

03-Dec-2025

# UiPath, Inc. (PATH)

Q3 2026 Earnings Call

## CORPORATE PARTICIPANTS

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**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

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## OTHER PARTICIPANTS

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**Jacob Roberge**

*Analyst, William Blair*

**Austin Williams**

*Analyst, Wells Fargo Securities LLC*

**Michael Richards**

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**Ryan Lountzis**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings and welcome to the UiPath Third Quarter 2026 Earnings Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] Please note that this call is being recorded.

I will now turn the conference over to your host, Allise Furlani, Vice President of Investor Relations. Thank you. You may begin.

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### Allise Furlani

*Vice President-Investor Relations, UiPath, Inc.*

Good afternoon and thank you for joining us today to review UiPath's third quarter fiscal 2026 financial results, which we announced in our earnings press release issued after the close of the market today. On the call with me are Daniel Dines, Founder and Chief Executive Officer; and Ashim Gupta, Chief Operating and Financial Officer, to deliver our prepared comments and answer questions.

Our earnings press release and financial supplemental materials are posted on the UiPath Investor Relations website. 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 regarding our financial guidance for the fourth quarter fiscal year 2026; and our ability to drive and accelerate future growth and operational efficiency and grow our platform, product offerings and market opportunity. 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, 2025, and our subsequent reports 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.

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

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### Daniel Dines

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

Thank you, Allise. Good afternoon, everyone. Thanks for joining us. We are pleased with our performance in the quarter, which was driven by team's focus, consistent execution and progress across our strategic priorities. Our automation strategy, combining the reliability of deterministic automation with the intelligence and adaptability of Agentic AI, continues to align with what customers want most, trusted enterprise-grade automation that delivers tangible ROI fast.

We've always believed that our approach to automation agents and orchestration creates a durable competitive edge. This quarter's results reinforce the value of our platform and the improved execution from our teams. We beat the high end of our guidance across all metrics, delivering third quarter ARR of \$1.782 billion, up 11%, further reinforcing my conviction that our business is stabilizing and being driven by \$59 million in net new ARR.

Revenue was \$411 million, an increase of 16%. Our disciplined approach to operational efficiency continues to strengthen profitability, resulting in our first GAAP profitable third quarter, while increasing non-GAAP operating income to \$88 million or a 21% margin. And we are on track to be GAAP profitable for the full year 2026 for the first time.

The momentum we are seeing in the market isn't just in our results. It's in how customers and partners are engaging with UiPath. You could see that momentum in action at FUSION where thousands of customers, partners and developers joined us in Las Vegas to see how Agentic AI is delivering measurable ROI today.

We showcased advancements across the UiPath platform, including new integrations with partners like OpenAI, Microsoft, NVIDIA, Google and Snowflake, and real customer stories where we had leading enterprises across key verticals, sharing how they are transforming mission-critical processes with Agentic automation. Customers tell us they get the most impact from a unified platform, bringing together deterministic automation, Agentic intelligence and process orchestration. And we are seeing that play out as enterprises move quickly from pilots to production.

Over 950 companies are developing agents, and there have been more than 365,000 processes orchestrated with Maestro across our platform. A powerful example is one of the world's largest investment management firms, which shows UiPath for Maestro's vendor agnostic architecture and ability to connect systems. They've already demonstrated measurable impact through multiple Agentic POCs, integrating with ServiceNow, Confluence and specialized LLMs to orchestrate end-to-end workflows, and delivering a 95% reduction in time to value and tens of millions in projected savings.

With more than 260 automations, they expanded this quarter to increase their adoption of Agentic automation; and together with Ashling, has identified over 40 high-value use cases expected to generate more than \$200 million in savings over the next three years. These stories demonstrate how our innovation is meeting customers where they are and helping them scale. And it's that customer energy that inspire many of the new capabilities we announced at FUSION.

One of the most exciting is UiPath ScreenPlay, where we are combining traditional RPA with the power of LLMs to build more reliable automation. ScreenPlay understands intent, builds multi-step plans and executes them autonomously, giving developers and business users a faster way to automate complex UI tasks. Our ScreenPlay technology is one of the best positioned in the computer use benchmark [ph] old OS (00:07:19).

We are also helping customers move from pilot to production faster through continued enhancement to Agent Builder, including a new visual canvas for debugging and optimization, and reusable templates that make automation easier to scale.

Let's focus on usability in driving real customer success. Great example is USI Insurance Services, which selected UiPath because of our multi-agent orchestration capabilities. Working with Lydonia, they're automating a complex workflow where UiPath agents and robots process incoming requests and generate output, all orchestrated by Maestro. USI expects over \$32 million in savings over the next three years. As more customers

scale their Agentic AI automation programs, we're expanding that what agents can do, especially in document-heavy processes.

This quarter, we introduced agentic capabilities to our intelligent extraction and processing, our IXP product, which delivers specialized extraction and validation agents that handled complex non-deterministic scenarios and reduce manual review. And with UiPath Autopilot for IXP customers can automatically generate document templates, saving hours of setup time per project. A great example is Corewell Health, which plans to leverage IXP to automate the processing of referral information into Epic. In addition to improving efficiency and the currency, they are on track to redirect \$1.5 million of labor saving this year and expect over \$3 million next year.

Story like this show how our innovation is helping customers turn manual document-heavy work into intelligent automated processes. And these strong results continue to earn us third-party recognition. We were named a Leader in the inaugural Gartner Magic Quadrant for Intelligent Document Processing, which we believe highlights our capabilities for data and information extraction to help enterprises unlock value from their documents in the age of AI and Agentic automation.

We are also recently recognized as the Leader in the Gartner Magic Quadrant for AI-Augmented Software Testing Tools, which in our view validates our vision for agentic testing and the results our customers achieve with UiPath Test Cloud. One example is NRG Energy, which adopted UiPath Test Cloud to address testing challenges across SAP and its digital apps. With agentic testing and autonomous self-healing, they expect 30% better coverage, 1.5 times faster cycles and almost \$2.9 million in savings over three years.

And lastly, we are proud to be recognized by Everest Group as both a Leader and the Star Performer in the 2025 Intelligent Process Automation Platform and full suite IPAP PEAK Matrix Assessment. This recognition underscores the strength of our end-to-end platform, our innovation in Agentic automation and AI integration, and the tangible business impact we are delivering for customers. These recognitions highlight the strength of our unified platform which connects every layer of automation from discovery to orchestration within a single governed system. They also reinforce what we hear directly from customers.

The power of our platform comes from how it works together. And at the center of that platform is Maestro, our orchestration engine. Maestro goes beyond managing automation. It serves as the control play for how work is orchestrated across the enterprise, powering through end-to-end automation at scale. A powerful example is the leading US managed care provider that is leveraging UiPath agents, robots and Maestro to tackle a backlog of more than 140,000 provider appeals. They automated the entire workflow using agents to classify forms, robots to handle processing, and Maestro to orchestrate the process. The result is a streamlined operation targeting 80% autonomy in year one.

As Maestro becomes more deeply embedded in customer operations, we are continuing to enhance its capabilities with new features like case management and process apps. Case management helps customers model and manage long-running processes, while process apps enable customers to build tailored end user experiences with real-time visibility and actionable insights to drive proactive operational improvement. In order to realize the value of agentic, customers need a strong foundation in deterministic; and this quarter, we announced the general availability of API workflows which delivers API-centric automations that complement RPA and agents. We believe this strengthens our position as one of the industry's most comprehensive automation platform.

We are continuing to expand our cloud footprint in important markets like Switzerland. And at the GITEX, we announced the launch of Automation Cloud in the UAE. This expansion gives customers the ability to run

automations, AI agents and orchestration in a secure, locally hosted environment that meets regional data residency and governance requirements.

The power of our platform really comes to life when it's applied to industry-specific challenges. We are focused on building vertical solutions that help customers accelerate outcomes and ROI. The capabilities we gained through our Peak acquisition earlier this year are extending these vertical capabilities. By combining their industry-leading pricing and inventory optimization technology with Maestro and our broader platform capabilities, we've created an agentic merchandising, pricing, and inventory solution with the Debenhams Group. We are taking this joint agentic solution to market with other leading retailers and manufacturers, expanding the reach of our platform across key verticals.

These industry solutions are just one way we are helping customers realize faster value. We're also enabling them through deep collaborations with global technology leaders. At FUSION, this collaboration came to life through new integrations including with Microsoft Azure AI Foundry, enabling UiPath agents to work seamlessly with Azure agents and models. Using Model Context Protocol, UiPath expands integrations with Microsoft Copilot and empowers organizations with the trust and governance needed to run AI agents at scale.

We announced a collaboration with OpenAI to deliver a ChatGPT connector, bringing OpenAI's frontier model directly into enterprise workflows, simplifying AI agent development and accelerating time to value. We also launched a new conversational agent with Google's Gemini models, enabling natural voice-driven automation without complex coding.

Additionally, we introduced a new integration with NVIDIA, allowing organizations to enhance high-trust workflows like fraud detection and healthcare, with AI models deployed through NVIDIA NIM microservices. And finally, we partnered with Snowflake to combine agentic automation with Snowflake Cortex AI, helping businesses turn data insights into fast, autonomous action.

While our technology partnerships expand what's possible with our platform, our go-to-market partners make that innovation real for customers. During the quarter, we expanded our collaboration with Deloitte to help organizations accelerate how they build, test, and release software. By combining the agentic AI testing capabilities of UiPath Test Cloud with Deloitte Ascend, we are transforming the testing lifecycle with agentic AI to automate repetitive tasks, detect changes, and execute tests autonomously. And with Autopilot for Testers and Agent Builder embedded in Ascend, Deloitte teams can leverage over 1,500 pre-built testing bots and AI agents.

Lastly, we are encouraged by our federal sector performance this quarter, where efficiency mandates are creating a long-term tailwind for automation. Highlights this quarter include expansions with the US Coast Guard to modernize core systems and improve mission readiness through automation and AI; the Department of Veterans Affairs, which is automating disability claims and enhancing contact center service for veterans; and the Social Security Administration, which is migrating to the cloud to expand to our IDP solutions to help accelerate benefits processing. Our unified platform and innovation continue to strengthen these partnerships and underscore the significant opportunity ahead in the public sector even as the federal purchasing environment remains dynamic with pockets of strength.

Looking ahead, our continued innovation is expanding what's possible for customers and delivering measurable results through the power of deterministic and agentic automation. What continues to set UiPath apart is our unified end-to-end platform architecture, delivering one connected experience from discovery to deployment, with Maestro orchestrating work across systems and our built-in governance capabilities ensuring control, compliance and trust.

I am pleased with the progress we are making in improving the execution of our teams and the pace of innovation across product organization is delivering for customers. We feel well positioned as we close out the year and continue executing on our vision for the future.

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

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## Ashim Gupta

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

Thank you, Daniel, and good afternoon, everyone. Before turning to the financials, I'd like to provide a quick operational update. This quarter reflects the meaningful progress we've made in sharpening execution across the strategic priorities Daniel outlined earlier this year, including strengthening customer relationships, accelerating innovation, and driving operational rigor across the organization.

Through these areas of strategic focus, we have improved performance of our sales team, deepened – areas of strategic focus, we have improved performance of our sales team, deepened engagement and strengthened alignment with our customers' priorities. We're partnering earlier, co-developing solutions and scaling automation faster. Our broad installed base gives us unique visibility into enterprise workflows, helping customers connect people, robots and AI agents to deliver measurable outcomes at scale.

Our pace of innovation continues to accelerate, supported by deeper ecosystems, integrations and advancements in our agentic automation platform. Combined with disciplined execution, these efforts contributed to another solid – another quarter of solid top line and bottom line performance, including our first GAAP profitable third quarter and putting us on track for our first GAAP profitable year.

And we're seeing customers lean in. A great proof point of our end-to-end platform is a leading cybersecurity company that expanded to our agentic products. With support from our forward-deployed engineers, they're leveraging UiPath agents, robots, IXP and Maestro to create seamless end-to-end workflow. IXP extracts data from purchase orders across 700 vendors, robots retrieve quote details from SAP, and agents supply confidence scores before passing the data to sales order creation. Maestro orchestrates the process, ensuring speed, accuracy and control, which is expected to help them improve their accuracy rate from 50% to 90%.

Turning to the quarter, unless otherwise indicated, I will be discussing results on a non-GAAP basis and all growth rates are year-over-year. I also want to note that since we price and sell in local currency, fluctuations in FX rates impact results. Rates have remained stable, large – have remained largely stable since the time of our last earnings call through the end of the quarter, and as a result, there is no incremental FX impact to our third quarter results.

Third quarter revenue grew to \$411 million, an increase of 16%. Normalizing for the year-over-year FX tailwind of approximately \$5 million, revenue grew 14%. ARR totaled \$1.782 billion, an increase of 11%. This included a \$6 million year-over-year FX tailwind. Net new ARR was \$59 million. We ended the quarter with approximately 10,860 customers.

We continue to be successful in signing new enterprise logos that align with our strategy of targeting long-term customers with a propensity to invest, including new logos like Nuffield Health, Resurs Holding, and an Australian brick manufacturer which selected UiPath due to the breadth of our agentic AI automation platform, and they will be leveraging UiPath robots, agents, IXP, Maestro, and process mining to automate sales order processing. As with prior quarters, the vast majority of customer attrition continues to be on the lower end.

Customers with \$100,000 or more in ARR increased to 2,506 and continue to have a strong dollar-based net retention rates, while customers with \$1 million or more in ARR increased to 333. Dollar-based gross retention remain best-in-class at 98% and our dollar-based net retention rate was 107%, underscoring the durability of our customer base as they embrace our agentic automation solutions. Adjusting for FX, dollar-based net retention rate was 107%.

Remaining performance obligations increased to \$1.265 billion, up 12%. Normalizing for the FX tailwind, which was approximately \$20 million, RPO grew 10%. Current RPO increased to \$840 million, up 17%.

Turning to expenses, we delivered third quarter overall gross margin of 85% and software gross margin was 91%. Third quarter operating expenses were \$261 million. We delivered our first GAAP profitable third quarter with GAAP operating income of \$13 million, up from the prior year GAAP operating loss of \$43 million. GAAP operating income included \$71 million of stock-based compensation expense.

Third quarter non-GAAP operating income was \$88 million, representing a 21% margin with – representing a 21% margin, up more than 700 basis points year-over-year and driven by our continued focus on operational efficiency. Third quarter non-GAAP net income was \$85 million, which excludes a non-recurring, non-cash tax benefit of \$184 million from the release of a valuation allowance on certain deferred tax assets. Third quarter non-GAAP adjusted free cash flow was \$28 million. We ended the quarter with a healthy balance sheet of \$1.5 billion in cash, cash equivalents and marketable securities and no debt.

Now, turning to guidance, we are pleased with the team's execution in what continues to be a variable macroeconomic environment. We continue to maintain a prudent outlook and guide to what we see in front of us. As Daniel mentioned, we are pleased with the progress of our public sector team. As a reminder, while we are encouraged by early traction with our agentic capabilities, adoption is still in its early phases and we don't expect a material top line contribution in fiscal 2026. Lastly, since the end of the quarter, the Japanese yen has depreciated against the US dollar, creating a headwind to fourth quarter guidance.

Turning to the specifics of our guide, despite the incremental FX headwind from the yen, we are raising guidance for the progress we've made on our operating priorities and the strength we are seeing in the business. For the fourth fiscal quarter 2026, we expect revenue in the range of \$462 million to \$467 million. This range reflects an approximately \$3 million headwind driven by FX rate movements since we provided guidance on our second quarter earnings call. ARR in the range of \$1.844 billion to \$1.849 billion. This range reflects an approximately \$3 million headwind driven by FX rate movements since we provided guidance on our second quarter earnings call.

Non-GAAP operating income of approximately \$140 million, and we expect fourth quarter basic share count to be approximately 536 million shares. And finally, we continue to expect fiscal year 2026 non-GAAP adjusted free cash flow of approximately \$370 million and non-GAAP gross margin of approximately 85%.

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. Operator, please poll for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. And at this time, we'll conduct our question-and-answer session. Questioners, please limit yourselves to one question plus one follow-up question. [Operator Instructions] Your first question comes from Bryan Bergin with TD Cowen. Please state your question.

**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

Hey, guys. Good afternoon. Thank you. Maybe just starting off here on some of the agentic AI solution traction, Daniel, I heard you mention I think 950-plus clients. Just first, is that comparable to the – I think the 450 or so last quarter using Agent Builder or is that a broader kind of view across your agentic solutions? Just trying to get a sense of kind of that quantitative traction, if you could share that.

And for the cases where you are seeing scaling past the proof of concepts, is it more about the underlying clients and their capabilities or more so about the specific types of use cases that they're pursuing?

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Thanks, Bryan. Yeah, we are seeing really good momentum across our agentic offering, and this creates a pull-through across the entirety of our platform. We are seeing some kind of consistent buying partners emerging from POC to pilots and to some use cases into production. I would say that it's more – the highest ROI use cases are very customer-specific. I don't see necessarily a single one across multiple industries or different departments. But overall, it's pretty encouraging to see the movement from – again, from pilots into production for some of them.

**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

Okay. And then my follow-up is on the federal business. So you had positive commentary here, probably a surprise for some given the shutdown. Just curious, was there any shutdown impact just worth calling out here in October and into November?

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

No, there is no direct impact from the shutdown. You got to remember, Bryan, a lot of our projects are just funded through the bills, and many of them are consider – are in critical operations like in areas like the Department of the Defense, et cetera. So, we had no major impact from the shutdown.

**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

All right. Very good. Thank you.

**Operator:** Your next question comes from Jake Roberge with William Blair. Please state your question.

**Jacob Roberge**

*Analyst, William Blair*

Q

Yeah. Thanks for taking the questions and nice quarter. Congrats on the results. I know there's some FX impacts, but your Q4 guide implies that net new ARR could start growing again on a constant currency basis. Can you talk about the driver of that return to growth and just how we should think about the sustainability of net new ARR growth moving forward?

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Yeah. Look, I think the entire business is positive. We are really pleased with how our team executes. We see consistent execution across the board. I would like to nominate especially our teams in Americas, where we really see signs of great traction, especially in the agentic. And I would say, overall, things are improving and stabilizing.

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah. I would just echo what Daniel said as well. I think there is no magic to it. We talked about the improved execution, the focus. The launch of the new products, we think, is going to continue to help us both definitely indirectly and pulling through our platform and increasing stickiness and getting us deeper in customer conversations, but then as we go through time, more directly.

And we look at it kind of just as the business stabilizes, there's a lot of goodness in both the consistency of the leadership, the talent that has been brought in as well. So, those are factors that contributed. There's not one single magic button or one silver bullet that we're counting on for that.

**Jacob Roberge**

*Analyst, William Blair*

Q

Okay, that's helpful. And then, I know you're not expecting a material contribution from AI solutions this year, but for customers like that cybersecurity company that you called out in the script that are starting to put these agents and Maestro processes into production, can you help us understand what type of pricing uplift or monetization that you're seeing once we actually get these go lives in production?

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah, it's not about the pricing uplift. I think the first thing to note as we talked about the cybersecurity, Jake, is it's pulling through the entire platform, IXP, additional robots, process orchestration. So, I think that is an important part of this. It's not agentic in isolation, it is agentic paired with the rest of our platform that really is driving value for our customers. So, I see this kind of the monetization not as a pricing uplift, but increasing stickiness, giving more conviction to deepen our platform into the architecture of our customers as customers really like the road map and are starting to experiment with agentic and find tangible ROIs through the full breadth of our platform.

**Jacob Roberge**

*Analyst, William Blair*

Q

Very helpful. Thanks for taking the questions.

**Operator:** Your next question comes from Mike Turrin with Wells Fargo. Please state your question.

**Austin Williams**

*Analyst, Wells Fargo Securities LLC*

Q

Yeah. Hey, this is Austin Williams on for Michael Turrin. I just wanted to go back to the US federal. I'm curious how results in 3Q came in versus your expectations at the beginning of the year related to DOGE? And then maybe just as a follow-up, anything you can add on the OpenAI collaboration, what exactly that could drive for UiPath? Thanks.

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

I would say that the federal business continues to be a dynamic environment for us with pockets of strength. We are really encouraged by the progress in 3Q, and I think it's returning to a new normal. The deals that we mentioned in the scripts are really solid, team is executing well. We focus on efficiency positioning as well. The project are long term and strategic, not short term. We continue to be prudent in our guidance estimations about what the sector.

On the OpenAI, yeah, we use GPT-5 across the board in our platform. We highlighted especially the use in one of the most innovative parts of our platform that – the product that I mentioned in the script called ScreenPlay, which is basically our own version of computer use or operator. But the key thing here is that, we can combine the reliability of UI automation with the power of adaptability of LLM-driven computer use. And I think, to my knowledge, we are the only company that can succeed delivering autonomous UI tasks using LLMs, using this approach.

**Operator:** Thank you. And your next question comes from Matthew Hedberg with RBC Capital Markets. Please state your question.

**Michael Richards**

*Analyst, RBC Capital Markets LLC*

Q

Hey, guys. This is Mike Richards on for Matt. Thanks for taking the question. Yeah, kind of building on that last question, there was a ton of excitement around all the partnerships you guys announced and I think it validates your positioning and orchestration. So I was wondering, even beyond OpenAI, if you could just give some more details around the partnerships just in terms of, is there a joint go-to-market element to any of them? I know it's early, but have you seen any pipeline build as a result of these partnerships? Just any more details because there's a lot of excitement around it. Thanks.

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Yeah. I would say that, at this point, the partnership that we announced at FUSION are clearly into the technology-enabling partnerships. And they were driven largely by our customers' needs. We pride ourselves for having an open platform that can really be flexible and customizable to customer needs. So if you look at kind of our partnership, we believe that the foundation of delivering reliable AI in enterprise have different layers.

So, it has the data layer, ontology layer, so we – this is where our partnership with Snowflake is shining. We offer ourselves the automation, the RPA and API and agentic layer. But, of course with OpenAI and Google, we use the frontier LLMs in order to power the agentic. We use NVIDIA for security and governance in a regulated industry. So, I think our goal is to create a set of partnership that offer a very solid foundation to deliver reliable AI into a secure and governed manner.

**Michael Richards**

*Analyst, RBC Capital Markets LLC*

Q

Super helpful. And then if I could just do a follow-up, yeah, I think before, we talked about – in the early days of the orchestration opportunity for you guys, it's been mostly agents created on UiPath. I was just wondering, have you seen more of a shift to third-party agents yet or is it still you guys are mostly orchestrating agents built within UiPath? Thanks again.

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

We have seen many customers interested in building coded agents where we have partnered with companies like LangChain, CrewAI and Llamaindex. And we're seeing right now a mix of agents that are hosted and managed by our platform that are both low code and coded agents. I think at this point, it's kind of too early to see us managing external agents that are built completely outside of our platform.

**Operator:** Thank you. Your next question comes from Sanjit Singh with Morgan Stanley. Please state your question.

**Ryan Lountzis**

*Analyst, Morgan Stanley & Co. LLC*

Q

Yeah. Hey, everyone, this is Ryan Lountzis on for Sanjit. Just with regards to the channel, you mentioned the expansion of your partnership with Deloitte. So can you just provide some additional details around how much incremental pipeline is now partner-sourced relative to a year ago and maybe just how these partnerships can help drive additional kind of AI-related product deployments next year? Thanks.

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah. One is I think the quantum has definitely increased, but more than the quantity, it's the quality. So, when you look at the S/4HANA migrations that are happening and partners like Deloitte and their presence within many of these customers, we're now involved in those conversations, and I think that, that is helping pull us through and being in the conversation about larger-scale transformation processes.

Deloitte has, obviously, done a really exceptional job and that partnership has been meaningful for us, but I think that's a motion that we're also seeing with – across our teams with various partners that are there. So the quality for me is much higher quality pipeline than just a superficial quantum or a quantity number that I would tell you about.

**Ryan Lountzis**

*Analyst, Morgan Stanley & Co. LLC*

Q

Okay, great. And then just one follow-up. You guys have driven some pretty meaningful OpEx leverage throughout this year and I'm just curious if you could provide any additional details around how you're thinking about OpEx investment next year to kind of support this AI product rollout and just broader monetization path. Thanks.

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah. Of course, I'm not going to provide anything specific regarding next year at this time, but I think putting this year in context will give you a sense of the strategy that Daniel and the leadership team here are employing. So, I think the first thing is we've gotten OpEx leverage by not austerity but by discipline and really being super-focused on where we're prioritizing. So we are actually hiring in our engineering segments, we are expanding sales capacity.

As we talked about earlier this year and last year, really our focus has been continuing to drive efficiency across of our processes, being selective about overlay functions in terms of where we're investing, and I think that area allows us to get operating leverage while still being able to invest in key areas.

So as we're looking at our platform, whether it's forward-deployed engineers, whether it is more hands and legs at our customer sites or just core engineering capabilities, those are areas that are in our investment zone. When you look our line items, we're getting leverage across every area because we're really going to all of the cost structures that exist outside of those three and really seeing what are the areas of efficiency and prioritization. And that has not just given us OpEx leverage, it's also enhanced our focus and it's contributed us – contributed to us being better in our execution cadence as well.

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**Operator:** Thank you. And your next question comes from Scott Berg with Needham and Company. Please state your question.

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**Scott Berg**

*Analyst, Needham & Co. LLC*

Q

Hi, everyone. Nice quarter. Thanks for taking my questions. When I was at the conference a couple months ago, some of the partners I spoke with really talked about a high level of pilots and proof of concepts that your customers are going through right now with the different types of AI functionality. And I know it's not a big part of the expectations around bookings for this year, but I guess as you've seen some of them convert to actual sales or production, are there any key drivers or levers that you've learned through some of these that you can help maybe use in some of these other deal cycles you're currently going through?

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**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Yeah, we see these patterns emerging. I would say that this – the landscape, it's extremely scattered right now. We have deployed our teams in various use cases across various industries. We see some particular partners emerging in healthcare, like for instance, in revenue cycle management, prior authorization, claims management, in financial services, financial crimes. But again, I think it's a bit too early to mention one particular use case where we see like great replicable potential.

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**Scott Berg**

*Analyst, Needham & Co. LLC*

Q

Understood. Thank you. And then, Ashim, as you look at the fourth quarter guidance, someone else had already mentioned that the implied ARR numbers suggests that your net new ARR's up again on a year-over-year basis. Help us kind of think through maybe the construction of that. Is that just purely a result of the improved execution that you all have been working on this year? Or is there some aspect of maybe deals that were maybe slipped from Q2 and Q3 that kind of moved in to the expectation. And then I know that AI, some of the functionality there is not a big driver this year, but are there some expectations around maybe some bookings improvement in that category that's helping kind of drive what your initial guidance here is?

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah. So, let me be super clear on it. There's nothing in terms of like slipped deals from third quarter or anything that is timing oriented, Scott, in any material or significant way. There's always normal course deals that move back and forth, right? Deals that were in your fourth quarter pipeline that closed early and deals that closed late. That's just normal course and nothing out of the usual that I would talk about.

When you look at the year-over-year growth implied within our guidance, I think there's three main factors for me. The first is execution. We are seeing improved execution across the board from our sales team. It is supported by good customer activity, meaning not one or two deals, but really broad-based activities of POCs and pilots and renewals that are coming in with more conviction about our long-term place in the architecture that leads to natural upsells, et cetera. There is macroeconomic environment, as I talked about in the second quarter earnings call, around foreign exchange that will play a role in that year-over-year impact that is there.

And then the third one is I just think of momentum. I think that we've had a good stable base now in terms of if you look at our sales stability, six months, nine months after kind of the restructuring that we had completed at the beginning of the year, as well as just a little bit of a normalization around areas like the public sector, which we've said is kind of back to a new normal. No catch-up. But at least, at this time, a new normal.

We feel like we're still prudent on our overall assumptions on the macroeconomic environment. But it's a confluence of things that, to me, are at the opposite end of when net new ARR was declining, includes poor execution; foreign exchange having a headwind; and frankly, just having too much inconsistency in our strategy as well as our organization structure. So, I'd say all three are contributing to the stabilization of net new ARR you're seeing.

**Scott Berg**

*Analyst, Needham & Co. LLC*

Q

Understood. Helpful. Thank you.

**Operator:** Your next question comes from Alex Zukin with Wolfe Research. Please state your question.

**Arsenije Matovic**

*Analyst, Wolfe Research LLC*

Q

Hi. This is Arsenije on for Alex Zukin. And again, congrats on the results. And also just kind of wanted to expand on what the downtick in ARR was. Was it just weakness at the low end or was there anything else? And then you kind of unpack what's driving that stronger new business, but is there anything that you can kind of give us in terms of Q4 expectations on net new business strength, given the three factors you just talked about?

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah. So, look, I think when you look at it, definitely the lower end of the segment. We've talked about that. It has a little bit of pressure on the net new ARR. To give you a supplemental metric, our net dollar expansion rate for customers between \$100,000 and \$1 million was 113%. So, that can quantifiably show kind of the lower cohort having more pressure. And I think you get a little bit of the law of large numbers as well. But as we stabilize net new ARR, obviously the rest of the metrics begin to stabilize as well. And you can see that pattern starting both with our third quarter results and, of course, kind of the guidance that we've provided here.

**Arsenije Matovic**

*Analyst, Wolfe Research LLC*

Q

Got it. And then just to kind of follow up on kind of the same thing. You doubled the number of customers developing agents quarter-over-quarter and Maestro process instances. What's the uplift you've seen in those customers? And is it kind of fair to assume that into next year as that revenue ramps, it can help sustain that NRR and offset some of that low end weakness you've seen?

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

Yeah. We'll continue to contend that we're in the early innings of agentic. I think what the momentum around customer activity, it has both the direct and indirect. I think the indirect definitely has started to help us and will continue to help us. Customer pulling through other parts of our platform, investing in us as a longer-term part of their enterprise architecture. In terms of scalable direct monetization plays from agentic, we'll update everybody as we kind of get into next year around assumptions there. But for the immediate short-term, there is nothing material as we cited in the script.

**Arsenije Matovic**

*Analyst, Wolfe Research LLC*

Q

Got it. Thanks.

**Operator:** Your next question comes from Kingsley Crane with Canaccord Genuity. Please state your question.

**Kingsley Crane**

*Analyst, Canaccord Genuity LLC*

Q

Hi. Thanks. So, I think it's interesting, if we think about the code red moments over the past couple of weeks, it's clear that competition among model providers is healthy. Of course, it makes integration, orchestration even more valuable. Have you seen a shift in perception in the past quarter? And then from an integration activity perspective, how is heterogeneity trending? Thanks.

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

I don't think we necessarily see yet a shift. I think you aim at Google Gemini release. We were using Gemini in our IXP business for quite a few quarters somehow. I think, as a platform, we continue to assess all the frontier LLMs; and we use, frankly, a mixture of them in – for instance, in our IXP business, we use GPT-5 to understand better the structure and the intent of our documents, while we can use Gemini for specific extraction like multiple tables, imbricated tables. This is just an example. But across the platform, we always monitor and use the best-of-breed LLMs.

**Kingsley Crane**

*Analyst, Canaccord Genuity LLC*

Q

Great. And then, just a quick follow-up. Ashim, you mentioned in your prepared remarks that you're partnering earlier, you're co-developing solutions earlier. This has been a big focus for this year. Just to what extent did this directly translate into improved results in Q3? And then, do you think that this could be more of a future predictor of success next year?

**Ashim Gupta**

*Chief Financial Officer & Chief Operating Officer, UiPath, Inc.*

A

I think a leading indicator, yes. I think anytime you're closer to customers, you are innovating with them, you're solving problems, I think it helps. And I would say what our conviction is, is that ROI is going to be where choices are made. And so, as we're co-innovating, as we're teaming up with partners around bigger problems, I think we have a chance to have meaningful impact around ROIs, which we feel we'll continue to do that.

I think it also shows the relevance of UiPath, if I can – like in terms of the validation of the agentic framework, it's not [ph] market texture (00:51:40). It's real product that has real impact that both partners and customers can innovate around. And I think that is super important and a really great validation point for our product team, our sales team, and all of our customer teams combined.

To answer your question around third quarter, as we've stated in the script as well in the prepared remarks, there's no meaningful impact from agentic in our near-term results. We feel like this is continued disciplined execution. What agentic continues to do is, the closer you are to customers, the more you are a part of their long-term roadmap in architecture, the more that they're willing to invest and pull through the existing parts of your platform today and have higher level impacts within their organ. That indirect impact, we're definitely feeling the momentum and we're excited about it.

**Operator:** Thank you. Your next question comes from Kirk Materne with Evercore. Please state your question.

**Chirag Ved**

*Analyst, Evercore ISI*

Q

Hi. This is Chirag, on for Kirk. Congratulations on the strong quarter and traction. Daniel, you've talked briefly about pre-built agentic solutions and highlighted strong modernization use cases within certain categories in the past. Which verticals do you see adopting these pre-built agentic solutions the fastest? And are you moving more aggressively into industry-specific packaged automation at all?

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Yes. Our verticalized approach is getting a lot of traction within UiPath. We put a lot of focus and effort. We actually did recently a rework of our product and engineering teams to better address the creation of vertical solutions. In terms of industries, we focus on healthcare and financial services primarily, again with an accent on revenue cycle management in healthcare and in financial services. I would say, financial crimes can be one of the know-your-customers anti-money laundering type of use cases we are seeing the most interest from our customers.

**Chirag Ved**

*Analyst, Evercore ISI*

Q

Okay, maybe just one more. What are your thoughts on the balance between deterministic automation and agentic or LLM-based automation? And do you see this balance shifting materially at any point over the next few years or few quarters?

**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Look, our thesis is that they are very complementary and they address different steps in the business process. In many processes, as long as task and workflow is well-defined, people will use that deterministic automation. There is zero need to use an LLM-based. You use an LLM in order to create a deterministic automation or to maintain it to make it – to improve it over time. But you don't use an LLM to drive it.

But, of course, there are so many areas where you cannot have rules that are either too complicated or the process is too complex, you shift through tons of documents where it involves conversational aspect of the process. In all these areas, LLMs are an amazing complement to the deterministic automation. And I also want to mention that the orchestration piece that combined the AI-based and deterministic with humans in the loop is an essential piece that is required in order to deliver a solution that is secure, governed for the enterprise.

We have continued saying that orchestration is a key. We announced our effort a year ago, and I'm pleased to see that across the industry people are talking right now and realize that orchestration is the key technology in order to deliver reliable AI.

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**Chirag Ved**

*Analyst, Evercore ISI*

Q

Thank you very much. Congrats again on the quarter.

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**Operator:** Your next question comes from Terry Tillman with Truist Securities. Please state your question.

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**Dominique Manansala**

*Analyst, Truist Securities, Inc.*

Q

Hi. This is Dominique, on for Terry. Thanks for taking my questions. So, it was mentioned previously that one of the biggest customer hurdles of agentic consumption pricing is spend predictability. So, have early deployments given you enough usage patterns to help customers forecast more reliably? And also just curious as to what else you all are doing to help customers get over that hurdle.

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**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Look, we are constantly evaluating how our customers are adopting AI and we aim to have a pricing model that really reflects the adoption of consumption of AI. We constantly monitor industry trends. And I would say that the entire industry is dynamic at this point and is trying to figure out what's the best pricing. We are pretty flexible in our approach. We can price by components. We also are pretty flexible on understanding what an outcome-based pricing can be for our customers. But again, I think we are in the early innings of really understanding consumption patterns across Agentic AI at scale, I mean.

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**Dominique Manansala**

*Analyst, Truist Securities, Inc.*

Q

Got it. And then just as a follow-up, has the typical cycle timeframe from an agentic [ph] PLC (00:58:21) to a production deployment shorten versus earlier in the year? If so, could you just highlight what specific efforts are driving that compression or what you all plan to do to accelerate it?

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**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

A

Yeah. I think we, as a company understand, understand a bit better how various use cases. We are building internally solutions accelerators that can help us replicate experience across industries and verticals. And my estimation is this trend will continue to accelerate within next year. I strongly believe that the key to unlock huge scale AI consumption in enterprise is the pre-packaged solutions where we can meaningfully accelerate the time to value. This is why, as I mentioned before, we put a lot emphasis in building these solutions.

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**Dominique Manansala**

*Analyst, Truist Securities, Inc.*



Great. Thank you.

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**Operator:** Thank you. And there are no further questions at this time. So, I'll now hand it back to management for closing remarks.

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**Daniel Dines**

*Chairman, Chief Executive Officer, Chief Innovation Officer & Co-Founder, UiPath, Inc.*

Thank you so much for all the questions. I would like to wish you Happy Holidays. And as usual, we like to hear from as many as you throughout the quarter. Thank you.

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**Operator:** Thanks. This concludes today's call. All parties may disconnect.

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