



Fourth Quarter Fiscal 2024 Prepared Remarks

Kelsey Turcotte, Senior Vice President of Investor Relations:

Good afternoon and thank you for joining us today to review UiPath's fourth quarter and full year fiscal 2024 financial results, which we announced in our earnings press release issued after the close of the market today. On the call with me are Rob Enslin, Chief Executive Officer, and Ashim Gupta, Chief Financial Officer to deliver our prepared comments and answer questions. Also on the call is Daniel Dines, UiPath's Co-Founder and Chief Innovation Officer, who will be available for questions. Rob will start the discussion and then turn the call over to Ashim who will review our results and provide guidance. Then we will open the call for questions.

Our earnings press release and financial supplemental materials are posted on the UiPath Investor Relations website: ir.uipath.com. These materials include GAAP to non-GAAP reconciliations. We will be discussing non-GAAP metrics on today's call.

This afternoon's call includes forward-looking statements about our ability to drive growth and operational efficiency and to grow our platform, as well as our financial guidance for the first fiscal quarter and full fiscal year 2025. Actual results may differ materially from those expressed in the forward-looking statements due to many factors and therefore, investors should not place undue reliance on these statements. For a discussion of the material risks and uncertainties that could affect our actual results, please refer to our Annual Report on Form 10-K for the year ended January 31, 2023, and our subsequent reports filed with the SEC, including our Annual Report on Form 10-K for the year ended January 31, 2024 to be filed with the SEC. Forward looking statements made on this call reflect our views as of today; we undertake no obligation to update them.

I would like to highlight that this webcast is being accompanied by slides. We will post the slides, and a copy of our prepared comments to our investor relations website immediately following the conclusion of this call. In addition, please note that all comparisons are year over year unless otherwise indicated.

Finally, we invite you to join our Annual AI Summit which will be live streamed on our website at 11:00 am Eastern Time on March 19th. You can register at uipath.com.

Now, I would like to hand the call over to Rob.



Rob Enslin, Chief Executive Officer:

Thank you, Kelsey. Good afternoon everyone, thanks for joining us. I want to start by extending a massive thank you to our team. Your hard work, dedication, and innovative spirit are the driving forces behind our success and I can't wait to see what we accomplish together in 2025.

We reported a strong close to the fiscal year, exceeding our guidance across both top and bottom-line metrics, driven by demand for the depth and breadth of our platform and the team's focus on customer success, which is at the core of everything we do. Our momentum also reinforces my confidence in the strategic role we play for our customers and the investments we are making in our future.

We delivered fourth quarter net new ARR of \$86 million ending the year with total ARR of \$1.464 billion, an increase of 22% year-over-year, and record quarterly revenue of \$405 million, up 31% year-over-year.

On the bottom line, fourth quarter non-GAAP operating margin was a record 27%. This drove fiscal year non-GAAP operating margin to 18%, an increase of over eleven hundred basis points year-over-year. This was also our first quarter of GAAP profitability as a public company. I am very pleased with the team's ongoing cost management and discipline around capital deployment which focuses our energy on the right initiatives and sets us up for future success.

C-level executives are no longer solely prioritizing digital transformation; they are also prioritizing AI transformation. In a recent UiPath and Bain joint study, "The State of AI-Powered Automation," 70% of executives asserted that AI-driven automation is either "very important" or "critical" in fulfilling their organization's strategic objectives. Our business automation platform is the foundation to deliver that value across every organization. We make AI actionable, unlocking the promise of this next evolution in technology. And, I believe that the combination of AI and automation is the strategic change enabler for our customers.

For example, a leading U.S. based financial services firm and one of our top 25 customers started their automation journey with RPA in 2018 and have since adopted our full platform. This includes Process Mining, Document Understanding, and Test Suite. As their automation program has expanded across business lines they have over 15,000 robots in production with automations across several thousand processes. And, as part of a seven figure fourth quarter deal, they plan to deploy Communications



Mining in their corporate investment banking, commercial banking, and HR departments.

Our platform drives ROI for both large organizations and smaller ones like Innovative Toll Solutions, a compliance and toll management solution for trucking fleets, which has leveraged automation to drive efficient growth. In the fourth quarter, they invested in additional AI-powered automation including Document Understanding to automate complex toll documents for their customers; Test Suite for QA and application testing; and Automation Hub to grow and prioritize their automation pipeline.

The value of our business automation platform has never been more evident to regional partners, global SIs, and go-to-market partners like SAP, who understand the power of AI combined with automation and the value it provides to our joint customers.

Our SAP partnership is progressing well, and we are pleased with the momentum and pipeline generation across geographies. During the quarter we continued to see combined success in closing deals, including one of Switzerland's largest retail and wholesale companies, a new logo to UiPath. Disappointed with the performance of a competitor's RPA and application performance monitoring solutions, they are migrating both of these to UiPath. They are also in the process of rolling out Document Understanding to automate invoice processing with the goal of expanding company wide.

Another great partner example combines the power of UiPath, SAP, and the EY organization. Working with EY, Marks & Spencer selected UiPath based on our ability to both automate and test across all applications. They also plan to utilize UiPath to assist in their migration to SAP S/4 HANA on RISE and to automate finance processes, with the goal of reducing complexity and vendor spend.

Partners also help customers build a holistic approach to automation. Together with Deloitte and with C-level sponsorship, Indosat, a leading Indonesian communications provider and UiPath customer since 2021, expanded to the full platform this quarter. They are looking to drive further operational efficiencies, increase revenue growth, and improve their customer and employee experience. Using our Northstar program, the team crafted a 3-year roadmap, encompassing hundreds of automations across all business lines within the organization. Beyond Indosat's internal use, we are forming a strategic go-to-market collaboration, expanding our presence in Indonesia to empower local businesses to revolutionize operations and equip workers to focus on higher-value tasks.



And, in partnership with a GSI, we supported TD Bank through our NorthStar program to create a list of top automation opportunities across various lines of business focused on improving customer experience, empowering colleagues, optimizing controls, and driving productivity and cost efficiencies. As a result, they expanded their UiPath deployment in the quarter as they look to accelerate and scale their automation program across the bank.

We also recently announced a first-of-its-kind co-innovation market collaboration between UiPath and Deloitte. Deloitte's Smart Finance for Growth Companies leverages automations built by UiPath and customized by Deloitte into value-driven packages tailored for the needs of early stage, innovative companies which require speed and agility.

And, finally, we continue to deepen our partnership with Microsoft to build best-in-class automation experiences and integrations. This brings AI powered automation to customers using Microsoft Azure. We see opportunities to expand this collaboration to accelerate our joint customers' move to the cloud with AI infused industry solutions and enterprise modernization with Microsoft. This quarter we have some notable joint wins including an expansion deal on Microsoft's marketplace. This includes a British multinational company which is in the process of migrating to the cloud while growing their automation program.

We plan to continue making strategic investments in our partner ecosystem in 2025 focused on cultivating quality partners with expertise in automation which can fully enable customers to realize the benefits of our platform. This updated approach includes a dedicated partner deal desk, as well as new enablement plans and certifications to better align UiPath with our most trusted partners as we work side-by-side.

The momentum we bring into 2025 was evident at our February DevCon event held in India. Hosted by Daniel and the team, more than 1,000 professionals including developers, partners, and customer specialists learned about new features that bring AI-powered productivity to the developer community. They also participated in over 24 breakout sessions featuring Growth Products like Intelligent Document Processing, or IDP, and Test Suite.

18-months ago we drove the evolution of the automation market from RPA to a full AI-powered Business Automation Platform. Our Growth Products have played a key role in



our platform's evolution, setting us apart from the competition and serving as the link that connects AI and automation into actionable results. Our platform also enables us to close larger, more strategic deals.

Almost every organization has to process an onslaught of forms, invoices, and documents which is why Document Understanding resonates so well with customers - particularly in Finance, Insurance, Healthcare, and Public Sector. In the fourth quarter 65 of our top 100 deals included Intelligent Document Processing - a testament to customer engagement and the power of our platform.

Our unique approach combines our specialized AI and more than 70 pre-trained models and verticalized packaged solutions to help customers streamline processes, identify continuous process improvements, and rapidly scale their Document Understanding projects.

At CareSource, a customer since 2019, our platform has played a vital role in their digital transformation journey. Leveraging core automation and Document Understanding they have been able to efficiently process over 2.5 million transactions in 2023. Given their success to date, they expanded their Document Understanding initiative across their finance and claims processing departments and plan to move into medical records processing.

The combination of IDP and automation not only drives efficiency and quality, but allows UiPath customers to change how they interact with their external stakeholders.

At our AI Summit next week, we are planning to unveil a new UiPath Large Language Model which combines open source LLMs, our specialized AI, and proprietary knowledge of business documents and communications data. This robust LLM combined with our industry leading IDP solution provides customers access to what we believe is the most powerful documents and communications AI model on the market. And, we plan to continue to invest to widen our leadership in the IDP space.

Test Suite, which initially emerged as a tool for automation testing, is quickly becoming a disruptor in the application testing market, with Test Suite customers growing more than 75% year-over-year in the fourth quarter. A recent UiPath and IDC joint study found that customers using our capabilities have experienced on average more than \$4 million in annualized benefits, a 529% three-year ROI, and have an only 6 months payback on investment.



A great example of the significant ROI Test Suite delivers to our customers is a Fortune 100 global digital communications corporation. In just six months, they were able to automate 80% of their 3,000 end-to-end test cases in their global logistics department, improving test coverage from 30% to 93%. This resulted in significantly fewer operational incidents and enabled them to keep their complex IT landscape running smoothly.

We expect returns like these to be further accelerated with the introduction of our latest innovation, Autopilot™, our newest set of AI-powered experiences that leverage Generative AI, Specialized AI, and automation across the platform. Autopilot™ makes it easier for people of all skill levels to build automations; accelerate time to development; and discover process improvements. Both Autopilot™ for Studio, where we have the largest number of preview participants in company history, and Autopilot™ for Test are in public preview. While, Autopilot™ for Process Mining and Autopilot™ for Communications Mining are in private preview.

Lastly, on the technology front, our Business Automation Platform is now available on the Google Cloud Marketplace, making it easier for joint customers to deploy and scale their automation initiatives on Google Cloud infrastructure.

To help customers and prospects get the most out of our capabilities, we plan to continue our investments in targeted sales areas, weighting our resources toward large enterprise customers where we see the biggest opportunity for expansion. This includes investments in growth product specialists, sales engineers to support our customers, and further industry verticalization in areas like financial services, insurance, healthcare and public sector. This approach has been instrumental in driving momentum in North America - including large, strategic deals - and we are investing in other regions where we are seeing early traction. Our team did an excellent job of positioning our platform for a strategic customer in the UK, which resulted in a competitive displacement of Blue Prism. The customer will be migrating their more than 250 processes to UiPath. They are also creating an intelligent automation team to strategically manage their UiPath deployment, while working to identify use cases for Communications Mining and Document Understanding.

This kind of industry focus is also driving growth in our public sector business. This quarter the Scottish Government doubled their adoption of UiPath on renewal as they continue to automate core areas of Finance and HR. They are also expanding their reach to additional departments and agencies that include Social Security Scotland, Student Awards, Scottish Public Pensions Agency, and Agriculture and Rural Economy. In



addition, they are scaling our AI products, particularly Document Understanding and Process Discovery.

And in our US federal government vertical, UiPath partner, FedResults, was awarded an Enterprise Software Initiative Agreement for UiPath Products and Services by the U.S. Department of Defense for up to \$95 million dollars. The five-year base period agreement will streamline the acquisition process and reduce cost of delivery of UiPath products and services to the DoD, Intelligence Community, and U.S. Coast Guard. This will enable these federal organizations to significantly accelerate their adoption of UiPath and put AI to work in a safe and secure manner.

Before I hand the call over to Ashim, I'd like to personally welcome June Yang to our Board of Directors. June is a proven strategic and transformational executive who brings extensive experience in AI and Cloud, as well as decades of experience in fostering emerging technologies. I am confident we will benefit from her technical expertise and industry insights and look forward to many years of collaboration.

In summary, we delivered a strong close to the year demonstrating the continued momentum of our AI-powered Business Automation Platform. We're transforming industries and revolutionizing the way businesses operate. As we look ahead to 2025, I believe our strategic investments in innovation and our go-to-market ecosystem position us well for continued momentum.

With that, I'll turn the call over to Ashim.

Ashim Gupta, Chief Financial Officer:

Thank you, Rob. And good afternoon everyone.

Unless otherwise indicated I will be discussing results on a non-GAAP basis and all growth rates are year-over-year. Please note that year-over-year foreign exchange rates had an immaterial impact on fourth quarter and full year 2024 results.

Turning to the quarter, we had a strong close to the year which is a testament to the team's execution in what continued to be a variable environment, and our laser focus on operational excellence and profitable growth initiatives.

ARR totaled \$1.464 billion, an increase of 22%, driven by net new ARR of \$86 million.

Our cloud-first approach is driving adoption across our customer base and we ended the year with over \$650 million in Cloud ARR, up over 70% year-over-year. A great example



is a global media and entertainment company. After successfully completing their cloud migration they expanded this quarter, selecting UiPath as their preferred automation vendor due to the breadth of our platform capabilities, specifically testing and specialized AI products like Document Understanding.

While a major Japanese telecommunications operator expanded to the full platform during the fourth quarter as they plan to migrate to the Cloud and drive their automation program across multiple divisions by leveraging Document Understanding, Communications Mining, and Process Mining, with the goal of an additional 1 million hours saved.

We ended the quarter with 10,830 customers, including new logos like Five Guys, Workday, Coca Cola Beverages Florida, Allegis Global Solutions, and Tesco, a testament to our strategy of acquiring enterprise customers with a propensity to invest. The vast majority of customer attrition continues to be in smaller customers which, in aggregate, represent an immaterial portion of our overall business.

Customers with \$100,000 or more in ARR increased to 2,054, while customers with \$1 million or more in ARR grew 26% to 288. Our largest customers are also continuing to expand on our platform and during fiscal year 2024 customers with \$5 million or more in ARR grew 50%.

Moving on, dollar-based gross retention of 98% continues to be best in class and our dollar-based net retention rate as of the fourth quarter was 119%. Expansions are driven by the quick time to ROI and the broad applicability of our automation. At Fujitsu, automation has revolutionized their business operations globally across their accounting, HR, and IT departments. With C-level sponsorship they are incorporating the UiPath platform into their company-wide digital transformation project including automating mission-critical systems such as Salesforce, ServiceNow, and SAP.

Fourth quarter revenue grew to \$405 million, an increase of 31% year-over-year. We had good linearity in the quarter as we benefited from a strong calendar year close and demand from our enterprise customers. Please remember that under ASC 606, revenue growth rates vary quarter to quarter depending on timing of license deliveries and renewals. Looking at revenue on a trailing twelve month basis, our revenue and ARR growth continues to be aligned. Total revenue for the fiscal year 2024 was \$1.3 billion, an increase of 24% year-over-year.

As of the end of the fourth quarter, our customers with ARR of \$100,000 accounted for approximately 86% of total revenue, while customers with ARR of \$1 million or more, accounted for 52% of our revenue.



Strategic investments made by customers in our platform also drove growth in remaining performance obligations which increased to \$1.16 billion, up 30%.

Current RPO increased to \$707 million, up 26%.

Turning to expenses.

Fourth quarter overall gross margin was 89%, driven by cost control and efficiencies. Software gross margin was 92%.

Fourth quarter operating expenses were \$250 million highlighting the leverage in our business and our commitment to expense management and operating discipline. We ended the year with 4,035 total employees.

In the fourth quarter, we achieved our first quarter of GAAP profitability as a public company, delivering operating income of \$15 million. This included \$89 million of stock-based compensation expense. Full-year GAAP operating loss was \$165 million, including \$372 million of stock-based compensation.

Non-GAAP operating income was \$111 million, resulting in a fourth quarter non-GAAP operating margin of 27% reflecting both our operational rigor and fourth quarter seasonality. Full-year non-GAAP operating income was \$233 million. Full-year non-GAAP operating margin increased over eleven hundred basis points year over year to 18% - a testament to the team's disciplined execution, and well ahead of the plan we laid out at the beginning of the year.

I am really pleased with our adjusted non-GAAP free cash flow generation for the fourth quarter and full-year. Fourth quarter non-GAAP adjusted free cash flow was \$146 million. And, for the full fiscal year, non-GAAP adjusted free cash flow was \$309 million.

As of January 31 we had \$1.9 billion in cash, cash equivalents, and marketable securities and no debt. Under our \$500 million buy back program, we repurchased 2.6 million shares of our Class A common stock at an average price of \$19.21 from November 1, 2023 through January 31, 2024. Since January 31st, under a 10b5-1 plan, we repurchased an additional 938 thousand shares at an average price of \$23.46 through March 12, 2024.

Now, turning to guidance, I'm going to start with some color.

We are initiating full year guidance for ARR, revenue, and non-GAAP operating income above current expectations.



Starting on the top line, as the business has grown past \$1 billion, it has matured into a consistent seasonal pattern with the second half of the year being stronger than the first. This is a reflection of our renewal portfolio which is weighted to our fourth quarter, consistent with other companies in the software industry, and our growing US Federal vertical.

As a result, we expect:

- First half revenue to be approximately \$675 million.
- First half net new ARR to be approximately \$105 million.
- And, second half net new ARR and revenue to reflect similar seasonality as fiscal year 2024.

On the bottom line, as I mentioned earlier, we significantly outperformed our non-GAAP operating margin expectations which we laid out at the beginning of this fiscal year and I'm really proud of the team for this achievement. We have a strong business model with high gross margins and increasing economies of scale which, when combined with our disciplined operating cadence, we expect to deliver considerable shareholder value over time.

Our platform is highly differentiated and customers are making meaningful commitments to UiPath. We don't just allow customers to use AI, we enable them to take action. We believe there is tremendous opportunity in front of us, and we plan to continue to make strategic investments in technology like IDP and generative AI, as well as our go-to-market resources to help capture this large and growing market. With this as the background, we plan to deliver growth and profitability in fiscal year 2025, with our goal of driving at least 100 basis points of non-GAAP operating margin expansion year over year.

Turning to the specifics of our guide which assumes the macroeconomic environment continues to be variable.

For the first fiscal quarter 2025, we expect:

- Revenue in the range of \$330 million to \$335 million.
- ARR in the range of \$1.508 billion to \$1.513 billion.
- Non-GAAP operating income of approximately \$55 million.



And, we expect first quarter basic share count to be approximately 570 million shares.

For the fiscal full year 2025, we expect:

- Revenue in the range of \$1.555 billion to \$1.560 billion.
- ARR in the range of \$1.725 billion to \$1.730 billion.
- Non-GAAP operating income of approximately \$295 million.

Before I close, I want to leave you with a few final modeling points.

We expect:

- Full-year non-GAAP gross margin to be approximately 85% as we scale our cloud offerings.
- Non-GAAP operating income to reflect similar seasonality to our top-line metrics.
- Fiscal year 2025 non-GAAP adjusted free cash flow of approximately \$350 million, also to follow normal seasonal patterns.
- And, we're assuming FX to be net neutral year-over-year.

Lastly, we are committed to managing stock-based compensation and for fiscal year 2025 we expect dilution to be approximately 3% year-over-year.

Thank you for joining us today and we look forward to speaking with many of you during the quarter.

With that, I will now turn the call over to the Operator. As a reminder, Daniel is in the room with us to answer questions.