



July 30, 2025

Palantir Technologies Inc.

RBC Elements™: 2Q25 Preview and Quarterly Government Spend Tracker; Risk/Reward Skews Negative

Our view: In this note, we provide our thoughts into earnings based on our government spending tracker, checks, and investor conversations. Additionally, on page 2, we analyze findings from our Retail Q&A Tracker, based on topic modeling analysis in collaboration with RBC Elements™, our in-house data science team. At this level we view the risk/reward skewed heavily to the downside. Our \$40 price target is based on 20x CY26E sales, which implies 49x EV/CY26E FCF.

Key points:

- **We maintain our Underperform rating and \$40 price target on Palantir** ahead of Q2 earnings scheduled for August 4th after market close.
- **We see unfavorable risk/reward.** Shares of PLTR are up ~34% over the past three months (vs. ~18% for IGV). Heading into Q2 earnings, among our RBC All-SaaS constituents, Palantir is one of three names we track trading >20x EV/CY26E revenue (see [here](#)). We cannot rationalize why Palantir is the most expensive name in our software coverage. Absent a substantial beat-and-raise quarter elevating the NT growth trajectory, valuation seems unsustainable.
- **Heightened retail investor focus on growth and a stock split.** We updated our retail Q&A tracker, based on topic modeling analysis in collaboration with RBC Elements™, our in-house data science team. We find that retail investors have become more interested in Palantir's growth drivers over the next 3-5 years, which, as a topic, increased 14% QoQ. Retail investors are also largely focused on the potential for a stock split, and this topic increased 15% QoQ. With Palantir's ~\$5B cash balance, we think retail investors may be starting to become frustrated by the company's lack of willingness to return capital to shareholders given no apparent interest in pursuing M&A opportunities. Further lack of clear strategy on this front in our view could lead to multiple compression.
- **Mixed government data.** Our estimated government QCV suggests a decrease in YoY and sequential growth following a decline last quarter as well. We're currently modeling 2Q YoY growth of ~38.1%, slightly below consensus expectations, but in-line with the guide. We believe the investor base has historically overlooked the health of this segment and focuses on Commercial.
- **Commercial appears unsustainable.** Our checks remain skeptical on the commercial side. Multiple industry contracts flagged ongoing churn discussions among enterprise clients, and at our [private tech conference in May](#), a startup we connected with discussed displacing Palantir at several customers. We'll be looking for any evidence of a turnaround in commercial- NN adds, improvements in NRR, or signs of meaningful monetization from AIP, which still appears in early stages. We remain cautious on Commercial growth given high levels of competition and product-market fit outside of large, complex enterprises.

RBC Capital Markets, LLC
Rishi Jaluria (Analyst)
(415) 633-8798, rishi.jaluria@rbccm.com

Max Persico (Associate)
max.persico@rbccm.com

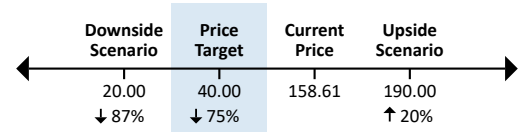
Matthew Hedberg (Head of Global TIMT Research)
(612) 313-1293, matthew.hedberg@rbccm.com

Underperform

NYSE: PLTR; USD 158.61

Price Target USD 40.00

Scenario Analysis*



*Implied Total Returns

Key Statistics

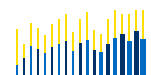
Shares O/S (MM):	2,552.8	Market Cap (MM):	404,902
Dividend:	0.00	Yield:	0.0%
		Avg. Daily Volume:	67,232,536

RBC Estimates

FY Dec	2024A	2025E	2026E	
Revenue	2,865.5	3,890.3	4,760.8	
EPS, Adj Diluted	0.41	0.56	0.65	
			Q1	Q2
Revenue	Q1	Q2	Q3	Q4
2024	634.3A	678.1A	725.5A	827.5A
2025	883.9A	936.5E	963.6E	1,106.4E
2026	1,101.9E	1,146.7E	1,168.7E	1,343.6E
EPS, Adj Diluted				
2024	0.08A	0.09A	0.10A	0.14A
2025	0.13A	0.13E	0.14E	0.16E
2026	0.15E	0.15E	0.16E	0.19E

All values in USD unless otherwise noted.

Priced as of prior trading day's market close, EST (unless otherwise noted).



RBC Elements™

Driving insights through data

See RBC Elements page at the end of this note.



Q&A Topic Modeling Analysis

Exhibit 1 - 2Q25 Earnings Call Q&A Tracker

Topic Title	1Q25 Weighted Average Topic Relevance	2Q25 Weighted Average Topic Relevance	QoQ Growth
Growth and Plan for the future	20%	34%	14%
Stock Split	5%	20%	15%
Government Contracts and Political Climate	23%	18%	-5%
Dividends and Future Growth	20%	10%	-10%
Privacy Concerns and Ethics	0%	7%	7%
Trump Tarrifs and NATO Deal	23%	6%	-18%
AI and Data	8%	5%	-3%

Source: RBC Elements, RBC Capital Markets, Palantir website (via Say Technologies)

Background: Palantir’s shareholder base has significant representation from retail investors. To address this, the company has a unique process for earnings calls. Leading up to earnings, Palantir allows investors to publicly post questions ahead of the call and up-vote posted questions. Management opens the Q&A portion of the earnings call by addressing a few of the top questions. We think this type of analysis is important for understanding where management may focus remarks on the call, which tend to drive the stock price more than underlying fundamentals.

Our process: In collaboration with RBC Elements™, our in-house data science team, we update our Retail Q&A Tracker in Exhibit 1. Through unsupervised machine learning techniques (self-learning machine learning without labeling or prior data training), we mined 500+ investor questions (posed to the company via questions on Palantir’s Say Technologies page) to first find the most prominent topic clusters. From there, we weighted each of the topics by considering the votes received for each of the underlying questions that belong within the topic. This approach of topic clustering allows for identification of dominant themes, grouping of similar content, and uncovering patterns across disparate text elements. We intend to publish this analysis on a quarterly basis ahead of earnings, in an effort to detect changing sentiment and focus within the retail shareholder base.

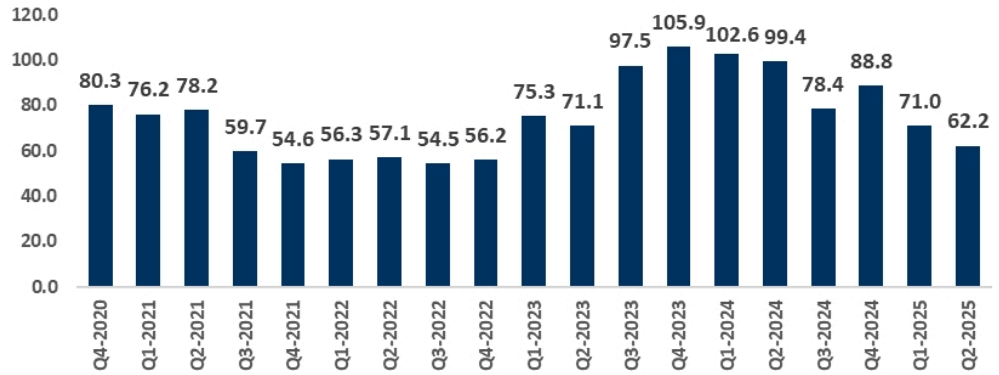
Our key takeaways: While sentiment remains mixed (institutions remain skeptical, while retail remains exuberant), our analysis uncovered a shift in questions posed to management. For Q2, we uncovered rising investor interest in Palantir’s primary growth drivers over the next 3-5 years, which increased 14% QoQ. Retail investors are also largely focused on the potential for a stock split, and this topic increased 15% QoQ. With Palantir’s ~\$5B cash balance, we think retail investors may be starting to become frustrated by the company’s lack of willingness to return capital to shareholders given no apparent interest in pursuing M&A opportunities. While we do not expect any significant share repurchase activity in the quarter, we think the company needs to do more than simply announce further approved S/R plans. All in, further lack of clear strategy on this front in our view could lead to multiple compression. Trump tariffs and NATO Deal, which was a primary topic last quarter, decreased 18% QoQ. However, we believe understanding the geopolitical landscape alongside government contracts will remain top of mind moving forward. We acknowledge this analysis is not perfect, as question groupings are subjective and certain topic titles are similar.



Government Tracker

Exhibit 2 shows US Government quarterly contract value based on data from USAspending.gov (we use total contract value and divide by the length of the contract in quarters to determine QCV). We note that USAspending.gov data does not capture embargoed deals, and certain defense-related contracts are added to the website on a delay.

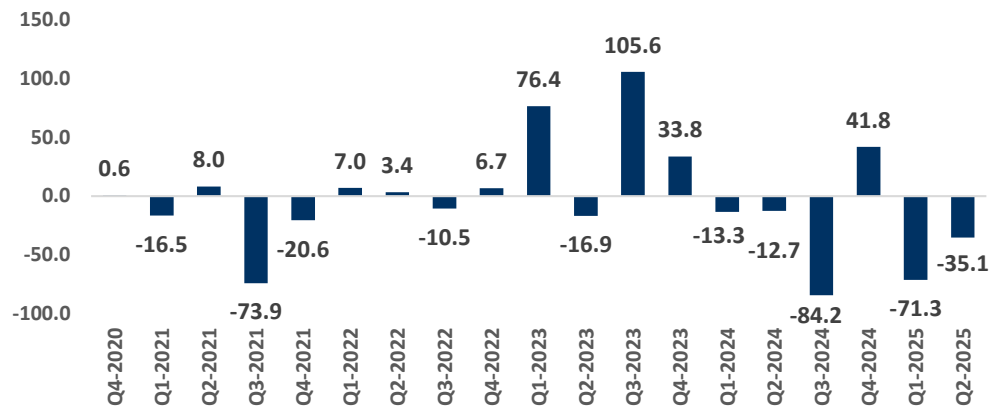
Exhibit 2 - Palantir US Quarterly Contract Value (\$ in millions)



Source: RBC Capital Markets, USAspending.gov

Exhibit 3 shows the net new total contract value (unadjusted for duration) based on data from USAspending.gov.

Exhibit 3 - US Net New Total Contract Value (\$ in millions)

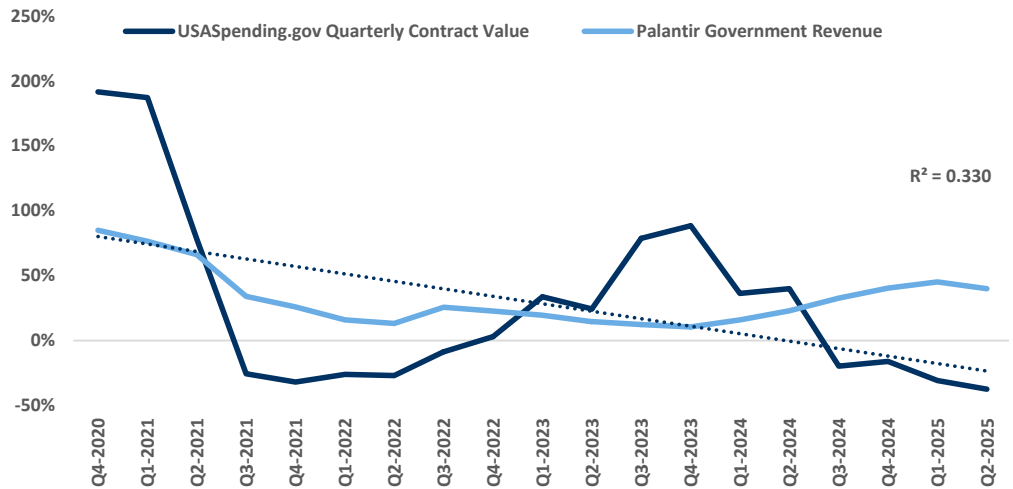


Source: RBC Capital Markets, USAspending.gov



Exhibit 4 shows a comparison of YoY growth rates for the quarterly contract value of Palantir contracts listed on USAspending.gov versus Palantir's Government revenue.

Exhibit 4 - US Quarterly Contract Value vs. Total Government Revenue, YoY Growth



Source: RBC Capital Markets, USAspending.gov

Key Metrics to Watch

- **Q2 consensus revenue:** \$939.1M (vs. guidance midpoint of \$936M), up 38.5% YoY. This implies 6.3% sequential growth vs. the three-year average of 5.0%. In our view, for the stock to work, a good outcome would be \$1,019.3M, implying 50% YoY growth and an 8.5% beat to consensus, in line with the past four-quarter average.
- **Q2 consensus operating margins:** 43.0% (vs. guidance midpoint of 43.1%), implying a 121 bps sequential contraction and a 561 bps expansion YoY. In our view, a good outcome would be 50.4%, implying a ~740 bps beat to consensus, in line with the past four-quarter average.
- **2025 annual consensus revenue:** \$3,895M (vs. guidance midpoint of \$3,896M), up 36% YoY. In our view, a good outcome would be \$4,005M, in line with the past four-quarter average.
- **2025 annual consensus operating margins:** 44.1% (vs. guidance midpoint of 44.1%), implying a 469 bps expansion YoY. In our view, a good outcome would be 46.6%, in line with the past four-quarter average.

Our Underperform thesis on Palantir: First, we see Palantir's Commercial growth as unsustainable given several one-time boosts in recent history (SPACs, Japan JV, catch-up revenue) and intensifying competition from Microsoft Fabric, Databricks, and Snowflake, to name a few. Second, we believe the business model consisting of selling bespoke solutions with a heavy consultative approach limits the scope of Palantir's serviceable market to large complex organizations lacking technical resources and does not scale down-market (or to organizations with more sophisticated engineering resources). Third, while we believe Government represents the strongest component of Palantir, in our view the business has been challenged in recent history and deals tend to be lumpy. Putting it all together, we believe Palantir's valuation, with the stock at ~84x and ~200x EV multiples on our CY26 revenue and FCF estimates, respectively, does not reflect our concerns about the sustainability of growth and margin expansion, as well as the business model. Hence, we rate PLTR Underperform.



Exhibit 5 - PLTR: Historical Beat and Raise Cadence (\$s in millions)

Current Quarter Beat / Miss History		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	4-Qtr Avg	8-Qtr Avg
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E		
Current Qtr Revenue	Actual	525.2	533.3	558.2	608.4	634.3	678.1	725.5	827.5	883.9	1,019.3		
	Consensus	519.7	536.6	553.1	599.7	617.4	642.7	680.7	742.3	799.4	939.1		
	Guidance	505.0	530.0	555.0	601.0	614.0	651.0	651.0	769.0	860.0	936.0		
	Actual YoY	18%	14%	18%	21%	21%	27%	30%	36%	39%	50%		
	Consensus YoY	16%	14%	16%	19%	18%	21%	22%	22%	26%	38%		
	Guidance YoY	13%	13%	17%	20%	17%	17%	17%	17%	36%	38%		
Actual vs. Consensus		1.1%	-0.6%	0.9%	1.4%	2.7%	5.5%	6.6%	11.5%	10.6%	8.5%	8.5%	4.8%
Actual vs. Guidance		4.0%	0.6%	0.6%	1.2%	3.3%	4.2%	11.4%	7.6%	2.8%	8.9%	6.5%	4.0%
Current Qtr Op. Income	Actual	125.1	135.0	163.3	209.4	226.5	253.6	275.5	372.5	390.7	513.8		
	Consensus	101.8	119.0	131.0	177.0	172.3	201.4	212.7	260.7	298.1	403.9		
	Guidance	93.0	120.0	137.0	186.0	198.0	211.0	211.0	300.0	356.0	403.0		
	Actual Op. Margin	23.8%	25.3%	29.3%	34.4%	35.7%	37.4%	38.0%	45.0%	44.2%	50.4%		
	Consensus Op. Margin	19.6%	22.2%	23.7%	29.5%	27.9%	31.3%	31.2%	35.1%	37.3%	43.0%		
	Guidance Op. Margin	18.4%	22.6%	24.7%	30.9%	32.2%	32.4%	32.4%	39.0%	41.4%	43.1%		
Actual vs. Consensus		423 bps	314 bps	557 bps	490 bps	779 bps	606 bps	673 bps	990 bps	691 bps	740 bps	740 bps	638 bps
Actual vs. Guidance		541 bps	268 bps	457 bps	347 bps	345 bps	498 bps	556 bps	601 bps	281 bps	735 bps	484 bps	419 bps
Next Quarter Guide Up / Down History		2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4-Qtr Avg	8-Qtr Avg
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E		
Next Qtr Revenue	Consensus	554.6	558.2	597.3	612.6	639.4	680.2	730.4	769.2	937.5	981.2		
	Guidance	530.0	555.0	601.0	614.0	651.0	651.0	769.0	860.0	936.0	1,012.2		
	Consensus YoY	18%	18%	19%	17%	20%	22%	20%	21%	38%	35%		
	Guidance YoY	13%	17%	20%	17%	22%	17%	26%	36%	38%	40%		
	Guidance vs. Consensus	-4.4%	-0.6%	0.6%	0.2%	1.8%	-4.3%	5.3%	11.8%	-0.2%	3.2%	3.2%	1.8%
Next Qtr Op. Income	Consensus	112.2	129.5	152.1	159.4	175.4	213.0	239.1	271.4	321.8	423.6		
	Guidance	120.0	137.0	186.0	198.0	211.0	211.0	300.0	356.0	403.0	493.3		
	Consensus Op. Margin	20.2%	23.2%	25.5%	26.0%	27.4%	31.3%	32.7%	35.3%	34.3%	43.2%		
	Guidance Op. Margin	22.6%	24.7%	30.9%	32.2%	32.4%	32.4%	39.0%	41.4%	43.1%	48.7%		
Guidance vs. Consensus		241 bps	149 bps	549 bps	623 bps	498 bps	110 bps	628 bps	612 bps	873 bps	556 bps	556 bps	505 bps
Annual Guide Up/Down History		2023	2023	2023	2024	2024	2024	2024	2025	2025	2025	4-Qtr Avg	8-Qtr Avg
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E		
Annual Revenue	Consensus	2,275	2,201	2,210	2,610	2,644	2,673	2,699	3,319	3,503	3,895		
	Guidance	2,210	2,212	2,218	2,660	2,683	2,746	2,807	3,749	3,896	4,005		
	Consensus YoY	20%	16%	17%	17%	19%	20%	21%	49%	22%	36%		
	Guidance YoY	17%	17%	17%	20%	21%	23%	26%	68%	36%	40%		
	Guidance vs. Prior	0.2%	0.1%	0.3%	0.9%	2.3%	2.2%	2.2%	13.0%	3.9%	2.8%	2.8%	1.6%
Guidance vs. Consensus		-2.8%	0.5%	0.4%	1.9%	1.5%	2.7%	4.0%	11.2%	2.8%	2.8%	7.7%	4.4%
Annual Op. Income	Consensus	480	497	531	698	745	854	891	1,177	1,345	1,718		
	Guidance	531	555	609	842	874	970	1,056	1,559	1,717	1,866		
	Consensus Op. Margin	21.1%	22.6%	24.0%	26.7%	28.2%	32.0%	33.0%	35.5%	38.4%	44.1%		
	Guidance Op. Margin	24.0%	25.1%	27.5%	31.7%	32.6%	35.3%	37.6%	41.6%	44.1%	46.6%		
Guidance vs. Prior		108 bps	106 bps	237 bps	92 bps	275 bps	230 bps	249 bps	251 bps	251 bps	251 bps	251 bps	198 bps
Guidance vs. Consensus		294 bps	251 bps	341 bps	491 bps	438 bps	337 bps	461 bps	612 bps	568 bps	248 bps	494 bps	437 bps

Source: RBC Capital Markets estimates based on historical beat/raise cadence, FactSet consensus, Company reports



Valuation

Exhibit 6 shows our updated Valuation Matrix for Palantir, while Exhibit 7 shows comparable company analysis. Furthermore, even if we assume a bull case that revenue grows at a 30% CAGR from CY26E-CY28E (with 41% FCF margins), PLTR would still trade at 49x EV/CY28E revenue and 118x EV/CY28E FCF, multiples we view as unsustainable.

Exhibit 6 - PLTR - Valuation Matrix (\$ in thousands except per share data)

	CY20A	CY21A	CY22A	CY23A	CY24A	CY25E	CY26E
Revenue Valuation							
Revenue	1,092,673	1,541,889	1,905,871	2,225,012	2,865,507	3,890,313	4,760,847
YoY Growth	47%	41%	24%	17%	29%	36%	22%
EV/Revenue	363.9x	257.9x	208.6x	178.7x	138.8x	102.2x	83.5x
Target EV/Revenue	88.5x	62.7x	50.7x	43.5x	33.7x	24.9x	20.3x
Billings							
Billings	1,069,583	1,569,877	1,831,153	2,306,645	2,890,068	3,920,732	4,825,847
YoY Growth	79%	47%	17%	26%	25%	36%	23%
EV/Billings	371.8x	253.3x	217.1x	172.4x	137.6x	101.4x	82.4x
Target EV/Billings	90.4x	61.6x	52.8x	41.9x	33.5x	24.7x	20.0x
Profitability Metrics							
FCF	(308,844)	321,224	183,710	697,069	1,141,231	1,576,982	1,992,100
Margin (%)	-28%	21%	10%	31%	40%	41%	42%
EBITDA	164,631	382,066	426,119	629,223	1,033,628	1,612,665	2,001,990
Margin (%)	15%	25%	22%	28%	36%	41%	42%
Non-GAAP EPS		0.13	0.06	0.25	0.41	0.56	0.65
EV/FCF	NM	1237.9x	2164.5x	570.4x	348.4x	252.1x	199.6x
Target EV/FCF	NM	301.0x	526.3x	138.7x	84.7x	61.3x	48.5x
P/E	NM	1192.4x	2495.8x	634.7x	386.2x	281.0x	242.8x
Target P/E	NM	302.1x	632.3x	160.8x	97.9x	71.2x	61.5x
Rule of 40	19	62	33	48	69	76	64

Source: Company reports, RBC Capital Markets estimates

Exhibit 7 - Palantir Comparable Company Analysis (Based on Consensus Estimates)

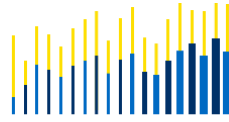
Company	Stock	EV/Revenue		EV/FCF		P/E		Revenue Growth		FCF Margin		Rule of 40	
		2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Accenture	ACN-US	2.5x	2.4x	16.6x	NM	21.3x	19.6x	5.8%	6.2%	15.1%	NM	20.9	NM
Booz Allen Hamilton	BAH	1.4x	1.3x	20.1x	18.8x	17.2x	15.7x	1.5%	6.3%	7.1%	7.1%	8.6	13.4
C3.ai	AI	5.6x	4.7x	NM	NM	NM	NM	20.9%	17.9%	-8.8%	-3.2%	12.1	14.7
CGI	GIB.A	2.9x	2.9x	27.2x	21.3x	15.9x	14.8x	10.3%	3.1%	10.8%	13.4%	21.1	16.5
Cognizant	CTSH	1.7x	1.7x	15.2x	13.6x	14.7x	13.7x	5.5%	4.7%	11.5%	12.2%	16.9	16.8
DXC Technology	DXC	0.5x	0.5x	NM	NM	4.6x	4.5x	-4.8%	-2.6%	NM	NM	NM	NM
Infosys	INFY	3.5x	3.3x	NM	NM	21.4x	20.3x	4.5%	4.4%	NM	NM	NM	NM
International Business Machines	IBM	4.5x	4.3x	21.5x	20.7x	23.2x	21.7x	6.5%	4.2%	21.0%	20.9%	27.4	25.1
Raytheon	RTX	3.0x	2.8x	35.9x	NM	26.5x	23.5x	5.9%	5.9%	8.3%	NM	14.2	NM
Average		2.8x	2.7x	22.7x	18.6x	18.1x	16.7x	6.2%	5.6%	9.3%	10.1%	17.3	17.3
Median		2.9x	2.8x	20.8x	19.8x	19.2x	17.6x	5.8%	4.7%	10.8%	12.2%	16.9	16.5
Palantir (Current Price)	PLTR	101.0x	79.7x	185.0x	150.0x	NM	NM	36.1%	26.6%	45.2%	42.9%	81.3	69.6
Palantir (Price Target)	PLTR	24.9x	20.3x	61.3x	48.5x	71.2x	61.5x	36.0%	22.0%	41.0%	42.0%	77.0	64.0

Source: RBC Capital Markets estimates for Palantir, FactSet consensus for all others

Exhibit 8 - Palantir "High-Multiple" Comparable Company Analysis (Based on Consensus Estimates)

Company	Stock	EV/Revenue		EV/FCF		P/E		Revenue Growth		FCF Margin		Rule of 40	
		2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Cloudflare Inc Class A	NET	32.7x	26.0x	NM	NM	NM	NM	25.5%	25.9%	11.8%	13.2%	37.3	39.1
CrowdStrike Holdings, Inc. Class A	CRWD	23.4x	19.3x	95.0x	63.1x	NM	99.7x	21.0%	21.5%	24.6%	30.5%	45.6	52.0
Palantir Technologies Inc. Class A	PLTR	24.9x	20.3x	61.3x	48.5x	71.2x	61.5x	36.0%	22.0%	41.0%	42.0%	77.0	64.0
Samsara, Inc. Class A	IOT	13.9x	11.4x	NM	92.2x	96.9x	76.3x	24.3%	21.9%	10.0%	12.4%	34.3	34.3
ServiceNow, Inc.	NOW	15.5x	13.1x	48.3x	40.2x	58.3x	49.5x	19.9%	18.1%	32.1%	32.7%	52.0	50.8
ServiceTitan, Inc. Class A	TTAN	11.4x	10.0x	NM	NM	NM	NM	NM	13.8%	6.0%	6.9%	NM	20.8
Snowflake, Inc.	SNOW	15.8x	12.9x	64.1x	48.3x	NM	NM	24.8%	22.6%	24.7%	26.7%	49.5	49.3
Average		19.7x	16.1x	67.2x	58.5x	75.5x	71.7x	25.2%	20.8%	21.4%	23.5%	49.3	44.3
Median		15.8x	13.1x	62.7x	48.5x	71.2x	68.9x	24.6%	21.9%	24.6%	26.7%	47.5	49.3

Source: RBC Capital Markets estimates for Palantir, FactSet consensus for all others



RBC Elements™

Driving insights through data

Description

RBC Elements™ is a primary research and data science team embedded within RBC's Global Research division. The main focus of RBC Elements™ is to use scientific methods, algorithms and systems to analyze vast amounts of structured and unstructured data, to obtain insights that are inputs into RBC's Fundamental Global Research teams.

Objective

The team is involved in creating various machine learning and predictive modeling tools and processes, helping RBC Research discover the information hidden in big data, and allowing the Research division to make smarter decisions and deliver differentiated products to our clients. RBC Elements™ strives to augment the already available industry data with different alternative data sources, and enhance data collection procedures to include information that is relevant.

Methods

The team is implementing different machine learning and data mining algorithms using state-of-the-art methods. Examples include:

- Machine learning techniques and algorithms, such as k-NN, Naive Bayes, SVM, Decision Forests, Clustering, Artificial Neural Networks, and Natural Language Processing to find patterns in the past, and to predict the future.
- Feature selection techniques to find what matters most in the data.
- Statistical modeling and analysis, and statistical tests such as distributions, and regression/GLM.
- Developing hypotheses and making inferences using large amounts of data.



Revenue Drivers

FT Ending Dec 31 (\$ in thousands, except per share data)

Table with columns for years (2018-2024) and quarters (Q1-Q4) for various revenue metrics including Total Revenue, Commercial Revenue, Government Revenue, and International Commercial Revenue. Includes sub-sections for Contribution Margins, Customer Count, Revenue Per Customer, Retention Performance, RPO, and Total Deal Value.



Revenue Drivers

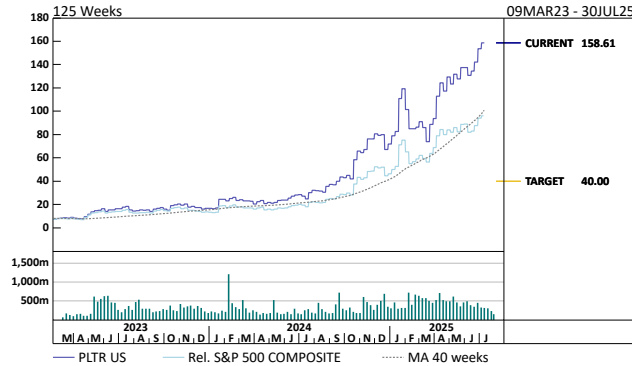
FT Ending Dec 31
(\$ in thousands, except per share data)

	2021				2022				2023				2024				2025				2026				
	2021A		2021B		2022A		2022B		2023A		2023B		2024A		2024B		2025A		2025B		2026A		2026B		
	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	
Commercial Revenue	340,278	397,034	482,475	644,533	834,095	236,116	231,812	259,558	284,313	1,002,797	298,965	307,387	317,175	372,000	1,295,597	397,000	417,404	412,338	483,042	1,709,774	488,310	513,487	587,183	589,311	2,098,191
Revenue Recognized from Investment Agreements				48,000	118,450	33,000	33,000	16,000	30,000	87,400	23,000	8,179	8,600	8,600	23,279	8,600	8,600	8,600	24,600	34,600	3,600	3,000	3,000	3,000	12,000
Commercial Revenue Excluding Investment Agreements	340,278	397,034	482,475	596,533	715,645	203,116	212,812	243,558	254,313	915,397	275,965	299,208	308,575	363,400	1,272,318	388,400	408,804	474,442	1,685,174	484,710	510,487	584,183	586,311	2,086,191	
YOY Growth Excluding Investment Agreements				24%	23%					40%					41%				26%	24%	24%	24%	24%	24%	24%
Sequential Growth Excluding Investment Agreements				5%	5%					3%					4%				1%	1%	1%	1%	1%	1%	1%
Commercial Revenue Excluding Investment Agreements and Japan JV				596,533	711,455	195,116	205,312	227,558	254,313	885,397	267,965	280,688	289,875	354,900	1,213,228	378,900	404,804	399,828	474,542	1,655,174	477,810	502,907	576,911	578,911	2,066,191
YOY Growth Excluding Investment Agreements and Japan JV				23%	23%					39%					40%				25%	23%	23%	23%	23%	23%	23%
New Commercial Revenue	58,758	82,441	162,058	189,562	31,249	21,969	46,510	68,843	189,702	62,849	75,565	68,819	97,697	202,710	98,035	110,037	95,153	111,942	414,267	91,210	98,888	94,858	106,499	385,416	
YOY Growth				6%	7%					11%					7%				42%	42%	42%	42%	42%	42%	42%
New Revenue From Existing Customers (YOY)				92,762	22,309	8,000	46,600	1,900	79,800	49,500	50,000	49,500	73,000	149,000	49,500	49,500	49,500	49,500	160,000	50,000	50,000	50,000	50,000	50,000	190,000
YOY Growth				49%	71%					11%					4%				27%	27%	27%	27%	27%	27%	27%
New Revenue From New Logos (YOY)				96,800	9,249	13,000	5,910	68,943	89,102	13,349	25,565	19,319	24,697	53,710	48,535	60,537	45,653	62,442	254,267	41,200	48,888	44,858	56,499	156,416	
YOY Growth				29%	29%					21%					80%				42%	42%	42%	42%	42%	42%	42%
US Commercial Revenue	39,000	48,000	59,000	201,000	335,000	107,000	103,000	116,000	131,000	457,000	150,000	159,500	179,000	214,000	702,300	254,000	261,754	215,250	257,018	929,022	302,987	254,848	259,504	302,902	1,120,238
YOY Growth				23%	23%					40%					41%				26%	24%	24%	24%	24%	24%	24%
Sequential Growth				7%	6%					3%					4%				1%	1%	1%	1%	1%	1%	1%
% of Total Revenue	7%	6%	9%	13%	18%	3%	3%	3%	3%	12%	10%	10%	10%	12%	20%	19%	19%	19%	20%	18%	16%	16%	16%	16%	21%
% of Commercial Revenue	11%	12%	21%	31%	42%	45%	44%	46%	46%	40%	42%	42%	42%	42%	54%	54%	49%	52%	53%	48%	48%	48%	48%	48%	51%
US Commercial Revenue Excluding Investment Agreements				54,435	81,769	87,689	104,100	112,750	138,310	437,807	149,264	163,551	188,439	230,768	606,483	239,768	196,744	215,250	252,018	889,781	293,987	251,848	256,504	260,902	1,168,238
YOY Growth Excluding Investment Agreements				46%	37%					12%					68%				32%	27%	27%	27%	27%	27%	27%
Sequential Growth Excluding Investment Agreements				24%	7%					2%					16%				7%	20%	19%	19%	19%	19%	19%
International Commercial Revenue	301,278	349,034	383,475	443,533	499,095	129,116	128,812	143,558	153,313	545,797	148,965	148,877	138,175	158,000	593,207	142,000	151,650	197,078	238,024	780,772	185,323	258,582	247,658	286,410	977,953
YOY Growth				16%	10%					15%					15%				13%	13%	13%	13%	13%	13%	13%
Sequential Growth				1%	1%					1%					1%				1%	1%	1%	1%	1%	1%	1%
% of Total Revenue	51%	47%	39%	29%	26%	25%	24%	24%	25%	25%	22%	22%	19%	19%	21%	21%	21%	20%	20%	20%	20%	20%	20%	20%	21%
% of Commercial Revenue	89%	68%	79%	69%	60%	55%	54%	54%	54%	54%	50%	49%	44%	42%	46%	38%	32%	46%	47%	46%	38%	35%	35%	35%	47%
US Commercial Sales Headcount				12	80																				
US Commercial Sales Headcount				4	25																				
International Commercial Sales Headcount				4	29																				
% of Morris Texas				32	67																				
International Commercial Customers				32	67																				
YOY Growth				109%	51%																				
Net New Commercial Revenue from Existing Customers																									
Government Revenue	255,131	345,521	610,198	897,356	1,071,778	289,070	301,595	307,603	324,097	1,222,215	335,373	370,767	408,241	455,000	1,569,481	487,000	519,074	551,260	623,350	2,180,684	613,620	633,370	661,512	754,254	2,662,856
YOY Growth				36%	37%					11%					11%					30%	29%	29%	29%	29%	29%
Sequential Growth				1%	1%					1%					1%					1%	1%	1%	1%	1%	1%
% of Total Revenue	30%	28%	27%	27%	26%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
% of Commercial Revenue	86%	72%	78%	76%	77%	80%	75%	75%	73%	75%	72%	72%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
US Government Revenue	170,000	248,000	474,000	678,000	830,500	233,987	225,274	229,500	237,000	821,671	249,000	280,000	308,000	343,000	1,198,000	373,000	400,000	429,000	490,000	1,668,000	488,000	500,000	518,000	590,000	2,000,000
YOY Growth				46%	41%					12%					12%					30%	29%	29%	29%	29%	29%
Sequential Growth				2%	2%					1%					1%					1%	1%	1%	1%	1%	1%
% of Total Government	67%	72%	78%	76%	77%	80%	75%	75%	73%	75%	72%	72%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
International Government Revenue	85,131	97,521	136,198	219,356	241,278	55,173	76,321	78,103	87,097	300,544	78,373	90,767	88,241	112,000	371,481	114,000	121,000	134,360	153,350	512,684	125,620	133,370	143,512	164,254	662,856
YOY Growth				16%	10%					11%					11%					30%	29%	29%	29%	29%	29%
Sequential Growth				1%	1%					1%					1%					1%	1%	1%	1%	1%	1%
% of Total Government	33%	28%	22%	24%	23%	20%	25%	25%	27%	25%	22%	22%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Age of Top 25 Customers (Years)				6.8	6.8					6.8					6.8					6.8	6.8	6.8	6.8	6.8	6.8
U.S. Army Revenue				6,800	53,700																				
Apollon managed logos per week across environments				8,700	8,700																				
Net New Government Revenue from Existing Customers																									
Revenue by Geography	208,620	295,753	573,549	879,156	1,161,416	338,897	328,812	345,479	367,859	1,378,247	406,389	437,189	498,968												
YOY Growth				40%	34%					11%					11%					30%	29%	29%	29%	29%	29%
Sequential Growth				1%	1%					1%					1%					1%	1%	1%	1%	1%	1%
% of Total Revenue	35%	40%	52%	57%	61%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
International	386,789	446,802	519,124	662,733	744,455	188,289	205,305	212,880	240,491	846,765	227,449	240,945	22												



Target/Upside/Downside Scenarios

Palantir Technologies Inc.



Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

Palantir’s current valuation is well above fast-growth peers, while our price target of \$40 is based on a 20x multiple on our CY26E revenue (implying 49x CY26E FCF), which we believe better reflects our concerns regarding the sustainability of the growth and margin profile, as well as the business model. Our price target supports our Underperform rating.

Upside scenario

Our upside scenario value of \$190 is based on the company significantly reaccelerating growth with improving margins and cash flow. Our upside scenario reflects 91x our bull-case CY26E revenue of \$5.3B.

Downside scenario

Our downside value of \$20 would be warranted in a scenario where Palantir’s revenue growth drops and the company starts to trade closer to slower growth peers at 11x our bear-case CY26E revenue of \$4.3B.

Investment summary

Palantir was founded in 2003 and started building software for the intelligence community in the United States to assist in counterterrorism investigations and operations. The company later began working with commercial enterprises. Today, the company sells two platforms, Gotham and Foundry. Both are designed to be the “modern operating system” of a large, complex enterprise. The company describes itself as the place where its customers’ employees “go to make important decisions.”

Investment highlights

- Commercial acceleration unsustainable.** We see Palantir’s recent Commercial acceleration as unsustainable given several one-time boosts in recent history (SPACs, Japan JV, catch-up revenue) and intensifying competition from Microsoft Fabric, Databricks, and Snowflake, to name a few. Instead, we see sustainable growth for the Commercial business as closer to 15%.
- Business model limits TAM.** We believe the business model consisting of selling bespoke solutions with a heavy consultative approach limits the scope of Palantir’s serviceable market to large complex organizations lacking technical resources and does not scale down-market (or to organizations with more sophisticated engineering resources).
- Government deceleration.** Government, to us, is the strongest part of Palantir’s business; however, revenue growth has been decelerating more quickly than expected for multiple quarters. In addition, government deal value has been modestly growing to declining. We await signs of the Government business reaccelerating before turning positive.
- Lacking confidence in sustainability of financial model.** Management has set aspirational long-term targets in the past (e.g., 30%+ revenue growth through 2025), which we find difficult to underwrite given our concerns outlined above. We also believe the bespoke solution selling approach does not lend itself to operating leverage over time.

Risks to rating and price target

- Government could reaccelerate more quickly than we expect.
- Commercial could see a network effect boost from a potential Government reacceleration, or ongoing boot camp and modularization efforts could prove successful.
- Palantir could benefit from software peer multiple expansion.



Key fundamental questions

Our view

What does the company’s long-term margin profile look like?

We believe Palantir can earn operating margins of ~35% and FCF ~30%.

Can Palantir achieve its 2025 target of \$4.5B in revenue?

Palantir’s 2025 revenue target implies a 33% 3-year CAGR from 2022, which seems lofty to us. First, we note that Palantir’s Government business is lumpy, lacks visibility, and in our view is niche (focuses on large national government contracts and is likely too expensive/not suitable for state and local or smaller national projects). Second, Commercial growth has slowed significantly, and we believe it is also still a niche solution (mainly useful for the largest of large enterprises) in a very competitive market. Putting these two pieces together, if we believe Commercial is a low-teens grower over the next few years, then Government would need to grow 45%+ in order for management to achieve its 2025 targets, which we think is very unlikely at this scale.

Will quarterly revenue performance and growth become more predictable over time?

With a growing base of customers in the “Scale” phase, we expect growth rates to normalize over time.

Key sustainability questions

This section is intended to highlight key sustainability discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

Our view

What are the most material sustainability issues facing this company?

Palantir has an unusual ownership structure, with three founders guaranteed 49.999% of voting rights.

Does the company integrate sustainability considerations into its strategy?

Not to a significant extent.

What is diversity like at the board/ management level?

Palantir’s leadership team is generally less diverse than that of most software companies.

Is Palantir shareholder-friendly?

Despite the unusual ownership structure, we believe it is, with extensive stock ownership across the employee base incentivizing long-term value creation.

Is Palantir innovative?

Yes, we believe Palantir is an industry leader in taking differentiated approaches to customer problems and then using the learnings from each situation to inform future platform development.



Company description

Palantir was founded in 2003 and started building software for the intelligence community in the United States to assist in counterterrorism investigations and operations. The company later began working with commercial enterprises. Today, the company sells two platforms, Gotham and Foundry. Both are designed to be the “modern operating system” of a large, complex enterprise. The company describes itself as the place where its customers’ employees “go to make important decisions.”

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to <https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1> or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates expects to receive or intends to seek compensation for investment banking services from Palantir Technologies Inc. in the next three months.

RBC Capital Markets, LLC makes a market in the securities of Palantir Technologies Inc..

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Palantir Technologies Inc. during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Palantir Technologies Inc..

RBC Capital Markets has provided Palantir Technologies Inc. with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.

Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Risk Rating

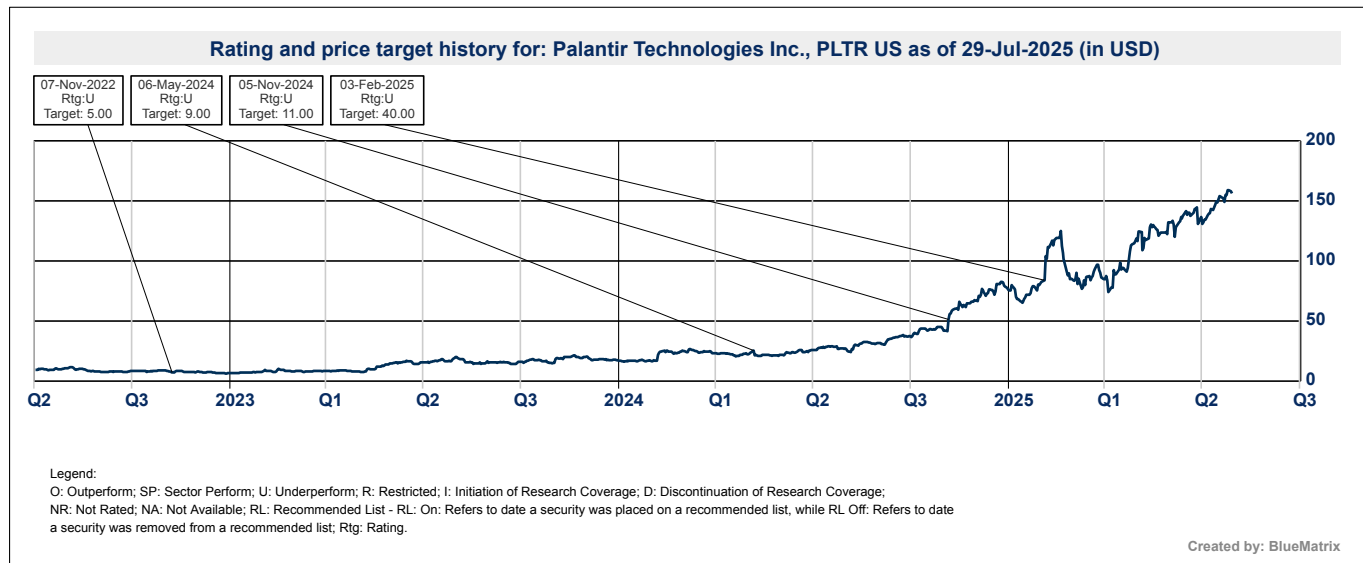
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.



Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings				
RBC Capital Markets, Equity Research				
As of 30-Jun-2025				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	866	58.87	283	32.68
HOLD [Sector Perform]	561	38.14	151	26.92
SELL [Underperform]	44	2.99	5	11.36



References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Palantir Technologies Inc.

Valuation

Palantir's current valuation is well above fast-growth peers, while our price target of \$40 is based on a 20x multiple on our CY26E revenue (implying 49x CY26E FCF), which we believe better reflects our concerns regarding the sustainability of the growth and



margin profile, as well as the business model. Our price target supports our Underperform rating.

Risks to rating and price target

1. Government could reaccelerate more quickly than we expect.
2. Commercial could see a network effect boost from a potential Government reacceleration, or ongoing boot camp and modularization efforts could prove successful.
3. Palantir could benefit from software peer multiple expansion.

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

<https://www.rbccm.com/global/file-414164.pdf>

or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.

For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: <https://rbcnew.bluematrix.com/sellside/MAR.action>

The 12 month history of Quick Takes can be viewed at [RBC Insight](#).

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent



permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:

This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:

This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:

This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not "professional investors", as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not "accredited investors" and "institutional investors", as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.

Copyright © RBC Capital Markets, LLC 2025 - Member SIPC

Copyright © RBC Dominion Securities Inc. 2025 - Member Canadian Investor Protection Fund

Copyright © RBC Europe Limited 2025

Copyright © Royal Bank of Canada 2025

All rights reserved