



Rocket Lab Limited
Financial Statements
for the year ended 31 December 2022

Rocket Lab Limited

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for the year ended 31 December 2022

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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 2022.

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 2022 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 - 16 for issue on 26 May 2023.

For and on behalf of the Board

DocuSigned by:
Peter Beck
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Peter Beck
Director

26 May 2023



Rocket Lab Limited
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2022

		Dec 2022	Dec 2021
	Notes	\$000	\$000 Restated ¹
Revenue	1	234,467	129,625
Other income			
Government grant		11,014	3,849
Other revenue		660	655
Total other income		11,674	4,504
Expenses			
Raw materials and consumables used		(41,338)	(25,474)
Depreciation and amortisation	9,10,11	(13,658)	(9,426)
Employee benefits expense	2	(82,279)	(58,046)
Other expenses	3	(27,747)	(15,072)
Total expenses		(165,022)	(108,018)
Finance income	4.1	86	81
Finance expenses	4.2	(2,454)	(792)
Interest expense for leases	4.3	(949)	(738)
Profit before tax		77,801	24,662
Income tax expense	5.1	(26,253)	(7,155)
Profit for the period from continuing operations		51,548	17,507
Other comprehensive income for the year		-	-
Total comprehensive income for the year		51,548	17,507

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.

Rocket Lab Limited

Statement of changes in equity

for the year ended 31 December 2022

	Share capital	Equity settled employee benefits reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Balance at 1 January 2021	15,002	34,729	1,648	51,379
Profit for the year ¹	-	-	17,507	17,507
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year (Restated)	-	-	17,507	17,507
Recognition of share-based payments	-	41,864	(26,143)	15,721
Opening Balance at 1 January 2022 (Restated)	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)
Balance at 31 December 2022	15,002	70,278	(40,261)	45,019

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.



Rocket Lab Limited
Statement of financial position
 As at 31 December 2022

		Dec 2022	Dec 2021
		\$000	\$000
	Notes		Restated ¹
Assets			
Current assets			
Cash and cash equivalents	6	6,855	5,546
Trade and other receivables	7	5,923	3,833
Other financial assets	8	2,403	1,696
Inventory		824	37
Prepayments		2,549	2,398
Total current assets		18,554	13,510
Non-current assets			
Term deposit		1,920	1,633
Property, plant and equipment	9	64,435	51,151
Intangible assets	10	2,698	1,222
Right-of-use assets	11	15,768	12,671
Deferred tax assets	5.4	8,185	58,030
Other non-current assets	18	9,266	30
Total non-current assets		102,272	124,737
Total assets		120,826	138,247
Liabilities			
Current liabilities			
Trade and other payables	12	3,277	1,965
Employee benefits payable	13	8,646	8,985
Lease liability	14	2,216	1,788
Other financial liabilities		164	63
Income tax payable		2,543	292
Total current liabilities		16,846	13,093
Non-current liabilities			
Lease liability	14	14,576	12,343
Related party loans	17	44,385	28,204
Total non-current liabilities		58,961	40,547
Total liabilities		75,807	53,640
Capital and reserves			
Issued capital	15	15,002	15,002
Equity settled employee benefits reserve		70,278	76,593
Retained earnings		(40,261)	(6,988)
Total equity		45,019	84,607
Total equity and liabilities		120,826	138,247

DocuSigned by:

Peter Beck

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Peter Beck

Director

26 May 2023

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.



Rocket Lab Limited

Statement of cash flows

for the year ended 31 December 2022

	Dec 2022	Dec 21
	\$000	\$000 Restated ¹
Cash flows from operating activities		
Receipts from customers and related parties	234,786	129,563
Payments to suppliers, employees and related parties	(200,999)	(115,019)
Proceeds from government grant	0	8,944
Realised currency losses	(300)	(122)
Interest paid	(60)	(17)
Income taxes paid	(1,168)	(2,201)
Net cash from operating activities	32,259	21,147
Cash flows from investing activities		
Interest received	86	55
Payments for property, plant and equipment	(24,474)	(13,888)
Proceeds from disposal of property, plant and equipment	0	2
Payments for intangible assets	(2,535)	(699)
Purchase of investment	30	(25)
Payments for held-to-maturity investments	(287)	(46)
Net cash used in investing activities	(27,179)	(14,601)
Cash flows from financing activities		
Interest on lease payments	(949)	(738)
Lease liability payments	(2,821)	(1,829)
Net cash used in financing activities	(3,770)	(2,567)
Net increase/(decrease) in cash and cash equivalents	1,309	3,979
Cash and cash equivalents at the beginning of the year	5,546	1,567
Cash and cash equivalents at the end of the year	6,855	5,546

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.



Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2022

General information

The financial statements for Rocket Lab Limited (the Company) for the year ended 31 December 2022 were authorised for issue on 26 May 2023.

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.

Significant 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 International Financial Reporting 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.

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:

	2022	2021
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 \$11.0m during the year ended 31 December 2022 (2021: \$3.75m).

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 2022

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

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.

From 1 October 2022, the Company changed the depreciation method from Diminishing Value to Straight Line to reflect the assets' future economic benefits as expected to be consumed in accordance with International Accounting Standard 16,60-61. A one-off charge of \$1.30m was taken to P&L as accelerated depreciation due to assets that had book value as at 1 October with no remaining useful lives.

Depreciation calculated on a diminishing value basis over the estimated useful lives of the assets is as follows (from 1 January - 30 September 22):

· Motor vehicles	13%-50%
· Office equipment	8%-67%
· Property improvements	2%-67%
· Plant, machinery and equipment	2%-80%
· Aircraft	10%

Depreciation calculated on a straight line value basis over the estimated useful lives of the assets is as follows (from 1 October 22):

· Motor vehicles	10%-50%
· Office equipment	5%-65%
· Property improvements	2%-50%
· Plant, machinery and equipment	3%-50%
· Aircraft	7% - 50%

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.

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 2022

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 2022, the Company estimates that the expected amount payable under the residual guarantees is nil (2021: 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: 15 - 25 years
 Software and licences: 2.5 - 8 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 2022

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 and lease 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 2022

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.

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.

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.

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.

1 Revenue

	2022 \$000	2021 \$000
		Restated¹
Research & development	20,217	9,012
Toll manufacturing services	62,286	38,878
Launch services	50,789	22,359
Management and back office services	90,662	58,292
Strategic services	10,513	1,084
Total revenue	234,467	129,625

2 Employee benefits expense

	2022 \$000	2021 \$000
Salaries	58,827	43,795
Bonuses	276	264
Staff expenses	3,261	2,366
Defined contribution expenses	1,669	1,061
Employee stock options	18,246	10,560
Total employee benefits expense	82,279	58,046

3 Other expenses

3,1 Other gains and losses

	2022 \$000	2021 \$000
Gains:		
Net foreign exchange gains	(506)	(229)
Losses:		
Net foreign exchange losses	200	344
Total other gains and losses	(306)	115

No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments.

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.



Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2022

3.2 Research and development expenses

Research and development costs expensed as incurred

2022	2021
\$000	\$000
61,573	42,849
61,573	42,849

4 Finance income and expenses

4.1 Finance income

Interest income on loans and receivables (including cash and term deposits)

Total finance income

2022	2021
\$000	\$000
86	81
86	81

4.2 Finance expenses

Interest on loans from related parties

Other interest expense

Total finance expenses

2022	2021
\$000	\$000
2,410	790
44	2
2,454	792

4.3 Interest expense for leases

Interest on obligations under finance leases

Total interest expense for leases

2022	2021
\$000	\$000
949	738
949	738

5 Income tax

5.1 Income tax recognised in profit or loss

Current tax

In respect of the current year

In respect of prior years

Total current tax expense

Deferred tax

In respect of the current year

In respect of the prior years

Total deferred tax expense/(benefit)

Total deferred tax expense recognised in the current year relating to continuing operations

2022	2021
\$000	\$000
23,860	8,906
(335)	342
23,525	9,248
1,759	(2,343)
969	250
2,728	(2,093)
26,253	7,155

5.2 Income tax recognised directly in equity

Deferred tax

Arising on transactions with owners

In respect of current year equity settled employee benefits

2022	2021
\$000	\$000
47,118	(29,537)
47,118	(29,537)

5.3 Income tax reconciliation

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

Profit before tax

Total taxable income

Effect of temporary differences that are not deductible in determining profit

Income tax expense calculated at 28%

Effect of expenses that are not deductible in determining taxable profit

Adjustments recognised in the current year in relation to the current tax of prior years

Effect of stock compensation recognised

Income tax benefit recognised in profit or loss (relating to continuing operations)

2022	2021
\$000	\$000
77,801	24,662
77,801	24,662
0	0
21,784	6,905
(18,569)	(6,793)
634	592
22,404	6,451
26,253	7,155

5.4 Deferred tax balances

Deferred tax assets

2022	2021
\$000	\$000
8,185	58,030
8,185	58,030

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.



Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2022

5.4 Deferred tax balances (continued)

Deferred tax asset recognised in

	Dec 2021 \$000	Equity \$000	Profit and loss \$000	Dec 2022 \$000
Provisions	1,243	-	744	1,987
Equity settled employee benefits reserve	56,371	(47,118)	(3,262)	5,990
Right-of-use asset	(3,542)	-	(938)	(4,480)
Right-of-use liability	3,958	-	730	4,688
Total deferred tax asset	58,030	(47,118)	(2,727)	8,185

Deferred tax asset recognised in

	Dec 2020 \$000	Equity \$000	Profit and loss \$000	Dec 2021 \$000
Provisions	1,109	-	134	1,243
Equity settled employee benefits reserve	24,925	29,537	1,909	56,371
Right-of-use asset	(3,930)	-	388	(3,542)
Right-of-use liability	4,296	-	(338)	3,958
Total deferred tax asset	26,400	29,537	2,093	58,030

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:

	2022 \$000	2021 \$000
Cash at bank	6,855	5,546
	6,855	5,546

7 Trade and other receivables

	2022 \$000	2021 \$000
Trade receivables	339	41
Government grants accrued revenue - current	5,528	3,750
Sundry receivables	56	42
	5,923	3,833

8 Other financial assets

	2022 \$000	2021 \$000
Bonds with suppliers	-	-
GST receivable	2,403	1,696
	2,403	1,696

9 Property, plant and equipment

	2022 \$000	2021 \$000
Carrying amounts of:		
Motor vehicles	212	180
Office equipment	2,215	2,257
Property improvements	22,579	16,216
Plant and equipment	15,471	13,330
Aircraft	19,024	5,050
Work in progress	4,934	14,118
	64,435	51,151

Cost	Work in progress	Motor vehicles	Office equipment	Property improvements	Plant and equipment	Aircraft	Total
Balance at 31 December 2021	14,118	563	6,048	22,963	25,068	6,227	74,987
Additions	23,601	-	-	-	1	501	24,103
Disposals	-	-	(2)	(72)	(106)	-	(180)
Transfers from WIP	(32,785)	204	1,639	10,109	5,679	15,154	-
Impairment	-	-	(2)	(529)	(119)	-	(650)
Balance at 31 December 2022	4,934	767	7,683	32,471	30,523	21,882	98,260
Accumulated depreciation and impairment							
Balance at 31 December 2021	-	383	3,791	6,747	11,738	1,177	23,836
Disposals	-	-	(2)	(135)	(95)	-	(232)
Depreciation	-	172	1,680	3,275	3,406	1,681	10,214
Impairment	-	-	-	5	3	-	8
Balance at 31 December 2022	-	555	5,469	9,892	15,052	2,858	33,826



Rocket Lab Limited
Notes to the financial statements
for the year ended 31 December 2022

10 Intangible assets

	2022	2021
	\$000	\$000
Carrying amounts of:		
Software	2,649	1,161
Resource consents	47	59
Licences	2	2
	<u>2,698</u>	<u>1,222</u>

Cost	Software	Resource consents	Licences	Total
Balance at 31 December 2021	5,187	66	13	5,266
Additions	2,537	-	-	2,537
Disposals	(29)	-	-	(29)
Impairment	(2)	-	-	(2)
Balance at 31 December 2022	<u>7,693</u>	<u>66</u>	<u>13</u>	<u>7,772</u>
Accumulated amortisation and impairment				
Balance at 31 December 2021	4,026	7	11	4,044
Disposals	(29)	-	-	(29)
Amortisation	1,047	12	-	1,059
Impairment	-	-	-	-
Balance at 31 December 2022	<u>5,044</u>	<u>19</u>	<u>11</u>	<u>5,074</u>

11 Right-of-use-assets

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

	2022	2021
	\$000	\$000
Right-of-use assets	15,768	12,671
	<u>15,768</u>	<u>12,671</u>

	Property	Equipment and Vehicles	Total
	\$000	\$000	\$000
Balance at 31 December 2021	11,951	720	12,671
Net additions/(disposals)	5,482	-	5,482
Depreciation charge for the year	(2,062)	(323)	(2,385)
Balance at 31 December 2022	<u>15,371</u>	<u>397</u>	<u>15,768</u>

12 Trade and other payables

	2022	2021
	\$000	\$000
Accounts payable	1,175	590
Sundry payables	2,102	1,375
	<u>3,277</u>	<u>1,965</u>

13 Employee benefits payable

	Kiwisaver payable	Other employee payables	Total
	\$000	\$000	\$000
Balance at 31 December 2021	104	8,881	8,985
Total charges during the year	3,177	34,164	37,341
Total payments during the year	(3,154)	(34,526)	(37,680)
Balance at 31 December 2022	<u>127</u>	<u>8,519</u>	<u>8,646</u>



Rocket Lab Limited
Notes to the financial statements
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14 Lease liabilities

	2022 \$000	2021 \$000
Maturity analysis - contractual undiscounted lease liabilities		
Less than one year	2,216	1,788
One to five years	12,670	10,163
More than five years	1,906	2,180
Total undiscounted lease liabilities	16,792	14,131

Lease liabilities included in the statement of financial position at 31 December 2022

	2022 \$000	2021 \$000
Current	2,216	1,788
Non-current	14,576	12,343
	16,792	14,131

15 Issued capital

	2022 \$000	2021 \$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

	2022 \$000	2021 \$000
Expense to date begin	28,989	18,429
Current year expense	18,246	10,560
Expense to date end	47,235	28,989

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:

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		US\$		US\$
Balance at beginning of year	9,429,144	3.28	11,526,356	0.95
Stock options granted during the year	-	-	1,093,588	0.83
Stock options forfeited during the year	(7,556)	1.09	(455,818)	(1.18)
Stock options exercised during the year	(1,839,666)	5.71	(2,722,066)	(0.94)
Stock options expired during the year	-	-	(1,180,025)	(1.03)
Employees transferred during the year	-	-	-	-
RSU granted during the year	2,916,362	5.05	1,621,612	8.55
RSU forfeited during the year	(425,250)	4.77	(454,503)	(1.84)
Balance at end of year	10,073,034	5.78	9,429,144	3.28
Exercisable at the end of the year	5,625,840	0.99	7,413,661	0.92

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 2022

17 Related party transactions and balances

Related party transactions with the Parent

	2022 \$000	2021 \$000
		Restated¹
Transfer pricing revenue from goods & services sold to Parent	242,795	140,682
Direct labour recoveries recharge	(8,328)	(11,057)
Net transfer of assets with Parent via intercompany loan	(12,558)	879
Funding received from Parent for operations	(175,368)	(108,488)
Repayment of intercompany loan via issue of share capital	-	-
Intercompany interest charged for the year	(1,886)	(690)
Stock options exercised	56,190	(29,762)
Total related party transactions with the Parent	100,845	(8,436)

Non-current related party loans

Loans from Rocket Lab USA Inc (the ultimate controlling party of the Company)

Total non-current related party loans

	2022 \$000	2021 \$000
		Restated
	44,385	28,204
Total non-current related party loans	44,385	28,204

18 Other Non-current assets

	2022 \$000	2021 \$000
Investments	30	30
Government grants accrued revenue - non-current	9,236	-
	9,266	30

19, Re-representation and prior period restatements

A reduction of \$3,750,000 in revenue has been recorded in the 2021 financial statements reflecting the RDTI credit on transfer pricing.

	2021 \$000	2021 \$000	\$000
		Restated	Movement
Statement of profit or loss and other comprehensive Income			
Revenue	133,375	129,625	3,750
Statement of changes in Equity			
Total comprehensive income for the year (Restated)	21,257	17,507	3,750
Statement of financial position			
Related party loans	24,454	28,204	(3,750)
Retained earnings	(3,238)	(6,988)	3,750
Statement of Cash flow			
Receipts from customers/related parties	133,313	129,563	3,750
Payments to suppliers and employees	(118 769)	(115 019)	(3,750)
Notes:			
Note 1 Revenue			
Research & development	12,762	9,012	3,750
Note 5.3 Income Tax Reconciliation			
Profit/(loss) before tax	28,412	24,662	3,750
Income tax expense calculated at 28%	7,955	6,905	1,050
Effect of expenses that are not deductible in determining taxable profit	(7,843)	(6,793)	(1,050)
Note 17 Related party transactions and balances			
Transfer pricing revenue from goods & services sold to Parent	144,432	140,682	3,750

20 Compensation of key management personnel

The remuneration of the Director and other members of key management personnel during the year ended 31 December 2022 was \$2,118,430 (2021: \$788,000).

21 Capital commitments

The Company had no material capital commitments at 31 December 2022 (2021: Nil).

22 Contingent liabilities

The Company had no material contingent liabilities at 31 December 2022 (2021: Nil).

23 Events after the reporting period

There were no events after the reporting period that would materially affect the financial statements.

¹ For details on the impact of prior period restatement refer to Note 19 *Re-representations and prior period restatements*.

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 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 3 to 16, present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting 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 at 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
26th May 2023