



Rocket Lab USA, Inc.

Q3 2023 INVESTOR UPDATE

November 8th, 2023

rocketlabusa.com



FORWARD LOOKING STATEMENTS

Forward Looking Statements

This presentation may contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, contained in this press release, including statements regarding our expectations of financial results for the fourth quarter of 2023, strategy, future operations, future financial position, projected costs, prospects, plans and objectives of management, are forward-looking statements. Words such as, but not limited to, “anticipate,” “aim,” “believe,” “contemplate,” “continue,” “could,” “design,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “suggest,” “strategy,” “target,” “will,” “would,” and similar expressions or phrases, or the negative of those expressions or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on Rocket Lab’s current expectations and beliefs concerning future developments and their potential effects. These forward-looking statements involve a number of risks, uncertainties (many of which are beyond Rocket Lab’s control), or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Many factors could cause actual future events to differ materially from the forward-looking statements in this release, including risks related to delays and disruptions in expansion efforts; delays in the development of our Neutron rocket; our dependence on a limited number of customers; the harsh and unpredictable environment of space in which our products operate which could adversely affect our launch vehicle and spacecraft; increased competition in our industry due in part to rapid technological development; technological change in our industry which we may not be able to keep up with or which may render our services uncompetitive; average selling price trends; general economic uncertainty and turbulence which could impact our customers’ ability to pay what we are owed; failure of our launch vehicles, spacecraft and components to operate as intended either due to our error in design in production or through no fault of our own; launch schedule disruptions; supply chain disruptions, product delays or failures; design and engineering flaws; launch failures; natural disasters and epidemics or pandemics; any inability to effectively integrate recently acquired assets; a US government shutdown or delays in government funding; changes in governmental regulations including with respect to trade and export restrictions, or in the status of our regulatory approvals or applications; or other events that force us to cancel or reschedule launches, including customer contractual rescheduling and termination rights; risks that acquisitions may not be completed on the anticipated time frame or at all or do not achieve the anticipated benefits and results; and the other risks detailed from time to time in Rocket Lab’s filings with the Securities and Exchange Commission (the “SEC”), including under the heading “Risk Factors” in Rocket Lab’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on March 7, 2023, and elsewhere. There can be no assurance that the future developments affecting Rocket Lab will be those that we have anticipated. Except as required by law, Rocket Lab is not undertaking any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

To supplement our unaudited consolidated financial statements presented on a basis consistent with GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross margin, operating expenses, research and development expenses, and non-GAAP net selling, general and administrative expenses. These supplemental measures exclude the effects of (i) stock-based compensation expense; (ii) amortization of purchased intangible assets; (iii) other non-recurring interest and other income (expenses), net attributable to acquisitions; (iv) non-cash income tax benefits and expenses (v) depreciation; (vi) transaction costs; (vii) change in fair value of liability classified warrants; (viii) change in fair value of contingent consideration; (ix) performance reserve escrow; (x) amortization of inventory step-up; (xi) provision for income taxes; (xii) loss on foreign exchange; (xiii) accretion of marketable securities purchased at a discount; (xiv) loss on disposal of assets; and (xv) employee retention credit. We also supplement our unaudited historical statements and forward-looking guidance with the measure of adjusted EBITDA, where adjustments to EBITDA include share-based compensation, warrant expense related to customers and partners, foreign exchange gains or losses, and other non-recurring gains or losses. These non-GAAP measures should only be viewed in conjunction with corresponding GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of our performance. Non-GAAP financial measures are not in accordance with and do not serve as an alternative for the presentation of our GAAP financial results. We are providing this information to enable investors to perform more meaningful comparisons of our operating results in a manner similar to management’s analysis of our business. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our GAAP results of operations. We encourage investors to review the detailed reconciliation of our GAAP and non-GAAP presentations in our Earnings Release dated November 8, 2023. We have not provided a reconciliation for the forward-looking non-GAAP financial measures because, without unreasonable efforts, we are unable to predict with reasonable certainty the amount and timing of adjustments that are used to calculate these non-GAAP financial measures, particularly related to stock-based compensation and its related tax effects.

TODAY'S PRESENTERS



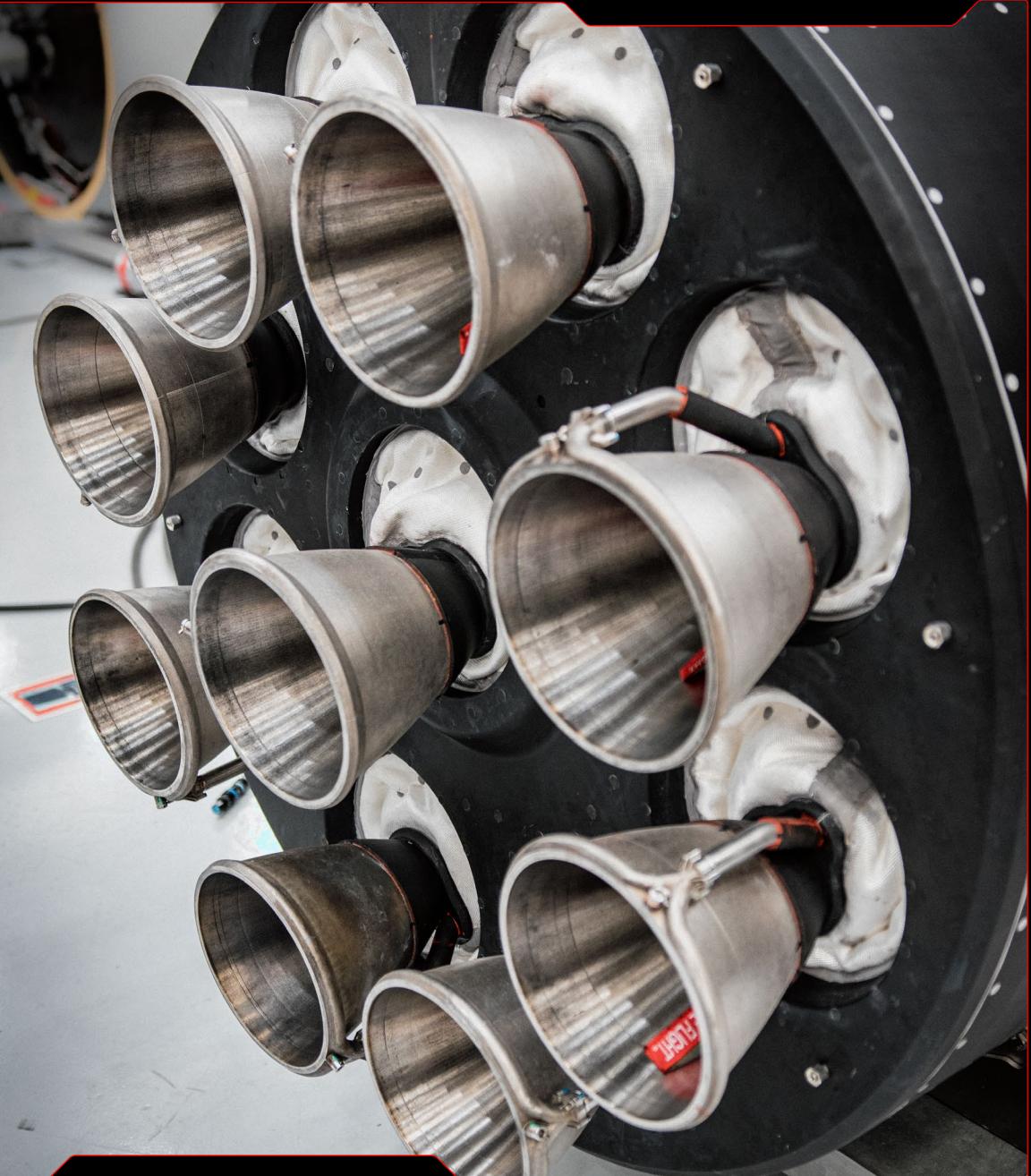
Peter Beck
Founder, Chief Executive Officer, Chief Engineer



Adam Spice
Chief Financial Officer

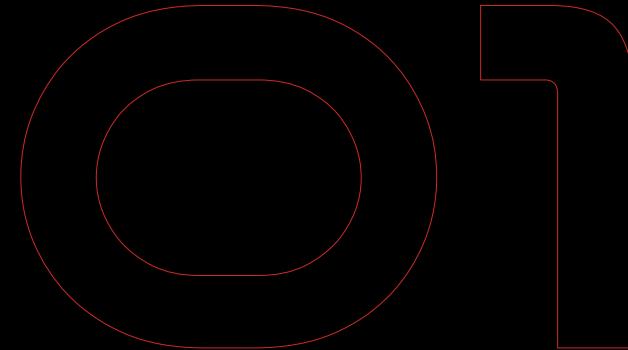
AGENDA

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- 1 Key Accomplishments Q3 2023
 - 2 Interim Accomplishments Q4 2023
 - 3 Financial Highlights and Outlook
 - 4 Q&A and Upcoming Events
-





SECTION



KEY
ACCOMPLISHMENTS
Q3 2023

TWO SUCCESSFUL LAUNCHES IN Q3

Successful back-to-back recovery missions, with two first stages returned to Earth under parachute and the first successful use of a pre-flown engine.



CUSTOMERS: NASA, SFL, Spire
DEPLOYED: 7 Satellites

In addition to the primary mission of deploying seven satellites to orbit, Rocket Lab completed a successful ocean splashdown and recovery of Electron's first stage.



CUSTOMERS: Capella Space
DEPLOYED: 1 Satellite

Our 40th Electron launch. The mission included several achievements for Rocket Lab's reusability program, including an ocean splashdown of the rocket's first stage and the successful flight of a previously-flown Rutherford engine for the first time.

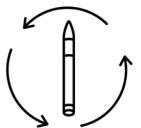


ELECTRON UPDATE

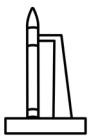
Rocket Lab's investigation into the anomaly that occurred during its 41st Electron launch is extensive.



Approval received from the FAA to resume Electron launches from Launch Complex 1.



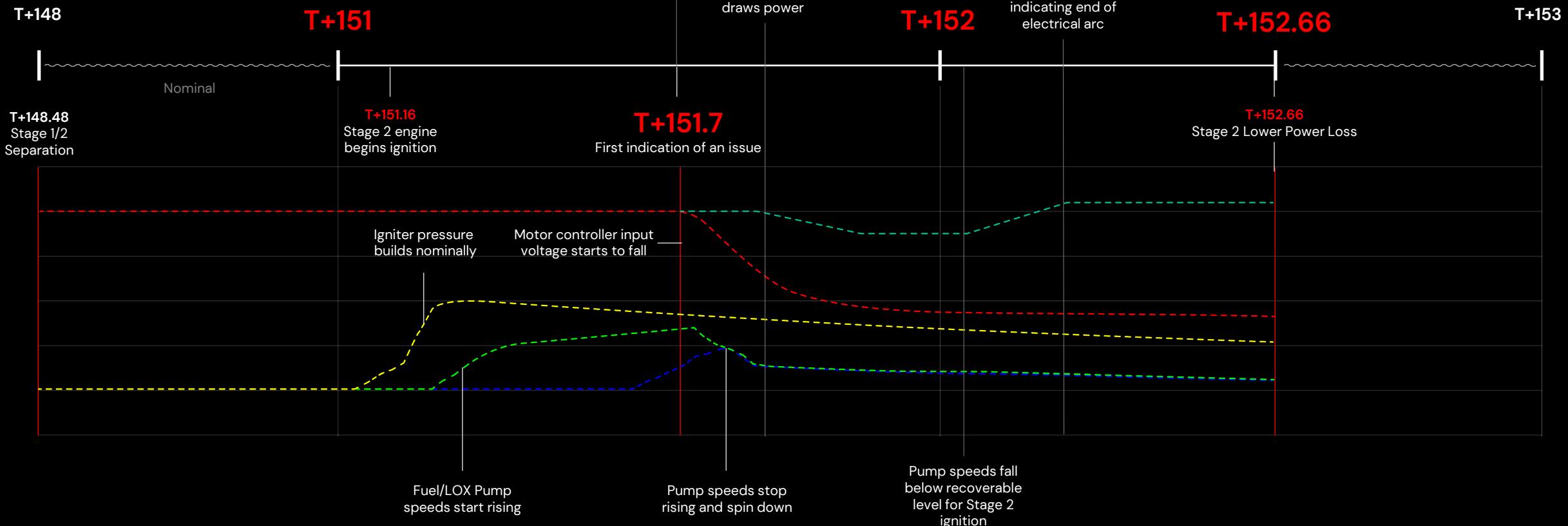
A review into the anomaly's root cause is in its final stages and is expected to be completed in the coming weeks, with Electron's return to flight scheduled during a launch window that opens November 28th, 2023, and extends into December.



With a factory full of rockets, launch pads ready & an experienced team, we're poised to resume launches and deliver on a busy manifest as soon as corrective measures are in place.

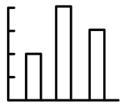


ONLY 1.6 SECONDS OF ANOMALY DATA



THE INVESTIGATION

Extensive analysis of the mission's manufacturing, test, and flight data completed over 7+ weeks.



12,000+ data channels to draw from and more than 200 sub investigations launched. Optical triangulation and image processing completed to identify the location of the anomaly.

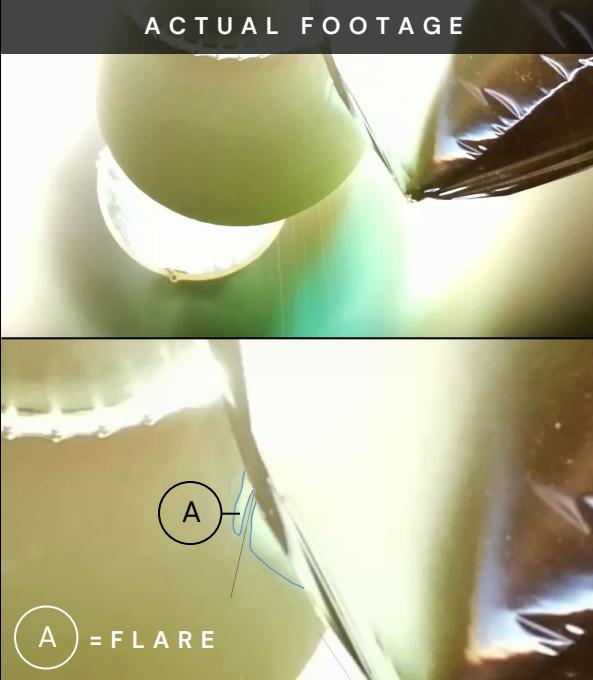


We believe our findings overwhelmingly indicate that an electrical arc occurred within the power supply system that provides high voltage to the Rutherford engine's motor controllers, shorting the battery packs which provide power to the launch vehicle's second stage.

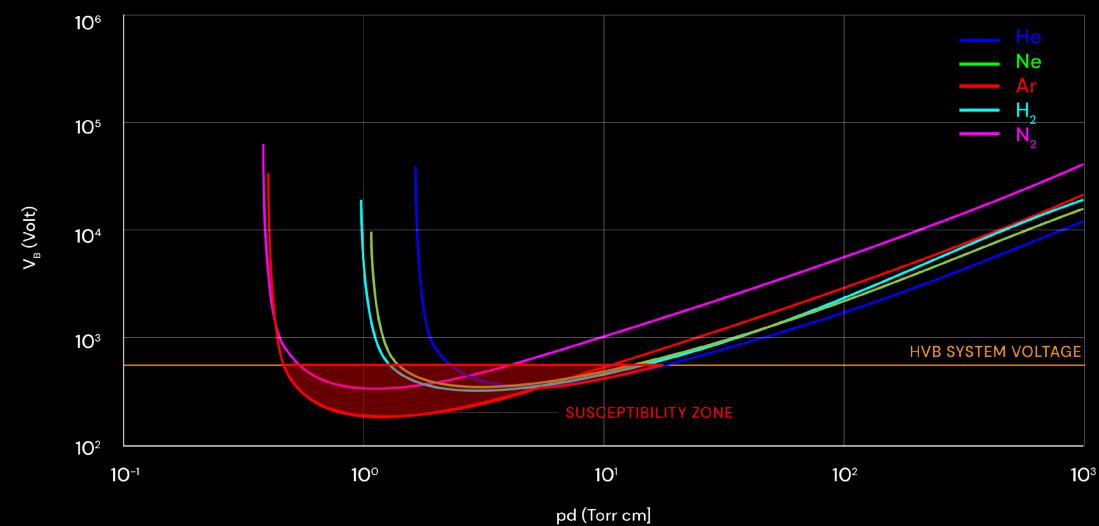
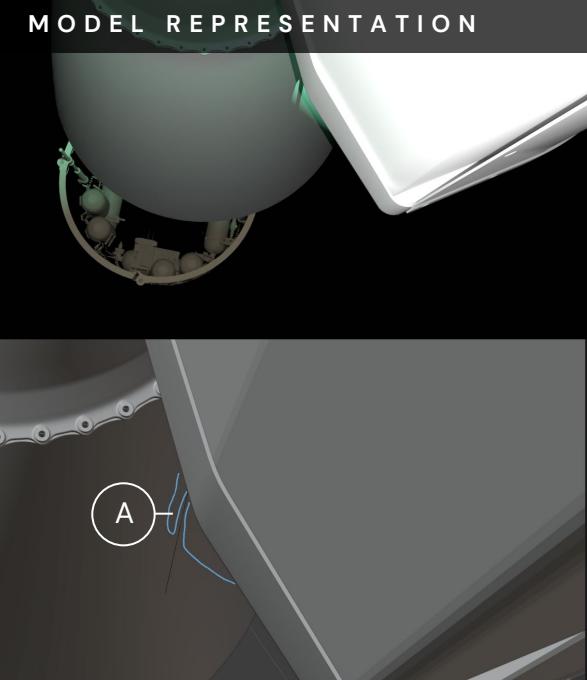


The most probable root cause of the arc was a unique and unusual interaction of conditions including: the phenomenon of the Paschen Law, where the ability of electrical arcs to form is greatly exacerbated in partial vacuum; a superimposed alternating current (AC) over the direct current (DC) high voltage supply; a small concentration of helium and nitrogen; and an imperceptible fault in the insulation of the high voltage loom.

ACTUAL FOOTAGE



MODEL REPRESENTATION



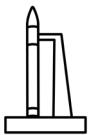
CORRECTIVE MEASURES AND RETURN TO FLIGHT



Rocket Lab expects to formally close its anomaly investigation in the coming weeks.



Implemented redundancies include increased fidelity to vacuum testing involving higher-sensitivity instruments at the component and stage level, and a hardware modification to fully enclose and pressurize the power supply system to remove the high voltage system's Paschen Curve susceptibility.



Electron will return to launch with a dedicated mission for iQPS during a launch window that opens on November 28th, 2023, and extends into December.





ELECTRON MANIFEST

2024



22 MISSIONS BOOKED IN 2024

Q1

5 launches



Q2

6 launches



Q3

3 launches



Q4

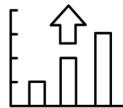
8 launches



ELECTRON MAKING PROFITABILITY PROGRESS



Electron's build rate continues to increase alongside recent acquisitions and continuous improvement in automation across our manufacturing processes.



At 27% GAAP Launch Gross Margin in Q3, 2023, we continue to make progress towards our profitability targets for Electron.





SECTION



ADDITIONAL ACCOMPLISHMENTS

After September 30, 2023

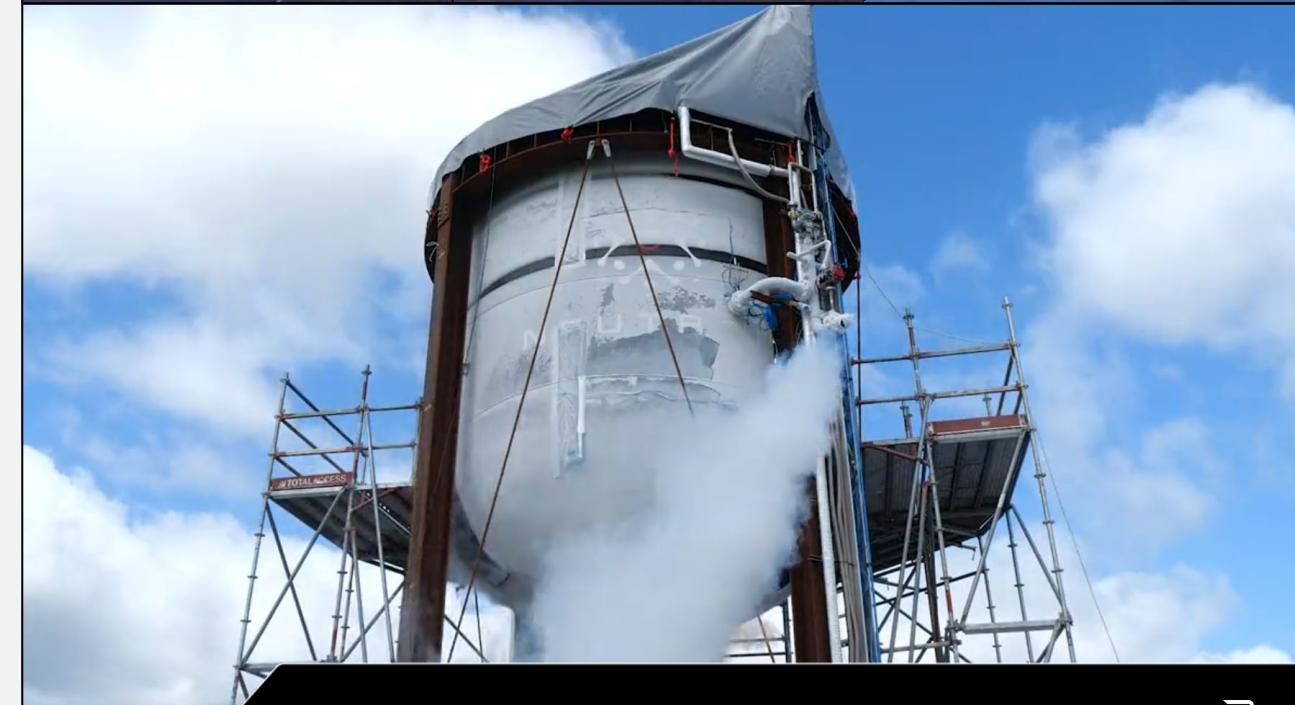
MAJOR NEUTRON TANK MILESTONE ACHIEVED



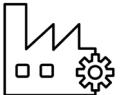
Stage 2 structural & cryogenic test campaign completed, including hydrostatic, cryogenic, and leakage test sequences.



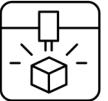
More than 15 Electrons-worth of liquid nitrogen was used in the testing, with pressure testing exceeding the tank's Maximum Expected Operating Pressure (MEOP) at more than 7x atmospheric pressure.



NEXT NEUTRON TANKS & STRUCTURES BEING BUILT



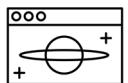
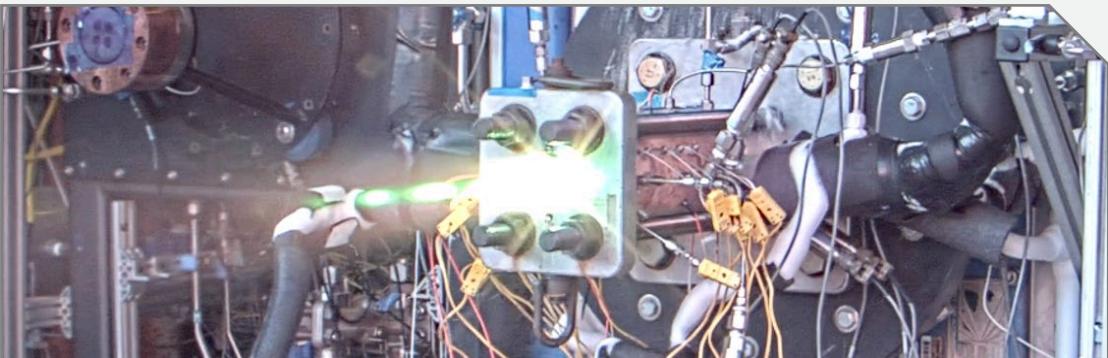
Following the successful tank test, the next full-scale Neutron parts production – including tanks, first stage fixed fairing, and other critical components – is underway.



The next Neutron second stage tank test is scheduled to take place in the first half of 2024.



ARCHIMEDES EXECUTES CRITICAL METHANE/LOX COMBUSTION TEST



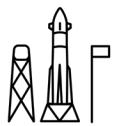
Achieved target pressures and a range of flight-like mixture ratios of Methane & LOX in Archimedes combustion devices testing.



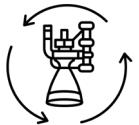
Producing full-scale Archimedes hardware and full assemblies for upcoming development and propulsion tests.



KEY INFRASTRUCTURE SCALING QUICKLY TO SUPPORT SCHEDULE



Launch Complex 3 groundworks complete ahead of construction start on launch pad, facilities & support services.



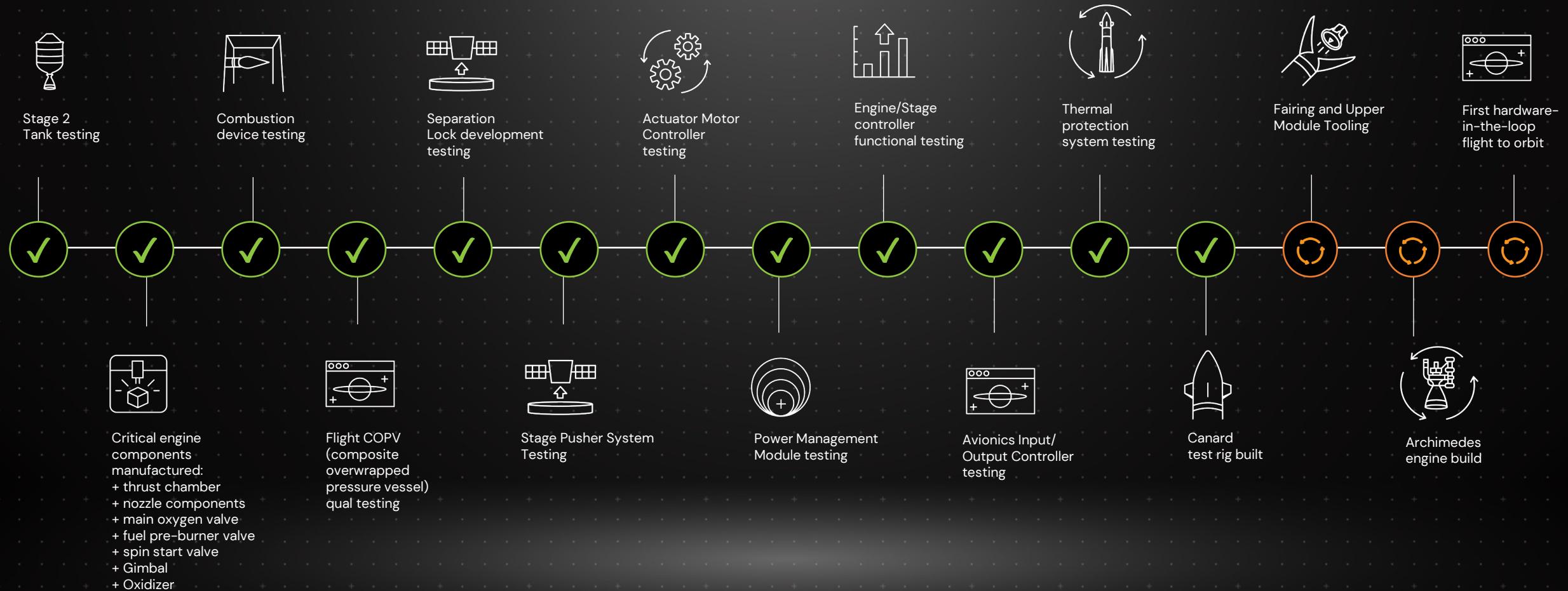
New engine development complex opened in Long Beach, California for development & production of Archimedes engine for Neutron.



Site improvements underway at Stennis ahead of Archimedes engine testing & qualification phase.



CRITICAL NEUTRON DEVELOPMENT MILESTONES ACHIEVED IN Q3



HASTE SHOWING STRENGTH IN BOOKINGS

7

Secured seven HASTE launch contracts with prime hypersonic defense customers in six months.

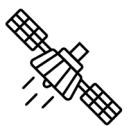


Latest contract: a HASTE mission from Virginia for the Defense Innovation Unit (DIU) to deploy a scramjet-powered suborbital payload by Australian company Hypersonix.

Launch scheduled from Q1, 2025.

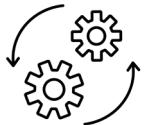


END-TO-END SATELLITE MANUFACTURING

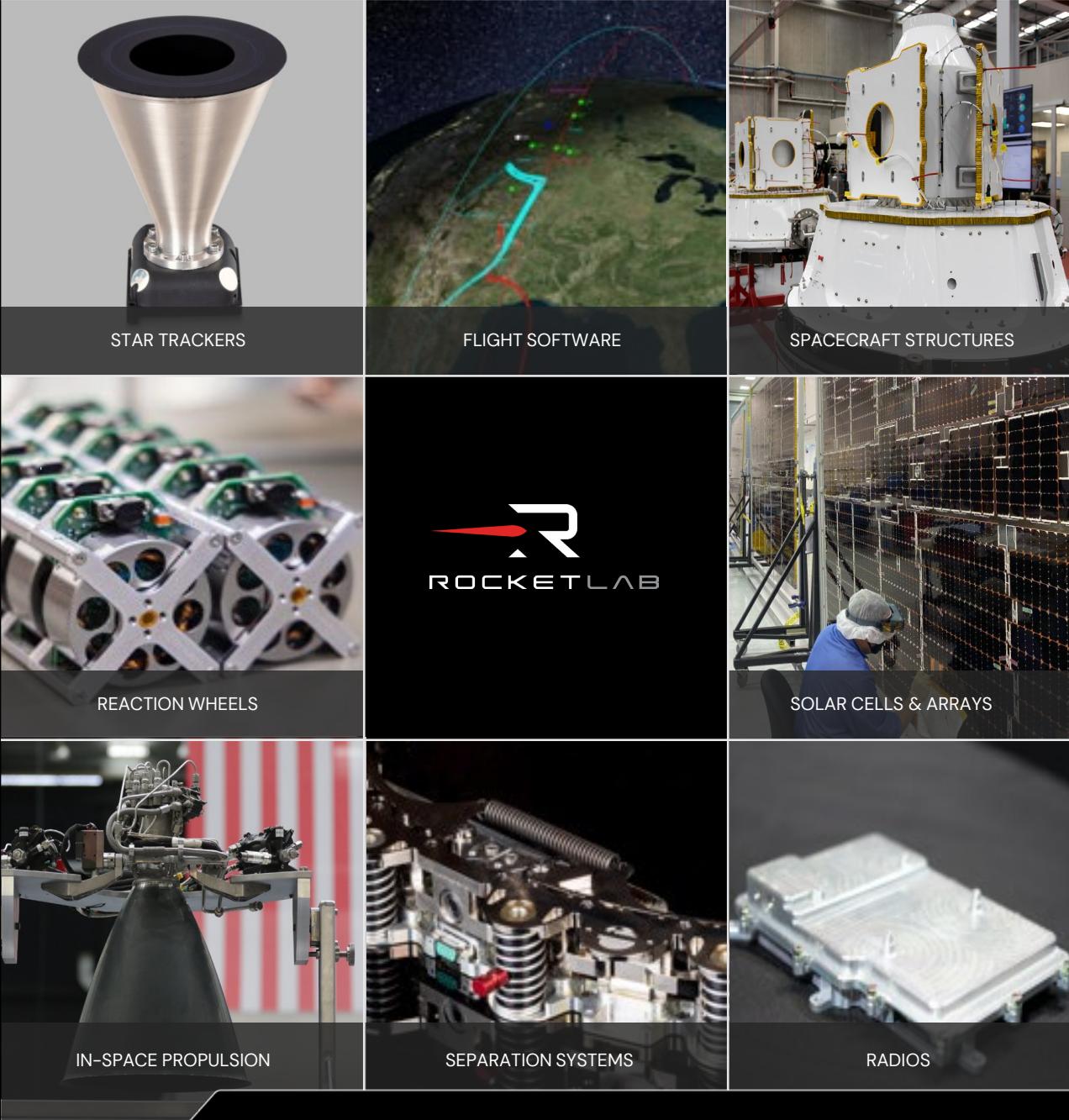


New spacecraft order for a confidential constellation customer includes full-suite of Rocket Lab space systems products:

- Star Trackers
- Reaction Wheels
- Solar Panels
- Separation System
- S-band and L-band radios
- Flight Software
- Ground Software
- Mission Operations



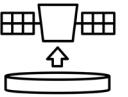
New spacecraft joins Rocket Lab satellite production backlog that includes Varda, NASA ESCAPEADE, and LOXSAT missions as well as \$143m contract for Globalstar's 17 spacecraft.



GLOBALSTAR PRODUCTION ON SCHEDULE



We invoiced two significant milestones as part of the \$143m contract with the completion of the spacecraft's final design and delivery to MDA of a structural thermal model.



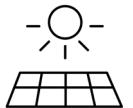
Assembly and integration of Rocket Lab-produced solar panels continues ahead of delivery of the first of 17 spacecraft to MDA in Q1 2024.



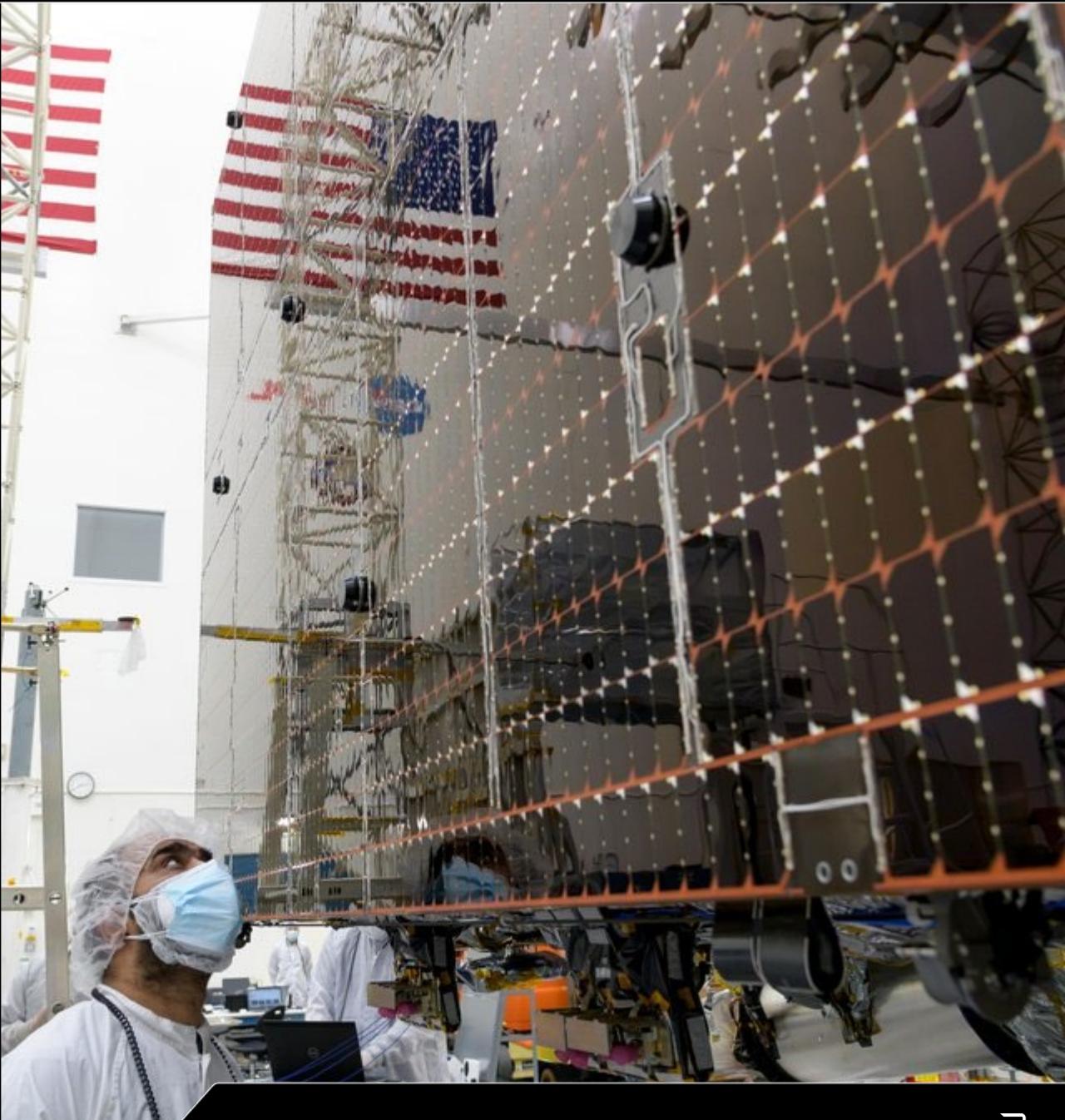
ROCKET LAB SOLAR PANELS POWERING LATEST NASA DEEP SPACE MISSION



NASA's Psyche mission successfully deployed and now on its six-year journey to reach the Psyche asteroid.



Rocket Lab supported the mission with largest ever solar panels installed on a spacecraft at NASA's Jet Propulsion Laboratory.



LT. GEN. (RET) NINA ARMAGNO ADDED TO BOARD OF DIRECTORS



35+ years in leadership positions across the U.S. Air Force and U.S. Space Force.



First lieutenant general officer appointed to, and Director of Staff for, the U.S. Space Force, establishing the United States' first new military branch in 72 years. Previously commanded the 30th and 45th Space Wings, the 21st Operations Group, and the 6th Space Warning Squadron.



Lt. Gen. Armagno brings wealth of knowledge in space operations and national defense to the Rocket Lab Board of Directors.





SECTION



FINANCIAL HIGHLIGHTS AND OUTLOOK

REVIEW OF REVENUE AND GROSS MARGIN

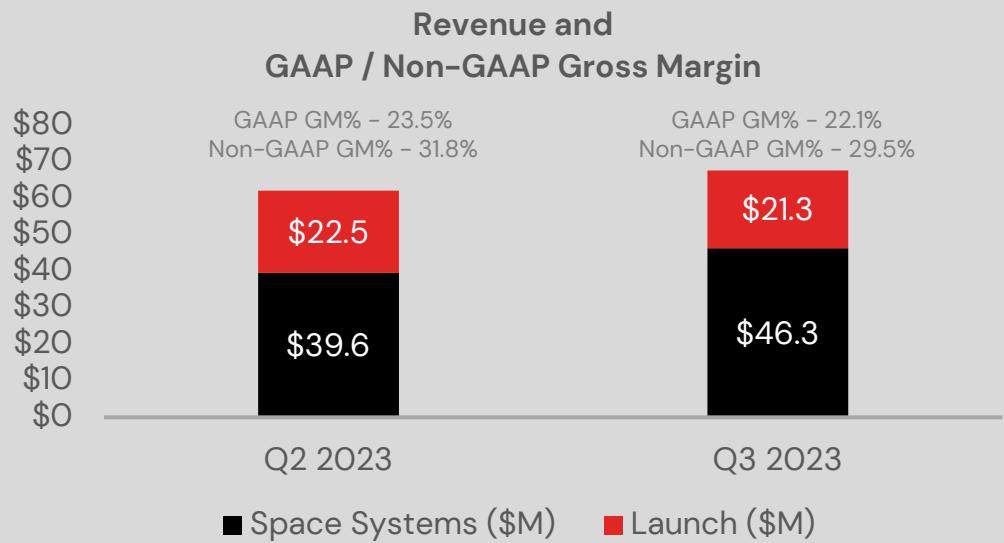
Quarter-on-Quarter

\$68M

Revenue in Q3 2023

9 %

Quarter-on-Quarter revenue increase



Sequential revenue increase of 9%, or \$5.6M, driven by growth in our satellite business, primary owing to a step up in our MDA contract revenue, partially offset by reduction across a range of our components businesses and slightly less favorable launch pricing mix.

Gross margin decrease was driven by a one-time favorable release of a \$4.1M launch loss-reserve in Q2; this was partially offset by efficiency improvements in our satellite bus and launch businesses.

REVIEW OF BACKLOG

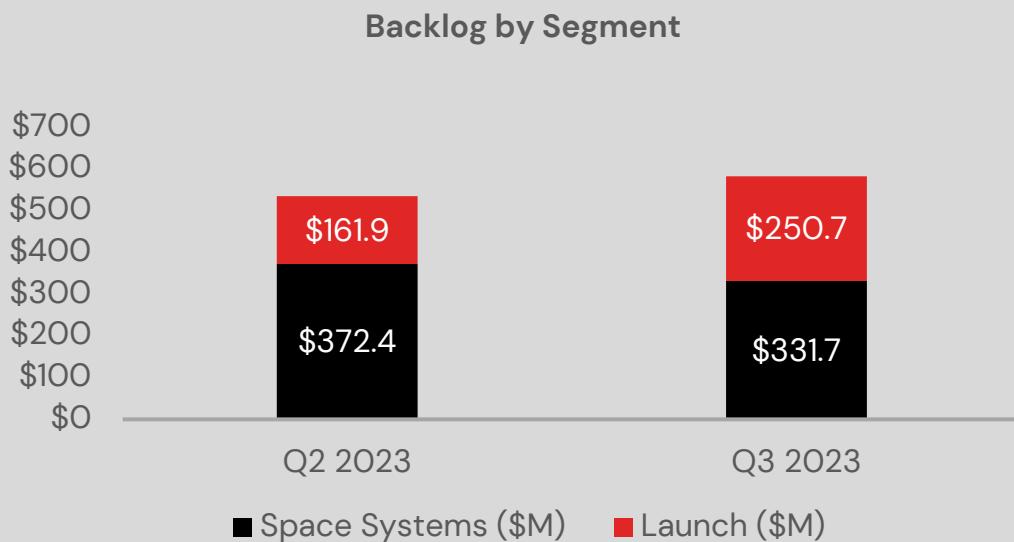
Quarter-on-Quarter

\$582M

Backlog as of Q3 2023 end

9%

Quarter-on-Quarter backlog increase

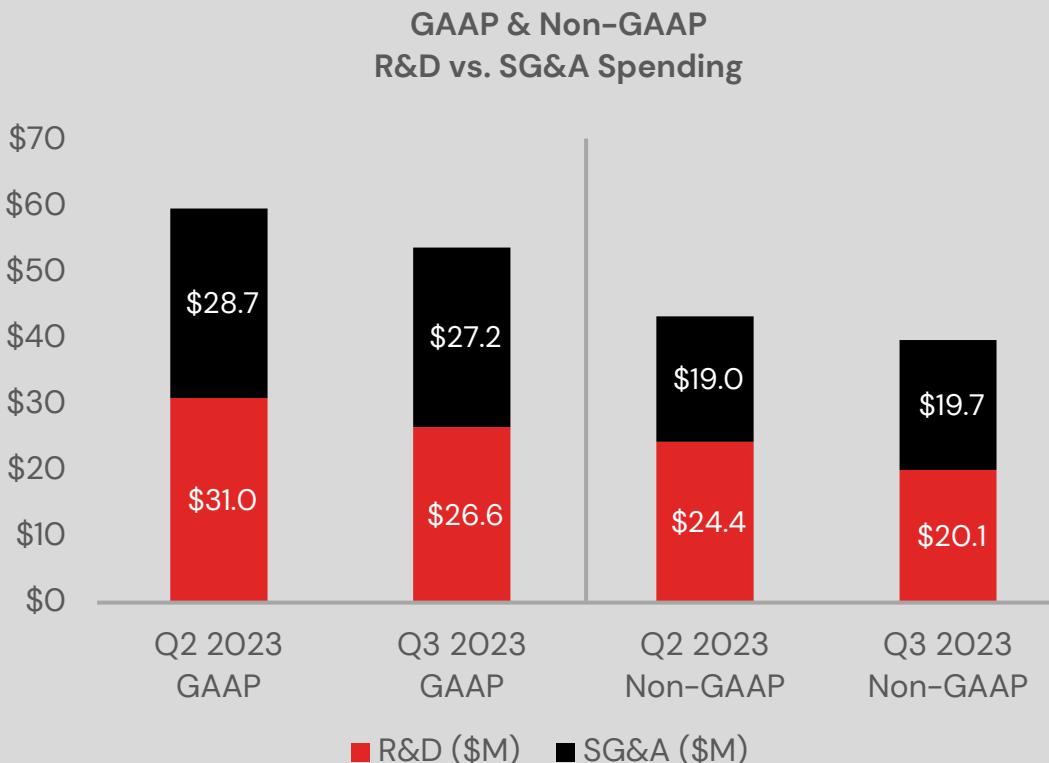


Sequential backlog increase of 9%, or \$48.1M, driven by healthy bookings in our Launch business across returning commercial and HASTE customers, partially offset by declines in Space Systems backlog due to sequential growth in revenue recognized in the quarter against Space Systems backlog, and the nonlinear nature of closing larger Space Systems contracts.

We expect approximately 57% of this backlog to be recognized within 12 months with the remaining 43% to be recognized beyond 12 months.

REVIEW OF OPERATING EXPENSES

Quarter-on-Quarter



GAAP SG&A expense decreased primarily due to a decrease in the change in contingent consideration related to our Planetary Systems Corporation acquisition.

Non-GAAP SG&A expense increased modestly due to increases in headcount and depreciation and amortization expenses.

GAAP R&D expense decreased due to increased contra R&D credits related to Neutron upper stage development agreement with the Space Force, partially offset by a step up in Neutron development spending.

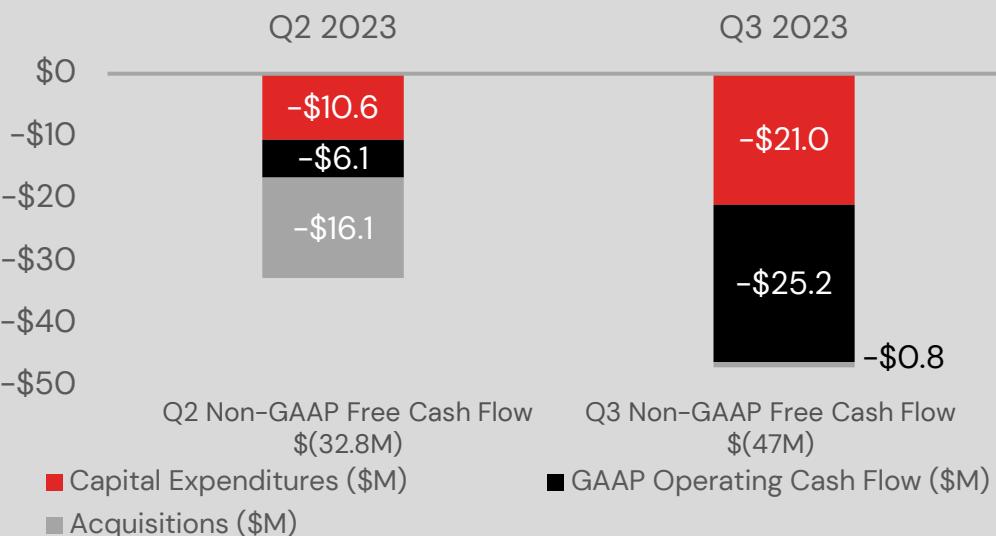
Non-GAAP R&D expense decreased due to above items.

ENDING CASH AND NON-GAAP FREE CASH FLOW METRICS

Quarter-on-Quarter

\$374M in cash and cash equivalents, marketable securities and restricted cash, end of period in Q3 2023.

Non-GAAP Free Cash Flow Activities (+ Acquisitions)



Note: Non-GAAP free cash flow is defined as GAAP operating cash flow reduced by purchases of property, equipment and software.

Cash consumed from Capital Expenditures increased \$10.4M sequentially, due to continued investment in Neutron research, testing and production infrastructure along with expansion of our satellite production and solar capacity.

Cash consumed from Operations increased \$19.1M sequentially, driven primarily by timing of receipts and payments related to our satellite manufacturing business.

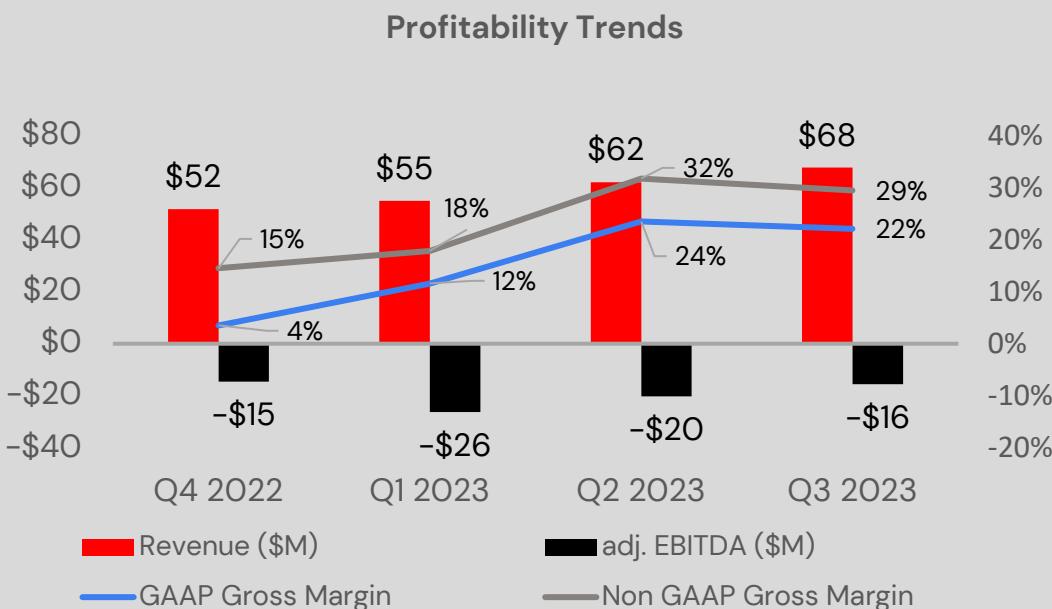
Cash consumed by asset acquisition and business combinations was reduced by \$15.3M sequentially, after most of the Virgin Orbit asset acquisition cost was realized during Q2.



PROFITABILITY TRENDS

Trailing Four Quarter

Revenue growth and gross margin expansion are driving meaningful improvements in the model.



Improving gross profit trends are helping to close the gap to adjusted EBITDA break-even, a key milestone for Rocket Lab.

We expect gross margins to continue to improve over time thanks to better revenue scale, production efficiencies, and contract mix.

Attaining adjusted EBITDA breakeven is dependent on above factors, as well as the pace of Neutron-related investment; Rocket Lab's existing business is a proven financial model.

Consistent with past practice, we have defined adjusted EBITDA to reflect adjustments for stock-based compensation, transaction costs, depreciation and amortization, FX gains and losses, interest expense, warrant expense, taxes, acquisition related performance reserve escrow, and other recurring and non-recurring items. A reconciliation of our GAAP and non-GAAP presentations in our Earnings Release dated November 8, 2023

FINANCIAL OUTLOOK

Q4 2023 Revenue Outlook

- Expect revenue to range between **\$65 million to \$69 million.**
- Expect Space Systems revenue of **\$48.5 million to \$52.5 million.**
- Currently planning for two launches and anticipate Launch Services revenue of approximately **\$16.5 million.**

Q4 2023 GAAP and Non-GAAP Gross Margins

- Expect **GAAP gross margin to range between 24 – 26%,** driven by favorable mix between Launch and Space Systems and favorable mix within Space Systems.
- Expect **Non-GAAP gross margin of 30 – 32%.**

Q4 2023 GAAP and Non-GAAP Operating Expense

- Expect GAAP Operating Expenses of **\$61 million to \$63 million.***
- Expect Non-GAAP Operating Expenses of **\$50 million to \$52 million.**

Q4 2023 Adjusted EBITDA

- Expect Interest Expense (Income), net: **\$2 million.**
- Adjusted EBITDA loss of **\$23 million to \$27 million.****
- Basic Weighted Average Shares Outstanding of **487 million.**

Q1 2024 Revenue Outlook

- Expect revenue range between **\$95 million to \$105 million.**
- Expect Space Systems revenue of **\$65 million to \$68 million.**
- Currently planning four to five launches and anticipate Launch Services revenue between **\$30M to \$37 million.**

*We do not include in the guidance any impacts from change in the fair value of contingent considerations related to recent acquisitions.

**Consistent with past practice, we have defined adjusted EBITDA to reflect adjustments for stock-based compensation, transaction costs, depreciation and amortization, FX gains and losses, interest expense, warrant expense, taxes, acquisition related performance reserve escrow, and other recurring and non-recurring items.



UPCOMING INVESTOR EVENTS

STIFEL

**Stifel Midwest 1x1
Conference**

November 9, 2023

Adam Spice
CFO



**Roth New York
Technology
Conference**

November 15, 2023

Adam Spice
CFO

Deutsche Bank

**Deutsche Bank Space
Summit**

November 15, 2023

Adam Spice
CFO

Morgan Stanley

**Morgan Stanley Space
Summit**

December 5, 2023

Richard French
Business Development and
Strategy



Bank of America

**Bank of America Virtual
STARS Summit**

December 15, 2023

Peter Beck
CEO

