

Q2

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 Palantir

2023

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 Artificial Intelligence Platform (“AIP”), 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, our expectations regarding potential eligibility or inclusion in market indices, our expectations regarding our share repurchase program, 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) or on the SEC website (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 and adjusted free cash flow margin; 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.

Q2 2023 Highlights

- Third consecutive quarter of GAAP profitability; GAAP EPS of \$0.01
- Second consecutive quarter of GAAP operating profitability
- GAAP operating margin of 2%, up 1,100 basis points Y/Y
- Adjusted operating margin of 25%; third consecutive quarter of expanding margins
- Cash from operations of \$90 million; 17% margin
- Adjusted free cash flow of \$96 million; 18% margin
- Revenue grew +13% Y/Y to \$533 million
- Surpassed trailing-twelve-month (“TTM”) revenue of \$2 billion
- US commercial revenue grew +20% Y/Y to \$103 million
- US commercial customer count grew +35% Y/Y

H1 2023 Highlights

\$1.1 billion

Revenue

\$45 million

GAAP Net Income

\$14 million

GAAP Operating Income

\$285 million

Adjusted Free Cash Flow

27%

Adjusted Free Cash Flow Margin

\$260 million

Adjusted Operating Income

25%

Adjusted Operating Margin

The New York Times

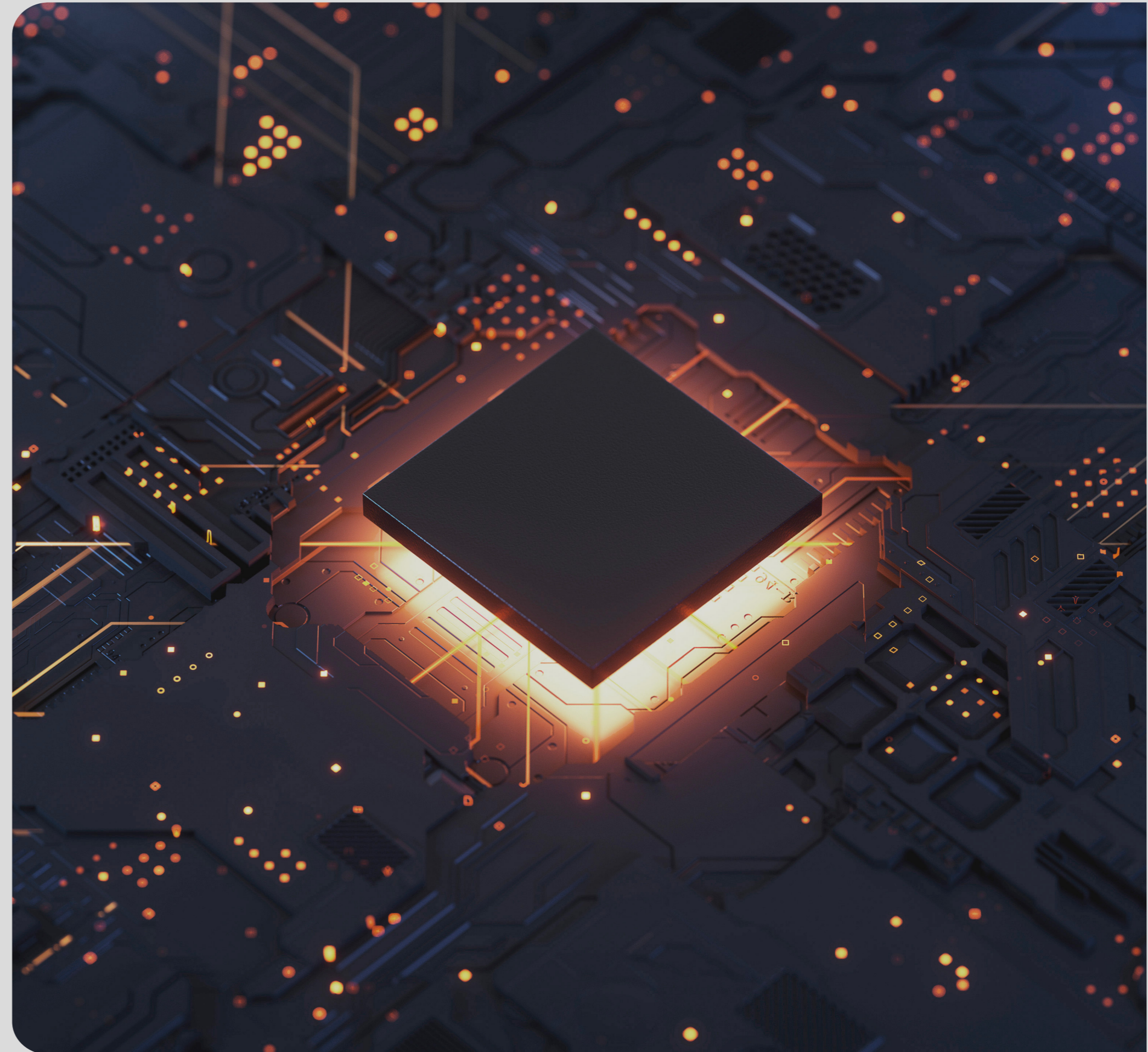
Our Oppenheimer Moment: The Creation of A.I. Weapons

by Palantir CEO Alex Karp July 25, 2023

“

This is an arms race of a
different kind, and it has begun.

Read the entire essay at [The New York Times](#)



AIPCon: Highlighting our new platform, AIP

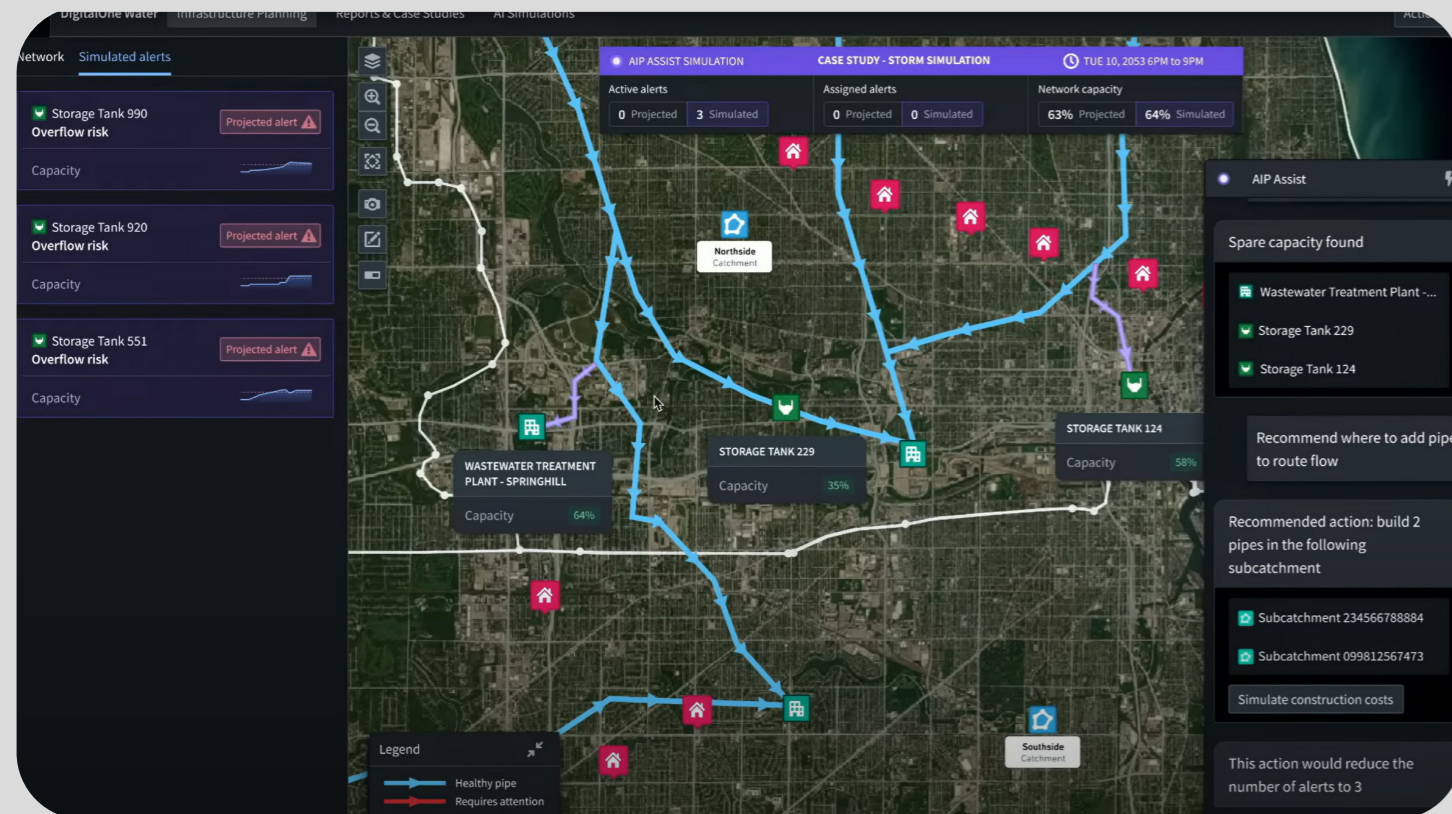




We're developing an end-to-end solution that brings everything together, [...] it provides control that keeps humans in the loop every step of the way.

Jacobs

Shannon Miller
EVP & President, Divergent Solutions

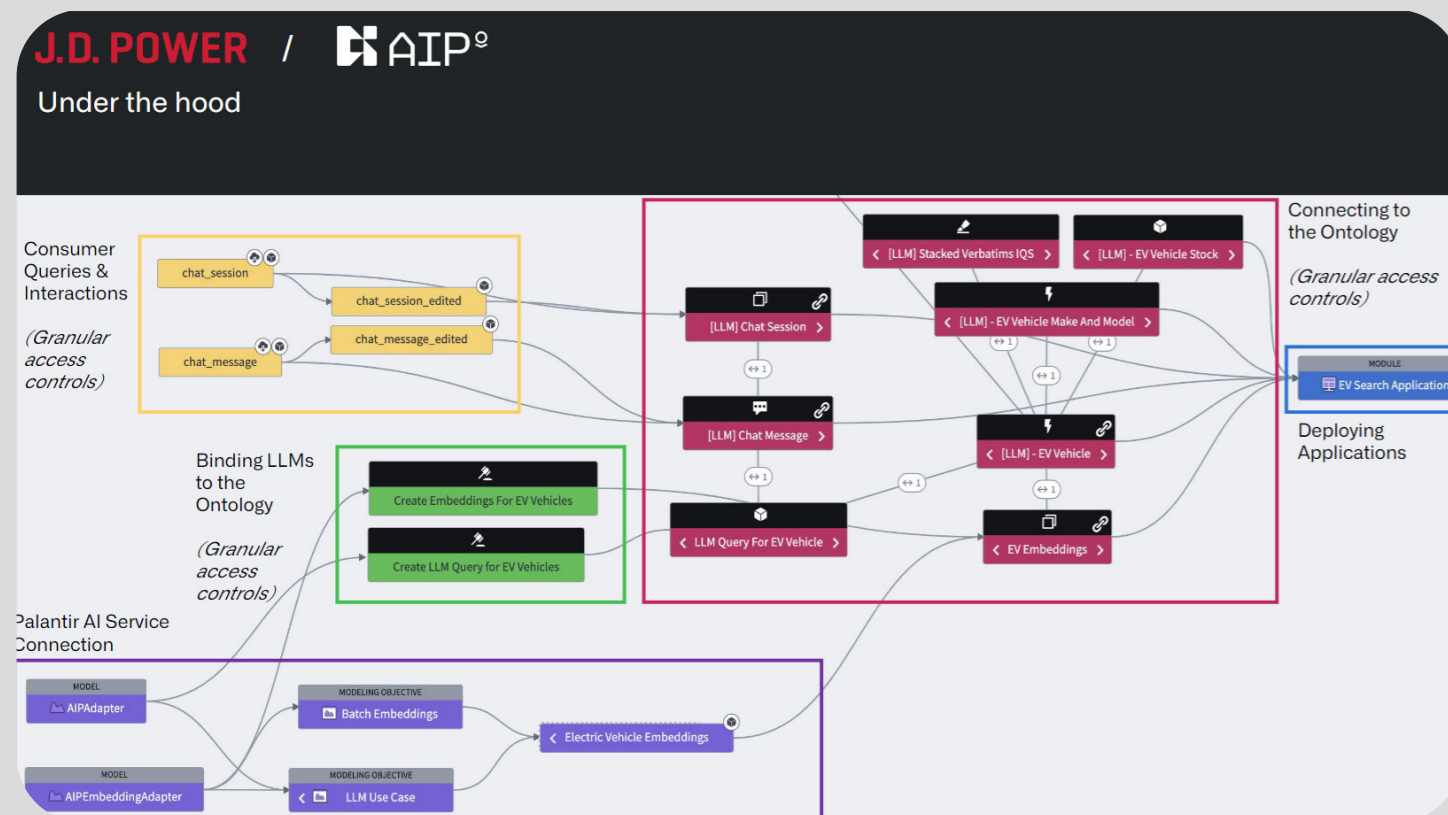




The beauty of having Foundry and AIP is that you can build this really, really quickly. We built [an application powered by LLMs] in a matter of days and iterated in a couple of weeks.

J.D. POWER

Bernardo Rodriguez
Chief Digital Officer

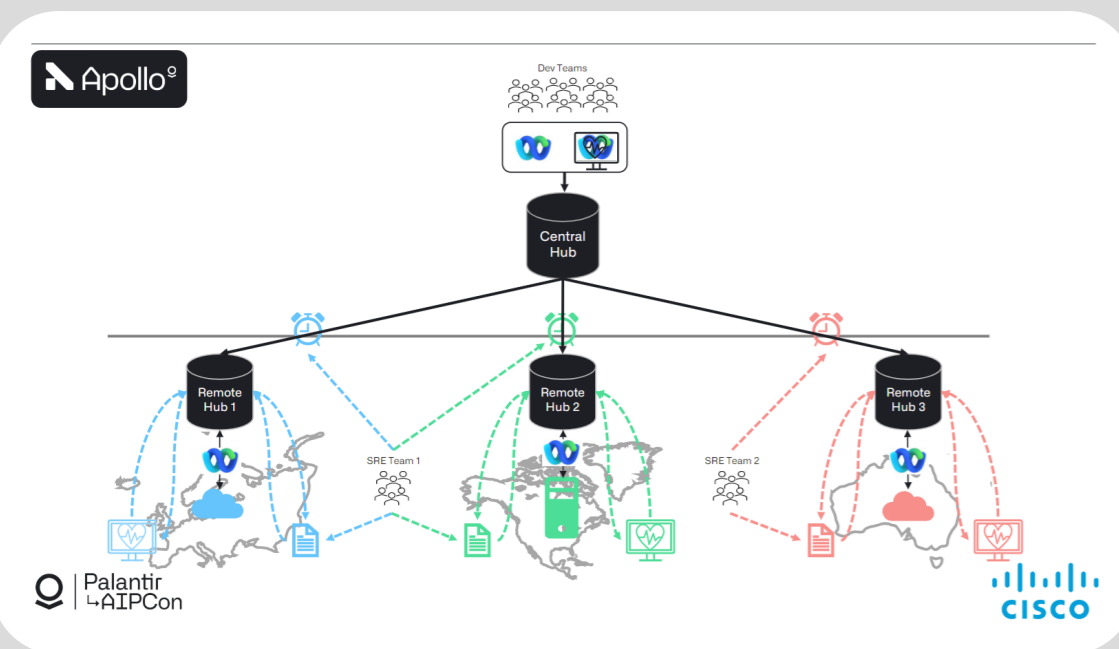


“

We are solving a real hard problem that I'm convinced is an existential threat to me as an individual and my company...[which is] why I'm so happy to be working with Palantir and Apollo as a platform.



Mike Younkens
Sr. Director, Engineering, Government Solutions





Within one month, we were able to give [our teams] the tools that took that four hour process and condensed it down to 15 minutes.



Justin Herman
VP & Chief Information Officer

First Use Case: Electrode Control Tower



- First use case delivered in one month
- Transformed highly manual ground work to partially automated rapid decisioning
- Significant materials savings from reduced waste

4 hours
multistep process → 15 minutes
in one platform




Novartis CEO Vas Narasimhan names partnership with Palantir as key accelerator for pharmaceutical R&D.

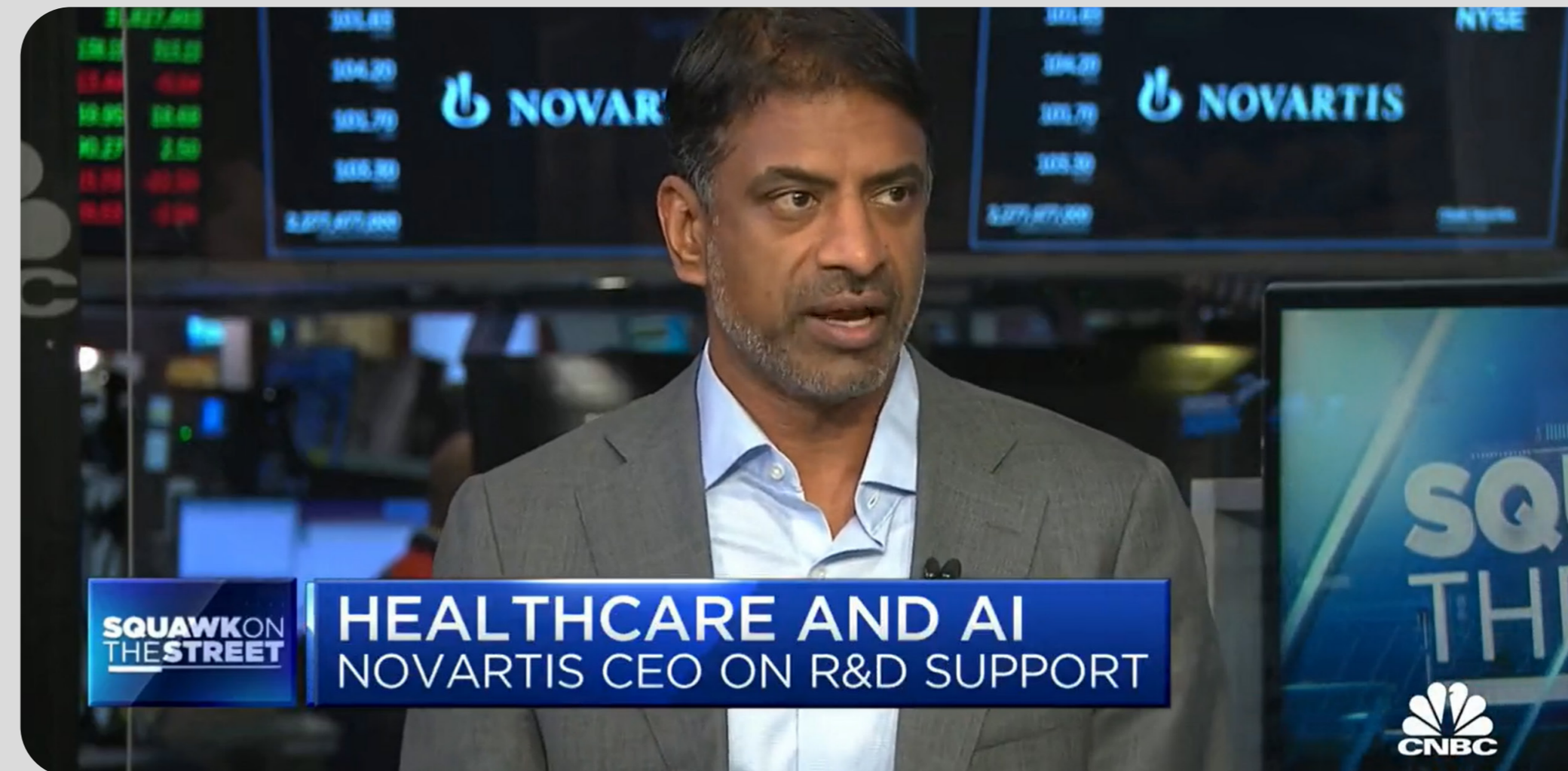
“

We have one fundamental advantage versus our peers: five years ago, we created an integrated data lake we called data42 with our partners at Palantir.

“

We're using that data lake to move AI very quickly forward in the company... our data is organized, it has a clear Ontology, and I'm hoping that will lead to more discoveries faster over time.

Watch the entire interview on 



Our software continues to be in the fight.

In May, we announced a multi-year contract with United States Special Operations Command (SOCOM) worth up to \$463 million to support their AI-enabled mission command platform.



Congratulations to Elina Svitolina on reaching the Wimbledon semi-finals and on her continued success.

“

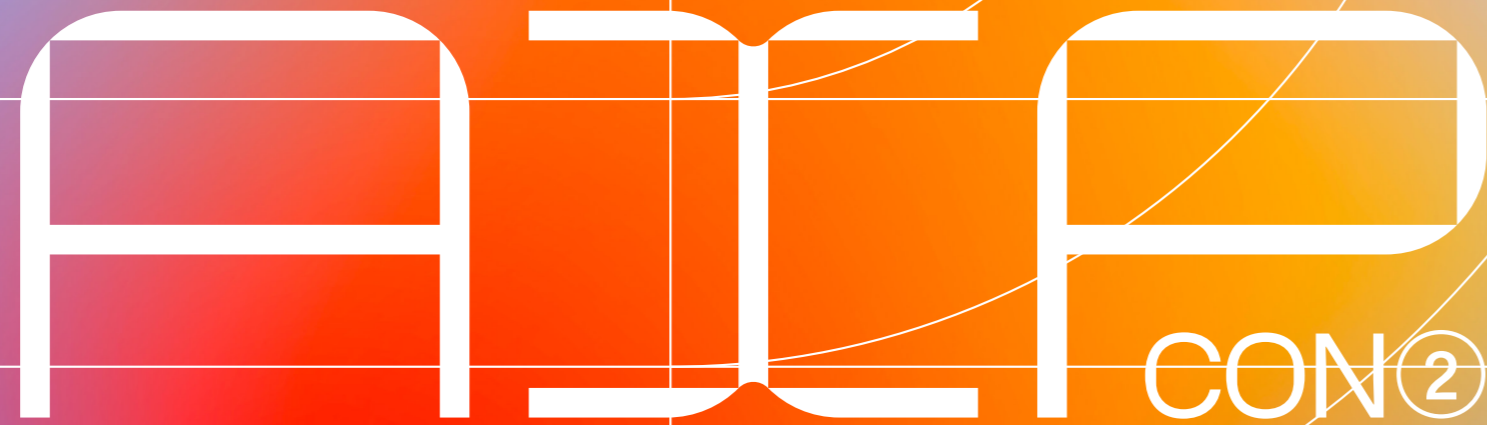
I am thankful for the work [Palantir is] doing in helping my government continue its fight to peacefully exist within our own borders.



AIPCon²

September 14th, 2023

AIPCon convenes Palantir customers at all stages of their AI journey. Tune in to hear keynotes, demos, and master classes from customers as they share their latest LLM innovations and offer their vision of an AI enabled future.



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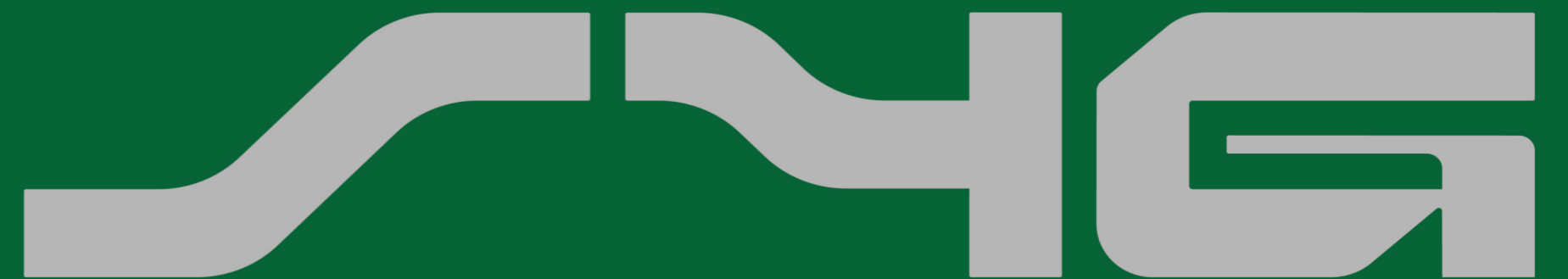
AIP CON ©
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WINNERS FOCUS ON WINNING.
LOSERS FOCUS ON WINNERS. ©

S4G Summit

September 21st, 2023

The inaugural Software for Government (S4G) Summit will assemble representatives from the US Government, C-suite executives, and industry leaders to explore the transformative power and potential of software.



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Live stream details to come at
investors.palantir.com/

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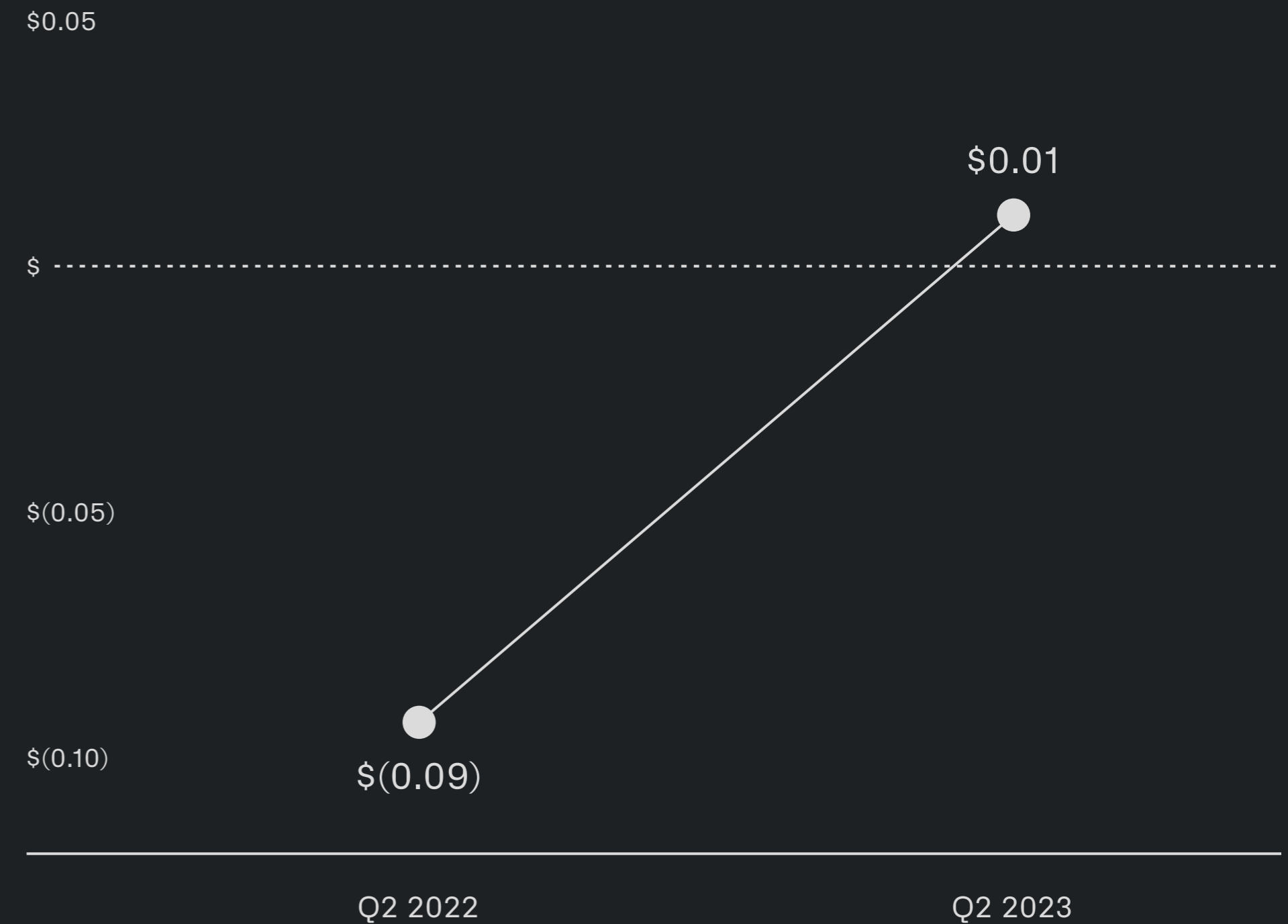
Financials



We achieved GAAP profitability for the third consecutive quarter.

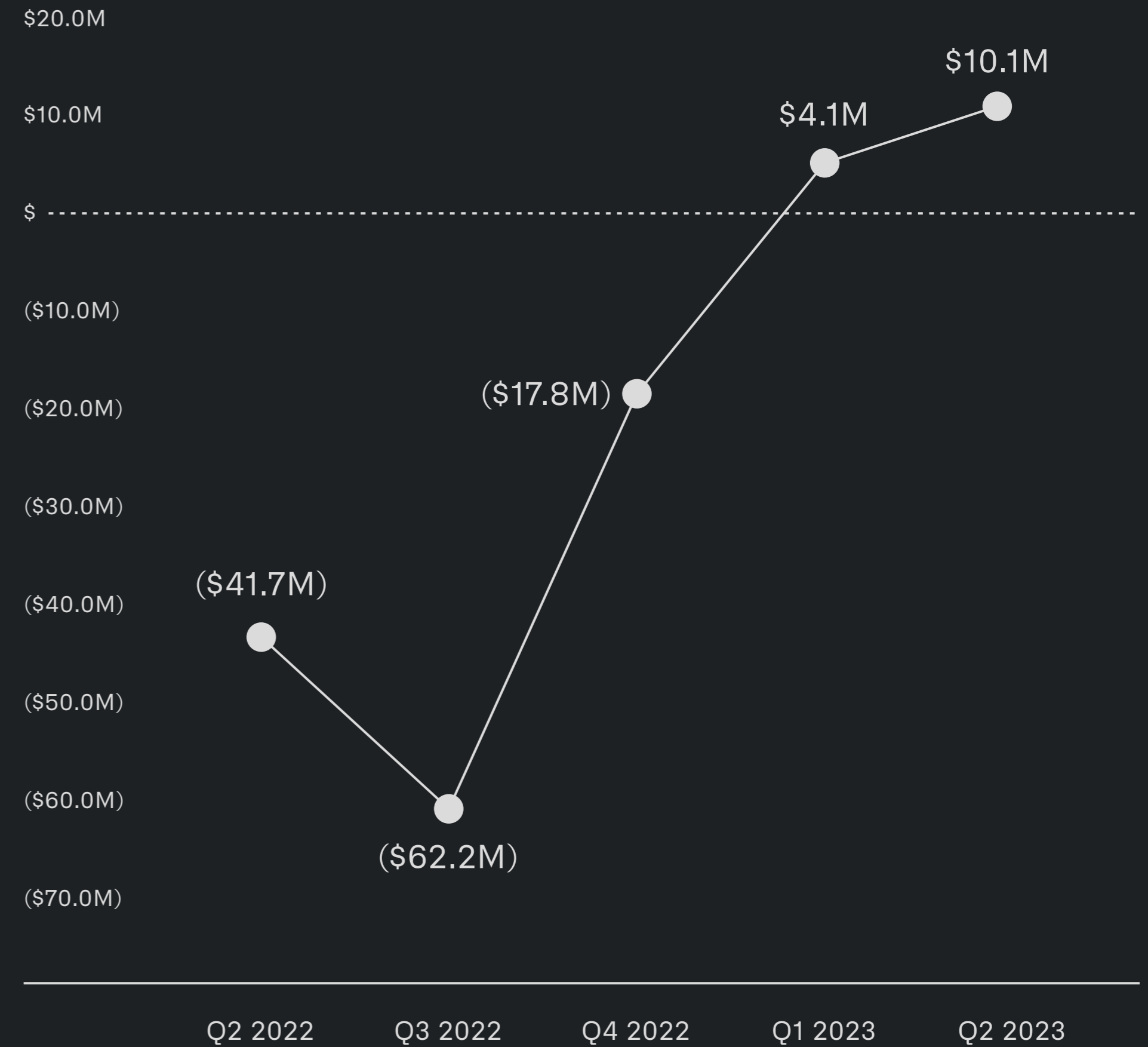
Q2 2023 GAAP earnings per share of \$0.01, up \$0.10 Y/Y

GAAP EPS

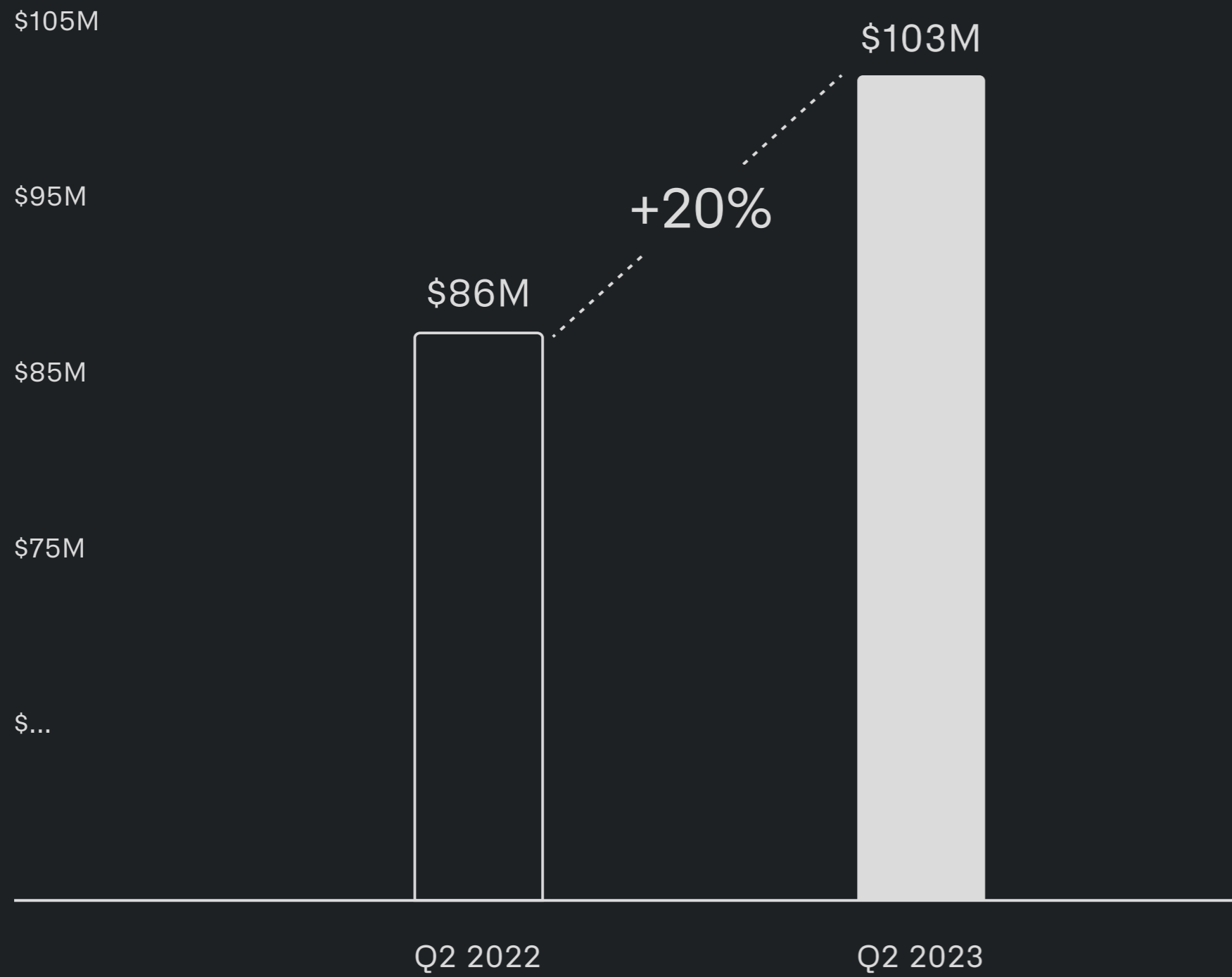


We achieved GAAP operating profitability for the second consecutive quarter.

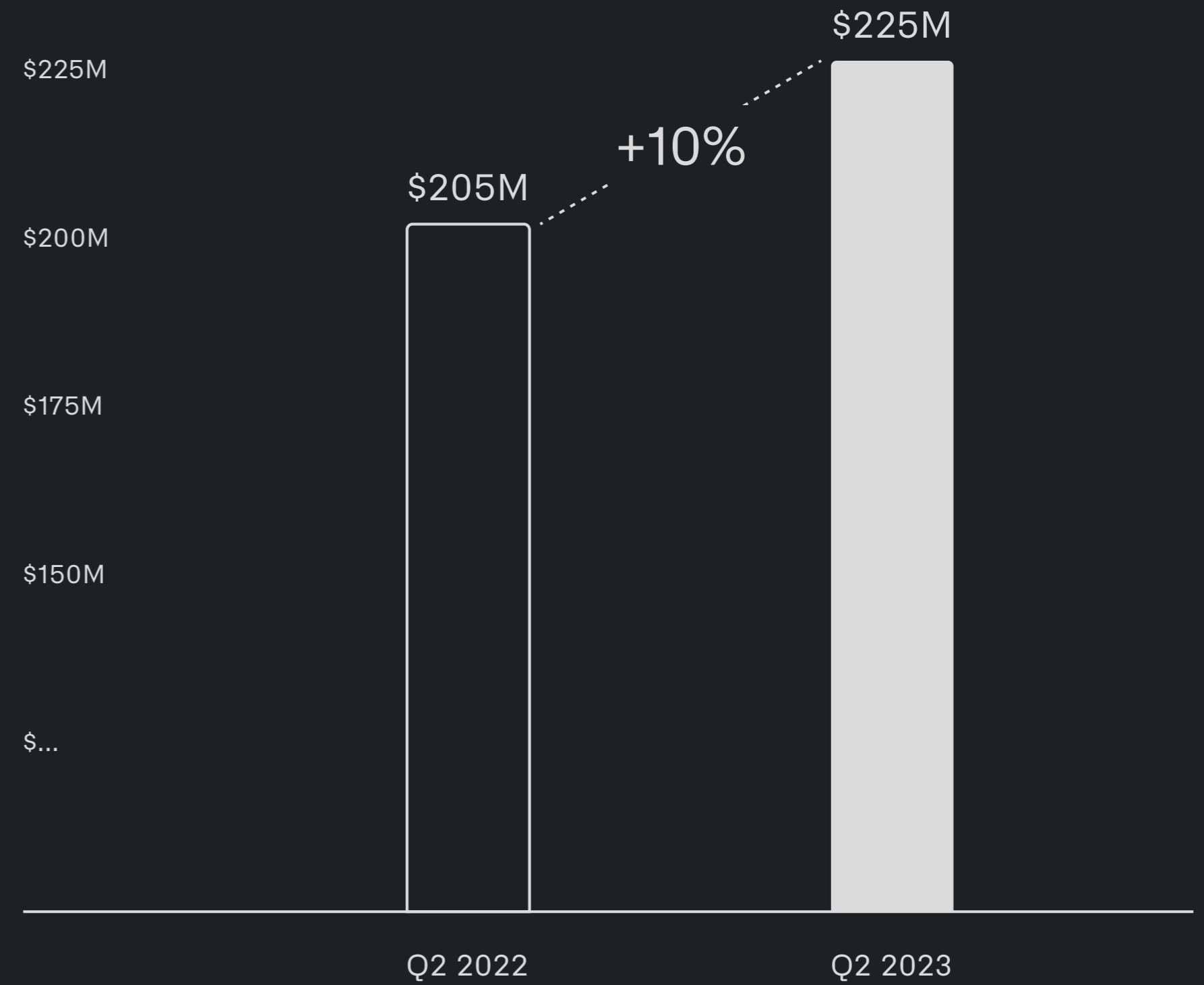
GAAP Operating Income (Loss)



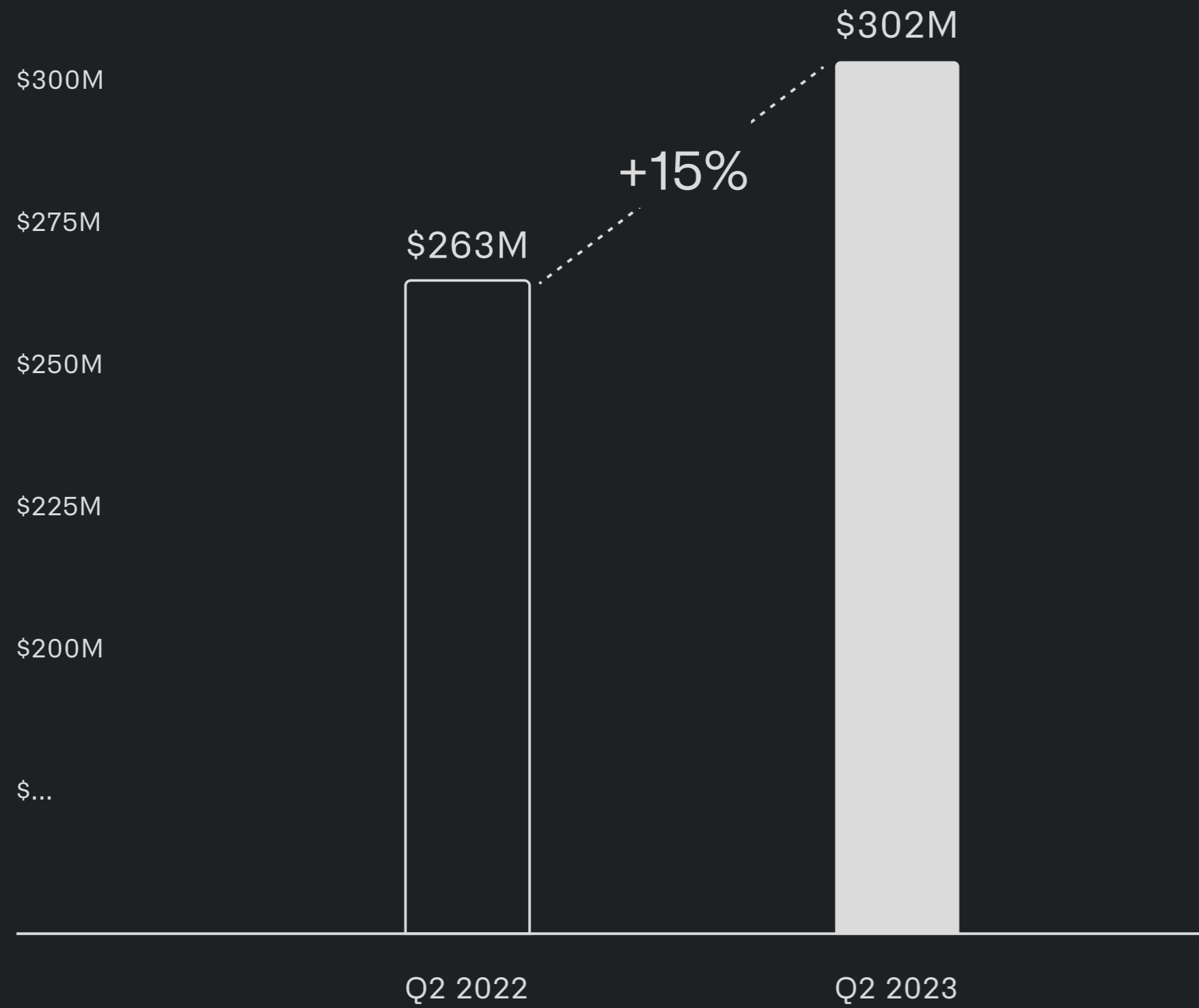
US Commercial Revenue Growth



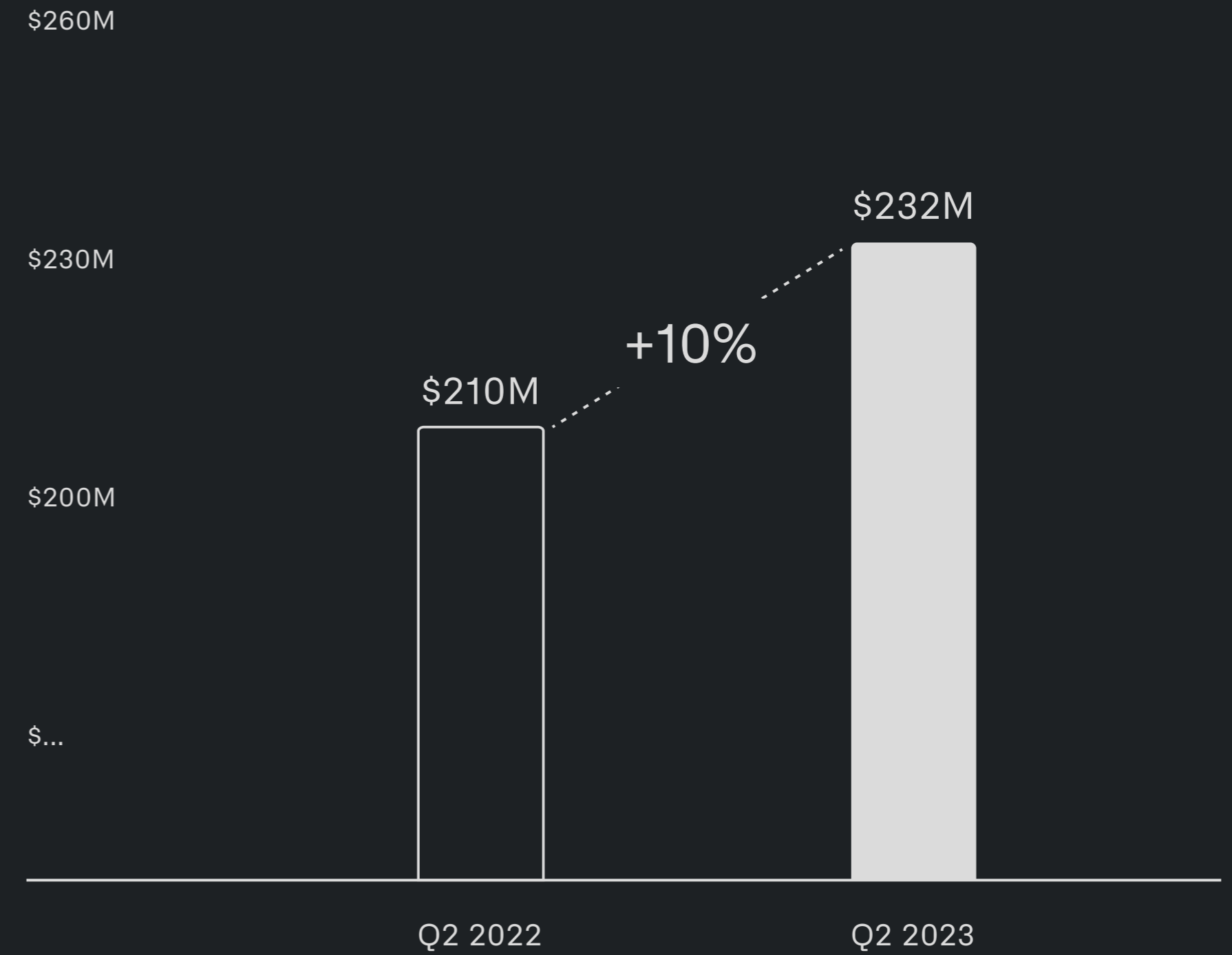
US Government Revenue Growth



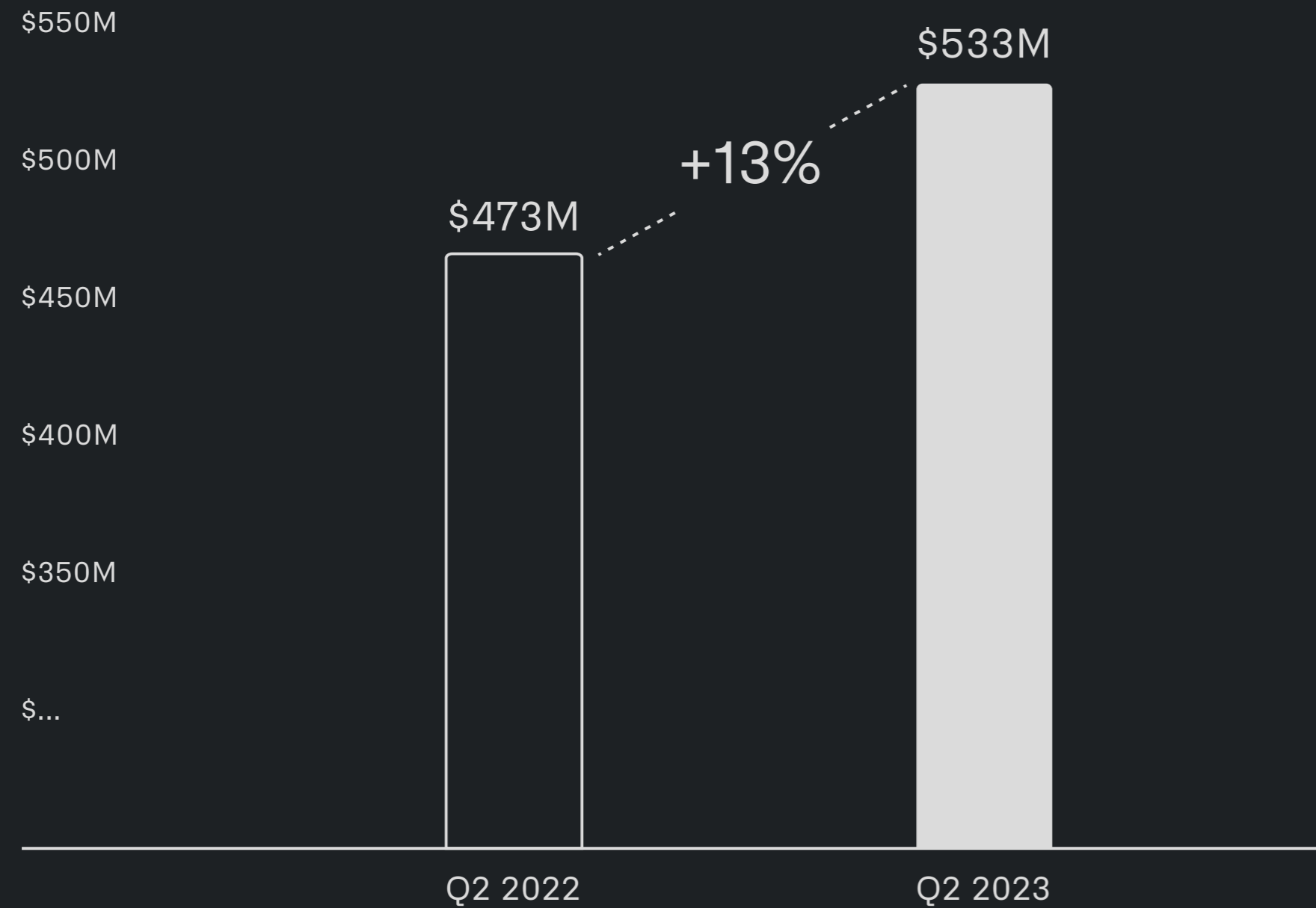
Government Revenue Growth



Commercial Revenue Growth

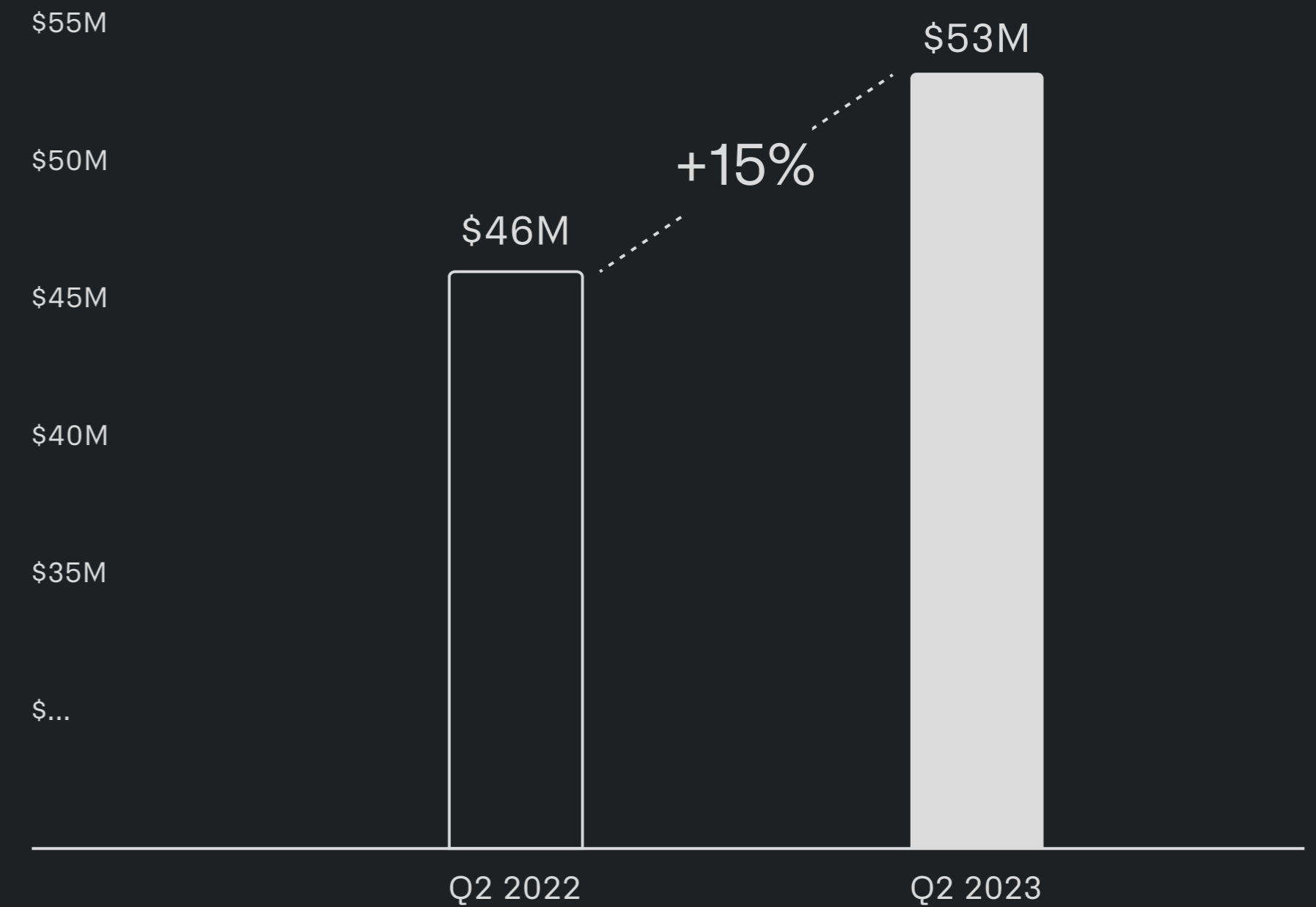


Total Revenue Growth



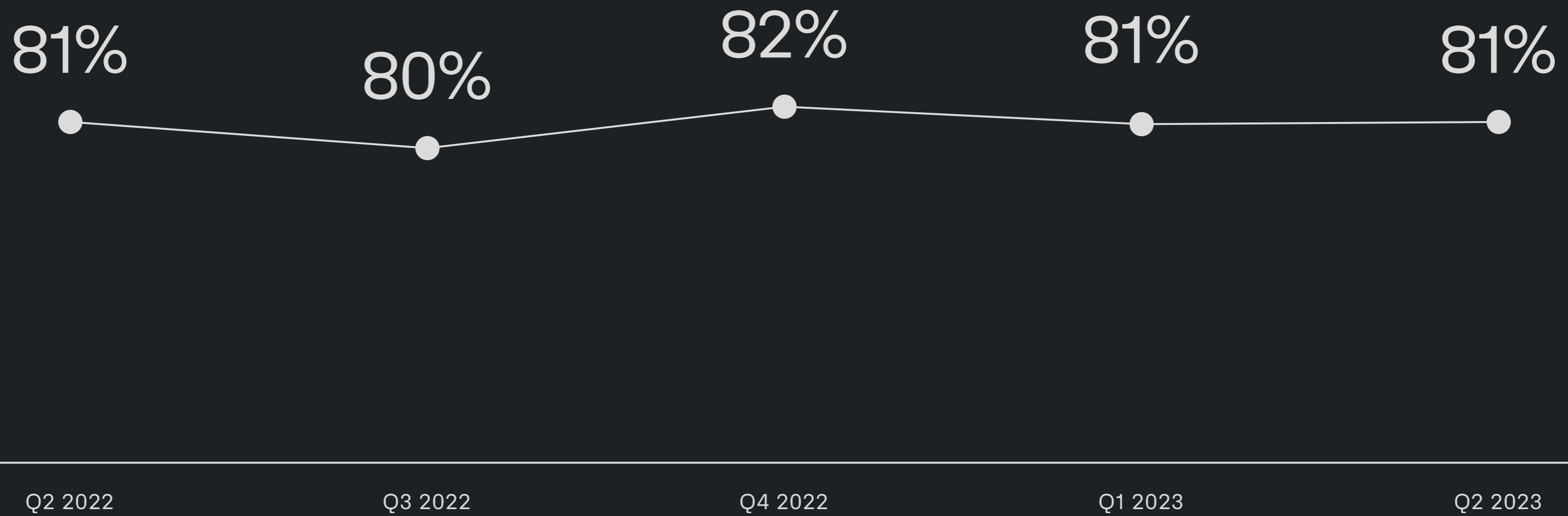
Q2 2023 NET DOLLAR RETENTION OF 110%

Average TTM Revenue per Top 20 Customers



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. Net dollar retention is calculated as (a) revenue for the trailing twelve months as of each period attributable to the customers as counted for the prior trailing twelve months divided by (b) revenue for the prior trailing twelve months recognized from those same customers.

ADJ. GROSS MARGIN

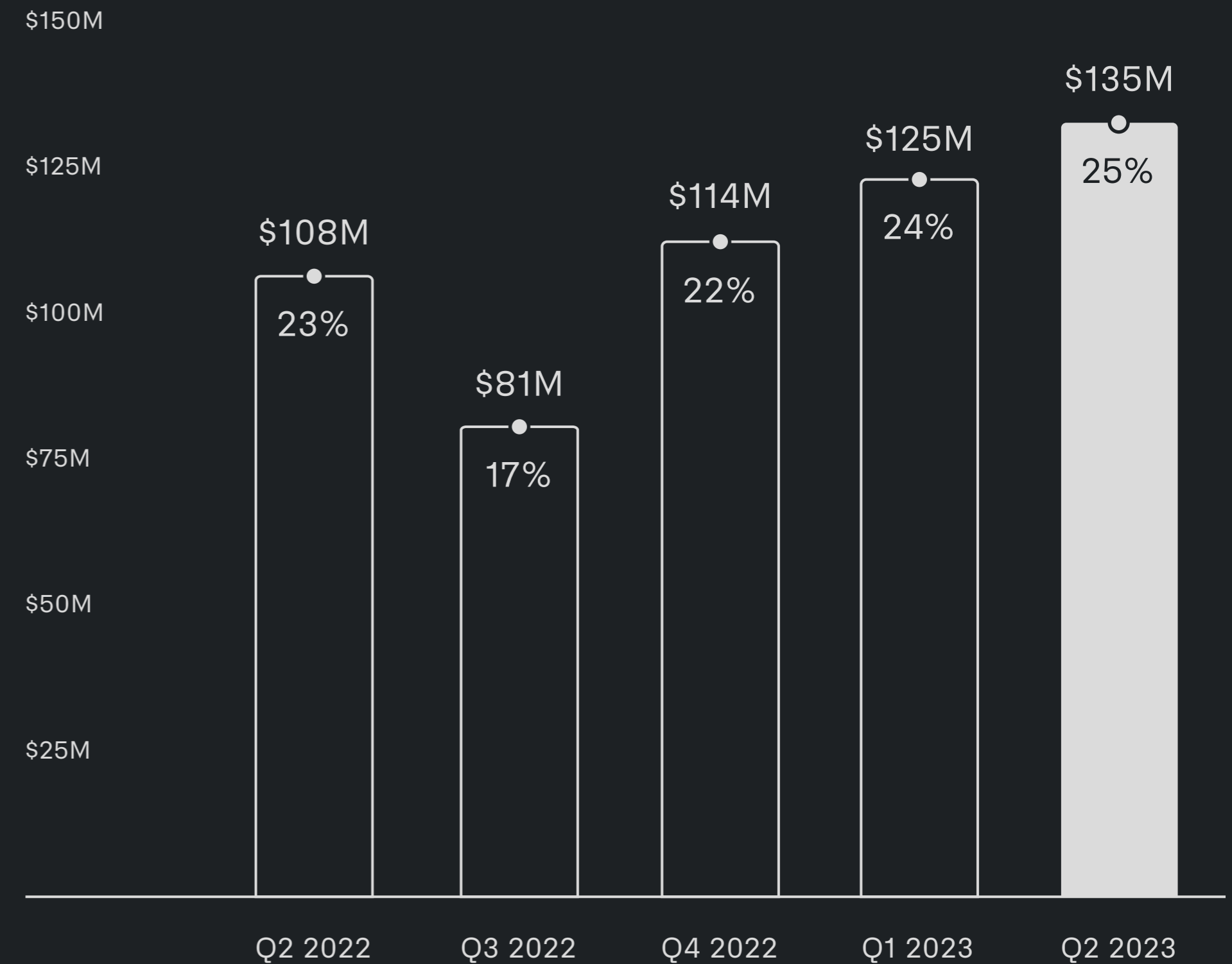


We are committed to profitable growth and will continue to focus on investing in areas critical to our business.

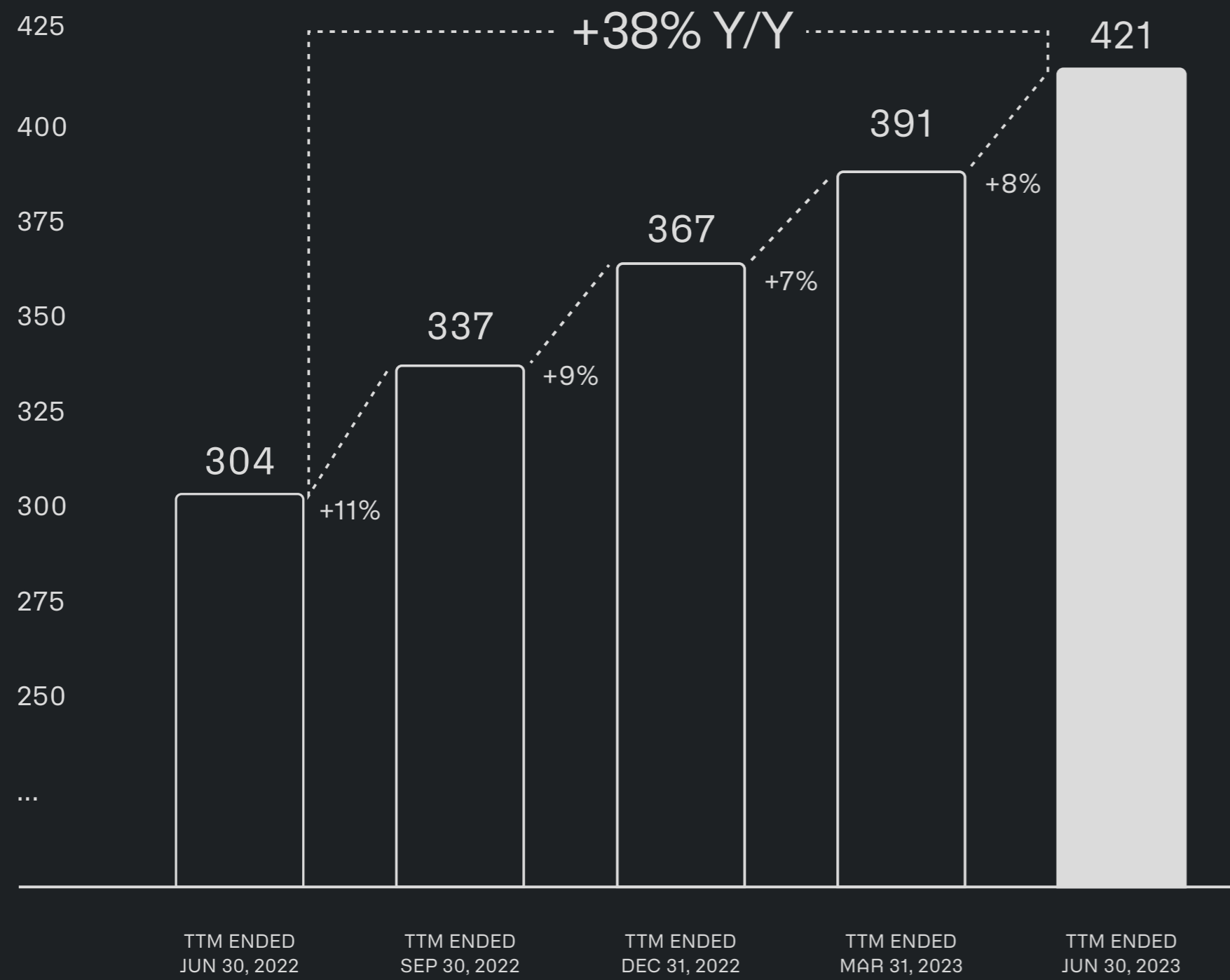
Adjusted operating income and adjusted operating margin exclude stock-based compensation and related employer payroll taxes. Please see the appendix for reconciliations of these and other non-GAAP financial measures to the most directly comparable GAAP measures.

Q2 2023 adjusted operating income was \$135M, representing a margin of 25%

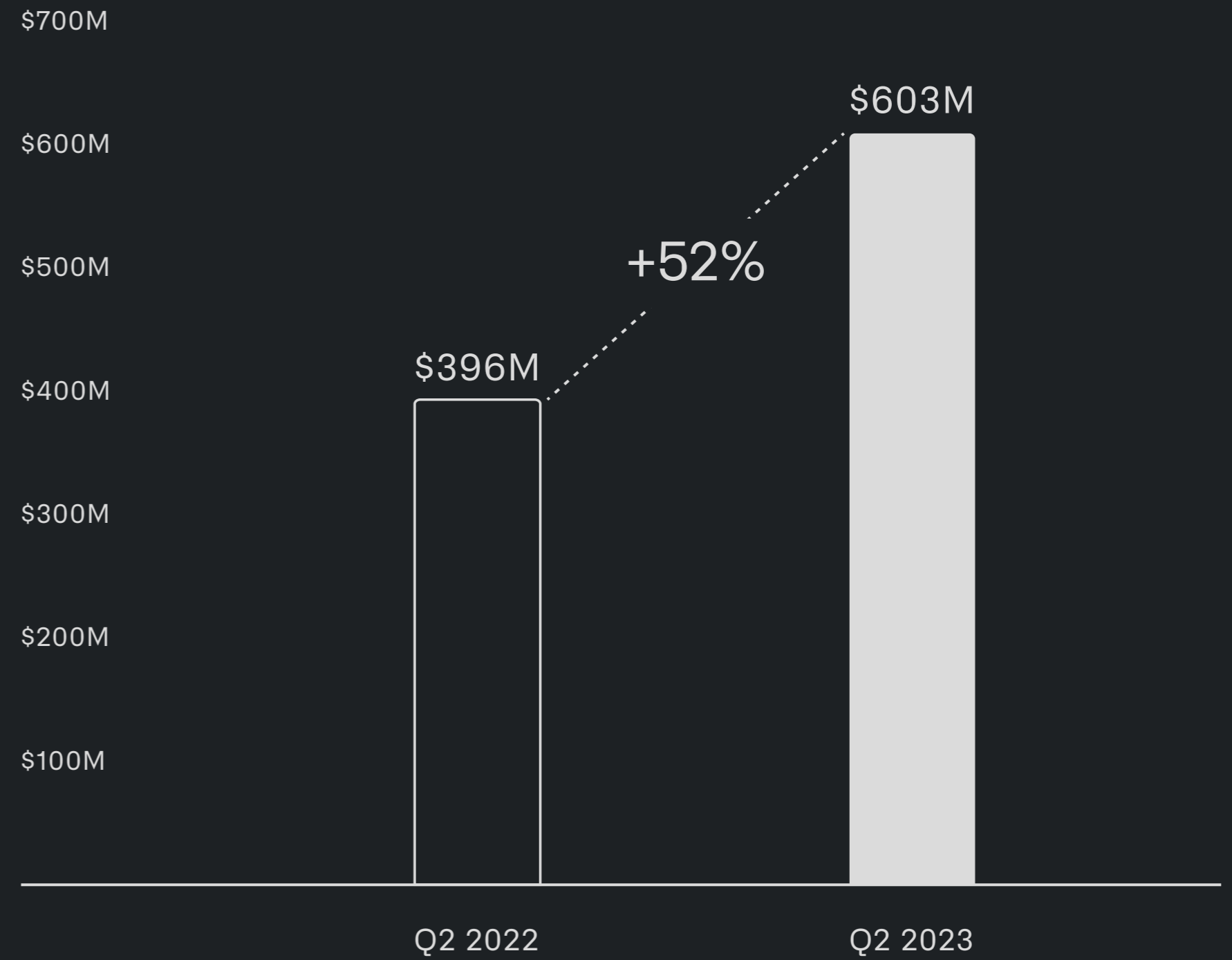
● ADJUSTED OPERATING MARGIN



Customer Count



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 Q2 2023, we closed

66 deals

of at least \$1 million.

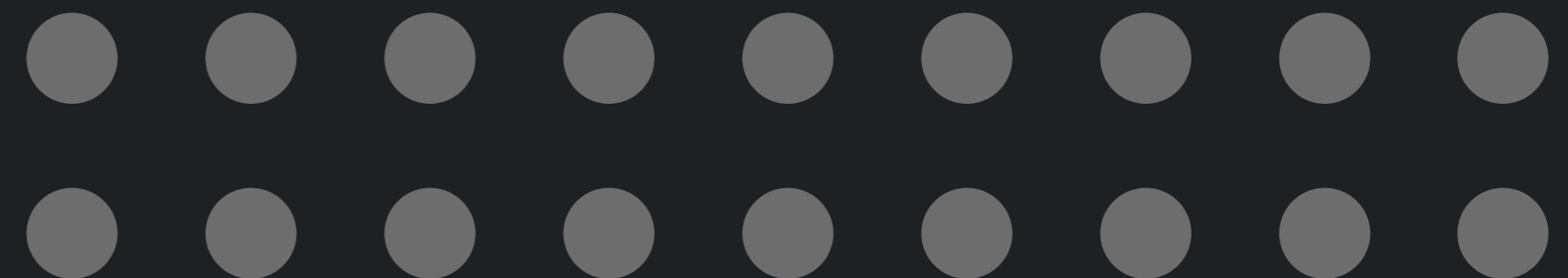
30

of which were at least \$5 million



18

of which were at least \$10 million

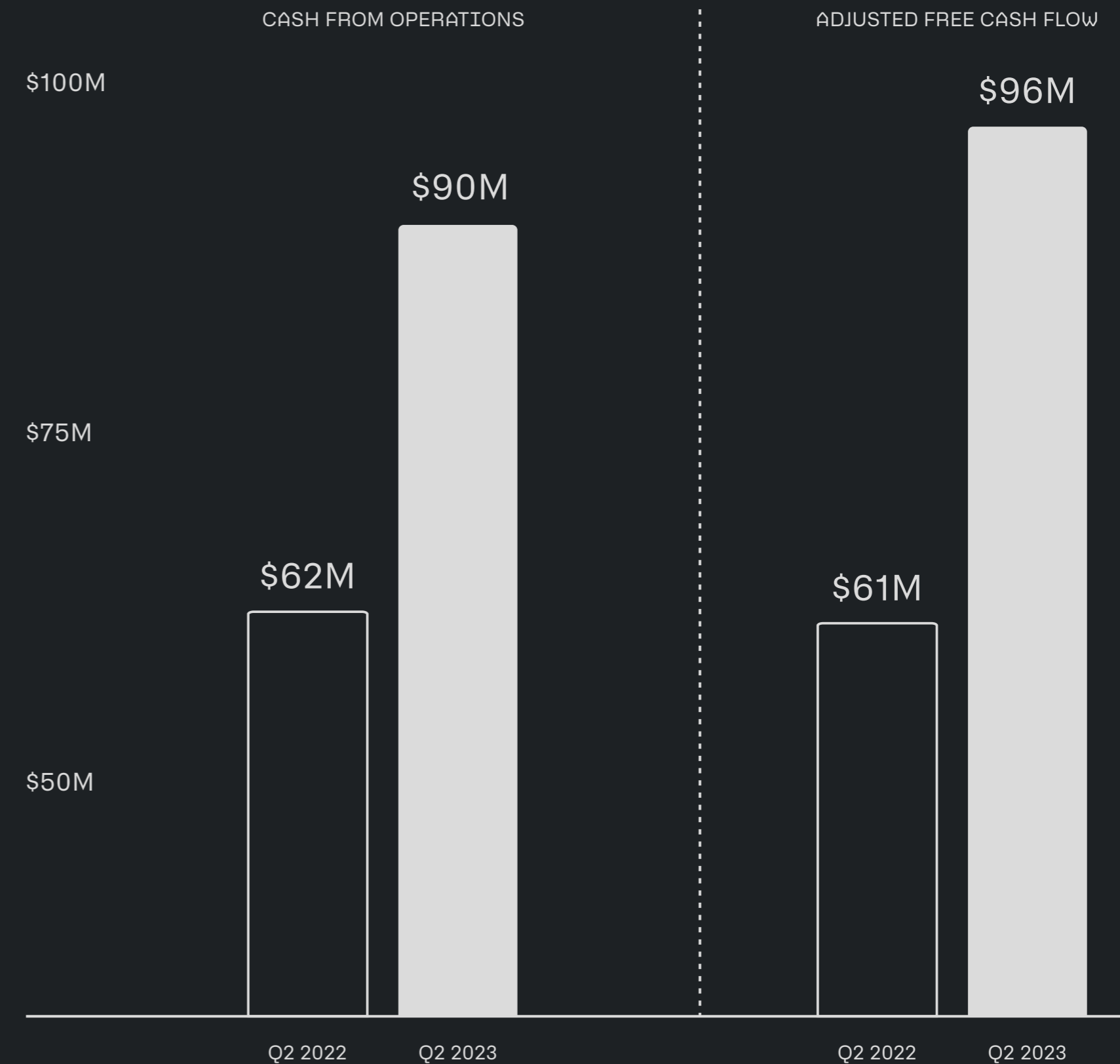


We ended Q2 2023 with

\$3.1B

in cash, cash equivalents,
and short-term US treasury
securities and no debt.

Cash from Operations and Adjusted Free Cash Flow



Q3 2023

For third quarter 2023, we expect:

- Revenue of between \$553 million - \$557 million.
- Adjusted income from operations of between \$135 million - \$139 million.
- GAAP net income.

FY 2023

For full year 2023:

- We are raising our revenue guidance to in excess of \$2.212 billion.
- We are raising our adjusted income from operations guidance to in excess of \$576 million.
- We expect GAAP net income in each quarter.

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Appendix



Additional Metrics and Notes

(\$ MILLIONS)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Total RPO	\$ 1,202	\$ 1,254	\$ 973	\$ 936	\$ 968
Short-Term RPO	\$ 524	\$ 555	\$ 517	\$ 529	\$ 558
Long-Term RPO	\$ 678	\$ 699	\$ 456	\$ 407	\$ 410
Billings	\$ 396	\$ 509	\$ 387	\$ 614	\$ 603

Remaining performance obligations ("RPO") reflects the values of contracts that have been entered into with, or awarded by, our government and commercial customers and represents non-cancelable contracted revenue that has not yet been recognized, which includes deferred revenue and, in certain instances, amounts that will be invoiced. We have elected the practical expedient, as permitted under Accounting Standards Codification 606 — Revenue from Contracts with Customers, to not disclose remaining performance obligations for contracts with original terms of twelve months or less.

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)	Q2 2022	Q2 2023	H1 2022	H1 2023
Cash Flow from Operating Activities	\$ 62,431	\$ 90,192	\$ 97,908	\$ 277,568
Add:				
Cash Paid for Employer Payroll Taxes Related to Stock-Based Compensation	3,933	9,770	13,457	16,046
Less:				
Cash Used to Purchase Property and Equipment	(5,458)	(3,934)	(20,673)	(8,689)
Adjusted Free Cash Flow	\$ 60,906	\$ 96,028	\$ 90,692	\$ 284,925
Adjusted Free Cash Flow Margin	13%	18%	10%	27%

Reconciliation of Gross Profit to Adjusted Gross Profit & Adjusted Gross Margin

Excluding Stock-Based Compensation

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

(\$ THOUSANDS)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Gross Profit	\$ 370,786	\$ 370,269	\$ 404,313	\$ 417,541	\$ 426,418
Add:					
Stock-Based Compensation	11,211	10,525	10,648	9,177	8,004
Adjusted Gross Profit	\$ 381,997	\$ 380,794	\$ 414,961	\$ 426,718	\$ 434,422
Adjusted Gross Margin	81%	80%	82%	81%	81%

Reconciliation of Income (Loss) from Operations to Adjusted Operating Income and Adjusted Operating Margin

Excluding Stock-Based Compensation and Related Employer Payroll Taxes

(\$ THOUSANDS)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	H1 2022	H1 2023
Income (Loss) From Operations	\$ (41,745)	\$ (62,191)	\$ (17,826)	\$ 4,115	\$ 10,074	\$ (81,184)	\$ 14,189
Add:							
Stock-Based Compensation	145,769	140,308	129,398	114,714	114,201	295,092	228,915
Employer Payroll Taxes Related to Stock-Based Compensation	3,825	3,133	2,692	6,285	10,760	11,331	17,045
Adjusted Operating Income	\$ 107,849	\$ 81,250	\$ 114,264	\$ 125,114	\$ 135,035	\$ 225,239	\$ 260,149
Adjusted Operating Margin	23%	17%	22%	24%	25%	24%	25%

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

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	Q2 2022	Q2 2023
Net Income (Loss) Attributable to Common Stockholders	\$ (179,329)	\$ 28,127
Add / (Less):		
Stock-Based Compensation	145,769	114,201
Employer Payroll Taxes Related to Stock-Based Compensation	3,825	10,760
Income Tax Effects and Adjustments [1]	8,615	(33,539)
Adjusted Net Income (Loss) Attributable to Common Stockholders	\$ (21,120)	\$ 119,549
Weighted-Average Shares Used in Computing GAAP Earnings (Loss) Per Share, Diluted	2,054,799	2,278,155
Adjusted Weighted-Average Shares Used in Computing Adjusted Earnings (Loss) Per Share, Diluted	2,054,799	2,278,155
Adjusted Earnings (Loss) Per Share, Diluted	\$ (0.01)	\$ 0.05

1. Income tax effect is based on an estimated long-term annual effective tax rate of 23.0% and 22.2% for the periods ended 2023 and 2022, respectively. 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.

Reconciliation of Revenue to Billings

(\$ THOUSANDS)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Revenue	\$ 473,010	\$ 477,880	\$ 508,624	\$ 525,186	\$ 533,317
Change in Contract Liabilities	(76,927)	30,807	(121,589)	88,614	69,952
Billings	\$ 396,083	\$ 508,687	\$ 387,035	\$ 613,800	\$ 603,269

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

(\$ THOUSANDS)	Q2 2022	Q1 2023	Q2 2023
Total Expenses	\$ 514,755	\$ 521,071	\$ 523,243
Less:			
Stock-Based Compensation	145,769	114,714	114,201
Employer Payroll Taxes Related to Stock-Based Compensation	3,825	6,285	10,760
Adjusted Expenses	\$ 365,161	\$ 400,072	\$ 398,282