

**Company Registration Number: 07042994**

**PALANTIR TECHNOLOGIES UK, LTD.  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



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# **PALANTIR TECHNOLOGIES UK, LTD.**

## **COMPANY INFORMATION**

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<b>Directors</b>	Alexander Caedmon Karp Daniel Bethlehem
<b>Secretary</b>	F&L Cosec Limited
<b>Registered number</b>	07042994
<b>Registered office</b>	New Penderel House, 4th Floor 283 - 288 High Holborn London WC1V 7HP United Kingdom
<b>Bankers</b>	JPMC 560 Mission Street, 19th Floor San Francisco, CA 94105 United States
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

# **PALANTIR TECHNOLOGIES UK, LTD.**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**REGISTERED NO. 07042994**

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The directors of Palantir Technologies UK, Ltd. (the "Company" or "Parent Company", together with its subsidiaries, the "Group") present their strategic report on the affairs of the Group, together with the directors' report, financial statements and auditor's report, for the year ended 31 December 2018.

### **Principal Activity**

The principal activity of the Group during the 2018 year was that of the provision of marketing and sales support services to Palantir Technologies Inc. (the "Ultimate Parent Company"). Palantir Technologies Inc. is a software company that builds data fusion platforms designed to enable its customers to integrate, manage, secure and analyze enterprise data.

The compensation received by the Group for the provision of the marketing and sales services is calculated as attributable costs plus a mark-up percentage of service fee that is being periodically reviewed and adjusted as deemed appropriate to maintain an arm's-length rate of compensation. For the year 2018 the service fee percentage amounted to 7% (2017: 7%).

The Company has branch offices in Italy and in the Netherlands and subsidiaries in the United Kingdom and Qatar.

### **Business Review**

In the 2018 year, the Group achieved turnover of £171,419,222 (2017: £129,650,715), an increase of £41,768,507 over the previous year primarily due to increased intercompany revenue, which is 7% mark-up of operating expenses. Operating expenses for the year amounted to £184,057,742 (2017: £119,681,691), an increase of £64,376,051 over the previous year. Operating profit / (loss) before taxation amounted to £(12,638,518) (2017: £9,969,226), a decrease of £22,607,744 due to increased impairment charge and foreign currency exchange impact. The 2018 loss reported by the Group is primarily due to impairment charge taken by Palantir Technologies UK - Eagle, Ltd. which is not subject to a cost-plus agreement.

The Company's branch undertaking, Palantir Technologies UK, Ltd Sede Secondaria per L'Italia was closed in Italy on 6 August 2019.

### **Key Performance Indicators ("KPI's")**

Given the straight forward nature of the business in that most turnover arises from a cost plus arrangement with Palantir Technologies Inc., the Ultimate Parent Company, the Company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

### **Principal Risks and Uncertainties**

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group are considered to relate to the intense competition the Ultimate Parent faces in the market, changes to the contracting or fiscal policies of the public sector, potential litigation, market volatility, and the availability of sufficient financial or other resources to maintain or improve the Group's competitive position. The Group is continuously staying engaged with its customers, seeking new ways to improve services provided by diversifying product offerings, while also entering into long term contracts that further bolsters relationship between the Group and its customers.

### **Brexit Considerations**

In June 2016, voters in the United Kingdom approved the withdrawal of the United Kingdom from the European Union (commonly referred to as "Brexit"). In March 2017, the UK government initiated the exit process under Article 50 of the Treaty of the European Union, commencing a period of up to two years for the United Kingdom and the other EU member states to negotiate the terms of the withdrawal. The British government and the European Union have now negotiated a withdrawal agreement, and the European Union has approved that agreement, but the British Parliament has not yet approved it. As a result, there remains considerable uncertainty around the withdrawal. Failure to obtain parliamentary approval of the negotiated withdrawal agreement may mean that the United Kingdom would leave the European Union on 31 October 2019, with no agreement (a so-called "no-deal Brexit"). The consequences for the economies of the European Union members and of the United Kingdom exiting the European Union are unknown and unpredictable, especially in the case of a no-deal Brexit.

Depending on the final terms of Brexit, we could face new regulatory costs and challenges and greater volatility in the Pound Sterling and the Euro. Any adjustments we make to our business and operations as a result of Brexit, could result in significant time and expense to complete. Any of the foregoing factors could have a material adverse effect on our business, results of operations, and/or financial condition.

### **Financial Risk Management**

The Group's operations expose it to a variety of financial risks that primarily include foreign currency exchange risk. A portion of the Group's administrative expenses are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency rates, particularly changes in rates against the US Dollar and Euro.

Additionally, fluctuations in foreign currency exchange rates may cause the Group to recognise transaction gains and losses in the Profit and Loss Account. To date, the Group has not engaged in any foreign currency hedging transactions.

As the Group operations grow, the Group's risk associated with fluctuation in currency rates will become greater and the Group will continue to reassess the approach to managing this risk.

Approved by the Board of Directors and signed on behalf of the Board.



.....  
Alexander Caedmon Karp  
Director

Date: 03 November 2019

# **PALANTIR TECHNOLOGIES UK, LTD.**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and financial statements of the Group and Company for the year ended 31 December 2018.

### **Results and Dividends**

The Group's profit / (loss) for the year after taxation was £(15,116,189) (2017: £6,037,892). The directors do not recommend payment of an ordinary dividend.

### **Directors**

The directors who served during the year and to the date of this report were:

A C Karp  
D L Bethlehem

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Future Developments**

The Group is expected to continue with the provision of marketing and sales support services in the near future.

### **Qualifying Third Party Indemnity Provisions**

As permitted by the Group's Articles of Association, the current directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force.

**PALANTIR TECHNOLOGIES UK, LTD.**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Going Concern**

The directors have rigorously assessed the appropriateness of the going concern basis in relation to the Group's financial position, results and forecasts.

The Group is dependent on the continued trading under the cost plus arrangement between the Group and Palantir Technologies Inc. ("Ultimate Parent"). The directors have placed reliance on a letter of support obtained from Palantir Technologies Inc.

The directors have reviewed the trading prospects and projected cash flows of the Group and the ability of Palantir Technologies Inc. to provide continued financial support. On that basis the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.

**Strategic Report**

The directors have chosen in accordance with section 414C (ii) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the Group.

**Statement of Disclosure to Auditors**

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Auditor**

Ernst & Young LLP, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the board,



.....  
Alexander Caedmon Karp  
Director

Date: 03 November 2019

## **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF PALANTIR TECHNOLOGIES UK, LTD.

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We have audited the financial statements of Palantir Technologies UK, Ltd. ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



## **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF PALANTIR TECHNOLOGIES UK, LTD.

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF PALANTIR TECHNOLOGIES UK, LTD.

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A handwritten signature in black ink, appearing to read 'Neil Cullum', written in a cursive style.

Neil Cullum (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 7 November 2019

**PALANTIR TECHNOLOGIES UK, LTD.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Notes</b>	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
<b>Turnover</b>	2	171,419,222	129,650,715
<b>Operating expenses</b>	3	(184,057,742)	(119,681,691)
<b>Operating (loss) / profit</b>		<u>(12,638,520)</u>	<u>9,969,024</u>
<b>Interest receivable and similar income</b>		2	202
<b>(Loss) / profit before taxation</b>		<u>(12,638,518)</u>	<u>9,969,226</u>
<b>Tax on profit / (loss)</b>	5	(2,477,671)	(3,931,334)
<b>(Loss) / profit after taxation</b>		<u>(15,116,189)</u>	<u>6,037,892</u>
<b>Other comprehensive income for the year</b>		—	—
<b>Total comprehensive (loss) / income for the year</b>		<u>(15,116,189)</u>	<u>6,037,892</u>

The accompanying Notes form an integral part of these financial statements.

**PALANTIR TECHNOLOGIES UK, LTD.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	6	11,342,829	8,407,215
		<b>11,342,829</b>	<b>8,407,215</b>
<b>Current assets</b>			
Assets held for sale	7	18,851,590	37,416,024
Debtors:			
amounts falling due within one year	9	167,672,292	88,791,504
amounts falling due after one year	9	15,154,226	10,805,949
		<b>201,678,108</b>	<b>137,013,477</b>
Cash at bank and in hand		19,829,672	22,562,788
		<b>221,507,780</b>	<b>159,576,265</b>
Creditors: amounts falling due within one year	10	(177,443,381)	(147,278,423)
<b>Net current assets</b>		<b>44,064,399</b>	<b>12,297,842</b>
<b>Total assets less current liabilities</b>		<b>55,407,228</b>	<b>20,705,057</b>
Creditors: amounts falling due after more than one year	10	(55,350,076)	(5,484,956)
<b>Net assets</b>		<b>57,152</b>	<b>15,220,101</b>
<b>Capital and reserves</b>			
Called-up share capital	11	—	—
Capital contribution		10,000,000	10,000,000
Currency translation reserve		(15,490)	31,270
Profit and loss account		(9,927,358)	5,188,831
<b>Shareholders' funds</b>		<b>57,152</b>	<b>15,220,101</b>

These financial statements were approved by the Board of Directors and were signed on its behalf on 03 November 2019.



.....  
Alexander Caedmon Karp

**Director**

**Company Registration No. 07042994**

The accompanying Notes form an integral part of these financial statements.

**PALANTIR TECHNOLOGIES UK, LTD.**

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investments	8	24,096,880	42,661,314
Tangible assets	6	11,342,829	8,407,215
		<u>35,439,709</u>	<u>51,068,529</u>
<b>Current assets</b>			
Debtors:			
amounts falling due within one year	9	136,153,037	86,862,720
amounts falling due after one year	9	13,712,623	7,882,920
		<u>149,865,660</u>	<u>94,745,640</u>
Cash at bank and in hand		19,830,044	22,562,788
		<u>169,695,704</u>	<u>117,308,428</u>
Creditors: amounts falling due within one year	10	(147,982,810)	(147,268,402)
<b>Net current assets / (liabilities)</b>		<u>21,712,894</u>	<u>(29,959,974)</u>
<b>Total assets less current liabilities</b>		<u>57,152,603</u>	<u>21,108,555</u>
Creditors: amounts falling due after more than one year	10	(55,350,076)	(5,484,956)
<b>Net assets</b>		<u>1,802,527</u>	<u>15,623,599</u>
<b>Capital and reserves</b>			
Called-up share capital	11	—	—
Capital contribution		10,000,000	10,000,000
Currency translation reserve		(29,211)	31,270
Profit and loss account		(8,168,262)	5,592,329
<b>Shareholders' funds</b>		<u>1,802,527</u>	<u>15,623,599</u>

These financial statements were approved by the Board of Directors and were signed on its behalf on 03 November 2019.



.....  
Alexander Caedmon Karp

**Director**

**Company Registration No. 07042994**

The accompanying Notes form an integral part of these financial statements.

**PALANTIR TECHNOLOGIES UK, LTD.****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2018

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	<b>Called up</b>	<b>Capital</b>	<b>Currency</b>	<b>Profit and</b>	<b>Total</b>
	<b>share capital</b>	<b>contribution</b>	<b>translation reserve</b>	<b>loss account</b>	<b>equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2017</b>	—	10,000,000	—	(849,061)	9,150,939
Total comprehensive income for the year	—	—	—	6,037,892	6,037,892
Currency translation adjustment	—	—	31,270	—	31,270
<b>At 1 January 2018</b>	<b>—</b>	<b>10,000,000</b>	<b>31,270</b>	<b>5,188,831</b>	<b>15,220,101</b>
Total comprehensive income for the year	—	—	(31,270)	(15,116,189)	(15,147,459)
Currency translation adjustment	—	—	(15,490)	—	(15,490)
<b>At 31 December 2018</b>	<b>—</b>	<b>10,000,000</b>	<b>(15,490)</b>	<b>(9,927,358)</b>	<b>57,152</b>

The accompanying Notes form an integral part of these financial statements.

**PALANTIR TECHNOLOGIES UK, LTD.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
<b>Cash flow from operating activities</b>			
Operating (loss) / profit		(12,638,520)	9,969,024
Impairment of assets held for sale		18,564,434	3,916,902
Depreciation of tangible fixed assets	6	2,895,316	1,571,968
Increase in debtors		(83,227,363)	(34,135,680)
Increase in creditors		87,025,447	12,207,500
Net payments of tax		(9,514,715)	(1,131,030)
<b>Net cash flow from operating activities</b>		<b>3,104,599</b>	<b>(7,601,316)</b>
<b>Cash flow from investing activities</b>			
Purchase of assets held for sale		—	(1,185,185)
Purchase of tangible fixed assets		(5,820,415)	(6,839,328)
<b>Net cash flow from investing activities</b>		<b>(5,820,415)</b>	<b>(8,024,513)</b>
<b>Cash flow from financing activities</b>			
Capital contribution from Ultimate Parent		—	—
<b>Net cash flow from financing activities</b>		<b>—</b>	<b>—</b>
<b>Effect of foreign exchange on cash and cash equivalents</b>		<b>(17,300)</b>	<b>(93,006)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(2,733,116)</b>	<b>(15,718,835)</b>
Cash and cash equivalents as at 1 January		22,562,788	38,281,623
<b>Cash and cash equivalents as at 31 December</b>		<b>19,829,672</b>	<b>22,562,788</b>

The accompanying Notes form an integral part of these financial statements.

# **PALANTIR TECHNOLOGIES UK, LTD.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 ACCOUNTING POLICIES**

#### **Statement of compliance**

Palantir Technologies UK, Ltd. (the "Company" or "Parent Company") is a limited liability company incorporated and domiciled in the United Kingdom. The Registered Office is New Penderel House 4th Floor 283 - 288 High Holborn, London, WC1V 7HP.

The Group's and Parent Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group and Parent Company for the year ended 31 December 2018.

#### **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

The Company has not taken any disclosure exemptions provided under FRS 102 as consolidated accounts of the ultimate parent Palantir Technologies Inc. (the "Ultimate Parent"), are not publicly available.

The accounting policies which follow below set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of Palantir Technologies UK, Ltd. and all its subsidiary undertakings (the "Group") drawn up to 31 December each year. No separate statement of comprehensive income is presented for Palantir Technologies UK, Ltd. as permitted by section 408 of the Companies Act 2006.

In the Parent Company financial statements, investments in subsidiaries are accounted for at the lower of cost and net realisable value.

#### **Going Concern**

The directors have rigorously assessed the appropriateness of the going concern basis in relation to the Group's financial position, results and forecasts.

The Group is dependent on the continued trading under the cost plus arrangement between the Company and Palantir Technologies Inc. The directors have placed reliance on a letter of support obtained from Palantir Technologies Inc.

The directors have reviewed the trading prospects and projected cash flows of the Group and the ability of its Ultimate Parent, Palantir Technologies Inc., to provide continued financial support. On that basis the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.



### **Significant accounting judgments, estimates and assumptions**

In the application of the Group's accounting policies the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following estimates are dependent upon assumptions which could change in the next financial year and could have a material effect on the carrying amount of assets and liabilities recognised at the balance sheet date.

#### *Operating lease commitments - Group as a lessee*

As of 31 December 2018 and 2017, all of the Group's facility leases were classified as operating leases. The classification of such lease as an operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, such as:

- the lease term not constituting a substantial portion of the economic life of the asset;
- the present value of the minimum lease payments not amounting to substantially all of the fair value of the asset;
- whether it retains or acquires the significant risks and rewards of ownership of these assets; and
- whether the lease requires an asset and liability to be recognised in the balance sheet.

#### *Taxation*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### *Share-based payments*

The calculation of the share-based payment expenses associated with certain equity awards is subject to estimation given the need to arrive at appropriate valuation inputs for the Black Scholes option pricing model. Fair value measured using the Black Scholes option pricing model takes into account the following inputs:

- exercise price of the option;
- fair value of the underlying common stock;
- expected life of the option;
- expected volatility of the share price;
- expected dividend yield; and
- risk free interest rate.

The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

An assessment of the number of stock option awards which are expected to vest is made at the end of each reporting period and any adjustments to the expected charge relating to those stock option awards are made in the current period.

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Significant accounting judgments, estimates and assumptions (continued)**

*Assets held for sale*

Management estimation is required to determine the fair value of assets held for sale considering contract value and third-party valuations which considered comparable sales and the age and conditions of the assets.

**Significant accounting policies**

*Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful lives of the respective assets as shown below:

Computers and equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	Over the shorter of 5 years or the lease term

Construction in progress is not depreciated. Maintenance and repairs are charged to expense as incurred, and improvements are capitalised. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the Consolidated Statement of Comprehensive Income for the period.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

*Taxation*

*Current Tax*

Corporation tax payable is provided on taxable profits at current rates.

*Deferred tax*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*Turnover and revenue recognition*

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for products and services provided in the normal course of business exclusive of discounts, rebates, VAT and other sales taxes or duty.

Turnover is recognized to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

## **PALANTIR TECHNOLOGIES UK, LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Significant accounting policies (continued)**

- *Rendering of services* - Turnover represents commission income earned in the year from the Ultimate Parent for providing sales and marketing services. Turnover is recognised on a cost plus 7% basis.
- *External sales of products and services* - Turnover from external sales is recognised to the extent that the Group obtains the right to consideration in exchange for its provisioning of products and services and is generally recognized over the contract period.

The Company reports turnover on both gross and net bases on a transaction by transaction analysis and considers the following factors to determine the gross versus net presentation: if the Company (i) acts as principal in the transaction; (ii) takes title to the products; (iii) has risks and rewards of ownership, such as the risk of loss for collection, delivery or return; and (iv) acts as an agent or broker (including performing services, in substance, as an agent or broker) with compensation on a commission or fee basis.

Generally, external sales to third-parties are reported on a net basis with the Company acting as the agent in these arrangements as it is generally acting as an agent on behalf of the Ultimate Parent Company.

#### *Nonmonetary transactions*

The Group accounts for nonmonetary transactions based on the fair values of the assets, products or services included in the respective transaction. The Company measures the fair value of the transaction based upon which asset, product or service has a more readily determinable fair value. When the Company's products and services are exchanged for an asset in a nonmonetary transaction, the fair value of the asset received shall generally be used if it is more clearly evident than the fair value of the products and services surrendered.

#### *Foreign currencies*

The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

#### *Pension costs*

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions payable for the period are charged in the Consolidated Statement of Comprehensive Income.

#### *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term deposits with an original maturity date of three months or less.

#### *Financial instruments*

##### *Financial assets*

Basic financial assets, including trade debtors, cash and bank balances, and amounts due from group undertakings are initially recognised at transaction price. At 31 December 2018, the Group had only financial assets classified as basic financial instruments.

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Significant accounting policies (continued)**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*Financial liabilities*

Basic financial liabilities, including creditors and amounts owed to group undertakings are initially recognised at transaction price. At 31 December 2018, the Group had only financial liabilities classified as basic financial liabilities.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Amount owed to group undertakings which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

*Leases*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

*Operating leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, other than contingent rentals, are recognised as an expense in the statement of comprehensive income account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

*Share-based payments*

The Ultimate Parent issues equity-settled share-based awards to certain Palantir Technologies UK, Ltd. employees.

The expense of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense, on an accelerated basis, over the period in which

**Significant accounting policies (continued)**

services are received by the Company ("the vesting period"). Fair value is determined using a Black Scholes option pricing model. No expense is recognised for awards that do not ultimately vest.

At each statement of financial position date, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of equity-settled awards are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Under the terms of the service agreement between the Company and its Ultimate Parent, the Company reimburses its parent an amount equal to the expense recognised in the statement of comprehensive income, and records this reimbursement in equity.

*Assets held for sale*

Tangible assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is expected in the short term. Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell. Depreciation is not charged against tangible fixed assets classified as held for sale.

The fair values of assets held for sale were determined considering contract value and third-party valuations which considered comparable sales and the age and conditions of the assets at acquisition. Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use and when they have met all of the held for sale criteria:

- management commits to a plan to sell the asset,
- the asset is available for immediate sale in its present condition,
- the asset is being actively marketed for sale at or near its current fair value,
- significant changes to the plan of sale are not likely, and
- the sale is probable within the short term.

If, due to unanticipated circumstances, such assets are not sold within the one year after being classified as held for sale, then held for sale classification will continue as long as the above criteria are still met. Upon classification as held for sale, long-lived assets are not depreciated and the Company evaluates them for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the fair value less costs to sell are less than carrying amount. If such assets are considered to be impaired, the Company will record a loss for the amount of the excess within its Consolidated Statements of Operations.

In 2018, the Company recorded an impairment charge of £18,564,434, (2017: £3,916,902) to write-down the carrying value of the assets held for sale to reflect the fair market value.

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2 TURNOVER**

Turnover, which is stated net of value added tax, represents the amount derived from the Company's principal activities.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
UK	8,265,975	10,365,282
Non-UK	163,153,247	119,285,433
	<b><u>171,419,222</u></b>	<b><u>129,650,715</u></b>

Turnover from sources in the UK relates to external sales of products and services. 95% of the Company's turnover (2017: 92%) is attributable to geographical markets outside of the United Kingdom for rendering of services to the Ultimate Parent.

**3 OPERATING EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages & staff related expenses	97,146,301	71,091,776
Share-based payments	33,258,854	24,678,866
Office expenses	14,874,827	11,619,562
Rental under operating leases	9,678,625	9,881,154
Impairment of assets held for sale	18,564,434	3,916,902
Legal and professional fees	2,474,564	2,070,143
Depreciation of tangible assets	2,895,316	1,571,967
Other operational expenses	1,020,908	1,187,130
Auditors' remuneration - audit services	75,000	60,000
Foreign exchange differences	4,068,913	(6,395,809)
	<b><u>184,057,742</u></b>	<b><u>119,681,691</u></b>

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**4 STAFF COSTS AND DIRECTORS' REMUNERATION**

The average monthly number of employees was:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Customer support	67	39
Sales and marketing	300	233
General and administrative	67	71
	<u>434</u>	<u>343</u>

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	58,322,972	48,018,691
Social security costs	6,575,022	5,096,012
Pension costs	3,825,203	2,627,627
Share-based payment expense	33,258,854	24,678,866
	<u>101,982,051</u>	<u>80,421,196</u>

**Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Aggregate remuneration in respect of qualifying services	61,231	53,500
	<u>61,231</u>	<u>53,500</u>

During the year, director fees were paid to one director (2017: one director) as shown above. None of the directors were employed by the Company. The directors are remunerated by other companies within the Palantir Technologies Inc. group. In the opinion of the directors, it is not practicable to apportion their total remuneration between qualifying services to the Company and services to the rest of the Palantir Technologies Inc. group.

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

- a) The tax (charge) / credit is based on the profit / (loss) for the year and comprises:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax at 19.00% (2017: 19.25%)	(7,724,801)	(6,484,464)
Adjustment for prior years	202,973	(36,371)
Foreign tax suffered	—	(147,093)
Foreign tax relief	—	—
	<u>(7,521,828)</u>	<u>(6,667,928)</u>
Deferred tax charge:		
Changes in tax rates	(593,651)	(366,971)
Origination and reversal of temporary differences	5,639,684	3,119,229
Adjustment in respect of previous periods	(1,876)	(15,664)
	<u>5,044,157</u>	<u>2,736,594</u>
<b>Tax (charge) / credit on profit / (loss) on ordinary activities</b>	<u><b>(2,477,671)</b></u>	<u><b>(3,931,334)</b></u>

- b) The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit / (loss) from continuing operations before taxation	<u>(12,796,192)</u>	<u>6,039,847</u>
Tax at standard rate of 19.00% (2017: 19.25%)	2,431,276	(1,162,373)
Effects of:		
Expenses not deductible for tax purposes	(3,873,942)	(1,781,879)
(Higher) / lower tax rates on overseas earnings	—	(147,093)
Income not taxable	—	28,310
Adjustments in respect of previous periods	201,096	(52,036)
Share option timing differences	(642,448)	(449,092)
Changes in tax rates	(593,653)	(366,971)
<b>Total tax expense for the year (Note 5(a))</b>	<u><b>(2,477,671)</b></u>	<u><b>(3,931,334)</b></u>



## 5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

### Deferred tax asset

The movement in the deferred tax asset during the year is as follows:

	2018 £	2017 £
At 1 January	7,822,821	5,061,589
Credited to the statement of comprehensive income	5,044,159	2,761,232
At 31 December	<u>12,866,980</u>	<u>7,822,821</u>
Analysed as follows:		
Accelerated capital allowances	13,608	(26,287)
Employee share acquisition relief	12,853,372	7,849,108
Pension contributions deductible on paid basis	—	—
Unpaid remuneration adjustments	—	—
	<u>12,866,980</u>	<u>7,822,821</u>

### Factors which may affect future tax charges

The rate of corporation tax reduced from 21% to 20% effective from 1 April 2015. Further reductions to 19% and 18%, effective from 1 April 2017 and 1 April 2020 respectively, were included in the Finance Act (No.2) 2015 which was enacted on 18 November 2015, and in Budget 2016 it was announced that the full rate of UK corporation tax will reduce by a further 1% to 17% from 1 April 2020.

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**6 TANGIBLE FIXED ASSETS**

**Group and Company**

	<b>Computer Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Leasehold Improvements</b>	<b>Software</b>	<b>Construction in progress</b>	<b>Total</b>
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2018	895,054	850,428	10,841,742	26,697	312,782	12,926,703
Additions	62,210	26,400	—	—	5,773,683	5,862,293
Transfers between classes	—	570,055	5,352,117	—	(5,922,172)	—
Exchange adjustment	1,079	1,009	—	—	(34,504)	(32,416)
At 31 December 2018	<u>958,343</u>	<u>1,447,892</u>	<u>16,193,859</u>	<u>26,697</u>	<u>129,789</u>	<u>18,756,580</u>
<b>Accumulated depreciation</b>						
At 1 January 2018	468,672	682,682	3,358,903	9,231	—	4,519,488
Charge for the year	227,557	181,844	2,477,428	8,487	—	2,895,316
Exchange adjustment	(126)	—	(502)	(425)	—	(1,053)
At 31 December 2018	<u>696,103</u>	<u>864,526</u>	<u>5,835,829</u>	<u>17,293</u>	<u>—</u>	<u>7,413,751</u>
<b>Net book value</b>						
At 31 December 2018	<u>262,240</u>	<u>583,366</u>	<u>10,358,030</u>	<u>9,404</u>	<u>129,789</u>	<u>11,342,829</u>
At 31 December 2017	<u>426,382</u>	<u>167,746</u>	<u>7,482,839</u>	<u>17,466</u>	<u>312,782</u>	<u>8,407,215</u>

**7 ASSETS HELD FOR SALE**

	<b>Group £</b>
Cost: At 1 January 2017	14,657,240
Addition: Cost of Asset held for sale	26,675,686
Impairment of Asset held for sale	<u>(3,916,902)</u>
<b>Net Book Value: At 1 January 2018</b>	<b>37,416,024</b>
Addition: Cost of Asset held for sale	—
Impairment of Asset held for sale	<u>(18,564,434)</u>
<b>Net Book Value: At 31 December 2018</b>	<b><u>18,851,590</u></b>

In December 2017 and December 2016, the Group entered into nonmonetary transactions in which it received tangible fixed assets in exchange for cash and the future delivery of Palantir products and services. In 2018, an impairment charge of £18,564,434 (2017: £3,916,902) was recorded to write-down the carrying value of the assets held for sale to reflect the current fair market value.

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8 INVESTMENT IN SUBSIDIARY**

<b>Company</b>	<b>Subsidiary £</b>
Cost: At 1 January 2017	15,468,270
Addition: cost of investment	31,109,946
Impairment to investment	(3,916,902)
<b>Net Book Value: At 1 January 2018</b>	<b>42,661,314</b>
Addition: cost of investment	—
Impairment of investment in subsidiary	(18,564,434)
<b>Net Book Value: At 31 December 2018</b>	<b>24,096,880</b>

**Details of the Company's subsidiaries are as follows:**

<b>Name of Company</b>	<b>Registered Office</b>	<b>Holding</b>	<b>Nature of Business</b>
Palantir Technologies UK - Eagle, Ltd.	New Penderel House, 4th Floor, 283-288 High Holborn, London, England, WC1V 7HP	100%	Special Purpose Vehicle
Palantir Technologies QFC LLC	Suites 921-923, 9th Floor Regus Business Centre Al Fardan Office Tower Doha, Qatar	100%	Provision of marketing and sales support services

**9 DEBTORS**

	<b>Group 2018 £</b>	<b>Company 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2017 £</b>
<i>Due within one year</i>				
Trade debtors	6,997,196	6,997,196	686,649	686,649
Amounts owed by group undertakings	155,913,562	125,910,694	81,002,561	80,922,904
Prepayments and accrued income	2,514,811	1,030,625	2,522,441	673,318
Security deposits	530,416	498,408	2,355,701	2,355,701
Other debtors	1,716,307	1,716,114	2,224,152	2,224,148
	<b>167,672,292</b>	<b>136,153,037</b>	<b>88,791,504</b>	<b>86,862,720</b>
<i>Due after one year</i>				
Security deposits	845,283	845,283	54,325	54,325
Other non-current debtors	1,441,963	360	2,928,803	5,773
Deferred tax asset	12,866,980	12,866,980	7,822,821	7,822,822
	<b>15,154,226</b>	<b>13,712,623</b>	<b>10,805,949</b>	<b>7,882,920</b>

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**10 CREDITORS**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Due within one year</i>				
Trade creditors	(3,279,777)	(3,271,607)	(1,965,448)	(1,965,448)
Other creditors	(2,375,594)	(2,375,594)	(50,218)	(50,218)
Corporation tax	(6,144,832)	(6,128,875)	(6,636,859)	(6,636,859)
Accruals and deferred income	(85,137,780)	(56,731,504)	(48,890,011)	(48,879,990)
Amounts owed to group undertakings	(80,505,398)	(79,475,230)	(89,735,887)	(89,735,887)
	<b>(177,443,381)</b>	<b>(147,982,810)</b>	<b>(147,278,423)</b>	<b>(147,268,402)</b>
<i>Due after one year</i>				
Deferred income	(48,877,518)	(48,877,518)	(344,267)	(344,267)
Accrued rent	(6,472,558)	(6,472,558)	(5,140,689)	(5,140,689)
	<b>(55,350,076)</b>	<b>(55,350,076)</b>	<b>(5,484,956)</b>	<b>(5,484,956)</b>

**11 ALLOTTED AND ISSUED SHARE CAPITAL**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<i>Authorised, allotted, called up and fully paid:</i>		
1 (2017: 1) ordinary share of £0.01 each	—	—

**12 OBLIGATIONS UNDER LEASE AGREEMENTS**

Future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Not later than one year	5,582,111	3,216,747
Later than one year and not later than five years	22,153,707	24,965,625
Later than five years	14,509,592	14,509,592
	<b>42,245,410</b>	<b>42,691,964</b>

**PALANTIR TECHNOLOGIES UK, LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2018****13 PENSION COMMITMENTS**

In 2018 there was no pension contribution (2017: £0) payable to pension funds at the balance sheet date.

**14 FINANCIAL INSTRUMENTS**

	<b>Group 2018 £</b>	<b>Company 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2017 £</b>
<i>Financial assets measured at amortised cost</i>				
Trade debtors	6,997,196	6,997,196	686,649	686,649
Amount owed by group undertakings	155,913,562	125,910,694	81,002,561	80,922,904
Other debtors	1,716,307	1,716,114	2,224,149	2,224,148
Security deposits	1,375,699	1,343,691	2,410,026	2,410,026
	<u>166,002,764</u>	<u>135,967,695</u>	<u>86,323,385</u>	<u>86,243,727</u>
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	(3,279,777)	(3,271,607)	(1,965,448)	(1,965,448)
Other creditors	(2,375,594)	(2,375,594)	(50,218)	(50,218)
Amounts owed to group undertakings	(80,505,398)	(79,475,230)	(89,735,887)	(89,735,887)
	<u>(86,160,769)</u>	<u>(85,122,431)</u>	<u>(91,751,553)</u>	<u>(91,751,553)</u>

**15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors consider Palantir International, Inc., a company registered in the USA, to be the immediate parent company by virtue of its shareholding in the Company.

The directors consider Palantir Technologies Inc., a company registered in the USA, to be the Ultimate Parent company and controlling party by virtue of its shareholding in the immediate parent company.

## 16 SHARE-BASED PAYMENTS

The Ultimate Parent issues equity settled share-based awards to certain Palantir Technologies UK, Ltd. employees.

In accordance with FRS 102, the Company reflects the economic cost of rewarding stock options to employees by recording an expense in respect of the services received from employees in the statement of comprehensive income account at an amount equal to the fair value of the awarded stock option at grant.

The expense is recognized on an accelerated basis over the period in which the services are received by the Company ("the vesting period"). An assessment of the number of stock option awards which are expected to vest is made at the end of each reporting period and any adjustments to the expected charge relating to those stock option awards are made in the current period.

On September 29, 2018, the Company's Board of Directors approved the repricing of options held by certain employees that as of such date had a strike price above the then-current fair market value. The original options were cancelled and new options were issued with an exercise price at the then-current fair market value and a new contractual term of 10 years. All other terms and conditions of the options remain unchanged, including vesting schedules and credit for amounts already vested.

During the year ended 31 December 2018, the Company's employees participated in the Ultimate Parent's share-based compensation arrangement, which is described below:

	2018	2017
Plan(s)	2006 & 2010 Stock Option Plan	2006 & 2010 Stock Option Plan
Dates granted	29 September 2018 , and 20 November 2018	2 May 2017, 10 November 2017, and 20 December 2017
Number granted	34,206,027	9,479,857
Contractual life	10 years	10 years
Number of employees in scheme	580	462
Vesting conditions	1/60th per month ; 20% after 1 year then 1/60th per month thereafter	1/60th per month ; 20% after 1 year then 1/60th per month thereafter

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2018 is £33,258,854 (2017: £24,678,866).

**PALANTIR TECHNOLOGIES UK, LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**16 SHARE-BASED PAYMENTS (continued)**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	<b>2006 &amp; 2010 Stock Option Plan</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Number</b>	<b>WAEP</b>	<b>Number</b>	<b>WAEP</b>
Outstanding at beginning of the year	36,811,700	\$6.27	36,703,398	\$5.54
Granted during the year	34,206,027	\$6.03	9,479,857	\$7.40
Forfeited / cancelled during the year	(28,354,825)	\$7.16	(722,887)	\$6.88
Exercised *	(167,988)	\$2.64	(1,384,937)	\$3.22
Transfers in/out	3,058,227		(7,263,731)	
Outstanding at end of the year	45,553,141	\$6.10	36,811,700	\$6.27
Exercisable at end of the year	24,710,917	\$5.47	15,761,063	\$5.11

\* The weighted average share price at the date of exercise for the options exercised in 2018: \$2.64 (2017: \$3.22)

Share options outstanding as at 31 December 2018 have a weighted average exercise price of \$6.10 (2017: \$6.27). The weighted average fair value of options granted during the year was 2018: \$6.03 (2017: \$7.40)

**17 RELATED PARTY TRANSACTIONS**

During the year the Group entered into transactions in the ordinary course of business with other related parties. The Group has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with fellow wholly owned subsidiaries.