



PALANTIR TECHNOLOGIES INC. Q4 2025

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

 +234 913 444 6070

 globaladvisory@savest-financial.com

 www.savest-financial.com

Company Overview

Palantir Technologies Inc., founded in 2003 and headquartered in Denver, builds advanced software platforms for data integration, analysis, and operational decision-making. Its core products, Gotham, Foundry, Apollo, and the Artificial Intelligence Platform, empower governments and enterprises to transform complex data into actionable intelligence, supporting missions from counterterrorism to commercial innovation across the United States, United Kingdom, and globally.

GUIDANCE

Palantir raised its outlook, projecting Q1 2026 revenue of \$1.532 - \$1.536 billion and full-year revenue of \$7.182 - \$7.198 billion, reflecting continued growth and profitability.

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Palantir’s Rule of 40 score has reached an exceptional 127%, underscoring the strength of our growth and profitability,” said CEO Alex C. Karp. He noted that U.S. revenue surged 93% year-on-year while U.S. commercial revenue rose 137%, adding that the company projects 61% revenue growth in 2026 and remains uniquely focused on scaling AI-driven operational leverage.

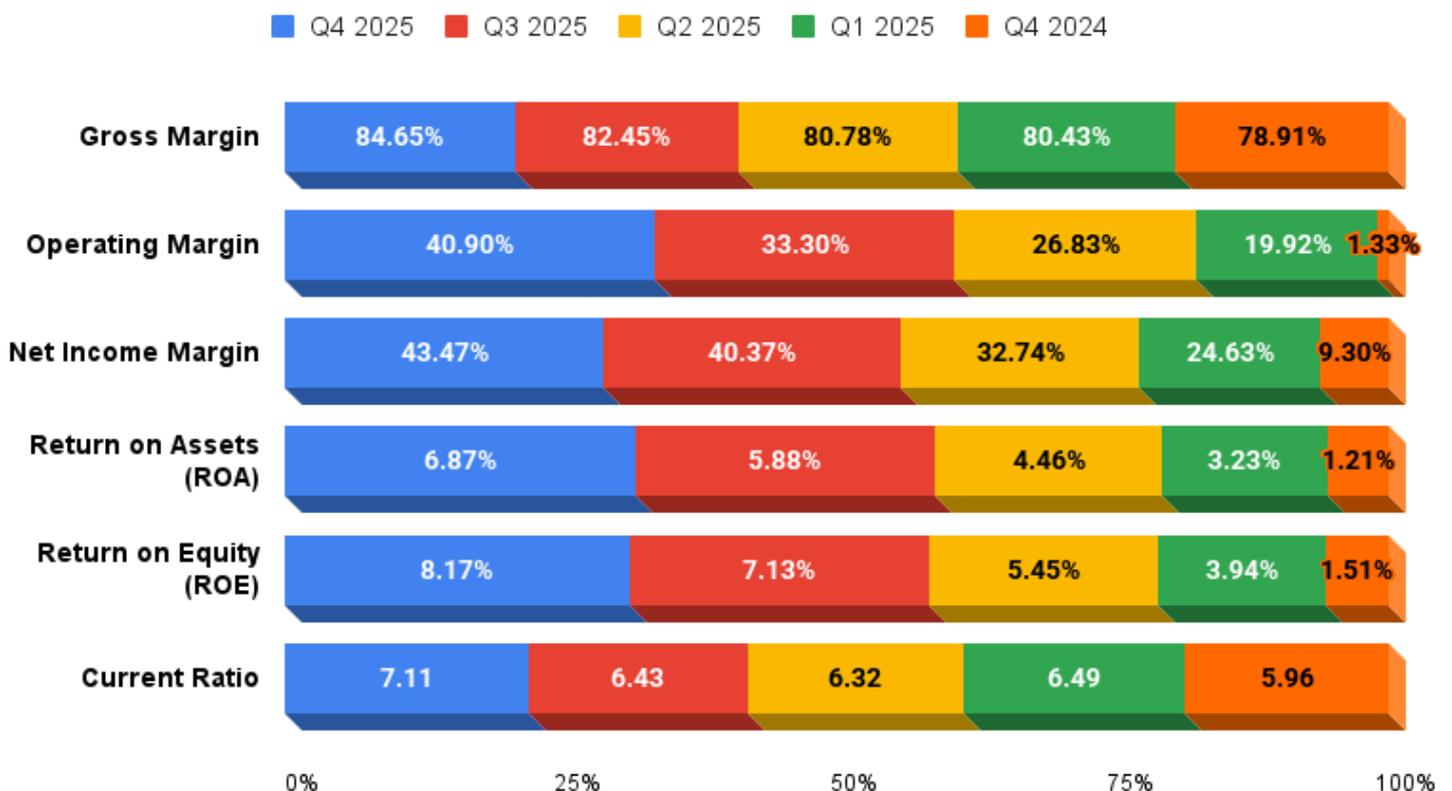
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CEO’s Commentary

Expectation Analysis

USD (\$)	Q4 2025	ESTIMATE	BEAT/MISS
REVENUE	1.41B	1.34B	4.90%
EBITDA	805M	707M	14.00%
EBIT	798M	701M	13.90%
EPS (adjusted)	0.25	0.23	8.60%

Margin and Efficiency Analysis



Revenue/Profitability Summary			
Millions USD(\$), except EPS	Q4 2025	QOQ	YOY
Revenue	1,406.80	19.11%	70.00%
Gross Profit	1,190.84	22.29%	82.37%
Income from operations	575.39	46.32%	5110.49%
Income before tax	621.38	29.32%	671.54%
Net income	611.61	28.29%	694.96%
Earnings per share (EPS)	0.24	33.33%	700.00%
Cost/Expenses Summary			
Millions USD(\$)	Q4 2025	QOQ	YOY
Cost of revenue	215.97	4.18%	23.74%
Sales and marketing	302.13	10.01%	4.80%
Research and development	143.55	-0.44%	-16.30%
General and administrative	169.76	4.98%	-6.80%
Provision for income taxes	9.78	160.48%	171.40%
Cash Flow Summary			
Millions USD(\$)	Q4 2025	QOQ	YOY
Net cash from operations	2,134.47	57.27%	84.98%
Net cash used in investing	-2,783.55	-65.90%	717.12%
Net cash used in financing	-26.91	-68.06%	-105.81%
Closing cash balance	1,451.43	-19.04%	-31.53%
Key Items of Financial Position Summary			
Millions USD(\$)	31st Dec 2025	QOQ	YOY
Current assets	8,358.17	10.18%	40.85%
Non-current assets	542.22	2.73%	33.36%
Total assets	8,900.39	9.69%	40.37%
Current liabilities	1,175.58	-0.41%	18.03%
Non-current liabilities	236.80	-3.46%	-5.45%
Total liabilities	1,412.38	-0.93%	13.31%
Total equities	7,488.01	11.96%	46.98%

Performance Highlights

- Palantir Technologies delivered an exceptional Q4 and FY2025 performance, with significant revenue growth driven primarily by accelerated enterprise AI adoption, the expansion of large-ticket commercial contracts, and sustained government demand. This growth trajectory reflects strong platform scalability and increasing monetization of its Artificial Intelligence Platform.
- U.S. revenue remained the principal growth engine, surging 93% year-on-year and 22% quarter-on-quarter. This expansion was largely driven by the rapid onboarding of commercial AI deployments and renewed federal technology spending. The magnitude of domestic growth highlights Palantir's strengthening competitive moat within mission-critical analytics and defense-linked software ecosystems.
- U.S. commercial revenue recorded the strongest segmental acceleration, climbing 137% year-on-year and 28% quarter-on-quarter. The performance was fueled by aggressive enterprise AI adoption, larger contract sizes, and deeper penetration across healthcare, manufacturing, and financial services verticals. This surge indicates structural demand for operational AI tools reinforcing long-term revenue visibility.
- U.S. government revenue also expanded solidly, rising 66% year-on-year and 17% quarter-on-quarter. The growth was driven by expanded defense analytics programs, intelligence modernization initiatives, and contract renewals. Government demand continues to provide earnings stability and long-duration revenue streams, balancing the faster-growing but more volatile commercial segment.
- Total contract value (TCV) reached a record \$4.26 billion, up 138% year-on-year, supported by the closure of 180 deals above \$1 million and 61 deals exceeding \$10 million. The scale of deal wins reflects increased enterprise confidence in Palantir's AI capabilities and multi-year deployment commitments.
- Profitability metrics strengthened significantly, with the GAAP operating income margin reaching 41% in Q4 compared to low double-digit levels a year earlier, while the adjusted operating margin rose to 57%. Margin expansion was driven by operating leverage, lower relative cost growth, and platform scalability, demonstrating the company's ability to convert top-line acceleration into proportionate earnings growth.
- Cash generation remained robust, with a Q4 operating cash flow margin of 55% and an adjusted free cash flow margin of 56%, reflecting strong receivables management and limited capital expenditure requirements. The company's asset-light software model continues to deliver superior cash conversion efficiency, reinforcing financial flexibility for reinvestment, acquisitions, and shareholder value initiatives.

Concerns Raised

- A primary concern is the high concentration of growth within the U.S. market, particularly in the commercial segment. While this has accelerated revenue expansion, geographic concentration exposes the firm to domestic policy shifts, federal budget cycles, and enterprise IT spending fluctuations.
- Another area of caution is elevated stock-based compensation, which remained substantial despite year-on-year moderation. Although excluded from adjusted metrics, persistent equity dilution may weigh on per-share value over time and distort comparisons between GAAP and non-GAAP profitability measures, potentially affecting long-term shareholder returns.
- Contract realization risk also remains notable, as a significant portion of reported TCV and RDV presumes option exercises and non-termination clauses. Any slowdown in client renewals, budget reallocations, or implementation delays could reduce conversion rates from contracted value to recognized revenue, thereby affecting forward earnings visibility.
- Finally, the rapid pace of AI industry evolution introduces competitive and regulatory uncertainty. Intensifying competition from large technology firms, potential data-governance regulations, and ethical AI compliance costs may compress margins or slow adoption rates.

OUR INSIGHT

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Palantir delivered exceptionally strong financial and operational performance, driven by accelerated U.S. commercial AI adoption, expanding government contracts, and significant margin and cash-flow improvements, underscoring scalable earnings quality and backlog visibility. Long-term investment prospects remain attractive given structural AI demand and balance-sheet strength; however, investors should closely monitor stock-based compensation dilution, U.S. revenue concentration risk, contract conversion rates, and intensifying competitive and regulatory pressures within the rapidly evolving artificial intelligence landscape.

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INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our website

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