

# Q3

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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](https://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 and adjusted free cash flow margin; adjusted gross profit and adjusted gross margin; billings; adjusted operating income and adjusted operating margin; adjusted earnings (loss) 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.

Palantir stands  
with Israel.

## Q3 2023 Highlights

- Fourth consecutive quarter of GAAP profitability; GAAP EPS of \$0.03
- Third consecutive quarter of GAAP operating profitability; 7% margin, up 2,000 basis points Y/Y
- Revenue grew +17% Y/Y to \$558 million
- US commercial revenue grew +33% Y/Y to \$116 million
- US commercial customer count grew +37% Y/Y
- Adjusted operating margin of 29%; fourth consecutive quarter of expanding adjusted operating margins
- Cash from operations of \$133 million; 24% margin
- Adjusted free cash flow of \$141 million; 25% margin

We define a customer as an organization from which we have recognized revenue during the trailing twelve months period.  
Adjusted operating margin excludes stock-based compensation expense and related employer payroll taxes.  
Adjusted free cash flow and adjusted free cash flow margin exclude employer payroll taxes related to stock-based compensation and purchases of property and equipment.  
Please see the appendix for reconciliations of these and other non-GAAP financial measures to the most directly comparable GAAP measures.

## Q3 2023 TTM Highlights

**\$147 million**

GAAP Net Income

**\$36 million**

GAAP Operating Income

**\$403 million**

US Commercial Revenue

**+23% Y/Y**

US Commercial Revenue

**\$502 million**

Adjusted Free Cash Flow

**24%**

Adjusted Free Cash Flow Margin

**\$538 million**

Adjusted Operating Income

**25%**

Adjusted Operating Margin

# Palantir is proud to support the Ministry of Digital Transformation of Ukraine as they accelerate Ukraine's digital reconstruction with AIP.



We are working on a technology that will help the state save millions, make effective management decisions, and become a virtual assistant for the Government.

Mykhailo Fedorov, Deputy Prime Minister for Innovation, Education, Science and Technology Development - Minister of Digital Transformation of Ukraine



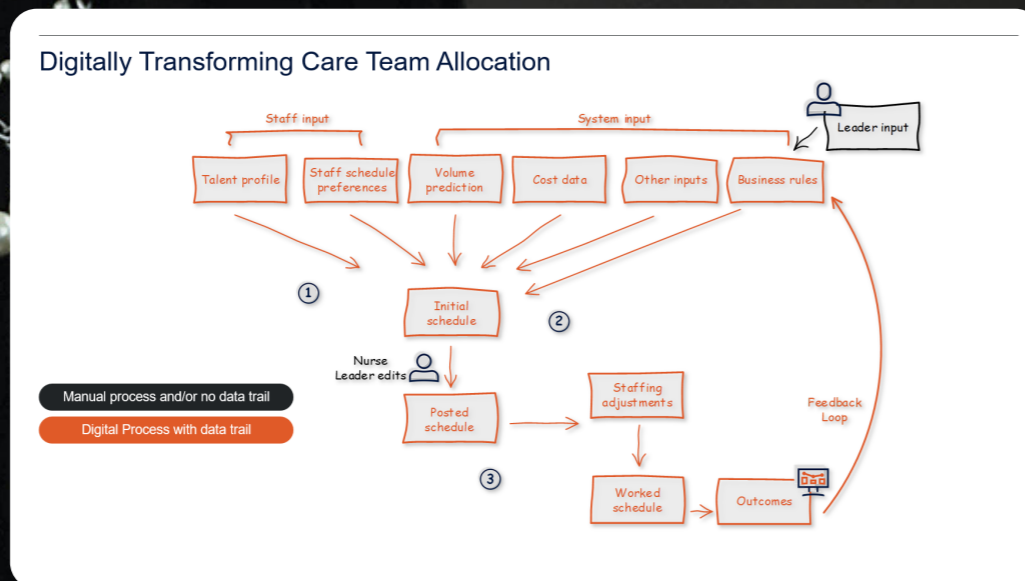
Our software is used by 16% of hospital beds across the US, up from roughly 1% a year ago.



We've been able to scale this across our acute in-patient units at 9 facilities, and we're looking ahead to the future. We'll be at 180+ hospitals... that's 90,000 nurses strong.

Whitney Staub-Juergens DNP-HSL, MSN, RN, CCRN-K, NE-BC, VP of Clinical Operations at HCA Healthcare

[Watch Whitney's Master Class on Transforming Healthcare Staffing with Strategic Scheduling](#)



Palantir Master Class

Palantir ranked #1 vendor in the 2023 AI, Data Science, and Machine Learning Wisdom of Crowds<sup>®</sup> Market Study published by Dresner Advisory Services.

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[Read the report to see why](#)

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At AIPCon<sup>②</sup>, our customers unveiled their AIP workflows.

Launched just five months ago, AIP is already used by nearly 300 organizations across sectors ranging from energy to finance, hospitality, and healthcare.





We've got patients' lives at stake, ... so the ability to have the tool show us exactly where it found the information ... is critically important.



Dr. Michael Schlosser, MD, MBA  
SVP Care Transformation  
and Innovation



We like to say that, 'We make what matters work.' Palantir is helping us focus on what matters.



Brian Fifarek  
Vice President Supply  
Chain Digitalization



It is important that in real-time we can send out help right away. So that we can not only make our operations more efficient, but it can save lives.



Jen Duthie  
Head of Innovation

# [AIP BOOTCAMPS]

## From 0 to Use Case in 5 days or less.

### Our new go-to-market approach for AIP

We're on track to conduct AIP Bootcamps for more than 140 organizations by the end of November. These immersive, hands-on-keyboard sessions allow new and existing customers to build live alongside Palantir engineers, all working toward the common goal of deploying AI in operations.

### Outcomes

- 1/ Understand how to apply AI to mission-critical operations
- 2/ Develop initial use cases in AIP
- 3/ Onboard and train users for rollout



I approached this engagement very critically [...] It's hard for someone to come in and build a product in one day, especially when we have been working with other entities for months and hadn't seen results.

We worked with Palantir and got the results that we wanted in less than eight hours.

We presented to our CEO the very next day.



➤ Schedule an  
AIP Bootcamp today



Elliot Smith  
Data Scientist

Enabling frontline innovators to go further, faster.

By leveraging the technology built from our hard-earned experiences delivering to the government, our customers and partners can focus their attention on the next generation of development.

PALANTIR / SOFTWARE FOUNDATIONAL SOFTWARE OF TOMORROW. DELIVERED TODAY.™

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# Announcing Palantir Government Web Services

WORLD-CLASS SOFTWARE FOR DATA ANALYTICS & DATA-DRIVEN DECISION MAKING

[Technical Annex](#)

PALANTIR TECHNOLOGIES INC. PALANTIR.COM

FedStart transforms the usual 18 month, ~\$2M accreditation process into something that can be done in as little as 6 weeks, and at a fraction of the cost.

We're proud to welcome our 9 newest FedStart partners



CALYPSOAI



NIH National  
Center for Advancing  
Translational Sciences



At Palantir's Software for Government Summit, Mark Brunner shared how Primer AI is reshaping defense with AI solutions, overcoming access and accreditation challenges through Palantir's FedStart program.

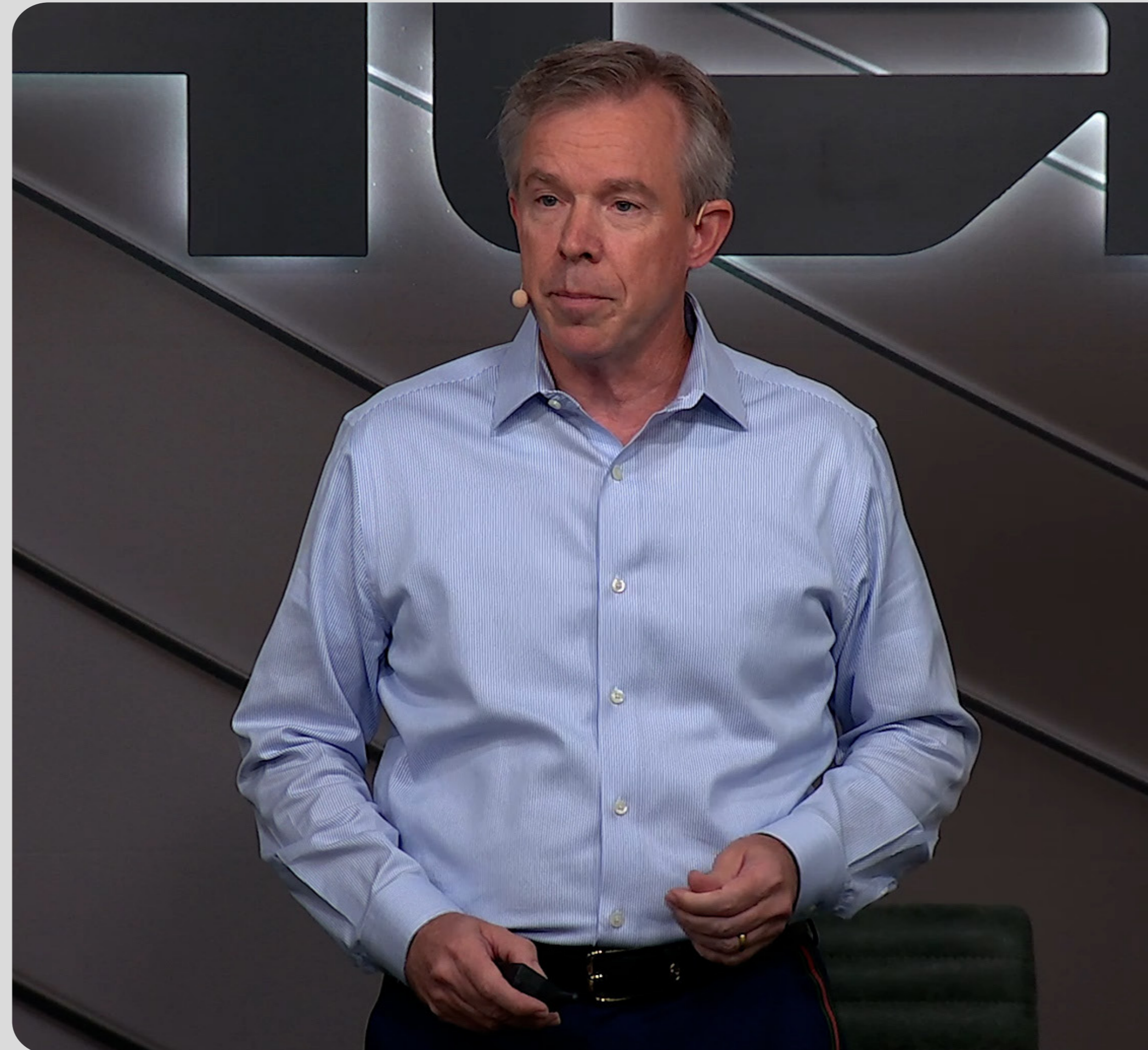
“

Palantir's FedStart program gave us that one-stop shop and an economically viable platform to FedRAMP High. This is a game-changer initiative for a company like ours.

Mark Brunner, President, Public Sector, Primer AI

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Watch his [full keynote](#)



# Q3

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# 2023

# Financials





# US commercial accelerated in Q3 2023 alongside AIP revolution

**+33% Y/Y**

US Commercial Revenue

**+13% Q/Q**

US Commercial Revenue

**+37% Y/Y**

US Commercial Customer Count

**+12% Q/Q**

US Commercial Customer Count

**102**

US Commercial Deals Closed

**+65% Q/Q**

US Commercial Deals Closed

**10x**

3-Year US Commercial Customer Count Growth

**\$252M**

US Commercial TCV

**+55% Y/Y**

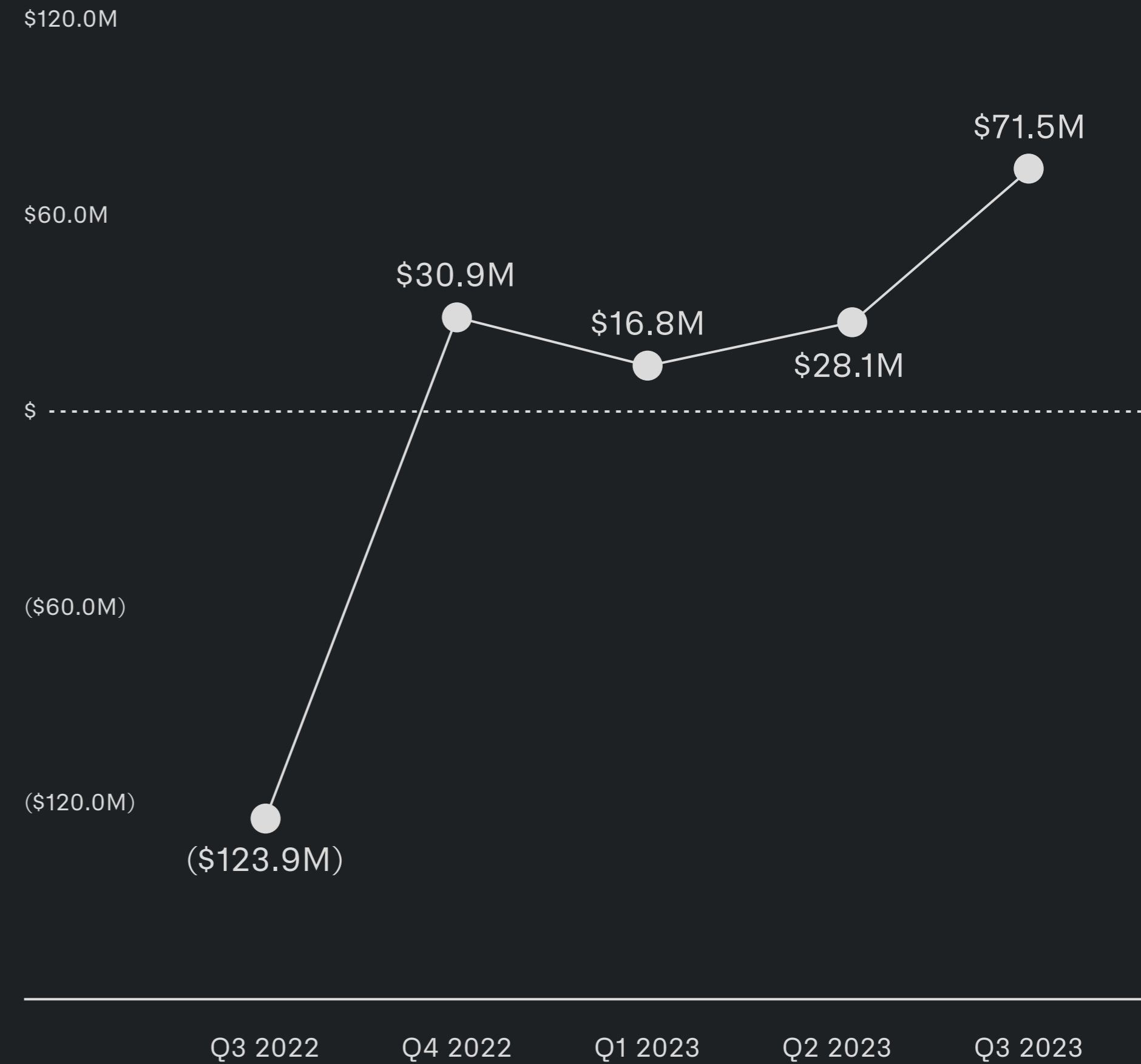
On a Dollar-Weighted Duration Basis

Total contract value ("TCV") is the total potential lifetime value of contracts entered into with, or awarded by, our customers at the time of contract execution. TCV presumes the exercise of all contract options available to our customers and no termination of contracts. However, the majority of our contracts are subject to termination provisions, including for convenience, and there can be no guarantee that contracts are not terminated or that contract options will be exercised. Dollar-weighted duration basis refers to the total value of contracts closed in the applicable period divided by the dollar-weighted average duration of those same contracts.

We achieved GAAP profitability for the fourth consecutive quarter.

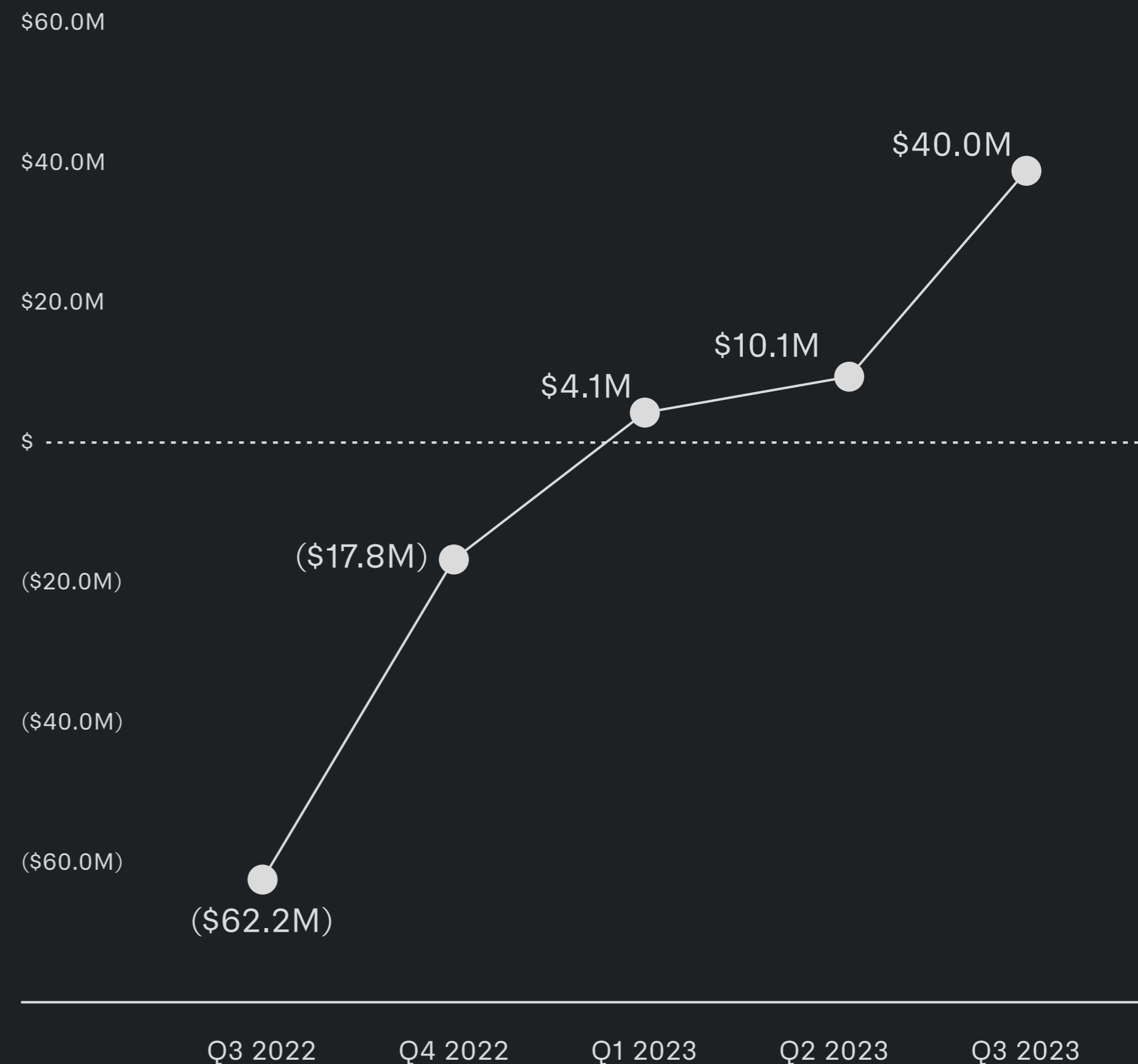
Our Q3 2023 GAAP earnings per share was \$0.03, up \$0.09 Y/Y.

## GAAP Net Income (Loss)

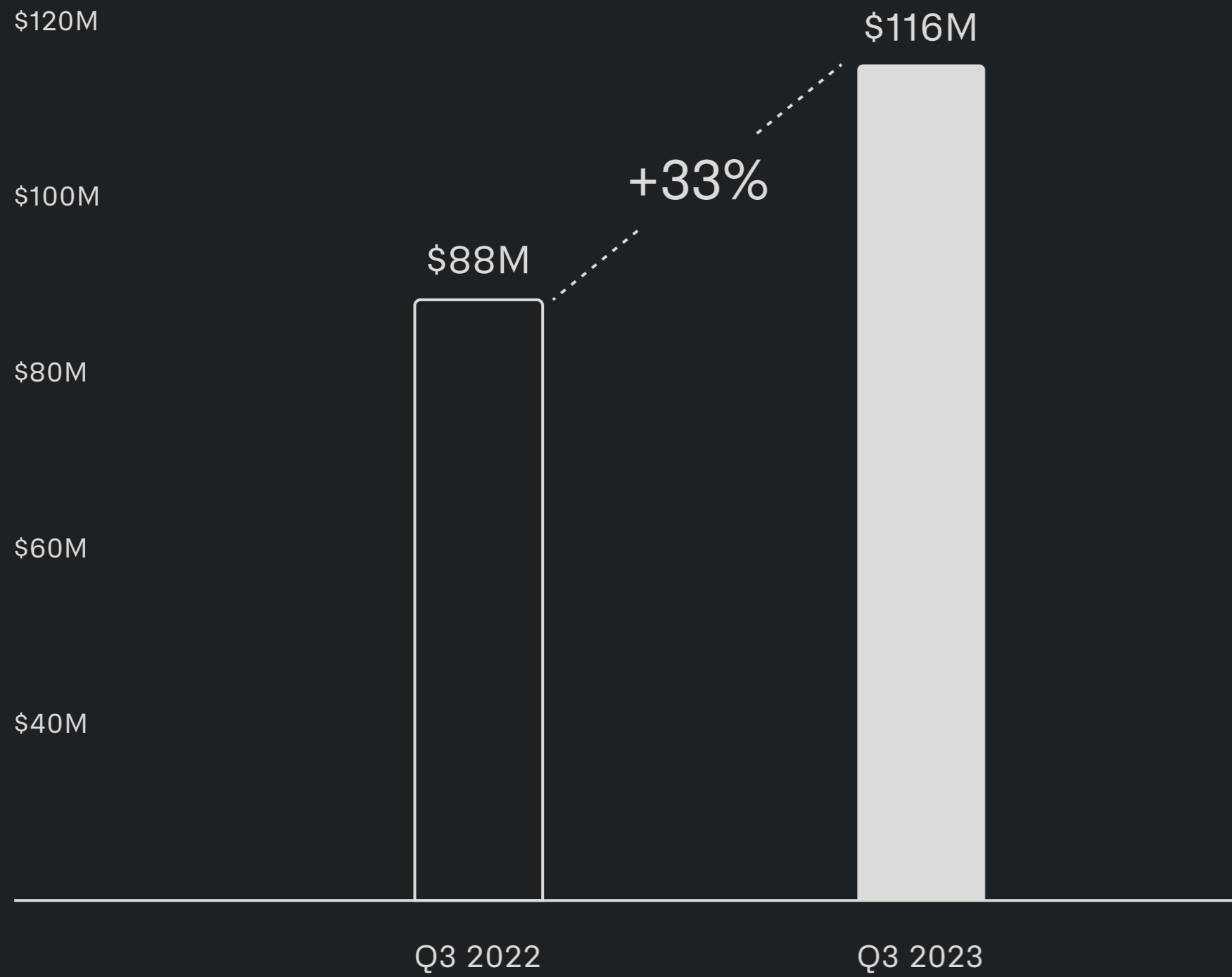


We achieved GAAP operating profitability for the third consecutive quarter.

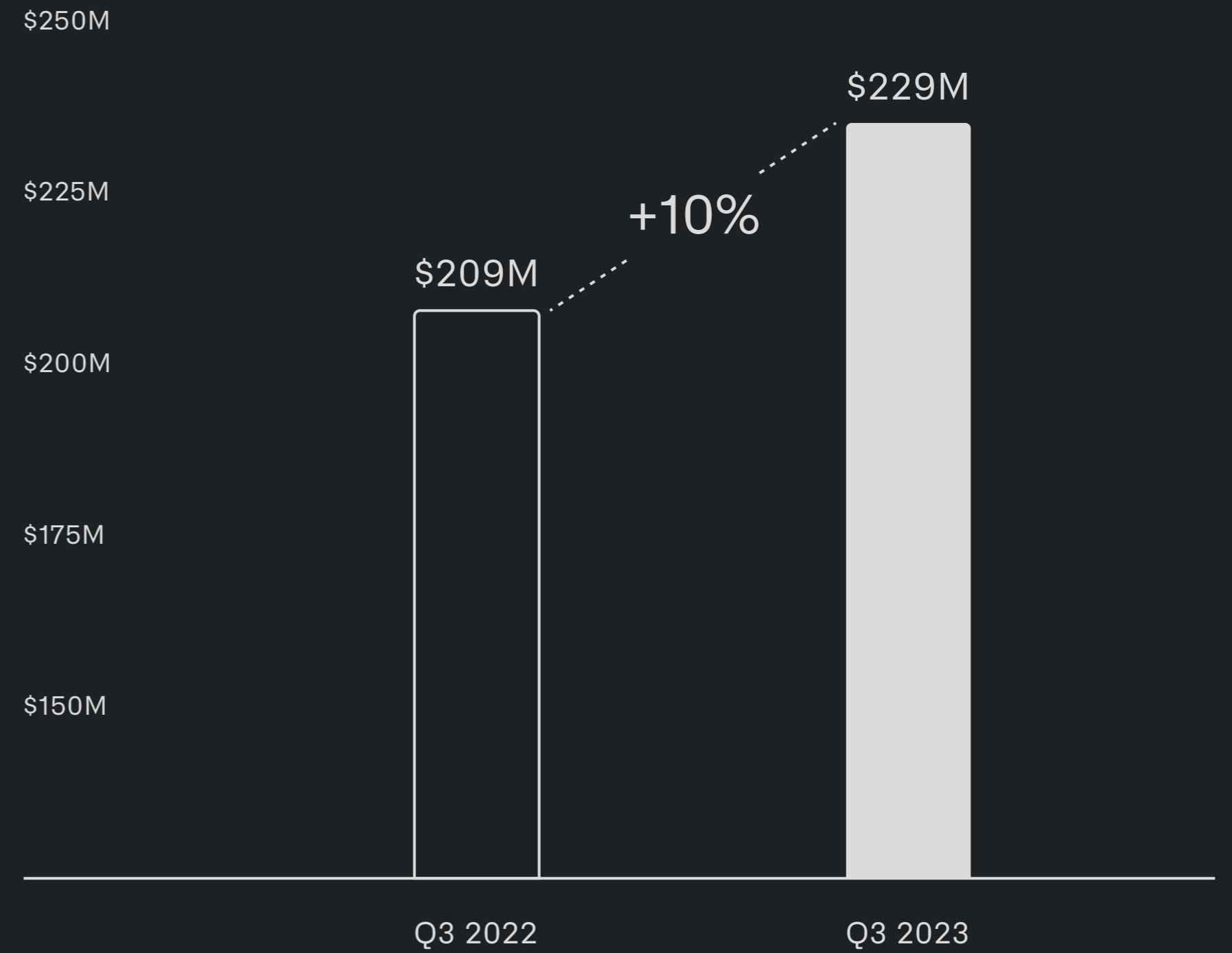
## GAAP Operating Income (Loss)



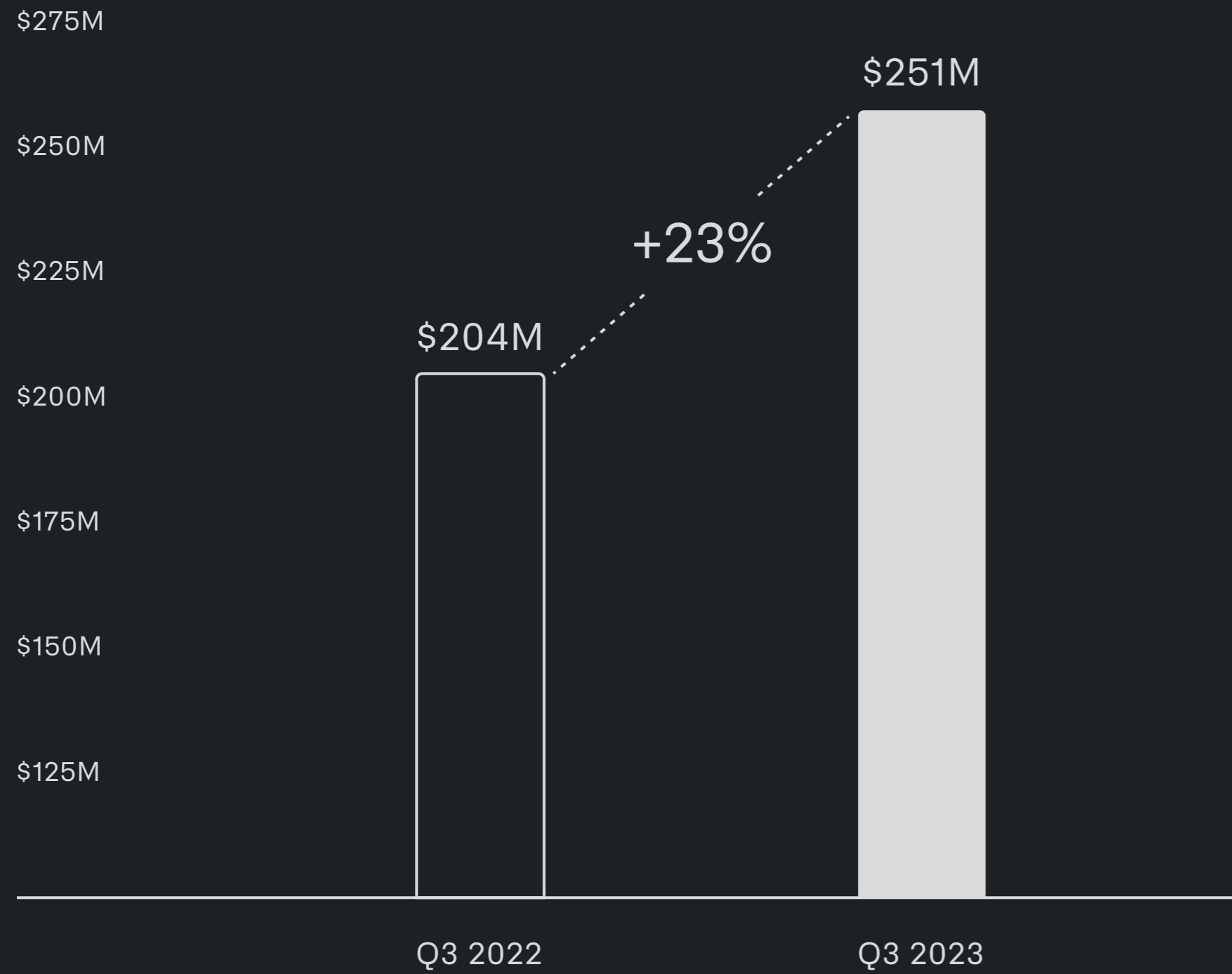
## US Commercial Revenue Growth



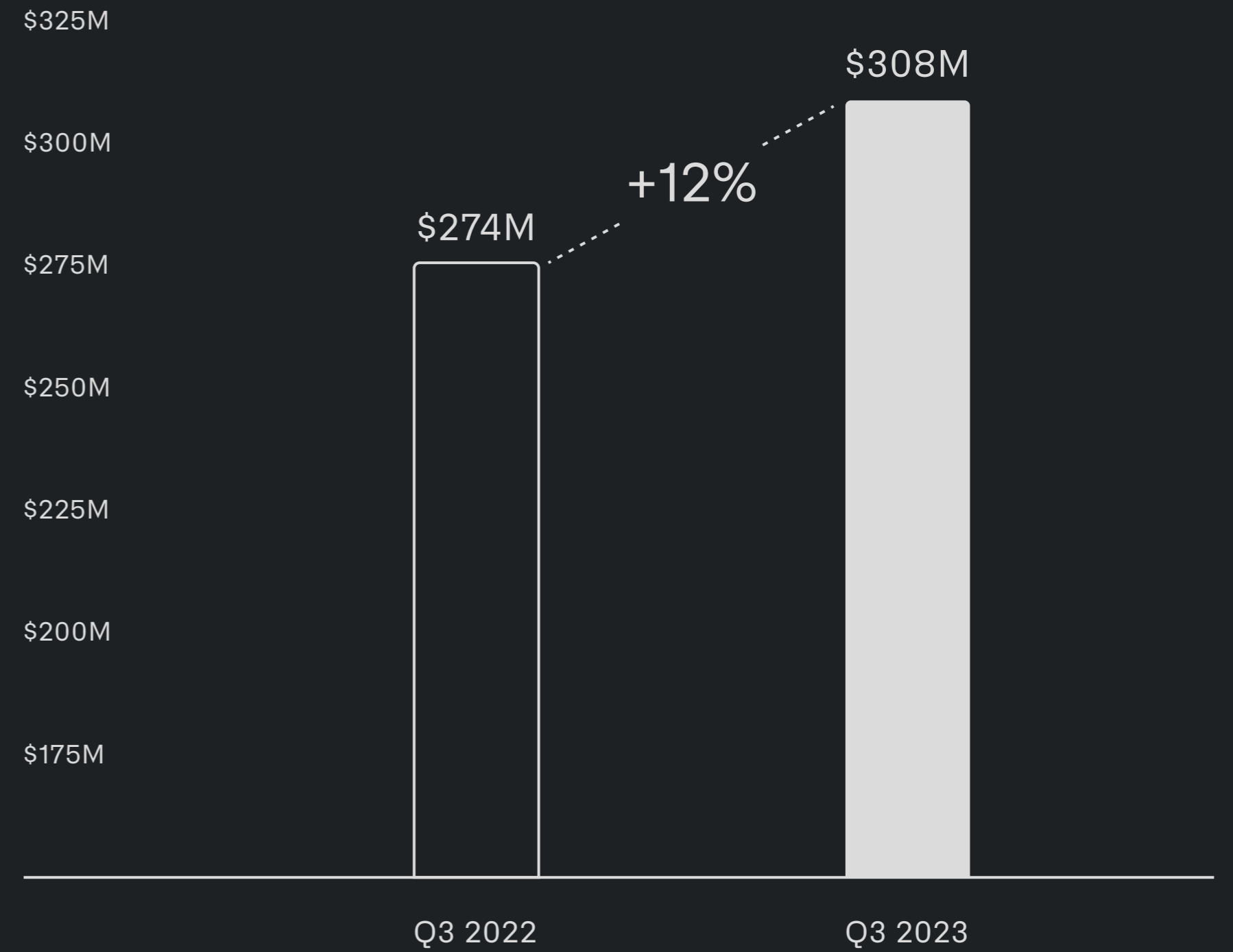
## US Government Revenue Growth



## Commercial Revenue Growth

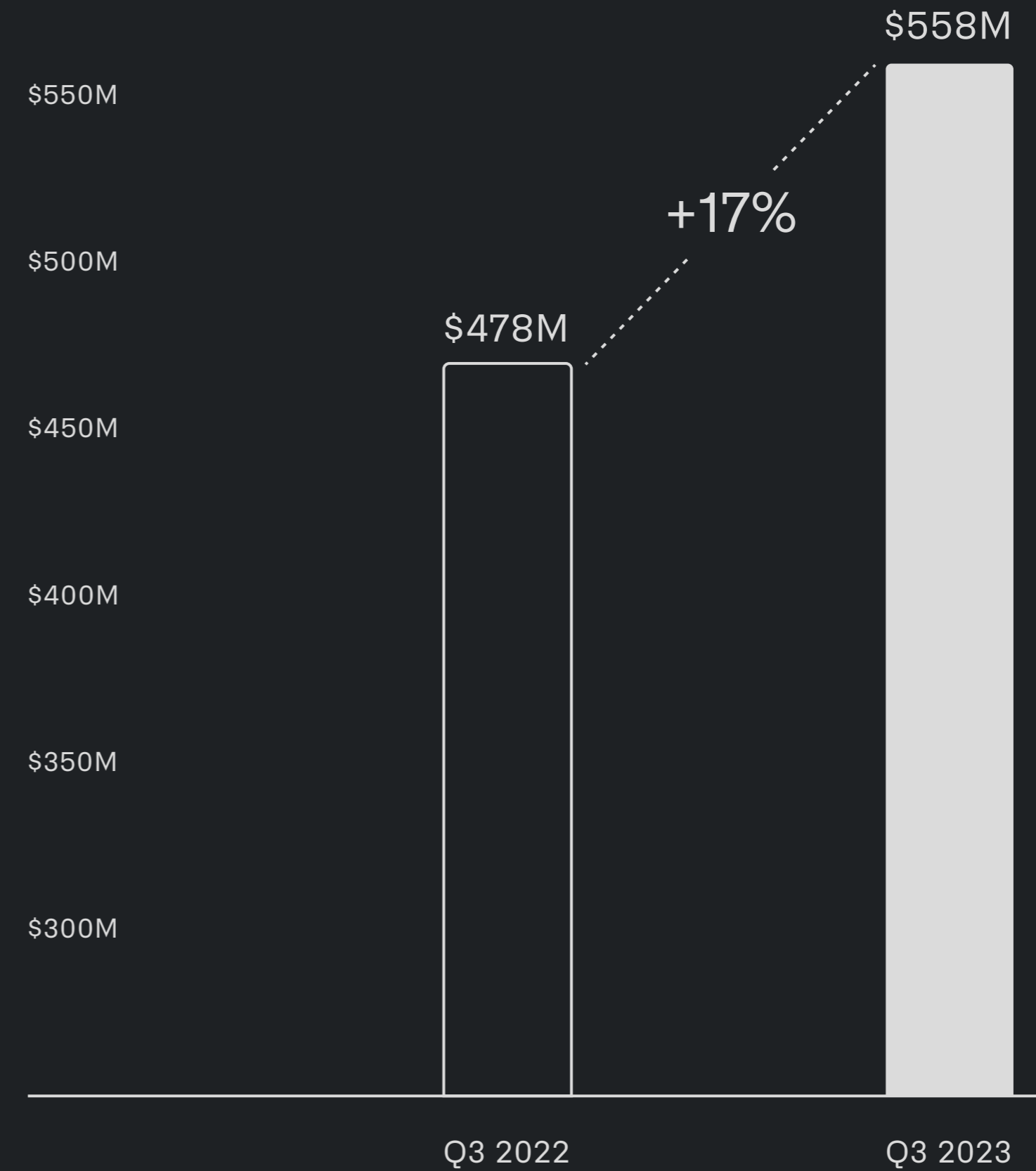


## Government Revenue Growth

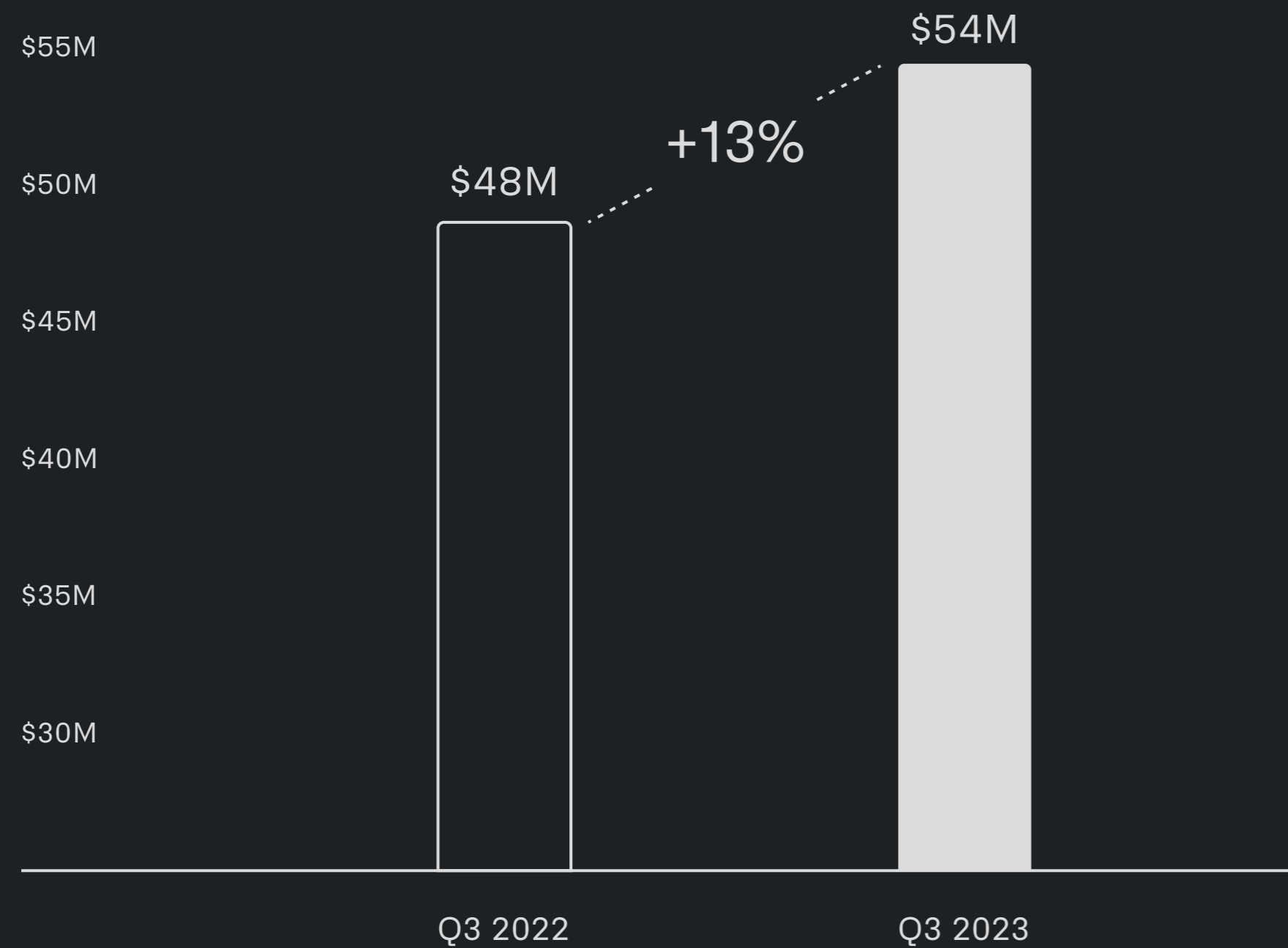


Total revenue grew 17% Y/Y, driven by the continued acceleration of our US commercial business.

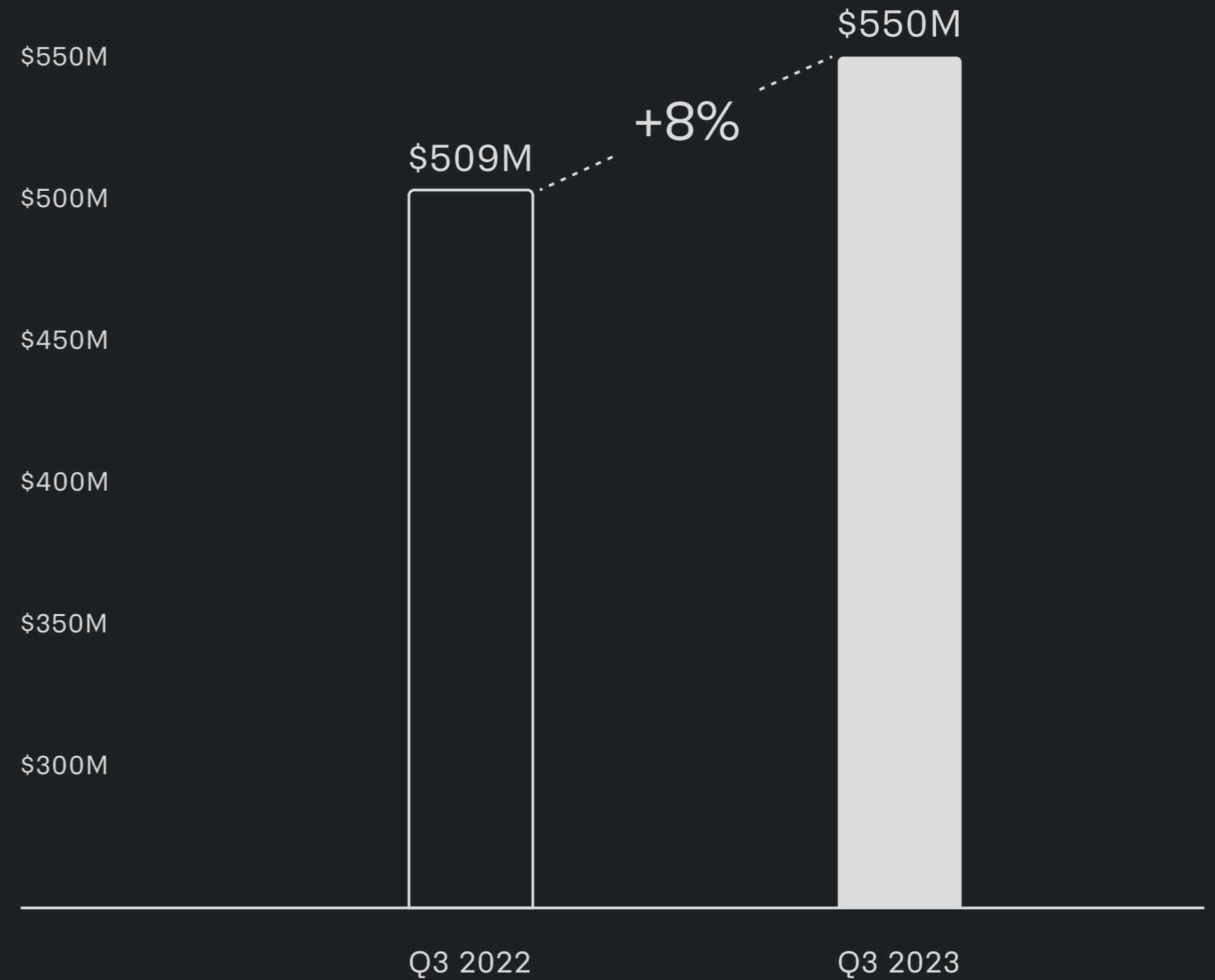
## Total Revenue Growth



## Average TTM Revenue per Top 20 Customers



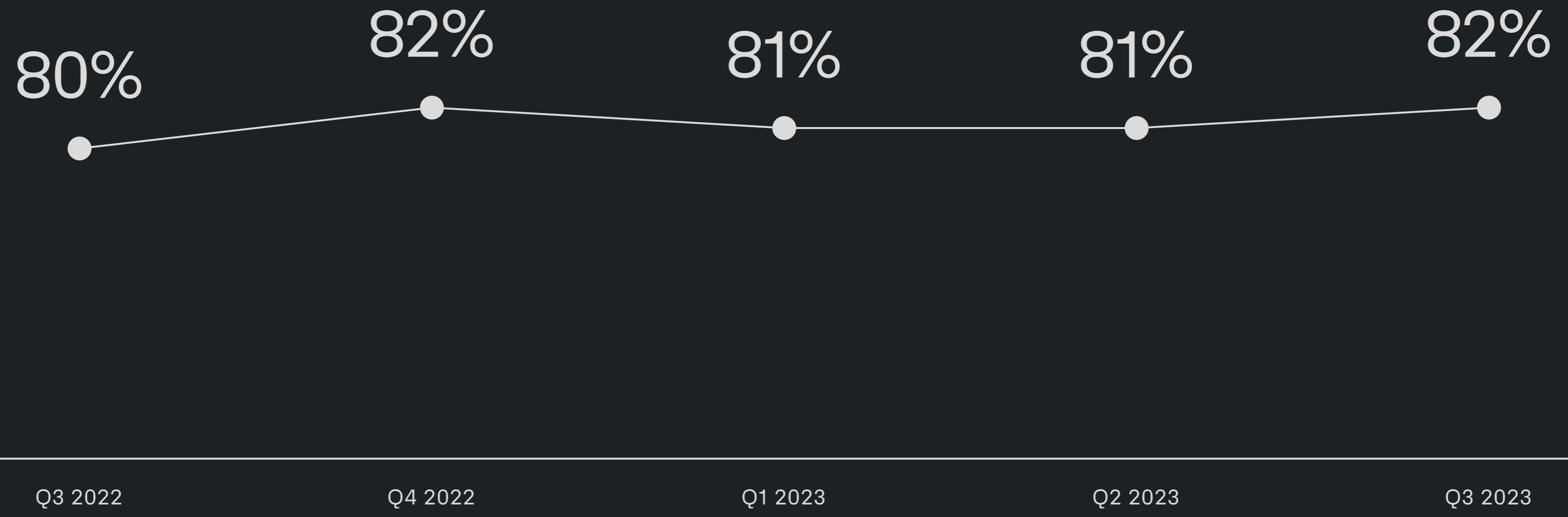
## Billings



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.

Billings is defined as revenue plus the change in contract liabilities for the period presented. Please see the appendix for reconciliations of this and other non-GAAP financial measures to the most directly comparable GAAP measures.

ADJ. GROSS MARGIN

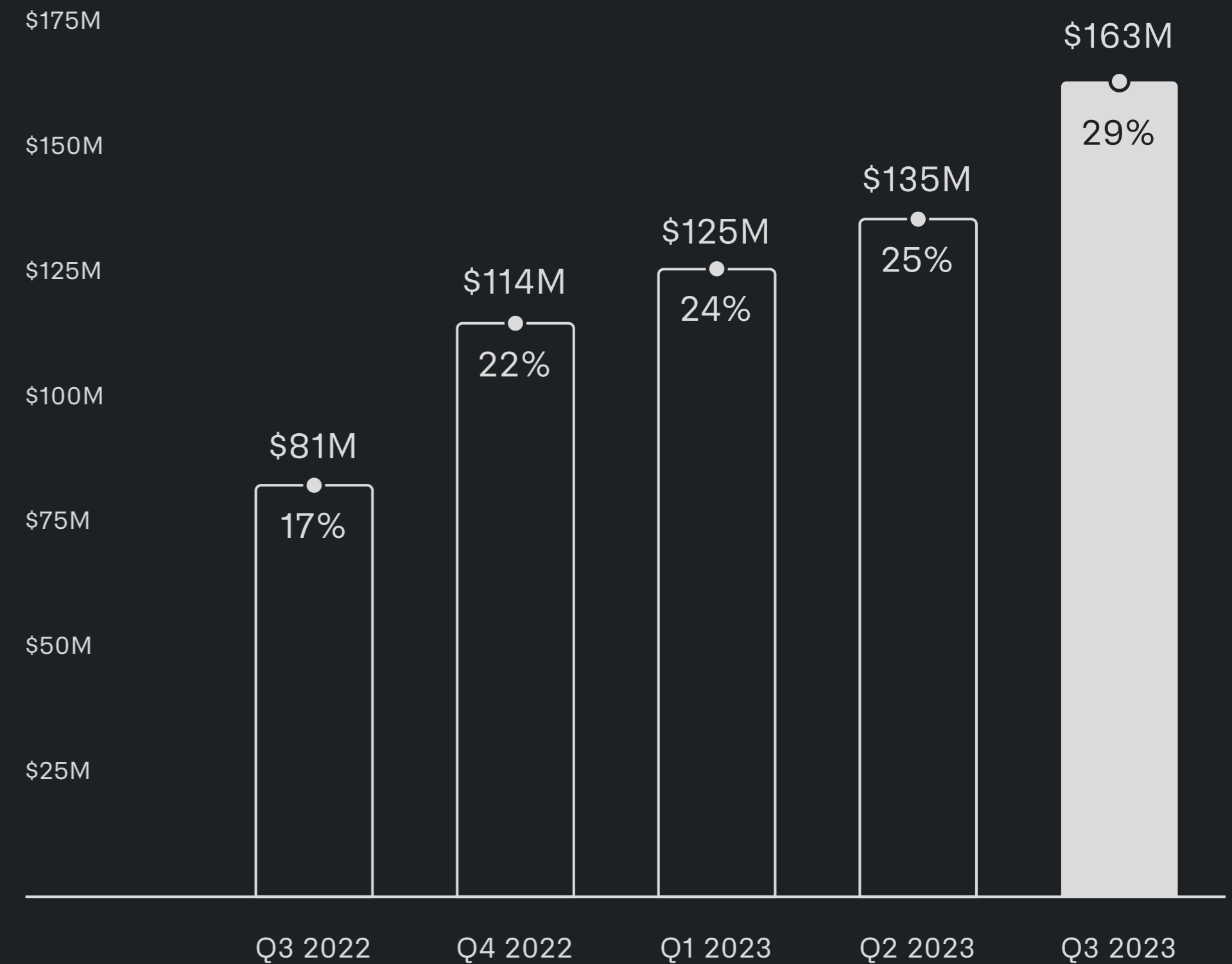




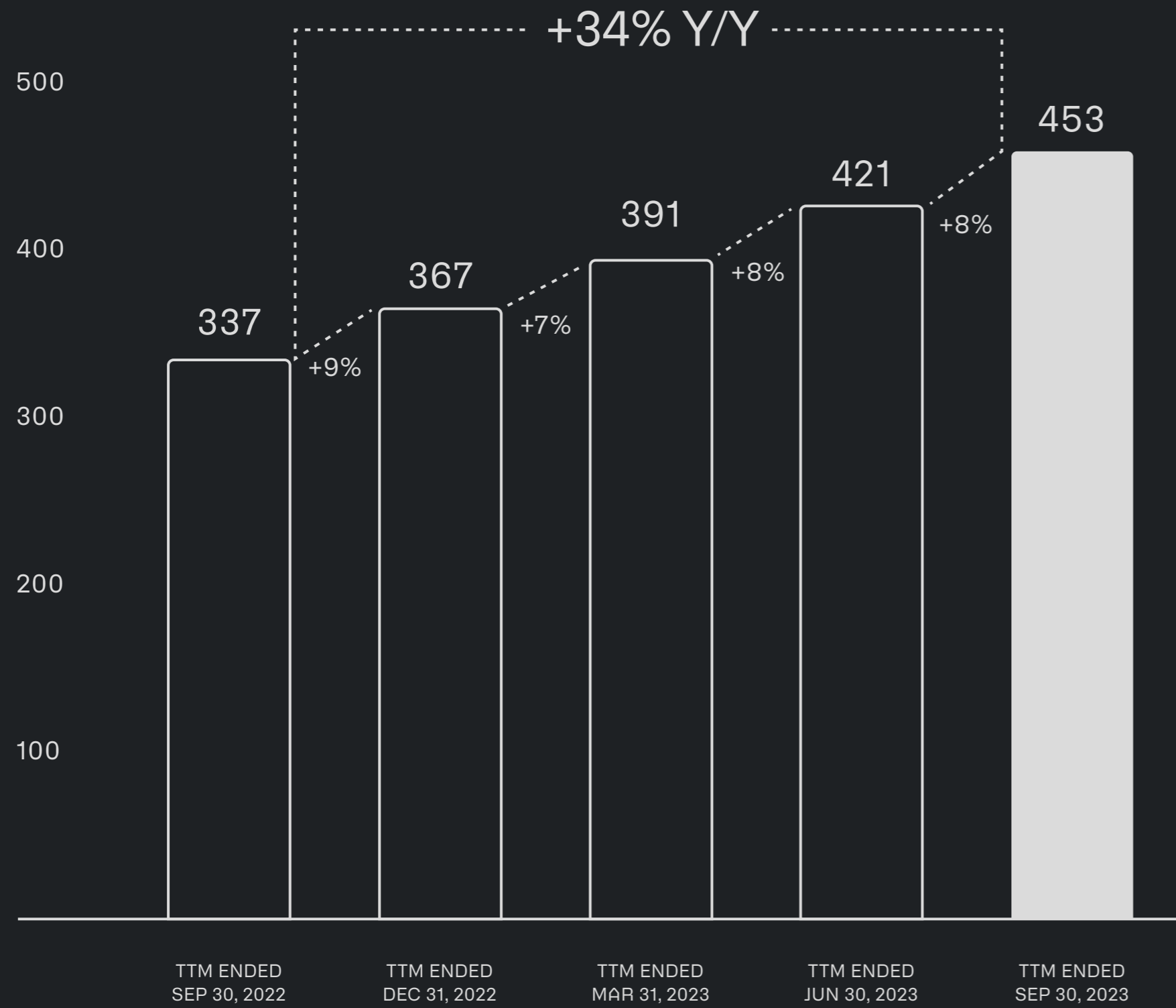
We continue to invest aggressively in AIP and the US while driving operating leverage at scale.

Q3 2023 adjusted operating income was \$163M, representing a margin of 29%

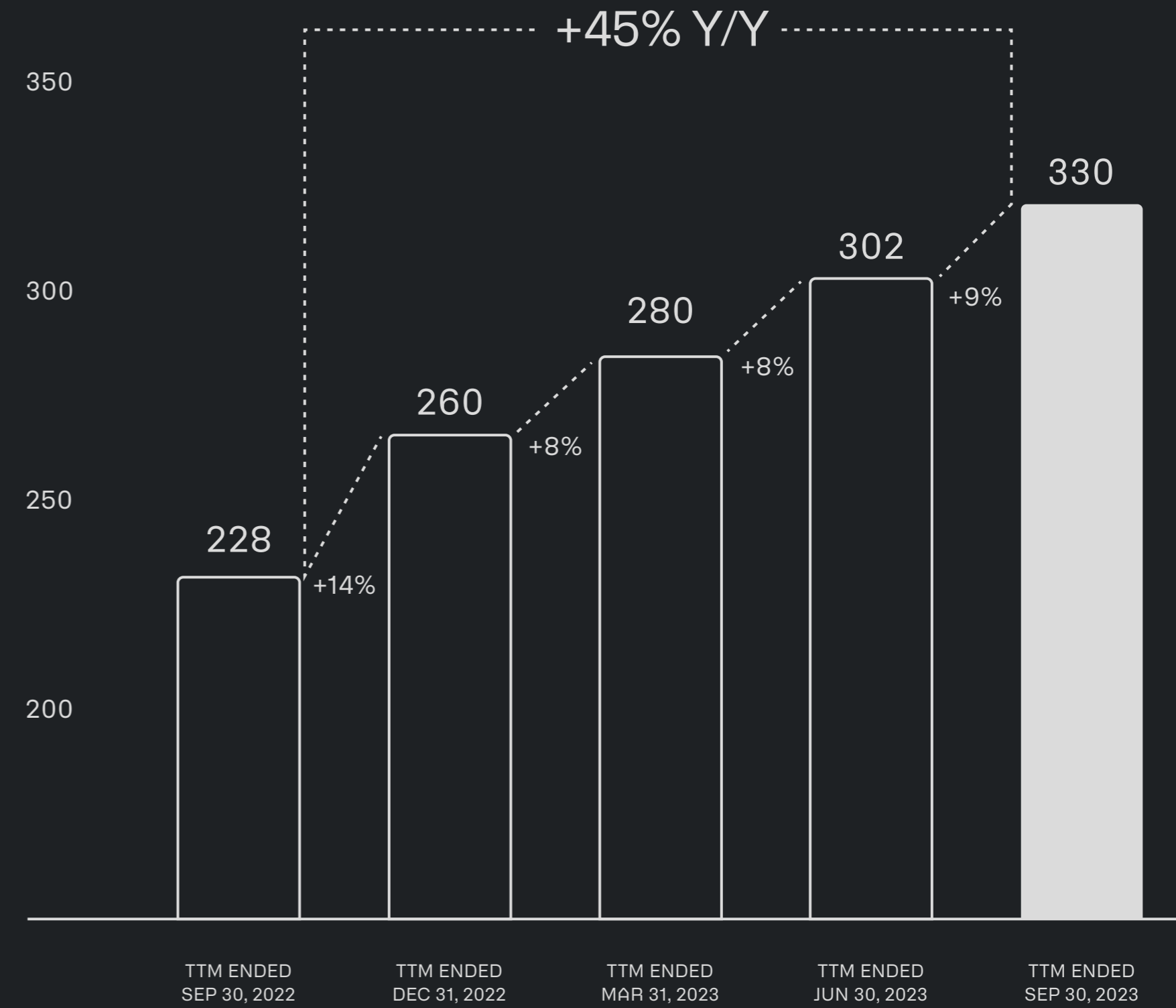
● ADJUSTED OPERATING MARGIN



# Customer Count



# Commercial Customer Count



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 Q3 2023, we closed

# 80 deals

of at least \$1 million.

# 29

of which were at least \$5 million.



# 12

of which were at least \$10 million.

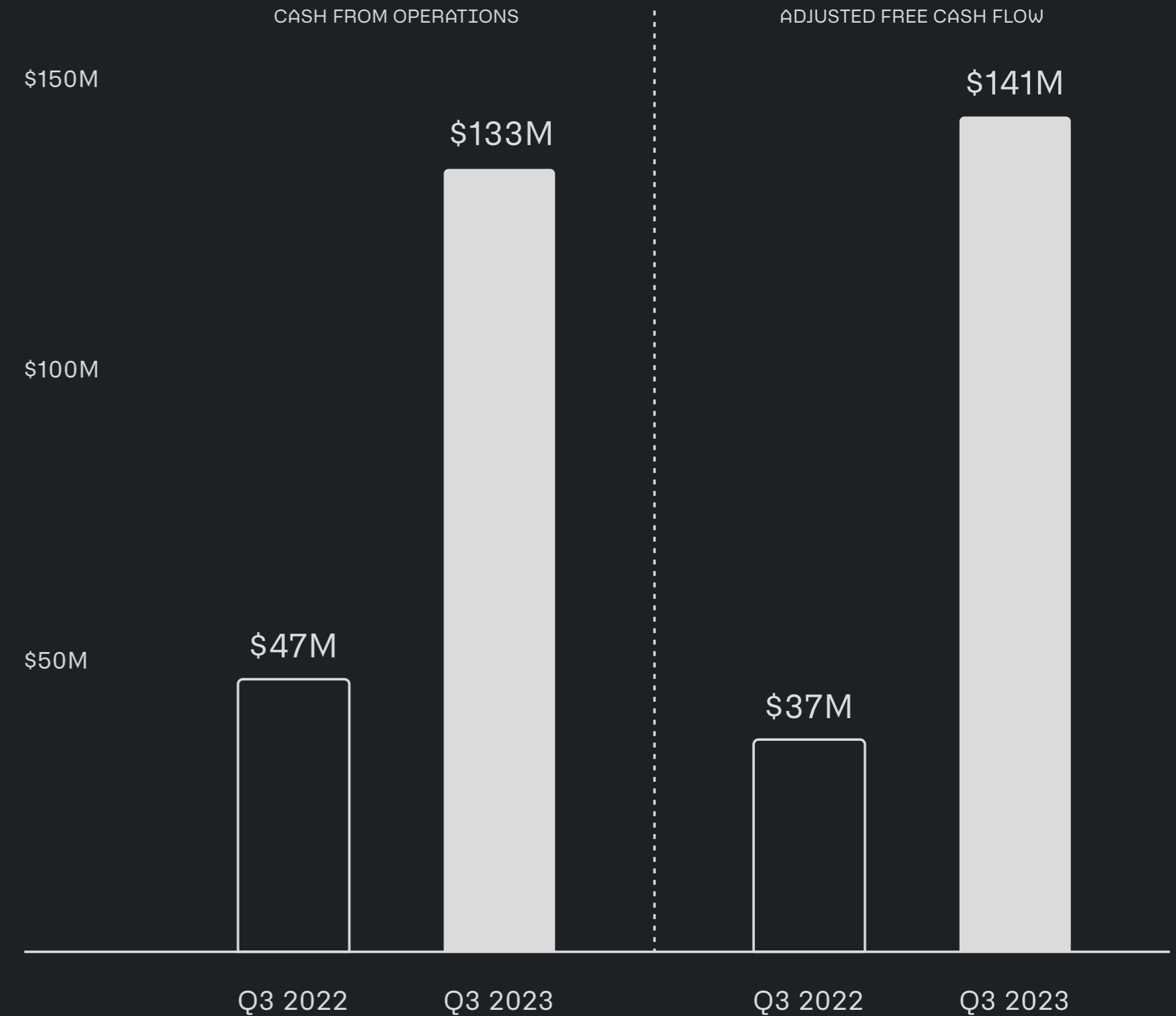


We ended Q3 2023 with

# \$3.3B

in cash, cash equivalents,  
and US treasury securities  
and no debt.

## Cash from Operations and Adjusted Free Cash Flow



## Q4 2023

For fourth quarter 2023, we expect:

- Revenue of between \$599 million – \$603 million.
- Adjusted income from operations of between \$184 million – \$188 million.
- GAAP net income.

## FY 2023

For full year 2023:

- We are raising our revenue guidance to between \$2.216 billion – \$2.220 billion.
- We are raising our adjusted income from operations guidance to between \$607 million – \$611 million.
- We continue to expect GAAP net income in each quarter of this year.

# Q3

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# 2023

# Appendix



## Additional Metrics and Notes

(\$ MILLIONS)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Total RPO	\$ 1,254	\$ 973	\$ 936	\$ 968	\$ 988
Short-Term RPO	\$ 555	\$ 517	\$ 529	\$ 558	\$ 560
Long-Term RPO	\$ 699	\$ 456	\$ 407	\$ 410	\$ 428
Billings	\$ 509	\$ 387	\$ 614	\$ 603	\$ 550

Net dollar retention was 107% in Q3 2023, impacted primarily by the headwinds from our commercial business in continental Europe. Net dollar retention does not include revenue from new customers that we acquired in the past 12 months and is therefore not reflective of the recent acceleration in our US commercial business.

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. 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)	Q3 2022	Q3 2023	TTM Q3 2023
Cash Flow from Operating Activities	\$ 47,066	\$ 133,443	\$ 489,774
Add:			
Cash Paid for Employer Payroll Taxes Related to Stock-Based Compensation	3,930	8,969	26,933
Less:			
Cash Used to Purchase Property and Equipment	(14,436)	(1,565)	(15,172)
Adjusted Free Cash Flow	\$ 36,560	\$ 140,847	\$ 501,535
Adjusted Free Cash Flow Margin	8%	25%	24%



## 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)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Gross Profit	\$ 370,269	\$ 404,313	\$ 417,541	\$ 426,418	\$ 450,237
Add:					
Stock-Based Compensation	10,525	10,648	9,177	8,004	7,814
Adjusted Gross Profit	\$ 380,794	\$ 414,961	\$ 426,718	\$ 434,422	\$ 458,051
Adjusted Gross Margin	80%	82%	81%	81%	82%

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

Excluding Stock-Based Compensation and Related Employer Payroll Taxes

(\$ THOUSANDS)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	TTM Q3 2023
Income (Loss) From Operations	\$ (62,191)	\$ (17,826)	\$ 4,115	\$ 10,074	\$ 39,983	\$ 36,346
Add:						
Stock-Based Compensation	140,308	129,398	114,714	114,201	114,380	472,693
Employer Payroll Taxes Related to Stock-Based Compensation	3,133	2,692	6,285	10,760	8,909	28,646
Adjusted Operating Income	\$ 81,250	\$ 114,264	\$ 125,114	\$ 135,035	\$ 163,272	\$ 537,685
Adjusted Operating Margin	17%	22%	24%	25%	29%	25%

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

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	Q3 2022	Q3 2023
Net Income (Loss) Attributable to Common Stockholders	\$ (123,875)	\$ 71,505
Add / (Less):		
Stock-Based Compensation	140,308	114,380
Employer Payroll Taxes Related to Stock-Based Compensation	3,133	8,909
Income Tax Effects and Adjustments [1]	(3,491)	(39,775)
Adjusted Net Income Attributable to Common Stockholders	\$ 16,075	\$ 155,019
Weighted-Average Shares Used in Computing GAAP Earnings (Loss) Per Share, Diluted	2,073,265	2,325,600
Adjusted Weighted-Average Shares Used in Computing Adjusted Earnings Per Share, Diluted [2]	2,142,506	2,325,600
Adjusted Earnings Per Share, Diluted	\$ 0.01	\$ 0.07

[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.

[2] Includes an additional 69 million dilutive securities for the three months ended September 30, 2022 that were excluded from a GAAP perspective due to the Company's net loss position.

## Reconciliation of Revenue to Billings

(\$ THOUSANDS)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Revenue	\$ 477,880	\$ 508,624	\$ 525,186	\$ 533,317	\$ 558,159
Change in Contract Liabilities	30,807	(121,589)	88,614	69,952	(8,199)
Billings	\$ 508,687	\$ 387,035	\$ 613,800	\$ 603,269	\$ 549,960

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

(\$ THOUSANDS)	Q3 2022	Q2 2023	Q3 2023
Total Expenses	\$ 540,071	\$ 523,243	\$ 518,176
Less:			
Stock-Based Compensation	140,308	114,201	114,380
Employer Payroll Taxes Related to Stock-Based Compensation	3,133	10,760	8,909
Adjusted Expenses	\$ 396,630	\$ 398,282	\$ 394,887