,078)
Shareholders' equity related to Cubic	926,504	700,121
Noncontrolling interest in consolidated VIE	24,703	24,075
Total shareholders' equity	951,207	724,196
Total liabilities and shareholders' equity	<u>\$ 1,548,955</u>	<u>\$ 1,304,883</u>

CUBIC CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended December 31,	
	2018	2017
Operating Activities:		
Net loss	\$ (10,614)	\$ (9,786)
Net income from discontinued operations	—	(1,649)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	16,011	12,433
Share-based compensation expense	2,720	1,627
Change in fair value of contingent consideration	429	298
Changes in operating assets and liabilities, net of effects from acquisitions:	(69,713)	(14,437)
NET CASH USED IN CONTINUING OPERATING ACTIVITIES	(61,167)	(11,514)
NET CASH USED IN OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS	—	(15,424)
NET CASH USED IN OPERATING ACTIVITIES	(61,167)	(26,938)
Investing Activities:		
Acquisition of businesses, net of cash acquired	(247,150)	(4,650)
Purchases of property, plant and equipment	(12,045)	(6,318)
Purchase of non-marketable debt and equity securities	—	(671)
NET CASH USED IN INVESTING ACTIVITIES	(259,195)	(11,639)
Financing Activities:		
Proceeds from short-term borrowings	372,000	82,000
Principal payments on short-term borrowings	(307,500)	(49,000)
Proceeds from long-term borrowings in consolidated VIE	5,798	—
Purchase of common stock	(3,419)	(2,256)
Contingent consideration payments related to acquisitions of businesses	(435)	(656)
Proceeds from equity offering, net	215,832	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	282,276	30,088
Effect of exchange rates on cash	1,962	677
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,124)	(7,812)
Cash and cash equivalents at the beginning of the period	139,608	68,577
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 103,484</u>	<u>\$ 60,765</u>
Supplemental disclosure of non-cash investing and financing activities:		
Receivable recognized in connection with the acquisition of Trafficware, net	\$ 1,588	\$ —