

Lockheed Martin Corporation
Consolidated Statements of Earnings¹
(unaudited; in millions, except per share data)

	Quarters Ended	
	March 26, 2023	March 27, 2022
Net sales	\$ 15,126	\$ 14,964
Cost of sales ²	(13,080)	(13,055)
Gross profit	2,046	1,909
Other (expense) income, net	(9)	24
Operating profit	2,037	1,933
Interest expense	(202)	(135)
Non-service FAS pension income	110	140
Other non-operating income, net ³	49	123
Earnings before income taxes	1,994	2,061
Income tax expense	(305)	(328)
Net earnings	\$ 1,689	\$ 1,733
Effective tax rate	15.3 %	15.9 %
Earnings per common share		
Basic	\$ 6.63	\$ 6.46
Diluted	\$ 6.61	\$ 6.44
Weighted average shares outstanding		
Basic	254.7	268.3
Diluted	255.7	269.2
Common shares reported in stockholders' equity at end of period	254	265

¹ The company closes its books and records on the last Sunday of the calendar quarter to align its financial closing with its business processes, which was on March 26, for the first quarter of 2023 and March 27, for the first quarter of 2022. The consolidated financial statements and tables of financial information included herein are labeled based on that convention. This practice only affects interim periods, as the company's fiscal year ends on Dec. 31.

² In the first quarter of 2023 and 2022, the company recognized net gains of \$29 million (\$22 million, or \$0.09 per share, after-tax) and net losses of \$101 million (\$76 million, or \$0.28 per share, after-tax) due to changes in fair value of assets and liabilities for deferred compensation plans.

³ In the first quarter of 2023 and 2022, the company recognized net gains of \$29 million (\$22 million, or \$0.09 per share, after-tax) and net gains of \$103 million (\$77 million, or \$0.29 per share, after-tax) due to changes in fair value of mark-to-market investments.

Lockheed Martin Corporation
Business Segment Summary Operating Results
(unaudited; in millions)

	Quarters Ended		% Change
	March 26, 2023	March 27, 2022	
Net sales			
Aeronautics	\$ 6,269	\$ 6,401	(2%)
Missiles and Fire Control	2,388	2,452	(3%)
Rotary and Mission Systems	3,510	3,552	(1%)
Space	2,959	2,559	16%
Total net sales	\$ 15,126	\$ 14,964	1%
Operating profit			
Aeronautics	\$ 675	\$ 679	(1%)
Missiles and Fire Control	377	385	(2%)
Rotary and Mission Systems	350	406	(14%)
Space	280	248	13%
Total business segment operating profit¹	1,682	1,718	(2%)
Unallocated items			
FAS/CAS operating adjustment	415	426	
Intangible asset amortization expense	(62)	(62)	
Other, net ^{1,2}	2	(149)	
Total unallocated items	355	215	65%
Total consolidated operating profit	\$ 2,037	\$ 1,933	5%
Operating margin			
Aeronautics	10.8%	10.6%	
Missiles and Fire Control	15.8%	15.7%	
Rotary and Mission Systems	10.0%	11.4%	
Space	9.5%	9.7%	
Total business segment operating margin	11.1%	11.5%	
Total consolidated operating margin	13.5%	12.9%	

1 Effective Jan. 1, 2023, the company reclassified intangible asset amortization expense out of the business segment operating profit and into the unallocated items line item to better align with how management views and manages the business.

2 In the first quarter of 2023 and 2022, the company recognized net gains of \$29 million (\$22 million, or \$0.09 per share, after-tax) and net losses of \$101 million (\$76 million, or \$0.28 per share, after-tax) due to changes in fair value of assets and liabilities for deferred compensation plans.

Lockheed Martin Corporation
Selected Financial Data
(unaudited; in millions)

	Current 2023 Outlook	2022 Actual
Total FAS income (expense) and CAS cost		
FAS pension income (expense)	\$ 375	\$ (1,058)
Less: CAS pension cost	<u>1,725</u>	<u>1,796</u>
Total FAS/CAS pension adjustment	2,100	738
Less: pension settlement charge	<u>—</u>	<u>1,470</u>
Total FAS/CAS pension adjustment - adjusted ¹	<u>\$ 2,100</u>	<u>\$ 2,208</u>
 Service and non-service cost reconciliation		
FAS pension service cost	\$ (65)	\$ (87)
Less: CAS pension cost	<u>1,725</u>	<u>1,796</u>
Total FAS/CAS pension operating adjustment	1,660	1,709
Non-service FAS pension income (expense)	<u>440</u>	<u>(971)</u>
Total FAS/CAS pension adjustment	2,100	738
Less: pension settlement charge	<u>—</u>	<u>1,470</u>
Net FAS/CAS pension adjustment - adjusted ¹	<u>\$ 2,100</u>	<u>\$ 2,208</u>

Total FAS/CAS pension adjustment – adjusted is a non-GAAP measure. See the "Use of Non-GAAP Financial Measures" section of this news release for more information. The company recognized a noncash, non-operating settlement charge of \$1,470 million in the second quarter of 2022 related to the accelerated recognition of actuarial losses previously included in accumulated other comprehensive loss for certain pension plans as a result of the purchase of group annuity contracts from an insurance company.

Lockheed Martin Corporation
Consolidated Balance Sheets
(unaudited, in millions, except par value)

	<u>March 26, 2023</u>	<u>Dec. 31, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,440	\$ 2,547
Receivables, net	2,583	2,505
Contract assets	13,189	12,318
Inventories	3,471	3,088
Other current assets	461	533
Total current assets	<u>22,144</u>	<u>20,991</u>
Property, plant and equipment, net	7,938	7,975
Goodwill	10,776	10,780
Intangible assets, net	2,397	2,459
Deferred income taxes	4,175	3,744
Other noncurrent assets	7,192	6,931
Total assets	<u>\$ 54,622</u>	<u>\$ 52,880</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 3,271	\$ 2,117
Salaries, benefits and payroll taxes	2,634	3,075
Contract liabilities	8,336	8,488
Current maturities of long-term debt	115	118
Other current liabilities	2,626	2,089
Total current liabilities	<u>16,982</u>	<u>15,887</u>
Long-term debt, net	15,485	15,429
Accrued pension liabilities	5,422	5,472
Other noncurrent liabilities	7,087	6,826
Total liabilities	<u>44,976</u>	<u>43,614</u>
Stockholders' equity		
Common stock, \$1 par value per share	254	254
Additional paid-in capital	—	92
Retained earnings	17,478	16,943
Accumulated other comprehensive loss	(8,086)	(8,023)
Total stockholders' equity	<u>9,646</u>	<u>9,266</u>
Total liabilities and equity	<u>\$ 54,622</u>	<u>\$ 52,880</u>

Table 4

Lockheed Martin Corporation
Consolidated Statements of Cash Flows
(unaudited; in millions)

	Quarters Ended	
	March 26, 2023	March 27, 2022
Operating activities		
Net earnings	\$ 1,689	\$ 1,733
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	325	329
Stock-based compensation	57	54
Deferred income taxes	(117)	(31)
Changes in assets and liabilities		
Receivables, net	(78)	(564)
Contract assets	(871)	(1,551)
Inventories	(383)	(163)
Accounts payable	1,217	1,829
Contract liabilities	(152)	(205)
Income taxes	414	317
Qualified defined benefit pension plans	(94)	(116)
Other, net	(443)	(222)
Net cash provided by operating activities	1,564	1,410
Investing activities		
Capital expenditures	(294)	(268)
Other, net	35	17
Net cash used for investing activities	(259)	(251)
Financing activities		
Repurchases of common stock	(500)	(2,000)
Dividends paid	(784)	(767)
Other, net	(128)	(113)
Net cash used for financing activities	(1,412)	(2,880)
Net change in cash and cash equivalents	(107)	(1,721)
Cash and cash equivalents at beginning of period	2,547	3,604
Cash and cash equivalents at end of period	\$ 2,440	\$ 1,883

Table 5

Lockheed Martin Corporation
Other Financial and Operating Information

(unaudited; in millions, except for aircraft deliveries and weeks)

	<u>March 26,</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>
Backlog		
Aeronautics	\$ 53,302	\$ 56,630
Missiles and Fire Control	27,453	28,735
Rotary and Mission Systems	34,906	34,949
Space	29,435	29,684
Total backlog	<u>\$ 145,096</u>	<u>\$ 149,998</u>

	<u>Quarters Ended</u>	
	<u>March 26,</u> <u>2023</u>	<u>March 27,</u> <u>2022</u>
Aircraft Deliveries		
F-35	5	26
F-16	1	—
C-130J	2	5
Government helicopter programs	10	17
Commercial helicopter programs	1	—

	<u>2023</u>	<u>2022</u>
Number of Weeks in Reporting Period¹		
First quarter	12	12
Second quarter	13	13
Third quarter	13	13
Fourth quarter	14	14

Calendar quarters are typically comprised of 13 weeks. However, the company closes its books and records on the last Sunday of each month, except for the month of Dec., as its fiscal year ends on Dec. 31. As a result, the number of weeks in a reporting quarter may vary slightly during the year and for comparable prior year periods.