

FY

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2022

# Business Update



This presentation contains “forward-looking” statements within the meaning of the federal securities laws, and these statements involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, statements regarding our financial outlook, product development, distribution, and pricing, expected benefits of and applications for our software platforms, business strategy and plans (including strategy and plans relating to our sales and marketing efforts, sales force, partnerships, and customers), investments in our business, market trends and market size, expectations regarding any current or potential customers, partnerships, or other business relationships or initiatives, opportunities (including growth opportunities), our expectations regarding our existing and potential investments in, and commercial contracts with, various entities, our expectations regarding macroeconomic events, and positioning, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “guidance,” “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “plan,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” and variations of these terms or the negative of these terms and similar expressions. You should not put undue reliance on any forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to risks detailed in our filings with the Securities and Exchange Commission (the “SEC”). You can locate these reports on our investor relations website ([investors.palantir.com](http://investors.palantir.com)) or on the SEC website ([www.sec.gov](http://www.sec.gov)). If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. Except as required by law, we assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations.

We use the non-GAAP financial measures adjusted free cash flow; adjusted gross profit and adjusted gross margin; billings; adjusted operating income and adjusted operating margin; adjusted earnings per share (“EPS”), diluted; and adjusted expenses to help us evaluate our business, identify trends affecting our business, formulate business plans and financial projections, and make strategic decisions. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Further, these metrics have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statements of operations. Thus, these non-GAAP financial measures should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP. We compensate for these limitations by providing reconciliations of these non-GAAP financial measures to the most comparable GAAP measures. We encourage investors and others to review our business, results of operations and financial information in its entirety, not to rely on any single financial measure, and to view these non-GAAP financial measures in conjunction with the most directly comparable GAAP financial measures.

This presentation may contain statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

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This presentation may refer to various growth rates when discussing our business. These rates reflect year-over-year comparisons unless otherwise stated.

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By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of such information, including the potential future performance of our business.

## Q4 2022 Highlights

→ We achieved GAAP net income profitability for the first time in our company's history

→ GAAP earnings per share ("EPS") of \$0.01

→ Revenue grew +18% Y/Y to \$509 million in Q4 2022

→ Our US government ("USG") revenue grew +22% Y/Y to \$225 million in Q4 2022

→ Adjusted operating margin of +22% in Q4 2022

→ 261 deals closed, up +20% Y/Y from 217 a year ago

Q4 2022 net income was \$31 million, which reflects, among other things, \$13 million of interest income, losses on marketable securities of \$11 million, and a \$44 million gain from the step-acquisition of our Palantir Japan joint venture. Please see our Q4 2022 earnings release, including financial statements, and accompanying webcast at [investors.palantir.com](https://investors.palantir.com) for more information.

Adjusted operating margin excludes stock-based compensation and related employer payroll taxes. Please see the appendix for reconciliations of this and other non-GAAP financial measures to the most directly comparable GAAP measures.

## FY 2022 Highlights

- Our US business grew +32% Y/Y to \$1.2 billion in FY 2022
- US commercial revenue grew +67% Y/Y in FY 2022
- Revenue grew +24% Y/Y to \$1.9 billion in FY 2022
- Customer count increased +55% Y/Y to 367, up from 237 a year ago
- Adjusted operating margin of +22% in FY 2022
- 976 deals closed, up +61% Y/Y from 605 a year ago

Thank you to our FoundryCon US 2023 speakers.



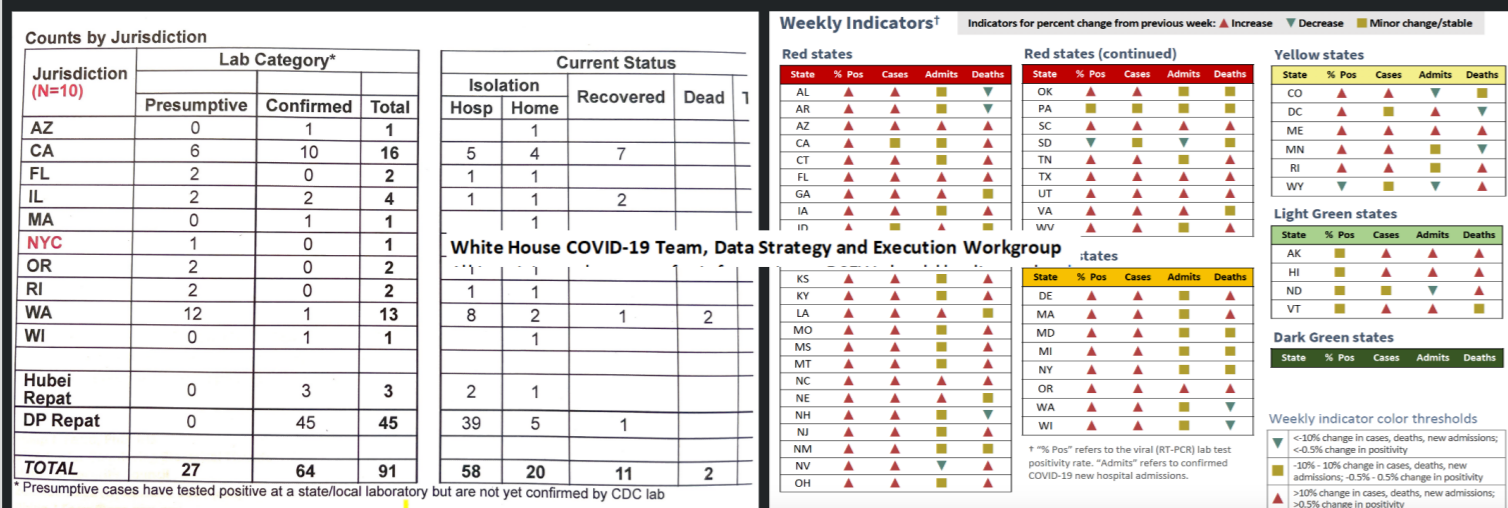


We went from that simple sheet to a comprehensive data analysis with data streams from every state, every hospital, every laboratory within a matter of weeks.

Dr. Deborah Birx  
Senior Fellow, George W. Bush Institute

→ 2/1/2023

We went from A to B in a few weeks...



A

B

<https://healthdata.gov/Health/COVID-19-Community-Profile-Report>



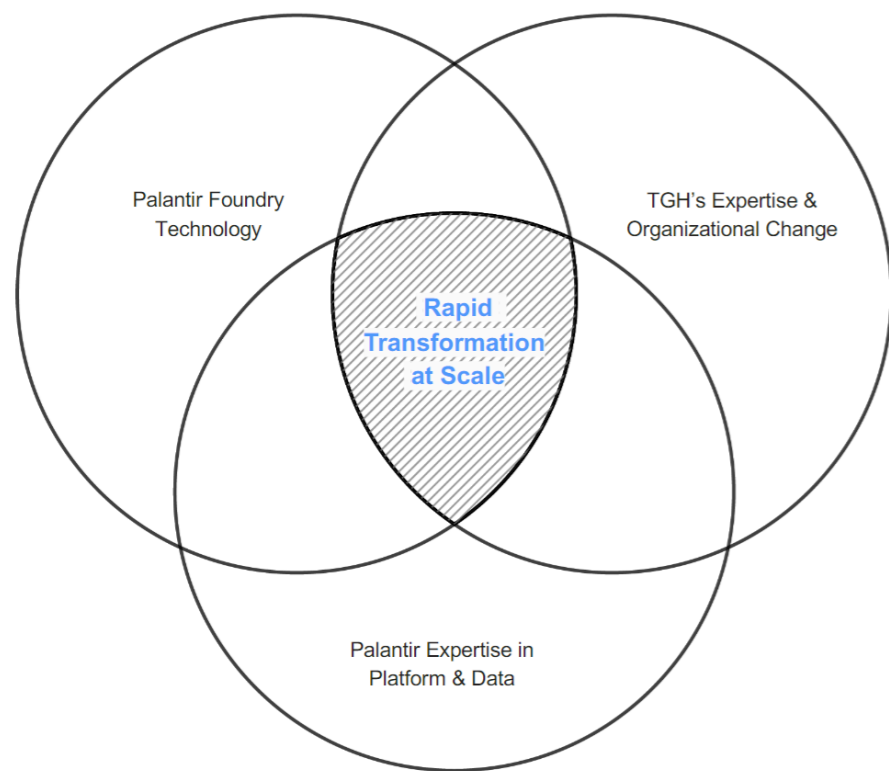


These analytic applications allow folks to interact with the data, update the data and then write those changes back to the source systems. And that to me is a real differentiator for Foundry.



Brian Hammond  
CTO, Tampa General Hospital

→ 2/1/2023





It's currently the largest investment we've made outside of physical infrastructure. But in the end, we've always believed that in order to be the best, you have to partner with the best.



Paul DiGiovanni → 2/1/2023  
Founder and CEO, Integrity Tool & Mold

FOUNDATIONAL SOFTWARE OF TOMORROW. DELIVERED TODAY.  
©2023

# Pursuing Peak Performance

Driving Digital Transformation in Custom Manufacturing



FoundryCon US<sup>23</sup>

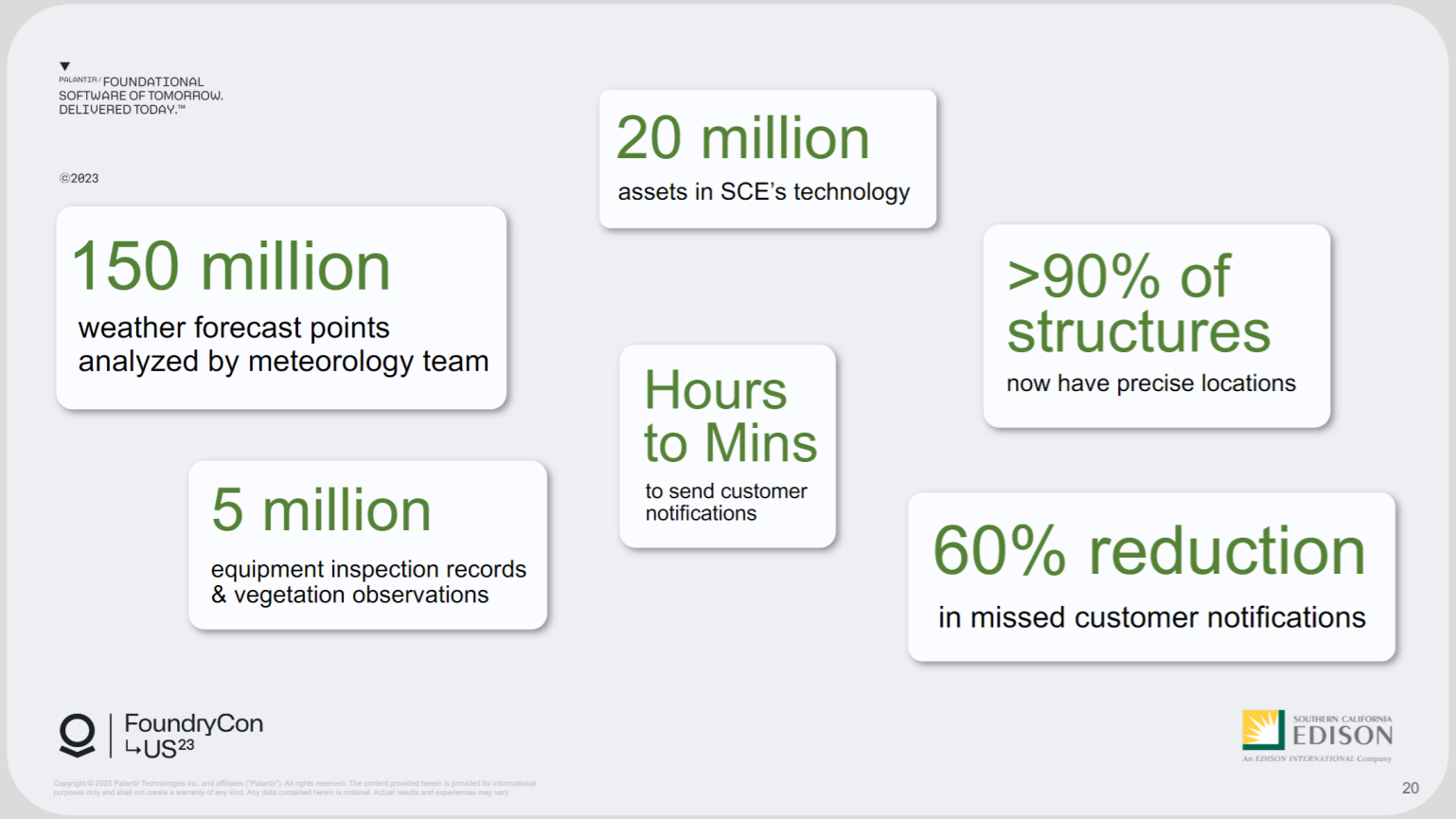




...we're moving from hardware-defined to software-defined, and that means the potential is unlimited...all these things aren't sort of being dreamed up. They're actually happening right now.

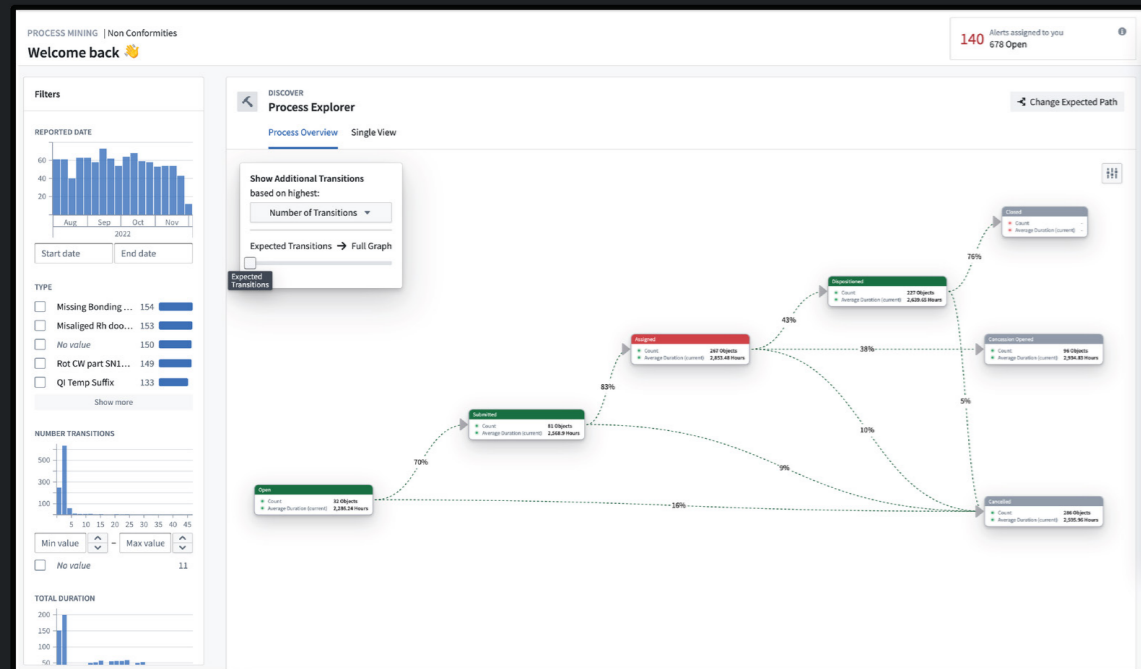


Todd Inlander → 2/1/2023  
CIO, Southern California Edison

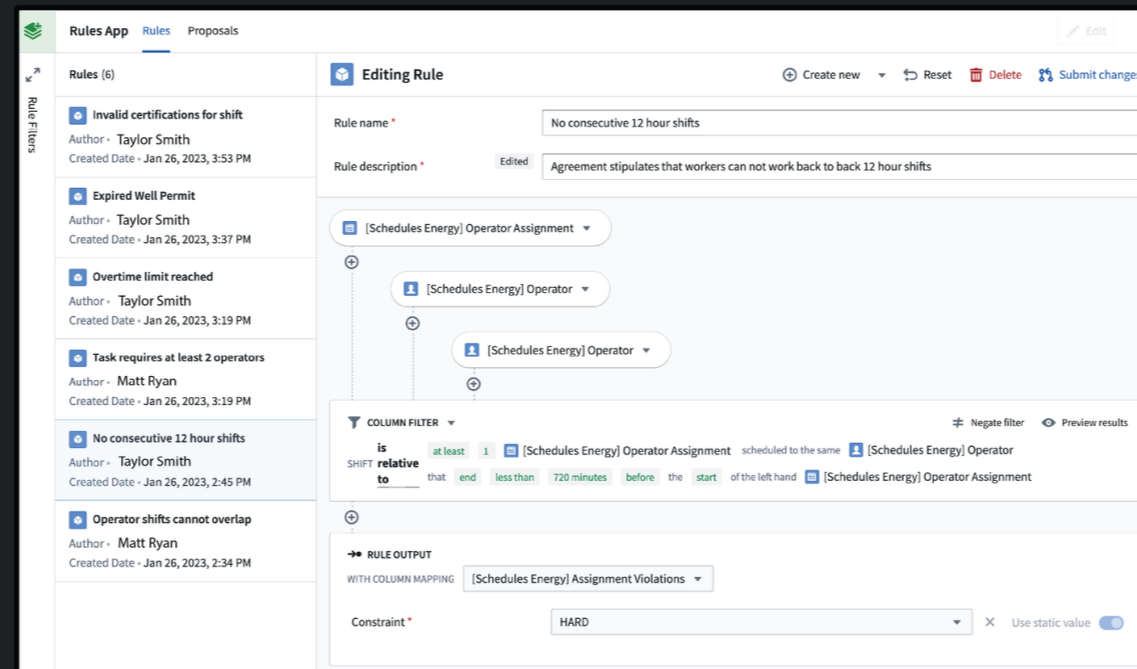


# Products launched at FoundryCon US 2023

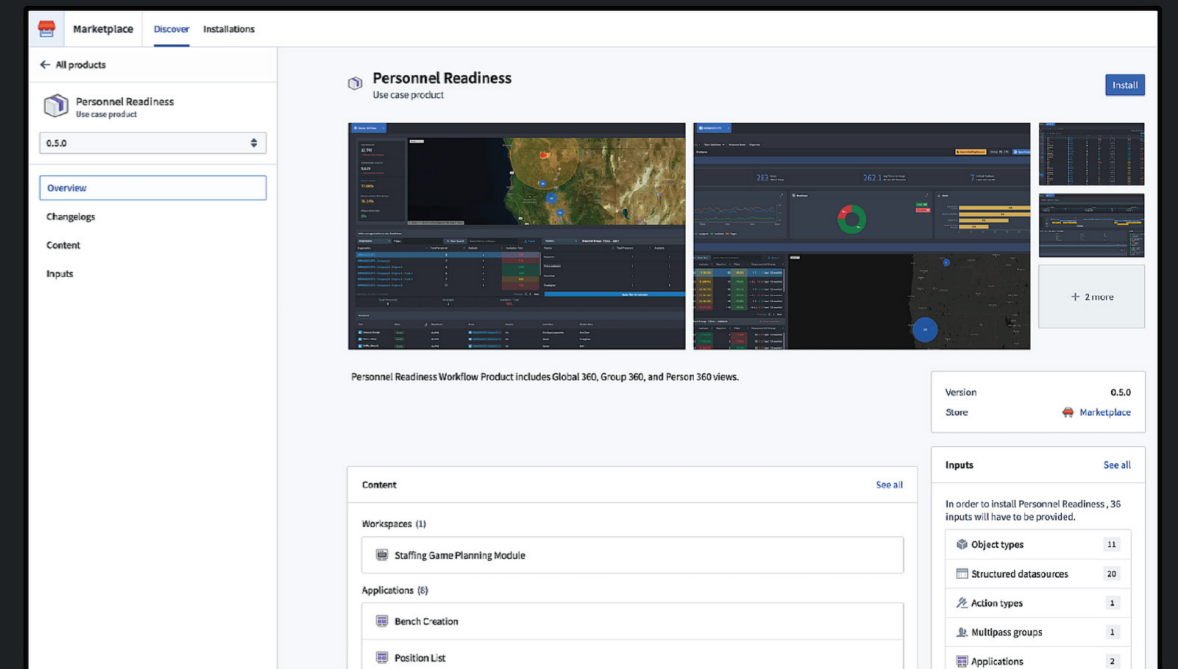
## Process Mining & Automation Suite



## Scheduling Primitives



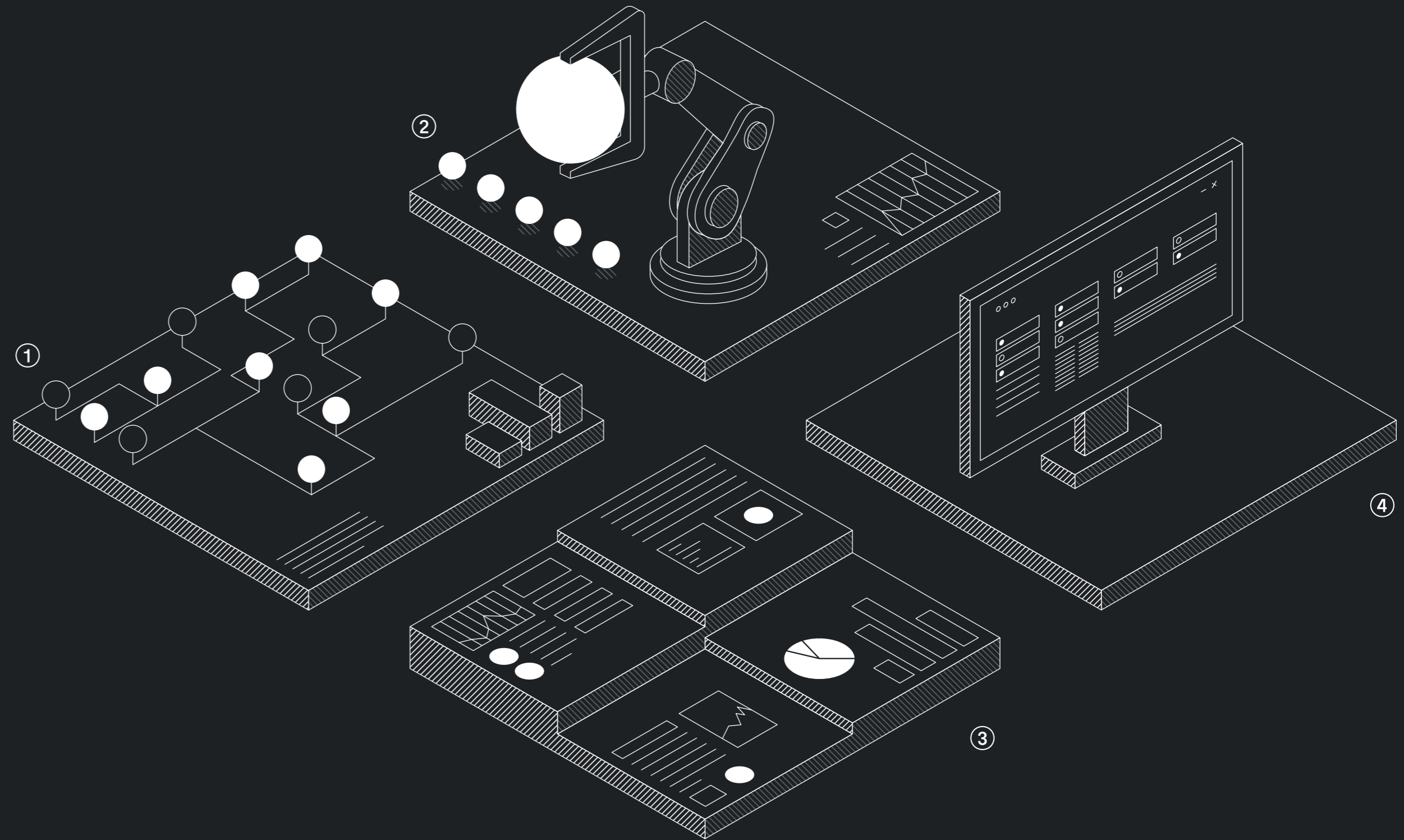
## Foundry Marketplace Developer Suite



The Process Mining & Automation Suite allows customers to mine complex business processes, visualize the process in a flow-chart type graph, and conduct drill down analyses to find and address inefficiencies.

Learn more at:

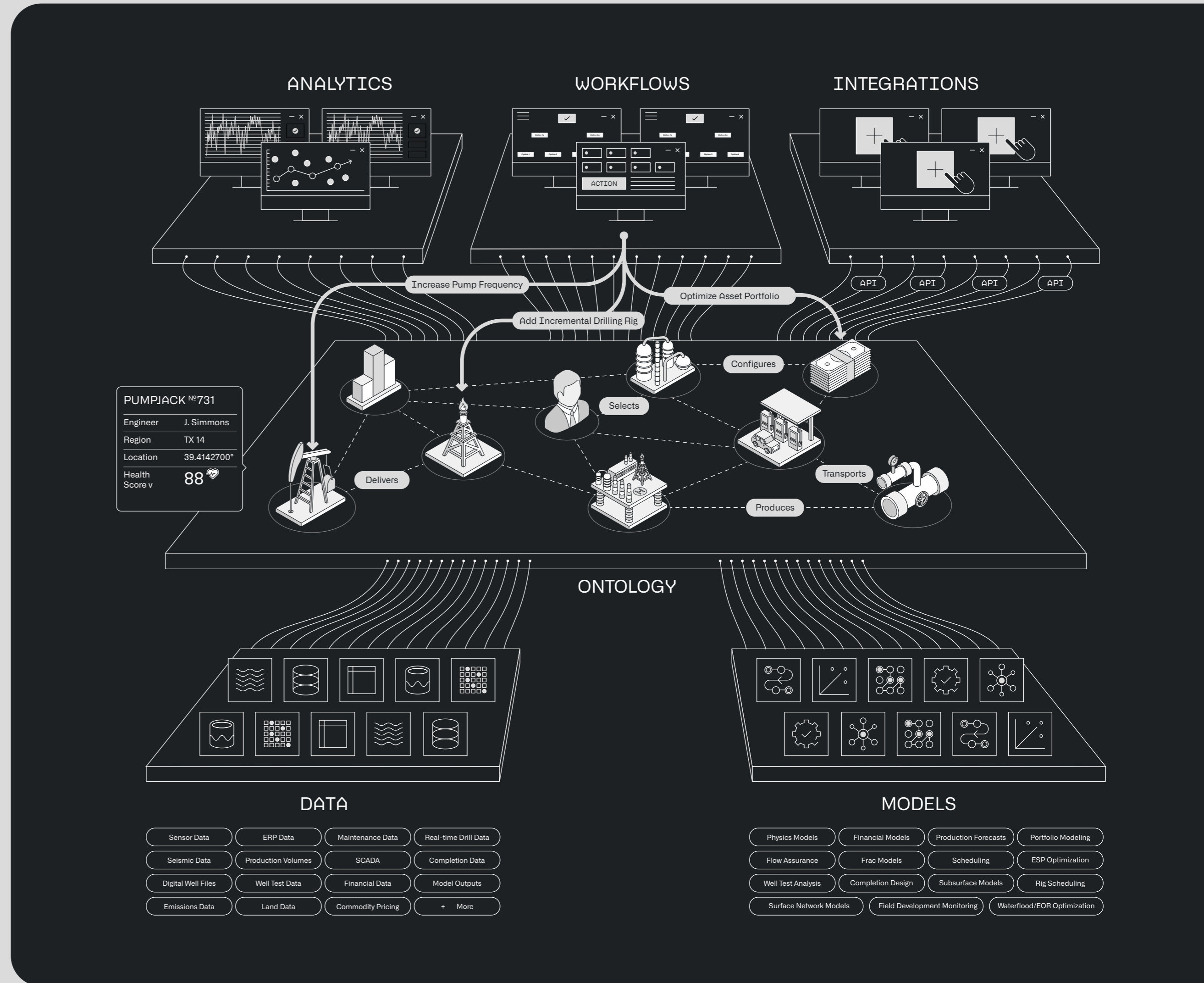
[palantir.com/platforms/foundry/process-mining/](https://palantir.com/platforms/foundry/process-mining/)



Scheduling Primitives is the newest application to Ontology Core and allows for resource allocation and scheduling that dynamically respond to the reality of changing needs.

Learn more at:

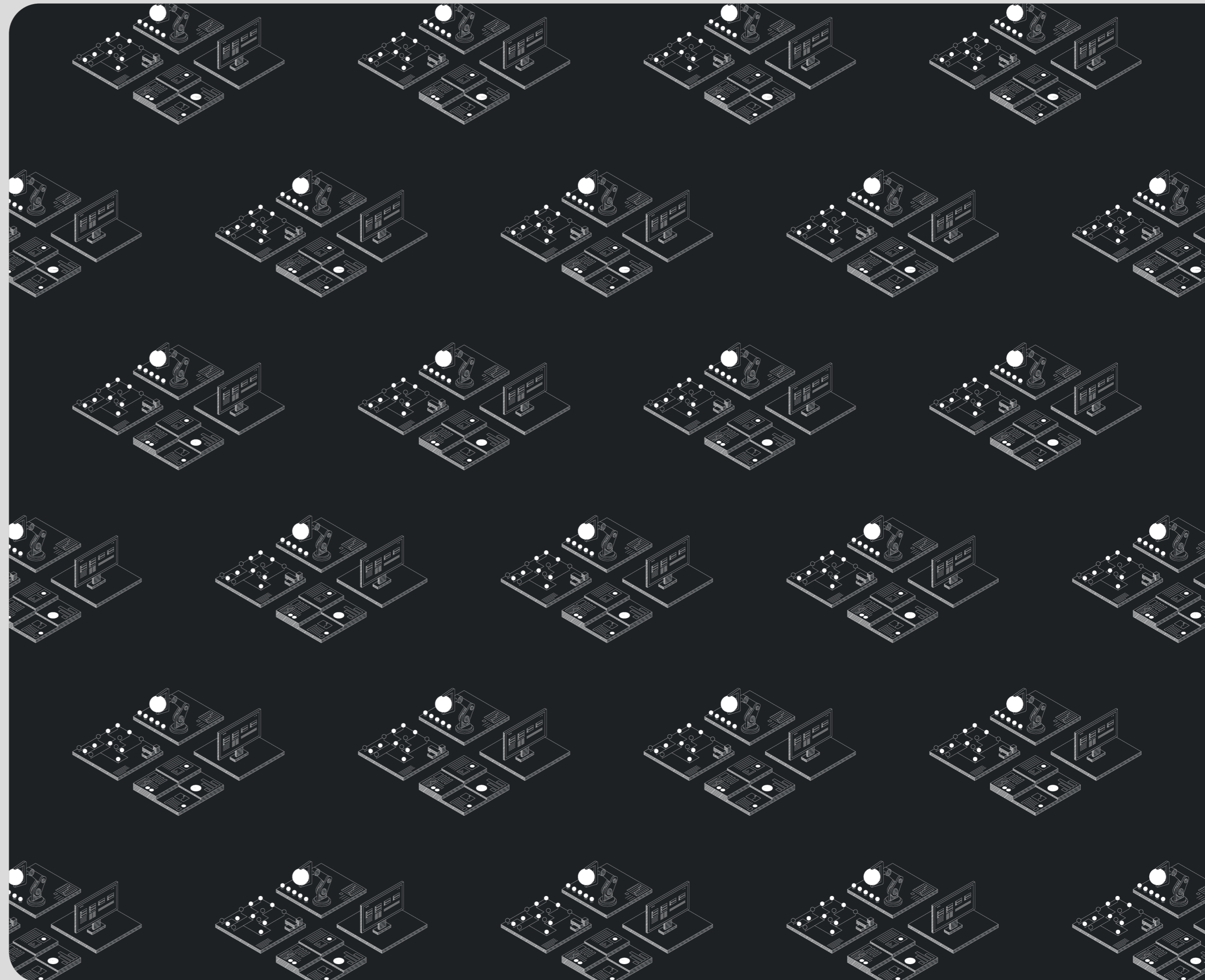
[palantir.com/platforms/foundry/scheduling-primitives/](https://palantir.com/platforms/foundry/scheduling-primitives/)



The Foundry Marketplace Developer Suite gives customers the ability to create their own “Foundry App Stores” where users can both install apps and assets to their Foundry stack, or publish their apps and assets for distribution to other stacks.

Learn more at:

[palantir.com/platforms/foundry/marketplace/](https://palantir.com/platforms/foundry/marketplace/)



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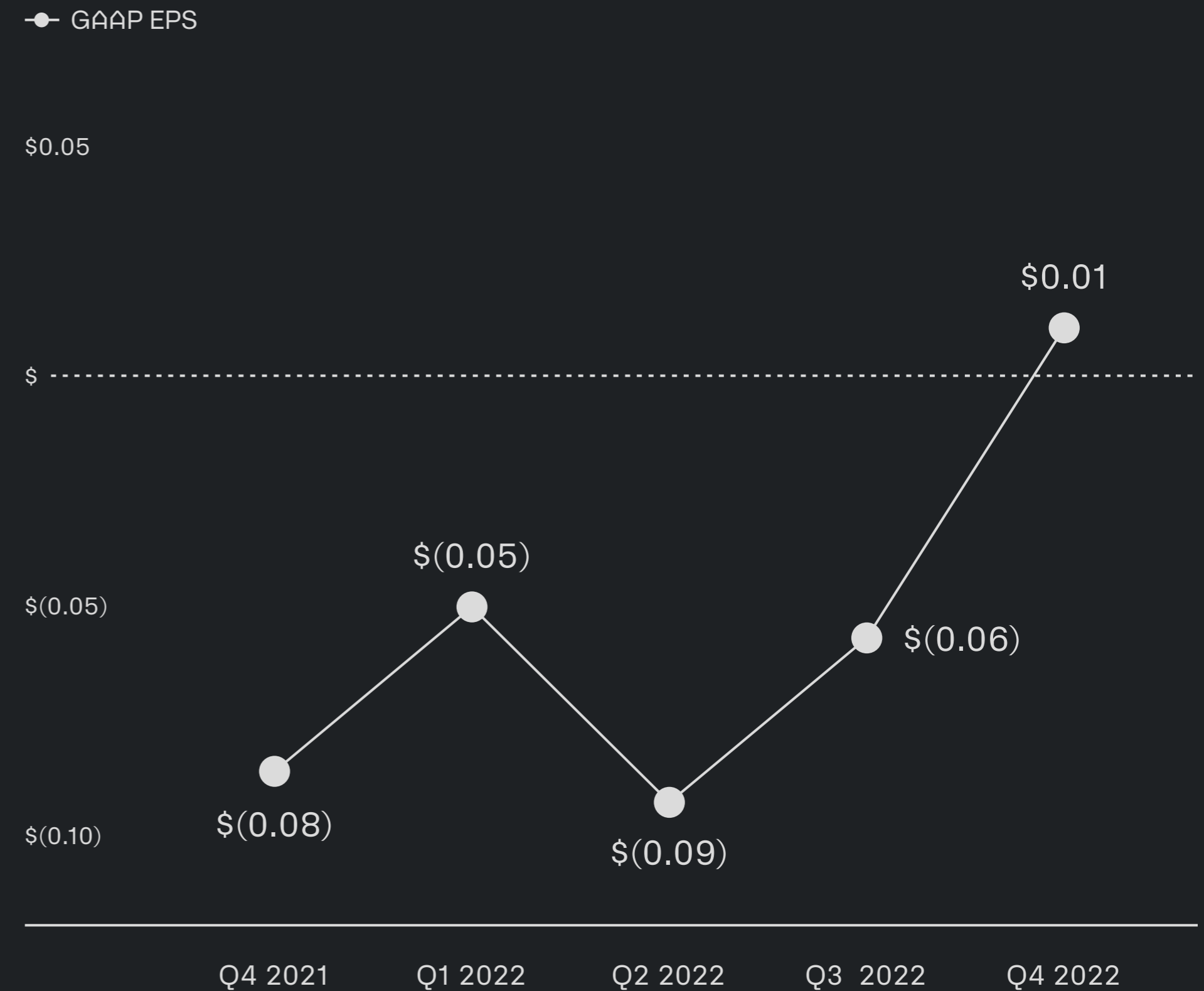
2022

Financials



We achieved GAAP net income profitability for the first time in our company's history.

Q4 2022 GAAP earnings per share of \$0.01, up \$0.07 Q/Q and \$0.09 Y/Y

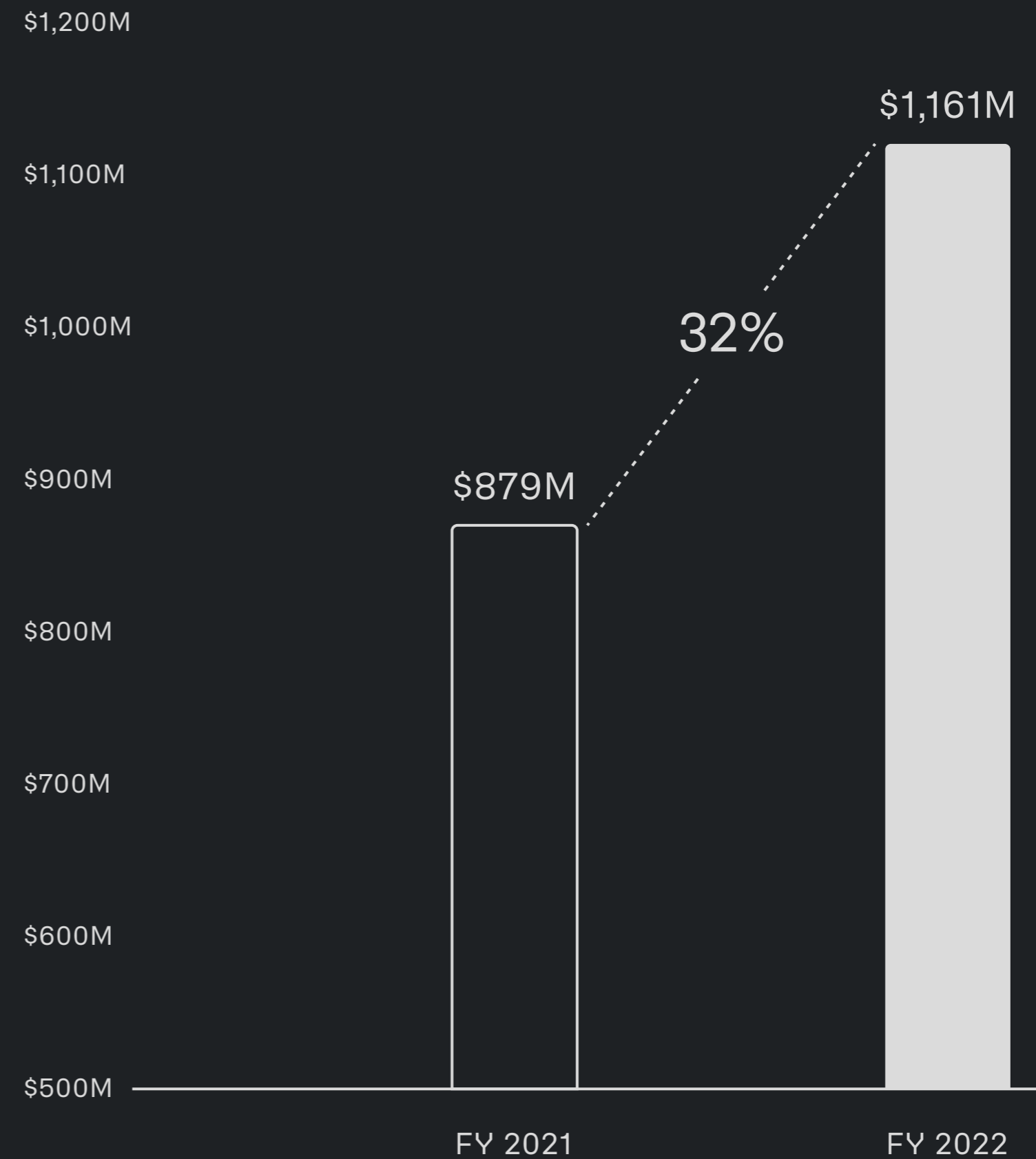


US business  
generated revenue of

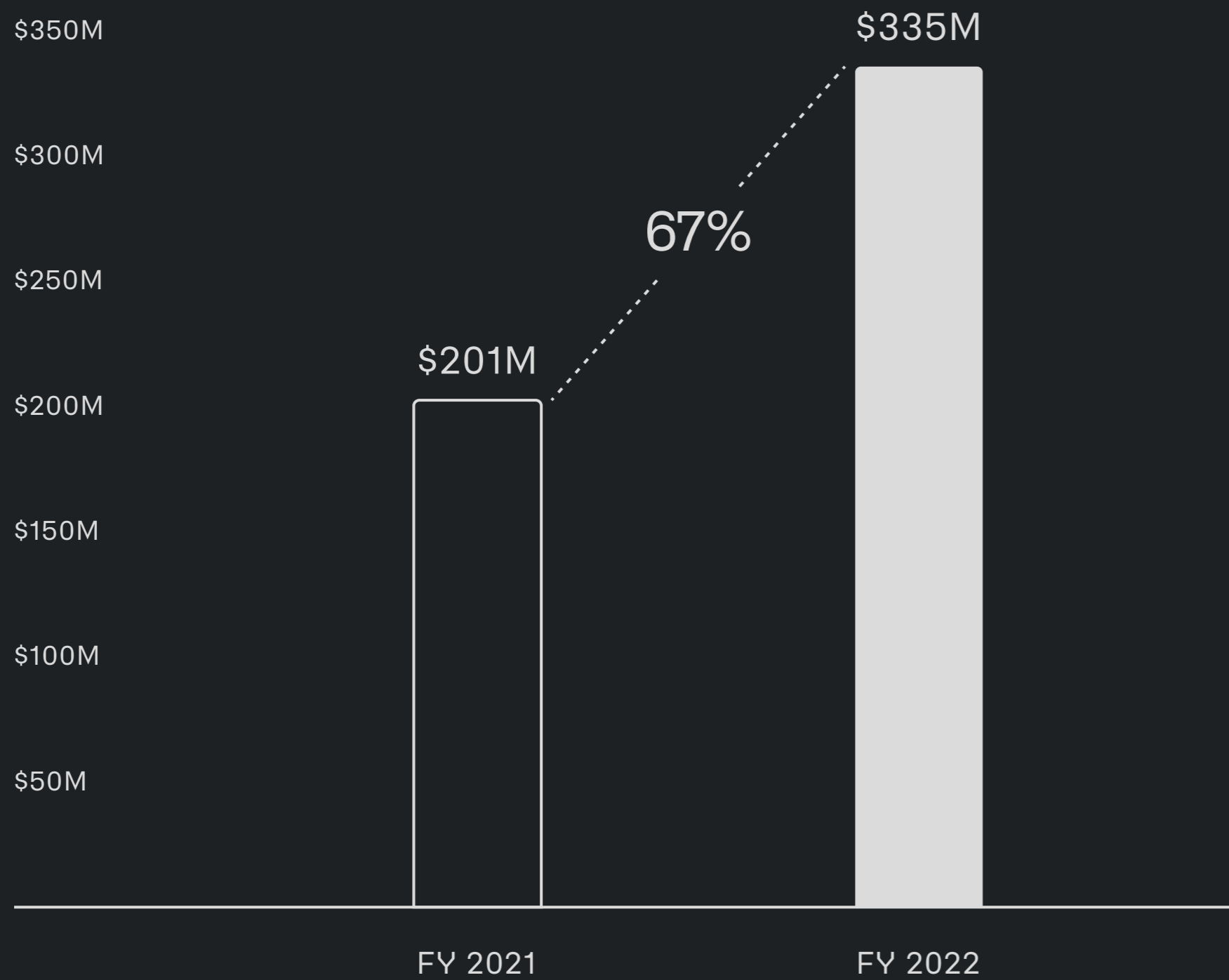
**\$1.2B**

for the year ended  
December 31, 2022.

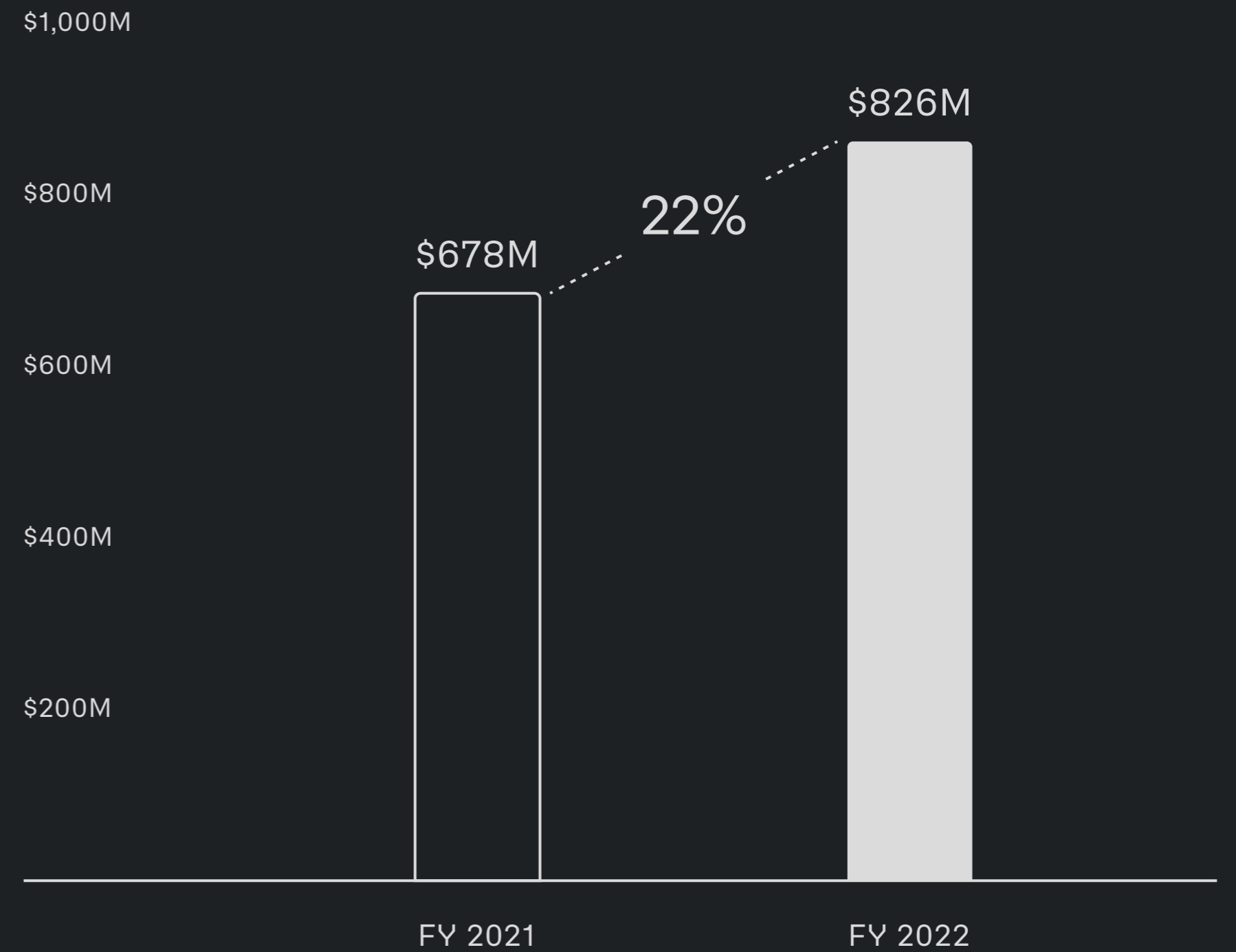
## US Revenue Growth



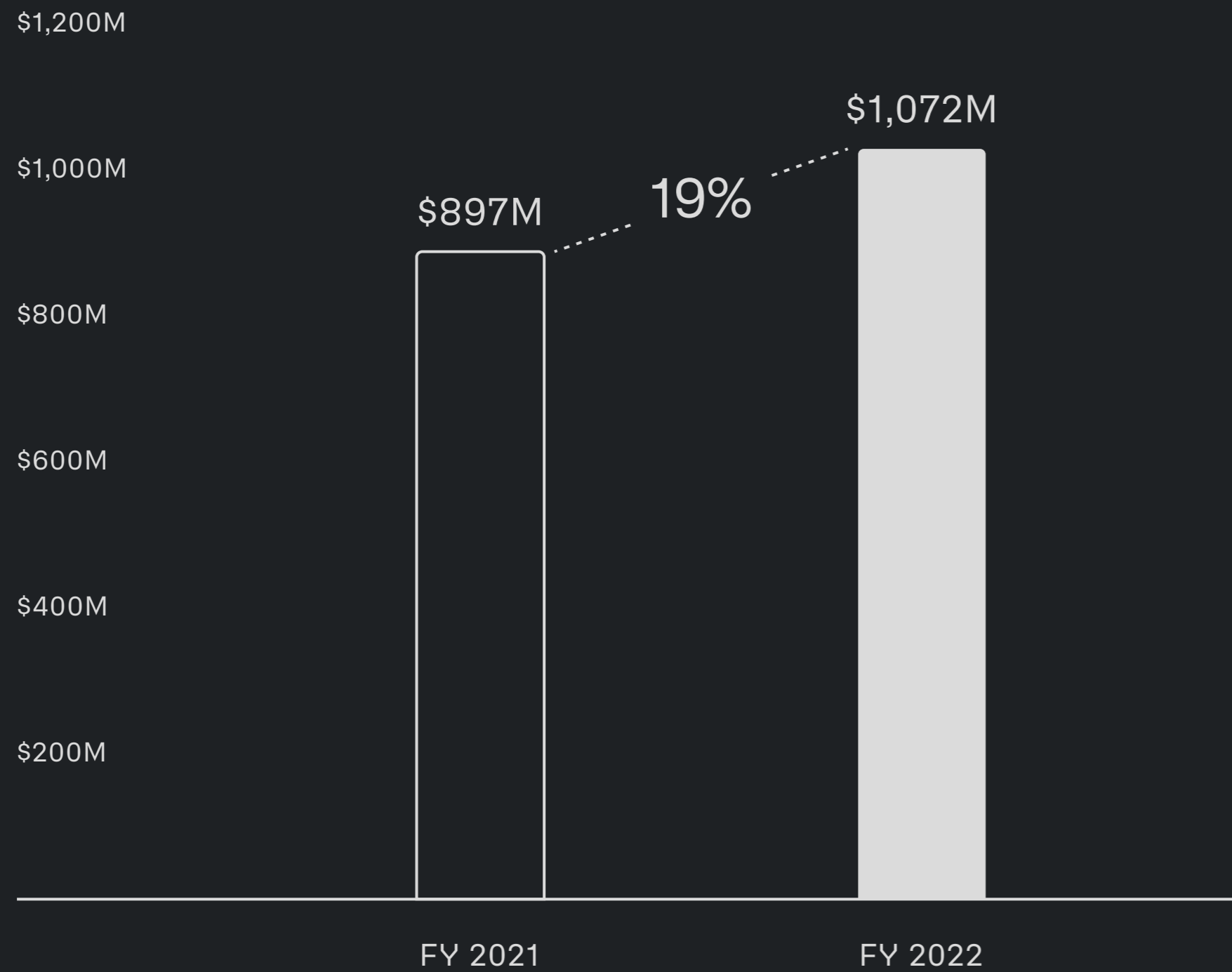
## US Commercial Revenue Growth



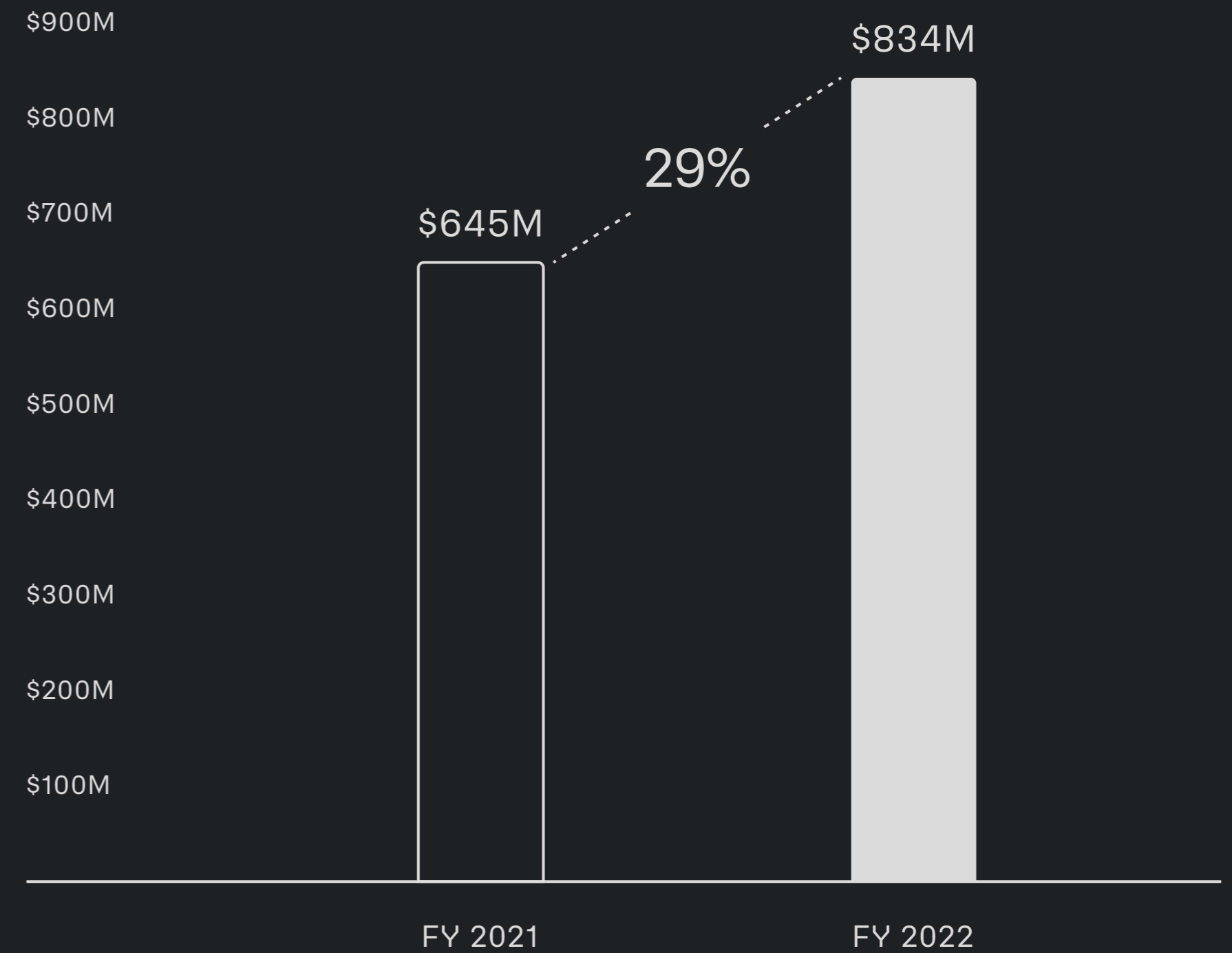
## US Government Revenue Growth



## Government Revenue Growth

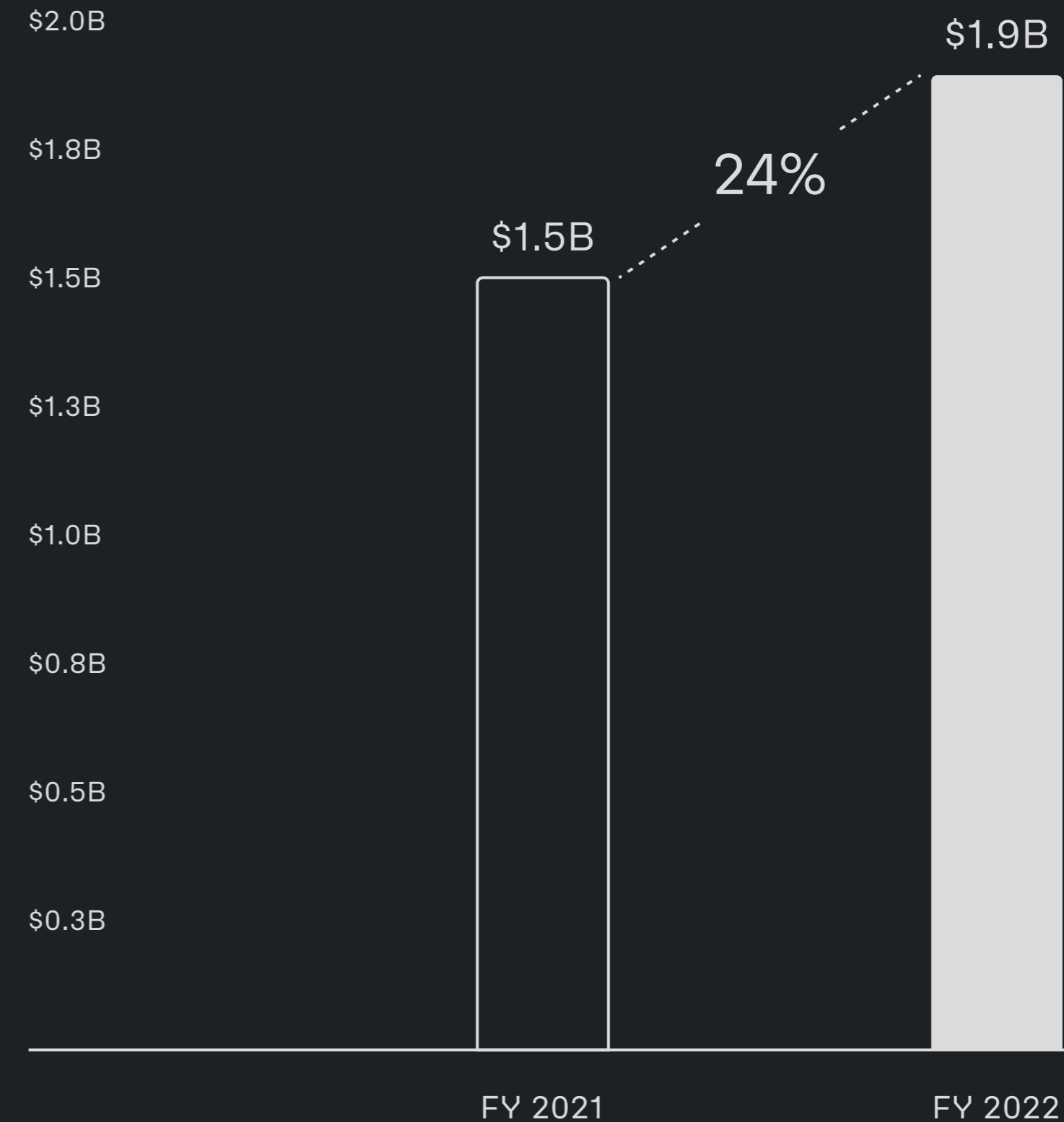


## Commercial Revenue Growth



We ended FY 2022 with net dollar retention of 115%.

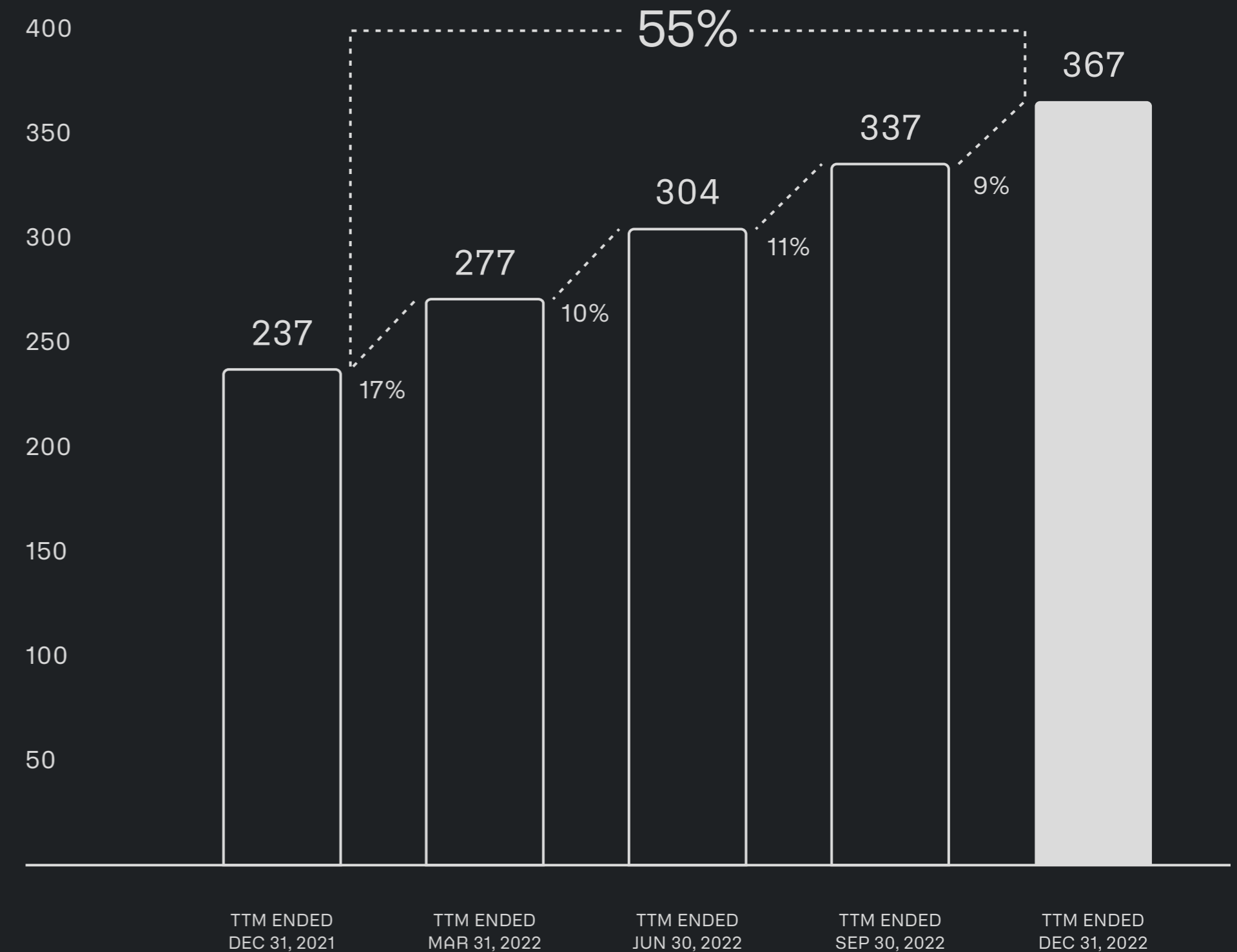
FY 2022 revenue grew 24% year-over-year to \$1.9B



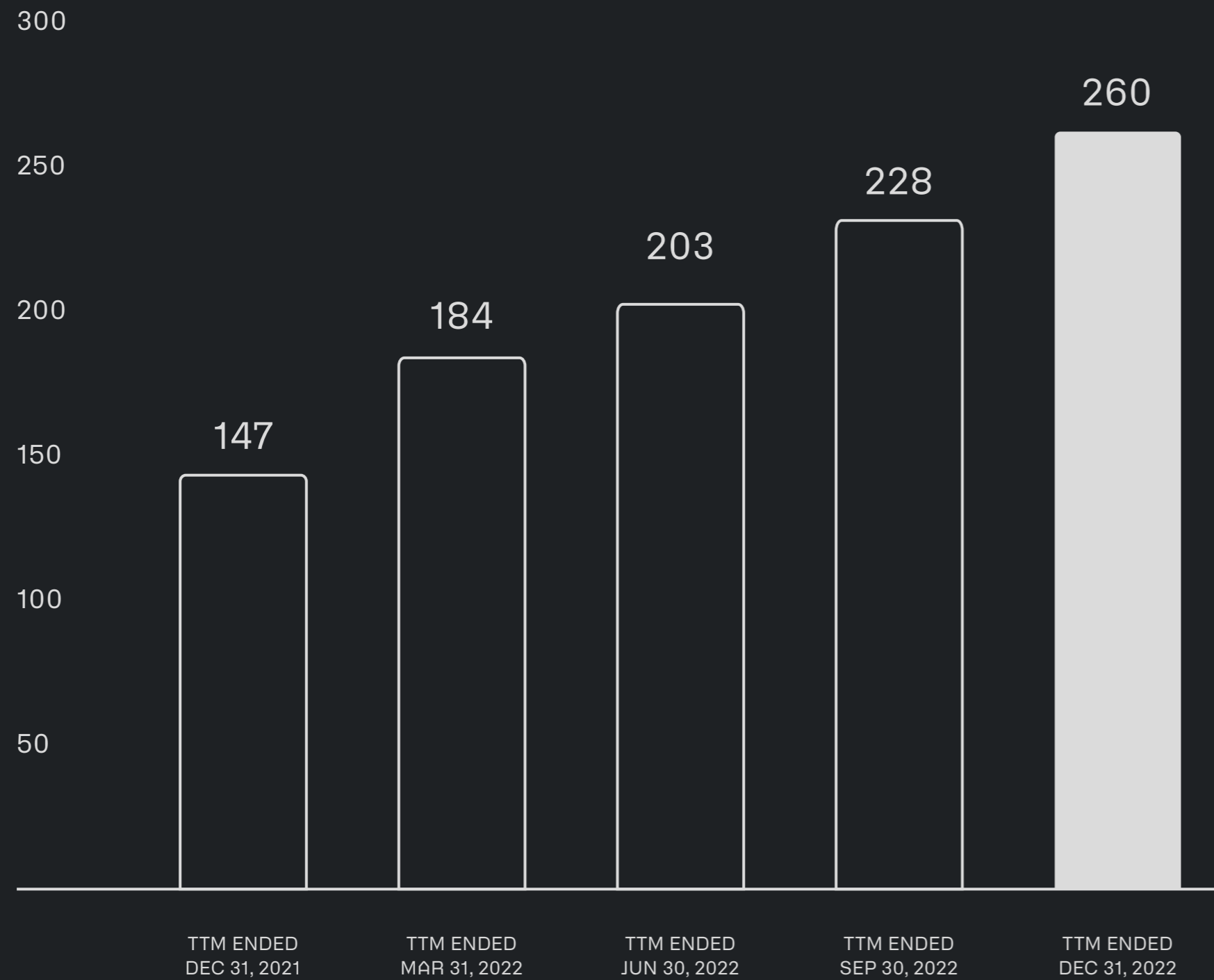
Net dollar retention is calculated as (a) revenue for the current year attributable to the customers as counted for the prior year divided by (b) revenue for the prior year recognized from those same customers.

Our total customer count grew 55% year-over-year in Q4.

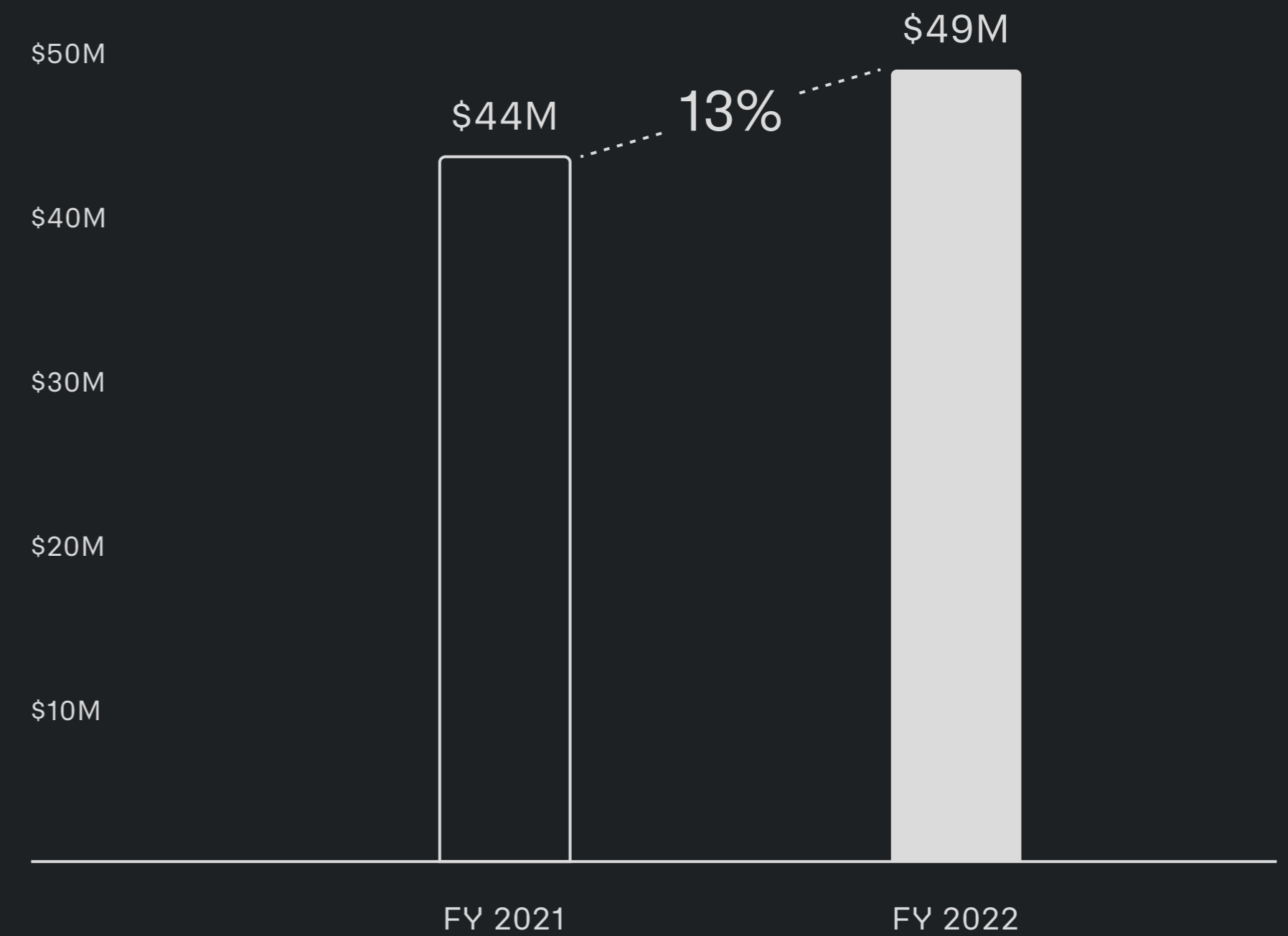
We added 30 net new customers in Q4 2022, with total customers up 9% quarter-over-quarter



## Commercial Customer Count



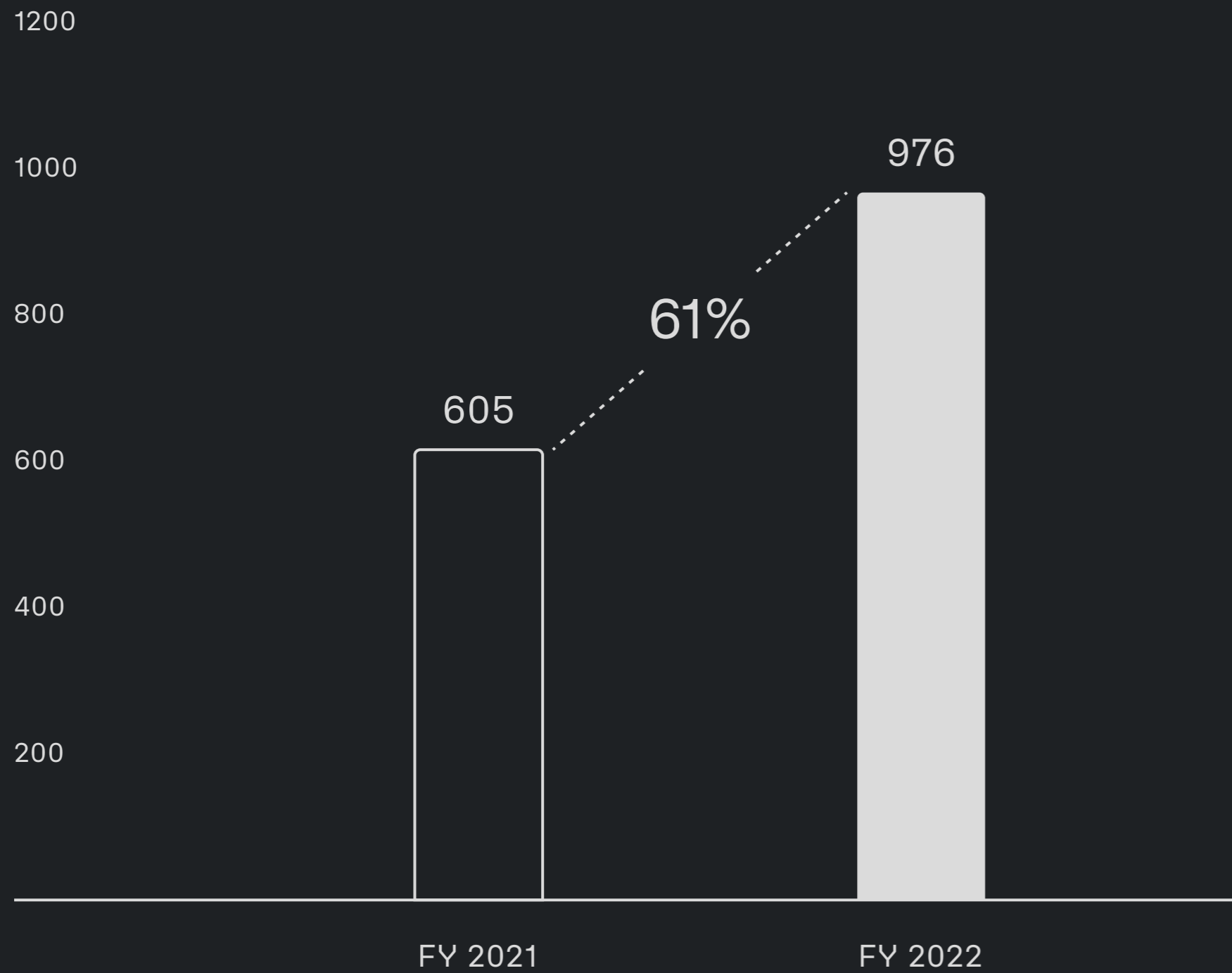
## Average TTM Revenue per Top 20 Customer



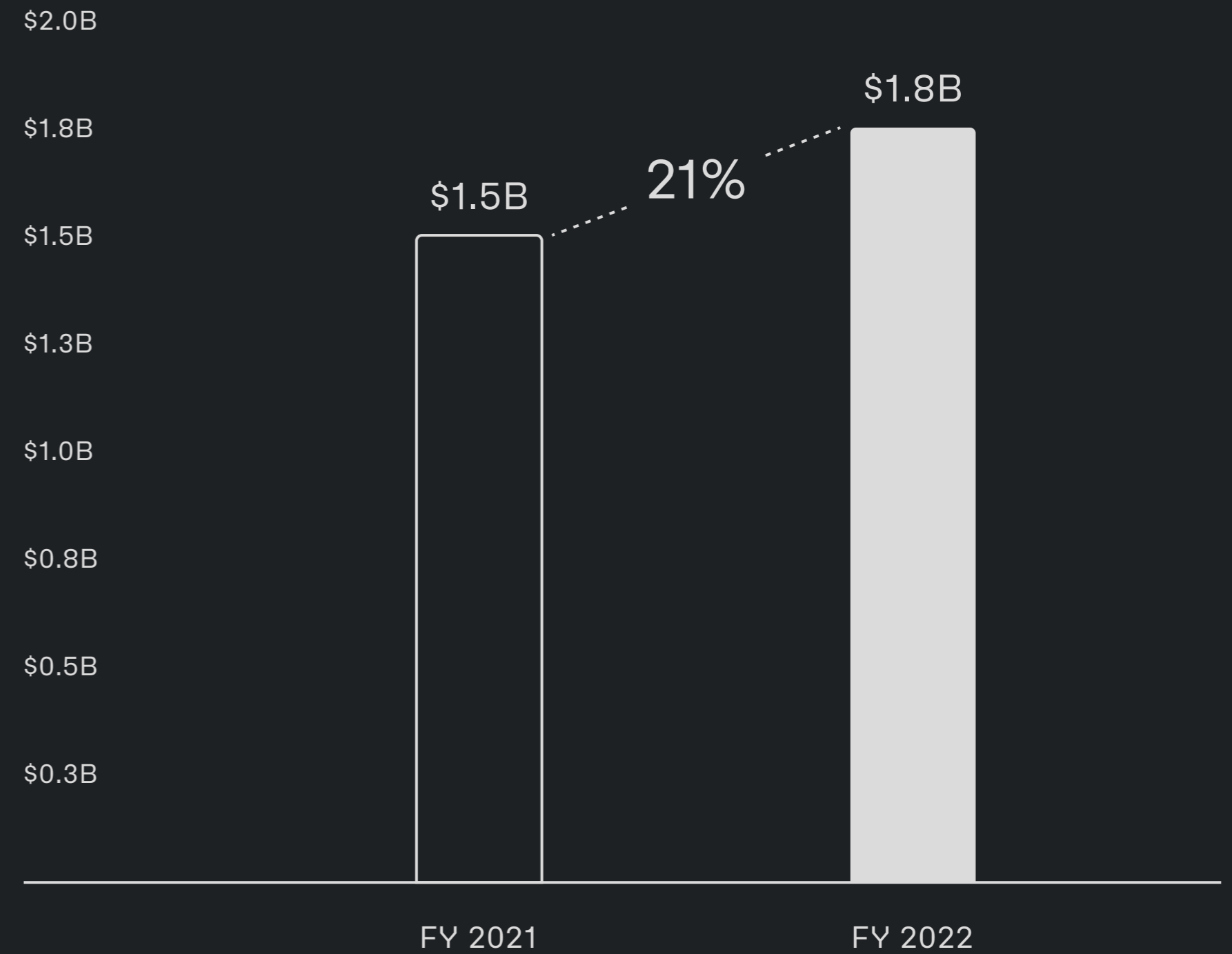
Average TTM revenue per customer is defined as (a) the Company's trailing twelve months of revenue as of each period divided by (b) the number of customers from which that period's revenue was derived.

Average TTM revenue from our top twenty customers for each period presented is the average revenue recognized from the twenty customers with the greatest amount of revenue recognized in each respective period.

## Deals Closed



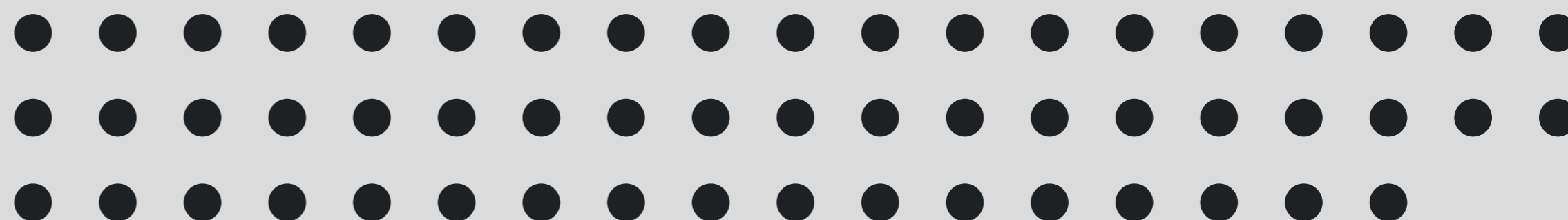
## Billings



The value of deals closed reflects the total contract value of contracts that have been entered into with, or awarded by, our government and commercial customers and includes existing contractual obligations and unexercised contract options available to those customers.

During Q4 2022, we closed

# 55 deals



of at least \$1 million.

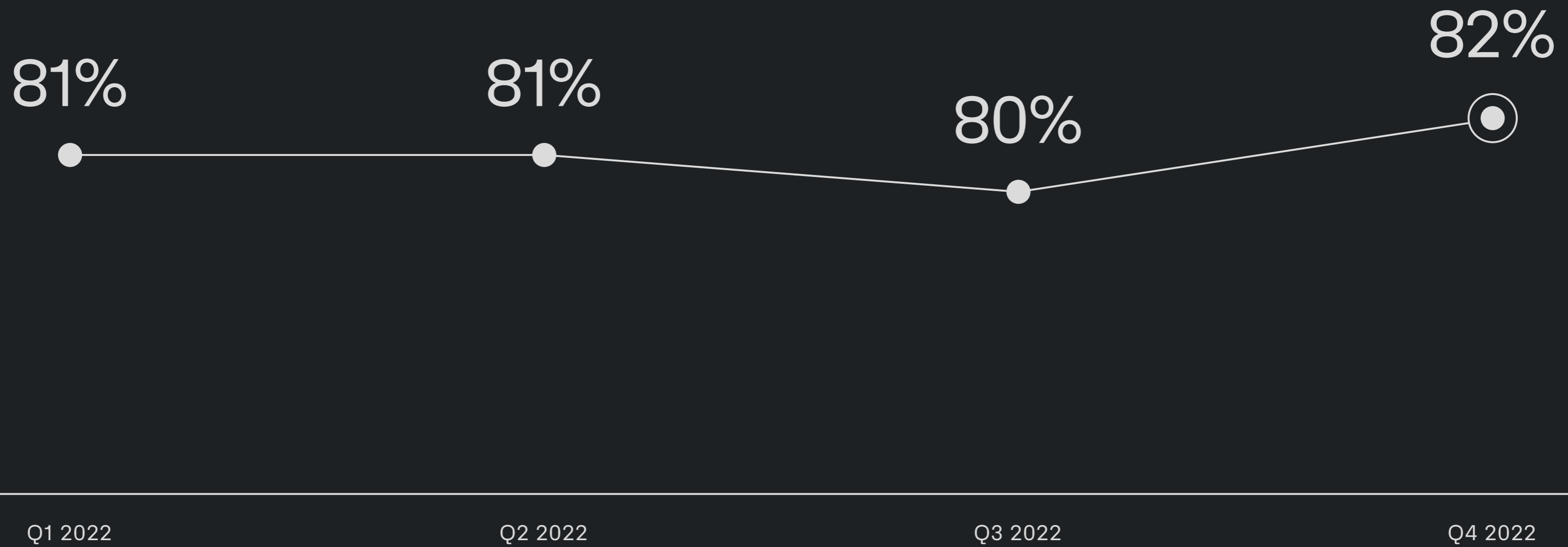
**11** of which  
were at least  
\$5 million



**5** of which  
were at least  
\$10 million



ADJ. GROSS MARGIN



We ended 2022 with

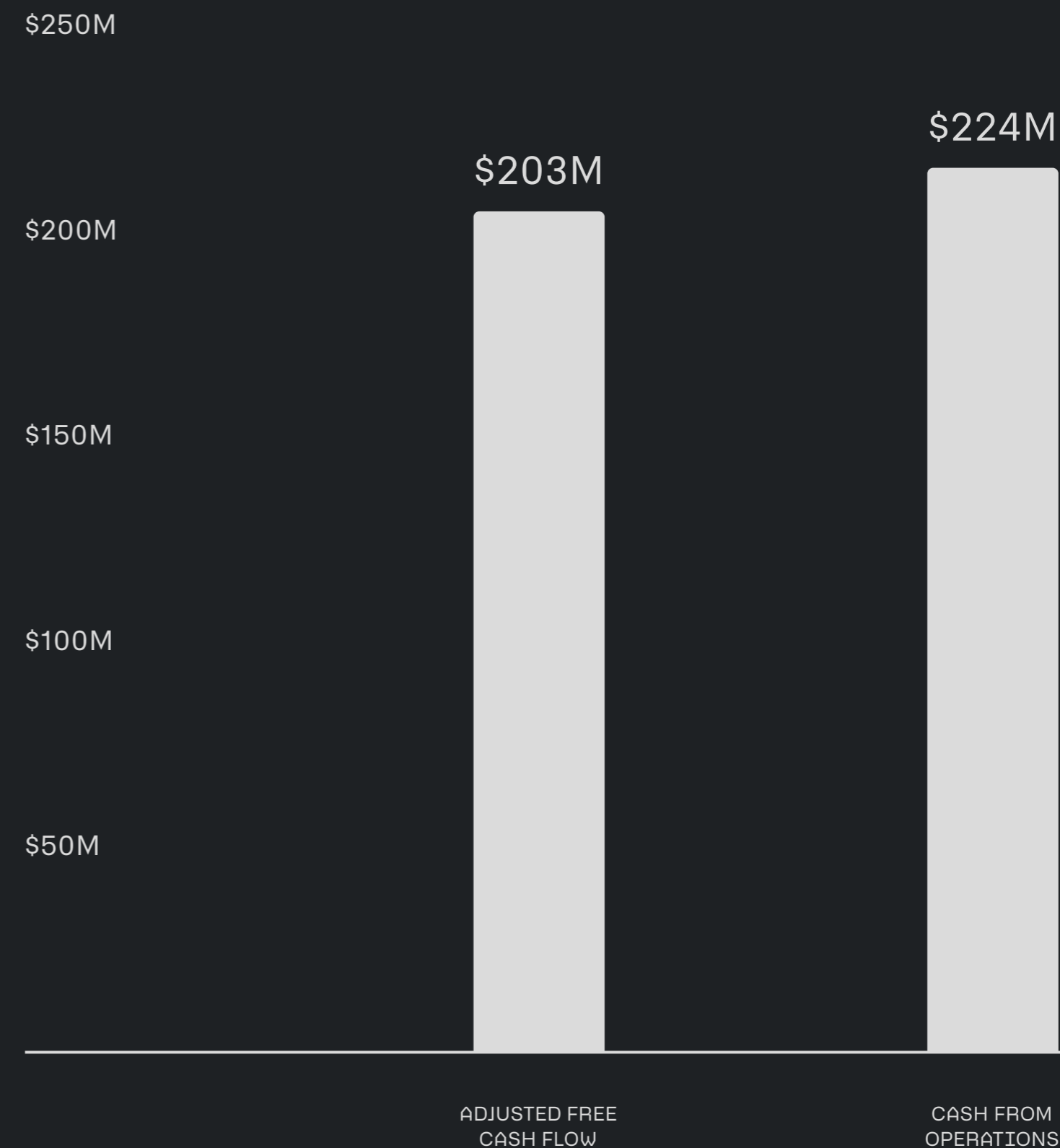
**\$2.6B**

in cash and no debt.

As of December 31, 2022,  
we maintained total undrawn  
commitments under our  
credit facility of \$950M.

Adjusted free cash flow excludes employer payroll taxes related to stock-based compensation and purchases of property and equipment. Please see the appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure.

## FY 2022 Adjusted Free Cash Flow and Cash from Operations

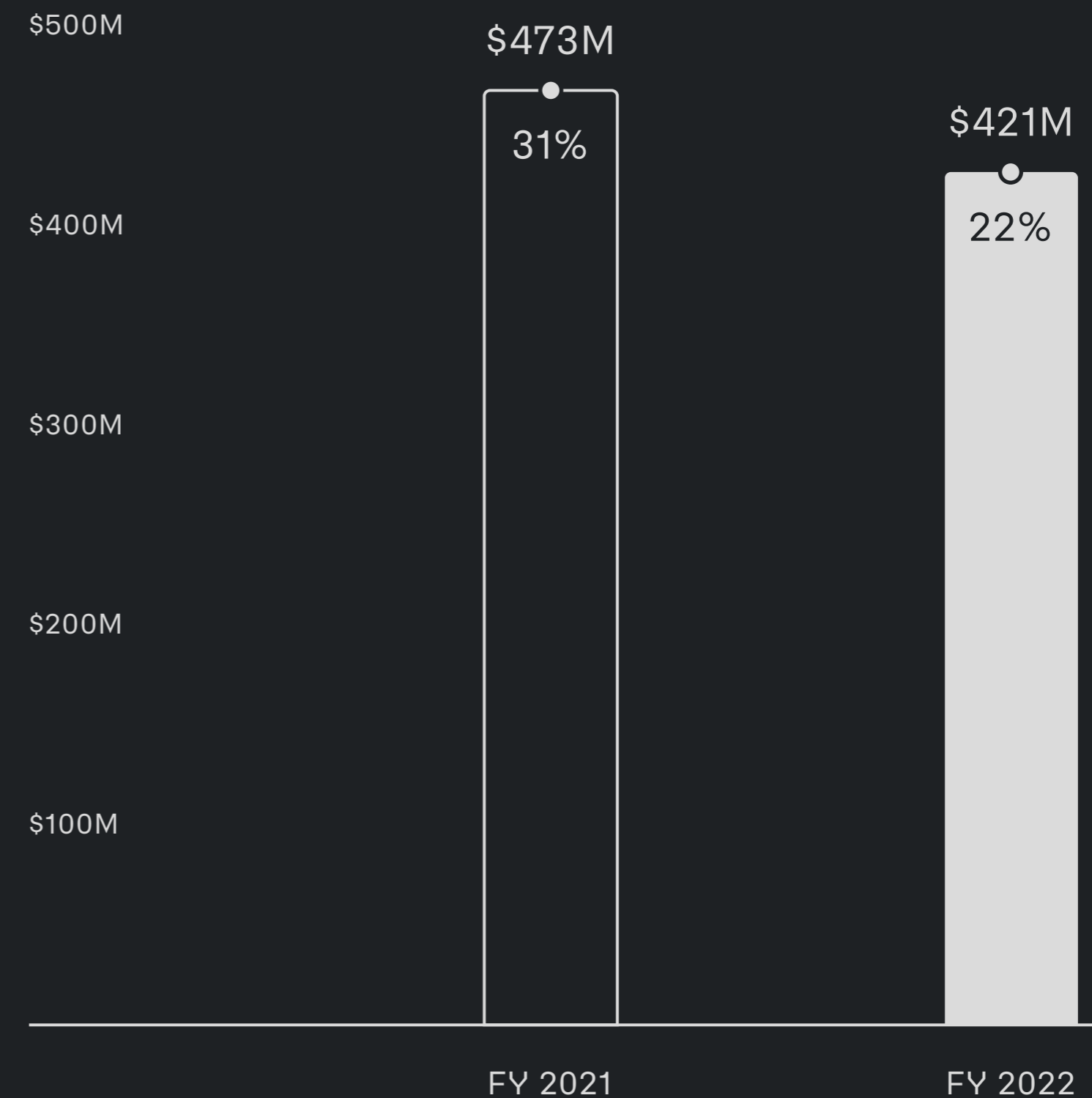


We are committed to fiscal responsibility through management of margins while expanding our business.

Adjusted operating income and adjusted operating margin exclude stock-based compensation and related employer payroll taxes. Please see the appendix for reconciliations of this and other non-GAAP financial measures to the most directly comparable GAAP measures.

FY 2022 adjusted operating income was \$421M, representing a margin of 22%

● ADJUSTED OPERATING MARGIN



## FY 2023

For full year 2023, we expect:

- Revenue of between \$2.180 billion - \$2.230 billion.
- Adjusted income from operations of between \$481 million - \$531 million.
- GAAP net income.

## Q1 2023

For first quarter 2023, we expect:

- Revenue of between \$503 million - \$507 million.
- Adjusted income from operations of between \$91 million - \$95 million.

FY

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2022

Appendix



## Reconciliation of Cash Flow from Operating Activities to Adjusted Free Cash Flow and Adjusted Free Cash Flow Margin

Adjusted free cash flow margin is calculated as adjusted free cash flow divided by revenue

(\$ THOUSANDS)	FY 2021	FY 2022
Cash Flow from Operating Activities	\$ 333,851	\$ 223,737
Add:		
Cash Paid for Employer Payroll Taxes Related to Stock-Based Compensation	102,903	19,305
Less:		
Cash Used to Purchase Property and Equipment	(12,627)	(40,027)
<hr/>		
Adjusted Free Cash Flow	\$ 424,127	\$ 203,015
Adjusted Free Cash Flow Margin	28%	11%

## Reconciliation of Gross Profit to Adjusted Gross Profit and Adjusted Gross Margin

Excluding Stock-Based Compensation

Adjusted gross margin is calculated as adjusted gross profit divided by revenue

(\$ THOUSANDS)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Gross Profit	\$ 351,954	\$ 370,786	\$ 370,269	\$ 404,313
Add:				
Stock-Based Compensation	11,677	11,211	10,525	10,648
Adjusted Gross Profit	\$ 363,631	\$ 381,997	\$ 380,794	\$ 414,961
Adjusted Gross Margin	81%	81%	80%	82%

## Reconciliation of Loss from Operations to Adjusted Operating Income and Adjusted Operating Margin

Excluding Stock-Based Compensation and Related Employer Payroll Taxes

(\$ THOUSANDS)	Q4 2021	Q4 2022	FY 2021	FY 2022
Loss from Operations	\$ (58,943)	\$ (17,826)	\$ (411,046)	\$ (161,201)
Add:				
Stock-Based Compensation	166,907	129,398	778,215	564,798
Employer Payroll Taxes Related to Stock-Based Compensation	16,069	2,692	106,283	17,156
Adjusted Operating Income	\$ 124,033	\$ 114,264	\$ 473,452	\$ 420,753
Adjusted Operating Margin	29%	22%	31%	22%

## Reconciliation of GAAP Net Income (Loss) Per Share, Diluted to Adjusted Earnings Per Share, Diluted

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	Q4 2021	Q4 2022	FY 2021	FY 2022
Net Income (Loss) Attributable to Common Stockholders	\$ (156,188)	\$ 30,878	\$ (520,379)	\$ (373,705)
Add / (Less):				
Stock-Based Compensation	166,907	129,398	778,215	564,798
Employer Payroll Taxes Related to Stock-Based Compensation	16,069	2,692	106,283	17,156
Nonrecurring Gain from Step Acquisition	—	(44,306)	—	(44,306)
Income Tax Effects and Adjustments [1]	18,609	(22,954)	(56,037)	(28,567)
Adjusted Net Income Attributable to Common Stockholders, Diluted	\$ 45,397	\$ 95,708	\$ 308,082	\$ 135,376
Weighted-Average Shares Used in Computing GAAP Earnings (Loss) Per Share, Diluted	2,011,764	2,203,733	1,923,617	2,063,793
Adjusted Weighted-Average Shares Used in Computing Adjusted Earnings Per Share, Diluted [2]	2,324,113	2,203,733	2,323,236	2,223,522
Adjusted Earnings Per Share, Diluted	\$ 0.02	\$ 0.04	\$ 0.13	\$ 0.06

1. Income tax effect is based on an estimated long-term annual effective tax rate of 22.2% for the periods ended 2022 and 2021. The Company's estimated long-term annual effective tax rate excludes certain non-cash items, such as stock-based compensation, and is used in order to provide consistency across periods by eliminating the effects of certain items, such as changes in the tax valuation allowance.

2. Includes an additional 160 million dilutive securities for the year ended December 31, 2022, and an additional 312 million and 400 million dilutive securities for the three and twelve months ended December 31, 2021, respectively, that were excluded from a GAAP perspective due to the Company's net loss position.

## Reconciliation of Revenue to Billings

(\$ THOUSANDS)	Q4 2021	Q4 2022	FY 2021	FY 2022
Revenue	\$ 432,867	\$ 508,624	\$ 1,541,889	\$ 1,905,871
Change in Contract Liabilities	(46,927)	(121,589)	(68,541)	(124,097)
Billings	\$ 385,940	\$ 387,035	\$ 1,473,348	\$ 1,781,774

## Reconciliation of Cost of Revenue and Total Operating Expenses to Adjusted Expenses

(\$ THOUSANDS)	Q3 2022	Q4 2022	FY 2021	FY 2022
Total Expenses	\$ 540,071	\$ 526,450	\$ 1,952,935	\$ 2,067,072
Less:				
Stock-Based Compensation	140,308	129,398	778,215	564,798
Employer Payroll Taxes Related to Stock-Based Compensation	3,133	2,692	106,283	17,156
Adjusted Expenses	\$ 396,630	\$ 394,360	\$ 1,068,437	\$ 1,485,118