

Key Performance Metric and Non-GAAP Financial Measures

Annualized Renewal Run-rate (ARR) is a key performance metric we use in managing our business because it illustrates our ability to acquire new subscription customers and to maintain and expand our relationships with existing subscription customers. We define ARR as annualized invoiced amounts per solution SKU from subscription licenses and maintenance obligations assuming no increases or reductions in the subscriptions. ARR does not include the costs we may incur to obtain such subscription licenses or provide such maintenance and does not reflect any actual or anticipated reductions in invoiced value due to contract non-renewals or service cancellations other than for specific bad debt or disputed amounts. Additionally, though we use ARR as a forward-looking metric in the management of our business, it does not include invoiced amounts reported as perpetual licenses or professional services revenue in our consolidated statement of operations, and is not a forecast of future revenue, which can be impacted by contract start and end dates, duration, and renewal rates. Investors should not place undue reliance on ARR as an indicator of future or expected results. Our definition of ARR may differ from the definition used by other companies and therefore comparability may be limited.

This supplemental presentation includes the following financial measures defined as non-GAAP financial measures by the SEC, including non-GAAP cost of revenue, non-GAAP gross profit and margin, non-GAAP operating expenses, non-GAAP operating loss and margin, non-GAAP net loss and non-GAAP net income (loss) per share and non-GAAP free cash flow. These non-GAAP financial measures exclude:

- stock-based compensation expense;
- amortization of acquired intangibles;
- employer payroll tax expense related to employee equity transactions;
- in the case of non-GAAP net loss, the associated tax adjustments with the related add-backs; and
- in the case of free cash flow, purchases of property and equipment and capitalization of software development costs.

UiPath uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating UiPath's ongoing operational performance. UiPath believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial results with other companies in UiPath's industry, many of which present similar non-GAAP financial measures to investors. Non-GAAP financial measures are financial measures that are derived from the consolidated financial statements, but that are not presented in accordance with generally accepted accounting principles in the United States (GAAP). We believe these non-GAAP financial measures provide investors with useful supplementary information in evaluating our performance. Investors should consider these non-GAAP financial measures in addition to, and not as a substitute for, our financial performance measures prepared in accordance with GAAP. Further, our non-GAAP information may be different from the non-GAAP information provided by other companies. The information below provides a reconciliation of non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures. We encourage investors to consider our GAAP results alongside our supplemental non-GAAP measures, and to review the reconciliation between GAAP results and non-GAAP measures that is included at the end of this earnings press release. This earnings press release and any future releases containing such non-GAAP reconciliations can also be found on the Investor Relations page of UiPath's website at <https://ir.uipath.com>.

UiPath, Inc.
Condensed Consolidated Statements of Operations
(in thousands)
(unaudited)

	Three Months Ended								
	April 30, 2019	July 31, 2019	October 31, 2019	January 31, 2020	April 30, 2020	July 31, 2020	October 31, 2020	January 31, 2021	April 30, 2021
Revenue									
Licenses	\$ 36,155	\$ 47,353	\$ 46,241	\$ 71,899	\$ 63,759	\$ 79,513	\$ 78,555	\$ 124,208	\$ 100,216
Maintenance and support	21,986	27,118	32,024	38,484	43,196	51,932	61,508	75,906	77,642
Services and other	2,188	2,619	5,643	4,446	6,148	7,931	7,226	7,761	8,359
Total revenue	<u>60,329</u>	<u>77,090</u>	<u>83,908</u>	<u>114,829</u>	<u>113,103</u>	<u>139,376</u>	<u>147,289</u>	<u>207,875</u>	<u>186,217</u>
Cost of revenue									
Licenses	510	583	705	1,962	1,417	1,636	1,720	2,281	2,454
Maintenance and support	2,448	5,075	6,620	2,360	5,543	5,501	6,092	7,079	14,179
Services and other	15,130	8,285	7,274	8,453	6,678	7,561	9,573	10,776	32,377
Total cost of revenue	<u>18,088</u>	<u>13,943</u>	<u>14,599</u>	<u>12,775</u>	<u>13,638</u>	<u>14,698</u>	<u>17,385</u>	<u>20,136</u>	<u>49,010</u>
Gross profit	42,241	63,147	69,309	102,054	99,465	124,678	129,904	187,739	137,207
Operating expenses									
Sales and marketing	94,039	131,123	139,408	118,774	90,931	90,331	99,512	99,380	205,751
Research and development	48,178	32,309	26,272	24,307	26,729	26,541	27,456	29,194	93,040
General and administrative	56,818	49,750	38,097	34,959	26,676	24,834	65,951	44,574	74,415
Total operating expenses	<u>199,035</u>	<u>213,182</u>	<u>203,777</u>	<u>178,040</u>	<u>144,336</u>	<u>141,706</u>	<u>192,919</u>	<u>173,148</u>	<u>373,206</u>
Operating (loss) income	(156,794)	(150,035)	(134,468)	(75,986)	(44,871)	(17,028)	(63,015)	14,591	(235,999)
Interest income	634	2,608	2,281	1,218	530	77	144	401	941
Other (expense) income, net	(2,054)	(2,862)	(247)	(1,434)	(7,837)	24,010	(6,303)	4,643	(3,218)
(Loss) income before income taxes	(158,214)	(150,289)	(132,434)	(76,202)	(52,178)	7,059	(69,174)	19,635	(238,276)
(Benefit from) provision for income taxes	(442)	742	602	1,892	662	2,072	1,622	(6,621)	1,387
Net (loss) income	<u>\$ (157,772)</u>	<u>\$ (151,031)</u>	<u>\$ (133,036)</u>	<u>\$ (78,094)</u>	<u>\$ (52,840)</u>	<u>\$ 4,987</u>	<u>\$ (70,796)</u>	<u>\$ 26,256</u>	<u>\$ (239,663)</u>

UiPath, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	As of		
	January 31, 2020	January 31, 2021	April 30, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 232,386	\$ 357,690	\$ 1,796,267
Restricted cash, current	1,745	7,000	13,500
Marketable securities	—	102,828	83,263
Accounts receivable, net	93,008	172,286	136,520
Contract assets, current	12,855	34,221	35,058
Deferred contract acquisition costs, current	19,361	10,653	13,624
Prepaid expenses and other current assets	41,625	49,752	41,672
	<u>400,980</u>	<u>734,430</u>	<u>2,119,904</u>
Total current assets			
Restricted cash, non-current	—	6,500	-
Contract assets, non-current	122	2,085	9,136
Deferred contract acquisition costs, non-current	17,893	32,553	44,618
Property and equipment, net	20,846	14,822	15,149
Operating lease right-of-use assets	22,737	17,260	16,490
Intangible assets, net	11,776	10,191	20,423
Goodwill	25,311	28,059	58,478
Deferred tax asset, non-current	—	8,118	7,836
Other assets, non-current	8,503	12,443	14,536
	<u>508,168</u>	<u>866,461</u>	<u>2,306,570</u>
Total assets			
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable	\$ 4,608	\$ 6,682	\$ 5,642
Accrued expenses and other current liabilities	32,315	36,660	51,057
Accrued compensation and benefits	58,478	110,736	49,802
Deferred payments related to business acquisitions	18,591	—	—
Deferred revenues, current	124,627	211,078	222,089
Total current liabilities	<u>238,619</u>	<u>365,156</u>	<u>328,590</u>
Deferred revenues, non-current	40,941	61,325	55,224
Operating lease liabilities, non-current	20,391	14,152	12,968
Accrued sales commissions, non-current	8,967	—	—
Other liabilities, non-current	2,372	7,564	10,247
	<u>311,290</u>	<u>448,197</u>	<u>407,029</u>
Total liabilities			
Convertible preferred stock	996,389	1,221,968	—
Stockholders' deficit:			
Class A common stock	—	1	4
Class B common stock	1	1	1
Additional paid-in capital	72,229	179,175	3,117,853
Accumulated other comprehensive income (loss)	6,226	(12,521)	(8,294)
Accumulated deficit	(877,967)	(970,360)	(1,210,023)
	<u>(799,511)</u>	<u>(803,704)</u>	<u>1,899,541</u>
Total stockholders' deficit			
Total liabilities, convertible preferred stock, and stockholders' deficit	<u>\$ 508,168</u>	<u>\$ 866,461</u>	<u>\$ 2,306,570</u>

UiPath, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended April 30,		Year Ended January 31,	
	2020	2021	2020	2021
Cash flows from operating activities				
Net loss	\$ (52,840)	\$ (239,663)	\$ (519,933)	\$ (92,393)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization	3,147	3,172	8,666	12,335
Amortization of deferred contract acquisition costs	8,006	4,920	30,450	40,997
Reversal of deferred contract acquisition cost and accrued sales commissions, net	—	—	—	(9,229)
Net amortization of premium on marketable securities	—	558	—	263
Amortization of deferred loan cost	—	66	—	66
Impairment charges on assets	—	—	1,026	—
Stock-based compensation expense	8,201	250,835	137,862	86,167
Non-cash operating lease cost	1,879	1,734	7,019	7,266
Provision for (benefit from) bad debt	29	(709)	928	953
Deferred income taxes	(52)	21	(1,324)	(7,587)
Changes in operating assets and liabilities:				
Accounts receivable	9,769	35,973	(52,146)	(76,907)
Contract assets	(4,781)	(8,148)	(5,083)	(21,964)
Deferred contract acquisition costs	(5,782)	(20,205)	(61,037)	(51,058)
Prepaid expenses and other assets	1,109	7,666	(20,625)	(8,564)
Accounts payable	4,251	(528)	(14,557)	1,893
Accrued expenses and other liabilities	(1,646)	4,573	18,763	6,122
Accrued compensation and benefits	(8,340)	(60,433)	17,735	49,924
Operating lease liabilities, net	(1,894)	(1,807)	(5,064)	(8,080)
Deferred revenue	14,812	4,453	97,884	98,973
Net cash (used in) provided by operating activities	(24,132)	(17,522)	359,436	29,177
Cash flows from investing activities:				
Purchases of marketable securities	—	(94,157)	—	(103,108)
Sales of marketable securities	—	89,383	—	—
Maturities of marketable securities	—	23,755	—	—
Purchases of property and equipment	(460)	(2,200)	(15,748)	(1,953)
Payments related to business acquisitions, net of cash acquired	—	(5,498)	(18,525)	(19,690)
Capitalization of software development costs	—	(410)	(5,233)	(1,240)
Net cash (used in) provided by investing activities	(460)	10,873	(39,506)	(125,991)
Cash flows from financing activities:				
Proceeds from initial public offering, net of underwriting discounts and commissions	—	692,369	—	—
Payments of initial public offering costs	—	(2,406)	—	—
Proceeds from issuance of convertible preferred stock	—	750,000	583,600	225,903
Payments of issuance costs related to convertible preferred stock	—	(164)	(591)	(324)
Proceeds from exercise of stock options	536	3,114	3,599	26,379
Repurchase and retirement of common stock	—	—	(128,843)	—
Proceeds from credit agreement	78,828	—	—	78,587
Repayment of credit agreement	—	—	—	(78,587)
Payment of deferred loan cost related to senior secured credit facility	—	—	—	(808)
Payments of deferred offering costs	—	—	—	(732)
Net cash provided by financing activities	79,364	1,442,913	457,765	250,418
Effect of exchange rate changes	7,955	2,313	3,190	(16,545)
Net increase in cash, cash equivalents and restricted cash	62,727	1,438,577	62,013	137,059
Cash, cash equivalents, and restricted cash at beginning of period	234,131	371,190	172,118	234,131
Cash, cash equivalents, and restricted cash at end of period	\$ 296,858	\$ 1,809,767	\$ 234,131	\$ 371,190

UiPath, Inc.
Reconciliation of GAAP Cost of Revenue, Gross Profit and Margin to Non-GAAP Cost of Revenue, Gross Profit and Margin
(in thousands, except percentages)
(unaudited)

	Three Months Ended April 30,		Year Ended January 31,	
	2020	2021	2020	2021
Licenses				
GAAP cost of licenses	\$ 1,417	\$ 2,454		
Less: Stock-based compensation expense	—	—		
Less: Amortization of acquired intangible assets	586	646		
Less: Employer payroll tax expense related to employee equity transactions	—	—		
Non-GAAP cost of licenses	<u>\$ 831</u>	<u>\$ 1,808</u>		
Maintenance and Support				
GAAP cost of maintenance and support	\$ 5,543	\$ 14,179		
Less: Stock-based compensation expense	85	6,214		
Less: Amortization of acquired intangible assets	—	110		
Less: Employer payroll tax expense related to employee equity transactions	—	—		
Non-GAAP cost of maintenance and support	<u>\$ 5,458</u>	<u>\$ 7,855</u>		
Services and Other				
GAAP cost of services and other	\$ 6,678	\$ 32,377		
Less: Stock-based compensation expense	298	18,931		
Less: Amortization of acquired intangible assets	—	—		
Less: Employer payroll tax expense related to employee equity transactions	—	—		
Non-GAAP cost of services and other	<u>\$ 6,380</u>	<u>\$ 13,446</u>		
Gross Profit and Margin				
GAAP gross profit	\$ 99,465	\$ 137,207	\$ 276,751	\$ 541,786
GAAP gross margin	88%	74%	82%	89%
Plus: Stock-based compensation expense	383	25,145	2,813	2,373
Plus: Amortization of acquired intangible assets	586	756	669	2,493
Plus: Employer payroll tax expense related to employee equity transactions	—	—	—	—
Non-GAAP gross profit	<u>\$ 100,434</u>	<u>\$ 163,108</u>	<u>\$ 280,233</u>	<u>\$ 546,652</u>
Non-GAAP gross margin	<u>89%</u>	<u>88%</u>	<u>83%</u>	<u>90%</u>

UiPath, Inc.
Reconciliation of GAAP Operating Expenses, Loss, and Margin to Non-GAAP Operating Expenses, Income (Loss), and Margin
(in thousands, except percentages)
(unaudited)

	Three Months Ended		Year Ended January 31,	
	April 30,		2020	2021
	2020	2021		
Sales and Marketing				
GAAP sales and marketing	\$ 90,931	\$ 205,751		
Less: Stock-based compensation expense	1,853	119,293		
Less: Amortization of acquired intangible assets	35	161		
Less: Employer payroll tax expense related to employee equity	—	315		
Non-GAAP sales and marketing	<u>\$ 89,043</u>	<u>\$ 85,982</u>		
Research and Development				
GAAP research and development	\$ 26,729	\$ 93,040		
Less: Stock-based compensation expense	1,816	65,616		
Less: Amortization of acquired intangible assets	—	—		
Less: Employer payroll tax expense related to employee equity	—	—		
Non-GAAP research and development	<u>\$ 24,913</u>	<u>\$ 27,424</u>		
General and Administrative				
GAAP general and administrative	\$ 26,676	\$ 74,415		
Less: Stock-based compensation expense	4,149	40,781		
Less: Amortization of acquired intangible assets	—	—		
Less: Employer payroll tax expense related to employee equity	—	—		
Non-GAAP general and administrative	<u>\$ 22,527</u>	<u>\$ 33,634</u>		
Operating Loss				
GAAP operating loss	\$ (44,871)	\$ (235,999)	\$ (517,283)	\$ (110,323)
GAAP operating margin	-40%	-127%	-154%	-18%
Plus: Stock-based compensation expense	8,201	250,835	137,862	86,167
Plus: Amortization of acquired intangible assets	621	917	700	2,608
Plus: Employer payroll tax expense related to employee equity	—	315	—	—
Non-GAAP operating (loss) income	<u>\$ (36,049)</u>	<u>\$ 16,068</u>	<u>\$ (378,721)</u>	<u>\$ (21,548)</u>
Non-GAAP operating margin	<u>-32%</u>	<u>9%</u>	<u>-113%</u>	<u>-4%</u>

UiPath, Inc.

Reconciliation of GAAP Net Loss and GAAP Net Loss Per Share to Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) Per Share
(in thousands, except percentages and per share data)
(unaudited)

	Three Months Ended April 30,	
	2020	2021
GAAP net loss	\$ (52,840)	\$ (239,663)
Plus: Stock-based compensation expense	8,201	250,835
Plus: Amortization of acquired intangible assets	621	917
Plus: Employer payroll tax expense related to employee equity transactions	—	315
Tax adjustments to add-backs ⁽¹⁾	—	(745)
Non-GAAP net (loss) income	<u>\$ (44,018)</u>	<u>\$ 11,659</u>
GAAP net loss per share, basic and diluted	<u>\$ (0.33)</u>	<u>\$ (1.11)</u>
GAAP weighted average common shares outstanding, basic and diluted	<u>159,003</u>	<u>215,352</u>
Plus: Unweighted adjustment for conversion of preferred to common stock in connection with IPO	306,300	278,768
Plus: Unweighted adjustment for common stock issued in connection with IPO	13,000	11,831
Non-GAAP weighted average common shares outstanding, basic	<u>478,303</u>	<u>505,951</u>
Plus: Outstanding restricted stock units	—	30,278
Plus: Outstanding stock options	—	20,285
Plus: Unvested early exercised stock options	—	1,468
Plus: Unvested restricted stock awards	—	43
Non-GAAP weighted average common shares outstanding, diluted	<u>478,303</u>	<u>558,025</u>
Non-GAAP net (loss) income per share, basic	<u>\$ (0.09)</u>	<u>\$ 0.02</u>
Non-GAAP net (loss) income per share, diluted	<u>\$ (0.09)</u>	<u>\$ 0.02</u>

⁽¹⁾ Calculated based on an estimated blended tax rate of 27%.

UiPath, Inc.
Reconciliation of GAAP Operating Cash Flow to Non-GAAP Free Cash Flow
(in thousands)
(unaudited)

	Three Months Ended April 30,		Year Ended January 31,	
	2020	2021	2020	2021
GAAP net cash (used in) provided by operating activities	\$ (24,132)	\$ (17,522)	\$ (359,436)	\$ 29,177
Plus: Purchases of property and equipment	(460)	(2,200)	(15,748)	(1,953)
Plus: Capitalization of software development costs	—	(410)	(5,233)	(1,240)
Plus: Cash paid for employer payroll taxes related to employee equity transactions	—	—	—	—
Non-GAAP free cash flow	<u>\$ (24,592)</u>	<u>\$ (20,132)</u>	<u>\$ (380,417)</u>	<u>\$ 25,984</u>
GAAP Net cash (used in) provided by investing activities	\$ (460)	\$ 10,873	\$ (39,506)	\$ (125,991)
GAAP Net cash provided by financing activities	<u>\$ 79,364</u>	<u>\$ 1,442,913</u>	<u>\$ 457,765</u>	<u>\$ 250,418</u>

UiPath, Inc.
Key Performance Metric
(in thousands, except percentages)
(unaudited)

Three Months Ended

	<u>April 30,</u> <u>2019</u>	<u>July 31,</u> <u>2019</u>	<u>October 31,</u> <u>2019</u>	<u>January 31,</u> <u>2020</u>	<u>April 30,</u> <u>2020</u>	<u>July 31,</u> <u>2020</u>	<u>October 31,</u> <u>2020</u>	<u>January 31,</u> <u>2021</u>	<u>April 30,</u> <u>2021</u>
Annualized Renewal Run-Rate (ARR)	\$ 204,341	\$ 242,263	\$ 283,317	\$ 351,442	\$ 397,848	\$ 453,467	\$ 518,404	\$ 580,483	\$ 652,580
Year-over-year growth	213%	159%	131%	109%	95%	87%	83%	65%	64%