UiPath Reports Third Quarter Fiscal 2023 Financial Results

ARR grew 36 percent year-over-year reaching $1.110 billion driven by net new ARR of $67 million

NEW YORK--(BUSINESS WIRE)-- UiPath, Inc. (NYSE: PATH), a leading enterprise automation software company, today announced financial results for its third quarter fiscal 2023 ended October 31, 2022.

“We are pleased with our third quarter fiscal 2023 results as ARR grew 36 percent year-over-year and we delivered meaningful non-GAAP operating margin expansion,” said Rob Enslin, UiPath Co-Chief Executive Officer. “Our new go-to-market initiatives are driving results and resonating with customers. We closed several notable third quarter deals using this value-selling approach and are widely engaged with both new and existing customers as we head into the last quarter of fiscal year 2023.”

“UiPath continues to be differentiated by our platform approach, which is at the core of our success,” said Daniel Dines, UiPath Co-Founder and Co-Chief Executive Officer. “Our latest release, 2022.10, further expands our competitive advantage with market-leading capabilities at every stage in the automation lifecycle, from discover to automate to operate. This cohesive approach makes it easier and faster for organizations to efficiently scale their automation programs and drive meaningful business outcomes.”

Third Quarter Fiscal 2023 Financial Highlights

- Revenue of $262.7 million increased 19 percent year-over-year.
- ARR of $1.110 billion increased 36 percent year-over-year.
- Net new ARR of $66.8 million.
- Dollar based net retention rate of 126 percent.
- GAAP gross margin was 84 percent.
- Non-GAAP gross margin was 86 percent.
- GAAP operating loss was $(67.0) million.
- Non-GAAP operating income was $18.0 million.
- Net cash used in operations was $27.3 million.
- Non-GAAP adjusted free cash flow was negative $24.1 million.
- Cash, cash equivalents, and marketable securities were $1.7 billion as of October 31, 2022.

“Non-GAAP operating income of $18 million for the quarter was the result of disciplined capital deployment and cost management. Our durable financial model and strong balance sheet give us the resources to continue to invest in long-term growth and drive a path to sustained profitability, both of which are core to our go-forward strategy,” said Ashim Gupta,
UiPath Chief Financial Officer.

Financial Outlook

For the fourth quarter fiscal 2023, UiPath expects:

- Revenue in the range of $277 million to $279 million.
- ARR in the range of $1,174 million to $1,176 million as of January 31, 2023.
- Non-GAAP operating income of approximately $35 million.

Reconciliation of non-GAAP operating income guidance to the most directly comparable GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity and low visibility with respect to the charges excluded from this non-GAAP measure, including, in particular, the effects of stock-based compensation expense specific to equity awards that are directly impacted by fluctuations in our stock price. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.

Recent Business Highlights

- **Launched its latest platform updates to support app development, expand automation use cases:** Announced at the UiPath FORWARD 5 global conference, the 22.10 release offers even more enhancements that allow businesses to automate more, automate faster and with less friction, expand user and builder bases, and operate it all more efficiently and effectively.
- **Announced technology partnerships with:**
  - **Microsoft** to build best-in-class automation experiences and integrations between the two strategic partners. Microsoft Azure is a preferred cloud platform for UiPath, including the UiPath Automation Cloud™, while UiPath is a preferred enterprise automation partner at Microsoft.
- **Announced additional strategic collaborations with:**
  - **ManpowerGroup®** (NYSE: MAN), a leading global workforce solutions company and long-term partner of UiPath, to expand and accelerate go-to-market workforce solutions in automation.
  - **CGI** (TSX: GIB.A) (NYSE: GIB), one of the largest independent IT and business consulting services firms in the world, to expand automation deployments among CGI clients via managed services.
  - **qBotica** to introduce Automation Cube, qBotica’s go-to-market UiPath managed services practice that offers customers advantages such as turnkey automation tailored to their industry and operations.
- **Announced FHIR-enabled API automation to simplify integration and transform patient experiences in healthcare:** Organizations can now use UiPath Integration Service with Fast Healthcare Interoperability Resource (FHIR)-enabled endpoints to orchestrate turnkey automations within Electronic Health Record systems meeting the Office of the National Coordinator for Health Information Technology Cures Act FHIR certification criteria – such as Epic and Oracle Cerner – and a broader set of health IT systems that have voluntarily deployed FHIR endpoints.
• Received widespread industry recognition, including:
  ○ Honored as an RPA Leader for the sixth consecutive year and Star Performer in the Technology Provider Landscape, according to Everest Group's Robotic Process Automation Products PEAK Matrix® Assessment 2022. This assessment analyzes the changing dynamics of the RPA landscape and assesses 23 technology providers across several key dimensions.
  ○ Named a Leader in the ISG Provider Lens™ Next-Gen ADM Solutions 2022 – Low-Code/No-Code Development Platforms report. The report recognizes UiPath as an innovation leader at the convergence of enterprise automation and low-code application development, and notes that “UiPath Apps is a top choice for customers looking to rapidly develop automation-powered applications.”

Conference Call and Webcast

UiPath will host a conference call today, Thursday, December 1, 2022, at 5:00 p.m. Eastern Time, to discuss the Company's third quarter fiscal 2023 financial results and guidance. To access this call, dial 1-201-689-8057 (domestic) or 1-877-407-8309 (international). The passcode is 13734091. A live webcast of this conference call will be available on the "Investor Relations" page of UiPath’s website (https://ir.uipath.com), and a replay will also be archived on the website for one year.

About UiPath

UiPath has a vision to deliver the Fully Automated Enterprise™, one where companies use automation to unlock their greatest potential. UiPath offers an end-to-end platform for automation, combining the leading Robotic Process Automation (RPA) solution with a full suite of capabilities that enable every organization to rapidly scale digital business operations.

Forward Looking Statements

Statements we make in this press release may include statements which are not historical facts and are considered forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, which are usually identified by the use of words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “outlook,” “seeks,” “should,” “will,” and variations of such words, including the negatives of these words or similar expressions.

We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act and are making this statement for purposes of complying with those safe harbor provisions.

These forward-looking statements include, but are not limited to, statements regarding our guidance for the fourth fiscal quarter and fiscal year end 2023, our strategic plans, objectives and roadmap, the estimated addressable market opportunity for our platform and statements regarding the growth of the automation market. Accordingly, actual results could differ materially, or such uncertainties could cause adverse effects on our results. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any...
future results, performance or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, risks and uncertainties related to: the market, political, economic, and business conditions, including geopolitical turmoil and macro-economic effects caused by the war in Ukraine, increasing inflationary cost trends, and foreign exchange volatility; our recent rapid growth, which may not be indicative of our future growth; our limited operating history; our ability to successfully manage our growth; our ability and the ability of our platform to satisfy and adapt to customer demands; our dependency on our existing customers to renew their licenses and purchase additional licenses and products from us and our channel partners; our ability to attract and retain customers; the competitive markets in which we participate; our ability to maintain and expand our distribution channels; our ability to retain and motivate our management and key employees and integrate new team members and manage management transitions; our reliance on third-party providers of cloud-based infrastructure; the potential impact that the COVID-19 pandemic and an economic downturn could have on our or our customers’ businesses, financial condition, and future operating results; our failure to achieve our environmental, social and governance (ESG) goals; and the price volatility of our Class A common stock.

Further information on risks that could cause actual results to differ materially from our guidance can be found in our Annual Report on Form 10-K for the annual period ended January 31, 2022, filed with the SEC on April 4, 2022, in our Quarterly Reports on Form 10-Q filed with the SEC, and in other filings and reports that we may file from time to time with the SEC. Any forward-looking statements contained in this press release are based on assumptions that we believe to be reasonable as of this date. Except as required by law, we assume no obligation to update these forward-looking statements.

**Key Performance Metric**

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 and support 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.

Dollar-based net retention rate represents the rate of net expansion of our ARR from existing customers over the preceding 12 months. We calculate dollar-based net retention rate as of a period end by starting with ARR from the cohort of all customers as of 12 months prior to such period end (Prior Period ARR). We then calculate the ARR from these same customers as of the current period end (Current Period ARR). Current Period ARR includes any expansion and is net of any contraction or attrition over the preceding 12 months but does not include ARR from new customers in the current period. We then divide total
Current Period ARR by total Prior Period ARR to arrive at dollar-based net retention rate. Dollar-based net retention rate may fluctuate based on the customers that qualify to be included in the cohort used for calculation and may not reflect our actual performance.

Investors should not place undue reliance on ARR or dollar-based net retention rate as an indicator of future or expected results. Our presentation of these metrics may differ from similarly titled metrics presented by other companies and therefore comparability may be limited.

Non-GAAP Financial Measures

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). This earnings press release includes financial measures defined as non-GAAP financial measures by the SEC, including non-GAAP cost of licenses, non-GAAP cost of subscription services, non-GAAP cost of professional services and other, non-GAAP gross profit and margin, non-GAAP sales and marketing expenses, non-GAAP research and development expenses, non-GAAP general and administrative expenses, non-GAAP operating income (loss) and margin, non-GAAP net income (loss), and non-GAAP net income (loss) per share. These non-GAAP financial measures exclude:

- stock-based compensation expense;
- amortization of acquired intangibles;
- employer payroll tax expense related to employee equity transactions;
- restructuring costs;
- charitable donation of Class A common stock; and
- in the case of non-GAAP net income (loss), tax adjustments associated with the add-back items, as applicable.

Additionally, this earnings release presents non-GAAP adjusted free cash flow, which is calculated by adjusting GAAP operating cash flows for the impact of purchases of property and equipment, capitalization of software development costs, cash paid for employer payroll taxes related to employee equity transactions, net payments/receipts of employee tax withholdings on stock option exercises, and cash paid for restructuring costs.

UiPath uses these non-GAAP financial measures internally in analyzing its financial results, and believes they are useful to investors, by excluding the effects of special items that do not reflect the ordinary earnings of our operations, and as a supplement to GAAP measures. 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. 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](https://ir.uipath.com).

UiPath, Inc.
Condensed Consolidated Statements of Operations
in thousands, except per share data
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31, 2022</th>
<th>Nine Months Ended October 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2021</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td>$118,175</td>
<td>$ 111,608</td>
</tr>
<tr>
<td>Subscription services</td>
<td>130,159</td>
<td>97,963</td>
</tr>
<tr>
<td>Professional services and other</td>
<td>14,410</td>
<td>11,245</td>
</tr>
<tr>
<td>Total revenue</td>
<td>262,744</td>
<td>220,816</td>
</tr>
<tr>
<td>Cost of revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td>3,208</td>
<td>2,626</td>
</tr>
<tr>
<td>Subscription services</td>
<td>20,578</td>
<td>15,659</td>
</tr>
<tr>
<td>Professional services and other</td>
<td>18,982</td>
<td>24,815</td>
</tr>
<tr>
<td>Total cost of revenue</td>
<td>42,768</td>
<td>43,100</td>
</tr>
<tr>
<td>Gross profit</td>
<td>219,976</td>
<td>177,716</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>156,469</td>
<td>172,906</td>
</tr>
<tr>
<td>Research and development</td>
<td>67,341</td>
<td>61,559</td>
</tr>
<tr>
<td>General and administrative</td>
<td>63,157</td>
<td>59,498</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>286,967</td>
<td>293,963</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(66,991)</td>
<td>(116,247)</td>
</tr>
<tr>
<td>Interest income</td>
<td>9,561</td>
<td>899</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>888</td>
<td>(4,300)</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(56,542)</td>
<td>(119,648)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>1,182</td>
<td>3,139</td>
</tr>
<tr>
<td>Net loss</td>
<td>(57,724)</td>
<td>(122,787)</td>
</tr>
<tr>
<td>Net loss per share attributable to common stockholders, basic and diluted</td>
<td>$(0.10)</td>
<td>$(0.23)</td>
</tr>
<tr>
<td>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</td>
<td>550,164</td>
<td>531,718</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Condensed Consolidated Balance Sheets

**in thousands**  
**(unaudited)**

<table>
<thead>
<tr>
<th></th>
<th>As of October 31, 2022</th>
<th>As of January 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,451,152</td>
<td>$1,768,723</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>225,605</td>
<td>96,417</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $3,279 and $2,566, respectively</td>
<td>$275,935</td>
<td>$251,988</td>
</tr>
<tr>
<td>Contract assets</td>
<td>91,551</td>
<td>74,831</td>
</tr>
<tr>
<td>Deferred contract acquisition costs</td>
<td>40,168</td>
<td>29,926</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>74,834</td>
<td>55,416</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$2,159,245</td>
<td>$2,277,301</td>
</tr>
<tr>
<td>Marketable securities, non-current</td>
<td>2,920</td>
<td>19,523</td>
</tr>
<tr>
<td>Contract assets, non-current</td>
<td>9,498</td>
<td>2,730</td>
</tr>
<tr>
<td>Deferred contract acquisition costs, non-current</td>
<td>113,568</td>
<td>100,224</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>28,152</td>
<td>17,176</td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>50,555</td>
<td>48,953</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>23,993</td>
<td>16,817</td>
</tr>
<tr>
<td>Goodwill</td>
<td>83,844</td>
<td>53,564</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>7,657</td>
<td>10,628</td>
</tr>
<tr>
<td>Other assets, non-current</td>
<td>32,252</td>
<td>25,534</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$2,511,684</td>
<td>$2,572,450</td>
</tr>
<tr>
<td><strong>Liabilities and stockholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$11,253</td>
<td>$11,515</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>78,892</td>
<td>87,958</td>
</tr>
<tr>
<td>Accrued compensation and employee benefits</td>
<td>98,086</td>
<td>130,673</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>288,412</td>
<td>297,355</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$476,643</td>
<td>$527,501</td>
</tr>
<tr>
<td>Deferred revenue, non-current</td>
<td>107,633</td>
<td>68,665</td>
</tr>
<tr>
<td>Operating lease liabilities, non-current</td>
<td>55,085</td>
<td>49,843</td>
</tr>
<tr>
<td>Other liabilities, non-current</td>
<td>12,499</td>
<td>4,524</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$651,860</td>
<td>$650,533</td>
</tr>
<tr>
<td><strong>Commitments and contingencies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A common stock</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Class B common stock</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>3,649,474</td>
<td>3,406,959</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>6,953</td>
<td>10,899</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(1,796,609)</td>
<td>(1,495,946)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td>$1,859,824</td>
<td>$1,921,917</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$2,511,684</td>
<td>$2,572,450</td>
</tr>
</tbody>
</table>
### Condensed Consolidated Statements of Cash Flows

**in thousands ( unaudited)**

<table>
<thead>
<tr>
<th>Nine Months Ended October 31,</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(300,663)</td>
<td>$(462,476)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>12,993</td>
<td>10,697</td>
</tr>
<tr>
<td>Amortization of deferred contract acquisition costs</td>
<td>37,967</td>
<td>19,904</td>
</tr>
<tr>
<td>Net amortization of premium on marketable securities</td>
<td>501</td>
<td>1,391</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>270,797</td>
<td>438,551</td>
</tr>
<tr>
<td>Charitable donation of Class A common stock</td>
<td>5,499</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of operating lease right-of-use assets</td>
<td>8,555</td>
<td>6,013</td>
</tr>
<tr>
<td>Provision for deferred income taxes</td>
<td>1,171</td>
<td>(357)</td>
</tr>
<tr>
<td>Abandonment and impairment charges</td>
<td>2,881</td>
<td>—</td>
</tr>
<tr>
<td>Other non-cash (credits) charges, net¹</td>
<td>(1,714)</td>
<td>1,599</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(33,449)</td>
<td>(27,028)</td>
</tr>
<tr>
<td>Contract assets</td>
<td>(27,735)</td>
<td>(29,994)</td>
</tr>
<tr>
<td>Deferred contract acquisition costs</td>
<td>(69,657)</td>
<td>(80,720)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(27,361)</td>
<td>(2,295)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>2,414</td>
<td>17,549</td>
</tr>
<tr>
<td>Accrued expense and other liabilities</td>
<td>(13,785)</td>
<td>17,756</td>
</tr>
<tr>
<td>Accrued compensation and employee benefits</td>
<td>(26,096)</td>
<td>(822)</td>
</tr>
<tr>
<td>Operating lease liabilities, net</td>
<td>(488)</td>
<td>(5,261)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>54,232</td>
<td>46,544</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(103,938)</td>
<td>(48,949)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of marketable securities</td>
<td>(204,311)</td>
<td>(161,214)</td>
</tr>
<tr>
<td>Sales of marketable securities</td>
<td>—</td>
<td>89,383</td>
</tr>
<tr>
<td>Maturities of marketable securities</td>
<td>93,298</td>
<td>58,109</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(21,614)</td>
<td>(5,719)</td>
</tr>
<tr>
<td>Capitalization of software development costs</td>
<td>—</td>
<td>(2,950)</td>
</tr>
<tr>
<td>Payments related to business acquisitions, net of cash acquired</td>
<td>(29,542)</td>
<td>(5,498)</td>
</tr>
<tr>
<td>Other investing, net</td>
<td>(507)</td>
<td>(1,231)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(162,676)</td>
<td>(29,120)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from exercise of stock options</td>
<td>7,605</td>
<td>9,687</td>
</tr>
<tr>
<td>Payments of tax withholdings on net settlement of equity awards</td>
<td>(53,300)</td>
<td>(10,300)</td>
</tr>
<tr>
<td>Net (payments) receipts of tax withholdings on sell-to-cover equity award transactions</td>
<td>(10,132)</td>
<td>20,418</td>
</tr>
<tr>
<td>Proceeds from employee stock purchase plan contributions</td>
<td>13,525</td>
<td>13,766</td>
</tr>
<tr>
<td>Repurchase of unvested early exercised stock options</td>
<td>(1,493)</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from initial public offering, net of underwriting discounts and commissions</td>
<td>—</td>
<td>692,369</td>
</tr>
<tr>
<td>Payments of initial public offering costs</td>
<td>—</td>
<td>(3,734)</td>
</tr>
<tr>
<td>Proceeds from issuance of convertible preferred stock</td>
<td>—</td>
<td>750,000</td>
</tr>
<tr>
<td>Payments of issuance costs for convertible preferred stock</td>
<td>—</td>
<td>(164)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by financing activities</strong></td>
<td>(43,795)</td>
<td>1,472,042</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes</strong></td>
<td>(7,162)</td>
<td>11,254</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash, cash equivalents, and restricted cash</strong></td>
<td>(317,571)</td>
<td>1,405,227</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash - beginning of period</td>
<td>1,768,723</td>
<td>371,190</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash - end of period</td>
<td>$1,451,152</td>
<td>$1,776,417</td>
</tr>
</tbody>
</table>

¹ Prior period amounts have been combined to conform to current period presentation
## Reconciliation of GAAP Cost of Revenue and Gross Profit to Non-GAAP Cost of Revenue and Gross Profit

*in thousands, except percentages*  
*(unaudited)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31,</th>
<th>Nine Months Ended October 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td><strong>Licenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP cost of licenses</td>
<td>$3,208</td>
<td>$2,626</td>
</tr>
<tr>
<td>Less: Amortization of acquired intangible assets</td>
<td>777</td>
<td>628</td>
</tr>
<tr>
<td>Non-GAAP cost of licenses</td>
<td>$2,431</td>
<td>$1,998</td>
</tr>
<tr>
<td><strong>Subscription services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP cost of subscription services</td>
<td>$20,578</td>
<td>$15,659</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>2,844</td>
<td>2,045</td>
</tr>
<tr>
<td>Less: Amortization of acquired intangible assets</td>
<td>570</td>
<td>330</td>
</tr>
<tr>
<td>Less: Employer payroll tax expense related to employee equity transactions</td>
<td>34</td>
<td>701</td>
</tr>
<tr>
<td>Less: Restructuring costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP cost of subscription services</td>
<td>$17,130</td>
<td>$12,583</td>
</tr>
<tr>
<td><strong>Professional services and other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP cost of professional services and other</td>
<td>$18,982</td>
<td>$24,815</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>2,557</td>
<td>4,305</td>
</tr>
<tr>
<td>Less: Employer payroll tax expense related to employee equity transactions</td>
<td>26</td>
<td>2,527</td>
</tr>
<tr>
<td>Less: Restructuring costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP cost of professional services and other</td>
<td>$16,399</td>
<td>$17,983</td>
</tr>
<tr>
<td><strong>Gross profit and margin</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP gross profit</td>
<td>$219,976</td>
<td>$177,716</td>
</tr>
<tr>
<td><strong>GAAP gross margin</strong></td>
<td>84%</td>
<td>80%</td>
</tr>
<tr>
<td>Plus: Stock-based compensation expense</td>
<td>5,401</td>
<td>6,350</td>
</tr>
<tr>
<td>Plus: Amortization of acquired intangible assets</td>
<td>1,347</td>
<td>958</td>
</tr>
<tr>
<td>Plus: Employer payroll tax expense related to employee equity transactions</td>
<td>60</td>
<td>3,228</td>
</tr>
<tr>
<td>Plus: Restructuring costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP gross profit</td>
<td>$226,784</td>
<td>$188,252</td>
</tr>
<tr>
<td><strong>Non-GAAP gross margin</strong></td>
<td>86%</td>
<td>85%</td>
</tr>
</tbody>
</table>
### Reconciliation of GAAP Operating Expenses and Loss to Non-GAAP Operating Expenses and Income (Loss)

*in thousands, except percentages (unaudited)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31</th>
<th>Nine Months Ended October 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales and Marketing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP sales and marketing</td>
<td>$156,469</td>
<td>$172,906</td>
</tr>
<tr>
<td>Less: Stock-based compensation expense</td>
<td>$30,763</td>
<td>$41,823</td>
</tr>
<tr>
<td>Less: Amortization of acquired intangible assets</td>
<td>$659</td>
<td>$405</td>
</tr>
<tr>
<td>Less: Employer payroll tax expense related to employee equity transactions</td>
<td>$416</td>
<td>$23,839</td>
</tr>
<tr>
<td>Less: Restructuring costs</td>
<td>$511</td>
<td>$11,243</td>
</tr>
<tr>
<td>Non-GAAP sales and marketing</td>
<td>$124,120</td>
<td>$106,839</td>
</tr>
</tbody>
</table>

| **Research and Development** |                               |                             |
| GAAP research and development | $67,341                      | $61,559                     |
| Less: Stock-based compensation expense | $23,435                      | $24,866                     |
| Less: Employer payroll tax expense related to employee equity transactions | $170                         | $1,312                      |
| Less: Restructuring costs | $—                             | $43                         |
| Non-GAAP research and development | $43,736                      | $35,381                     |

| **General and Administrative** |                               |                             |
| GAAP general and administrative | $63,157                      | $59,498                     |
| Less: Stock-based compensation expense | $21,492                      | $22,064                     |
| Less: Amortization of acquired intangible assets | $44                         | $44                        |
| Less: Employer payroll tax expense related to employee equity transactions | $123                         | $455                        |
| Less: Restructuring costs | $580                          | $1,382                      |
| Less: Charitable donation of Class A common stock | —                            | $5,499                      |
| Non-GAAP general and administrative | $40,918                      | $36,935                     |

| **Operating Loss** |                               |                             |
| GAAP operating loss | $ (66,991)                    | $ (116,247)                 |
| GAAP operating margin | (25) %                       | (53) %                     |
| Plus: Stock-based compensation expense | 81,091                      | 95,103                     |
| Plus: Amortization of acquired intangible assets | 2,050                       | 1,407                      |
| Plus: Employer payroll tax expense related to employee equity transactions | 769                         | 28,834                     |
| Plus: Restructuring costs | 1,091                        | —                           |
| Plus: Charitable donation of Class A common stock | —                            | $5,499                      |
| Non-GAAP operating income (loss) | $18,010                      | $9,097                      |
| Non-GAAP operating margin | 7%                           | 4%                         |

| **Non-GAAP operating margin** |                               |                             |
| Non-GAAP operating income (loss) | $18,010                      | $9,097                      |
| Non-GAAP operating margin | 7%                           | 4%                         |

| **Non-GAAP operating income (loss)** | $ (66,991)                    | $ (116,247)                 |
| Non-GAAP operating margin | (25) %                       | (53) %                     |
| Plus: Stock-based compensation expense | 81,091                      | 95,103                     |
| Plus: Amortization of acquired intangible assets | 2,050                       | 1,407                      |
| Plus: Employer payroll tax expense related to employee equity transactions | 769                         | 28,834                     |
| Plus: Restructuring costs | 1,091                        | —                           |
| Plus: Charitable donation of Class A common stock | —                            | $5,499                      |
| Non-GAAP operating income (loss) | $18,010                      | $9,097                      |
| Non-GAAP operating margin | 7%                           | 4%                         |
## 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 per share data

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31,</th>
<th>Nine Months Ended October 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>GAAP net loss</td>
<td>$(57,724)</td>
<td>$(122,787)</td>
</tr>
<tr>
<td>Plus: Stock-based compensation expense</td>
<td>81,091</td>
<td>95,103</td>
</tr>
<tr>
<td>Plus: Amortization of acquired intangible assets</td>
<td>2,050</td>
<td>1,407</td>
</tr>
<tr>
<td>Plus: Employer payroll tax expense related to employee equity transactions</td>
<td>769</td>
<td>28,834</td>
</tr>
<tr>
<td>Plus: Restructuring costs</td>
<td>1,091</td>
<td>—</td>
</tr>
<tr>
<td>Plus: Charitable donation of Class A common stock</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Tax adjustments to add-backs</td>
<td>(609)</td>
<td>(462)</td>
</tr>
<tr>
<td>Non-GAAP net income (loss)</td>
<td><strong>$ 26,668</strong></td>
<td><strong>$ 2,095</strong></td>
</tr>
<tr>
<td>GAAP net loss per share, basic and diluted</td>
<td><strong>$(0.10)</strong></td>
<td><strong>$(0.23)</strong></td>
</tr>
<tr>
<td>GAAP weighted average common shares outstanding, basic and diluted</td>
<td>550,164</td>
<td>531,718</td>
</tr>
<tr>
<td>Plus: Unweighted adjustment for conversion of preferred to common stock in connection with IPO</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Plus: Unweighted adjustment for common stock issued in connection with IPO</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP weighted average common shares outstanding, basic</td>
<td>550,164</td>
<td>531,718</td>
</tr>
<tr>
<td>Plus: Dilutive potential common shares from outstanding equity awards</td>
<td>10,331</td>
<td>28,192</td>
</tr>
<tr>
<td>Non-GAAP weighted average common shares outstanding, diluted</td>
<td>560,495</td>
<td>559,910</td>
</tr>
<tr>
<td>Non-GAAP net income (loss) per share, basic</td>
<td><strong>$ 0.05</strong></td>
<td><strong>$ 0.00</strong></td>
</tr>
<tr>
<td>Non-GAAP net income (loss) per share, diluted</td>
<td><strong>$ 0.05</strong></td>
<td><strong>$ 0.00</strong></td>
</tr>
</tbody>
</table>

1 Estimated using blended annual effective tax rate and net operating losses available to offset.

## Reconciliation of GAAP Operating Cash Flow to Non-GAAP Adjusted Free Cash Flow

*in thousands

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended October 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>GAAP net cash used in operating activities</td>
<td><strong>$ (103,938)</strong></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(21,614)</td>
</tr>
<tr>
<td>Capitalization of software development costs</td>
<td>—</td>
</tr>
<tr>
<td>Cash paid for employer payroll taxes related to employee equity transactions</td>
<td>6,399</td>
</tr>
<tr>
<td>Net payments (receipts) of employee tax withholdings on stock option exercises</td>
<td>6,370</td>
</tr>
<tr>
<td>Cash paid for restructuring costs</td>
<td>11,585</td>
</tr>
<tr>
<td>Non-GAAP adjusted free cash flow</td>
<td><strong>$ (101,198)</strong></td>
</tr>
</tbody>
</table>


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UiPath
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Toni Iafrate
PR@uipath.com
UiPath

Source: UiPath, Inc.