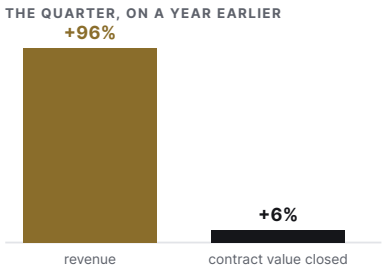
EQUITY VALUATION · TECHNOLOGY · PLTR · 2 NOVEMBER 2026

Palantir (PLTR) — Ninety-Six and Six

Palantir's revenue grew 96% in the third quarter, the fastest of its public life, and net dollar retention reached 165%. The contract value it closed grew 6%, against a comparison that had grown 151%, on deals the company says ran shorter than usual. We value the stock at $145.70, from $149 in August, against $178.34 at the close before the release. August's method, fed this quarter's data, would say $224.90; we explain why we no longer rest the value on it. At our margins and rates, the price takes about $136 billion of revenue in 2036, a decade about as fast as AWS's and Meta's from the same size, the best we have found in software and internet.

TON618 CAPITAL RESEARCH · AS OF 2 NOVEMBER 2026



The line kept rising. The ledger under it slowed.

Revenue grew the fastest in Palantir's public life, and net dollar retention reached 165%. Closed contract value grew 6% against a +151% comparison, on deals the company says ran shorter.

Over twelve months: revenue +87%, contract value +56%.
The bars compare growth rates, not dollars.

THE PRINT · THE ORDER BOOK · THE MARGIN · THE RUNWAY · THE VALUE · THE RECEIPT · THE TRIPWIRES

In August we drew a fade line: the rate at which Palantir's growth could decay before the price stopped making sense. We also wrote that every leading indicator still outran revenue. Three months later revenue has run past nearly all of them. US commercial sales grew 148% while US commercial contracts still to be delivered grew 79%, a gap already open in August and wider now. That may say less than it appears to: the comparison is hard, the deals are shorter, and customers are spending far more than they did. This note sorts out how much of the gap is real, then asks what a business growing this fast is worth.

THE QUESTIONS

What this note answers

1. What did Palantir earn, and why are GAAP and adjusted earnings per share the same?
2. Has revenue outrun the order book, and what reading would settle it?
3. What margin should a model use, against the 47%, 62% and 53% the company reports?
4. How long can each part of the business grow faster than normal?
5. What is Palantir worth now, what moved our number from $149, and what does $178.34 require?
6. What would change our view?

$146

FAIR VALUE A SHARE · BEAR $48 / BASE $133 / BULL $269 AT 25 / 50 / 25

The view. We value Palantir at **$145.70** a share, from $149 in August. The $178.34 close of 2 November, before the release, is 22% above that, and the overnight print of $173.31 is 19% above. The business beat every test we set. August's method, fed this quarter, says $224.90, but it compounds one quarter's acceleration through all ten of its years, until its base case passes the revenue Meta reached from this size. Modeled by business over fifteen years, a base case compounding at 28% a year to $100 billion in 2036, close to Alphabet's decade from 2005 and still growing 11%, is worth $132.56. At our margins and rates the price takes $136 billion, about what AWS and Meta did from this size; our bull case, at $182 billion, is worth $269.43. Two more years of faster US commercial growth in every case would also reach the price. Bookings are the open question: the next two readings of US commercial deal value decide how far the gap between contract value and revenue matters. The Fund holds no position.

+96%
revenue, $2.313B, on +93% in Q2; the guide implies about +88% in Q4 and has been beaten by 5.9–7.6% in each of the last four quarters

165%
net dollar retention over twelve months, up from 157%; US commercial customers 686, +29%

1.26×
contract value closed per dollar of revenue, from 2.34× a year ago; twelve-month ratio 1.78× from 2.13×

36%
GAAP operating margin taxed at the company's own 23% long-term rate; 47% as reported, 62% adjusted

Terms used throughout, defined once. TCV (total contract value): the lifetime value of contracts closed in the period, assuming every option is exercised and nothing is terminated; the company says most of its contracts can be terminated. **RDV (remaining deal value):** the same measure for what is still undelivered at quarter end. **RPO (remaining performance obligations):** non-cancelable contracted revenue not yet recognized, leaving out contracts of twelve months or less and most government work. **Net dollar retention:** twelve-month revenue from the customers of the prior twelve months, over that prior revenue. **Adjusted:** excluding stock compensation and its payroll taxes. **Free cash flow to the firm:** after-tax operating income less the capital growth requires, with stock compensation an expense. **ROIC:** after-tax operating income over capital, tested against the weighted average cost of capital (**WACC**). **Fade factor:** the share of its growth rate a business keeps each year, August's single input. **Terminal growth:** the rate the business grows at forever after the forecast ends.

THE CASE FOR THE PRICE

The case for the price, in the company's terms

By the company's measures this is the best quarter it has reported. Revenue growth of 96% and sequential growth of 20% are its highest as a public company. US commercial revenue grew 148%, passed US government revenue for the first time, and carries a raised guide of at least $3.559 billion for the year. The Rule of 40 score, growth plus adjusted margin, reached 158%, which the company calls its thirteenth straight quarter of expansion. Adjusted operating margin is 62%, adjusted free cash flow $1.216 billion a quarter, cash and Treasuries $10.4 billion, and there is no debt. Existing customers are the engine: net dollar retention rose eight points to 165%, and the top twenty customers average $146 million of trailing revenue, up 76%.

Management's answer on bookings is direct. "We signed multiple 8-figure deals in the quarter that were shorter in duration than usual," chief financial officer David Glazer said, and "over time, we expect both the duration and size of these contracts to increase." Chief executive Alex Karp described "much quicker to deployment, shorter duration of the contract, but then an ability to expand that contract dramatically," and said "we really cannot satiate demand." Sales cycles that took months and years can now take days and weeks, his letter says, and it states the ambition plainly: "It is our firm and unwavering intent to take the entire market, the whole thing." Shorter contracts lower TCV without lowering demand, so on this view the slowdown in bookings is an artifact of faster buying. A company that has beaten its own guide by about 7% for a year, in a Sovereign AI cycle it calls barely one quarter old, has earned a longer runway than any base rate gives it. The arithmetic of our own August method supports that: with this quarter's data it values the stock at $224.90, 26% above the price.

This note tests five of these claims: what the margins are after stock pay and full tax, how much of the bookings slowdown the comparison and contract length explain, what retention can and cannot show, how long growth has run at this scale elsewhere, and what the price requires. It cannot test, inside a fifteen-year model, whether Palantir takes

> "the entire market," whether open-weight models trained on a customer's own data displace the frontier labs' products as the company argues, or whether a company Karp calls "very unique" keeps growing as, in his words, "the market is exploding around us." Our bull case carries the first of these as far as a precedent reaches and a little beyond: $182 billion of revenue in 2036, more than any software or internet precedent we found. A reader who believes those claims should read the value off that case, $269.43, and off the stage-length line in §4, where two more years of faster US commercial growth add about $48 a share and clear the price.

THE PRINT

The quarter, and why the two earnings figures match

Revenue was $2.313 billion, up 96% and 20% on the quarter. US commercial was $984 million (+148%, +29% on the quarter) and US government $953 million (+96%, +18%). International was $376 million (+26%): commercial $184 million, +21% and only +1% on the quarter, and government $192 million, +31%. Customers were 1,090, +20%, and US commercial customers 686, +29%. The growth is American and concentrated: the US is 84% of revenue, and the top twenty customers, at $146 million each, are about 40% of trailing revenue. No single customer exceeds 10% of revenue; one accounts for 27% of receivables.

The guide calls for $2.649–2.653 billion in the fourth quarter, about +88%, and $8.530–8.534 billion for the year, +91%, from $8.154 billion in August. Revenue has run 5.9%, 6.4%, 7.6% and 7.0% above the guide's midpoint in the last four quarters, so we carry $2.785 billion for the fourth quarter, about 5% above it, and $8.67 billion for the year.

GAAP operating income was $1.085 billion, a 47% margin (33% a year ago), and each added dollar of revenue over the year brought 61 cents of added operating income.

Why the two figures are both $0.44. Adjusted earnings add back $319 million of stock compensation and $23 million of related payroll tax, which should put them well above GAAP. They end only $14 million higher because the company then subtracts $328 million for tax at an estimated long-term rate of 23.0%, while the GAAP line paid 1.2%: Palantir still carries a full valuation allowance and federal net operating losses that stood at $9.0 billion at the end of 2025. The match is a coincidence of those two lines. At 23% on GAAP pre-tax income, earnings per share would be about $0.34.

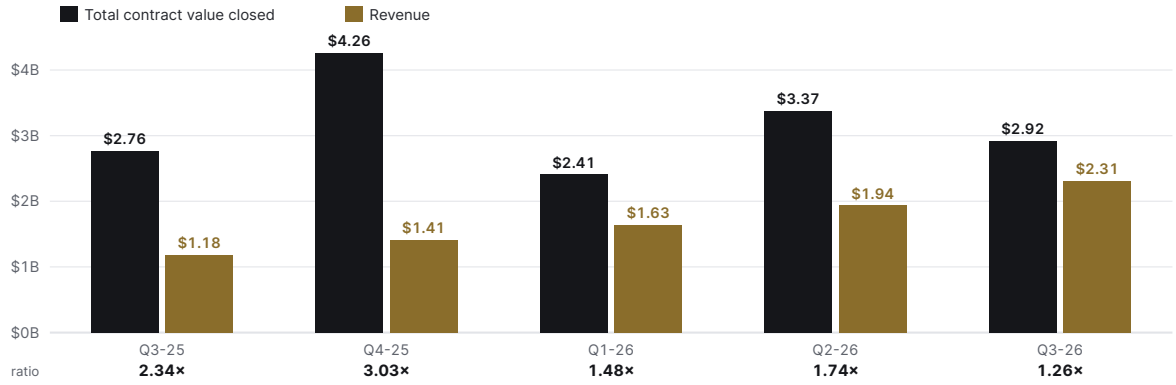
The cash. Cash and Treasuries were $10.38 billion, with no debt and no active buyback; the old $1 billion program was terminated in January 2026. At $178.34 that costs holders little: spending $10 billion on stock at the close would lower our fair value by about $0.73 a share.

THE ORDER BOOK

The order book: what the slowdown is and is not

Palantir closed $2.918 billion of TCV, up 6%, and $1.463 billion in US commercial, up 11%. Total RDV was $13.4 billion, +55% and +2% on the quarter. US commercial RDV was $6.517 billion, +79% and +4% on the quarter, the smallest sequential rise in the five quarters we show. RPO was $4.88 billion, +88% and flat on the quarter. Each of those growth rates is now below the revenue it feeds; only billings, +100%, still outruns it. August's claim about leading indicators no longer holds.

EXHIBIT 1 — CONTRACT VALUE CLOSED AGAINST REVENUE, BY QUARTER



How to read it. Billions of dollars by quarter, Q3 2025 to Q3 2026. Black is total contract value closed; gold is revenue; the figure beneath each pair is the first divided by the second. Compare the ratio across quarters, because contract value spans years and revenue spans three months. The one thing it shows: the ratio moves around a lot, and the latest is the lowest of the five, because revenue has doubled while contract value has stayed in a range.

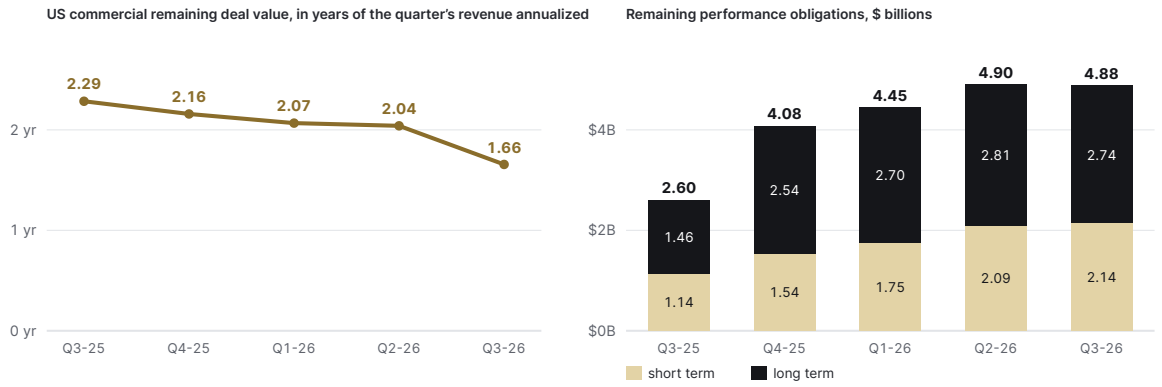
Before reading anything into that, three boring checks. Each explains part of the gap.

The comparison. The year-ago quarter's TCV of $2.76 billion was itself +151%, and US commercial's $1.31 billion was +342%. Over twelve months TCV was $12.96 billion, +56% (the prior window partly derived from reported growth rates), and US commercial TCV $6.114 billion, +62%. That is much better than +6%, so the comparison explains most of the headline. It does not explain the full year: revenue grew 87% and US commercial revenue 143%, and TCV per dollar of revenue fell to 1.78 from 2.13.

Lumpiness. Quarterly TCV has run $2.76, $4.26, $2.41, $3.37 and $2.92 billion, and one large deal moves it: the second quarter included a three-year deal of nearly $370 million. The third quarter's 13% sequential fall is well inside that range. Deal counts rose far more slowly than revenue: 64 deals of at least $10 million, up from 53 a year ago and down from 73 last quarter.

Contract length. This is the company's own explanation and the hardest to size, because the figure that would size it is missing. In the second quarter the company said TCV on a dollar-weighted duration basis grew 129%, against 49% as reported. For the third quarter neither the release, the deck, the call nor the 10-Q gives that figure. With the second quarter's gap, +6% would be about +63%: strong, and below revenue's +96%. But the company says this quarter's deals ran shorter than usual, so that gap may understate it: duration-basis growth would match revenue if length shortened about 46% on the year, against about 35% in the second quarter. That is our illustration, not a company number. The filings fit the company's account without proving it: long-term RPO fell to $2.74 billion from $2.81 billion, and the share due beyond 36 months went from 25% in March to 21% in June and 19% in September, though older contracts rolling closer account for some of that. No analyst on the call asked about TCV, RDV or contract length.

EXHIBIT 2 — HOW MUCH REVENUE IS ALREADY ON THE BOOKS



How to read it. Left: US commercial remaining deal value divided by that quarter's US commercial revenue times four, in years, Q3 2025 to Q3 2026. Right: remaining performance obligations in billions of dollars, gold for the part due within twelve months and black for the rest, with the total above each bar. The one thing it shows: contracted visibility in the fastest business fell by more than a quarter in a year, and the long-term part of the obligations shrank for the first time in this window.

Shorter contracts cut both ways. They lower TCV without lowering annual demand, as the company says. They also lower what is locked in. A year ago US commercial RDV covered 2.29 years of the quarter's annualized revenue; now it covers 1.66, from 2.04 three months ago. Most of the contracts can be terminated, so a customer buying a shorter first contract has more room to expand, as Karp describes, and more room to stop.

What retention shows. Net dollar retention of 165% is the strongest fact for the price. By the company's definition, customers of the prior twelve months produced about 75% of the last twelve months' growth. The 10-Q's narrower measure agrees: customers on the books at the end of 2025 produced $891 million of the quarter's $1.132 billion increase in revenue, 79%, against 72% a year ago, and commercial customers added since produced $212 million, against $107 million, though total revenue also about doubled. That is what "much quicker to deployment" and "an ability to expand that contract dramatically" would look like. But both measures report revenue already earned. Neither can tell us what customers have signed for next year, which is the question bookings raise.

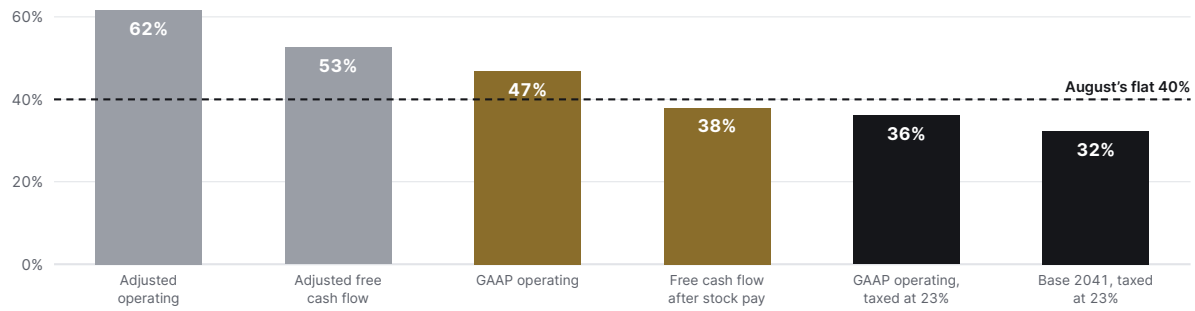
What would settle it. US commercial RDV over the next two quarters. Its sequential rise over the past five has been 30%, 21%, 12%, 27% and now 4%. Short deals come back fast, so if contract length is the reason, renewals and expansions should show up soon. Two readings of 15% or more would settle the question for the company; two of 5% or less, with twelve-month bookings still growing more slowly than revenue, would settle it the other way. One quarter cannot, so the slowdown enters our model only through the near-term path (§4).

THE MARGIN

The margin: what 47, 62 and 53 come to

August modeled a flat 40% free cash flow margin, and against 47% GAAP, 62% adjusted and 53% free cash flow that looks low. It was not, once two costs are counted.

EXHIBIT 3 — SIX WAYS TO STATE THE MARGIN, AGAINST AUGUST'S 40%



How to read it. Percent of revenue, third quarter of 2026 except the last bar, which is the base case's 2041 margin. Grey excludes stock compensation; gold includes it; black also charges tax at the company's stated 23% long-term rate, against the about 1% it now pays. The dashed line is August's flat 40%. The one thing it shows: 40% sits close to free cash flow after stock pay at today's near-zero tax, and above what the same margin leaves at a full tax rate.

Stock pay is the first cost. It was $319 million in the quarter, 13.8% of revenue, up 85% on the year. We expense it in every year and hold the diluted count at 2,573.9 million. August's 40% was already close to free cash flow after stock pay (38% this quarter), and it also grew the share count 2% a year, which charged the same cost twice. Removing that is the largest method change in the company's favor in our bridge.

Tax is the second. The company pays about 1% and tells investors to think about 23%. The losses that shelter it are real and finite. We carry 4% in 2027, 9%, 15% and 20%, reaching 23% from 2031; 23% from 2027 would cost only about $1.65 a share.

The path. GAAP operating margin rises to 52% in the base case, because costs are growing more slowly than revenue: adjusted expense rose 53% on the year against revenue's 96%. It holds through 2030, then falls to 46% in 2036 and 42% by 2041, landing with growth (bull 48% in 2041; bear 33% by 2036). Microsoft earned 46.8% in its latest fiscal year, Meta 41.4%, Adobe 36.6%, Oracle 30.6%, Salesforce 20.1% and ServiceNow 13.7%. A business as light as Palantir earns a place in the upper part of that range. The fall from 52% reflects the selling and service that a company ten times larger is likely to need, and competition: Karp says the company rarely competes with the AI labs for customers today, and adds, "I don't know at what point we become competitive with each other." After tax the base case ends at 32% of revenue, against 36% today at full tax.

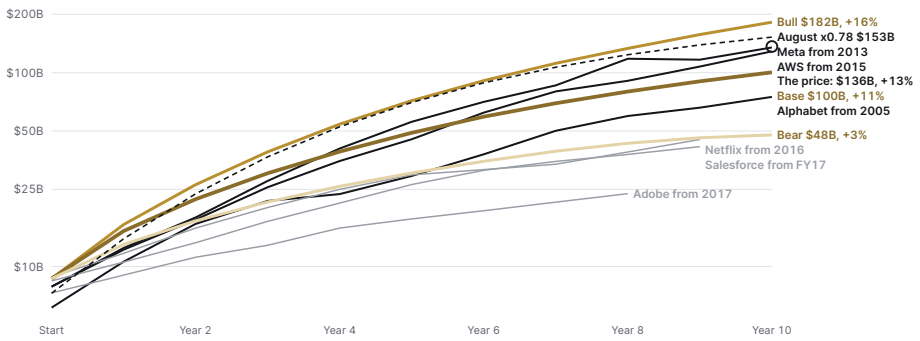
Margin is not the main question. August said this was a growth-priced stock, and the test holds. On August's engine at today's price, margins of 35%, 45% and 55% move the demanded ten-year growth from 33.6% to 29.8% and 26.8%. In the rebuilt model five points of margin in every year moves fair value about $16, and the 2036 revenue the price requires from $122 billion to $154 billion at five points either way; two more years of faster US commercial growth moves it about $48. The stock's value turns on how long growth lasts.

THE RUNWAY

The runway: how long each part grows faster than normal

August ran one number for the whole company: start from the guide's growth and multiply by a fade factor each year. That no longer works as the model. With this quarter's data the seed moves from 82% to 91% and trailing revenue rises 18%, which lifts August's fair value by $75.83, or 51%, because an acceleration in one quarter compounds through all ten years. The base fade of x0.78 now reaches $153 billion by year ten, against the $102 billion it reached in August, and the bear fade of x0.70 reaches $78 billion, more than Netflix earned in 2025. So we ask instead what drives each business, and check the answer against what has happened at this size.

EXHIBIT 4 — TEN YEARS OF REVENUE: PRECEDENTS FROM THIS SIZE, OUR CASES, AND WHAT THE PRICE TAKES



How to read it. Revenue in billions of dollars on a logarithmic scale, so equal slopes are equal growth rates, by years from a start between $6 billion and $9 billion. Black lines are Meta from 2013, AWS from 2015 and Alphabet from 2005; grey lines are Netflix from 2016, Salesforce from fiscal 2017 and Adobe from 2017, as far as each has reported. Gold lines are our bear, base and bull; the dashed line is August's x0.78 fade with this quarter's data; the ring is the 2036 revenue the price requires at base-case margins and rates. The one thing it shows: our base runs about parallel to Alphabet from 2005, the closest match on entry growth, from a larger start and below AWS and Meta; our bull runs above them, our bear near the slower group, and the price ends level with Meta and below our bull.

What the record says. Palantir arrives at about $9 billion of revenue growing above 90%. Alphabet passed that size in 2006 growing 73% and compounded at 24% for ten years (28% from 2005, when it was growing 92%). AWS reached it in 2015 growing 70% and compounded at 32%. Meta reached it in 2013 growing 55% and compounded at 33%. Salesforce, Netflix and Adobe arrived growing about 25% to 30% and compounded at 19%, 20% and 16% over the eight or nine years they have reported since. We leave out Nvidia's 47% for eight years, earned as a chip maker on data-center spending; even our bull sits below it. Persistence like this is rare: across US companies from 1951 to 1998, sales growth stayed above the median ten years running for 0.9% of firms (Chan, Karceski and Lakonishok, 2003). And none of these had landed. In the latest year shown they were still growing: Alphabet 20%, AWS 20%, Meta 16%, Netflix 16%, Adobe 11% and Salesforce 10%. A compound rate means little without the growth still running at the end of it.

How long each part of the business grows faster than normal. Each stage's length comes from what drives it.

BUSINESS	STAGE	YEARS	WHAT DRIVES IT	WHAT SETS THE LENGTH
US commercial	Contracted ramp	2	Revenue from contracts already signed and expanding: net dollar retention 165%, revenue per US commercial customer +91%; the slower order book means dollars added stop rising	Two years, 2027-28, a judgment: US commercial remaining deal value of $6.5bn (1.66 years of the Q3 run rate, 2.29 a year ago) is about 86% of the base's 2027 revenue, so what is signed carries into 2028 only with renewals and options; beyond that growth rests on new customers
US commercial	Enterprise diffusion	4	New large customers and more workflows per customer as AIP spreads through US enterprises	Four years, 2029-32: at 686 customers growing +29% (fading), the count reaches about 1,750 by 2032, most of the way to about 2,000, our estimate of the US companies large enough to pay eight figures a year; the stage ends as the count slows near that limit
US commercial	Spend per customer, then landing	9	With the customer count near saturation, growth comes from spend per customer, which fades toward nominal GDP	Nine years, 2033-41: none of the note's precedents had landed by its tenth or latest year; the slowest, Salesforce and Adobe, were near 10% after eight or nine years. US commercial in the base reaches that rate in 2037-38, and about four more years takes it to GDP, a judgment
US government	Program ramp	3	Maven expansion (over 100,000 users, all services) and TITAN production	Three years, 2027-29, a judgment: about three budget cycles for the programs named on the call; new starts after that need new program awards
US government	Budget convergence	10	Share of a defense and civil software budget that grows far slower than the company	Ten years, 2030-39: the share gain slows as Palantir's revenue becomes a large fraction of addressable federal software spend, one multi-year procurement cycle at a time; it lands earlier than commercial because a budget caps it

BUSINESS	STAGE	YEARS	WHAT DRIVES IT	WHAT SETS THE LENGTH
International	Allied adoption	6	Allied defense budgets and slower commercial adoption outside the US	Six years, 2027-32: growth has run +21% commercial and +31% government with commercial +1% q/q; allied defense budgets set the government leg, and commercial at +1% q/q argues no faster stage
International	Landing	9	Convergence to nominal GDP	Nine years, 2033-41: the business is still small in 2036, about $6bn in the base, so nothing caps it sooner

The 2,000 is our estimate, with no published count behind it, so we check the base's US commercial path against spend as well. About 720 customers at the end of 2026 reach about 1,750 by 2032 and 1,950 by 2036, leveling off just under that limit. Revenue per customer runs from about $5.6 million in 2026 to $23 million in 2032 and $37 million in 2036, and its annual growth falls from 65% in 2027 to 15% and 11%. Today's top twenty customers average $146 million across the whole company.

GROWTH	2027	2028	2029	2030	2032	2034	2036	2041
US commercial, bull	130%	82%	60%	47%	31%	22%	18%	4.5%
US commercial, base	110%	62%	46%	36%	25%	17%	13%	4.5%
US commercial, bear	70%	45%	34%	27%	19%	12%	3.5%	3.0%
US government, bull	75%	42%	32%	26%	18%	13%	9.0%	4.5%
US government, base	65%	33%	25%	20%	14%	10%	6.5%	4.5%
US government, bear	45%	24%	17%	14%	9.0%	6.0%	3.5%	3.0%
International, bull	28%	30%	28%	24%	17%	13%	10%	4.5%
International, base	20%	20%	19%	18%	14%	11%	9.0%	4.5%
International, bear	14%	12%	10%	8.0%	6.0%	4.0%	3.0%	3.0%

The three cases. The base grows +76% in 2027 and compounds at 28% a year to $100 billion in 2036, still growing 11%, and ends at $141 billion in 2041. Alphabet from 2005 is the closest match on entry growth, at about 70% of the size: it compounded at 28% and was growing 14% in its tenth year. AWS and Meta did more. The 2036 figure is close to August's published $102 billion, reached from a higher 2027 and a slower middle. The bull (+90% in 2027, 36% a year, $182 billion, still growing 16%) is the case where the company's claims about Sovereign AI are right and bookings recover: it runs ahead of AWS and Meta and matches Meta's tenth-year growth. The bear (+50% in 2027, 19% a year, $48 billion) has the contract slowdown as real and AI budgets digesting what they bought, at a pace near Salesforce's and Netflix's, and it still leaves a business more than five times its present size. It is the one case we land by 2036, with growth at 3.5%, below where those two were, because the precedents are all survivors and this case also stands in for the outcomes they cannot show. We apply that reasoning to it alone. On the bull and base schedule it would be worth about $56, and fair value about $147.55; with growth stopped at 3% after 2029, about $33 and $141.95.

The first year. This is where the slower order book enters the model. The base holds dollars added at about $412 million a quarter through 2027, between the $378 million added in the third quarter and the $472 million in our fourth-quarter estimate. They ran $226, $226, $303 and $378 million over the last four quarters; with US commercial deal value up only 4% on the quarter we do not assume they keep rising. Sequential growth therefore falls from about 15% to about 10% over the year. The bull runs about 16% a quarter, near the guide's 15%, and the bear about 6%. A steady 15% a quarter through 2027 would lift the base case to about $134.

The landing. The bull and base reach long-run growth in 2041, and margins and the cost of equity land with them. The date is a judgment from the record above: the slowest precedents were near 10% after eight or nine years, the base reaches that rate in 2036–37, and it takes about five more years to reach GDP. Landing the bull and base in 2038 gives $133.72, and in 2036 $118.75. The US commercial stage matters more. Two more years in the faster stage in every case, which also moves the landing to 2043, lift fair value to $193.82, above the price, and two fewer cut it to $115.34. The base case alone reaches the price if that stage runs three years longer, with its growth held through 2034; the forecast then ends in 2044 at $271 billion.

August's two-quarter rule. August said two more quarters at 80% or better would re-weight the bull upward. Growth ran 96% in the first, and the +88% guide implies the second. We retire the rule before it completes; that is our judgment, not

its outcome. A quarter's growth comes from contracts signed earlier and is already in the base year and the 2027 path, so counting it again in the weights is the same evidence twice. The same test applies to the order book: its slowdown is in the 2027–28 path, so we do not count it again in the weights or the later years.

THE VALUE

What it is worth

The value. We discount free cash flow to the firm in three scenarios, 2027 to 2041, by business, with stock compensation expensed, mid-year from 2 November, the fourth quarter of 2026 as a stub, $10.44 billion of cash and securities net of minority interests added once, and 2,573.9 million diluted shares.

	BEAR (25%)	BASE (50%)	BULL (25%)
Revenue 2027 (growth)	$13.0B (+50%)	$15.3B (+76%)	$16.5B (+90%)
Revenue 2031	$30.4B	$48.9B	$71.7B
Revenue 2036 (growth that year)	$48B (+3%)	$100B (+11%)	$182B (+16%)
Revenue 2041	$55B	$141B	$278B
Compound growth, 2026–36	18.6%	27.8%	35.6%
US commercial share of 2036 revenue	67%	72%	77%
GAAP operating margin, 2027 / peak / 2036 / 2041	46% / 46% / 33% / 33%	50% / 52% / 46% / 42%	52% / 56% / 51% / 48%
Terminal growth	3.0%	4.0%	4.0%
Return on new capital, terminal	50%	100%	150%
Terminal value, share of operating value	38%	50%	56%
Value a share	**$48.24**	**$132.56**	**$269.43**

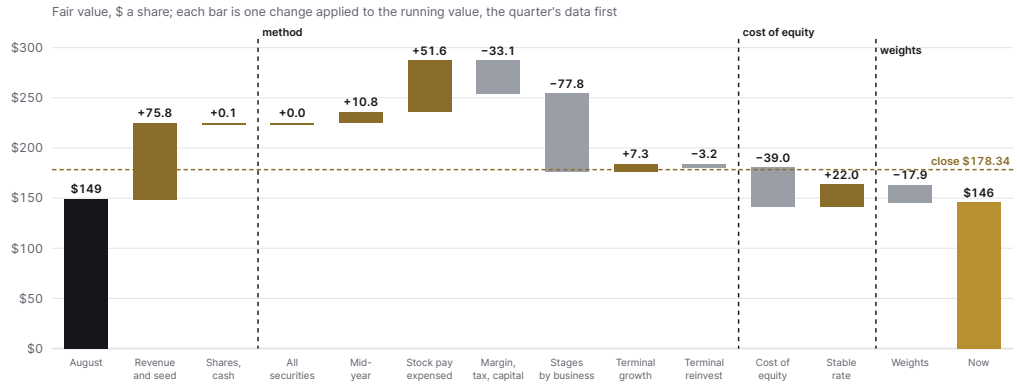
> **The weights (−$17.90 from August's).** August weighted bull, base and bear at 35, 45 and 20, a tilt set by a rule our earlier note had registered in advance. We set 25, 50 and 25, a separate judgment from everything else here. The base is our central estimate, so a tilt needs evidence the cases do not already hold. Revenue and retention would argue for one and the order book against it. Both are already in the 2027–28 paths and neither is settled, so we do not tilt. August's weights on this model give $163.60.

What the price requires. At $178.34 the enterprise is worth about $449 billion on diluted shares, 61.5 times trailing revenue and 29.4 times our 2027 base revenue. Holding the other base inputs, one at a time, the price takes one of three things. Growth about 1.14 times the base case in every year, a 31.7% compound rate to $136 billion in 2036, still growing 13% that year, just below AWS's 32.2% and Meta's 32.9%. Or costs of equity about 1.4 points below ours, 10.0% and 8.6%. Or about 16 points more operating margin in every year, which has no precedent. Combinations get there sooner: August's weights with two more years of faster US commercial growth give about $221. Of the three cases, only the bull is above the price.

Terminal value is 50% of the base case's operating value (56% in the bull, 38% in the bear), or 16.6 times 2041 after-tax operating income at the end of that year. As a rough check, the median trailing price-to-earnings multiple of Microsoft, Meta, Salesforce, Oracle, Netflix, Alphabet, Adobe and ServiceNow is 19.7 today, an equity multiple on reported earnings rather than an enterprise multiple on operating income taxed at 23%, and those businesses are growing faster than 4.5%. On our measure a 20-times exit in every case would give $156.83, and 25 times $178.03.

From $149 to $145.70. The small net move hides large ones. We first re-ran August's configuration, which reproduces $148.94, then applied one change at a time, so the lines sum to the move.

EXHIBIT 5 — FROM AUGUST'S $149 TO $145.70, ONE CHANGE AT A TIME



How to read it. Fair value in dollars a share. The first black bar is August's value; each bar after it is one change applied to the running value, gold for a rise and grey for a fall, labeled with its effect; the gold bar at the end is today's value. Dashed verticals separate the quarter's data, the method changes, the cost of equity and the weights; the dashed horizontal is the $178.34 close. The one thing it shows: the quarter's data alone would put fair value above the price, and replacing one fade factor with stages by business takes back more than the data added.

The quarter's data on August's method take the value to $224.90. Mid-year discounting adds $10.82, and expensing stock pay without the 2% share growth adds $51.62 (§3). A GAAP margin path, a tax path and capital tied to revenue take $33.12: the near years are above 40%, the later ones below, and the later ones carry more.

Stages by business in place of one fade take $77.79, the largest line and the one to challenge first. The change of form adds value: stages set to the fade's 2036 revenues and running on to 2041 would be worth about $308, against $254 before this line. The fall is a lower revenue path. About $111 comes from returning the cases to the 2036 revenues August published ($215, $102 and $55 billion). The other $21, about $19 of it the bull, is a judgment about the range, not a reading of this quarter: August's bull took 38% a year from here, and ours, at 36%, still exceeds AWS and Meta, so at a 25% weight we go no further. August's bear took 20%, about level with Netflix and Salesforce; at 19% ours does not beat either.

Terminal growth from the Federal Reserve's longer-run projections of 16 September 2026, 2.0% real and 2.0% inflation, gives 4.0% in the base and bull and 3.0% in the bear, a share-loss case, against August's 3.5%: +$7.32. Charging reinvestment in the terminal value takes $3.20.

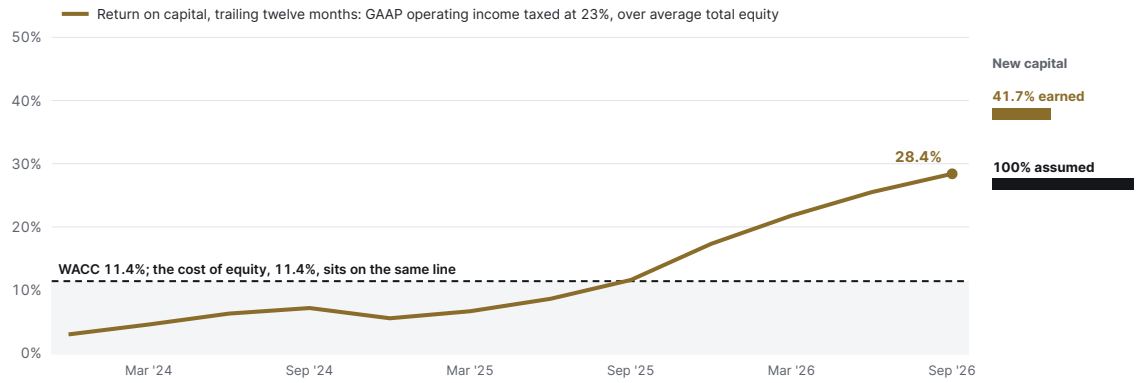
FACTOR	KIND	$ A SHARE	FAIR VALUE AFTER
Trailing revenue $7.29bn and the raised guide as the growth seed	data	+75.83	224.77
Diluted shares and cash and Treasuries at 30 Sep	data	+0.13	224.90
All marketable securities, less minority interests	method	+0.01	224.91
Mid-year discounting (August: year-end)	method	+10.82	235.73
Stock compensation expensed, not diluted (no 2% a year share growth)	method	+51.62	287.35
Margin: GAAP operating margin after a tax path (August: flat 40%), capital tied to revenue	method	-33.12	254.23
Three businesses with argued stages, fifteen years, landing on terminal growth (August: one fade factor, ten years)	method	-77.79	176.44
Terminal growth from the Fed's long-run projections (August: 3.5%)	method	+7.32	183.76
Terminal reinvestment at a stated return on new capital (August: none)	method	-3.20	180.56
Cost of equity 11.4% (August: 10%)	cost-of-equity	-39.01	141.55
Stable rate: down to 10.0% by 2041, and for the terminal value	cost-of-equity	+22.05	163.60
Scenario weights 25/50/25 (August: bull 35 / base 45 / bear 20)	weighting	-17.90	145.70
Fair value 148.94 → 145.70		**-3.24**	**145.70**

Each row applies one more change to the running value, in the order shown. The first two rows are the quarter's data on August's method; a different order would change the split, not the total.

The cost of equity: 11.4% to 2030 (−$39.01), 10.0% by 2041 (+$22.05). August used 10% flat. The 10-year Treasury was 4.94% on 30 October, against 4.63% when August's note went out. Palantir's own 60-month beta is 1.56, with a standard error of 0.53 and a correlation of only 0.36, and it reaches back to a different business; alone it gives 12.0%. Blended toward the 1.20 median of ServiceNow, Snowflake, Salesforce, Datadog and Microsoft it gives 1.37 and 11.1%, with 53% of the weight on slower, shorter-duration software. We use the 36-month beta, 1.44, which covers the AIP business since 2023, for 11.4% through 2030. The rate then falls in a straight line to 10.0% by 2041 as growth lands. In 2036 it is 10.6%, close to Salesforce's 10.4% today at about the same growth. The end point is a beta of about 1.12, between the mature peers (Microsoft, ServiceNow and Salesforce average 1.07, or 9.8%) and the all-peer median (10.3%). Those two ends are worth $149.18 and $140.88; the blended read $143.81; August's flat 10% $160.64; and 11.4% with no convergence $126.48.

Return on capital. Palantir has no debt: market equity is about $429 billion on basic shares and operating leases under $0.3 billion (our estimate: $225 million noncurrent on the balance sheet, plus a current portion the 10-Q does not break out, $46 million at December), so the WACC of 11.4% and the cost of equity are nearly the same. The capital definition is the call. The conventional measure, equity plus debt less cash, averaged about $0.3 billion over the last year and has been negative in some periods, so its ratio says nothing. We leave the cash in, use average total equity, and tax operating income at 23% rather than the reported 1%. On that basis the return is 28.4%, up from 11.6% a year ago, and the regime is strength: profit is growing faster than a capital base that is mostly the cash pile.

EXHIBIT 6 — RETURN ON CAPITAL AGAINST ITS COST, TWELVE QUARTERS



How to read it. Trailing-twelve-month GAAP operating income taxed at 23%, over average total equity including cash, December 2023 to September 2026, in percent. The dashed line and shaded band mark the 11.4% WACC; the cost of equity is the same to within a basis point or so and is labeled on that line. The two bars at the right, on their own scale, compare the return earned on capital added across the window with the return on new capital the base terminal value assumes. The one thing it shows: the business moved from below its cost of capital to well above it within two years. The earned figure is measured on capital that is mostly cash, which is why the model does not adopt it.

What the ratio cannot show. The return on the next dollar of operating investment, because that investment runs through the income statement as engineers and stock pay. Capital added since December 2023 earned 41.7%, but that mostly divides profit growth by retained cash, so we do not set the terminal value from it. The forecast years charge $0.09 of capital per added dollar of revenue, about 1% of after-tax profit by 2041. A 40% return would reinvest a tenth of profit forever on top of the expenses already in the margin. We assume 100% in the base (bear 50%, bull 150%), which reinvests 4% of after-tax profit, more than the forecast years' charge, since the margin is held forever and a business of this size may need more capital than this one does. No terminal reinvestment gives $148.33; 40% in the base (bear 25%, bull 60%), $141.88; 25% everywhere, $136.30. A return equal to the 10.0% terminal cost of equity in every case, no excess return on new investment forever, gives $118.27; we do not use it because the margin already falls to the mature range and carries the investment that a return that low would charge a second time.

THE RECEIPT

The receipt: earlier tests and claims, scored

Our August notes left five tests open, plus one we closed in September, and made claims this print can check. The print cleared every line. The two price tests were not tripped, and there is no buyback program to test. We correct our own record on retention and customer count. The one August claim the print reverses is the one about leading indicators.

cleared or holds | reversed | not fired, re-tested or corrected

CLEARED **Q3 print against the re-armed thresholds: revenue vs $2.08 billion, growth vs +80%, the 2026 guide's direction**

Revenue $2.313 billion against $2.08 billion, +96% against +80%, and a 2026 guide raised to $8.532 billion from $8.154 billion. All three cleared by a wide margin. The August note's rule called for two more quarters at 80% or better to re-weight the bull upward; this is the first, and the +88% guide implies the second. We retire the rule before it completes: that is our judgment, not its outcome (§4).

NOT FIRED **Any quarter below +70% through FY2027**

+96%, with a fourth-quarter guide of about +88%. Replaced by the 2027 waypoints in §7, which our path needs.

NOT TRIPPED **Close below $112**

Lowest close since the August note $155.92 (6 August); $178.34 on 2 November. Superseded by §7.

NOT TRIPPED **Close below $149**

Lowest close since the August note $155.92; $178.34 on 2 November, up 16% from the $154.22 basis. Superseded by §7.

NOT FIRED **First buyback, a large acquisition, or continued accumulation of the cash**

Continued accumulation: cash and Treasuries $10.4 billion from $9.2 billion in June. No buyback in the release, the deck or on the call, and no authorization to use: the FY2025 10-K says the old $1 billion program was terminated in January 2026. The Q3 10-Q's only repurchases, $1.5 million, came that month. A $10 billion buyback at $178.34 would lower our fair value by about $0.73 a share, so its absence costs holders nothing at this price.

CORRECTED **Net dollar retention: our record said absent; the company discloses it**

Our September check closed this and customer count as absent, having looked at the 10-Q and the release. Retention is in neither: the company gives it in its decks, 150% in Q1, 157% in Q2 and 165% in Q3, each trailing twelve months, and on the Q2 and Q3 calls. The customer count was in the 10-Q all along, 1,049 in June and 1,090 in September, and our check missed it. The 157% cited by a secondary source is the company's own number. We correct the record and carry the metric. All three readings sit well above the ~125% line the trigger set.

REVERSED **August's claim: every leading indicator still outruns revenue**

Against revenue +96%: remaining performance obligations +88%, total closed contract value +6%, US commercial closed contract value +11%, US commercial remaining deal value +79%. Only billings, +100%, still outran revenue. August's own exhibit already showed US commercial remaining deal value (+124%) below US commercial revenue (+149%), and that gap has widened to +79% against +148%. §2 sets out how much of it is the comparison and contract length.

RE-TESTED **August's claim: 58.6 times trailing sales (printed as 59×), so the multiple carries the bet**

57.4 times on the same basis at $178.34: revenue grew about as fast as the price since August, so the multiple barely moved and the bet is unchanged.

HOLDS **August's claim: a growth-priced stock, on which margin matters little**

On August's own engine at today's price, ten points of margin from 35% to 45% moves the demanded ten-year growth from 33.6% to 29.8%, close to the 3.6 points in August's own figures. In the rebuilt model, five points of margin in every year moves fair value about $16; two more years of faster US commercial growth moves it about $48.

RE-TESTED **August's claim: breakeven fade x0.78**

On August's engine, with the quarter's data, the fade factor at which $178.34 breaks even falls to x0.75, below August's x0.78 base: that method now calls the stock cheap, at $224.90. §4 explains why we no longer rest the value on one factor.

THE TRIPWIRES

What carries the story to the next update

15%+ twice US commercial RDV growth on the quarter that would settle the order-book question for the company; 5% or less twice settles it the other way

Each tripwire has its reading rule set now, so the next update scores it rather than reinterprets it. Effects are on fair value at today's other inputs.

1. **US commercial RDV (about 1 February and early May 2027).** At +15% or more on the quarter in both, with US commercial revenue on or above the base path, the duration account holds, and US commercial's 2027–28 path moves to the bull's pace in the base case (about $153.34, from $132.56). At +5% or less in both, with twelve-month US commercial TCV still growing more slowly than revenue, the bear's 2027–28 pace becomes the base (about $107.63). Anything between: no change, and the reading is recorded. A company figure for TCV on a duration basis, if it returns, is scored: above revenue growth in both readings, the duration account holds whatever RDV reads; below it in both, it does not.
2. **The 2027 guide (Q4 release).** The initial guide runs well below the outcome: 2025 was first guided at +31% and ended at +56%, and 2026 was first guided at +61% and is now guided at +91%. Allowing for the smaller gap, 25 points, the halfway marks between our cases correspond to an initial guide of about +38% and +58%. Between them, the base's +76% for 2027 holds. Below +38%, the bear's pace. Above +58%, the bull's.
3. **Quarterly revenue.** The base path is about $2.79 billion in Q4-26, $3.20 billion in Q1-27, $3.61 billion in Q2 and $4.02 billion in Q3 (+98%, +96%, +86% and +74% on a year earlier). Two straight quarters more than 5% below move the base toward the bear; two more than 5% above move it toward the bull. This replaces August's +70% line, which our own base case crosses in the fourth quarter of 2027.
4. **Margin (each release).** GAAP operating margin of 52% or better in two consecutive quarters of 2027 adds five points to every case in every year, about $161. Below 44% in two takes five points out, about $130.
5. **Retention (each call).** Below 150% by the second quarter of 2027, with customer growth below 20%, confirms expansion has slowed, and the base's 2028 US commercial growth moves toward the bear's. At or above 165% on the same date, with customer growth at 20% or more, it moves toward the bull's.
6. **The cash.** A buyback program, or any acquisition above $1 billion, is scored on the price paid against fair value.
7. **Price.** A close at or below $145.70 resolves the gap. $109 is a 25% margin of safety to fair value. Replaces $112 and $149.

What would change our view

We would move to the bull path as the base if the evidence tracks it: 2027 revenue of about $16.5 billion or more, with US commercial growth near +130%; US commercial RDV up at least 15% on the quarter in two straight quarters; GAAP operating margin at or above 52% through 2027; and US commercial customers still growing above 20%. That path is worth $269.43, above today's price, and its inputs then become the base case in the next update. The mirror moves it the other way: 2027 revenue of about $13.0 billion or less, US commercial growth near +70%, US commercial RDV up 5% or less on the quarter in two straight quarters, GAAP operating margin at or below 46% through 2027, and US commercial customers growing below 20%. That path is worth $48.24 and its inputs become the base. Either way the readings are in the 2027 releases.

THE CALL

The call

Palantir has reported the best quarter of its public life, and at $178.34 the stock already prices a decade about as fast as the best we have found in software and internet. We value it at $145.70, from $149. August's method, fed the new data, says $224.90; we no longer rest on it because it lets one quarter compound for a decade. A base case close to Alphabet's decade from 2005 is worth $132.56. At our margins and rates the price takes about $136 billion of revenue in 2036, or two more years of faster US commercial growth than we assume, and our bull case, $269.43, clears it. Which is closer should show first in the order book: US commercial remaining deal value over the next two quarters. The Fund holds no position in PLTR.

SOURCES

Sources & Method

Filings. Palantir Form 8-K Exhibit 99.1 for Q3 2026 (acc. 0001321655-26-000045, filed 2 November 2026): income statement, balance sheet, cash flows, reconciliations, TCV, RDV, deal counts and guidance. Earlier releases for the quarterly series (Q3-25: 0001321655-25-000130; Q4-25: 0001321655-26-000004; Q1-26: 0001321655-26-000026; Q2-26: 0001321655-26-000039). Q3 2026 Form 10-Q (0001321655-26-000048, accepted 2 November at 6:00 PM ET, EDGAR filing date 3 November): RPO by period, revenue from existing customers, concentration, equity securities and repurchases; its statements agree with the 8-K to the thousand. The Q1 and Q2 2026 and Q3 2025 Forms 10-Q (0001321655-26-000028, 0001321655-26-000041, 0001321655-25-000131) for the same measures in earlier periods. FY2025 Form 10-K for net operating losses, the valuation allowance and the termination of the repurchase program. Every figure is asserted against the filed text by `data/release_facts.py` and `data/tenq_facts.py` .

Company materials. Palantir Q3 2026 and Q2 2026 Business Update decks (net dollar retention and its definition, RPO split, billings, customer counts); Q1 2026 deck for the 150% reading. Alex Karp's letter to shareholders, Q3 2026 (palantir.com).

The call. 2 November 2026, 5:00 PM ET. Palantir publishes the webcast and no written transcript. Call quotes are taken word for word from two independent transcriptions, Motley Fool and The Singju Post, including the analyst Q&A (three analysts), checked against a third, Investing.com, and each quoted sentence appears in both (archived in `data/tells/transcript.md`). Quotes from the letter are from the letter. The Q2 duration figure and the 157% retention figure are from the Motley Fool transcription of the Q2 call and the Q2 deck.

Market data. PLTR settled close 2 November 2026 ($178.34), daily closes since August and overnight prints ($173.31 at about 9:10 PM ET; $169.30 at 12:15 AM ET 3 November) from the brokerage feed; the overnight prices are reported, not inputs. FRED DGS10 (4.94% on 30 October, the last print on or before the price date). Month-end closes for PLTR, SPY, NOW, SNOW, CRM, DDOG and MSFT, split-adjusted, from the brokerage feed, for the betas. Trailing earnings multiples for the exit check from the same feed, market date 3 November.

Macro and base rates. Federal Reserve Summary of Economic Projections, 16 September 2026, Table 1: longer-run real GDP 2.0%, PCE inflation 2.0%. Annual revenue and operating income for the precedents and margin references from SEC XBRL (`data/base_rates/precedents.py`); AWS segment revenue from Amazon's 10-Ks and Google's 2004–07 revenue from its FY2006 and FY2007 10-Ks (`data/base_rates/aws_check.py`). Chan, Karceski and Lakonishok, "The Level and Persistence of Growth Rates," Journal of Finance, 2003.

Method. Free cash flow to the firm by scenario, weighted 25/50/25, mid-year from 2 November 2026, with Q4-26 as a stub. Revenue by US commercial, US government and international from the house 2026 base. GAAP operating margin by scenario after a tax path of 4%, 9%, 15%, 20%, then 23%. Capital of $0.09 per added dollar of revenue, equity less cash over 2026 revenue at 30 September. Terminal value by the Gordon formula on 2042 after-tax operating income, less reinvestment of growth over return on new capital. Discount rate 11.4% to 2030, straight line to 10.0% by 2041, terminal at 10.0%; reference reads from research/scripts/capm.py. August's engine (`data/august_engine/`) reproduces $148.94. The bridge applies changes in the order shown; a different order would change the split but not the total.

Limitations. Fourth-quarter 2026 figures are house estimates. The growth paths, margins, stage lengths, the 2041 landing and the estimate of how many US companies can pay eight figures are house assumptions, shown with their effects. The precedents are a chosen set and come from other business models. RDV and TCV assume exercised options and no terminations. The Q3 duration-basis figure is not disclosed; our illustration assumes the second quarter's gap. RPO to the cent is from the company's deck (the call and the 10-Q round to $4.9 billion), and the US commercial customer count is from the deck and call; the 10-Q gives the total customer count. The diluted count is the third quarter's treasury-method figure at that quarter's average price.

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