



Rocket Lab Limited
Financial Statements
for the year ended 31 December 2023

Rocket Lab Limited

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for the year ended 31 December 2023

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Rocket Lab Limited Director's statement

The Director is pleased to present the financial statements of Rocket Lab Limited for the year ended 31 December 2023.

No disclosure has been made in respect of Section 211(1)(a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211(3) of the Act.

The Director is responsible for ensuring that the financial statements present fairly the financial position of the Company at 31 December 2023 and the financial performance and cash flows for the year ended on that date.

The Director considers that the financial statements of the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

The Director believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Companies Act 1993.

The Director of Rocket Lab Limited authorised the financial statements set out on pages 3 - 17 for issue on 30 May 2024.

For and on behalf of the Board

DocuSigned by:

Peter Beck

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Peter Beck
Director

30 May 2024

Rocket Lab Limited
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2023

		Dec 2023	Dec 2022
	Notes	\$000	\$000
Revenue	1	196,837	234,467
Other income			
Government grant		7,500	11,014
Other revenue		867	660
Total other income		8,367	11,674
Expenses			
Raw materials and consumables used		(48,670)	(41,338)
Depreciation and amortisation	9,10,11	(12,862)	(13,658)
Employee benefits expense	2	(94,162)	(82,279)
Other expenses		(24,202)	(27,747)
Total expenses		(179,896)	(165,022)
Finance income	4.1	353	86
Finance expenses	4.2	(5,118)	(2,454)
Interest expense for leases	4.3	(1,109)	(949)
Profit before tax		19,434	77,801
Income tax expense	5.1	(10,128)	(26,253)
Profit for the period from continuing operations		9,306	51,548
Other comprehensive income for the year		-	-
Total comprehensive income for the year		9,306	51,548

Rocket Lab Limited

Statement of changes in equity

for the year ended 31 December 2023

	Share capital	Equity settled employee benefits reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Balance at 1 January 2022	15,002	76,593	(6,988)	84,607
Profit for the year	-	-	51,548	51,548
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	51,548	51,548
Recognition of share-based payments	-	(6,315)	(84,821)	(91,136)
Opening Balance at 1 January 2023	15,002	70,278	(40,261)	45,019
Profit for the year	-	-	9,306	9,306
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	9,306	9,306
Recognition of share-based payments	-	22,201	(28,271)	(6,070)
Balance at 31 December 2023	15,002	92,479	(59,226)	48,255

Rocket Lab Limited

Statement of financial position

As at 31 December 2023

		Dec 2023 \$000	Dec 2022 Restated ¹ \$000
Assets			
Current assets			
Cash and cash equivalents	6	16,027	6,855
Trade and other receivables	7	15,168	5,923
Other financial assets	8	1,232	2,403
Inventory		2,134	4,561
Asset held for sale	9.1	14,268	-
Prepayments		2,922	3,985
Total current assets		51,751	23,727
Non-current assets			
Term deposit		1,920	1,920
Property, plant and equipment	9, 19	49,470	64,435
Intangible assets	10	2,066	2,698
Right-of-use assets	11	20,050	15,768
Deferred tax assets	5.4	3,671	8,185
Other non-current assets	18	7,530	9,266
Total non-current assets		84,707	102,272
Total assets		136,458	125,999
Liabilities			
Current liabilities			
Trade and other payables	12	13,445	8,450
Employee benefits payable	13	8,308	8,646
Lease liability	14	3,108	2,216
Other financial liabilities		211	164
Income tax payable		4,046	2,543
Total current liabilities		29,118	22,019
Non-current liabilities			
Lease liability	14	18,243	14,576
Related party loans	17	40,842	44,385
Total non-current liabilities		59,085	58,961
Total liabilities		88,203	80,980
Capital and reserves			
Issued capital	15	15,002	15,002
Equity settled employee benefits reserve		92,479	70,278
Retained earnings		(59,226)	(40,261)
Total equity		48,255	45,019
Total equity and liabilities		136,458	125,999

DocuSigned by:

Peter Beck

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Peter Beck

Director

30 May 2024

¹ For details on the impact of prior period restatement refer to Note 20 *Re-representations and prior period restatements*.



Rocket Lab Limited

Statement of cash flows

for the year ended 31 December 2023

	Dec 23	Dec 2022 Restated ¹
	\$000	\$000
Cash flows from operating activities		
Receipts from customers and related parties	170,210	177,915
Payments to suppliers, employees and related parties	(149,792)	(144,128)
Realised currency losses/(gains)	471	(300)
Interest paid	0	(60)
Income taxes paid	(96)	(1,168)
Net cash from operating activities	20,793	32,259
Cash flows from investing activities		
Interest received	353	86
Payments for property, plant and equipment	(11,025)	(24,473)
Proceeds from disposal of property, plant and equipment	6,320	-
Payments for acquisition of business	(3,431)	-
Payments for intangible assets	(202)	(2,535)
Purchase of investment	0	30
Payments for held-to-maturity investments	0	(287)
Net cash used in investing activities	(7,985)	(27,179)
Cash flows from financing activities		
Interest on lease payments	(1,109)	(949)
Lease liability payments	(2,527)	(2,821)
Net cash used in financing activities	(3,636)	(3,770)
Net increase/(decrease) in cash and cash equivalents	9,172	1,309
Cash and cash equivalents at the beginning of the year	6,855	5,546
Cash and cash equivalents at the end of the year	16,027	6,855

¹ For details on the impact of prior period restatement refer to Note 20 *Re-representations and prior period restatements*.

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

General information

The financial statements for Rocket Lab Limited (the Company) for the year ended 31 December 2023 were authorised for issue on 30 May 2024.

The Company is a wholly-owned subsidiary of Rocket Lab USA, Inc (the Parent), the ultimate controlling party of the Company. The Parent commenced trading on the Nasdaq Stock Market LLC (Nasdaq) under the symbol "RKLB" on 25 August 2021.

The principal activity of the Company is to provide various manufacturing, research and development, management and launch services to the Parent company to support its provision of launch service agreements to customers.

Material accounting policies

Statement of compliance and reporting framework

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable to for-profit entities. These financial statements comply with New Zealand Equivalents to IFRS Accounting Standards - Reduced Disclosure Regime ('NZ IFRS RDR'). The Company qualifies for and has elected to apply NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity.

The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities which are measured at fair value.

The accounting policies and computation methods used in the preparation of the financial statements are consistent with those used as at 31 December 2022 except as outlined below.

On 1 January 2023, the Company adopted amendments to NZ IAS 1 that requires disclosure of 'material accounting policy information' instead of 'significant accounting policies'. The adoption of the amendments did not have any impact on the Company's financial statements.

Revenue from services

Services are provided under contract to support the Parent and include toll manufacturing services for rocket component production and final assembly, research and development into agreed rocket, avionic and aerospace technologies and products, launch services to support launch and delivery of rocket payloads and management and back office services. These are charged at a margin to cost, between 5% and 10%.

The margin has been determined with reference to industry and functional service benchmarks as follows:

	2023	2022
Research and development services	9%	9%
Toll manufacturing services	9%	9%
Launch services	6%	6%
Management and back office services	5%	5%
Strategic services	10%	10%

Services are recognised as they are provided based on the actual cost of the service plus margin. Rocket Lab Limited is deemed to satisfy performance obligations as the services are provided.

Revenue from goods

The Company sells goods to the Parent at cost.

This includes rocket, aerospace and research and development components, consumables and materials. Revenue for goods sold is recognised when control of the goods passes to the Parent.

Interest income

Interest income from investments and fixed deposits is recognised as it accrues, using the effective interest method where appropriate.

Government grants

The Company entered into a Research and Development Tax Incentive (RDTI) program with the New Zealand government effective from 1 January 2021. The tax incentive will reimburse up to 15% of the Company's qualifying research and development costs incurred. The Company may recognise a grant receivable once eligible reimbursable research and development expenses are incurred and submitted for reimbursement. Any corresponding grant receivable will be presented within other current and non-current assets on the Statement of Financial Position. The Company accrued \$7,500,000 during the year ended 31 December 2023 (2022: \$11,013,669).

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (that is, translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation calculated on a straight line value basis over the estimated useful lives of the assets is as follows:

· Motor vehicles	5%-41%
· Office equipment	5%-71%
· Property improvements	2%-71%
· Plant, machinery and equipment	3%-71%
· Aircraft	7% - 71%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Assets Held For Sale

The Company generally considers assets to be held for sale when the following criteria are met: (i) management commits to a plan to sell the asset, (ii) the asset is available for sale immediately, (iii) the asset is actively being marketed for sale at a price that is reasonable in relation to its current fair value, (iv) the sale of the asset within one year is considered probable and (v) significant changes to the plan to sell are not expected. Assets classified as held for sale are no longer depreciated and are reported at the lower of carrying value or estimated fair value less estimated costs to sell.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involved the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to determining the purpose the asset is used for. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less an estimate of costs to be incurred to remove or restore the asset at the end of the lease term, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are owed at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extensive option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Buildings leases

The Company leases buildings for its office space and production facilities. Some leases include a renewal right of the same duration after the end of the contract term.

Some leases of buildings contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Other leases

The Company leases vehicles and equipment with terms of three to five years. In some cases the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Company monitors the use of these vehicles and equipment and reassesses the amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-to-use assets. As at 31 December 2023, the Company estimates that the expected amount payable under the residual guarantees is nil (2022: Nil).

Intangible assets

Intangible assets acquired are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not recognised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the useful economic life and assessed for impairment if there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised and are tested for impairment annually either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The following useful lives are used in the calculation of amortisation:

Resource consents: 7 - 25 years
 Software and licences: 1-20 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Software and licences

Software comprises an enterprise resource planning system and other business applications. The Company made upfront payments to purchase licences. The licences may be renewed at little or no cost to the Company.



Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

Research and development costs

Research and development costs are expensed as incurred in the delivery of research and development services to the Parent.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss and other comprehensive income.

Financial assets

Financial assets comprise cash and cash equivalents, trade and other receivables, other financial assets, prepayments, term deposit and investments. These financial assets are carried at amortised cost.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective it is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company recognises lifetime Expected Credit Losses (ECL) for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the future direction of conditions at the reporting date, including the value of money where appropriate.

Financial liabilities and equity instruments

Financial liabilities comprise trade and other payables, employee benefits payable, lease liability, other financial liabilities and related party loans. These financial liabilities are carried at amortised cost.

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Stock options were priced using a Black Scholes option pricing model. The Black Scholes model was used as it is better able to handle a variety of inputs and is therefore more accurate in determining fair value compared to other models.

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss and other comprehensive income.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

Share based payments

The Company issues equity-settled share-based payments to employees. The fair value of these schemes at the date of grant is expensed over the vesting period, based on the estimate of shares that will eventually vest.

Business combinations

The acquisition method of accounting is used to account for all business combinations. The cost of the acquisition is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are recognised directly in the statement of profit or loss as incurred. The excess of the cost of the business combination over the net fair value of the Company's share of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the Company's share of the net fair value of the identifiable net assets, the difference is recognised as a gain in the statement of profit or loss in the period of acquisition.

Going concern

The Director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the Parent. A letter of support is signed annually to enable the Company to continue as a going concern for the foreseeable future after the date of these financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key sources of estimation uncertainty

Share based payments

Estimation uncertainty exists when determining the grant date fair value of share options granted during the year, as well as in determining the tax implications associated with the share scheme. As set out in Note 16, the Black Scholes model is used to fair value the options when granted. This model is particularly sensitive to assumptions about future volatility of the underlying shares to be issued.

Research and Development Tax Incentive (RDTI)

RDTI accrual is based on the Company's best estimate of the potential RDTI receipt and is calculated based on the methodology prescribed by the rules of the RDTI scheme. The RDTI claim for 2021-2022 has been submitted but is yet to be formally accepted by the New Zealand Inland Revenue (NZIR). The RDTI claim for 2023 is yet to be submitted with NZIR.

In complying with the Advance Pricing Agreement dated 7 March 2022, the Company offset 100% of the RDTI receivable against the service fee charged to the Parent for the provision of the contract research and development services. As at 31 December 2023 the Company was in negotiations with NZIR regarding the appropriate application of the Transfer Pricing Rules to the service charged and therefore the impact on allowable income tax deductions and other tax impacts remains uncertain at balance date. On 16 April 2024 NZIR issued a revised Advance Pricing Agreement, refer to Note 24 for further information.

1 Revenue

	2023 \$000	2022 \$000
Research & development	24,880	20,217
Toll manufacturing services	43,968	62,286
Launch services	27,847	50,789
Management and back office services	94,244	90,662
Strategic services	5,898	10,513
Total revenue	196,837	234,467

2 Employee benefits expense

	2023 \$000	2022 \$000
Salaries	68,787	58,827
Bonuses	993	276
Staff expenses	4,140	3,261
Defined contribution expenses	1,605	1,669
Employee stock options	18,637	18,246
Total employee benefits expense	94,162	82,279

3 Other expenses

3.1 Other gains and losses

	2023 \$000	2022 \$000
Net foreign exchange (gains)/losses	436	(306)
Total other gains and losses	436	(306)

No other gains or losses have been recognised in respect of loans and receivables.

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

3.2 Research and development expenses

	2023	2022
	\$000	\$000
Research and development costs expensed as incurred	50,065	61,573
	50,065	61,573

4 Finance income and expenses

4.1 Finance income

	2023	2022
	\$000	\$000
Interest income on loans and receivables (including cash and term deposits)	353	86
Total finance income	353	86

4.2 Finance expenses

	2023	2022
	\$000	\$000
Interest on loans from related parties	5,118	2,410
Other interest expense	-	44
Total finance expenses	5,118	2,454

4.3 Interest expense for leases

	2023	2022
	\$000	\$000
Interest on obligations under finance leases	1,109	949
Total interest expense for leases	1,109	949

5 Income tax

5.1 Income tax recognised in profit or loss

	2023	2022
	\$000	\$000
Current tax		
In respect of the current year	8,734	23,860
In respect of prior years	-	(335)
Total current tax expense	8,734	23,525
Deferred tax		
In respect of the current year	1,394	1,759
In respect of the prior years	-	969
Total deferred tax expense/(benefit)	1,394	2,728
Total tax expense recognised in the current year relating to continuing operations	10,128	26,253

5.2 Income tax recognised directly in equity

	2023	2022
	\$000	\$000
Deferred tax		
<i>Arising on transactions with owners</i>		
In respect of current year equity settled employee benefits	3,093	47,118
	3,093	47,118

5.3 Income tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2023	2022
	\$000	\$000
Profit before tax	19,434	77,801
Total taxable income	19,434	77,801
Income tax expense calculated at 28%	5,442	21,784
Effect of expenses that are not deductible in determining taxable profit	(2,882)	(18,569)
Adjustments recognised in the current year in relation to the current tax of prior years	-	634
Effect of stock compensation recognised	7,568	22,404
Income tax benefit recognised in profit or loss (relating to continuing operations)	10,128	26,253

5.4 Deferred tax balances

	2023	2022
	\$000	\$000
Deferred tax assets	3,671	8,185
	3,671	8,185

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

5.4 Deferred tax balances (continued)

Deferred tax asset recognised in

	Dec 2022	Equity	Profit and loss	Dec 2023
	\$000	\$000	\$000	\$000
Provisions	1,987	-	(136)	1,851
Equity settled employee benefits reserve	5,990	(3,093)	(1,730)	1,167
Right-of-use asset	(4,480)	-	(983)	(5,463)
Lease liability	4,688	-	1,254	5,942
Fixed Assets	-	-	174	174
Total deferred tax asset	8,185	(3,093)	(1,421)	3,671

Deferred tax asset recognised in

	Dec 2021	Equity	Profit and loss	Dec 2022
	\$000	\$000	\$000	\$000
Provisions	1,243	-	744	1,987
Equity settled employee benefits reserve	56,371	(47,118)	(3,263)	5,990
Right-of-use asset	(3,542)	-	(938)	(4,480)
Lease liability	3,958	-	730	4,688
Total deferred tax asset	58,030	(47,118)	(2,727)	8,185

6 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2023	2022
	\$000	\$000
Cash at bank	16,027	6,855
	16,027	6,855

7 Trade and other receivables

	2023	2022
	\$000	\$000
Trade receivables	415	339
Government grants accrued revenue - current	14,764	5,528
Sundry receivables	(11)	56
	15,168	5,923

8 Other financial assets

	2023	2022
	\$000	\$000
GST receivable	1,232	2,403
	1,232	2,403

9 Property, plant and equipment

	2023	2022
	\$000	\$000
Carrying amounts of:		
Motor vehicles	205	212
Office equipment	3,020	2,215
Property improvements	20,050	22,579
Plant and equipment	20,544	15,471
Aircraft	-	19,024
Work in progress	5,651	4,934
	49,470	64,435

Cost	Work in progress	Motor vehicles	Office equipment	Property improvements	Plant and equipment	Aircraft	Total
Balance at 31 December 2022	4,934	767	7,683	32,471	30,523	21,882	98,260
Additions	13,561	-	59	29	39	51	13,739
Disposals	-	(50)	(1)	(133)	(160)	-	(344)
Transfers to assets held for sale	-	-	-	-	-	(21,933)	(21,933)
Transfers from WIP	(12,844)	156	1,980	1,384	9,324	-	-
Impairment	-	-	(17)	(757)	(766)	-	(1,540)
	-	-	-	-	-	-	-
Balance at 31 December 2023	5,651	873	9,704	32,994	38,960	0	88,182
Accumulated depreciation and impairment							
Balance at 31 December 2022	-	555	5,469	9,892	15,052	2,858	33,826
Depreciation	-	113	1,226	3,523	3,887	420	9,169
Disposals	-	-	(1)	(79)	(165)	(3,278)	(3,523)
Impairment	-	-	(10)	(392)	(358)	-	(760)
	-	-	-	-	-	-	-
Balance at 31 December 2023	-	668	6,684	12,944	18,416	-	38,712

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

9.1 Assets held for sale

Helicopter held for sale

	2023	2022
	\$000	\$000
	14,268	-
	<u>14,268</u>	<u>-</u>

In the first quarter of 2023, the Company updated its Electron recovery strategy by completing a marine recovery, which the Company believe will be a more effective and financially viable type of recovery. As a result, the Company has ceased mid-air rocket booster recovery and began the sale process of two helicopters. As of 31 March, 2023, the Company's two helicopters met the held for sale criteria and the Company ceased depreciating these assets. On 18 October, 2023, the Company sold one of the Company's held for sale helicopters to a purchaser unaffiliated with the Company, for \$6,325,900 before closing costs. The Company recognized a gain on sale of assets of \$1,799,909. As of 31 December, 2023, the Company's remaining helicopter continued to be classified as held for sale with a carrying amount of \$14,268,110.

10 Intangible assets

Carrying amounts of:

Software
Resource consents
Licences

	2023	2022
	\$000	\$000
	2,020	2,649
	44	47
	2	2
	<u>2,066</u>	<u>2,698</u>

Cost	Software	Resource consents	Licences	Total
Balance at 31 December 2022	7,693	66	13	7,772
Additions	207	-	-	207
Disposals	-	-	-	-
Impairment	-	-	-	-
Balance at 31 December 2023	<u>7,900</u>	<u>66</u>	<u>13</u>	<u>7,979</u>
Accumulated amortisation and impairment				
Balance at 31 December 2022	5,044	19	11	5,074
Disposals	-	-	-	-
Amortisation	836	3	-	839
Impairment	-	-	-	-
Balance at 31 December 2023	<u>5,880</u>	<u>22</u>	<u>11</u>	<u>5,913</u>

11 Right-of-use-assets

The Company presents right-of-use assets and lease liabilities in the statement of financial position.

	2023	2022
	\$000	\$000
Right-of-use assets	20,050	15,768
	<u>20,050</u>	<u>15,768</u>

	Property	Equipment and	Total
	\$000	\$000	\$000
Balance at 31 December 2022	15,371	397	15,768
Additions	6,052	1,084	7,136
Depreciation charge for the year	(2,343)	(511)	(2,854)
Balance at 31 December 2023	<u>19,080</u>	<u>970</u>	<u>20,050</u>

12 Trade and other payables

Accounts payable
Sundry payables

	2023	2022
	\$000	Restated ¹ \$000
	11,213	6,348
	2,232	2,102
	<u>13,445</u>	<u>8,450</u>

13 Employee benefits payable

Balance at 31 December 2022
Total charges during the year
Total payments during the year
Balance at 31 December 2023

	Kiwisaver payable	Other employee payables	Total
	\$000	\$000	\$000
	127	8,519	8,646
	3,679	134,596	138,275
	(3,691)	(134,922)	(138,613)
	<u>115</u>	<u>8,193</u>	<u>8,308</u>

¹ For details on the impact of prior period restatement refer to Note 20 Re-representations and prior period restatements.

Rocket Lab Limited
Notes to the financial statements
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14 Lease liabilities

	2023	2022
	\$000	\$000
Maturity analysis - contractual undiscounted lease liabilities		
Less than one year	3,108	2,216
One to five years	15,772	12,670
More than five years	2,471	1,906
Total undiscounted lease liabilities	21,351	16,792

Lease liabilities included in the statement of financial position at 31 December 2023

Current	3,108	2,216
Non-current	18,243	14,576
	21,351	16,792

15 Issued capital

	2023	2022
	\$000	\$000
Issued capital comprises:		
Fully paid ordinary shares	15,002	15,002
Par value per share	\$1.00	\$1.00

16 Share-based payments

16.1 Details of the employee share option and grant plan of the Parent

The Parent company has a stock option and grant plan, the Rocket Lab USA, Inc. 2013 Stock Option and Grant Plan (the "Plan"), with the objective of attracting and retaining valued employees, directors and other service providers by providing stock-based and other performance-based compensation, as determined by the Parent company's Compensation Committee (the "Committee").

Stock Options: Stock Options issued to all optionees under the Plan generally vest over four years from the date of issue. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The exercise price per share shall be determined by the Committee at the time of grant but shall not be less than 100 percent of the fair market value on the grant date.

Restricted Stock Units: Restricted Stock Units ("RSU") involve the issue of phantom stock units to a grantee which may be settled by the Parent company in cash or shares. The restrictions and conditions applicable to each Restricted Stock Unit granted may vary between individual grantees at the time of the grant. Vesting conditions may be based on continuing employment, achievement of pre-established performance goals and objectives and/or other such criteria as the Committee may determine.

The following share-based payment arrangements were in existence during the current and prior years:

Options series

	2023	2022
	\$000	\$000
Expense to date begin	47,235	28,989
Current year expense	18,637	18,246
Expense to date end	65,872	47,235

All options expire within 10 years of their issue, or 90 days after the resignation of the employee, whichever is the earlier.

16.2 Movements in shares options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		US\$		US\$
Balance at beginning of year	10,073,034	5.78	9,429,144	3.28
Stock options granted during the year	-	-	-	-
Stock options forfeited during the year	(2,821,692)	(1)	(7,556)	(1.09)
Stock options exercised during the year	2,821,692	-	(1,839,666)	(5.71)
Stock options expired during the year	-	-	-	-
Employees transferred during the year	-	-	-	-
RSU granted during the year	3,479,950	5	2,916,362	5.05
RSU forfeited during the year	(300,383)	(6)	(425,250)	(4.77)
Balance at end of year	13,252,601	3.26	10,073,034	5.78
Exercisable at the end of the year	4,365,762	1.02	5,625,840	0.99

On 25 August 2021, the Parent consummated the previously announced merger agreement with Vector Acquisition Corporation. The equity structure has been recast to reflect the number of shares of the Parent's common stock in connection with the Business Combination. As such, the shares outstanding at the beginning of the year were converted at the exchange ratio of 9.059659.

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

17 Related party transactions and balances

Related party transactions with the Parent

	2023	2022
	\$000	Restated ¹ \$000
Transfer pricing revenue from goods & services sold to Parent	203,356	242,795
Direct labour recoveries recharge	(6,519)	(8,328)
Net transfer of assets with Parent via intercompany loan	(294)	(13,381)
Funding received from Parent for operations	(175,678)	(177,597)
Intercompany interest charged for the year	(4,606)	(1,886)
Share-based payment	(32,782)	(90,798)
Cash transfer to Parent	6,326	-
Employee stock purchase plan benefits	12,298	30,615
Other	(221)	1,340
Total related party transactions	1,880	(17,240)

Related party transactions with Rocket Lab Global Services

	2023	2022
	\$000	Restated ¹ \$000
Cash transfer to RLGS	2,008	1,801
Expense recharge	(420)	(744)
Total related party transactions	1,588	1,057

Related party transactions with Rocket Lab Australia

	2023	2022
	\$000	Restated ¹ \$000
Expense recharge	75	2
Total related party transactions	75	2

	2023	2022
	\$000	\$000
Non-current related party loans		
Loans from Rocket Lab USA Inc (the ultimate controlling party of the Company)	43,890	45,770
Loans to Rocket Lab Global Services	(2,846)	(1,258)
Loans to Rocket Lab Australia	(202)	(128)
Total non-current related party loans	40,842	44,385

¹ For details on the impact of prior period restatement refer to Note 20 Re-representations and prior period restatements. Certain transactions of the above have been represented to be consistent with current year disclosure.

18 Other Non-current assets

	2023	2022
	\$000	\$000
Investments	30	30
Government grants accrued revenue - non-current	7,500	9,236
	7,530	9,266

19. Business Combinations

On 2 October, 2023 the Company entered into an acquisition agreement with SailGP Technologies Limited to acquire certain assets to assist in the production of the Electron rocket and the development of the Neutron rocket. The agreement includes hiring selected employees and entering into a lease agreement. No liabilities or contracts assumed at acquisition. The total consideration of \$3,430,407 represents the fair value of the assets acquired and the lease assumed by the Company in the acquisition. No goodwill was noted at acquisition.

	2023
	\$000
Assets	3,376
Software license	6
Lease payment	49
	3,431

20 Re-representation and prior period restatements

Restatement 1:

As at 31 December 2022, advance payments (included in trade and other payables) represented goods in transit (for which title had passed but not yet been delivered) or prepayments (where the payment had been made but title for stock had not yet passed). This prior period restatement reflects balance sheet reclassification from trade and other payables to inventory/prepayments.

	2022	2022	\$000
	\$000	Restated	Movement
Statement of financial position			
Inventory	824	4,561	3,737
Prepayments	2,549	3,985	1,436
Trade and other payables	3,277	8,450	-5,173

Notes:

Note 12: Trade and other payables			
Accounts payable	1,175	6,348	-5,173

Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2023

20 Re-representation and prior period restatements (continued)

Restatement 2:

As at 31 December 2022, the cash flow statement represented movement of intercompany balance between the Company and the Parent (both cash and non-cash transactions). This prior period restatement reflects exclusion of non-cash transactions from the cash flow statement. Disclosure of related party transactions in Note 17 have also been restated to reflect the correct nature of the transactions for the year ended 31 December 2022.

	2022 \$000	2022 \$000 Restated	\$000 Movement
Statement of cash flows			
Receipts from customers and related parties	234,786	177,915	-56,871
Payments to suppliers, employees and related parties	-200,999	-144,128	56,871

Related party transactions with the Parent

	2022 \$000	2022 \$000 Restated	\$000 Movement
Net transfer of assets with Parent via intercompany loan	(12,558)	(13,381)	(823)
Funding received from Parent for operations	(175,368)	(177,597)	(2,229)
Share-based payment	56,190	(90,798)	(146,988)
Employee stock purchase plan benefits	-	30,615	30,615
Other	-	1,340	1,340
Total related party transactions	(131,736)	(249,821)	(118,085)

Related party transactions with Rocket Lab Global Services

	2022 \$000	2022 \$000 Restated	\$000 Movement
Cash transfer to RLGS	-	1,801	1,801
Expense recharge	-	(744)	(744)
Total related party transactions	-	1,057	1,057

Related party transactions with Rocket Lab Australia

	2022 \$000	2022 \$000 Restated	\$000 Movement
Expense recharge	-	2	2
Total related party transactions	-	2	2

21 Compensation of key management personnel

The remuneration of the Director and other members of key management personnel during the year ended 31 December 2023 was \$5,163,266 (2022: \$2,118,430).

22 Capital commitments

The Company had no material capital commitments at 31 December 2023 (2022: Nil).

23 Contingent liabilities

The Company had no material contingent liabilities at 31 December 2023 (2022: Nil).

24 Events after the reporting period

On 16 April 2024, NZIR issued a revised Advance Pricing Agreement providing clarity on the activities undertaken by the Company in performing the services for the Parent included on the RDTI claim. NZIR have ruled that the benefit of the RDTI claim shall be shared equally between the Company and the Parent whereby the service charge would be reduced by an amount equal to 50% of the RDTI claim reported in the financial statements. This agreement was reached after 31 December 2023 and therefore is considered a non-adjusting subsequent event for the purposes of these financial statements. The assessment of the impacts on revenue and the tax expense for the year ended 31 December 2024 are ongoing.

Independent Auditor's Report

To the Shareholders of Rocket Lab Limited

Opinion

We have audited the financial statements of Rocket Lab Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements, on pages 3 to 17, present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards – Reduced Disclosure Regime ('NZ IFRS RDR').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Company. These services have not impaired our independence as auditor of the Company.

Directors' responsibilities for the financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

**Auckland, New Zealand
7 June 2024**