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BUSINESS UPDATE —Q3 2020

November 2020

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Congratulations to the U.S. Justice Department on its settlement with Purdue Pharma and fight against the Opioid epidemic in America.

Supporting the Department of Justice with Palantir Gotham

DEPARTMENT OF JUSTICE–OFFICE OF PUBLIC AFFAIRS

Justice Department Announces Global Resolution of Criminal and Civil Investigations with Opioid Manufacturer Purdue Pharma and Civil Settlement with Members of the Sackler Family

OCT 21, 2020

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Yuri Gripas/AFP via Getty Images

Congratulations to the World Food Programme on its Nobel Peace Prize.

Supporting WFP with Palantir Foundry

UN NEWS—PEACE AND SECURITY

UN World Food Programme wins 2020 Nobel Peace Prize, as hunger mounts

OCT 9, 2020

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In awe of and grateful for the service of our Special Operators. October's rescue is yet another amazing accomplishment – one that often goes unrecognized.

Supporting Special Operators

NPR–WORLD

U.S. Special Operations Forces Rescue American Hostage In Nigeria

OCT 31, 2020

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U.S. Army photo by Staff Sgt. Marcus Fichtl

Q3 2020 Financial Highlights

FIG 01

Revenue

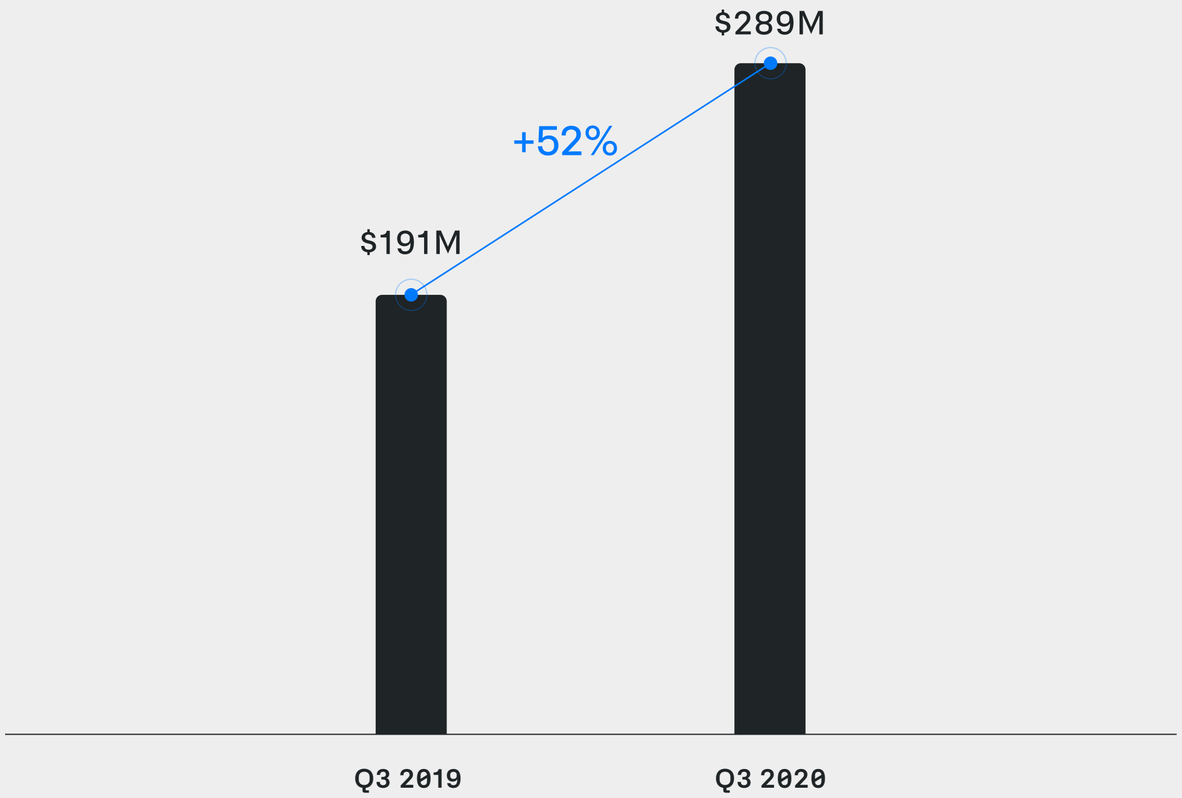
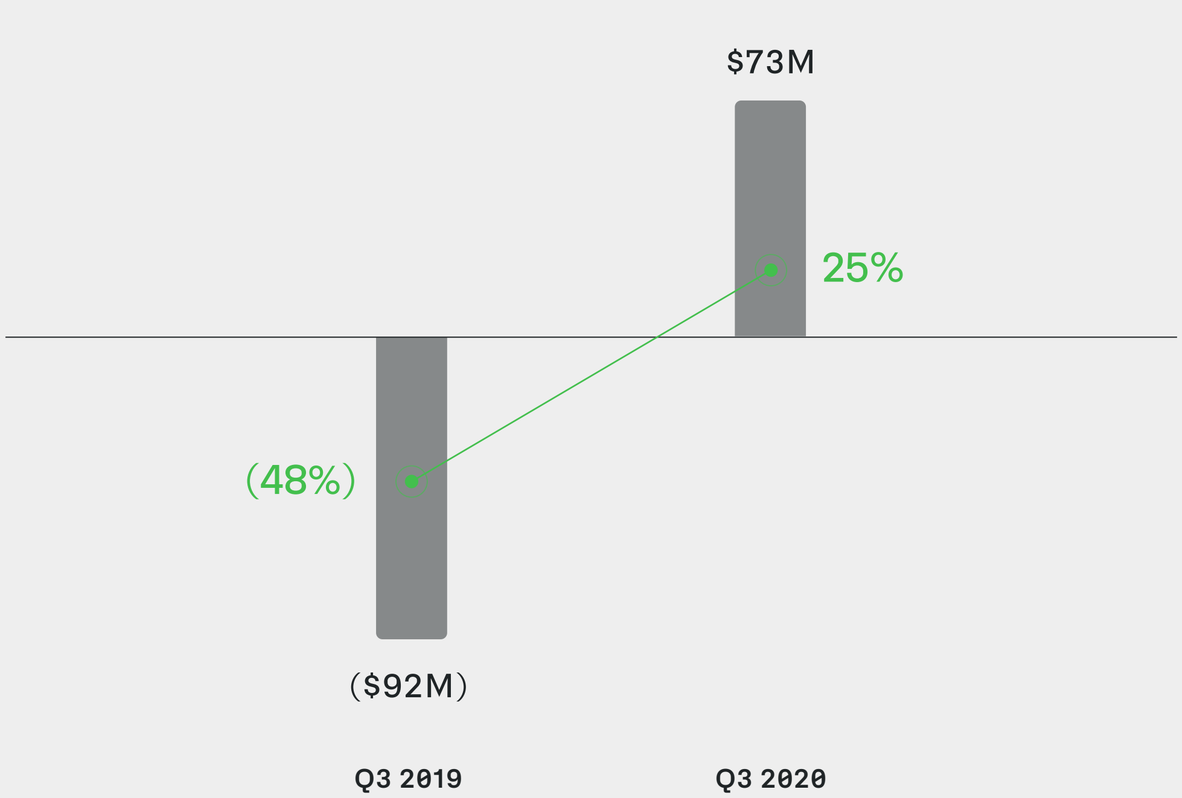


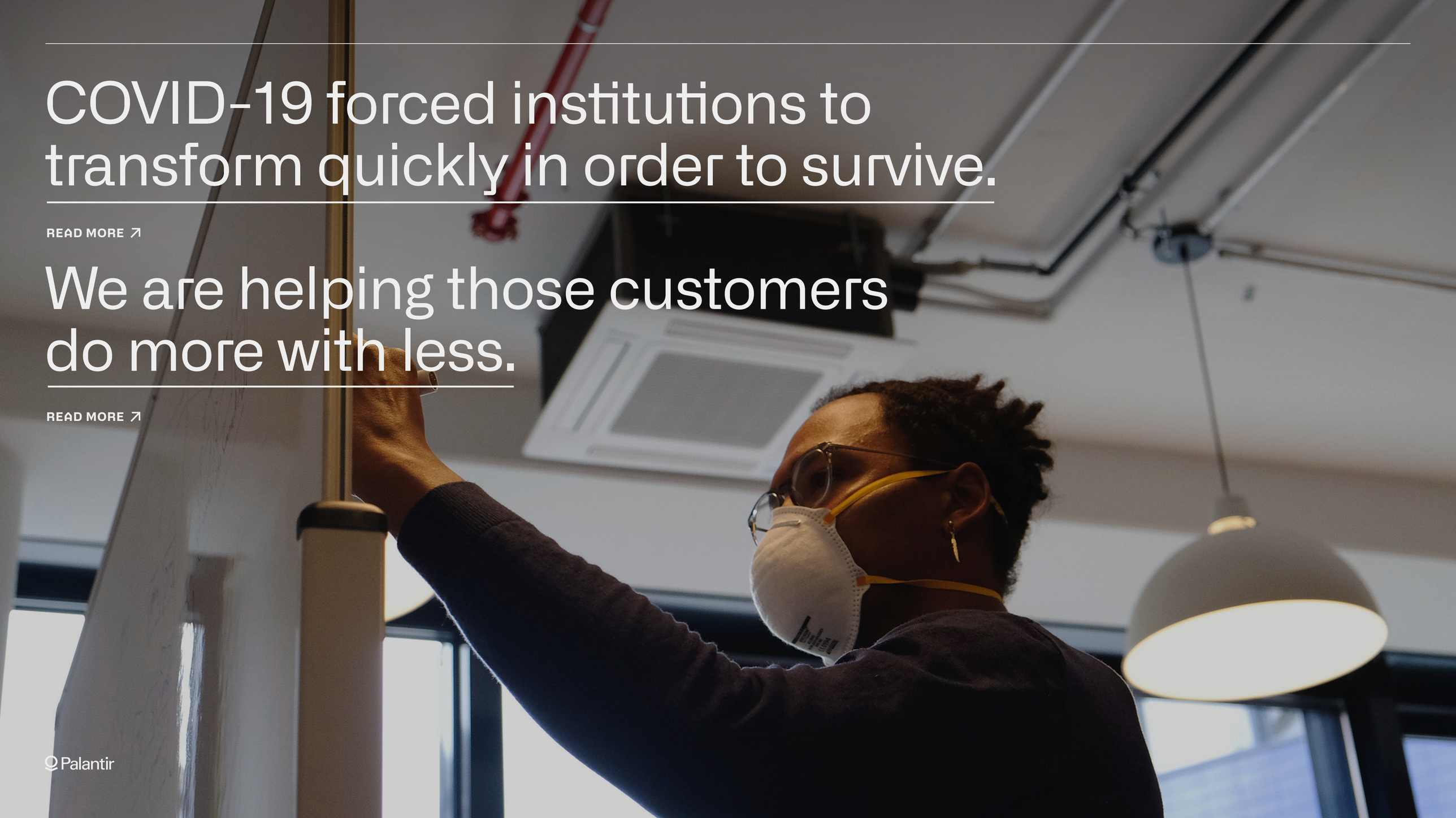
FIG 02

Adjusted Operating Income (Loss)



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Adjusted operating income (loss) and adjusted operating margin exclude stock-based compensation, employer taxes related to stock-based compensation, and expenses primarily related to the direct listing. Refer to the Appendix for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures.



COVID-19 forced institutions to transform quickly in order to survive.

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We are helping those customers do more with less.

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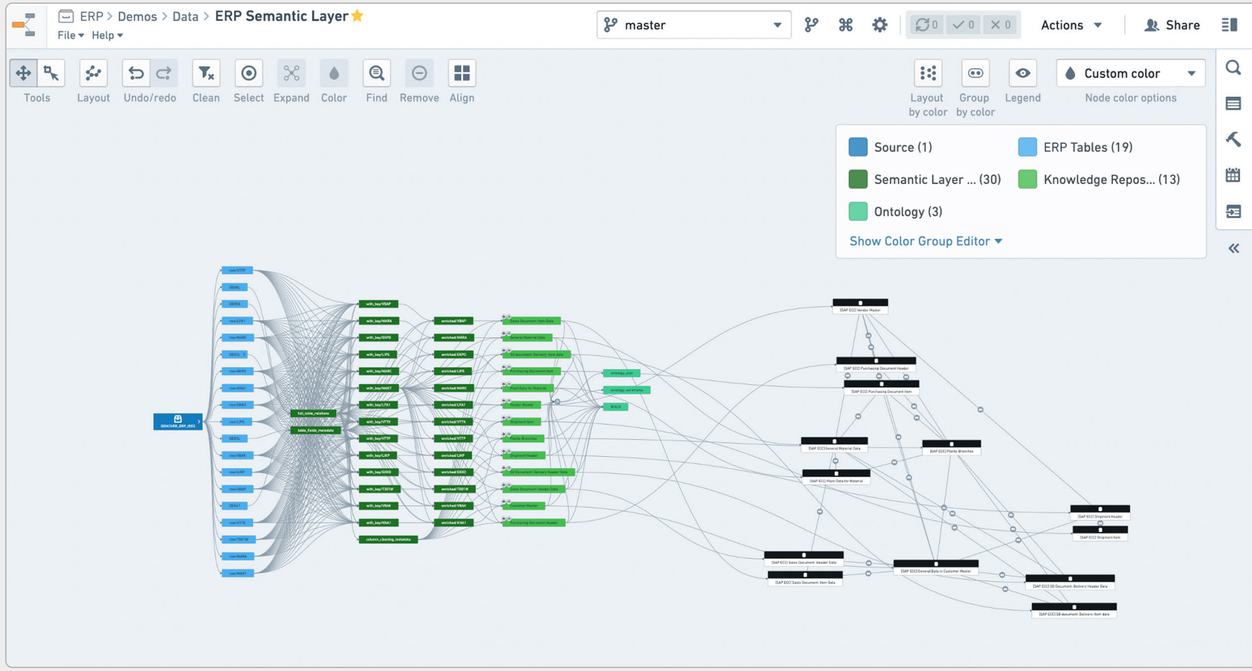
An energy supermajor deployed our ERP suite in hours.

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Within two weeks, they generated $57 million of cash savings and expect to generate $1 billion on an annualized basis.

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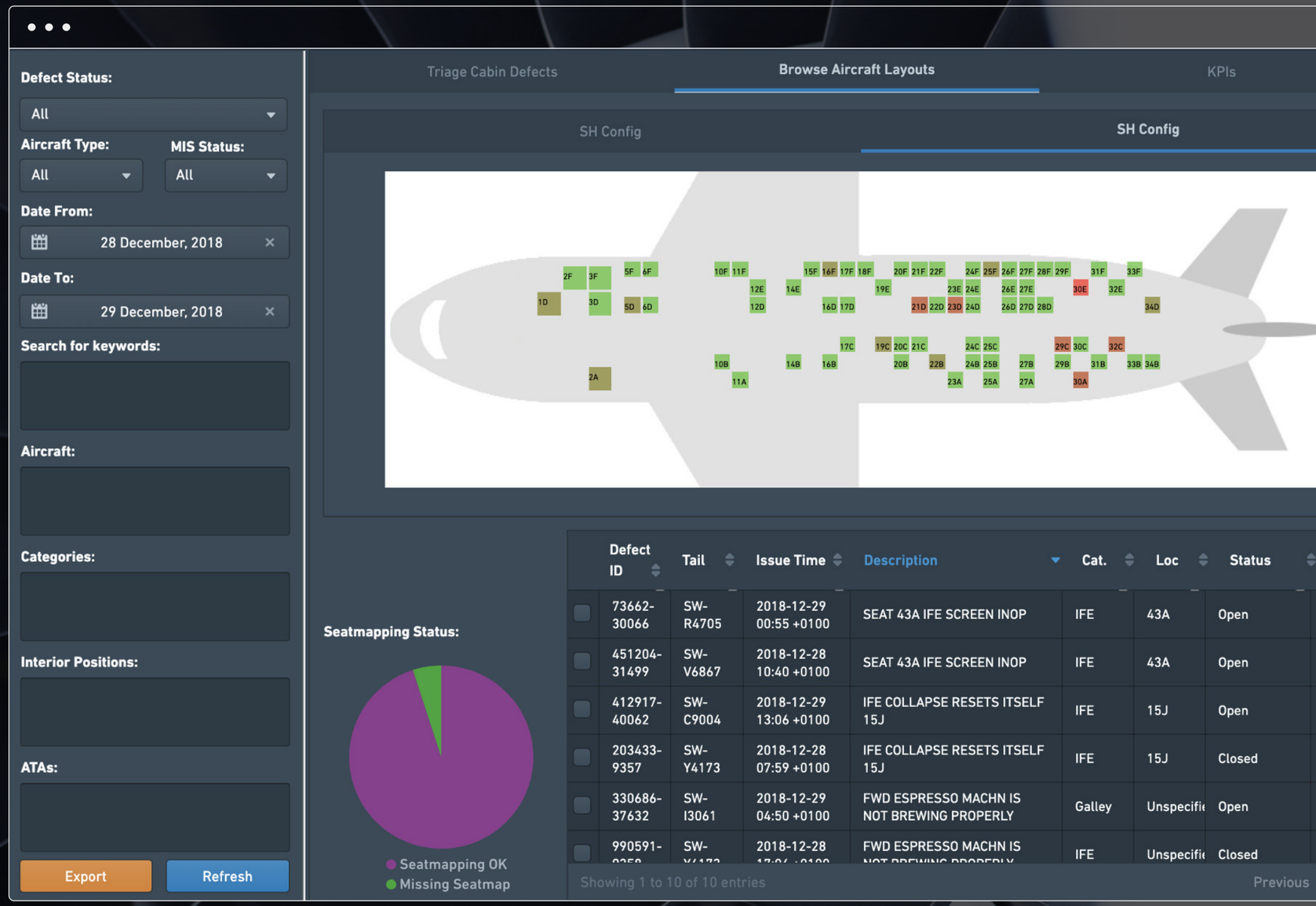
All data is notional.

An aerospace customer signed the largest commercial deal we've ever done in the midst of a pandemic that shook their entire industry.

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$300 million

FIVE-YEAR RENEWAL

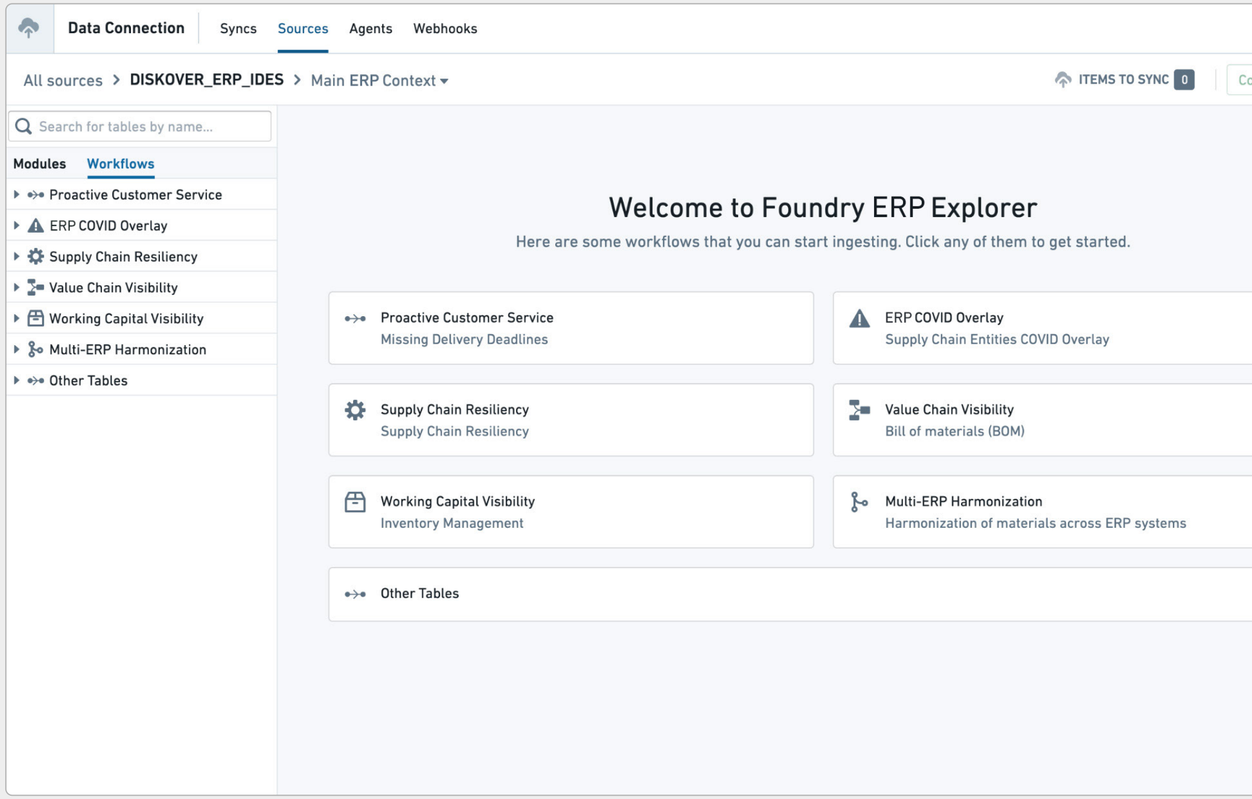


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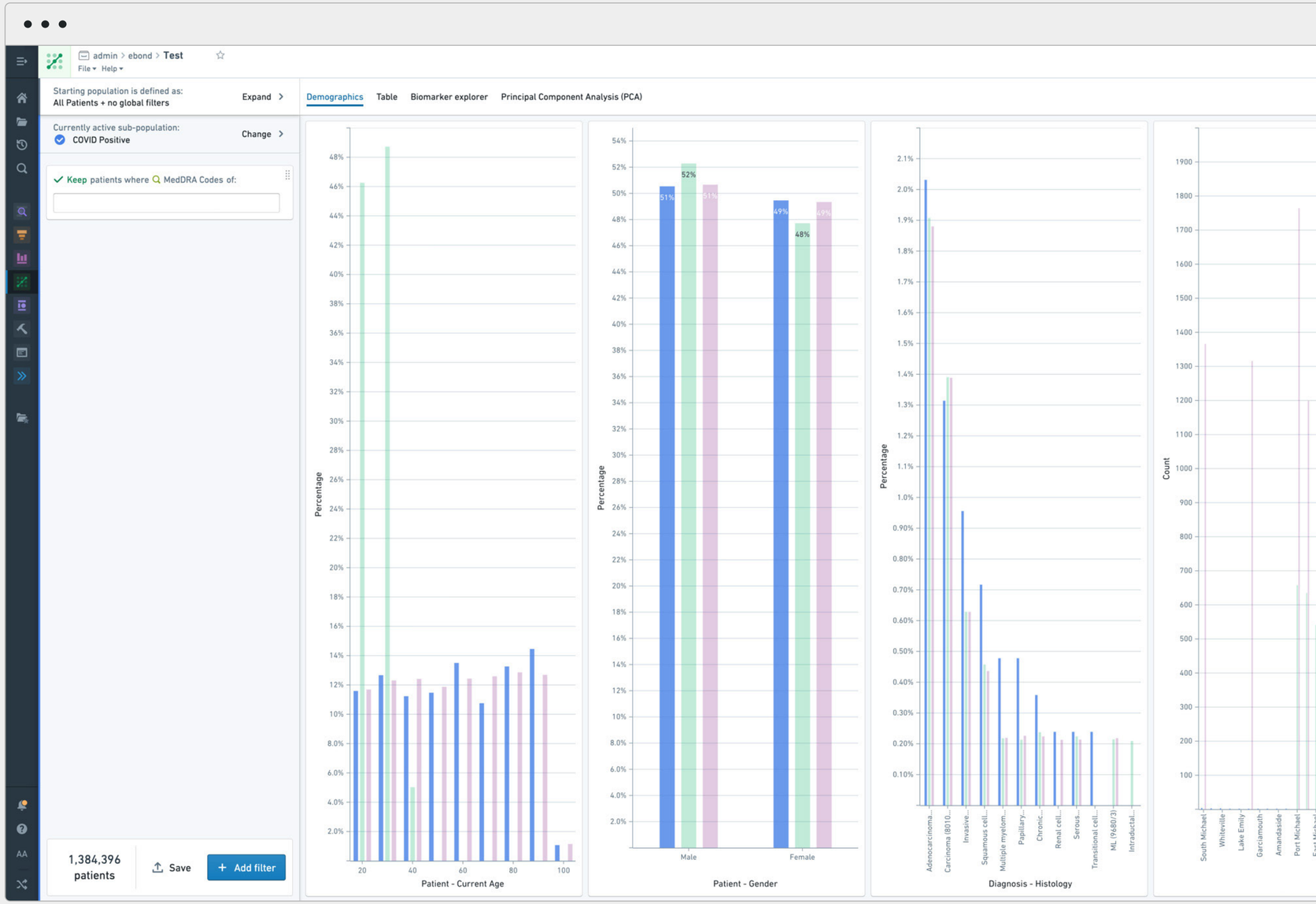
A Fortune 100 consumer goods company deployed ERP Suite to quickly respond to COVID-related disruptions. Now, our platforms are connecting the entire value chain – from procurement to distribution.





All data is notional.

A top 5 pharmaceutical company is linking data from more than 2,000 clinical trials in Foundry to uncover trends across trials and securely analyze outcomes at a population level.



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Our software is becoming the de facto operating system of US and Allied Defense.

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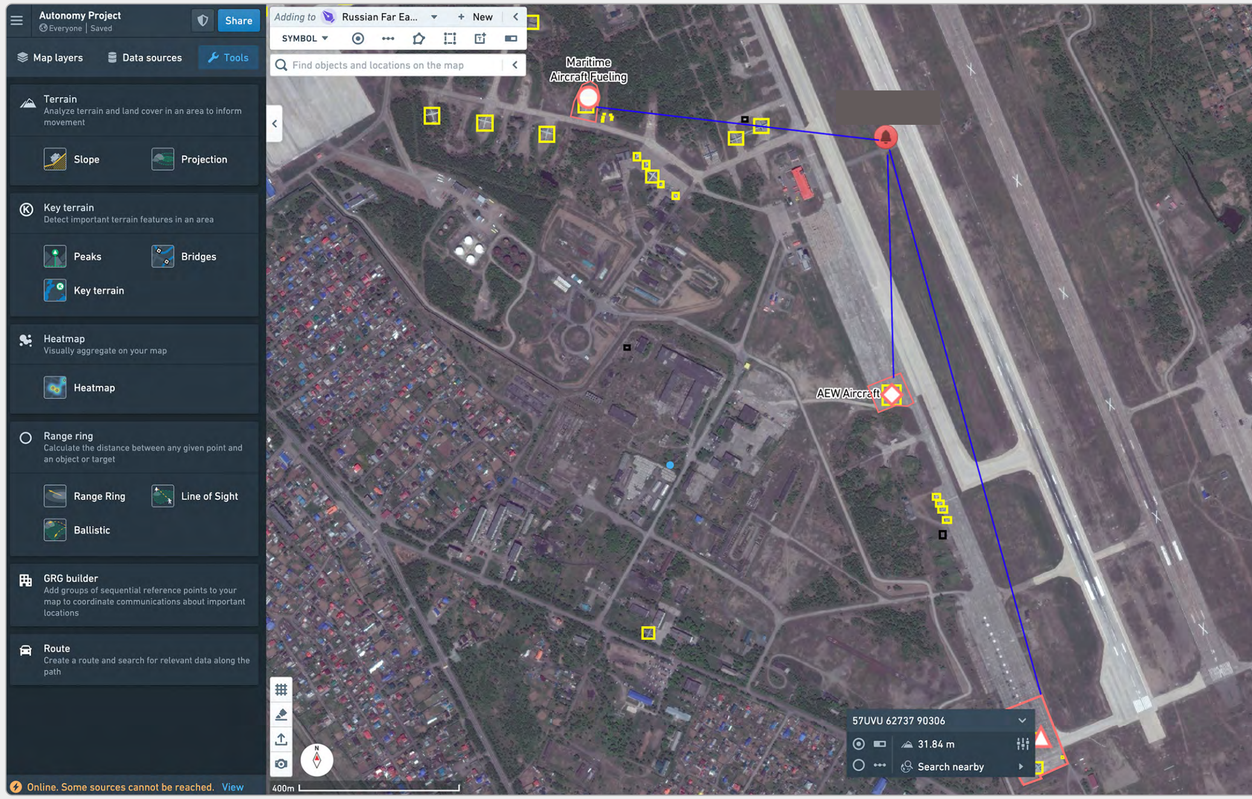


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Signed a two-year, $91 million contract with the U.S. Army Research Laboratory.

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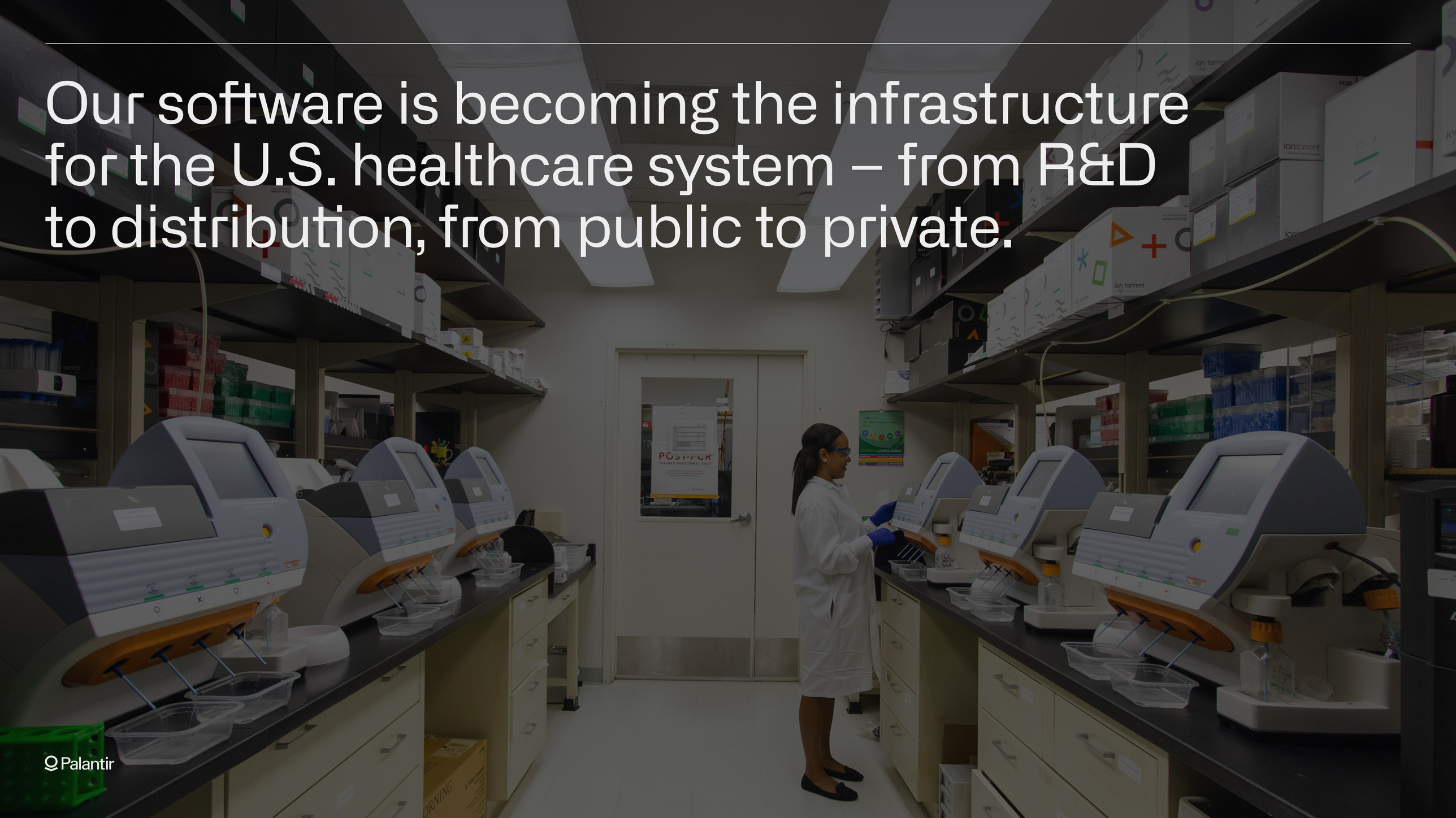
Enabling Mission Command for NORAD & USNORTHCOM (N / NC) Joint All-Domain Command & Control (JADC2)

- Scaled from an all-domain Common Operating Picture (COP) at the onset of COVID-19 to the JADC2 doctrinal paradigm across all mission areas
- Inform accurate Course of Action (COA) development with integrated operational readiness data
- Use AI to evaluate COAs and answer complex pattern-of-life questions in seconds, not hours



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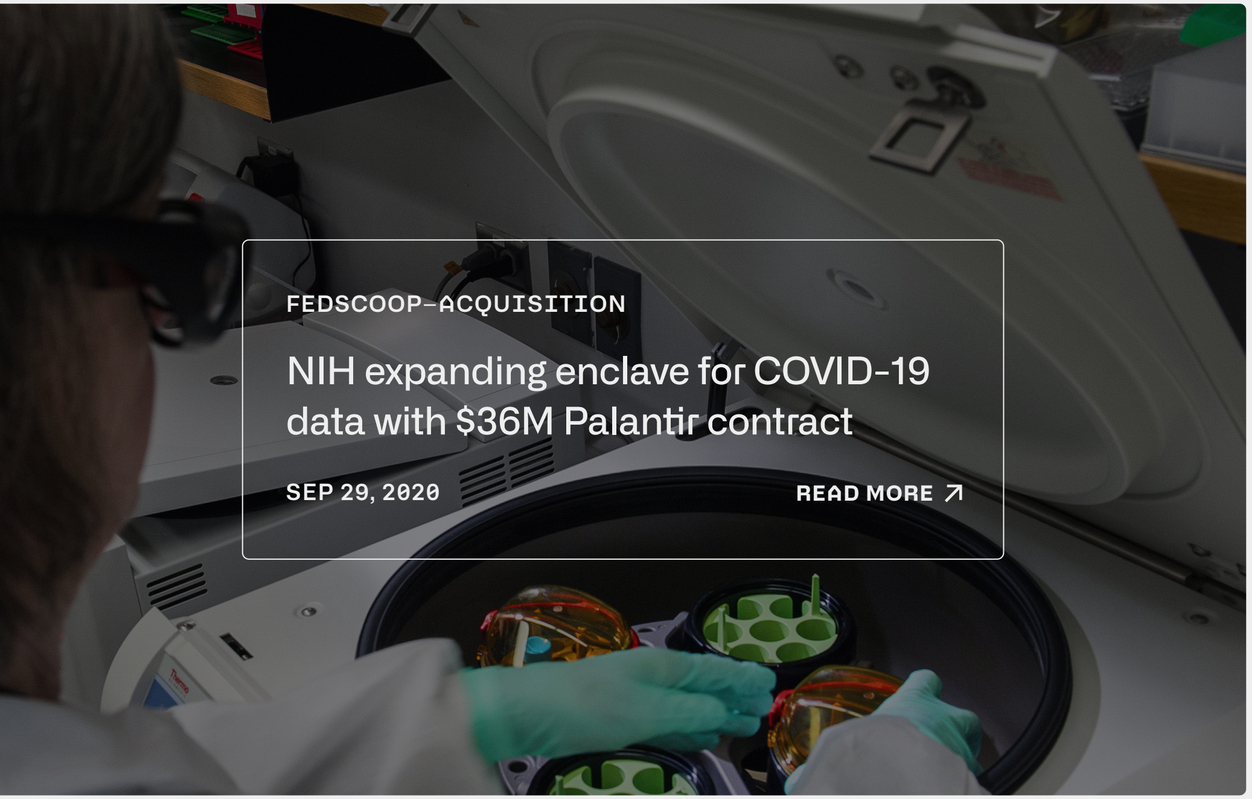
Our software is becoming the infrastructure for the U.S. healthcare system – from R&D to distribution, from public to private.

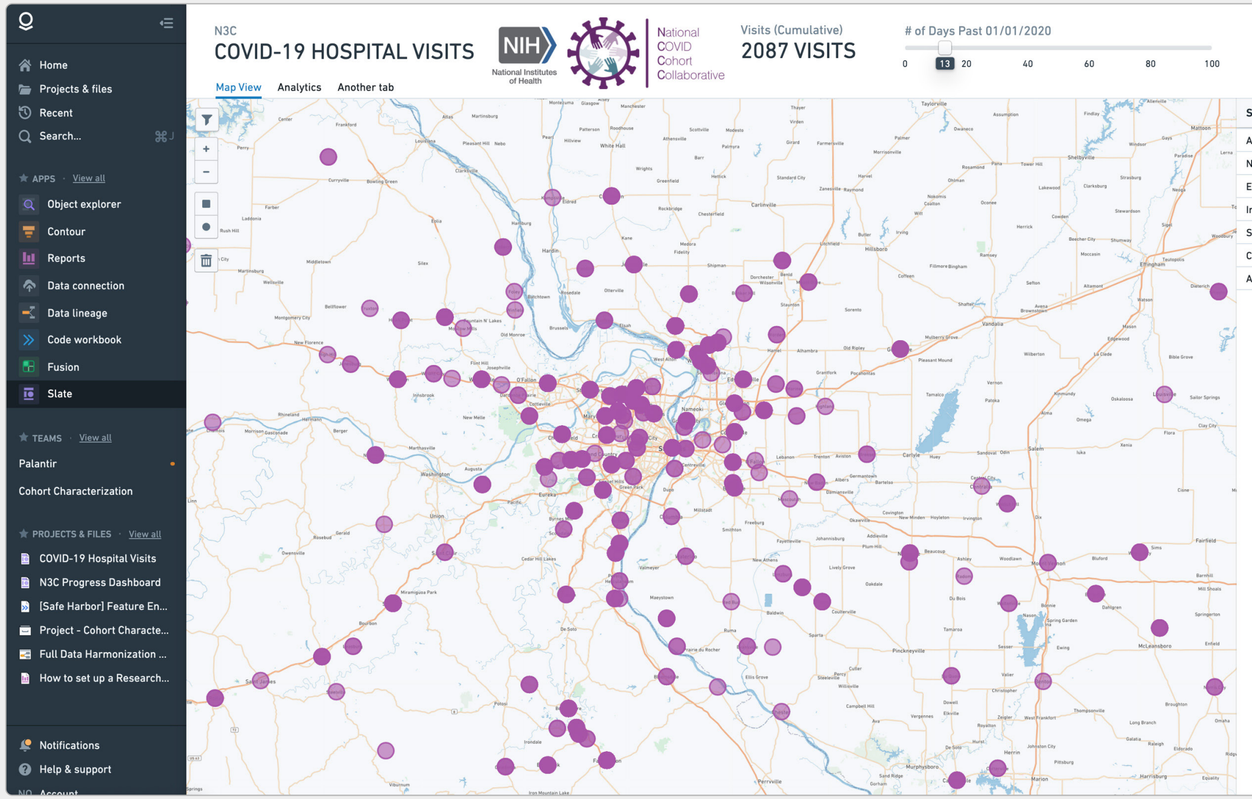


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Signed a $36 million contract to support NCATS efforts, including cancer research, COVID-19 research, and PEPFAR.

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All data is publicly available at https://covid.cd2h.org/enclave_projects

Powering N3C / UNITE, an effort from NIH to collaborate with clinical and research institutions.

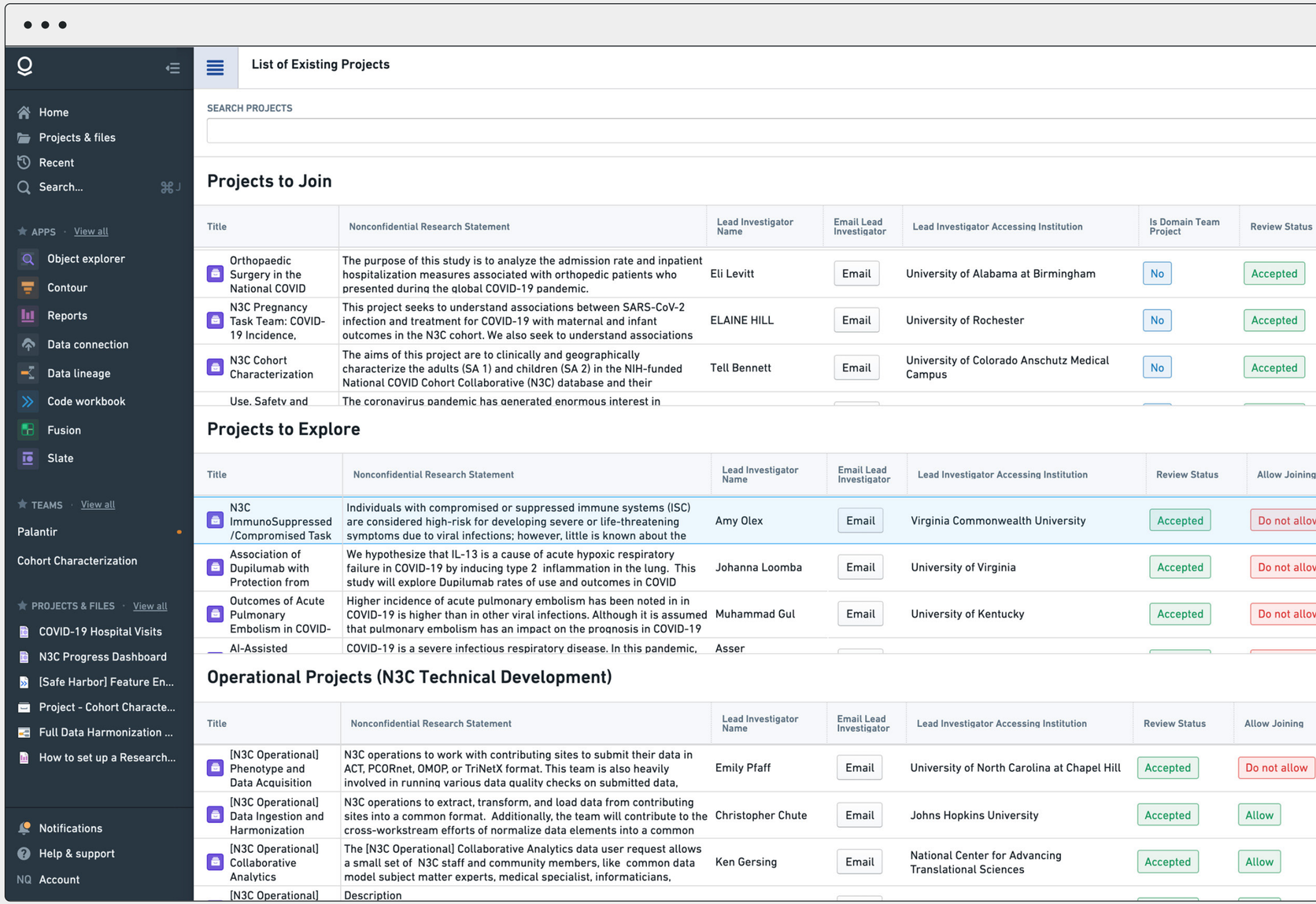
NIH's N3C is the largest COVID-19 clinical data asset in the world, with over 1 million patients across more than 30 hospitals — all assembled in Foundry in less than 5 months.

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THE VERGE

The ambitious effort to piece together America's fragmented health data

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All data is publicly available at https://covid.cd2h.org/enclave_projects

Supporting the complex supply chain and logistics for COVID-19 vaccine distribution.

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WALL STREET JOURNAL–BUSINESS

Palantir to Help U.S. Track Covid-19 Vaccines

OCT 22, 2020

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We are powering secure cross-border collaboration for pandemic response and beyond.

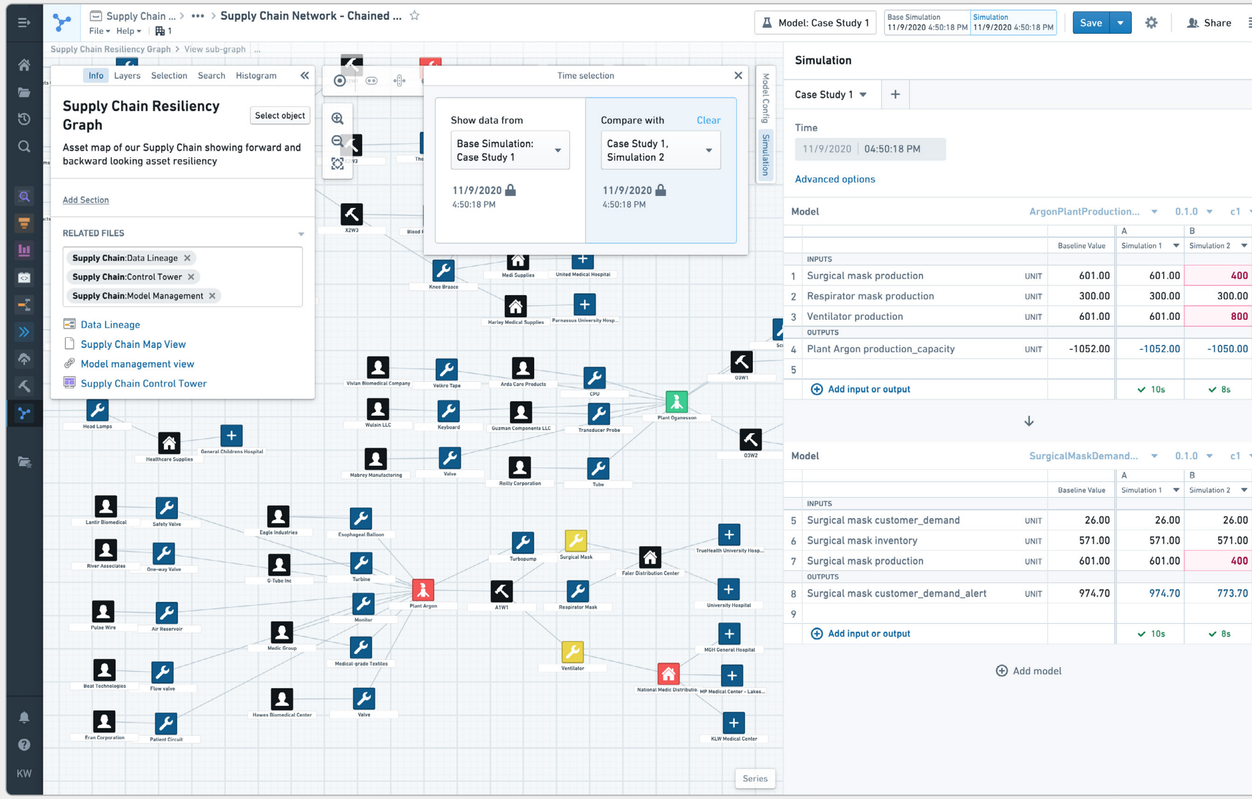


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Powering the NHS England's allocation and distribution of more than 2.7 billion pieces of PPE, from port to patient.

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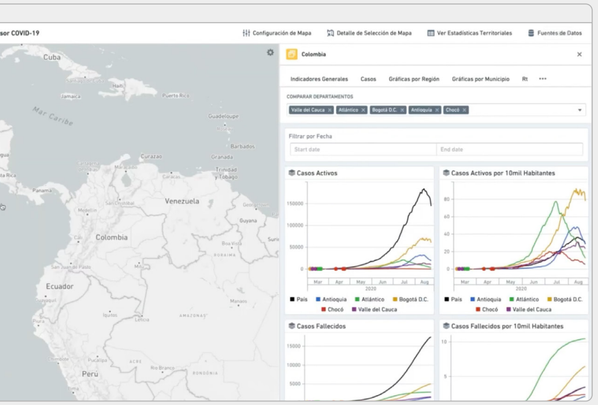


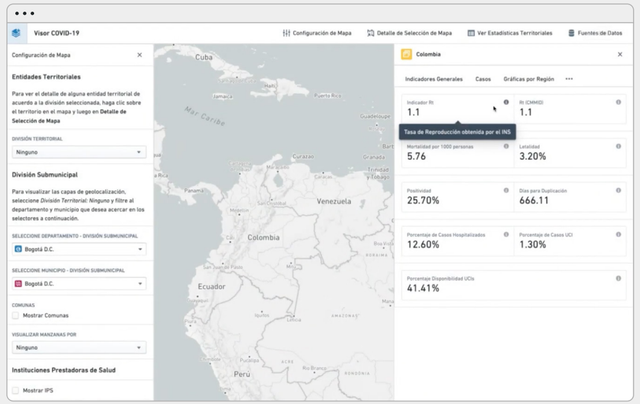


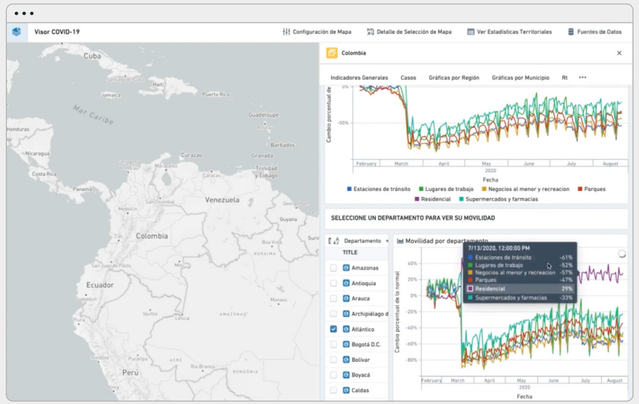
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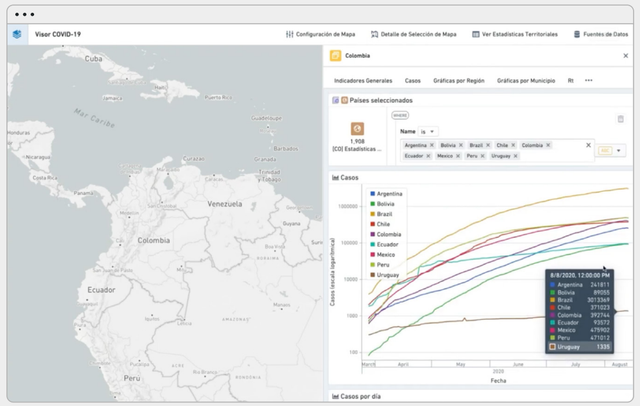
Supporting the President of Colombia through the nation's pandemic response.

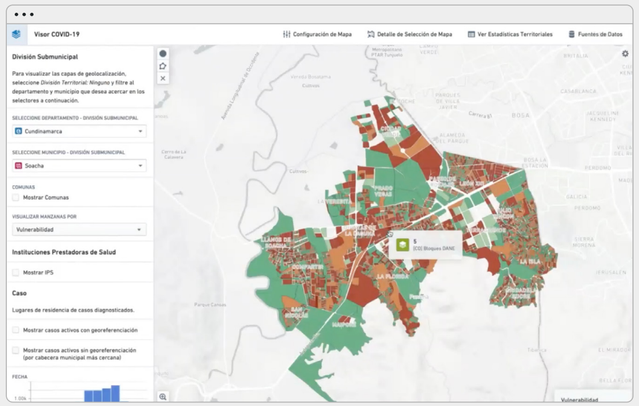
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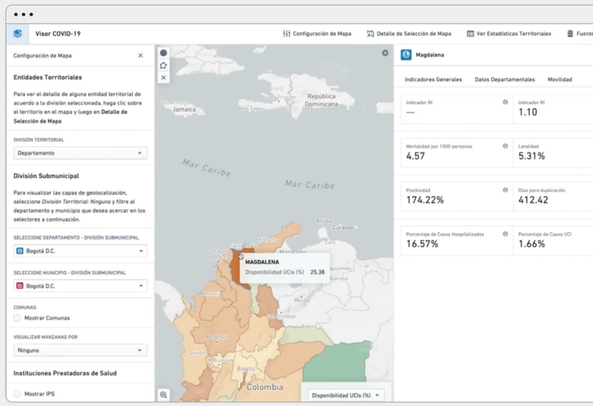












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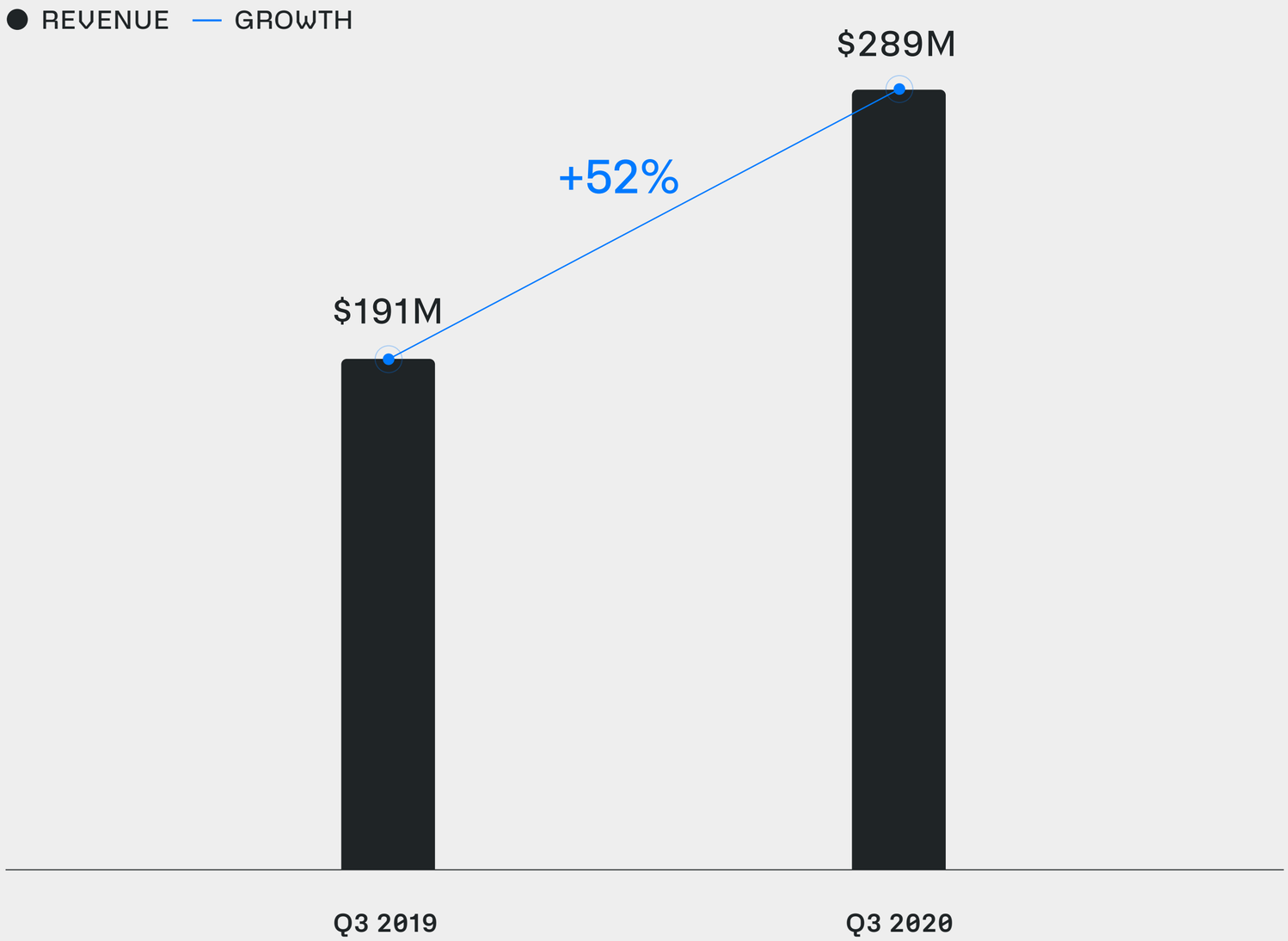
FINANCIAL UPDATE

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We grew our revenue by 52% year-over-year in Q3 2020.

FIG 03

Revenue



We continue to grow existing contracts as our customers derive more value from their software subscriptions.

FIG 04

Average Revenue Per Customer

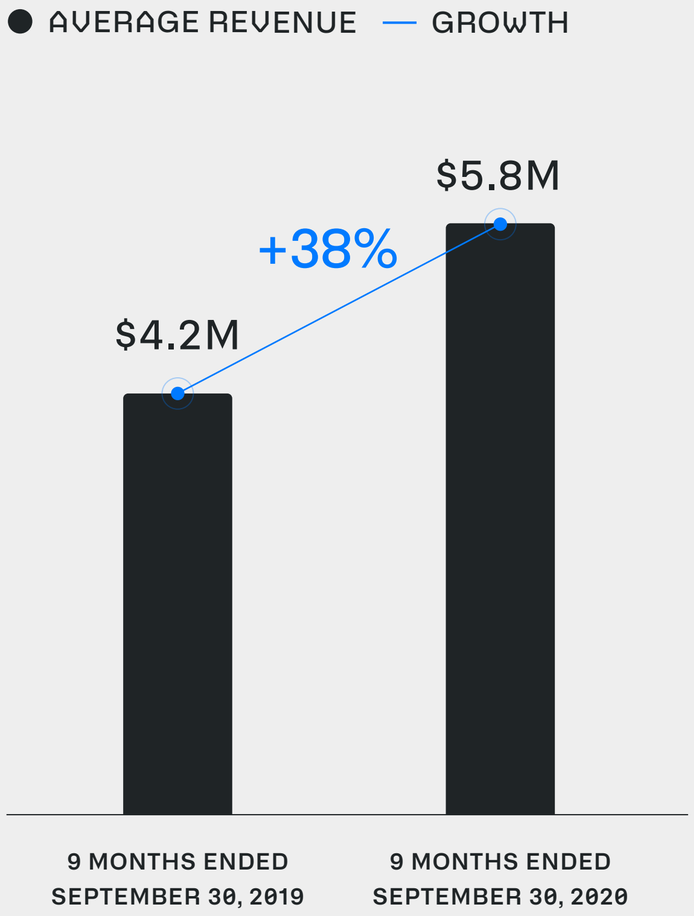
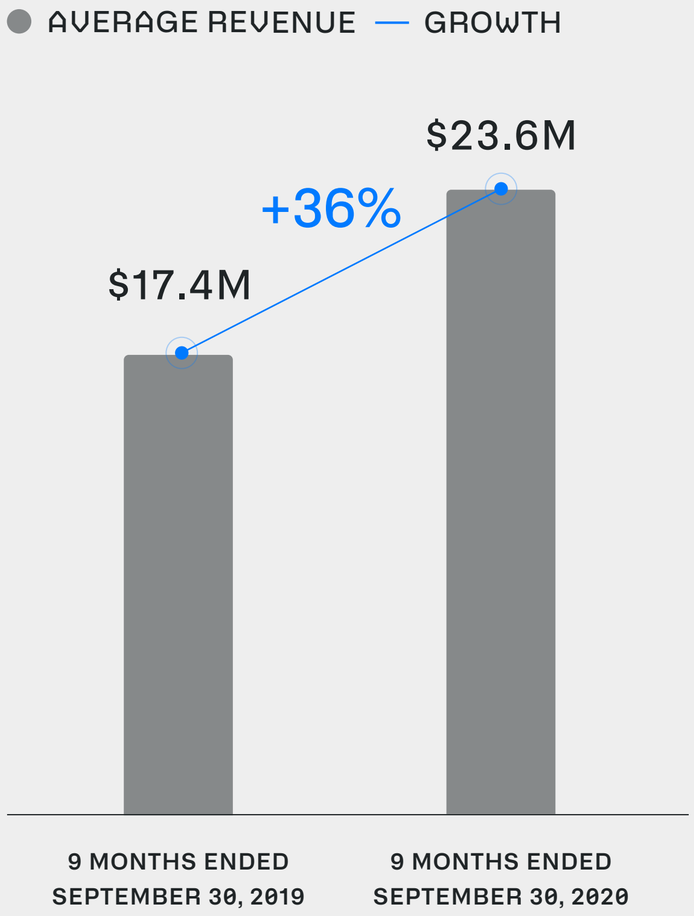


FIG 05

Average Revenue of Top 20 Customers

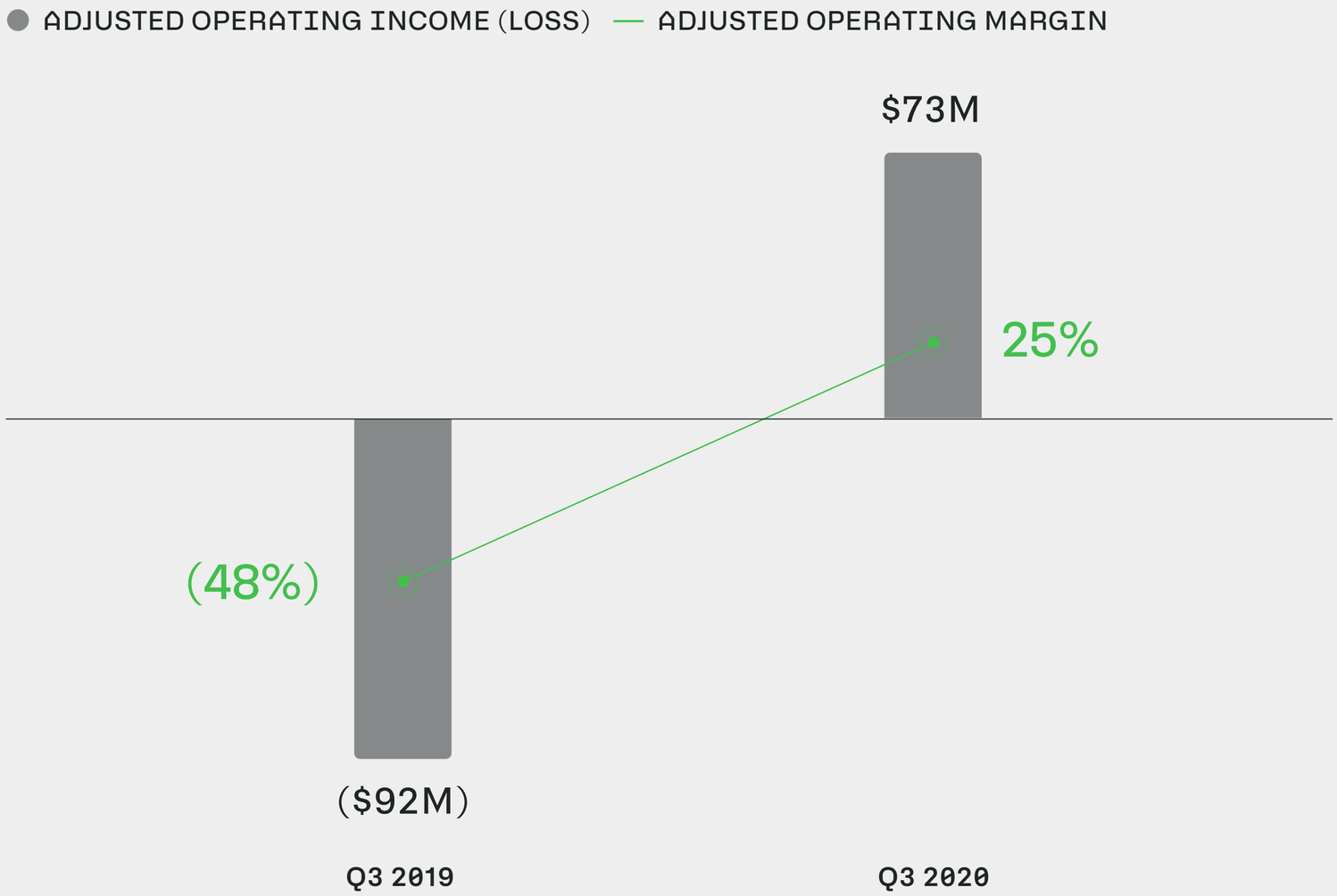


We define a customer as an organization from which we have recognized revenue in a reporting period. For large government agencies, where a single institution has multiple divisions, units, or subsidiary agencies, each such division, unit, or subsidiary agency that enters into a separate contract with us and is invoiced as a separate entity is treated as a separate customer.

Our adjusted operating income in Q3 2020 was $73 million, and adjusted operating margin was 25%.

FIG 06

Adjusted Operating Income (Loss)



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Adjusted operating income (loss) excludes stock-based compensation, expenses primarily related to our direct listing, and employer payroll taxes related to stock-based compensation. Refer to the Appendix for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

Revenue from our top 20 customers continues to grow, while customer concentration is decreasing.

FIG 07

In the 9 months ended September 30, 2019, revenue from our top 20 customers comprised 68% of total revenue.

9 MONTHS ENDED SEPTEMBER 30, 2019

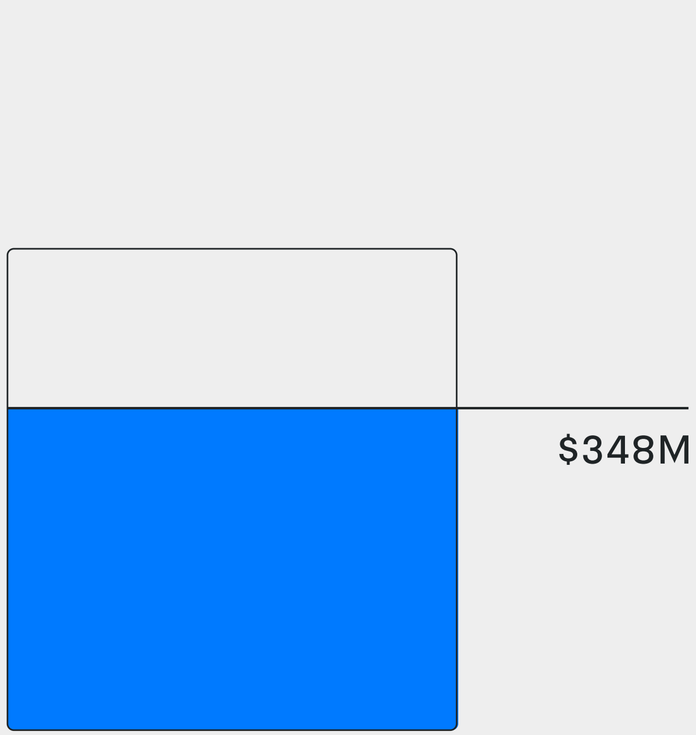
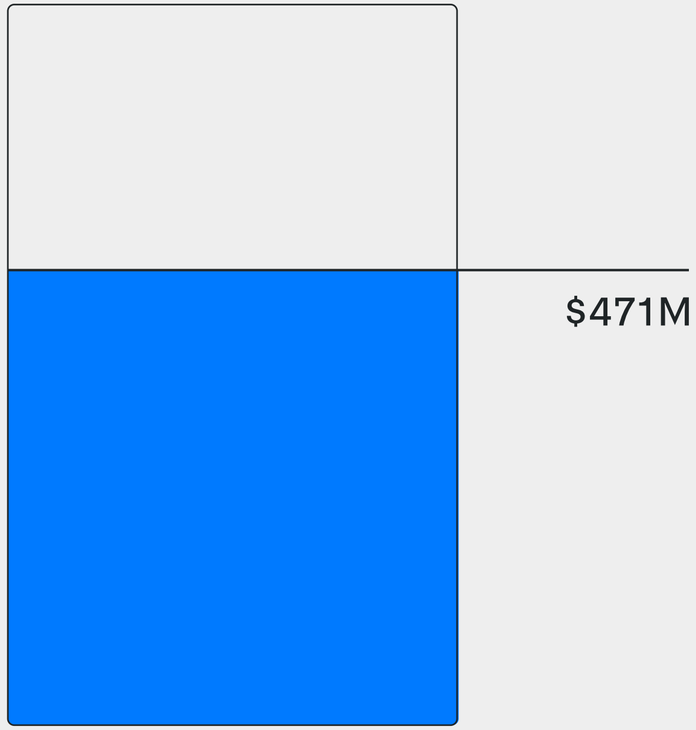


FIG 08

In the 9 months ended September 30, 2020, revenue from our top 20 customers comprised 61% of total revenue.

9 MONTHS ENDED SEPTEMBER 30, 2020

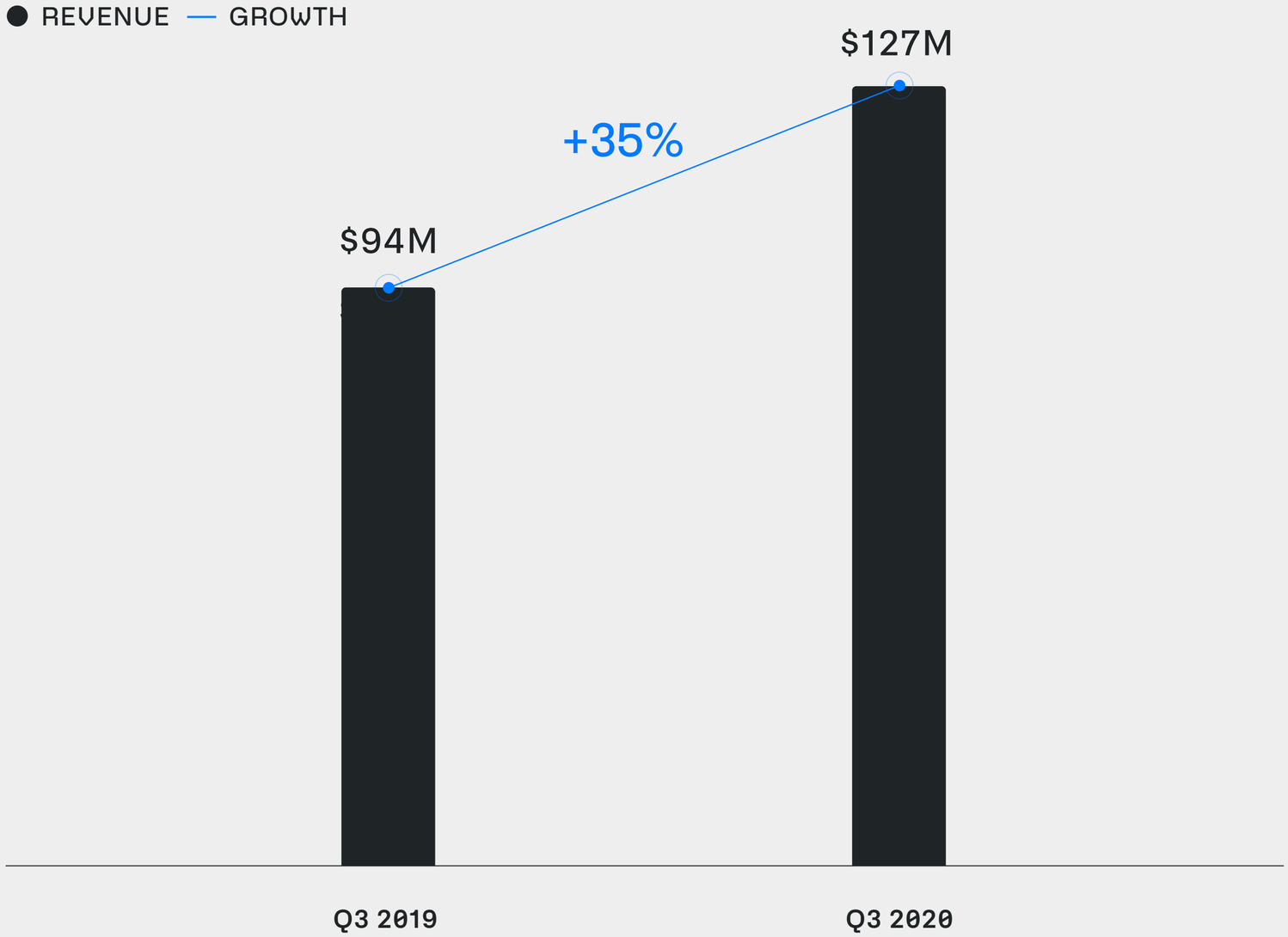


In Q3 2020, our commercial business grew 35% year-over-year, and we signed the largest commercial deal in our history.

- $300 million license renewal in the aerospace industry starting in 2021
- New deals across a variety of verticals, including consumer goods, healthcare, and financial services

FIG 09

Commercial Revenue



In Q3 2020, our government business grew 68% year-over-year.

- Two-year, $91 million contract with the U.S. Army Research Laboratory

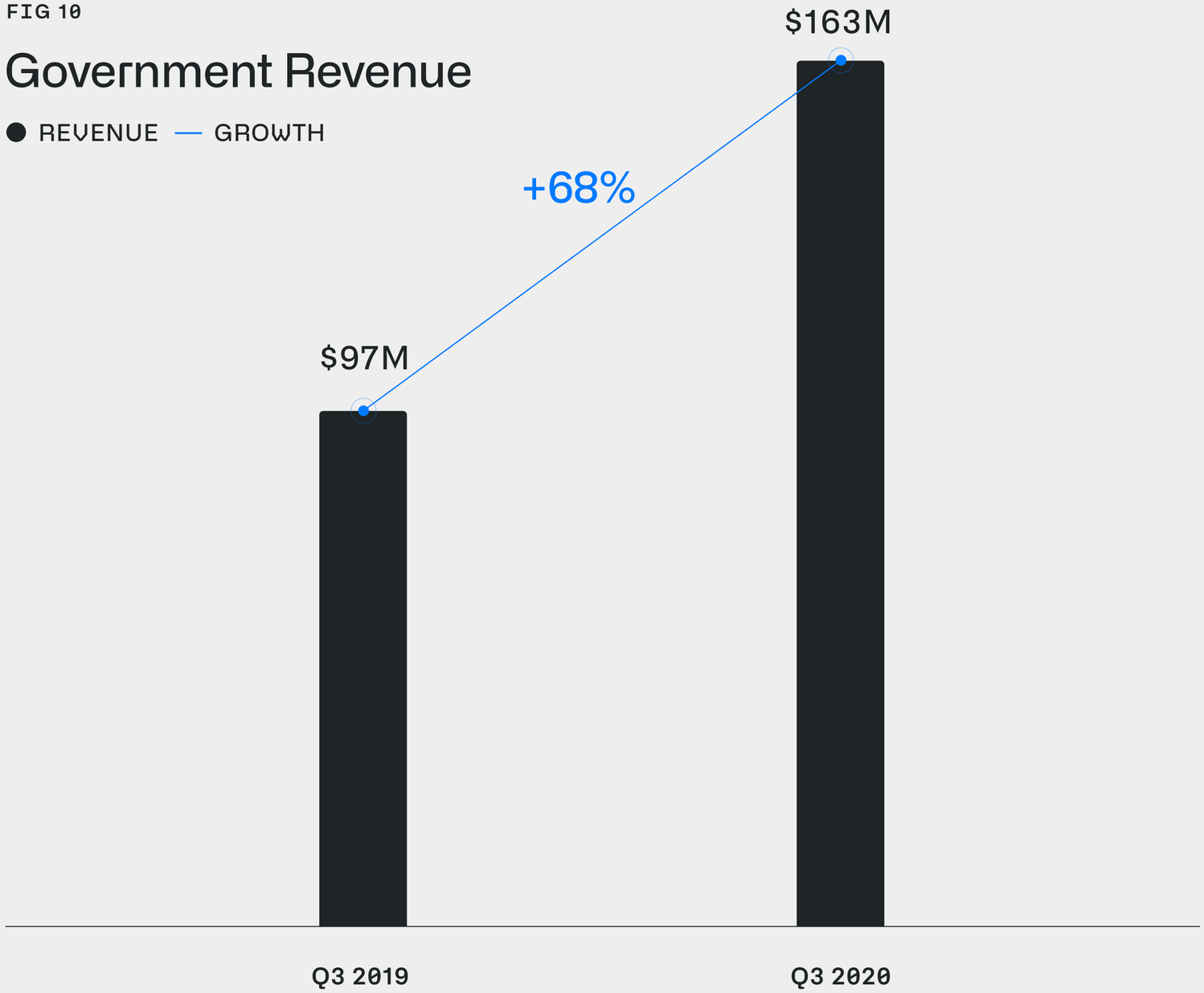
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- $36 million, IDIQ award with the National Center for Advancing Translational Sciences

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FIG 10

Government Revenue



We accelerated growth in all three phases of our business model.

FIG 11

Acquire Phase

- REVENUE
- CONTRIBUTION

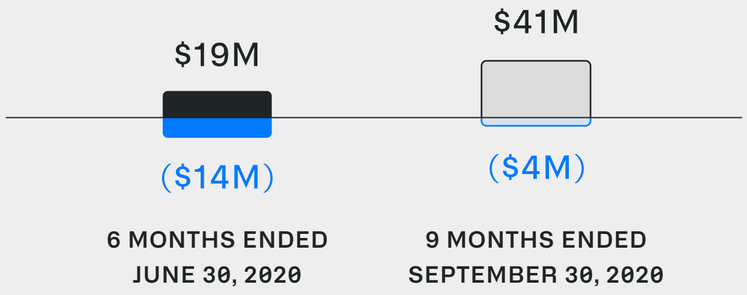


FIG 12

Expand Phase

- REVENUE
- CONTRIBUTION MARGIN

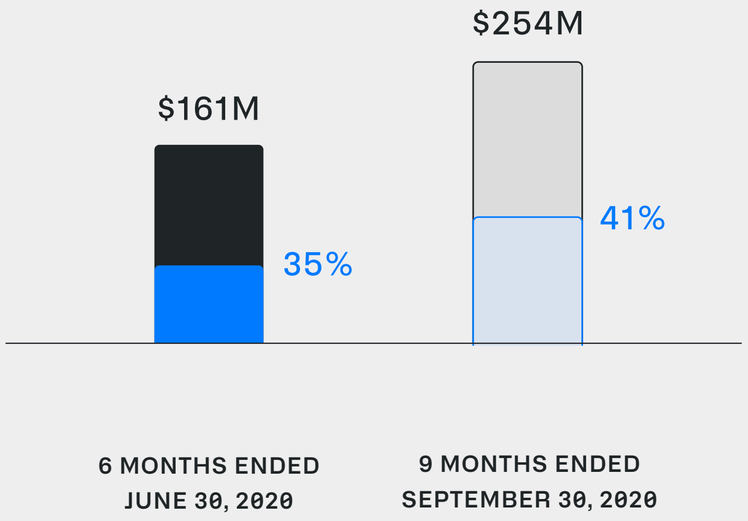
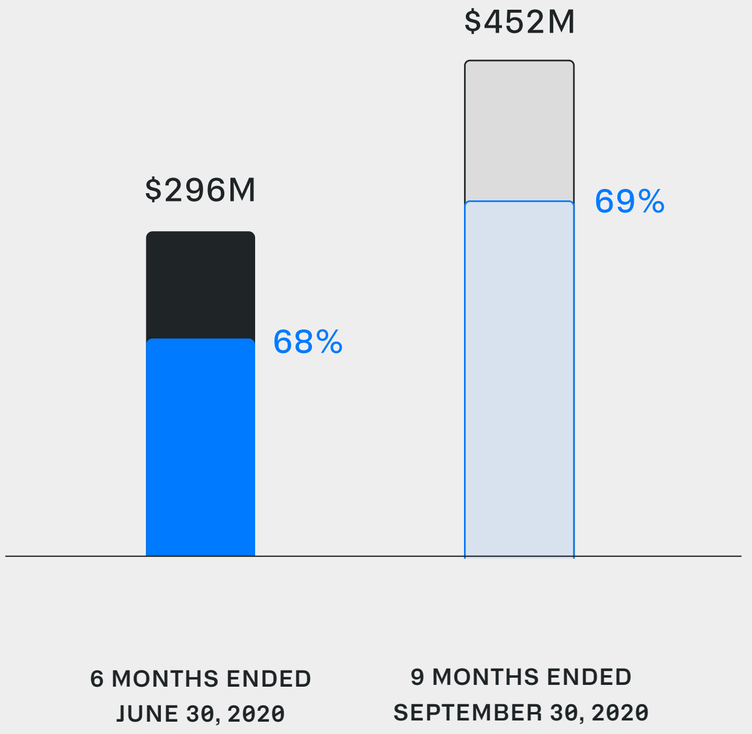


FIG 13

Scale Phase

- REVENUE
- CONTRIBUTION MARGIN

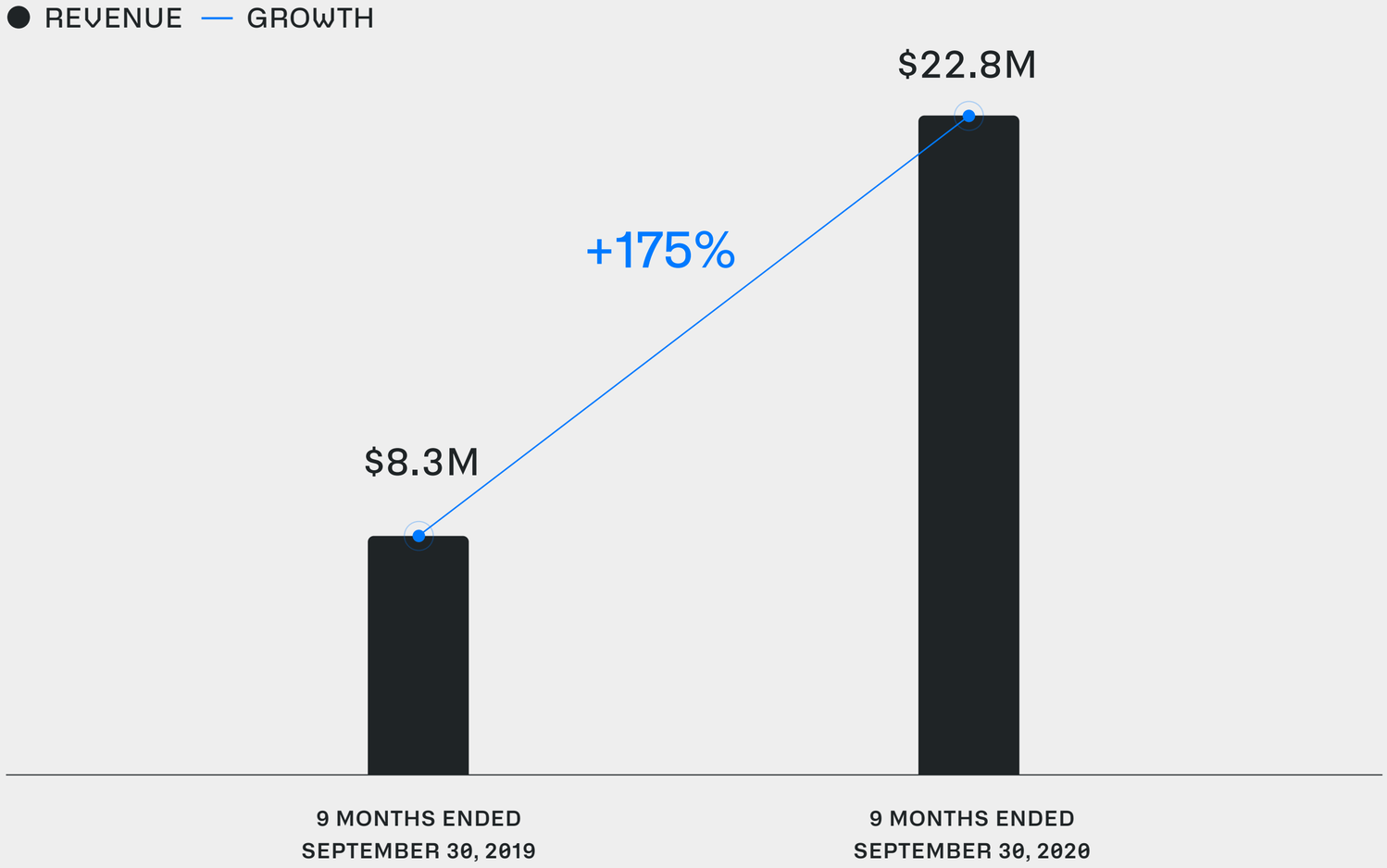


In addition to customers accounted for by our three-phase model, revenue from customers acquired in the 9 months ended September 30, 2020 grew by 175% year-over-year.

We are signing up new customers and converting them to significant revenue-generating positions in record time.

FIG 14

Revenue from Customers Acquired in the 9 Months Ended September 30, 2019 and 2020

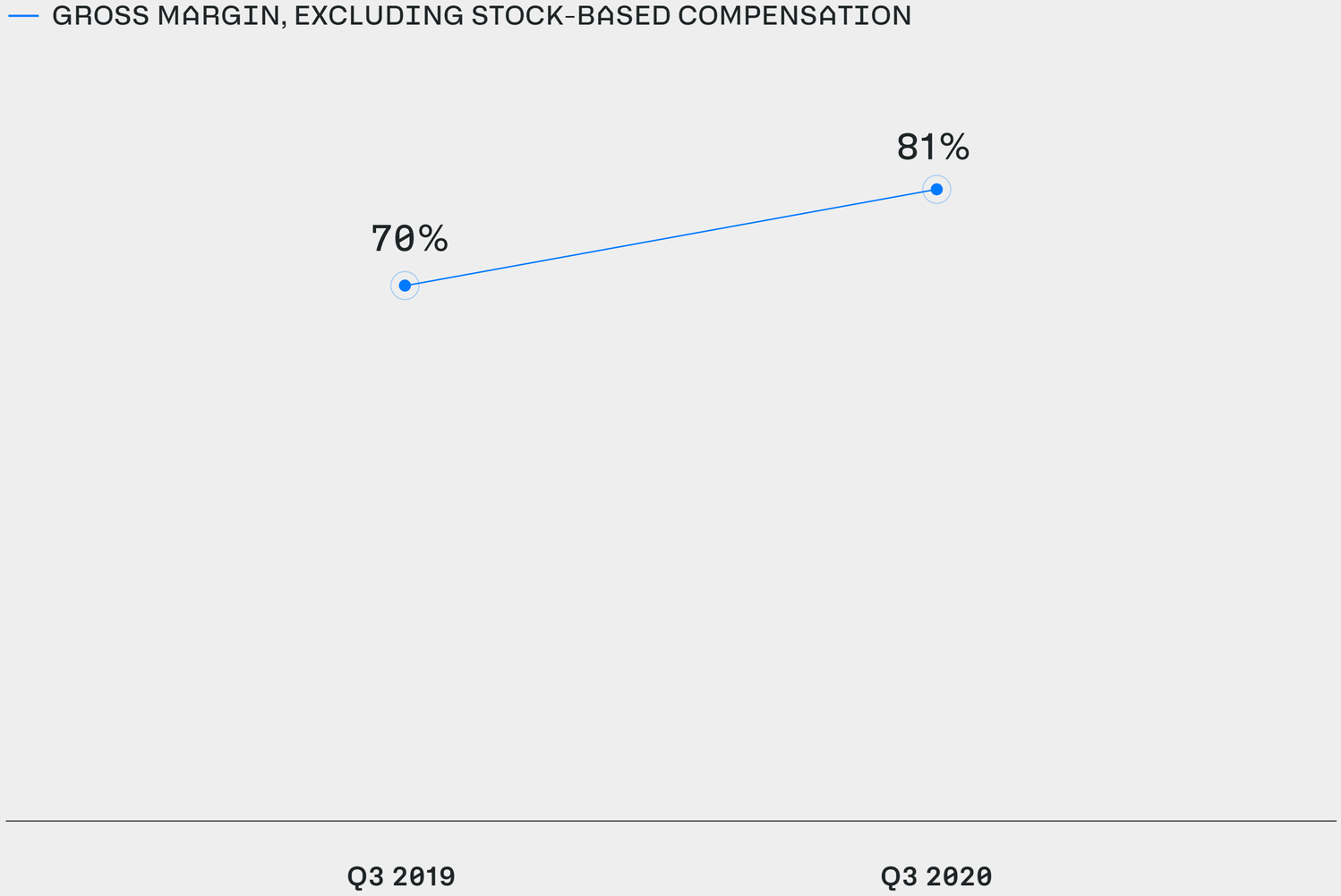


The customers acquired in the nine months ended September 30, 2019 were not in a cohort as of December 31, 2018, and were assigned a cohort as of December 31, 2019.
The customers acquired in the nine months ended September 30, 2020 were not in a cohort as of December 31, 2019, and will be assigned a cohort as of December 31, 2020.

Our gross margin, excluding stock-based compensation, was 81%, up from 70% in Q3 2019.

FIG 15

Gross Margin, Excluding Stock-Based Compensation



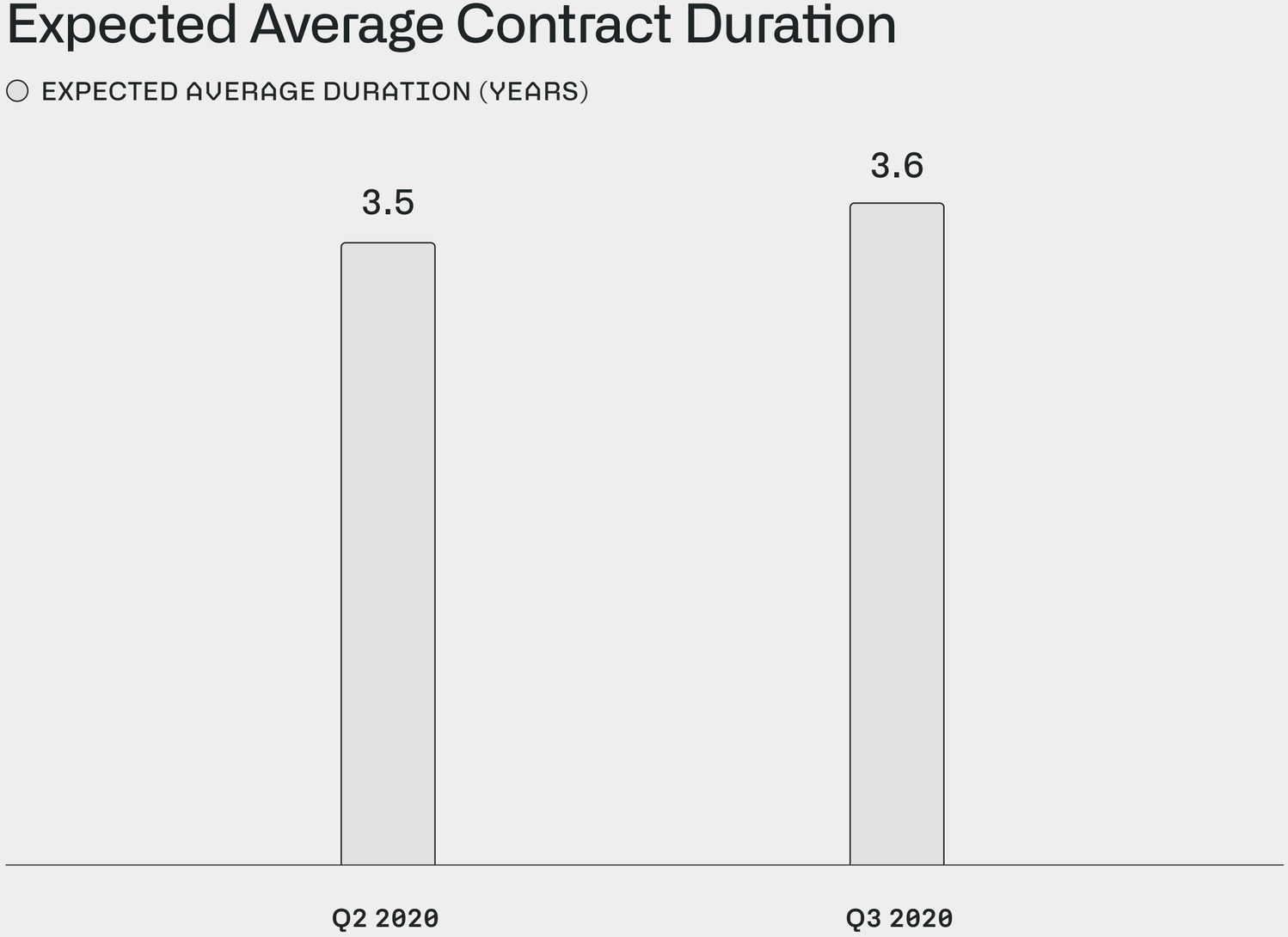
Gross margin, excluding stock-based compensation, is a non-GAAP financial measure. Refer to the Appendix for reconciliations of this non-GAAP financial measure to the most directly comparable GAAP measure.

We have strong and increased visibility into future revenue across our customer base.

We calculate expected average contract duration on a dollar-weighted basis.

FIG 16

Expected Average Contract Duration



Expected average duration includes existing contractual obligations and assumes that our customers exercise all of the contractual options available to them and do not terminate for convenience.

We continue to have a strong balance sheet.

$1.8B

Cash and cash equivalents as of September 30, 2020

GUIDANCE

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With strong visibility into future revenue and the continued acceleration of our business, we are raising our full-year 2020 revenue and adjusted operating income guidance.

FIG 17

2020 Revenue Guidance

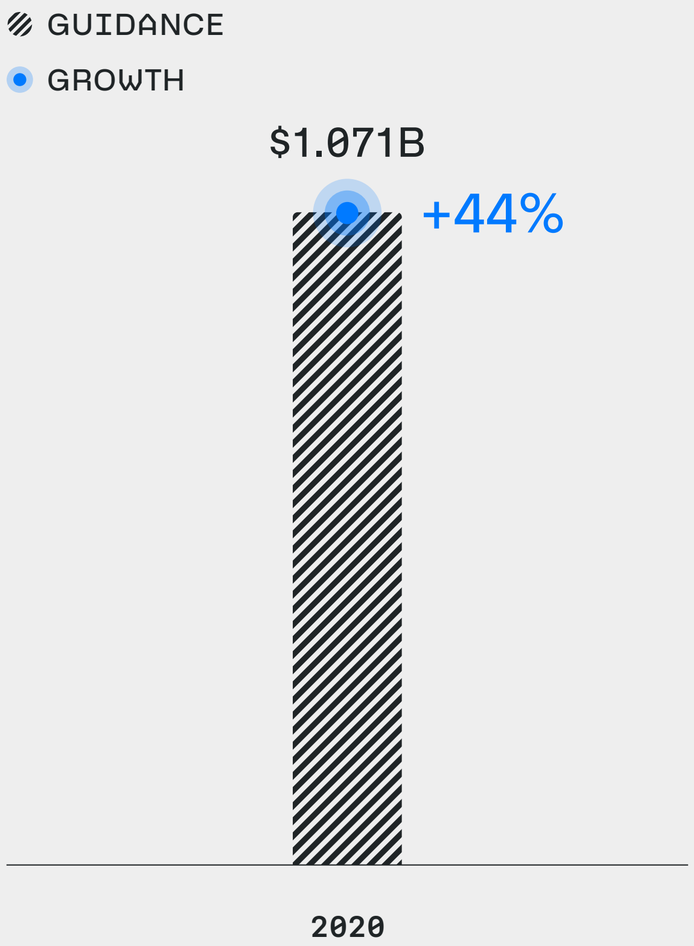
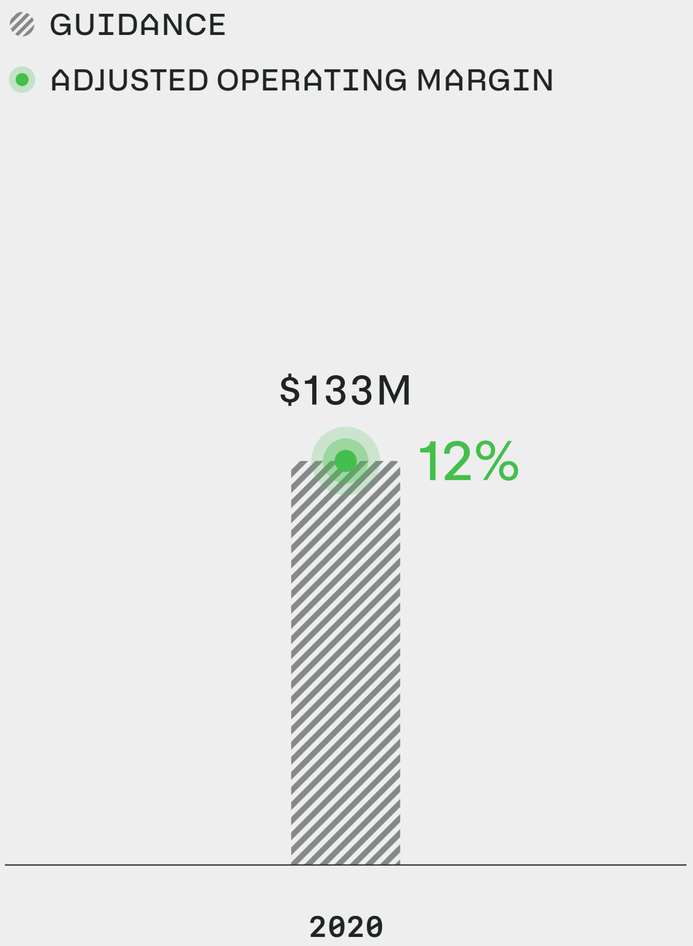


FIG 18

2020 Adjusted Operating Income Guidance



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Adjusted operating income excludes stock-based compensation and employer payroll taxes related to stock-based compensation as well as direct listing related costs. A reconciliation of adjusted operating income to the corresponding GAAP measure is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, reconciling items that may be incurred in the future such as stock-based compensation, and employer payroll taxes related to stock-based compensation, the effect of which may be significant. For 2020 guidance, numbers reflect the midpoint of the estimated range for such measures.

We are expecting 31% revenue growth in Q4 2020, and year-over-year revenue growth to be greater than 30% through 2021.

FIG 19

Q4 2020 Revenue Guidance

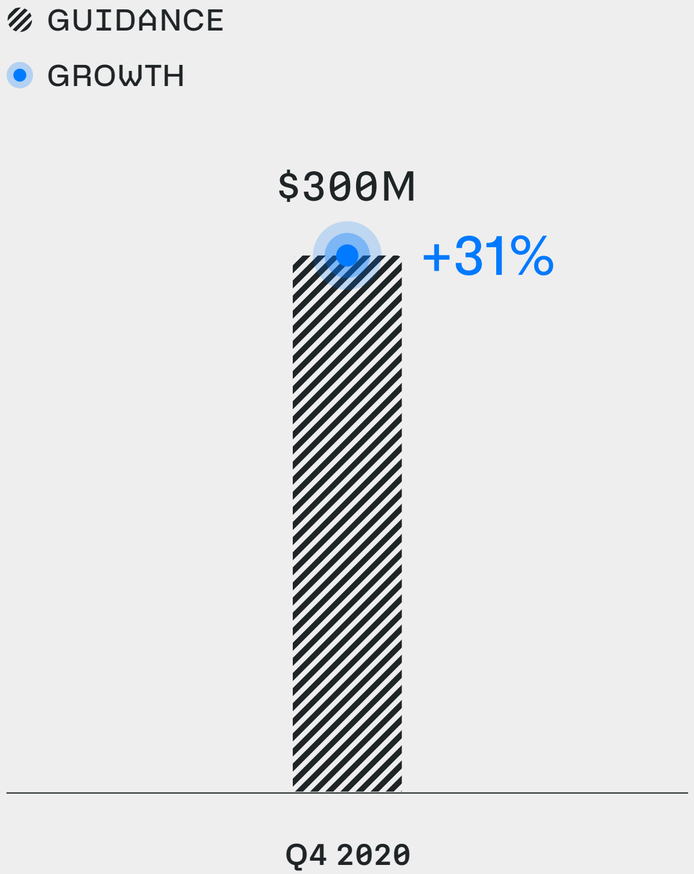
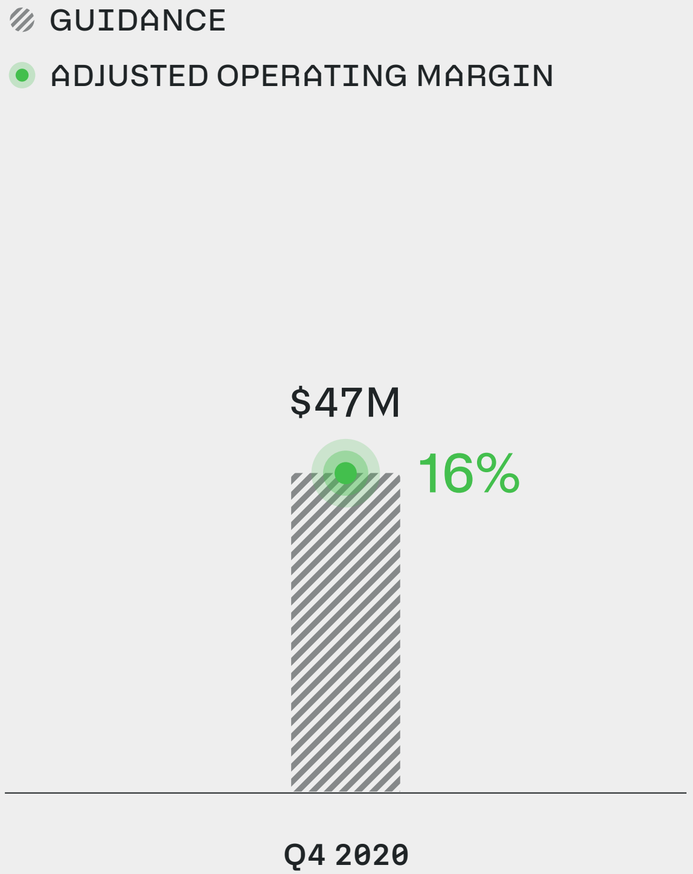


FIG 20

Q4 2020 Adjusted Operating Income Guidance



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Adjusted operating income excludes stock-based compensation and employer payroll taxes related to stock-based compensation as well as direct listing related costs. A reconciliation of adjusted operating income to the corresponding GAAP measure is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, reconciling items that may be incurred in the future such as stock-based compensation, and employer payroll taxes related to stock-based compensation, the effect of which may be significant. For Q4 2020 guidance, numbers reflect the midpoint of the estimated range for such measures.

APPENDIX

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Reconciliation of Gross Profit to Gross Profit and Gross Margin, Excluding Stock-Based Compensation

($k)	Q3 2019	Q3 2020
Gross Profit	$125,468	$140,026
Add: Stock-Based Compensation	$7,183	$94,385
Gross Profit, Excluding Stock-Based Compensation	**$132,651**	**$234,411**
Gross Margin, Excluding Stock-Based Compensation	70%	81%

All figures in reconciliation tables are unaudited. The tables present direct or indirect reconciliations of the selected non-GAAP financial measures to the most comparable GAAP financial measures.

Reconciliation of Loss from Operations to Contribution Margin

($k)	6 MONTHS ENDED JUNE 30, 2020	9 MONTHS ENDED SEPTEMBER 30, 2020
Loss from Operations	($169,330)	($1,017,107)
Add:		
Research and Development Expenses, Excluding Stock-Based Compensation	$99,686	$156,832
General and Administrative Expenses, Excluding Stock-Based Compensation	$119,325	$226,455
Stock-Based Compensation	$181,955	$1,028,914
Contribution	**$231,636**	**$395,094**
Contribution Margin	48%	51%

All figures in reconciliation tables are unaudited. The tables present direct or indirect reconciliations of the selected non-GAAP financial measures to the most comparable GAAP financial measures.

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

($k)	Q3 2019	Q3 2020
Loss from Operations	($144,140)	($847,777)
Add:		
Stock-Based Compensation and Related Employer Payroll Taxes	$51,763	$867,131
Non-Recurring Charges	–	$53,737
Adjusted Operating Income (Loss)	**($92,377)**	**$73,091**
Adjusted Operating Margin	(48%)	25%

All figures in reconciliation tables are unaudited. The tables present direct or indirect reconciliations of the selected non-GAAP financial measures to the most comparable GAAP financial measures. Non-recurring charges includes charges related to the Direct Listing and public company readiness initiatives.