

PALANTIR TECHNOLOGIES (PLTR) · \$125.24 · REPORTS TONIGHT AFTER THE CLOSE

The Fade Line

Everyone argues about Palantir's multiple. The multiple is arguing about one number. Tonight, that number gets a new reading.

×0.78

THE FADE LINE: GROWTH MAY LOSE NO MORE THAN ABOUT A FIFTH OF ITSELF EACH YEAR, FOR TEN YEARS — OR \$125.24 IS TOO EXPENSIVE

BULL SIDE

growth decays slowly → worth more than \$125

BEAR SIDE

← growth decays fast → worth less

the line: ×0.78



56×

enterprise value / trailing revenue (\$292.2B / \$5.2B)

30.7%/yr

revenue growth demanded for 10 yrs to earn 10%/yr (10× exit)

±11.4%

tonight's options-implied move (\$14.25 straddle) vs ±10.9% six-print average

\$112

probability-weighted fair value (range \$63–\$195) vs \$125.24

Palantir reports second-quarter earnings tonight, after the close. By tomorrow morning the argument will be everywhere it always is: the stock is “obviously” too expensive at fifty-seven times revenue, or the doubters have “missed the point” for the fifth straight year. Both camps quote the same multiple. Neither one usually says what the multiple actually *asks for*.

A price is not an opinion; it is an invoice. This note runs the valuation machine backwards — instead of guessing what Palantir is worth, we compute the revenue future its \$292 billion enterprise value already charges you for, and then ask how plausible that future is. The answer compresses the entire bull–bear fight into a single number we call the **fade rate**: the fraction of this year’s growth that survives into next year. Everything else — the multiple, the AI narrative, tonight’s print — is commentary on that number.

EXHIBIT · THE DEMAND

A \$292 billion demand letter

Start with what you are buying. At \$125.24 (10:30 ET this morning, 3 Aug 2026), Palantir’s 2.40 billion shares are worth \$300.2B. Net of about \$8.0B in cash, the market is paying **\$292.2B** for the business itself. That business produced **\$5.2B** of revenue over the last four reported quarters — so the price is **56× trailing sales**, roughly 132× trailing earnings. For scale: the most expensive of its high-growth software peers trades below 40× sales.

A multiple that high is not a mystery; it is arithmetic waiting to be done. Suppose you buy today and hold for ten years, and suppose that in 2036 the market pays a still-generous 10× sales for the business. Then the revenue Palantir must deliver is fixed by two choices only: the return you demand along the way, and that exit multiple. The whole grid:

RETURN YOU REQUIRE	EXIT 8× SALES	EXIT 10× SALES	EXIT 12× SALES	EXIT 15× SALES
0% (dead money)	21.5%	18.8%	16.6%	14.1%
8%/yr	31.2%	28.3%	26.0%	23.2%
10%/yr	33.6%	30.7%	28.3%	25.5%
12%/yr	36.0%	33.0%	30.6%	27.8%

Revenue growth the price demands, per year for ten years — by the return you require and the 2036 exit multiple. Source: TON618 model on market data of 3 Aug 2026 (see appendix).

Read the gold cells. To earn an ordinary **10% a year**, Palantir must grow revenue **30.7% every year for a decade** — \$5.2B today becoming **\$75.8B** by 2036, at which point it would still need a buyer at ten times sales.

18.8%/yr

Even dead money isn't free. Set your required return to zero — the stock goes exactly nowhere for ten years — and the price still demands 18.8% compound revenue growth, to \$29.2B, just to de-rate gracefully to 10× sales. At this price, a lost decade is the *consolation prize*.

EXHIBIT • THE MACHINE

The cash machine is real — and it barely moves the answer

To be clear about what the skeptics get wrong: Palantir is a genuinely exceptional business, and the numbers in this note assume it stays one. Trailing GAAP net margin is 43.7% — among the highest of any large software company — and reported free cash flow of \$2.7B is 51.5% of revenue (flattered by roughly 14% of revenue paid in stock rather than cash; we model a 40% steady-state cash margin instead). Fiscal 2025 revenue split \$2.4B government / \$2.1B commercial, and the government franchise — two decades of security clearances, accreditations, and embedded deployments — is about as close to a moat as enterprise software gets. Return on invested capital runs north of 20% (22.3% trailing).

Here is the uncomfortable part. Run a full discounted-cash-flow model backwards — every future year's cash flow valued at a 10% discount rate, a terminal value beyond year ten — and ask what constant growth rate makes the math equal \$292.2B. The answer is **33.1% a year**. Now torture the margin assumption: at a 35% cash margin the required growth is 35.0%; at 45% it is 31.4%. A ten-point swing in profitability — the entire distance between “very good” and “best ever” — changes the demanded growth by about three points.

This is not a margin-priced stock. It is a growth-priced stock. Every dollar of the debate belongs on one question: how fast does 80% growth decay?

EXHIBIT • THE LINE

85% doesn't fade politely — or does it?

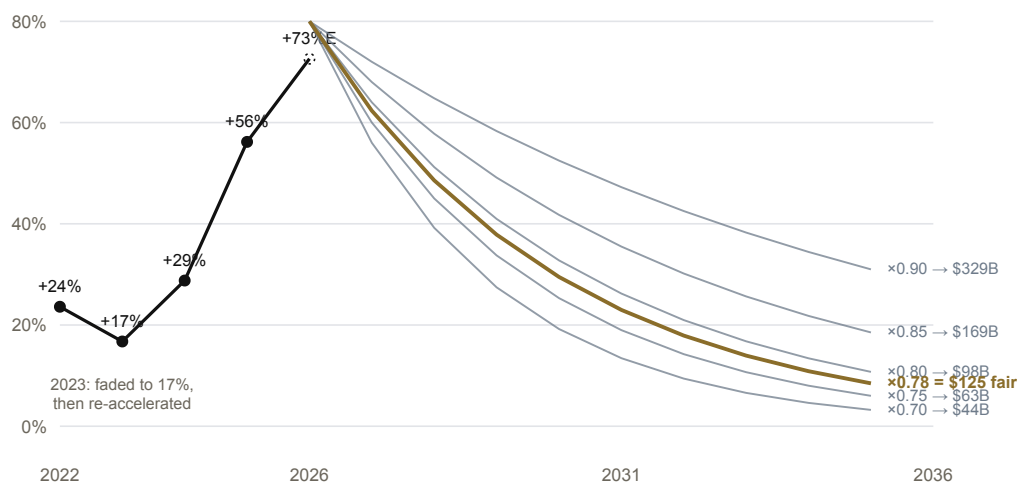
What makes Palantir a hard case — and this is the part the “it's obviously a bubble” crowd skips — is that the growth is not slowing. It is *accelerating*, and has been for three

straight years: +24% in 2022, +17% in 2023, +29% in 2024, +56% in 2025, and +85% in the most recent reported quarter. Tonight's consensus asks for +80% more. Nobody sane extrapolates 80% for a decade. The live question is the **fade rate** — each year, what fraction of the growth rate survives?

ANNUAL FADE	GROWTH, YR 5	GROWTH, YR 10	10-YR PACE	2036 REVENUE	AT A 10% DISCOUNT RATE...
×0.90	52%	31%	51%	\$329B	worth more than \$125
×0.85	42%	19%	42%	\$169B	worth more than \$125
×0.80	33%	11%	34%	\$98B	worth more than \$125
▲ the line: ×0.78 — today's \$125.24 exactly earned					
×0.75	25%	6%	28%	\$63B	worth less than \$125
×0.70	19%	3%	24%	\$44B	worth less than \$125

Fade paths from 80% growth. "Fade" = the fraction of this year's growth rate that survives into next year.
Source: TON618 model (see appendix).

Solve for the fade rate at which the discounted cash flows are worth exactly today's price and you get **×0.78** — growth may lose at most about 22% of itself each year. That path takes Palantir to **\$80B of revenue by 2036** (31% a year for ten years), still growing 8% in year ten. Slower decay than that and today's buyer wins; faster and the buyer loses. The entire disagreement about a \$300 billion company balances on that one decimal.



Source: reported annual revenue growth 2022–2025 (Palantir income statements via Robinhood market data); 2026E from analyst consensus (FMP, 23 analysts); fade paths and the gold breakeven path are TON618 model output. Pulled 3 Aug 2026.

Honesty requires the chart’s left half be read both ways. Bears will note that Palantir has already faded once — growth collapsed from the 40s to 17% by 2023 under exactly the “law of large numbers” logic bears use today — and bulls will note what happened next: the AI platform cycle re-accelerated it to 85%. A company that has already broken one fade curve cannot be assumed to obey the next one. That cuts in both directions: fade curves are not destiny, and 2023 proves growth can halve in two years when a narrative pauses.

EXHIBIT · THE CLUB

The club it is being asked to join

How rare is a ~30% compound decade from a \$5B revenue base? The modern reference class is short. From comparable starting revenue, Amazon compounded roughly 29% a year from 2004 to 2014 (about \$6.9B to \$89B); Google roughly 28% from 2005 to 2015 (about \$6.1B to \$75B); Meta roughly 29% from 2014 to 2024 (about \$12.5B to \$165B); and Nvidia — the outlier the bulls lean on — has compounded faster than that since 2016 on the same AI cycle Palantir is riding. That is approximately the complete list of US large-caps that have done what Palantir’s price now requires of it. The base rate is not zero. It is also not a coin flip — it is a handful of the greatest business runs in market history.

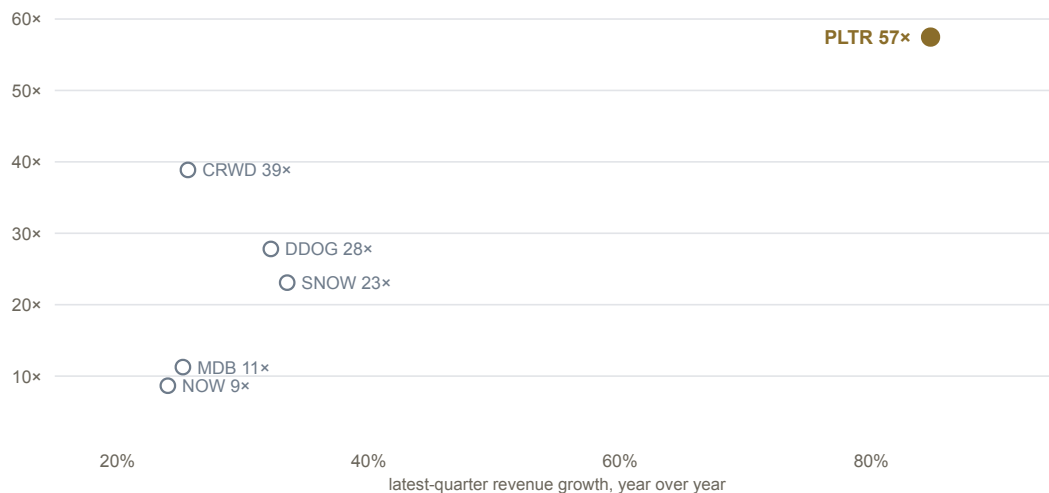
Note what membership bought those companies’ shareholders: all four entered their decade at far lower multiples of sales than 56x. Palantir is being asked to match their

execution while starting from a price that already banks most of it.

EXHIBIT • THE EXIT

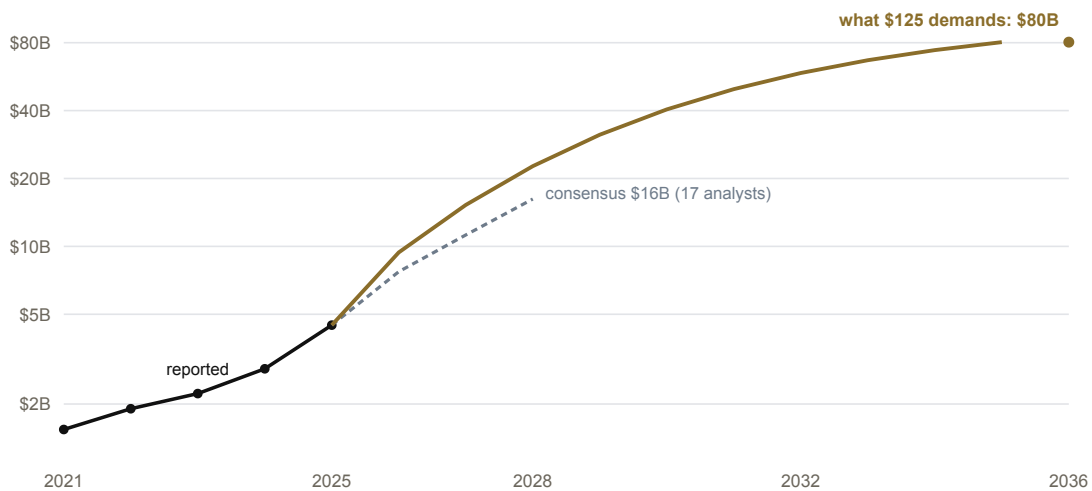
The exit door is narrower than the entrance

Every path in this note ends with someone in 2036 paying a multiple for a bigger, slower Palantir. What do markets actually pay for excellent software companies after the hypergrowth years? The comp set answers:



Source: market cap / trailing-twelve-month revenue (vertical) vs latest-quarter year-over-year revenue growth (horizontal). Market caps: Robinhood fundamentals, 3 Aug 2026 intraday; TTM revenue: sum of last four reported quarters, company income statements via Robinhood. Ratios use market cap rather than enterprise value; all six names carry modest net cash, which would shave each multiple slightly and equally.

ServiceNow is the destination that should concentrate the mind: a magnificent, ~24%-growth, high-margin platform — at **9x sales**. CrowdStrike, the most expensive name in the set, earns 39x while growing 26%. Our base case hands 2036-Palantir a 10x exit — richer than ServiceNow today, justified only if it is still growing near-double-digits at ~\$80B scale. The “conservative exit multiple” in most Palantir bull math is quietly the most generous line in the model.

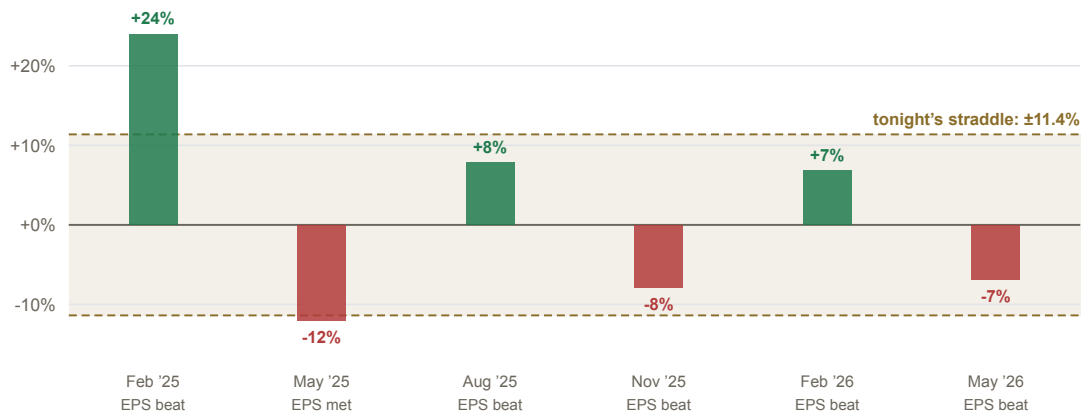


Source: reported revenue 2021–2025 (company income statements via Robinhood); consensus 2026–2028 (FMP financial-estimates, 17–23 analysts, pulled 3 Aug 2026); gold: the breakeven-fade path the current price demands (TON618 model). Log scale.

EXHIBIT · TONIGHT

Tonight is not an earnings report. It is a fade-rate observation.

Consensus for the quarter: revenue about \$1.81B (+80% year over year), EPS \$0.33. Palantir's recent record against the bar is close to perfect — five beats and a meet in the last six quarters, with EPS beats averaging over 20%. And yet the stock *fell* on three of those six perfect prints, including a 12% drop in May 2025, an 8% drop last November, and 7% this May:



Source: next-session close vs report-day close around each of the last six earnings reports (report dates and EPS: Robinhood earnings data; daily closes: Robinhood historicals, split-adjusted). Gold band: tonight's options-implied move — the 7 Aug \$125 straddle, \$7.30 call + \$6.95 put = \$14.25, ±11.4% (marks 10:29 ET, 3 Aug 2026).

That pattern is this note's thesis in miniature: the market is not grading Palantir against consensus; it is grading the print against the demanded path. A beat that implies a faster fade is a miss. Specifically, tonight maps to the fade line as follows: a revenue print near **\$1.86B** (+85%, no deceleration at all) is evidence for the $\times 0.85$ -and-slower-fade world; the consensus **\$1.81B** (+80%) is a first tick down the curve, consistent with everything from $\times 0.85$ to $\times 0.78$; anything under **~\$1.78B** (+77% or less) is the first data point that decays faster than the breakeven line can tolerate. The full-year guide matters more than the quarter — consensus sits at \$7.73B for 2026, and a raise through **~\$7.9B** would be the strongest slow-fade evidence available tonight.

The options market has already voted on the volatility, if not the direction: at ±11.4%, tonight's implied move is priced almost exactly at the six-print historical average of ±10.9% — roughly ±\$34 billion of market value riding on the reading. Wall Street analysts, for what it is worth, sit far up the bull side of the line: the consensus price target is \$171 (median \$182) — 36% above the market, even after the stock's 49% slide from last November's \$207.52 high to June's \$106.37 low and back to \$125 today. The street, in other words, already assumes the slow fade. The market, at \$125, is priced a notch below the street and a notch above the math.

VERDICT · WHERE WE PUT THE LINE

Where we put the line: fair value \$110

We weight three fades. The bear case (30%) is ordinary software gravity — the 2023 deceleration revisited without a second AI wave, decaying to GDP-plus by year ten. The

base case (45%) is the glide path already embedded in the 23-analyst consensus through 2028, then normal maturation. The bull case (25%) is the AI-platform supercycle persisting — commercial and international compounding hard enough that Palantir is still growing ~19% in 2036, having joined the Amazon/Google/Meta club outright.

SCENARIO	PROB.	FADE	2036 REVENUE	FAIR VALUE	VS \$125.24	WHAT IT ASSUMES
Bull	25%	×0.85	\$169B	\$195	+55%	AI platform demand persists; commercial + international re-accelerate; growth still ~19% in year 10
Base	45%	×0.775	\$78B	\$100	-20%	strong but normal fade — roughly the glide already embedded in FY26-28 consensus, then software gravity
Bear	30%	×0.7	\$44B	\$63	-50%	law-of-large-numbers fade to ~3% by year 10; the 2023 deceleration revisited without a second AI wave
Weighted	100%			\$112	-10%	

Scenario fair values. DCF: 40% steady-state free-cash-flow margin, 10% discount rate, 3.5% terminal growth, 2%/yr share dilution. Source: TON618 model (see appendix).



Source: scenario fair values per share from the TON618 fade-path DCF described above; probabilities are TON618 judgment, not market data. Price as of 10:30 ET, 3 Aug 2026.

Probability-weighted fair value: \$112 per share, about 10% below tonight's \$125.24
— with an enormous, honest range (\$63 to \$195) that is itself the finding: this is a

security whose value is almost entirely a bet on one behavioral parameter of one income-statement line. The math is also acutely rate-sensitive — the base case alone swings from \$121 at a 9% discount rate to \$73 at 12% — so the fade line moves with the bond market even if Palantir executes perfectly.

What would move our line? Toward the bulls: two consecutive quarters holding 80%+ growth (fade $\geq \times 0.9$ evidence), a 2026 guide above \$7.9B, or commercial revenue overtaking government while both accelerate. Toward the bears: any quarter printing below +70%, a flat guide, or US government budget friction — the segment that is 54% of revenue answers to appropriations cycles no company controls. The risks outside the model are the standard ones for a story stock at 56 $\times$ sales, all amplified by the multiple itself: single-narrative concentration, ~2%/yr dilution from stock compensation, key-person dependence on an idiosyncratic CEO, and the demonstrated capacity of this exact share register to cut the price in half in seven months on no fundamental break, as it did from November to June.

The knife-edge, restated once, in plain language: **at \$125, you are not paying for what Palantir is. You are paying for eighty-cents-on-the-dollar persistence of the fastest growth any \$5 billion-revenue company is currently producing, for ten consecutive years, ending in a \$80 billion company that must still command a premium multiple.** It might happen — it has happened, four times in the modern record. Price it accordingly, and watch tonight's year-over-year number, not the EPS beat.

Sources & Method

Prices and market data (all pulled 3 Aug 2026, ~10:28–10:30 ET, unless noted). PLTR last trade \$125.24 (10:28 ET), prior official close \$123.06 (31 Jul 2026), shares outstanding 2,397,310,643, market cap \$300.2B, 52-week high \$207.52 (3 Nov 2025) and low \$106.37 (25 Jun 2026): Robinhood live quotes and fundamentals. Comparable-company market caps (CRWD \$198.0B, SNOW \$116.2B, DDOG \$102.1B, NOW \$127.5B, MDB \$29.3B): same source and timestamp. Option marks: PLTR 7 Aug 2026 \$125 call \$7.30 / \$125 put \$6.95 (mid of bid/ask; 10:29 ET), implied volatility ~133%, from Robinhood options quotes; implied move = straddle price $\div$ spot = 11.4%, a through-expiry (4-session) move that slightly overstates the earnings-event-only move.

Financial statements. PLTR quarterly and annual revenue, gross profit, and GAAP net income, Q1 2025–Q1 2026 and FY2021–FY2025, as reported: company income statements via Robinhood financials (vintage: each company's most recent report; pulled 3 Aug 2026). TTM figures are the sum of the four most recent reported quarters (Q2-25 through Q1-26). Enterprise value = market cap – net cash of \$8.03B, where net cash is read directly from the Q1-2026 Form 10-Q balance sheet (period 31 Mar 2026, filed 5 May 2026): \$2.292B cash and equivalents + \$5.735B current marketable securities, against zero interest-bearing debt. TTM free cash flow \$2.689B (FMP

freeCashFlowToFirmTTM) stock-based compensation at 13.98% of revenue (FMP stockBasedCompensationToRevenueTTM), and return on invested capital 22.3% (FMP returnOnInvestedCapitalTTM), same vintage. FY2025 segment revenue (Government \$2.402B / Commercial \$2.073B): FMP revenue segmentation from company filings. Comparable-company TTM revenue: sum of each company's last four reported quarters via Robinhood financials; comp ratios use market cap (not EV) and are labeled as such.

Estimates and targets. FY2026/27/28 consensus revenue \$7.725B / \$11.237B / \$16.215B (23 / 24 / 17 analysts): FMP financial-estimates, pulled 3 Aug 2026. FMP consensus rows beyond FY2028 were discarded for small samples (≤ 8 analysts) and internal inconsistency. Q2-2026 consensus EPS \$0.33: Robinhood earnings consensus; quarterly consensus revenue $\approx$ \$1.81B: compiled street estimates as of 2 Aug 2026. Analyst price targets (consensus \$170.90, median \$182.50, high \$200, low \$90): FMP price-target-consensus, 3 Aug 2026. Earnings dates, timing, and EPS estimate/actual history (Q4-2024 through Q1-2026): Robinhood earnings data; tonight's (3 Aug, after market) report is company-verified.

Earnings-reaction history. Each print's move = next regular-session close $\div$ report-day close $- 1$, using split-adjusted daily closes (Robinhood historicals, 15 Jan 2025–31 Jul 2026). Average absolute move over the six prints = 10.9%.

Model. All derived figures are computed in the note's accompanying `model.py` (single source for every number on this page). Required-CAGR grid: $\text{revenue}_{2036} = \text{EV} \times (1+r)^{10} \div \text{exit multiple}$; $\text{CAGR} = (\text{revenue}_{2036} \div \text{TTM revenue})^{(1/10)} - 1$. Reverse DCF and scenario DCF: ten years of free cash flow at a 40% steady-state FCF margin on the revenue path, discounted at a 10% WACC, plus a terminal value of year-10 FCF $\times 1.035 \div (0.10 - 0.035)$, also discounted; equity value adds net cash; per-share values divide by today's share count grown 2%/yr for assumed dilution (2.92B shares in 2036). Fade paths: $\text{growth}_{t+1} = \text{growth}_t \times \text{fade}$, seeded at 80% (the consensus Q2-26 YoY rate; the last reported quarter printed +84.7%). Breakeven fade solves $\text{DCF}(\text{path}) = \text{EV}$ by bisection.

Assumptions, labeled. The 40% cash margin, 10% WACC, 3.5% terminal growth, 2% annual dilution, 80% seed growth, scenario fade rates, and scenario probabilities (25/45/30) are TON618 analytical assumptions, not reported data. The 10 $\times$ "exit multiple" in the grid is an assumption chosen to be generous relative to the comp set shown. WACC sensitivity of the base case: \$121 (9%), \$100 (10%), \$84 (11%), \$73 (12%). An earlier draft inferred net cash of \$2.08B from a vendor EV field; that figure failed verification against the 10-Q and was replaced with the filing's \$8.03B before publication (net cash is $\sim$ 2.7% of EV). Reference-class decade growth figures for Amazon (2004–14), Google (2005–15), Meta (2014–24), and Nvidia (2016–) are approximate, computed from those companies' reported annual revenues, and rounded; they frame a base rate, not a forecast. Historical estimate-vs-actual EPS rows reflect the estimates recorded by the vendor at the time and may differ from other consensus compilers.

Timing. This note was published before Palantir's Q2-2026 report (tonight, 3 Aug 2026, after the close) and is a point-in-time analysis; the framework's thresholds are falsifiable within hours, deliberately.

Disclosures

Methodology & data. Valuation is a scenario-weighted reverse discounted-cash-flow on revenue fade paths, cross-checked against a required-growth grid and comparable-company multiples. Fair-value and scenario figures are estimates with wide, explicitly-stated uncertainty; they are not forecasts, and the scenario probabilities are judgment. This is a point-in-time research note published hours before a known catalyst. Prices as of 3 Aug 2026, ~10:30 ET (PLTR \$125.24 intraday; prior close \$123.06, 31 Jul 2026). Price sources: Robinhood market data; fundamentals: company reports via Robinhood and Financial Modeling Prep.

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