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UiPath, Inc. (PATH)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the UiPath First 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] As a reminder, this conference is being recorded.

It is now my pleasure to introduce you to your host, Allise Furlani, Vice President of Investor Relations. Thank you, Allise. You may begin.

Allise Furlani

Vice President-Investor Relations, UiPath, Inc.

Good afternoon, and thank you for joining us today to review UiPath's first 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 release and financial supplemental materials are posted on the UiPath Investor Relations website, ir.uipath.com. These materials include GAAP to non-GAAP reconciliations. We will be discussing non-GAAP metrics on today's call.

This afternoon's call includes forward-looking statements regarding our financial guidance for the second quarter and full 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 in other filings and reports that we may file from time to time with the SEC. Forward-looking statements made on this call reflect our views as of today, and we undertake no obligation to update them. I would like to highlight that this webcast is being accompanied by slides. We'll 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'd like to hand the call over to Daniel.

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

Thank you, Allise. Good afternoon, everyone. Thanks for joining us. Before we dive into the results, I want to take a moment to reflect on the momentum we are seeing across the business, especially around the launch of our agentic automation platform. This has been one of the most important and successful product introductions in our history. The progress we've made is a testament to the relentless innovation of our teams, the deep trust of our customers, and the strength of our partner ecosystem. Together, we've turned the promise of agentic automation into a powerful reality, and we are just getting started.

The momentum following our launch has been exciting and was matched by strong first quarter financial performance. We executed with discipline and focus in what continues to be a variable macro-economical environment, exceeding expectation on the top and bottom line. We believe our first quarter revenue of \$357 million and ended the quarter with ARR of \$1.693 billion, an increase of 12% year-over-year. Our ongoing emphasis on operational efficiency drove strong bottom line results, significantly improving our GAAP operating loss to \$16 million, compared to a loss of \$49 million in the prior year.

On a non-GAAP basis, we achieved operating income of \$70 million, representing a 20% margin, an improvement of 450 basis points year-over-year. What's driving these results is clear, our end-to-end automation platform, now enhanced with agentic automation and agentic orchestration capabilities is resonating deeply with customers. Over the last several months, I have spent considerable time deeply engaged in product sessions and customer conversations, all centered around agentic automation. The energy and potential I'm seeing are palpable and I've never been more confident about the path we're on. This customer energy has been reinforced by several high impact events this quarter, each amplifying our platform's potential and setting the stage for our next phase of growth. Our Annual Agentic AI Summit and an unforgettable DevCon 2025 laid the foundation for the most significant product launch in UiPath's 20-year history. Over 50,000 participants register for the launch, and our agentic automation products and witnesses firsthand how UiPath transforms work by unifying AI agents, robots, and people into a single intelligent system.

As we bring our agentic platform to market, it's clear we are positioned to lead. Our right to win is grounded in five powerful advantages. First, our extensive installed base of robots and AI capabilities already operating autonomously across more than 10,000 customers, gives us unparalleled insight into real enterprise processes and workflows where agents are a natural extension. Second, we uniquely bridge deterministic automation or

RPA, and probabilistic automation or agentic, allowing customers to extend automation into more complex adaptive workflows.

Third, our vendor-agnostic architecture enables seamless integration with any agent framework, whether pro-code or low-code, providing unmatched flexibility. Fourth, we've built a secure, compliant, and enterprise grade platform that meets the highest standards of governance, critical for enterprise grade automation. And fifth, our unified end-to-end platform architecture delivers a fully integrated experience from discovery to deployment, all governed centrally enabling customers to scale automation with confidence and control. Customers and partners across the industries see our differentiation and are quickly embracing the transformative potential of our newly launched platform.

Since launching Agent Builder in preview this January, we've seen accelerating adoption with customers creating thousands of autonomous agents and generating over 250,000 agent runs to date. Momentum is also building for Maestro, our agentic orchestration solution, which entered preview in March and has already powered more than 11,000 process instances, highlighting strong early demand for coordinated enterprise grade agentic automation. To support this momentum, we've introduced a monetization strategy designed to drive adoption featuring a new consumption-based pricing SKU.

Let me share a few examples that reinforce the strength and differentiation of our platform. Organizations are under increasing pressure to accelerate digital transformation, and as they embrace AI, the word I hear most from customers is trust. They want confidence in the agents they deploy. And that's where our platform stands out. We offer the control, governance, and predictability they need to automate complex end-to-end processes with confidence. A powerful example of this is a Fortune 15 global health company, where we are driving agentic automation at scale. In our first agentic deal since launching our products into general availability, they signed a multiyear, multimillion dollar expansion to adopt UiPath Maestro and Agent Builder to design, deploy, and manage AI agents across complex, cross-functional workflows.

These capabilities enable them to integrate the agents into real business processes with the governance, scalability, and human-in-the-loop controls required for enterprise adoption. We're also seeing a fundamental shift in how customers think about automation. It's no longer about isolated tasks, but the move toward the more intelligent and connected approach. This is where UiPath Maestro truly differentiates us. Our vendor-agnostic architectures enable seamless orchestration between robots, AI agents and people and unlocks complex cross-functional workflows that traditional automation couldn't address. A great example is a leading global apparel retailer using UiPath Maestro to orchestrate their end-to-end user query process with a master support agent.

With Maestro, they've automated the entire workflow from intelligent task routing and ticket generation to resolution and closure, resulting in a streamlined, highly efficient support operation. By seamlessly connecting robots, AI agents and systems, both inside and outside UiPath, Maestro enables smooth coordination across multiple complex automated processes.

Leaders across industries see agentic automation as a key to expanding AI's role from supporting operations to actively guiding them, and they increasingly recognize the need for both deterministic and probabilistic automation. Our platform approach uniquely addresses this demand and is helping us win new customers, including a competitive displacement this quarter with a global healthcare technology company. After selecting UiPath to consolidate on a single platform with deep expertise in both agentic automation and RPA, they are planning to migrate all of their existing automations to our platform and are designing a solution to automate their complex inbound sales order process by integrating agents, Autopilot and RPA, with an expected reduction in processing time of 25%.

The leadership of UiPath's platform is also validated by industry analysts, and we're proud to see continued recognition in Intelligent Document Processing. For the third year in a row, UiPath was named a leader in the Everest Group's IDP Products PEAK Matrix Assessment 2025, another strong validation of our innovation, performance, and industry impact. But we are not standing still. This quarter, we introduced our next-generation IDP solution, Intelligent Xtraction Processing or IXP. IXP transforms how enterprises handle complex unstructured content far beyond the limits of traditional IDP, enabling faster processing, a smoother user experience, and less friction in even the most challenging workflows.

HUB International is a great example of the value IXP delivers. With multiple use cases already in development and production, they are leveraging IXP to efficiently extract both structured and unstructured data from documents. Our IXP solution also enables seamless data extraction across various carrier files supporting their financial reconciliation processes and establishing a scalable solution that can be extended to similar use cases across other business units.

The breadth of the UiPath Platform continues to drive adoption across high-impact use cases. One of the most exciting being Agentic Testing. Customers are responding enthusiastically to its ability to combine AI-powered automation with customizable agents enabling faster, smarter testing across a wide range of enterprise applications. A great example is a competitive win with Continental Resources. We expanded in the quarter by adopting our Agentic Testing solutions. They chose UiPath for our platform-centric approach and industry-leading capabilities and plan to leverage our testing technology to automate key processes in well operations and support their upcoming SAP migration.

As we continue expanding the role of AI across the platform, Autopilot remains the core driver of productivity and continues to gain strong traction across our customer base, with monthly engaged users up over 60% sequentially and an 86% increase in actions taken. A great example is a global financial and mobility services provider. After standardizing on the UiPath Platform, they deploy Autopilot in their banking services department, where hundreds of employees have realized significant time savings by leveraging it for claims management processes. Building on this success, they are preparing to scale Autopilot to over 5,000 employees across all financial services departments.

As we continue to build out the unique horizontal capabilities of the UiPath agentic automation platform, we are also focused on delivering industry-specific AI solutions that accelerate adoption, solving complex problems and driving measurable outcomes. In line with that strategy, our integration of PEAK, which was announced last quarter, is progressing well and gaining momentum among our customer base. We're encouraged by early customer feedback, particularly as they leverage PEAK's inventory pricing capabilities, which are proving even more valuable in today's macroeconomic environment, especially as companies navigate tariffs.

This quarter we announced a strategic AI partnership with Google Cloud aimed at transforming healthcare operations through an AI-powered UiPath Medical Record Summarization agent. Leveraging Google Cloud's Vertex AI and Gemini models, this solution is designed to dramatically improve efficiency and streamline critical medical workflows with the potential to reduce prior authorization times by up to 50%, a game changer for both healthcare providers and the patients they serve. And this is just the beginning. We're committed to continuing to develop targeted vertical solutions.

Central to this strategy is deep, focused collaboration with strategic partners, where we are able to co-create solutions that accelerate customer value and drive measurable outcomes at scale. A great example is our continued partnership with Deloitte, including our recently completed Customer Zero initiative, which led UiPath's

internal migration to SAP S/4HANA. Working with Deloitte and leveraging our own automation capabilities, we reimagine the entire process and pioneered an automation-first agentic ERP approach that now serves as the model for the market. As a result, more than 200 automations were delivered across core processes like Quote-to-Cash and treasury, with nearly 60% of these cases automated, significantly reducing the load on business users and accelerating delivery timelines.

With our internal implementation live, we are now focused on the next phase embedding agentic AI capabilities into the ERP environment. Powered by UiPath Maestro, this next generation architecture will enable smart AI agents to handle decision making, identify exceptions and orchestrate tasks across SAP and non-SAP applications. And we are already replicating this with joint customers, including a recent win with the Fortune 20 oil and gas company. In one of the largest SAP implementations to-date, they will be leveraging UiPath's and Deloitte's automation playbook to significantly reduce implementation time and expect to automate 70% of all manual tests.

As we scale our agentic solutions across our customer base, technical partnerships remain a key priority. Playing a critical role in enabling seamless integrations and driving automation at scale. This quarter, we took another big step forward by expanding our collaboration with Microsoft through a new bidirectional integration with Microsoft Copilot Studio. This integration enables developers to embed UiPath automations and AI agents directly into Copilot Studio and brings Copilot agents into UiPath Studio, unlocking powerful new use cases and making cross platform collaboration a reality. Great example is the global diversified technology and industrial company that is currently implementing UiPath agents to work in conjunction with Microsoft Copilot to support their customer invoicing workflow, enabling an end-to-end touchless approach through this process.

We also teamed up with LangChain to give developers even more flexibility and power. Now UiPath developers can bring LangGraph-built agents, right into their workflows, and LangGraph developers can deploy their agents on our secure enterprise grade platform, giving them the confidence to scale with compliance and reliability built in.

Our end-to-end automation platform sets us apart and continues to earn third-party recognition. We're humbled to be named a leader in the first-ever IDC MarketScape Worldwide Business Automation Platforms 2025 Vendor Assessment, which we believe is a testament to the strength of our technology, our customer-first mindset, and our proven ability to deliver meaningful ROI at scale.

Lastly, I'd like to provide a quick update on our US public sector vertical. We're encouraged by the progress we are seeing in our public sector business as we support federal customers through the transition. A highlight this quarter was our annual Public Sector On Tour event, which brought together senior leaders from the Navy, Air Force, DLA, and DHS to share their vision for the future of agentic automation and underscore our growing role in helping federal agencies modernize and scale automation across their organizations. A great example is the deal this quarter with The United States Air Force to accelerate digital transformation through its agentic airmen initiative.

Building on their successful RPA foundation, the initiative integrates UiPath's intelligent digital agents, advanced decision making capabilities, and AI-driven insights, and is designed to reduce operational inefficiencies, enhance mission readiness, and standardize automation at scale across 70,000 plus airmen and guardians.

Looking forward, we'll continue building on our conversations with administration officials united by a shared goal of transforming the government. At the same time, we recognize that this transition is still evolving and we remain prudent in our guidance for the remainder of the year.

Before I hand it over to Ashim, I like to invite you to join a virtual fireside chat and product demonstration at 11 AM Eastern Time on June 18th, where I'll be joined by our Chief Product Officer, Graham Sheldon to showcase the powerful capabilities of our latest agentic AI products. Please reach out to our Investor Relations team for more information.

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

Ashim Gupta

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

Thank you, Daniel, and good afternoon, everyone. I'd like to begin by providing an update on the key operating priorities we have been focused on. First, we've made meaningful progress in connecting and strengthening our partner ecosystem, which continues to play a central role in driving adoption and accelerating UiPath's strategy in the market. This quarter we officially launched our new partner program, which has been well-received and places a strong emphasis on enabling our partners in conjunction with the agentic launch. This collaborative approach is becoming a powerful engine for shared customer success.

At our DevCon event in late April, four of our leading GSIs, Accenture, EY, Cognizant, and CGI showcased live agentic customer use cases that brought our platform's potential to life. And this quarter more than 40 partners including GSIs like Deloitte, EY and PwC as well as regional partners like Lydonia, TQA and Accelirate completed our agentic Fast Track program, a hands on immersive training in agentic automation and a clear reflection of how invested our partners are in driving the agentic era forward for our customers.

A great example is a leading GSI's close partnership with Sonic Automotive. Following last year's expansion, our IDP and testing solutions, Sonic expanded in the quarter to purchase our agentic capabilities and they work to transform their enterprise with AI. Working it with EY, they will begin identifying use cases across their enterprise and finance, supply chain, shared services and customer service. And Schulz & Partner, an early adopter of our agentic automation solutions with support from Cronos Automation, one of our platinum and Fast Track partners, they are implementing two high impact agentic use cases. One automates the extraction and matching of company data from incoming documents, cutting down on manual research. The other uses multiple agents to analyze client self-disclosures and generate tailored settlement offers, enabling faster, more consistent decision making at scale.

We are also pleased with the progress we're making in driving customer adoption, supported by tighter cross-functional alignment, proactive engagement and clearer accountability and focus. This coordination is fueling real momentum, and there's a strong sense of energy and focus as we bring our agentic automation solutions to more customers.

Finally, we have substantially completed the overall transformation, which has yielded significant operating leverage as seen in our results. Looking ahead, we are also focused on driving internal adoption of our platform to unlock the next wave of operational efficiency as we scale. By agentifying our internal processes with UiPath Maestro and our new agentic capabilities alongside our existing RPA automations, we're setting a powerful example of how our platform can streamline work and deliver measurable value.

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 impacts results. We had a solid start to the year with first quarter revenue growing to \$357 million, an increase of 6%. ARR totaled \$1.693 billion, an increase of 12%, driven by first quarter net new ARR of \$27

million. We continue to be successful in signing valuable new enterprise logos that align with our strategy for targeting long-term customers with the propensity to invest, including new logos like McLaren Health, Paylocity, Norwegian Cruise Line, and in a competitive displacement this quarter, Delta Airlines, who will be migrating their current automations to UiPath and adopting our full suite of capabilities.

Our seamless ability to deliver in the cloud and leading agentic automation capabilities were key in choosing UiPath as their automation partner. We ended the quarter with approximately 10,750 customers. As with prior quarters, the vast majority of customer attrition continues to be at the lower end. Customers with \$100,000 or more in ARR increased to 2,365, while customers with \$1 million or more in ARR increased to 316.

Moving on, dollar-based gross retention of 97% continues to be best-in-class, and our dollar-based net retention rate as of the first quarter was 108%. Remaining performance obligations increased to \$1.231 billion, up 12%. Current RPO increased \$776 million, up 14%.

Turning to expenses, first quarter overall gross margin was 84% and software gross margin was 90%. First quarter operating expenses were \$231 million. First quarter GAAP operating loss of \$16 million included \$76 million of stock-based compensation expense. Non-GAAP operating income in the first quarter was \$70 million, representing a 20% margin, an improvement of 450 basis points year-over-year, and a testament to our ongoing focus on operational discipline and efficiency.

Our first quarter non-GAAP adjusted free cash flow generation was \$117 million, representing a 33% margin, up over 250 basis points year-over-year. We ended the quarter with a healthy balance sheet consisting of \$1.6 billion in cash, cash equivalents and marketable securities and no debt. This quarter, we repurchased a significant number of shares, reflecting our continued commitment to delivering value to shareholders, repurchasing 21.9 million shares of our Class A common stock at an average price of \$10.40.

Now, turning to guidance. We are pleased with the team's execution in a variable macroeconomic environment that is similar to the first quarter. We continue to guide to what's in front of us and therefore have updated our revenue linearity based on the favorable timing and mix of deals between second and third quarter. We are encouraged by early traction with our newly agentic – newly launched agentic solutions. However, adoption is still in its early phases and as such, we don't expect a material revenue contribution in fiscal 2026.

We are approaching the year with strong energy and focus, partnering closely with customers to lay the groundwork through pilots, proof-of-concepts, and early deployments. We view fiscal 2026 as a foundational year that will position us to drive meaningful, new revenue streams in fiscal 2027 and beyond, as agentic automation scales more broadly across our customer base.

Turning to the specifics of our guide. For the second fiscal quarter 2026, we expect revenue in the range of \$345 million to \$350 million; ARR in the range of \$1.715 billion to \$1.720 billion; non-GAAP operating income of approximately \$40 million. And we expect second quarter basic share count to be approximately 537 million shares.

For the fiscal full year of 2026, we expect revenue in the range of \$1.549 billion to \$1.554 billion; ARR in the range of \$1.820 billion to \$1.825 billion; non-GAAP operating income of approximately \$305 million. And finally, we continue to expect fiscal year 2026 non-GAAP adjusted free cash flow of approximately \$370 million and non-GAAP gross margin to be 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. We will now be conducting a question-and-answer session. [Operator Instructions] One moment, please, while we poll for questions. Thank you. Our first question comes from the line of Raimo Lenschow with Barclays. Please proceed.

Sheldon McMeans

Analyst, Barclays Capital, Inc.

Q

This is Sheldon McMeans on for Raimo. Thanks for taking the question. When you reported in March, it did seem like we were near peak levels of uncertainty and you prudently factored that into your guidance. It does seem like some of the uncertainty has decreased then. And so, would love to hear a little bit more on what you're seeing, how you factor that in. And then, if I could tie in a second part here. We have seen some dollar weakening since you last reported. Bloomberg Dollar Spot Index down about 4% since mid-March. And if you could flesh out the FX impact in the quarter and then the potential tailwind to the full year guide, that would be great.

Ashim Gupta

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

A

Yes. Great question, Sheldon. Good to hear from you. So, look, I think that in many ways, the macroeconomic environment, it's still variable. I think when you talk to customers, even when you read the news, right, every day, there's an evolving set of facts and set of circumstances. So, we look at the environment as variable. I think we're pleased with how we executed through it in the first quarter. We have good line of sight in terms of our second quarter and, therefore, we kind of adjusted our linearity as such, which for me is a favorable move from a revenue standpoint.

I think when you look at the overall year, I think there's still uncertainty and variable, and we continue to have a prudent economic environment from that standpoint. The second thing from an FX standpoint, it really was pretty minimal. We actually specifically looked at the exact FX rates at the time. It was within 2%, 3%, so to speak. And I think FX fluctuations are pretty high, meaning, they can shift up and down very – pretty significantly, depending on the day of the month. So, we've maintained our FX assumptions materially to have no impact really for the year at this point. There's nothing significant or material that we would factor in.

Sheldon McMeans

Analyst, Barclays Capital, Inc.

Q

Understood. Great. And a quick follow up. It was great to see the several new solutions around AI agents coming out and the new monetization strategy there. What's been the customer feedback of the unified pricing model and the platform units? Thank you.

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

A

Well, we have experienced already with the concept of AI units in pricing our more traditional IDP solution. And it's a bit early to tell, but initial reaction is positive because the new pricing model is tied closer to the adoption of the software, and yeah, we went to a long way to simplify the model and make it easier to like create a business

model and to understand, especially in this new world of agentic, this is one of the most interesting challenge to solve. How can you price a use case? And we are working closely with customers and making them really understand better how pricing works and how it's tied to the use cases.

Operator: Thank you. Our next question comes from the line of Mark Murphy with JPMorgan. Please proceed.

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Thank you very much. And congrats on reaching all the targets and exceeding them. Daniel, I wanted to ask you regarding public sector and US federal. You said you're encouraged. You closed a deal with the US Air Force. You recognized that the transition is still evolving. Could you just help us understand, how did your US federal business perform? Did it grow faster or slower than the broader business? Did you exceed or miss bookings targets? And if I think what I'm trying to understand is, do you think that public sector is already through the worst of the pressure washing of the budgets? Or do you think that where – do you think that, that trough is still out there on the horizon?

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

A

Yeah. So, I'll let Ashim comment more on the impact on the quarter. But I want to give you, my perspective, seeing the – seeing our events, I was there in D.C. I think that there is really enthusiasm about what agentic automation can bring to – to bring efficiency into the federal government. And yeah, the deal with the US Air Force is very encouraging. It's – they come with this initiative called agentic airmen, that is very ambitious. And it aims to do a broader transformation across their business. I think at the same time, we see continue – they continue to be in a transition, renewals are progressing well. But there is continued pressure on the new budgets being finalized. Ashim?

Ashim Gupta

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

A

Yeah. No, I think Daniel said it well. So, like one I just – I'll reemphasize just super kudos and thanks to our federal team. I think they've done a fantastic job of keeping us surprised and connecting with customers and really managing the enthusiasm that we have from our federal customers. In terms of the exact numbers, Mark, we don't – we obviously don't disclose segment information on a quarterly basis. So, I clearly can't do that here. I would reemphasize I think the renewals were on track, as Daniel said, and I think it depends on the agency. Some agencies I feel like, performed better than we expected. Some of the moratoriums were lifted policy wise and then some of those moratoriums were also, while they're lifted policy wise, they're still finalizing their current procurement routines. And you see, some of the same slowdown that we saw that's there. So, on balance, I would say, they're in transition and we are going to continue to have a prudent approach as we navigate the year, even though we're encouraged by the competition.

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Okay. Encouraged. Okay. Got it. Thank you very much. And then Ashim just as a quick follow up there, you commented positively on linearity, which is great to hear, in terms of what's happening currently. How do you feel about the quality and depth of the pipeline that's sitting out there toward the end of the year? And I'm curious if you think you can avoid some of the challenges that you might see, from time to time coming off of Q3 or coming off of Q4, which then I think would be a function of the pipeline and how it closes then?

Ashim Gupta

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

A

Yeah. I feel really good. I just, a shout out to Ben Fiechtner and Mark Gibbs, our sales leaders, I think they do a good job of not just looking at current quarter, but moving ahead and really taking a good look at our pipeline as our sales ops function does as well. We feel good about the quality. And I would say beyond of being kind of like a blanket statement, I think what bolsters that confidence is just the activity that we have on the agentic front. So, several of the customer conversations they've solidified that they feel very good about our niche in their long-term architecture or our place in their long-term architecture and they're doing a lot of the agentic exploration pilots and POCs.

When you couple that with what we're seeing in the pipeline, it means that the quality feels good. It's not just things that are in there, but it's in there with real new commercial activity as well. And that honestly has generated a lot of excitement, a lot of work for us, but a lot of excitement for the business.

Mark R. Murphy

Analyst, JPMorgan Securities LLC

Q

Okay. It's great to hear. Thank you so much.

Operator: Thank you. Our next question comes from the line of Jake Roberge with William Blair. Please proceed.

Jake Roberge

Analyst, William Blair & Co. LLC

Q

Yeah. Thanks for taking the questions, and congrats on the solid results. Helpful commentary on the demand you're seeing for some of your new AI solutions. Just specifically on Maestro, we're obviously hearing about a lot of different agent orchestration solutions in the market. You called out some solid metrics on that front. So, can you talk about what you're hearing from customers as to why Maestro is kind of the best fit compared to some of the other solutions in the market?

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

A

Yeah. Look, I think we need to clarify one thing. Many companies when speak about orchestration, they mean mostly an agent to agent orchestration, mean the capability of managing a swarm of agents. Our Maestro is more ambitious in a way. We connect agents with robots and people and its ability to deliver fixed workflows at the enterprise level that can be executed in an autonomous way. It makes it a very powerful proposition in the market. We spend a lot of time in order to create better analytics, to understand better, how your or how to see, to get great insights into your workflows, how your agents operates, how you robots operate, what's the human impact? We even combine process mining data into these insights. So, this in itself, it's a very unique proposition in the market.

So, overall, I think that our agentic orchestration is built on a very new modern technology. It has all the whistles and bells of modern workflow technology plus we have amazing insights into your operational data. So, I think it's a pretty unique offering in the market.

Jake Roberge

Analyst, William Blair & Co. LLC

Q

Okay. That's helpful. And then Ashim, just on the go to market and operational changes you've made over the past year, do you feel like things are kind of stable at this point or are there any other things that you're looking to tweak in the model this year?

Ashim Gupta

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

A

Yeah. So, I think, I want to be clear on it. I think things are stable. Like I look at our leadership, I look at our core teams, I look at the motions, I look at even the some of the supporting functions. We feel really good about the leaders that are in place, their tenure with UiPath as well as the structure. So, we are substantially complete. Are there tweaks that we will make? I think, the activity and the energy around the new agentic platform is really – it's real. So, I think we're always going to be looking for ways to go faster, be more focused and address the needs of our customers. But nothing that I see as disruptive. I actually think it's going to be more about coping with the opportunity in front of us.

Operator: Thank you. Our next question comes from the line of Sanjit Singh with Morgan Stanley. Please proceed.

Q

Hey, everyone. Thanks for taking the question. This is Ryan on for Sanjit. Just curious, any additional color you can provide around the trends you're seeing in retention just with some continued pressure there in the quarter? And maybe how should we think about the trajectory of retention going forward? Thank you.

Ashim Gupta

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

A

I think we've always talked about one law large numbers. But second, I think first quarter and a lot of the transition that we were seeing and the disruption of the macro, and of course, some of the transition with the federal government, that explains as we did in first quarter, the trend around the expansion rate. Look what we feel positive about is two things. I think first, you look at the energy that we have around the agentic, you look at, as we continue to, we beat our first quarter estimates, we – our execution is strengthening. So, from our perspective, I think we're really reaching at a point where we feel like we can continue to scale our biggest customers. I would point to our customers greater than \$100,000, growing 13% year-over-year. So, those are the key trends. I think the pressure points are more related right now to macro and federal, the way we've talked about it. And we're hoping, that those things stabilize as everybody else does. At the same time, we've been prudent in our guidance as we go forward as we mentioned.

Operator: Thank you. Our next question comes from the line of Bryan Bergin with TD Cowen. Please proceed.

Bryan C. Bergin

Analyst, TD Cowen

Q

Hey, guys, good afternoon. Thank you. So, as it relates to the fiscal 2026 growth outlook, can you just unpack the comments you made on the favorable timing and mix of deals between the second and third quarter? It sounded like some things shifted around in there versus the prior plan. I'm just curious, is there just better sales cycles and select clients or other factors driving that?

Ashim Gupta

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

A

Yeah. No, I think it's just the mix of deals, Bryan. And when you look at it, when we were guiding in the first quarter, we obviously had tremendous uncertainty. We got it in front – what was in front of us. I think as we get to second quarter, I think the shift in the deal mix is favorable and so we wanted to reflect that in our numbers. It's really that simple and we're encouraged by the activity of what's moving into second quarter, particularly around some of the larger deals that with 606 (sic) [ASC 606] obviously drives the favorable revenue recognition.

Bryan C. Bergin

Analyst, TD Cowen

Q

Okay, okay. And then as it relates to the margin outperformance, you had pretty notable leverage on S&M year-over-year. Can you just talk about where you're being more disciplined to drive that? And are you at an optimized level to allow for a growth acceleration there? Really just thinking about the tradeoff of optimization of S&M versus growth potential.

Ashim Gupta

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

A

I think we're continuing to invest, to be very clear. We did complete our – the substantial portion of our restructuring, where we, to our minds, removed a lot of or got efficiency from non-customer facing functions. I'll let Daniel comment a little bit on the activity and investments. But we are investing in key areas, key markets. But I think there's enough efficiency that we can self-fund some of that, but we're not afraid also to double down where we need to, to capture the opportunity.

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

A

Yeah. I think the fact that we've brought to market basically in the last two, three quarters five new products shows our commitment to invest in growth and innovation. And certainly, we think of ourselves as a company that can grow faster and agentic is a great opportunity for us and we will continue to focus agentic automation. It's our top priority as a company.

Bryan C. Bergin

Analyst, TD Cowen

Q

All right. Thank you.

Operator: Thank you. Our next question comes from the line of Terry Tillman with Truist Securities. Please proceed.

Terry Tillman

Analyst, Truist Securities, Inc.

Q

Yeah, good afternoon, Daniel, Ashim, and Allise. I had two questions, a question and follow-up. I heard it several times and I think I'm a relatively good listener of replacements. So, I heard it large airline, global airline. I think there was another one. I'm curious, as agentic and other things are evolving, is this creating a kind of go back and look at our existing vendor base and thinking about maybe we consolidate with vendors that are further along on agentic? Or am I reading too much into the word replacement, because I heard it a couple of times? And then, I have a follow-up.

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

A

Yeah. In a way, there are traditional RPA vendors that cannot keep the pace with the innovation and naturally, some of our customers are looking into their portfolio and they want to consolidate. There is a tremendous benefit of combining AI agents with robots. And when you go and decide on an AI agentic automation platform, it's a natural way to think maybe we should bring the robots into the same platform. Again, the benefits from the security and governance perspective and having agents and robots and managing humans also in the same platform are tremendous. So, yeah, replacements will come more naturally into the picture.

Terry Tillman

Analyst, Truist Securities, Inc.

Q

Yeah. Thanks for that. And just a follow-up question. You all kind of redesigned and evolved the partner program. I'm curious and it does, like you said, include regional partners, large GSIs, et cetera and even ISVs. Going forward, maybe the next two to four quarters, will we see more probably and getting more from your existing customers, whether it's \$100,000, the \$1 millions or the \$5 millions? Or is there something that could be more incremental on just bringing new quality customers in the boat? Just trying to understand maybe kind of the relative importance there? Thank you.

Ashim Gupta

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

A

On the partner program, I think one is it's super important that our partners are high quality and properly incentivized because they are often very close to our key customers, especially that mid-tier customers. So, if I look at that \$100,000-plus customers base, yes, we want our RSIs to be growing that base and engaging and driving consumption and adoption. So, we look at everything that partners do as net positive. Do we have a specific transfer function between the partner program and the dynamics of those customer cohorts? No, I don't think there's anything that we would fully disclose in terms of a specific transfer function. But it is very important that customers who are working with our partners, they're on the same playing field with us in terms of our agentic capabilities and have the right incentives.

Operator: Thank you. Our next question comes from the line of Kirk Materne with Evercore ISI. Please proceed.

Chirag Ved

Analyst, Evercore Group LLC

Q

Hi, this is Chirag on for Kirk. Thanks so much for taking the question, and congratulations on the results. Can you talk more about the GCP partnership, the partnership with Microsoft Copilot Studio, in terms of how the economics of something like that would work for you? And are there opportunities to develop additional vertical solutions beyond what you've talked about? Thank you.

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

A

Well, let me start with the vertical solutions. Because we believe that in this early adoption phase of agentic AI, it's becoming critical to solutionize our offering. Our aim was always to build a horizontal platform that offer the building blocks to build more dedicated solutions. So, this is one of the reason we bought PEAK, because they offer great vertical agents for inventory and pricing, and we are leveraging their expertise and building vertical AI solutions into other domains.

And yeah, and this is also it aims to the partnership with GCP, which basically it helps combining our forces to build a vertical solution on medical summarization field. With Microsoft, it's actually a more broader horizontal integration between our technologies. And in the end, we always said we are an open platform and we want to be a good citizen. So, if our customers want to use Microsoft Copilot agents and combine with our robots, that's a great way to integrate in this point with our reciprocal connectors. And it's kind of the same. We can use various Microsoft technologies and agents from our Maestro orchestration technology.

Operator: Thank you. Our next question comes from the line of Siti Panigrahi with Mizuho Securities. Please proceed.

Siti Panigrahi

Analyst, Mizuho Securities USA LLC

Q

Thank you. Thanks for taking my question. Ashim, just wanted to ask on that net NRR, which is, I think 108%, slightly down from last quarter. I understand it's a trailing 12 month. But as you are investing in this new platform launched, when do you think we should start seeing some kind of stabilization on the NRR side?

Ashim Gupta

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

A

Yeah. I think we've obviously given our guidance for the year. From our standpoint though, we will, as we talked about, I think this year we see POCs particularly on the agentic side and no material impact to revenue. So, I would – I think that some of the discussion we can have in the second half of the year as we progress with our agentic launch and going into next year from that standpoint.

Siti Panigrahi

Analyst, Mizuho Securities USA LLC

Q

Okay. And then a quick follow up to your comment on FX. I guess you said it was immaterial. So I assume the net new NRR and FX adjusted this is probably same as 2027. And what's your assumption in terms of FX impact for your fiscal year guidance?

Ashim Gupta

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

A

We use the most recent FX rates like over the last couple of days. That's, over the last week that's typically what we do.

Siti Panigrahi

Analyst, Mizuho Securities USA LLC

Q

Okay. Thank you.

Operator: Thank you. Our next question comes from line of Alex Zukin with Wolfe Research. Please proceed.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Yeah. Hey, guys. So, maybe a lot of my questions have been asked. But just was – just maybe double down on what drove so much of the license outperformance in the quarter. Was there any inorganic contribution? Was there kind of FX helping that number? I know we've talked about it a little bit on the call, but just trying to really understand what drove that? Were they pull-ins from prior quarters or push-outs?

Ashim Gupta

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

A

No, I think it's just the mix of deals. Again, with revenue, we have 606 (sic) [ASC 606] accounting. So just the mix of deals, in terms of both duration as well as deployment method, there's nothing frankly unusual to comment on. We were happy with, overall – the overall mix of deals and kind of the balance of duration et cetera. But nothing consequential that drove that specifically.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Okay. And then maybe just back to Siti's question, but I'll ask it a little differently. Should we continue to see NRR trend down from the current level as we get through the year and then trough and start to rebound potentially as you start selling the new solution as it troughed at 108%, and then just maybe anything in terms of the – any further operational adjustments or efficiencies from a go to market perspective. It looked like there was a little bit of restructuring that hit this quarter that maybe gives you the opportunity to further reinvest.

Ashim Gupta

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

A

Yeah. So, the first one, I feel like I answer the dollar based net retention rate. I think it's embedded within our guidance. We don't see a meaningful shift between expansion in new logos versus historical mix. So, I think that calculation can – is easily embeddable as you go forward. As we talked about, we're very bullish in terms of the early activity on agentic. We'll revisit the conversation as we get further into that launch. But for this year, there's no material impact. But., of course, stabilization and acceleration is what we're all playing for. So, we'll update on the timing of that.

In terms of the reinvestment of our go to market, as we said and we've been very transparent, we finished our go to market restructuring in first quarter and we feel very good about the stability of the teams that are there. We are investing in specific pockets. So, where we see opportunity and the largest opportunities we are doing that. I think we want to hold ourselves to a discipline as any investor would want us to, to be investing in the highest return segments, and really making sure that we have clear focus and accountability in the areas that we are investing. So, is there opportunity to reinvest with go to market. Yes, we have been. We'll continue to do so. But we still, overall will always look for ways to become more efficient.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Got it. Thank you, guys. Congrats.

Operator: Thank you. Our next question comes from the line of Nick Altmann with Scotiabank. Please proceed.

Nick Altmann

Analyst, Scotia Capital (USA), Inc.

Q

Awesome. Thanks, guys. In the prepared remarks, you guys noted how the agentic automation capabilities are actually driving some net new customers to the platform. You also talked about some competitive displacements. So, just in regards to the pipeline, how should we think about the mix of net new ACV maybe changing and tilting a little bit more towards net new customers versus expansion?

Ashim Gupta

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

A

Yeah. I don't – honestly don't see that mix that's there. I think we like – we definitely want to give examples of the various dynamics. But I don't see a disproportionate amount of replacements coming in. I think we've always expanded beyond RPA with IDP test, document communications mining, et cetera, process discovery than many traditional RPA vendors did not have. So, I think that is just a constant consistent flow that's there. Agentic is just a further differentiation like, putting space in between there. So, at this time I would – I think the mix is the same, but it is exciting the discussions, whether new or in expansion that agentic is giving to us. And that is really what our aim was in highlighting that.

Operator: Thank you. With that, this concludes the Q&A session. I would like to turn the floor back over to management for closing remarks.

Daniel Dines

Founder, Chairman & Chief Executive Officer, UiPath, Inc.

Thank you so much for all the questions and we are looking forward to meeting most of you throughout the quarter. Thank you.

Operator: This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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