

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

	Quarters Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
Net sales	\$ 16,693	\$ 15,446	\$ 31,819	\$ 30,410
Cost of sales ²	(14,603)	(13,490)	(27,683)	(26,545)
Gross profit	2,090	1,956	4,136	3,865
Other income, net	45	7	36	31
Operating profit	2,135	1,963	4,172	3,896
Interest expense	(223)	(141)	(425)	(276)
Non-service FAS pension income (expense)	111	(1,331)	221	(1,191)
Other non-operating (expense) income, net ³	(17)	(161)	32	(38)
Earnings before income taxes	2,006	330	4,000	2,391
Income tax expense	(325)	(21)	(630)	(349)
Net earnings	\$ 1,681	\$ 309	\$ 3,370	\$ 2,042
Effective tax rate	16.2 %	6.4 %	15.8 %	14.6 %
Earnings per common share				
Basic	\$ 6.65	\$ 1.16	\$ 13.28	\$ 7.65
Diluted	\$ 6.63	\$ 1.16	\$ 13.24	\$ 7.62
Weighted average shares outstanding				
Basic	252.8	265.8	253.7	267.0
Diluted	253.6	266.7	254.6	267.9
Common shares reported in stockholders' equity at end of period			251	264

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 June 25 for the second quarter of 2023 and June 26 for the second 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 second quarter of 2023 and 2022, the company recognized net gains of \$12 million (\$9 million, or \$0.04 per share, after-tax) and net losses of \$61 million (\$46 million, or \$0.17 per share, after-tax) due to changes in fair value of assets and liabilities for deferred compensation plans.

³ In the second quarter of 2023 and 2022, the company recognized net losses of \$40 million (\$30 million, or \$0.12 per share, after-tax) and \$143 million (\$107 million, or \$0.40 per share, after-tax) due to changes in fair value of early-stage company investments.

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

	Quarters Ended			Six Months Ended		
	June 25, 2023	June 26, 2022	% Change	June 25, 2023	June 26, 2022	% Change
Net sales						
Aeronautics	\$ 6,875	\$ 5,862	17%	\$ 13,144	\$ 12,263	7%
Missiles and Fire Control	2,755	2,747	—%	5,143	5,199	(1%)
Rotary and Mission Systems	3,897	4,012	(3%)	7,407	7,564	(2%)
Space	3,166	2,825	12%	6,125	5,384	14%
Total net sales	\$ 16,693	\$ 15,446	8%	\$ 31,819	\$ 30,410	5%
Operating profit						
Aeronautics	\$ 718	\$ 613	17%	\$ 1,393	\$ 1,292	8%
Missiles and Fire Control	371	418	(11%)	748	803	(7%)
Rotary and Mission Systems	454	461	(2%)	804	867	(7%)
Space	312	271	15%	592	519	14%
Total business segment operating profit¹	1,855	1,763	5%	3,537	3,481	2%
Unallocated items						
FAS/CAS operating adjustment	416	425		831	851	
Intangible asset amortization expense	(62)	(62)		(124)	(124)	
Other, net ^{1,2}	(74)	(163)		(72)	(312)	
Total unallocated items	280	200	40%	635	415	53%
Total consolidated operating profit	\$ 2,135	\$ 1,963	9%	\$ 4,172	\$ 3,896	7%
Operating margin						
Aeronautics	10.4%	10.5%		10.6%	10.5%	
Missiles and Fire Control	13.5%	15.2%		14.5%	15.4%	
Rotary and Mission Systems	11.6%	11.5%		10.9%	11.5%	
Space	9.9%	9.6%		9.7%	9.6%	
Total business segment operating margin	11.1%	11.4%		11.1%	11.4%	
Total consolidated operating margin	12.8%	12.7%		13.1%	12.8%	

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 second quarter of 2023 and 2022, the company recognized net gains of \$12 million (\$9 million, or \$0.04 per share, after-tax) and net losses of \$61 million (\$46 million, or \$0.17 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)

	<u>Current 2023 Outlook</u>	<u>2022 Actual</u>
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>
Total FAS/CAS pension adjustment - adjusted ¹	<u>\$ 2,100</u>	<u>\$ 2,208</u>

¹ 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)

	June 25, 2023	Dec. 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 3,673	\$ 2,547
Receivables, net	3,427	2,505
Contract assets	13,008	12,318
Inventories	3,498	3,088
Other current assets	481	533
Total current assets	<u>24,087</u>	<u>20,991</u>
Property, plant and equipment, net	7,966	7,975
Goodwill	10,795	10,780
Intangible assets, net	2,336	2,459
Deferred income taxes	4,518	3,744
Other noncurrent assets	7,276	6,931
Total assets	<u>\$ 56,978</u>	<u>\$ 52,880</u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$ 3,466	\$ 2,117
Salaries, benefits and payroll taxes	2,896	3,075
Contract liabilities	8,184	8,488
Current maturities of long-term debt	283	118
Other current liabilities	2,875	2,089
Total current liabilities	<u>17,704</u>	<u>15,887</u>
Long-term debt, net	17,262	15,429
Accrued pension liabilities	5,373	5,472
Other noncurrent liabilities	7,399	6,826
Total liabilities	<u>47,738</u>	<u>43,614</u>
Stockholders' equity		
Common stock, \$1 par value per share	251	254
Additional paid-in capital	—	92
Retained earnings	17,068	16,943
Accumulated other comprehensive loss	(8,079)	(8,023)
Total stockholders' equity	<u>9,240</u>	<u>9,266</u>
Total liabilities and equity	<u>\$ 56,978</u>	<u>\$ 52,880</u>

Table 4

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

	Six Months Ended	
	June 25, 2023	June 26, 2022
Operating activities		
Net earnings	\$ 3,370	\$ 2,042
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	659	672
Stock-based compensation	146	134
Deferred income taxes	(234)	(425)
Pension settlement charge	—	1,470
Changes in assets and liabilities		
Receivables, net	(922)	(1,438)
Contract assets	(690)	(1,174)
Inventories	(410)	(450)
Accounts payable	1,397	1,522
Contract liabilities	(304)	(30)
Income taxes	(46)	318
Qualified defined benefit pension plans	(189)	(231)
Other, net	(113)	331
Net cash provided by operating activities	2,664	2,741
Investing activities		
Capital expenditures	(623)	(572)
Other, net	30	(11)
Net cash used for investing activities	(593)	(583)
Financing activities		
Issuance of long-term debt, net of related costs	1,975	2,267
Repayments of long-term debt	—	(2,250)
Repurchases of common stock	(1,250)	(2,356)
Dividends paid	(1,542)	(1,511)
Other, net	(128)	(137)
Net cash used for financing activities	(945)	(3,987)
Net change in cash and cash equivalents	1,126	(1,829)
Cash and cash equivalents at beginning of period	2,547	3,604
Cash and cash equivalents at end of period	\$ 3,673	\$ 1,775

Table 5

Lockheed Martin Corporation
Other Financial and Operating Information
(unaudited; in millions, except for aircraft deliveries and weeks)

	<u>June 25, 2023</u>	<u>Dec. 31, 2022</u>
Backlog		
Aeronautics	\$ 58,100	\$ 56,630
Missiles and Fire Control	34,018	28,735
Rotary and Mission Systems	35,947	34,949
Space	29,946	29,684
Total backlog	<u>\$ 158,011</u>	<u>\$ 149,998</u>

	<u>Quarters Ended</u>		<u>Six Months Ended</u>	
	<u>June 25, 2023</u>	<u>June 26, 2022</u>	<u>June 25, 2023</u>	<u>June 26, 2022</u>
Aircraft Deliveries				
F-35	45	35	50	61
F-16	—	—	1	—
C-130J	4	6	6	11
Government helicopter programs	11	25	21	42
Commercial helicopter programs	—	—	1	—
International military helicopter programs	—	5	—	5

	<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

¹ 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.