

Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - GAAP
(unaudited, in thousands except share and per share data)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Revenue:						
Subscription and support	\$ 127,627	\$ 131,642	\$ 137,970	\$ 151,848	\$ 549,087	\$ 169,742
License	34,025	71,083	56,210	88,858	250,176	37,370
Services	45,755	38,172	46,498	50,809	181,234	55,789
Total revenue	207,407	240,897	240,678	291,515	980,497	262,901
Cost of revenue:						
Subscription and support	48,054	49,934	51,185	55,621	204,794	54,024
License	1,219	1,483	837	997	4,536	881
Services	45,842	47,074	46,429	48,461	187,806	49,604
Total cost of revenue	95,115	98,491	98,451	105,079	397,136	104,509
Gross profit:						
Subscription and support	79,573	81,708	86,785	96,227	344,293	115,718
License	32,806	69,600	55,373	87,861	245,640	36,489
Services	(87)	(8,902)	69	2,348	(6,572)	6,185
Total gross profit	112,292	142,406	142,227	186,436	583,361	158,392
Operating expenses:						
Research and development	62,469	65,458	66,134	75,320	269,381	68,880
Sales and marketing	44,581	49,181	50,487	54,784	199,033	51,478
General and administrative	39,023	40,177	42,302	46,018	167,520	42,754
Total operating expenses	146,073	154,816	158,923	176,122	635,934	163,112
Income (loss) from operations	(33,781)	(12,410)	(16,696)	10,314	(52,573)	(4,720)
Interest income	10,613	10,290	10,824	11,751	43,478	13,606
Interest expense	(1,683)	(1,692)	(1,686)	(1,677)	(6,738)	(2,062)
Other income (expense), net	(13,742)	10,776	(6,535)	(1,504)	(11,005)	(4,055)
Income (loss) before provision for (benefit from) income taxes	(38,593)	6,964	(14,093)	18,884	(26,838)	2,769
Provision for (benefit from) income taxes	(11,522)	(2,723)	(8,615)	2,125	(20,735)	(6,370)
Net income (loss)	\$ (27,071)	\$ 9,687	\$ (5,478)	\$ 16,759	\$ (6,103)	\$ 9,139

These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Our Forms 10-Q and 10-K may be found on our website at <http://ir.guidewire.com/phoenix.zhtml?c=248177&p=irol-sec>.

Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - GAAP
(unaudited, in thousands except share and per share data)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Earnings per share:						
Basic	\$ (0.33)	\$ 0.12	\$ (0.07)	\$ 0.20	\$ (0.07)	\$ 0.11
Diluted	\$ (0.33)	\$ 0.12	\$ (0.07)	\$ 0.20	\$ (0.07)	\$ 0.11
Shares used in computing net earnings per share:						
Basic	81,690,912	82,133,632	82,500,109	82,845,815	82,291,483	83,276,236
Diluted	81,690,912	83,305,080	82,500,109	84,956,655	82,291,483	85,960,868
Stock-based compensation	\$ 36,097	\$ 36,427	\$ 36,650	\$ 37,286	\$ 146,460	\$ 38,060

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Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Adjustments
(unaudited, in thousands)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Amortization of intangibles	\$ 485	\$ 485	\$ 485	\$ 485	\$ 1,940	\$ 485
Stock-based compensation	3,462	3,414	3,183	3,366	13,425	3,140
Total adjustment to cost of revenue - subscription and support	\$ 3,947	\$ 3,899	\$ 3,668	\$ 3,851	\$ 15,365	\$ 3,625
Stock-based compensation	\$ 95	\$ 53	\$ —	\$ 38	\$ 186	\$ 36
Total adjustment to cost of revenue - license	\$ 95	\$ 53	\$ —	\$ 38	\$ 186	\$ 36
Stock-based compensation	\$ 4,789	\$ 4,643	\$ 4,729	\$ 4,852	\$ 19,013	\$ 4,802
Total adjustment to cost of revenue - services	\$ 4,789	\$ 4,643	\$ 4,729	\$ 4,852	\$ 19,013	\$ 4,802
Stock-based compensation	\$ 9,986	\$ 10,138	\$ 10,003	\$ 10,086	\$ 40,213	\$ 9,824
Acquisition consideration holdback	386	299	(542)	—	143	—
Total adjustment to research and development	\$ 10,372	\$ 10,437	\$ 9,461	\$ 10,086	\$ 40,356	\$ 9,824
Stock-based compensation	\$ 7,729	\$ 8,190	\$ 9,349	\$ 9,322	\$ 34,590	\$ 9,688
Amortization of intangibles	882	882	882	882	3,528	882
Total adjustment to sales and marketing	\$ 8,611	\$ 9,072	\$ 10,231	\$ 10,204	\$ 38,118	\$ 10,570
Stock-based compensation	\$ 10,036	\$ 9,989	\$ 9,386	\$ 9,622	\$ 39,033	\$ 10,570
Total adjustment to general and administrative	\$ 10,036	\$ 9,989	\$ 9,386	\$ 9,622	\$ 39,033	\$ 10,570
Amortization of debt issuance costs	\$ 430	\$ 432	\$ 434	\$ 436	\$ 1,732	\$ 545
Total adjustment to interest expense	\$ 430	\$ 432	\$ 434	\$ 436	\$ 1,732	\$ 545
Changes in fair value of strategic investment	\$ —	\$ —	\$ (298)	\$ 2,255	\$ 1,957	\$ 53
Retirement of debt ⁽¹⁾	—	—	—	—	—	300
Gain on sale of strategic investment ⁽²⁾	—	(1,758)	—	(45)	(1,803)	—
Total adjustment to other income (expense), net	\$ —	\$ (1,758)	\$ (298)	\$ 2,210	\$ 154	\$ 353
Non-GAAP tax impact	\$ (11,493)	\$ (7,327)	\$ (10,469)	\$ (4,044)	\$ (33,333)	\$ (12,667)
Total adjustment to provision for (benefit from) income taxes	\$ (11,493)	\$ (7,327)	\$ (10,469)	\$ (4,044)	\$ (33,333)	\$ (12,667)

⁽¹⁾ During the three months ended October 31, 2024, the Company recorded \$0.3 million as a loss on the induced conversion of a portion of its convertible senior notes due March 2025 in other income (expense). Prior to the first quarter of fiscal year 2025, there were no transactions similar to the retirement of debt in any periods presented on the condensed consolidated statements of operations.

⁽²⁾ During the second quarter of fiscal year 2024, one of the Company's strategic investments was acquired by a privately-held limited partnership. As a result, the Company received \$12.1 million in consideration for its equity interest in the investee, composed of \$6.5 million in cash and \$5.6 million of an ownership interest in the privately-held limited partnership, and recognized a \$1.8 million gain in excess of cost in other income (expense), net. Prior to the second quarter of fiscal year 2024, there were no transactions similar to the gain on sale of strategic investment in any periods presented.

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Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - Other Reconciliations
(unaudited)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Reconciliation of GAAP to Non-GAAP earnings per share:						
GAAP diluted earnings per share	\$ (0.33)	\$ 0.12	\$ (0.07)	\$ 0.20	\$ (0.07)	\$ 0.11
Amortization of intangibles	0.02	0.02	0.02	0.02	0.07	0.02
Stock-based compensation	0.44	0.44	0.44	0.44	1.78	0.44
Amortization of debt issuance costs	0.01	0.01	0.01	0.01	0.02	0.01
Retirement of debt ⁽¹⁾	—	—	—	—	—	—
Changes in fair value of strategic investment	—	—	—	0.03	0.03	—
Acquisition consideration holdback	—	—	(0.01)	—	(0.01)	—
Gain on sale of strategic investment ⁽²⁾	—	(0.02)	—	—	(0.02)	—
Non-GAAP tax impact	(0.14)	(0.09)	(0.13)	(0.05)	(0.41)	(0.15)
Interest expense on convertible debt ⁽³⁾	—	0.01	—	0.01	0.05	—
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	(0.03)	—	(0.03)	(0.08)	—
Non-GAAP diluted earnings per share	\$ —	\$ 0.46	\$ 0.26	\$ 0.62	\$ 1.35	\$ 0.43
Diluted weighted average shares outstanding	81,690,912	83,305,080	82,500,109	84,956,655	82,291,483	85,960,868
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	3,516,480	—	3,516,480	5,072,080	—
Pro forma weighted average shares – diluted	81,690,912	86,821,560	82,500,109	88,473,135	87,363,563	85,960,868
Gross margin:						
Subscription and support:						
GAAP gross margin	62.3 %	62.1 %	62.9 %	63.4 %	62.7 %	68.2 %
Stock-based compensation	2.7 %	2.6 %	2.3 %	2.3 %	2.4 %	1.8 %
Amortization of intangibles	0.4 %	0.4 %	0.4 %	0.3 %	0.4 %	0.3 %
Non-GAAP gross margin	65.4 %	65.1 %	65.6 %	66.0 %	65.5 %	70.3 %
License:						
GAAP gross margin	96.4 %	97.9 %	98.5 %	98.9 %	98.2 %	97.6 %
Stock-based compensation	0.3 %	0.1 %	— %	0.1 %	0.1 %	0.1 %
Non-GAAP gross margin	96.7 %	98.0 %	98.5 %	99.0 %	98.3 %	97.7 %
Services:						
GAAP gross margin	(0.2)%	(23.4)%	0.1 %	4.6 %	(3.6)%	11.1 %
Stock-based compensation	10.5 %	12.2 %	10.2 %	9.6 %	10.5 %	8.6 %
Non-GAAP gross margin	10.3 %	(11.2)%	10.3 %	14.2 %	6.9 %	19.7 %
Overall:						
GAAP gross margin	54.1 %	59.1 %	59.1 %	64.0 %	59.5 %	60.2 %
Amortization of intangibles	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Stock-based compensation	4.0 %	3.4 %	3.3 %	2.8 %	3.3 %	3.1 %
Non-GAAP gross margin	58.3 %	62.7 %	62.6 %	67.0 %	63.0 %	63.5 %

⁽¹⁾ During the three months ended October 31, 2024, the Company recorded \$0.3 million as a loss on the induced conversion of a portion of its convertible senior notes due March 2025 in other income (expense). Prior to the first quarter of fiscal year 2025, there were no transactions similar to the retirement of debt in any periods presented on the condensed consolidated statements of operations.

⁽²⁾ During the second quarter of fiscal year 2024, one of the Company's strategic investments was acquired by a privately-held limited partnership. As a result, the Company received \$12.1 million in consideration for its equity interest in the investee, composed of \$6.5 million in cash and \$5.6 million of an ownership interest in the privately-held limited partnership, and recognized a \$1.8 million gain in excess of cost in other income (expense), net. Prior to the second quarter of fiscal year 2024, there were no transactions similar to the gain on sale of strategic investment in any periods presented.

⁽³⁾ In certain periods, the impact on non-GAAP net income (loss) per share of the Company's convertible senior notes is dilutive as a result of adding back cash interest expense under the "if-converted" method.

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Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - Key Metrics
(unaudited, in thousands)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Annual recurring revenue (in millions):						
Annual recurring revenue ⁽¹⁾	\$ 770	\$ 800	\$ 828	\$ 872	\$ 864	\$ 874
Subscription and support revenue breakdown:						
Subscription revenue	\$ 109,597	\$ 113,125	\$ 120,430	\$ 134,309	\$ 477,461	\$ 152,858
Support revenue	18,030	18,517	17,540	17,539	71,626	16,884
Total subscription and support revenue	\$ 127,627	\$ 131,642	\$ 137,970	\$ 151,848	\$ 549,087	\$ 169,742
License revenue breakdown:						
Term license revenue	\$ 33,977	\$ 71,035	\$ 55,005	\$ 88,832	\$ 248,849	\$ 37,370
Perpetual license revenue	48	48	1,205	26	1,327	—
Total license revenue	\$ 34,025	\$ 71,083	\$ 56,210	\$ 88,858	\$ 250,176	\$ 37,370
Adjusted free cash flow:						
Net cash provided by (used in) operating activities	\$ (72,083)	\$ 69,251	\$ 4,803	\$ 193,777	\$ 195,748	\$ (62,305)
Purchases of property and equipment	(998)	(2,992)	(678)	(1,694)	(6,362)	(843)
Capitalized software development costs	(3,692)	(2,366)	(3,371)	(2,736)	(12,165)	(4,233)
Total free cash flow	\$ (76,773)	\$ 63,893	\$ 754	\$ 189,347	\$ 177,221	\$ (67,381)

⁽¹⁾ ARR for the quarterly periods in fiscal year 2024 are based on actual currency rates at the end of fiscal year 2023, held constant throughout the year. ARR reflected in the FY 2024 column is based on the currency rates at the end of fiscal year 2024. ARR for the quarterly periods in fiscal year 2025 are based on actual currency rates at the end of fiscal year 2024, held constant throughout the year.

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Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Gross Profit Reconciliations
(unaudited, in thousands except percentage)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Gross profit reconciliation:						
GAAP gross profit	\$ 112,292	\$ 142,406	\$ 142,227	\$ 186,436	\$ 583,361	\$ 158,392
Non-GAAP adjustments:						
Stock-based compensation	8,346	8,110	7,912	8,256	32,624	7,978
Amortization of intangibles	485	485	485	485	1,940	485
Non-GAAP gross profit	\$ 121,123	\$ 151,001	\$ 150,624	\$ 195,177	\$ 617,925	\$ 166,855
Non-GAAP gross margin	58.4 %	62.7 %	62.6 %	67.0 %	63.0 %	63.5 %
Gross profit reconciliation - subscription and support:						
GAAP gross profit - subscription and support	\$ 79,573	\$ 81,708	\$ 86,785	\$ 96,227	\$ 344,293	\$ 115,718
Non-GAAP adjustments:						
Stock-based compensation	3,462	3,414	3,183	3,366	13,425	3,140
Amortization of intangibles	485	485	485	485	1,940	485
Non-GAAP gross profit - subscription and support	\$ 83,520	\$ 85,607	\$ 90,453	\$ 100,078	\$ 359,658	\$ 119,343
Non-GAAP gross margin - subscription and support	65.4 %	65.0 %	65.6 %	66.0 %	65.5 %	70.3 %
Gross profit reconciliation - license:						
GAAP gross profit - license	\$ 32,806	\$ 69,600	\$ 55,373	\$ 87,861	\$ 245,640	\$ 36,489
Non-GAAP adjustments:						
Stock-based compensation	95	53	—	38	186	36
Non-GAAP gross profit - license	\$ 32,901	\$ 69,653	\$ 55,373	\$ 87,899	\$ 245,826	\$ 36,525
Non-GAAP gross margin - license	96.7 %	98.0 %	98.5 %	99.0 %	98.3 %	97.7 %
Gross profit reconciliation - services:						
GAAP gross profit - services	\$ (87)	\$ (8,902)	\$ 69	\$ 2,348	\$ (6,572)	\$ 6,185
Non-GAAP adjustments:						
Stock-based compensation	4,789	4,643	4,729	4,852	19,013	4,802
Non-GAAP gross profit - services	\$ 4,702	\$ (4,259)	\$ 4,798	\$ 7,200	\$ 12,441	\$ 10,987
Non-GAAP gross margin - services	10.3 %	(11.2)%	10.3 %	14.2 %	6.9 %	19.7 %

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(unaudited, in thousands)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Income (loss) from operations reconciliation:						
GAAP income (loss) from operations	\$ (33,781)	\$ (12,410)	\$ (16,696)	\$ 10,314	\$ (52,573)	\$ (4,720)
Non-GAAP adjustments:						
Stock-based compensation	36,097	36,427	36,650	37,286	146,460	38,060
Amortization of intangibles	1,367	1,367	1,367	1,367	5,468	1,367
Acquisition consideration holdback	386	299	(542)	—	143	—
Non-GAAP income (loss) from operations	\$ 4,069	\$ 25,683	\$ 20,779	\$ 48,967	\$ 99,498	\$ 34,707
Net income (loss) reconciliation:						
GAAP net income (loss)	\$ (27,071)	\$ 9,687	\$ (5,478)	\$ 16,759	\$ (6,103)	\$ 9,139
Non-GAAP adjustments:						
Stock-based compensation	36,097	36,427	36,650	37,286	146,460	38,060
Amortization of intangibles	1,367	1,367	1,367	1,367	5,468	1,367
Acquisition consideration holdback	386	299	(542)	—	143	—
Amortization of debt issuance costs	430	432	434	436	1,732	545
Retirement of debt ⁽¹⁾	—	—	—	—	—	300
Changes in fair value of strategic investment	—	—	(298)	2,255	1,957	53
Gain on sale of strategic investment ⁽²⁾	—	(1,758)	—	(45)	(1,803)	—
Non-GAAP tax impact	(11,493)	(7,327)	(10,469)	(4,044)	(33,333)	(12,667)
Non-GAAP net income (loss)	\$ (284)	\$ 39,127	\$ 21,664	\$ 54,014	\$ 114,521	\$ 36,797

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