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UiPath, Inc. (PATH)

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the UiPath Second 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 this conference 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.

Allise Furlani

Vice President-Investor Relations, UiPath, Inc.

Good afternoon, and thank you for joining us today to review UiPath's second 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. 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 third 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 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.

Daniel Dines

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

Thank you, Allise. Good afternoon, everyone. Thanks for joining us. I want to begin by thanking our partners and customers for their continued trust. I also want to thank the entire UiPath team for the progress on improving execution, consistency and discipline. And the progress is evident in our platform's innovation, customer outcomes and financial results. Together, we are shaping the future of enterprise transformation.

In every conversation with customers and partners, the message is clear. Automation and AI are stronger together. Our deterministic foundation, enterprise grade RPA and API automation capabilities deliver the trust, scale, and reliability mission-critical processes demand. On top of that, our leading AI capabilities, intelligent document processing, or IDP, and our agentic AI offerings that can reason, plan and act, bring adaptability, intelligence and speed.

In addition, what brings it all together is orchestration with UiPath Maestro. We unify agents, robots and people across systems with governance and transparency. So, outcomes are measurable and repeatable. This combination is delivering tangible ROI, fueling increasing commercial momentum and positioning UiPath to lead in this new era of automation. It has also translated into strong second quarter results where we exceeded the high end of our guidance across all key financial metrics.

Second quarter ARR grew 11% to \$1.723 billion, driven by \$31 million in net new ARR. Second quarter revenue was \$362 million, an increase of 14% from the prior year period. Importantly, our AI and agentic solutions are helping us win deal and increase deal sizes faster than traditional automation engagements, and now represent a growing share of commercial activity. We continue to deliver growth while driving operational efficiencies across the organization.

Non-GAAP operating income increased to \$62 million, representing a 17% margin and an improvement of more than 1,500 basis points year-over-year, reflecting the operating leverage and discipline we are achieving in the business. While capturing the benefits of agentic UiPath from within. This momentum reflects the work we've completed to elevate the execution. Over the past year, we rebuilt our go-to-market for scale, stabilizing our structure, adding sales capacity and specialists, and instituting value based plays with tighter pipeline inspection. We are seeing the impact, higher quality pipeline, more predictable forecasting, better customer adoption and implementation, and larger multi-solution opportunities, especially where agentic and IDP land on top of our RPA and API foundation. You can see this execution showing up in the field. We continue to acquire high-quality new logos.

For new customers, deterministic automation remains a high ROI, low barrier entry point. That's why over 95% of new logos this quarter included our core automation capabilities. For our large installed base, our new AI and agentic capabilities are translating into real momentum. Since launching our agentic platform, customers executed almost 1 million agent runs. Maestro orchestrated over 170,000 process instances and over 450 customers are actively developing agents.

Now, let me share a few examples of how customers are using these capabilities in practice. One example is Voya Financial. After automating more than 100 processes, they expanded this quarter to adopt our agentic capabilities. With Agent Builder, they are targeting over 40 high impact use cases in accidental claims and Maestro is orchestrating the workflows. Another great example is an international mobility service provider, which shows how quickly customers can scale agentic automation across their business. This quarter, they purchased our agentic product with the vision to deploy AI agents in more than 2,000 branches. They will begin with compliance management using Maestro as the orchestration layer and autopilot to summarize and draft responses. From there, they plan to extend into other departments to deliver cost savings, higher customer satisfaction and greater efficiency.

Our agentic products have not only deepening engagement within our installed base, they are also helping us win major new customers. A standout example is a seven-figure deal with the Fortune 50 Global Technology company. In a competitive win, they chose UiPath to power their SAP transformation and reinvent employee operations across functions like supply chain and manufacturing. They chose UiPath for our broad platform, including application testing, process intelligence and agentic automation and our proven ROI in complex enterprise environments.

What I consistently hear in conversations with our customers is the need for transparency and control. That's why we built Maestro to unify AI, automation, and human decision-making so outputs can be trusted with RPA playing

a critical role alongside agentic automation. A great example is the leading US healthcare provider that is piloting our agentic products to streamline their accounts payable process. Agents monitor to mailbox, extract metadata, retrieve status updates and draft replies while robots process attachments, send mails and create tickets. At the same time, UiPath Maestro orchestrates the workflow involving humans only for exceptions and final reviews, reducing manual effort by 60% and cutting processing time by up to 75%.

Another strong example is a Fortune 500 American manufacturer consumer and professional products. We expanded to our agentic products with successful proof-of-concept in procurement operations. What was once a manual purchase order review is now handled by agents before a robot updates SAP. With UiPath Maestro orchestrating it all, they cut latency and manual work while ensuring full policy compliance. And we believe, it's results like these that contributed to UiPath being recognized for the seventh consecutive year as the leader in the 2025 Gartner Magic Quadrant for Robotic Process Automation for both ability to execute and completeness of vision.

As customers continue to scale their agentic automation programs, we are focused on helping them accelerate adoption. This quarter, we introduced two initiatives to support the journey. A team of forward deployed engineers to co-develop solutions and guide complex strategic implementations and UiPath playground, a frictionless no sign up environment where customers and prospects can test, pre-built verticalized agentic solutions and see the differentiated value of our platform.

Customers choose UiPath for our unified end-to-end platform that brings together API, UI and AI-powered automation. This quarter, we are extending that advantage with API workflows. Our new foray into simplifying deployment and using APIs in our platform, giving customers greater control over how automation securely interacts with their business systems and data. This capability is essential to scaling agents securely and giving them a deterministic foundation to interact with enterprise systems. Our focus is to continue building an open agentic ecosystem. While low-code has made agent building accessible. Growing complexity is driving demand for pro-code flexibility. That's why we launched UiPath coded agents. Now, developers can fully customize and deploy secure and auditable agents, built around their data and systems.

A great example is Cato Networks, a cyber-security company specializing in secure access service edge, who has deployed UiPath coded agents in production for IT ticket classification and analysis and is now piloting a master IT support agent expected to resolve up to 30% of tickets.

Following our initial integrations with LangChain and LangGraph, we have continued to expand support for other open source frameworks in the market, including LlamaIndex. This makes it even easier for developers to build in Llama and deploy directly into UiPath, leveraging our orchestration, security and monitoring for mission-critical processes.

As enterprise automation evolves into agentic automation, the effectiveness of AI agents and automations depends on the quality of the data they can access. To address this, we recently introduced UiPath Data Fabric, a unified data layer that powers agents, apps and workflows across the enterprise. By giving agents and automations access to trusted context-rich data, Data Fabric eliminate delays and ensure seamless integration across systems.

Complementing this, our IXP capabilities help customers unlock unstructured information and turn complex documents into actionable data. This quarter, we launched IXP into general availability, and customers like Coronis Ajuba Solutions are already seeing an impact, automating data extraction from over 20 million pages and reducing errors by 35%. Building on this success, Coronis plans to adopt Agent Builder and Maestro to scale

denial processing across payers. UiPath's human-in-the-loop experience and flexibility to integrate custom LLMs are key drivers to support their enterprise-wide agentic automation vision.

The excitement around our agentic capabilities extends beyond customers with partners embracing them to create joint solutions that deliver greater value and faster transformation. A great proof point is one of our top GSIs. After leveraging our agentic products to automate order-to-cash collections, they highlighted UiPath Maestro as one of the most robust agentic orchestrators on the market. They are now committed to building over 20 agentic solutions across core finance process and claims and contract management and are already deploying them. We've joined customers like a global fintech company, where initial POCs in corporate finance are focused on contract validation and revenue recognition.

Cognizant is another strong example of how our partners are embracing our agentic products to co-create next-generation solutions. They are leveraging a variety of our solutions, such as Maestro, Agent Builder, RPA and IDP, to build an intelligent claims processing suite. With this solution, we will jointly work with customers to reduce human involvement, streamline the intake process and de-silo processing across the entire claims value chain.

We've also deepened our collaboration with Deloitte as they launched Agentic Global Business Services, a pioneering solution combining Deloitte's advancements in agentic AI with the UiPath platform to move enterprises from task automation to intelligent orchestration.

Alongside our GSI partnerships, we continue to strengthen alliances with leading technology platforms. We are proud to expand our longstanding relationship with Microsoft, who has reinforced UiPath as their preferred enterprise agentic automation platform for their customers. This strengthened alliance brings the power of Microsoft's industry-leading cloud and AI to customers with cutting-edge agentic products on the UiPath platform, like the UiPath Autopilot plugin for Copilot and Teams, and the bidirectional connector for Copilot Studio, which is growing in adoption and usage.

Lastly, in the US public sector, with budgets now largely finalized, buying patterns are returning to a more normalized state, and agencies are turning to automation and AI for mission-critical initiatives. The United States Navy is a great example, with over 200 automations already deployed. The Navy expanded their IDP initiative to streamline quarterly account reviews as part of its effort to achieve a clean audit opinion by 2028. As we look ahead, we have deep relationships across agencies, a strong team on the ground, and we are well-positioned.

Before I turn it over to Ashim, I like to invite you to UiPath FUSION, our flagship user conference taking place September 29 to October 2 in Las Vegas. FUSION brings together customers, partners and innovators from around the world, and we're excited to showcase how agentic automation is transforming enterprises and share more about our product vision and customer success.

The future isn't about choosing between agents and automation. It's about combining them. Together, they are stronger and we are delivering best-in-class innovation in both categories to lead this next era of enterprise transformation for our customers and partners. 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. Before turning to the financials, I would like to reiterate the progress we've made on our operating priorities. First, on operational rigor and efficiency, we completed our restructuring and remain focused on driving productivity and disciplined execution. As a part of this, we've established a stronger cadence around predictability and key operating decisions, bringing product and field teams closer together to drive growth.

Second, on customer adoption, our teams, field organizations and partners are working hand in hand to deepen customer centricity and expand usage across our installed base. This includes strong momentum from partners leaning into our agentic platform, such as Ashling Partners, calling it the natural evolution of RPA, and TQA, underscoring how UiPath enables their teams to help customers reimagine their operations and is driving record demand from both existing and new customers who want to lead their industries with game-changing automation strategies. These collaborations are critical to accelerating adoption at scale and moving customers from pilots to production deployments.

Lastly, while we continue to drive efficiencies across the business, we remain focused on investing in innovation as we look to capture the significant and expanding opportunity that automation and AI brings to the enterprise.

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.

Second quarter revenue grew to \$362 million, an increase of 14%. Normalizing for the year-over-year FX tailwind of approximately \$9 million, revenue grew 12%. ARR totaled \$1.723 billion, an increase of 11%, driven by net new ARR of \$31 million. Normalizing for the year-over-year FX tailwind of approximately \$5 million, ARR grew 11%.

With the launch of our agentic automation platform, we continue to see customers moving to the cloud. We ended the quarter with more than \$1.08 billion in cloud ARR, which includes both hybrid and SaaS, an increase of more than 25%. A great example is KLM Royal Dutch Airlines. After saving over 200,000 hours in 2024 with UiPath automation, they are migrating to the cloud, exploring agentic automation initiatives and implementing UiPath test cloud for SAP.

We ended the quarter with approximately 10,820 customers. As with prior quarters, the vast majority of customer attrition continues to be on the lower end. 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 Henry Schein, a Fortune 500 global healthcare solutions provider, who selected UiPath due to the breadth of our agentic automation platform capabilities, and other notable logos in key sectors like the Watches of Switzerland Group, Community Financial Credit Union and The Vita Coco Company.

In addition to key customer adds in the quarter, our agentic capabilities and go-to-market improvements have resulted in deepening relationships in strategic cohorts. Customers with \$100,000 or more in ARR increased to 2,432, while customers with \$1 million or more in ARR increased to 320. Dollar-based gross retention remained best-in-class at 98%, and our dollar-based net retention rate remained at 108%, underscoring the durability of our customer base as they embrace our agentic automation solutions. Adjusting for foreign exchange, dollar-based net retention rate was 108%. Remaining performance obligations increased to \$1.209 billion, up 12%. Normalizing for the FX tailwind, which was an approximately \$19 million tailwind, RPO grew 10%. Current RPO increased to \$789 million, up 15%.

Turning to expenses, we delivered second quarter overall gross margins of 84%, and software gross margin was 90%. Second quarter operating expenses were \$243 million, a reduction of 6% from the prior year. Second quarter GAAP operating loss improved \$83 million versus the prior year to \$20 million and included \$78 million of stock-based compensation expense. Our continued growth and disciplined expense management for cloud, operating expenses and stock-based compensation positions us well to achieve GAAP profitability in the near term.

Second quarter non-GAAP operating income was \$62 million, representing a 17% margin, up more than 1,500 basis points year-over-year and driven by our continued focus on operational efficiencies. Second quarter non-GAAP adjusted free cash flow was \$45 million.

We ended the quarter with a healthy balance sheet of \$1.5 billion in cash, cash equivalents and marketable securities, and no debt. Our disciplined buyback activity reflects both confidence in our long-term opportunity and our ongoing commitment to return capital to shareholders. During the second quarter, we repurchased 8.3 million shares of our Class A common stock at an average price of \$12.10.

Now turning to guidance, we are pleased with the team's execution in a variable macroeconomic environment, which is consistent with what we experienced over the last several quarters. And as Daniel mentioned, we are pleased with the progress of our public sector team. With this, we continue to maintain a prudent outlook and guide to what we see in front of us. Lastly, as a reminder, while we are encouraged by the early traction with our newly launched agentic capabilities, adoption is still in its early phases, and as such, we don't expect a material top line contribution in fiscal 2026. Lastly, as a reminder, FX impact is recognized at the time of renewal in contract signing, and is driven by European currencies and the yen.

Turning to the specifics of our guide, we are raising guidance for the progress we've made on our operating priorities and the incremental FX tailwind since we provided guidance on our first quarter earnings call. For the third fiscal quarter 2026, we expect revenue in the range of \$390 million to \$395 million. This range reflects an approximately \$2 million tailwind driven by FX rate movements since we provided guidance on our first quarter earnings call. ARR in the range of \$1.771 billion to \$1.776 billion. This range reflects an approximately \$2 million tailwind driven by FX rate movements since we provided guidance on our first quarter earnings call. Non-GAAP operating income of approximately \$70 million, and we expect third quarter basic share count to be approximately 532 million shares.

For the full fiscal year 2026, we expect revenue in the range of \$1.571 billion to \$1.576 billion. This range reflects an approximately \$7 million tailwind driven by FX rate movements, since we provided guidance on our first quarter earnings call. ARR in the range of \$1.834 billion to \$1.839 billion. This range reflects an approximately \$7 million tailwind driven by FX rate movements since we provided guidance on our first quarter earnings call. Non-GAAP operating income of approximately \$340 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. And at this time, we will be conducting our question-and-answer session. [Operator Instructions] And our first question comes from Bryan Bergin with TD Cowen. Please state your question.

Bryan C. Bergin

Analyst, TD Cowen

Q

Hey, guys. Good afternoon. Thanks for taking the question. Wanted to ask, as it relates to the client demand progression on your agentic solutions, can you just talk about how the pacing is progressing in those accounts where they have moved from kind of POC and pilots to production? I don't know if I missed it, but the mix of the clients that are developing agents here. And as you look at these accounts, I think you mentioned you're seeing agentic solutions increase deal sizes at a faster pace than the traditional RPA work in the past. Any context you could provide around that?

Daniel Dines

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

A

Yeah. Hi, Bryan. Let me start with the product overall, the agentic product, and I will let Ashim comment more on the increased deal sizes. We launched our agentic orchestration and the Agentic Builder (sic) [Agent Builder] (00:30:20) in May this year. And the progress that we are seeing is very encouraging. Having like 450 customers actively working with our technology building agents with the intention to deploy in production is really a meaningful – it has a meaningful impact.

I would say another good momentum for us is that most of those deals actually uncover even more opportunities for automation, [ph] scoring (00:31:07) really on our strength, which is combining the orchestration, RPA plus API and the agentic. And so, I would say that the results are, so far, are very encouraging. We've seen some significant deals that were driven by, again, by the combination between agentic and automation.

Ashim Gupta

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

A

Yeah. And then, Bryan, I think when you look at what Daniel talked about, because people see the value in the agentic platform, that is actually new product that we are monetizing. So, it naturally increases the deal sizes for there. But what's interesting is the fact that it reinforces often the need for deterministic automation with our RPA and AI capabilities. So, it has a twofold effect as they're going through their process transformations in our POCs as well as our pilots. That's really what's affecting our deal sizes.

Bryan C. Bergin

Analyst, TD Cowen

Q

Okay. All right. Understood. Just a follow-up on DBNR, stable here 1Q to 2Q. Do you expect that to sustain as you go through the second half?

Ashim Gupta

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

A

When you look at DBNR implied in our guidance, obviously, you can calculate and see what the normal ratio is. I would say we're stabilizing. That's what we feel. I won't make a commentary at this point to out-quarters too far, but we feel, as we talked about in our guidance, we're assuming we continue to have a prudent outlook on the

macroeconomic environment. We do see the government returning to back to kind of normal buying behavior, which in my mind, is positive. But with the macroeconomic condition, et cetera, we're still embedding the guidance as we did in the script.

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

Jake Roberge

Analyst, William Blair & Co. LLC

Q

Yeah. Thanks for taking the questions and great to hear about the nice start with some of your new agentic solutions. There's obviously a lot of people talking about agent orchestration. When you're talking with customers about Maestro, what's the key pitch that gets you in the door, and who are you seeing most in those types of deals?

Daniel Dines

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

A

So, our key pitch is being really agnostic. We – I think most of the customers right now are concerned into being completely on one side of a business platform. Because if you look at agentic and orchestration, most of the processes actually spend multiple business system. So, you will have to make a choice if you choose an orchestration or an agentic solution that is provided that one of the business systems, how you are going to move data between business system, where you are going to ultimately store your data. And many our customers are really reluctant to choose for orchestration one major business system, and they prefer an agnostic approach.

Also, our Maestro is very tightly integrated with our automation platform. So, it makes it extremely easy to combine agents and people in the loop and actions that are provided by our robots. And I think our platform is really the breadth of our platform in the terms of the offering of orchestration, automation and agentic is one of the best in the market today. So, these together makes it a very compelling offering for our customers. And we are seeing really interesting wins against major orchestration platform providers.

Jake Roberge

Analyst, William Blair & Co. LLC

Q

Okay. That's helpful. And then, now that we're a year or so into some of the go-to-market changes that you all made, how would you assess kind of the overall health of the go-to-market motion? I know things are always evolving, but do you feel like things are largely stable at this point in that motion?

Daniel Dines

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

A

Yeah. I would say stable is a good word. I think we made really solid progress on making our entire go-to-market much closer to the customer. As we said like in the past year, one of our major strategy was to be much more customer centric and to break the silos. And I think our go-to-market, it's also working much closer with the product right now. And this is important in an era of where the iterations are largely driven by customer interaction. So, we are pleased of how our go-to-market is structured and is functioning right now.

Operator: Thank you. And your next question comes from Michael Turrin with Wells Fargo. Please state your question.

Austin Williams

Analyst, Wells Fargo Securities LLC

Q

Hey, guys. This is Austin Williams on for Michael. Thanks for taking the question. I just wanted to double click on the US federal business. And just any other color that you can add on how the business performed and just how you're navigating the uncertainty there?

Ashim Gupta

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

A

We don't break out our segments, as you know. But I would say our public sector had just a really good quarter in terms of the momentum of selling with agentic. We are encouraged by the progress in the public sector. The budget's finalization, we see signs of stabilization there. The teams are really executing well. So, we feel we're well-positioned for the second half. We just had a recent wins with the Veterans Affairs and the Coast Guard. So, we're really happy with both the wins in the quarter and the feedback we're getting from customers, including, large customers like the Navy and the IRS as well.

Austin Williams

Analyst, Wells Fargo Securities LLC

Q

Got it. Helpful. Thanks. And then just one follow-up on the big sequential step-up in subscription revenue this quarter. Was there anything specific to call out like related to that line or is there anything one-time in nature that impacted that?

Ashim Gupta

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

A

Yeah. Going back to last quarter, we had kind of a leap year impact that was there that just kind of caught up in that. And so, that was the kind of the movement that you saw, and now this quarter it's back to stable.

Operator: Thank you. And your next question comes from Raimo Lenschow with Barclays. Please state your question.

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Q

Perfect. Thank you. First, a quick number question for Ashim, and then one for Daniel. The – on the number side, if I look at your ARR guidance for the full year and FX – and total revenue, you gave us FX, so thank you for that, that's really helpful. You raised by a touch more than your beat. Can you speak to what's driving that confidence?

Ashim Gupta

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

A

Yeah. I think we're continuing to maintain a consistent philosophy. So we look at the field sentiment, we look at what's in front of us in terms of the pipeline and just the momentum we are seeing with both the improvements that Daniel talked about on the go-to-market side as well as agentic, Raimo, and that we wanted to reflect and really put that into the numbers for everybody to see.

Raimo Lenschow

Analyst, Barclays Capital, Inc.

Q

Yeah. Okay. Perfect. That's really encouraging. And then, Daniel, one for you is like if you think about talking with customers at the moment, is there still a kind of – the market's still too full, like [indiscernible] (00:39:39) you have some projects where people really understand RPA and process automation, et cetera, and want to do that, or is it all now like a model [ph] to get better (00:39:52) with agents, AI, et cetera? So, in other words, is there like a core part of the business that can still continue to be sized and then others is just kind of newer and, hence, you have like you need to think about that or how's the market kind of behaving at the moment when you talk with customers? Thank you.

Daniel Dines

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

A

Hi, Raimo. I think you can see the entire spectrum among our customers. There are – in all fairness, there are customers that believe that AI agents will do everything. So, they think very far-fetched in terms of a swarm of agents that talk together in. In the same time, I think I would say that majority of our customers are starting to realize that their automation programs are actually quite important to power their agentic initiatives. I think it's becoming more clear in the market that the combination of orchestration, automation and agentic is really essential into deliver basically AI into predictable manner into enterprises.

And as I said before, I think all the agentic exercises that we have seen happening in that one customer uncover more and more automation opportunities. They come – they – typically, I can say, they can come up with like 100 ideas that they call it agentic, and then when we look deeply, we discover that 50 of them are better suited for automation.

Operator: Thank you. 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. I was kind of just wondering, now that we're more than a quarter in here, what the reception has been to the pricing of the agentic portfolio? What have customers been saying? What are some of the learnings you guys have had? Have you evolved that pricing as more customers have adopted the solution?

Daniel Dines

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

A

Yeah. I think we are monetizing agentic through a consumption-based model, which basically align very well with customer interest. I think one of the issue that is not UiPath-specific is the predictability of the pricing. I think everyone is trying to understand that how can you make a business case. We are working with quite a few of our customers to understand better this aspect of the business, but overall, I think the reaction to our agentic pricing is positive and well-understood.

Michael Richards

Analyst, RBC Capital Markets LLC

Q

Got it. And then just thinking through the go-to-market motion, you talked about bringing on specialized sellers. Is that specific for the agentic solutions? Any incentives for the go-to-market motion to go after agentic opportunity or are you guys still sort of evolving that motion?

Daniel Dines

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

A

Well, I would not say that we bring specialty sellers for our agentic motion. We – agentic, our idea about agentic go-to-market is twofold. One is the horizontal agentic as part of our automation platform, basically completing our automation platform. So, everyone in our go-to-market is equipped to deliver on this horizontal Agentic Orchestration and Agentic Builder and the combination between orchestration, agentic, and humans in the loop. In the same time, we have initiatives around vertical agents like we mentioned in the past peak is a great example where we have specialty sellers that deliver – that are tasked with a dedicated task to basically inform customers about the type of vertical solutions. And this motion is going to continue.

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

Sanjit K. Singh

Analyst, Morgan Stanley & Co. LLC

Q

Thank you for taking the question. Ashim, I wanted to start with you. When I look at the guidance and I take a peek out to what that implies for Q4, if I sort of take the high end, it kind of implies a return to positive net new ARR growth, which I think for a lot of investors is kind of what we've been waiting for in terms of – at least in terms of inflection from UiPath. I know you don't want to look out beyond the next quarter, but if you can maybe talk to the stability of the go-to-market organization and maybe the leadership that you've put in place, are you confident enough that you've seen enough execution on the ground for multiple quarters in a row where that starts to become more likely in terms of and seeing net new ARR start to inflect from negative to positive?

Ashim Gupta

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

A

Yeah, I think – let me answer it just also by looking in the context of third quarter. One is I do want to acknowledge like foreign exchange has some of that lift in there which we acknowledge in our guidance, Sanjit, so I want to be – make sure that we are transparent on that. But even when you look at third quarter versus second quarter, we're narrowing the year-over-year gap both operationally, and then obviously some of the macroeconomic factors like foreign exchange helps that for us. So that's kind of one piece.

So you see the progression through the year, which frankly is kind of what we talked about at the beginning of the year, right. In terms of the federal government stabilizing, being really disrupted in the first half, stabilizing here in 3Q and 4Q, as well as just the changes in momentum that we've seen in the go-to-market organization. Specifically, am I seeing those signals within the go-to-market organization? The answer is yes. I think the commercial activity that we're seeing in pilots and POCs, it does two things. It reinforces – it gives us opportunities to upsell, whether that's now or in the future. But it reinforces the importance of our platform in the architecture and the transformation journeys of a lot of our customers. And as Daniel said, we're really pleased with the execution that we're seeing in the ground.

Our field is empowered. They're customer centric. We've reduced that bureaucracy. And we've really also closed the feedback loop between the field, product and management where we are – we're able to react and really integrate with customers better. So, all of that combined with a consistent strategy of evaluating our pipeline, our data, et cetera, I feel very comfortable in terms of the guidance that we provided.

Sanjit K. Singh

Analyst, Morgan Stanley & Co. LLC



That's great color, Ashim. Daniel, for you. I had the opportunity to talk to some of the third party industry analysts who all sort of know – and they tell me two things. And the first thing is that, the real estate that UiPath is trying to occupy is where there's most value to be had and most value to be created. And the second thing they tell me that there's a lot players trying to occupy some of that positioning where it comes to that just being agent builders, but also being sort of the management layer or the orchestration layer. And then the third thing they tell me is that this is really difficult to pull off.

And so, when I think about some of these 450 customers that are taking the lead with you guys on the agentic strategy, are there like initial processes that you are targeting, whether it's close to cash or something around inventory or supply chain in terms of just trying to build that flywheel, build that trust, get those early successes? Do you have the feels a go-to-market organization sort of prioritizing specific processes that cut through various systems of record?

Daniel Dines

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



Yeah, that's a great question. I think that we are both strategic and opportunistic in our approach. In this, we prioritize a few processes in healthcare revenue cycle management in particular, financial services, I would say procure to pay, order to cash are areas of much interest to us.

In claims management as well, we are seeing quite good movement, but we are interested at this point to learn a lot about the blueprints of large-scale agentic deployment. I agree with you that the market is very complex at this point. And it's a great value to be extracted from this market. I think that we have some unique – a unique advantage because we are incumbent in this type of markets for a long time. As a reminder, we're in the business of automating manual processes since our inception and most of the agentic initiatives are actually completing what we have started. You just go beyond what's RPA and automation was capable and just automate the steps of the process that couldn't automate before. But as an incumbent, having already robots that workers in action, it's a natural extension for us to add orchestration to provide better end to end process automation and agents that interact with our robots in order to get access to enterprise systems. I think it's a really palpable advantage that we have seeing. So, this is why with the product only a few months into production, we are seeing a lot of interest from our customers.

Operator: Thank you. And just a reminder, please limit yourselves to one question plus one follow-up question. Your next question comes from Brad Sills with Bank America. Please state your question.

Brad Sills

Analyst, BofA Securities, Inc.



Oh, great. Thank you so much. I wanted to ask about the partnership that you announced here with Deloitte. Is this indicative of just a greater focus on the SI channel as you embark on this agentic journey with the company? Or is this more kind of indicative of a three-way partnership with SAP and Deloitte? So, just curious, really two parts to that question. One, what's the state of the SI channel? Is this indicative of a greater focus there as you get into agentic? And then the second part would be, what does this mean for your partnership with SAP? Thank you.

Daniel Dines

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



I'd say this is indicative of both. Our three-part partnership between us, SAP and Deloitte, is bearing fruit and is progressing really well. And in the same time, we are traditionally focused on extending our relationship with GSI. I think the major GSIs that we are talking to are basically in the process of understanding the market, making the bets on their platform of what platforms of choice for orchestration and agentic. And I am happy to tell you that we are in many of these discussions, and we are seeing as one of the major platforms they want to bet on.

Brad Sills

Analyst, BofA Securities, Inc.



Thank you so much.

Operator: Your next question comes from Scott Berg with Needham and Company. Please state your question.

Ian Black

Analyst, Needham & Co. LLC



Hi. This is Ian Black on for Scott Berg. Great quarter. Does the new agentic portfolio enable you to implement RPA in additional workflows or is the focus on adding agentic capabilities to existing workflows right now? Thank you.

Daniel Dines

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



We can extend our RPA and broader automation capabilities with agentic. And as I said before, it's a renewed interest on our customers to do the exercise on identifying what processes are better suited for the overall initiative of bringing agentic and automation together. And we are seeing these initiatives surfacing more opportunities that we were seeing in the past years.

Ian Black

Analyst, Needham & Co. LLC



Excellent. Thank you.

Operator: And your next question comes from Keith Bachman with BMO Capital Markets. Please state your question.

Keith Bachman

Analyst, BMO Capital Markets Corp.



Hi. Thank you very much. Ashim, I'll direct this to you. It looks like – if I look at your ARR and the DBNR, it looks like you're still roughly 70% of your year-over-year growth is driven by existing customers and, call it, 30% for round numbers from new logos. But your existing customers' growth is still down year-over-year pretty meaningfully.

What causes that to flatten out as we look out over the next couple quarters that your growth rate with existing customers improves? And the related – my second question, a related question, you've clearly said on the call tonight that the agentic capabilities will contribute to ARR this year. But can it contribute next year in FY 2027?

Ashim Gupta

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

A

Yes. Yes. So, let me take them one by one, I'll actually just do the second one first. I want to be clear, like, we said meaningfully contribute this year. We do see agentic monetization happening and we are really pleased by that. And like I said, when I answered a previous question, I think it also solidifies our position even in the renewal process in terms of the value of our platform. The second piece is, obviously, we believe with the momentum we have here, we see agentic to continue to contribute more and more. But I won't give specific guidance in terms of when and where next year at this time. The question you asked about customer growth, for me, I'm assuming you're talking about the customer count. Remember the customer...

Keith Bachman

Analyst, BMO Capital Markets Corp.

Q

No, sorry, the – sorry, the ARR from existing customers versus new logos. So, really focusing on ARR from existing customers has been down pretty meaningfully over the last three to four quarters. And I'm just wondering what caused that or when does that turnaround?

Ashim Gupta

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

A

Yeah, I think we talked about it this in terms of both the combination of the macroeconomic environment and government for the first half. And as you look at kind of our third and fourth quarter here, you can see that starting to come back from our vantage point, which is embedded within our guidance. And that's what we commented back all the way in March and it's played out very similarly.

Our existing customer base, again, if you look at the core metrics of customers greater than \$100,000 and customers greater than \$1 million, you actually see continued momentum in those cohorts of customers. And for us, that is very encouraging just as we navigate the macro environment and the stabilization of the US public sector.

Keith Bachman

Analyst, BMO Capital Markets Corp.

Q

Okay. Thanks very much.

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

Dominique Manansala

Analyst, Truist Securities, Inc.

Q

Hi. This is Dominique Manansala on for Terry. Thanks for taking my question. So, a variable macro environment, as mentioned again, this quarter. Just curious as to what patterns across geographies or verticals really persisted here in the second quarter. And are there any particular industries or regions where you're seeing more tailwind or areas of relative strength that you could lean into? And maybe if you could just double click on how your assumptions about the macro are really informing your prudent outlook for the rest of the year. Thank you.

Ashim Gupta

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

A

Yes. So, when you look at pockets of strength, actually, the financial sector for us in the US in healthcare, we really see that as pockets of strength right now in terms of customer demand and buying. The public sector, we're

starting to see that momentum as I talked about both in the script and as in the commentary here, and the energy we're seeing from the public sector has been really encouraging.

That's been consistent across geos. And within Europe, I think some of our manufacturing customers also exhibit strength. When we talk about variable, it really is variable. I think it looks month-to-month. You kind of hear different things as companies are responding to different areas, whether that be tariffs or interest rates or geopolitical items. So, variable really just it moves across the quarter and the year in a variable way. And I think that is felt not just by us, but just – if you open the news, you kind of see that in total.

Dominique Manansala

Analyst, Truist Securities, Inc.

Q

Great. Thank you.

Operator: And your next question comes from Devin Au with KeyBanc Capital Markets. Please state your question.

Devin Au

Analyst, KeyBanc Capital Markets, Inc.

Q

Hey. Thanks for taking our question. This is Devin on for Jason Celino today. Just one quick clarification question on the guidance, Ashim. Encouraging to hear that US fed business has normalized, but does the ARR guidance raise still bake in prudence in that business or are you expecting incremental contributions from that segment in the second half just given the more stabilized operating environment? Thanks.

Ashim Gupta

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

A

I'm sorry, can you repeat which segment when you said incremental contribution?

Devin Au

Analyst, KeyBanc Capital Markets, Inc.

Q

Yeah. The US public sector, are you expecting, I guess, incremental contributions from that in the second half just because of the more stabilized environment?

Ashim Gupta

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

A

Yes. So, we see that normalizing, as Daniel mentioned, in terms of a more predictable buying behavior. I want to emphasize, I guide to what's in front of us. So as we comment, we do continue to bake in prudence. But at the same time, we're – what's in front of us is a good amount of energy. And we, obviously, evaluate that with the tangible pipeline we're seeing from the US – the federal government at this time. So, the answer is yes to both sides. We are baking in prudence, but at the same time, we do see more contribution from the US public sector.

Devin Au

Analyst, KeyBanc Capital Markets, Inc.

Q

Okay. Yeah. Thank you for that.

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

Daniel Dines

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

Yeah. Thank you, everybody, for the questions. And as usual, we are looking forward to meeting as many of you during the quarter. Thank you so much.

Operator: This concludes today's call. All parties may disconnect. Have a good day.

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