Company Registration Number: 07042994

PALANTIR TECHNOLOGIES UK, LTD.

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

PALANTIR TECHNOLOGIES UK, LTD.

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COMPANY INFORMATION

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

The directors of Palantir Technologies UK, Ltd. (the "Company" or "Parent Company", together with its subsidiaries and branches, 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 2019.

The Company is a wholly owned subsidiary of Palantir International Inc., which is in turn a wholly owned subsidiary of Palantir Technologies Inc., the ultimate parent in Palantir's global group of companies (the "Ultimate Parent Company"). The Company has a branch office in the Netherlands and subsidiaries in the United Kingdom (the "UK") and Qatar. The Company's registered branch in Italy, Palantir Technologies UK, Ltd Sede Secondaria per L'Italia, was closed on 6 August 2019.

Principal Activity

The principal activity of the Group during the 2019 year was that of the provision of marketing and sales support services to the Ultimate Parent Company. The Group also contracts directly with 3rd party customers. Palantir Technologies Inc. is a software company that builds central operating systems for our customers providing the infrastructure needed to integrate data and operations.

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 2019 the service fee percentage amounted to 7% (2018: 7%).

Business Review

In the 2019 year, the Group achieved turnover of £219,986,995 (2018: £171,419,222), an increase of £48,567,773 over the previous year primarily due to increased intercompany revenue, which is 7% mark-up of operating expenses excluding unrealized FX gains and losses . Operating expenses for the year amounted to £217,503,070 (2018: £184,057,742), an increase of £33,445,328 over the previous year. Operating profit / (loss) before taxation amounted to £2,493,753 (2018: (£12,638,518)), an increase of £15,132,271 primarily due to increased turnover. The 2019 loss reported by the Group is primarily due to an impairment charge taken by Palantir Technologies UK - Eagle, Ltd. which is not subject to a cost-plus agreement.

The Group revenue comes from the Ultimate Parent Company, and accordingly the performance of the Group is closely linked to that of the Ultimate Parent Company. The strategic objectives and future prospects of the Company and the Group are, therefore, aligned with the Ultimate Parent Company. Further detail can be found in the publicly available Form S-1 Registration Statement and periodic reports of the Ultimate Parent Company, as may be amended or supplemented from time to time, none of which form part of this report.

Key Performance Indicators ("KPI's"

Because 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.

Section 172 Statement

The Company's directors set out their section 172(1) statement in accordance with the Companies Act 2006 in relation to stakeholder engagement for the year ended 31 December 2019.

The Company's directors are aware of their statutory duty to promote the success of the Company for the benefit of its members as a whole, and in doing so the need to have regard to those factors set out in section 172(l)(a)-(f) of the Companies Act 2006.

The Company's directors also consider the views of a wider set of stakeholders in the decisions it makes, which includes employees, customers and suppliers, as well as authorities, regulators and our surrounding communities.

The Company's Board of Directors (the "Board") recognizes how having regard to these various stakeholder groups in their decision-making contributes to the overall success of the Company and the broader Palantir global group of companies.

While direct stakeholder engagement and corporate practices are owned and implemented by the management team of the Ultimate Parent Company, communication with various stakeholders takes place at all levels within the organization, including with the Company's Board via direct interactions with management, advisors, and key employees of the Company and the broader Palantir global group.

Considering the Likely Consequences of Any Decision in the Long Term

The Company's directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole. We work with management and key employees to undertake a review of the Company's strategy, forming the basis for the strategic direction of the Company. We consider input from specialists within the business regarding the current phase of strategic development, as well as future areas of growth. The resulting assessment of future development helps inform the Board's decision-making and the balance between short-term and long-term measures and actions.

The Interests of the Company's Employees

The Company's directors, via Palantir's management team, continued in 2019 to promote engagement with the Company's employees. We maintain in contact with our employees through regular meetings, communications, business updates and, during 2019, office visits.

The Company's employees are critical to our business and future growth. Our employees largely work via a flat, decentralized approach organized by teams, each with significant decision-making authority, and freedom to approach, own and solve problems creatively. We promote teamwork and development, which is supported by Palantir's People team, creating an environment that fosters continuous learning and opportunities for employees to develop and deploy their talents. We believe successful innovation is the result of creative minds working together to achieve critical goals.

The views of our employees are important to us. Palantir regularly sends out employee surveys asking for feedback on company-wide initiatives as well as team specific questions. Palantir's People team works closely with management and team leads to review this data, take appropriate action, and to share findings with employees. Our regular engagement also includes Palantir all-hands meetings as well as company-wide emails and updates to our intranet.

It is only by looking after our employees and facilitating an atmosphere of respect, trust and communication that we can push boundaries for innovation. In doing so we can continue to meet the demands of our customers in developing, producing and delivering superior products and solutions.

The Well-Being of the Company's Employees

Palantir and the Company's directors deeply care for the well-being of the Company's employees and offers to all employees benefits (including mental health support, an Employee Assistance Program and health insurance coverage). In addition to those benefits, (1) our offices are closed for a minimum of 2 weeks in December and a take-what-you-need vacation policy is in place alongside flexible working arrangements (which include work-from-home); and (2) family support programs are in place, which includes a cash stipend/bonus for new parents, a paid parental leave program, as well as fertility services and adoption assistance. Moreover, the Company provides mental well-being resources and tools for our employees, including access to virtual therapy, coaching, meditation and fitness.

The Board and Palantir's management team are actively monitoring the impact of COVID-19 and its effects on the Company, the Group, and its employees with regular updates being provided by management. Employee health and safety is a priority. The Board and management ensure that local and national guidelines are followed by the Company and its employees in order to help minimize the further spread and impact of COVID-19 and, in turn, protect the well-being of our employees, their families, and the broader community.

An Environment of Fairness, Diversity and Equality

To achieve our best outcomes, the Company's directors and management recognize the need to attract and retain people who offer a wide range of backgrounds, perspectives, and lived experiences. We also recognize that our individual perspectives are limited by life experiences. We each share the responsibility of upholding our values of equity and inclusion and we maintain a culture that relentlessly works to eliminate harassment, intimidation, bias, and discrimination. Palantir promotes the act of acting and treating everyone fairly and these expectations are reflected in our policies, trainings, strategic programming, and recruiting efforts.

The Company, the Board, and our employees adhere to Palantir's Code of Conduct and Community Standards, which is available on the Ultimate Parent Company's website. This Code of Conduct presents our values, obligations and expectations to provide a safe, respectful, and positive workplace for all. We commit to providing an equitable and fair environment, and notably, to not create or perpetuate the unfair treatment and/or stigmatization of individuals or groups, particularly when such unfair action is based on race, colour, national origin, religion or belief, sex, gender identity, disability, age, ancestry, marital status, citizenship, pregnancy, parental status, or sexual orientation. To that end, our Diversity & Inclusion team offers a number of trainings, many of which are compulsory for new hires, interns, and leads, that span a range of topics, including, unconscious bias training for interviewers, anti-harassment/anti-bias training, and additional deep-dive trainings for leads.

We are committed to building a community that fosters open and safe communication to create the most value in our work. Employees' voices are critical to helping us innovate on our software and strengthen our culture. Employee-led resource groups (affinity groups) celebrate the unique perspectives and backgrounds of our employees and help guide our Diversity and Inclusion programming, including our professional development and mentorship programs. Currently, we have 8 affinity groups including Palantir Parents, PalNoir and Palan-Queer. Affinity Groups also act as a bridge to help the external community understand our mission by partnering with our Recruiting team on outreach efforts, publishing blogs, and connecting with candidates in the pipeline to share their experiences at Palantir. In addition to a robust diversity recruiting strategy, we also offer a 12-week internship and three scholarship programs to support students from groups underrepresented in STEM.

The Need to Foster the Company's Business Relationships with Customers and Suppliers

The Board continues to work with Palantir's management team and employees of the broader Palantir global group to cultivate and maintain critical relationships with our customers and suppliers, understanding that these relationships are critical to the success of our business.

Customers

Due to an increased demand from, and in reflection of, the increasing value of our business with Her Majesty's Government ("HMG"), the Company has significantly expanded the number of government procurement platforms on which our software and services are made available in the UK. Furthermore, the Company has diversified the scope of the services available on those platforms. Examples include G-Cloud 12, CCS's Data and Application Solutions (DAS) (RM3821), CCS's Artificial

Intelligence Dynamic Purchasing System (AI DPS), NHS England's Health Systems Support Framework (HSSF) and CCS's Back Office Software (BOS) framework (RM6194).

To ensure adequate coverage of rapidly expanding areas of our business, the Company has made key appointments on our sales and advisory teams, including, but not limited to in UK Healthcare, UK Civil Government, UK Security and Policing and key commercial verticals.

The Company has also put in place teaming agreements with strategic vendors and partners where we believe we can work together on acquisition of strategically important customers.

In order to lower the burden of Company support for existing Customers, the Company increased the scope of our Customer Self-Service Portal, including the development of new training modules and the expansion of our technical documentation and FAQs.

Suppliers

In recognition of the value of the Company's mutually beneficial relationships with Suppliers, the Company has made a number of steps to reduce the friction associated with such engagements.

In addition to the appointment of key relationship owners, the Company has, to the extent commercially reasonable, consolidated around a number of key suppliers that have a proven track record on delivery of supporting services for our deployments and we have negotiated discounted service costs for current and future engagements. These vendors have been migrated over to a standard contract together with being onboarded onto a billing platform that speeds up our ability to procure their services.

In recognition of the pressures faced by suppliers that are small to medium sized enterprises (SMEs), the Company has brought forward payments on a number of strategic supplier contracts and ensured that such suppliers are provided with the support they require to continue delivery of services in the current economic climate.

The Impact on the Company's Operations on the Community and the Environment

The Board, the Company, and our employees recognize the importance of engaging with the communities in which we operate. It is these communities that provide the current and future workforce for the Company, and Palantir is mindful of its responsibilities to these communities as an employer and a good neighbour.

The Company is likewise committed to supporting environmental protection and improvement in relation to our corporate polices and internal operating practices. Palantir has set in motion a long-term strategy to integrate environmental sustainability into our operations and the way we work.

Through its engagements with its employees and suppliers, the Company aims to:

- reduce so far as is reasonably practicable negative environmental impact on local communities where that environmental impact is produced directly or indirectly by Company operations, notably through recycling collection options and, when possible with suppliers, with local organic sourcing in the United Kingdom for catering services.
- Encourage Company employees to engage in community and charity activities throughout the United Kingdom.

Meeting High Standards of Business Conduct

Palantir is a mission-driven company, so staying true to this mission is critical to Palantir's ongoing success. To this end, Palantir has created - and the Company, the Board, and its employees adhere to - a Code of Conduct, which is available on the Ultimate Parent Company's website. The purpose of the Code of Conduct is to empower our workforce by articulating a set of core commitments — to put in writing the standards of excellence to which we hold ourselves and each other.

Palantir's core values are articulated in this Code of Conduct, and recruiters and hiring managers use the Code of Conduct when assessing candidates. New employees participate in formal training (including legal and compliance training covering topics such as contracting, anti-corruption, insider trading and conflicts of interest) and receive a copy of the Code of Conduct in their first two weeks. All employees are required to acknowledge legal and compliance policies annually.

Most importantly, Palantir's leadership and management hold staff accountable for adhering to these values, which we consider to be critical to the continued growth and overall success of the Company.

Palantir values its reputation as a reliable and ethical partner. We believe that we must continually earn the trust of our customers and exceed expectations. To that end, Palantir employees have access to various internal and external resources to navigate complex ethical topics. These resources include the Palantir Whistleblower Hotline, a confidential ethics hotline to bring ethical issues directly to a group of advisors. Palantir also offers a dedicated ombudsman, a neutral, independent resource external to the company with whom employees can have confidential conversations.

Finally, we offer a variety of ethical trainings to employees. Alongside internal programs, Palantir partners with external advisors and our customers to address ethical questions. We have a dedicated Privacy and Civil Liberties (PCL) Engineering team, which is involved with scoping, launching, and expanding our customer engagements, where appropriate, to ensure that customers meet the data protection and other legal and ethical standards required for their systems. In addition to our PCL engineers, Palantir's Council of Advisors on Privacy and Civil Liberties (PCAP) is a group of PCL experts and advocates who advise us on complex issues relating to our work in various fields. We have a history of actively engaging with independent review organisations, policymakers, advocacy groups, and privacy academics to evaluate and refine our technologies and to build new privacy-protecting technologies, elevating the standard for what privacy-by-design means in practice.

We are committed to mitigating the risk of misuse of our technology, including but not limited to contract provisions, customer vetting, incorporation of privacy enhancing technologies and other technical capabilities that facilitate responsible data usage, on-site engineering support and auditing, and collaboration with third-party oversight organizations

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 Company 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 it 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.

On 11 March 2020, the World Health Organisation ('WHO') classified the outbreak of coronavirus (COVID-19) as an international pandemic. Management would like to note that adverse economic conditions may adversely impact the Company's business and future financial well-being. The Company's business depends on the economic health of our current and prospective customers and the global economy. A downturn in economic conditions, including as the result of ongoing public health concerns or emergencies such as the recent COVID-19 outbreak, may affect one or more of the industries to which we sell our products and services and, in turn, affect the Company's business and financial condition.

Nevertheless, as of the date of signing of these financial statements, the Company's directors are not aware of any facts or circumstances, other than those potential risk factors noted above, that would indicate a threat to the Company's continued activity in the period of at least twelve months following the balance sheet date due to an intended or compulsory withdrawal from or a significant limitation in its activities or require us to update our estimates or judgements. These estimates may change as new events occur and additional information is obtained. Actual results could differ from those estimates and any such differences may be material to our financial statements.

In addition to the specific risks outlined above, the principal risks and uncertainties of the Company and Group are integrated within the principal risks of the Ultimate Parent Company and broader Palantir global group. Accordingly, the principal risks and uncertainties of the Ultimate Parent Company and Palantir global group, which include those of the Company and Group, are discussed in more detail as "Risk Factors" in the publicly available Form S-1 Registration Statement and periodic reports of the Ultimate Parent Company, as may be amended or supplemented from time to time, none of which form part of this report or are deemed to be incorporated by reference herein, but may be accessed on the U.S. Securities and Exchange Commission's public website.

Brexit Considerations

In June 2016, voters in the UK approved the withdrawal of the UK from the European Union (the "EU") (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 UK and the other EU member states to negotiate the terms of the withdrawal. Under the ratified terms of the agreement between the UK government and the EU detailing the terms of the UK's withdrawal and the framework of the future relationship between the UK and the EU (the "Withdrawal Agreement"), a transition period commenced, which lasted until 31 December 2020.

On 31 December 2020, the UK Parliament passed the European Union (Future Relationship) Act 2020 (the "Future Relationship Act"), which makes certain provisions in relation to the UK-EU relationship, and specifically implemented into UK law three main future relationship agreements between the UK and the EU, including the UK-EU trade and co-operation agreement.

As of the date of this Strategic Report, there is uncertainty around the impact that the Future Relationship Act will have on our business and, therefore, its potential impact is still being assessed by the Company. Overall, we expect that Brexit and the Future Relationship Act will have a limited impact on our business, but we could face additional bureaucracy and costs and see greater volatility in the Pound Sterling and the Euro.

If we decide to make any adjustments to our business and operations as a result of Brexit and the Future Relationship Act, these could result in significant time and expense to complete, and there may be factors that 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.

PALANTIR TECHNOLOGIES UK, LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED NO. 07042994

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

....
Alexander C Karp
Director

Date: 21 January 2021

The directors present their report and financial statements of the Group and Company for the year ended 31 December 2019.

Results and Dividends

The Group's loss for the year after taxation was £2,475,362 (2018: £15,116,189). 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:

Alexander C Karp
Daniel 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.

UK 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.

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.

On 11 March 2020, the World Health Organisation ('WHO') classified the outbreak of coronavirus (COVID-19) as an international pandemic. Management would like to note that adverse economic conditions may adversely impact the Company's business and future financial well-being. The Company's business depends on the economic health of our current and prospective customers and the global economy as a whole. A downturn in economic conditions, including as the result of ongoing public health concerns or emergencies such as the recent COVID-19 outbreak, may affect one or more of the industries to which we sell our products and services and, in turn, affect the Company's business and financial condition.

Nevertheless, as of the date of signing of these financial statements, the Company's Directors are not aware of any facts or circumstances, other than those potential risk factors noted above, that would indicate a threat to the Company's continued activity in the period of at least twelve months following the balance sheet date due to an intended or compulsory withdrawal from or a significant limitation in its activities or require us to update our estimates or judgments. These estimates may change, as new events occurs and additional information is obtained. Actual results could differ from those estimates and any such differences may be material to our financial statements

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 obtained from Palantir Technologies Inc. indicating that the Ultimate Parent will, if necessary continue to provide support to the Group for a period of at least 12 months from the date of approval of this report.

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 certain 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 is 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 C Karp
Director

Date: 21 January 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PALANTIR TECHNOLOGIES UK, LTD.

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 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes 1 to 18, 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 2019 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.

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 9, 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.

NCull

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

Date: 21 January 2021

PALANTIR TECHNOLOGIES UK, LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		£	£
Turnover	2	219,986,995	171,419,222
Operating expenses	3	(217,503,070)	(184,057,742)
Operating profit / (loss)		**2,483,925**	**(12,638,520)**
Interest receivable and similar income		9,828	2
Profit / (Loss) before taxation		**2,493,753**	**(12,638,518)**
Tax on profit / (loss)	5	(4,969,115)	(2,477,671)
Loss after taxation		**(2,475,362)**	**(15,116,189)**
Other comprehensive income for the year		2,372,183	—
Total comprehensive Loss for the year		**(103,179)**	**(15,116,189)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019	2018
		£	£
Fixed assets			
Tangible assets	6	9,307,396	11,342,829
		9,307,396	**11,342,829**
Current assets			
Assets held for sale	7	744,760	18,851,590
Debtors:			
amounts falling due within one year	9	122,340,970	167,672,292
amounts falling due after one year	9	18,416,577	15,154,226
		141,502,307	**201,678,108**
Cash at bank and in hand		49,135,176	19,829,672
		190,637,483	**221,507,780**
Creditors: amounts falling due within one year	10	(176,820,950)	(177,443,381)
Net current assets		**13,816,533**	**44,064,399**
Total assets less current liabilities		**23,123,929**	**55,407,228**
Creditors: amounts falling due after more than one year	10	(23,169,956)	(55,350,076)
Net (liabilities) / assets		**(46,027)**	**57,152**
Capital and reserves			
Called-up share capital	11	—	—
Capital contribution		10,000,000	10,000,000
Currency translation reserve		2,356,693	(15,490)
Profit and loss account		(12,402,720)	(9,927,358)
Shareholders' funds		**(46,027)**	**57,152**

These financial statements were approved by the Board of Directors and were signed on its behalf on 21 January 2021.

....

Alexander C 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 2019

	Notes	2019	2018
		£	£
Fixed assets			
Investments	8	5,990,050	24,096,880
Tangible assets	6	9,307,396	11,342,829
		15,297,446	**35,439,709**
Current assets			
Debtors:			
amounts falling due within one year	9	86,951,957	136,153,037
amounts falling due after one year	9	18,401,545	13,712,623
		105,353,502	**149,865,660**
Cash at bank and in hand		40,910,477	19,830,044
		146,263,979	169,695,704
Creditors: amounts falling due within one year	10	(135,820,851)	(147,982,810)
Net current assets		**10,443,128**	**21,712,894**
Total assets less current liabilities		**25,740,574**	**57,152,603**
Creditors: amounts falling due after more than one year	10	(23,169,956)	(55,350,076)
Net assets		**2,570,618**	**1,802,527**
Capital and reserves			
Called-up share capital	11	—	—
Capital contribution		10,000,000	10,000,000
Currency translation reserve		2,334,793	(29,211)
Profit and loss account		(9,764,175)	(8,168,262)
Shareholders' funds		**2,570,618**	**1,802,527**

These financial statements were approved by the Board of Directors and were signed on its behalf on 21 January 2021.

....

Alexander C 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 2019

	Called up share capital £	Capital contribution £	Currency translation reserve £	Profit and loss account £	Total equity £
At 1 January 2018	**—**	**10,000,000**	**31,270**	**5,188,831**	**15,220,101**
Total comprehensive loss for the year	—	—	(31,270)	(15,116,189)	(15,147,459)
Currency translation adjustment	—	—	(15,490)	—	(15,490)
At 1 January 2019	**—**	**10,000,000**	**(15,490)**	**(9,927,358)**	**57,152**
Loss for the year	—	—	—	(2,475,362)	(2,475,362)
Currency translation adjustment	—	—	2,372,183	—	2,372,183
At 31 December 2019	**—**	**10,000,000**	**2,356,693**	**(12,402,720)**	**(46,027)**

The movements in the Parent Company total equity in the year were the loss for the year of £1,595,913 (2018: loss of £13,760,591) taken to the profit and loss account, and currency translation adjustment credit of £2,364,004 (2018: debit of £60,481) taken to the currency translation reserve.

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 2019

	Notes	2019	2018
		£	£
Cash flow from operating activities			
Operating profit / (loss)		2,483,925	(12,638,520)
Impairment of assets held for sale		18,106,830	18,564,434
Depreciation of tangible fixed assets	6	2,983,866	2,895,316
Increase in debtors		42,068,971	(83,227,363)
Increase in creditors		(33,200,130)	87,025,447
Net payments of tax		(4,496,852)	(9,514,715)
Net cash flow from operating activities		**27,946,610**	**3,104,599**
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,030,513)	(5,820,415)
Net cash flow from investing activities		**(1,030,513)**	**(5,820,415)**
Net cash flow from financing activities		—	—
Effect of foreign exchange on cash and cash equivalents		2,389,407	(17,300)
Net Increase / (decrese) in cash and cash equivalents		**29,305,504**	**(2,733,116)**
Cash and cash equivalents as at 1 January		19,829,672	22,562,788
Cash and cash equivalents as at 31 December		**49,135,176**	**19,829,672**

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

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 2019.

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 accounting policies which follow below set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

Basis of consolidation

The group financial statements consolidate the financial statements of Palantir Technologies UK, Ltd. and all its subsidiary and branch 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 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 Group and Palantir Technologies Inc. ("Ultimate Parent"). The directors have placed reliance on a letter obtained from Palantir Technologies Inc. indicating that the Ultimate Parent will if necessary, continue to provide support to the Group for a period of at least 12 months from the date of approval of this report.

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.

Significant accounting judgments, estimates and assumptions (continued)

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 2019 and 2018, 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

Share-based payments

The Company accounts for share based compensation expense in accordance with the fair value recognition and measurement provisions of FRS 102, which requires compensation cost for the grant-date fair of share based awards to be recognized over the requisite service period.

Service-based vesting

The Ultimate Parent granted certain equity awards, primarily stock options, that vest based upon the satisfaction of a service condition. The Company has elected to use the Black Scholes option pricing model to determine the fair value of the options at grant date. The Black Scholes option pricing model requires the input of highly subjective assumptions, including:

- 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 behavioral conditions. The risk-free interest rate is based on U.S. treasury yield curves in effect on the grant date. The expected dividend yield is zero percent as the Ultimate Parent has not paid and does not anticipate

Significant accounting judgments, estimates and assumptions (continued)

paying dividend on its current stock. An assessment of the number of stock option awards which are expected to vest is made at the end of each reporting.

Performance-based vesting

The Ultimate Parent granted awards consisting of restricted stock units ("RSUs") and "growth units" that vest upon the satisfaction of both a service condition and a performance condition. The Company determines the grant date fair value of RSUs as the fair value of the Ultimate Parent's common stock at grant date.

The service-based vesting condition is generally satisfied over one to five years. The performance-based vesting condition for the RSUs is satisfied upon the occurrence of a qualifying event, which is generally defined as a change in control event or a public listing of the Ultimate Parent Company's stock ("RSU Qualifying Event"). The RSU Qualifying Event must occur before the expiration of the RSU award, which is generally no more than seven years from grant date. All growth units either converted to RSUs during the year ended December 31, 2019 or were canceled. There were no growth units outstanding at December 31, 2019.

As of December 31, 2019 the Company has not recognized share based compensation expense for these awards because the RSU Qualifying Event described above has not occurred and therefore cannot be considered probable. In the period in which the RSU Qualifying Event is completed, the Company will record a one-time share based compensation expense determined using the grant date fair value, net of forfeitures. Share based compensation related to the remaining service after the RSU Qualifying event will be recognized over the remaining service period. The grant date fair value of RSUs are measured as the fair value of the Ultimate Parent's common stock at grant date.

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.

Significant accounting policies (continued)

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:

- *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 agentor 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.

Significant accounting policies (continued)

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 2019, the Group had only financial assets classified as basic financial instruments.

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 2019, 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.

Significant accounting policies (continued)

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 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 the Ultimate 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.

Significant accounting policies (continued)

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 2019, the Company recorded an impairment charge of £18,106,830, (2018: £18,564,434 to write-down the carrying value of the assets held for sale to reflect the fair market value.

2 TURNOVER

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

	2019	2018
	£	£
UK	13,310,566	8,265,975
Non-UK	206,676,429	163,153,247
	219,986,995	**171,419,222**

Turnover from sources in the UK relates to external sales of products and services. 95% of the Company's turnover (2018: 95%) is attributable to geographical markets outside of the United Kingdom for rendering of services to the Ultimate Parent.

3 OPERATING EXPENSES

	2019	2018
	£	£
Wages & staff related expenses	132,938,734	97,146,301
Share-based payments	28,375,132	33,258,854
Office expenses	19,036,322	14,874,827
Rental under operating leases	9,336,748	9,678,625
Impairment of assets held for sale	18,106,830	18,564,434
Legal and professional fees	3,053,505	2,474,564
Depreciation of tangible assets	2,983,866	2,895,316
Other operational expenses	588,638	1,020,908
Auditors' remuneration - audit services	80,000	75,000
Foreign exchange differences	3,003,295	4,068,913
	217,503,070	184,057,742

4 STAFF COSTS AND DIRECTORS' REMUNERATION

The average monthly number of employees was:

	2019 Number	2018 Number
Customer support	124	67
Sales and marketing	308	300
General and administrative	93	67
	525	434

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	72,298,576	58,322,972
Social security costs	8,546,382	6,575,022
Pension costs	5,407,057	3,825,203
Share-based payment expense	28,375,132	33,258,854
	114,627,147	101,982,051

Directors' remuneration

	2019 £	2018 £
Aggregate remuneration in respect of qualifying services	74,420	61,231
	74,420	61,231

During the year, director fees were paid to one director (2018: 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.

5 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

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

	2019	2018
	£	£
Current tax:		
UK corporation tax at 19.00% (2018: 19.00%)	(9,548,726)	(7,724,801)
Adjustment for prior years	(46,635)	202,973
Foreign tax suffered	(22,642)	—
Foreign tax relief	(41,372)	—
	(9,659,375)	(7,521,828)
Deferred tax charge:		
Changes in tax rates	(551,597)	(593,651)
Origination and reversal of temporary differences	5,240,166	5,639,684
Adjustment in respect of previous periods	1,690	(1,876)
	4,690,259	5,044,157
Tax (charge) / credit on profit / (loss)	**(4,969,116)**	**(2,477,671)**

b) The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019	2018
	£	£
Profit / (Loss) before taxation	2,493,753	(12,796,192)
Tax at standard rate of 19.00% (2018: 19.00%)	(473,814)	2,431,276
Effects of:		
Expenses not deductible for tax purposes	(3,646,331)	(3,873,942)
(Higher) / lower tax rates on overseas earnings	(64,014)	—
Fixed asset differences	1,405	
Income not taxable	83,042	—
Adjustments in respect of previous periods	(44,946)	201,096
Share option timing differences	(272,861)	(642,448)
Changes in tax rates	(551,597)	(593,653)
Total tax expense for the year (Note 5(a))	**(4,969,116)**	**(2,477,671)**

5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

c) Deferred tax asset

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

	2019	2018
	£	£
At 1 January	12,866,980	7,822,821
Credited to the statement of comprehensive income	4,690,258	5,044,159
At 31 December	17,557,238	12,866,980
Analysed as follows:		
Accelerated capital allowances	140,910	13,608
Employee share acquisition relief	17,416,328	12,853,372
Pension contributions deductible on paid basis	—	—
Unpaid remuneration adjustments	—	—
	17,557,238	12,866,980

d) 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.

A further reduction in the UK corporation tax rate was announced, to reduce to 17% (rather than 18%) with effect from 1 April 2020. The reduction to 17% from 1 April 2020 was included in Finance Act 2016 - this was substantively enacted on 6 September 2016 and received Royal Assent on 15 September 2016. On this basis, the deferred tax at 31 December 2019 was measured at a rate of 17%.

In March 2020, the previously enacted decrease in the corporation tax rate from 19% to 17% beginning 1 April 2020 was removed in the Chancellor of the Exchequer's 2020 Budget. On 17 March 2020, the change in the rate to 19% was substantively enacted under the Provisional Collection of Taxes Act 1968. The Royal Assent was subsequently received on 22 July 2020.

6 TANGIBLE FIXED ASSETS

Group and Company

	Computer Equipment	Furniture & Fixtures	Leasehold Improvements	Software	Construction in progress	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	958,343	1,447,892	16,193,859	26,697	129,789	18,756,580
Additions	14,265	1,000	—	—	940,563	955,828
Transfers between classes	40,459	—	691,713	—	(732,172)	—
Exchange adjustment	(3,587)	(7,550)	—	—	—	(11,137)
At 31 December 2019	1,009,480	1,441,342	16,885,572	26,697	338,180	19,701,271
Accumulated depreciation						
At 1 January 2019	696,103	864,526	5,835,829	17,293	—	7,413,751
Charge for the year	185,891	194,189	2,595,299	8,487	—	2,983,866
Exchange adjustment	(1,740)	(1,002)	(1,000)	—	—	(3,742)
At 31 December 2019	880,254	1,057,713	8,430,128	25,780	—	10,393,875
Net book value						
At 31 December 2019	129,226	383,629	8,455,444	917	338,180	9,307,396
At 31 December 2018	262,240	583,366	10,358,030	9,404	129,789	11,342,829

7 ASSETS HELD FOR SALE

	Group
	£
Net Book Value: At 1 January 2018	37,416,024
Addition: Cost of Asset held for sale	—
Impairment of Asset held for sale	(18,564,434)
Net Book Value: At 1 January 2019	**18,851,590**
Addition: Cost of Asset held for sale	—
Impairment of Asset held for sale	(18,106,830)
Net Book Value: At 31 December 2019	**744,760**

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 2019, an impairment charge of £18,106,830 (2018: £18,564,434) was recorded to write-down the carrying value of the assets held for sale to reflect the current fair market value.

The remaining assets held for sale were sold in May 2020. The table above sets forth a summary of the changes in the estimated fair value of the Company's assets held for sale.

8 INVESTMENT IN SUBSIDIARIES

Company	**Subsidiaries**
	£
Net Book Value: At 1 January 2018	**42,661,314**
Addition: cost of investment	—
Impairment to investment	(18,564,434)
Net Book Value: At 1 January 2019	**24,096,880**
Addition: cost of investment	—
Impairment of investment in subsidiary	(18,106,830)
Net Book Value: At 31 December 2019	**5,990,050**

Details of the Company's subsidiaries are as follows:

Name of Company	**Registered Office**	**Holding**	**Nature of Business**
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 837, 9th Floor Regus Business Centre Al Fardan Office Tower Doha, Qatar	100%	Provision of marketing and sales support services

9 DEBTORS

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Due within one year				
Trade debtors	20,849,295	12,631,705	6,997,196	6,997,196
Amounts owed by group undertakings	90,465,916	64,798,600	155,913,562	125,910,694
Prepayments and accrued income	2,846,748	1,372,179	2,514,811	1,030,625
Security deposits	412,236	383,676	530,416	498,408
Other debtors	7,766,775	7,765,797	1,716,307	1,716,114
	122,340,970	**86,951,957**	**167,672,292**	**136,153,037**
Due after one year				
Security deposits	827,234	812,202	845,283	845,283
Other non-current debtors	32,105	32,105	1,441,963	360
Deferred tax asset	17,557,238	17,557,238	12,866,980	12,866,980
	18,416,577	**18,401,545**	**15,154,226**	**13,712,623**

10 CREDITORS

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Due within one year				
Trade creditors	(7,143,544)	(6,943,887)	(3,279,777)	(3,271,607)
Other creditors	(67,786)	(67,786)	(2,375,594)	(2,375,594)
Corporation tax	(10,286,525)	(10,245,151)	(6,144,832)	(6,128,875)
Accruals and deferred income	(126,344,085)	(97,227,417)	(85,137,780)	(56,731,504)
Amounts owed to group undertakings	(32,979,010)	(21,336,610)	(80,505,398)	(79,475,230)
	(176,820,950)	**(135,820,851)**	**(177,443,381)**	**(147,982,810)**
Due after one year				
Deferred income	(17,634,122)	(17,634,122)	(48,877,518)	(48,877,518)
Accrued rent	(5,535,834)	(5,535,834)	(6,472,558)	(6,472,558)
	(23,169,956)	**(23,169,956)**	**(55,350,076)**	**(55,350,076)**

11 ALLOTTED AND ISSUED SHARE CAPITAL

	2019	2018
	£	£
Authorised, allotted, called up and fully paid:		
1 (2018: 1) ordinary share of £0.01 each	—	—

12 OBLIGATIONS UNDER LEASE AGREEMENTS

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

	2019	2018
	£	£
Not later than one year	5,823,698	5,582,111
Later than one year and not later than five years	28,050,758	22,153,707
Later than five years	9,516,467	14,509,592
	43,390,923	**42,245,410**

13 PENSION COMMITMENTS

In 2019 there was no pension contribution (2018: £0) payable to pension funds at the balance sheet date.

14 FINANCIAL INSTRUMENTS

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Financial assets measured at amortised cost				
Trade debtors	20,849,295	12,487,716	6,997,196	6,997,196
Amount owed by group undertakings	90,465,916	64,942,589	155,913,562	125,910,694
Other debtors	7,766,775	7,765,797	1,716,307	1,716,114
Security deposits	1,239,470	1,195,879	1,375,699	1,343,691
	120,321,456	86,391,981	166,002,764	135,967,695
Financial liabilities measured at amortised cost				
Trade creditors	(7,143,544)	(6,943,887)	(3,279,777)	(3,271,607)
Other creditors	(67,786)	(67,786)	(2,375,594)	(2,375,594)
Amounts owed to group undertakings	(32,979,010)	(21,336,610)	(80,505,398)	(79,475,230)
	(40,190,340)	(28,348,283)	(86,160,769)	(85,122,431)

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 and restricted stock units 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 and restricted stock unit 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.

During the year ended 31 December 2019, the Company's employees participated in the Ultimate Parent's share-based compensation arrangement, which is described below:

	2019	**2018**
Plan(s)	2006 & 2010 Stock Option Plan	2006 & 2010 Stock Option Plan
Dates granted	04 November 2019	29 September 2018 , and 20 November 2018
Number granted	9,201,949	34,206,027
Contractual life	10 years	10 years
Number of employees in scheme	663	580
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 2019 is £28,375,132 (2018: £33,258,854).

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.

	2006 & 2010 Stock Option Plan			
	2019		2018	
	Number	WAEP	Number	WAEP
Outstanding at beginning of the year	45,553,141	$6.10	36,811,700	$6.27
Granted during the year	9,201,949	$6.06	34,206,027	$6.03
Forfeited / cancelled during the year	(1,744,486)	$5.97	(28,354,825)	$7.16
Exercised *	(62,783)	$1.55	(167,988)	$2.64
Transfers in/out	(562,262)		3,058,227	
Outstanding at end of the year	52,385,559	$5.58	45,553,141	$6.10
Exercisable at end of the year	32,101,427	$5.30	24,710,917	$5.47

* The weighted average share price at the date of exercise for the options exercised in 2019: $6.03 (2018: $7.15)

Share options outstanding as at 31 December 2019 have a weighted average exercise price of $5.58 (2018: $6.10). The weighted average fair market value of options granted during the year was 2019: $6.03 (2018: $6.03)

SHARE-BASED PAYMENTS (continued)

RSUs and Growth Units

The following table illustrates the number and weighted average grant date fair value of, and movements in, RSUs and Growth Units during the year.

	2010 Equity Incentive Plan			
	RSUs		Growth Units	
	Number	Weighted Average Grant Date Fair Value per Share	Number	Weighted Average Grant Date Fair Value per Share
Outstanding at beginning of the year	—	—	—	—
Granted during the year	27,277,698	6.03	3,151,410	3.00
Growth Units converted into RSUs	3,072,996	6.03	(3,072,996)	3.00
Vested	—	—	—	—
Canceled	(113,106)	6.03	(78,414)	—
Outstanding at end of the year	30,237,588		0	

No share based payment expense has been recognized for the RSUs or growth units as the qualifying event for the awards vesting was not probable as of 31 December 2019.

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.

18 POST BALANCE SHEET EVENT

On 11 March 2020, the World Health Organisation ('WHO') classified the outbreak of coronavirus (COVID-19) as an international pandemic. Management would like to note that adverse economic conditions may adversely impact the Company's business and future financial well-being. The Company's business depends on the economic health of our current and prospective customers and the global economy. A downturn in economic conditions, including as the result of ongoing public health concerns or emergencies such as the recent COVID-19 outbreak, may affect one or more of the industries to which we sell our products and services and, in turn, affect the Company's business and financial condition.

There has been no adverse effect on the financial performance or operations of the Company as a result of COVID-19. As of the date of signing of these financial statements, the Company's management is not aware of any facts or circumstances, that would indicate a threat to the Company's continued activity in the period of at least twelve months following the balance sheet date due to an intended or compulsory withdrawal from or a significant limitation in its activities or require us to update our estimates or judgments. These estimates may change as new events occur and additional information is obtained. Actual results could differ from those estimates and any such differences may be material to our financial statements.

Assets held for sale were sold in May 2020. The table in Note 7, sets forth a summary of the changes in the estimated fair value of the Company's assets held for sale.

On September 30, 2020 the Ultimate Parent completed a Direct Listing on the New York Stock Exchange. Upon the occurrence of the Direct Listing the Ultimate Parent determined that the performance-based vesting condition was satisfied for all of the then outstanding RSUs, which resulted in the recognition of additional expense in 2020 related to the vesting of those RSUs.