

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

Description	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Revenue:							
Subscription and support	\$ 99,068	\$ 105,754	\$ 107,499	\$ 117,346	\$ 429,667	\$ 127,627	\$ 131,642
License	40,952	73,115	50,602	100,924	265,593	34,025	71,083
Services	55,262	53,742	49,389	51,688	210,081	45,755	38,172
Total revenue	195,282	232,611	207,490	269,958	905,341	207,407	240,897
Cost of revenue:							
Subscription and support	55,691	48,924	52,281	53,611	210,507	48,054	49,934
License	1,873	1,845	1,243	1,527	6,488	1,219	1,483
Services	65,566	58,379	55,048	51,142	230,135	45,842	47,074
Total cost of revenue	123,130	109,148	108,572	106,280	447,130	95,115	98,491
Gross profit:							
Subscription and support	43,377	56,830	55,218	63,735	219,160	79,573	81,708
License	39,079	71,270	49,359	99,397	259,105	32,806	69,600
Services	(10,304)	(4,637)	(5,659)	546	(20,054)	(87)	(8,902)
Total gross profit	72,152	123,463	98,918	163,678	458,211	112,292	142,406
Operating expenses:							
Research and development	58,170	61,702	63,055	66,819	249,746	62,469	65,458
Sales and marketing	46,468	44,781	46,864	50,111	188,224	44,581	49,181
General and administrative	42,067	40,196	46,815	40,653	169,731	39,023	40,177
Total operating expenses	146,705	146,679	156,734	157,583	607,701	146,073	154,816
Income (loss) from operations	(74,553)	(23,216)	(57,816)	6,095	(149,490)	(33,781)	(12,410)
Interest income	4,638	5,392	6,627	7,732	24,389	10,613	10,290
Interest expense	(1,674)	(1,677)	(1,683)	(1,682)	(6,716)	(1,683)	(1,692)
Other income (expense), net	(13,824)	11,291	(3,356)	3,612	(2,277)	(13,742)	10,776
Income (loss) before provision for (benefit from) income taxes	(85,413)	(8,210)	(56,228)	15,757	(134,094)	(38,593)	6,964
Provision for (benefit from) income taxes	(16,095)	979	(10,660)	3,537	(22,239)	(11,522)	(2,723)
Net income (loss)	\$ (69,318)	\$ (9,189)	\$ (45,568)	\$ 12,220	\$ (111,855)	\$ (27,071)	\$ 9,687

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 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Earnings per share:							
Basic	\$ (0.83)	\$ (0.11)	\$ (0.56)	\$ 0.15	\$ (1.36)	\$ (0.33)	\$ 0.12
Diluted	\$ (0.83)	\$ (0.11)	\$ (0.56)	\$ 0.15	\$ (1.35)	\$ (0.33)	\$ 0.12
Shares used in computing net earnings per share:							
Basic	83,320,967	82,051,867	81,832,244	81,490,213	82,176,629	81,690,912	82,133,632
Diluted	83,320,967	82,051,867	81,832,244	82,135,106	82,176,629	81,690,912	83,305,080
Stock-based compensation							
	\$ 35,096	\$ 36,179	\$ 35,019	\$ 36,548	\$ 142,842	\$ 36,097	\$ 36,427

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

Description	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Amortization of intangibles	\$ 1,905	\$ 485	\$ 485	\$ 485	\$ 3,360	\$ 485	\$ 485
Stock-based compensation	3,468	3,440	3,580	3,585	14,073	3,462	3,414
Total adjustment to cost of revenue - subscription and support	\$ 5,373	\$ 3,925	\$ 4,065	\$ 4,070	\$ 17,433	\$ 3,947	\$ 3,899
Stock-based compensation	\$ 147	\$ 119	\$ 93	\$ 104	\$ 463	\$ 95	\$ 53
Total adjustment to cost of revenue - license	\$ 147	\$ 119	\$ 93	\$ 104	\$ 463	\$ 95	\$ 53
Stock-based compensation	\$ 5,349	\$ 4,397	\$ 4,631	\$ 4,880	\$ 19,257	\$ 4,789	\$ 4,643
Total adjustment to cost of revenue - services	\$ 5,349	\$ 4,397	\$ 4,631	\$ 4,880	\$ 19,257	\$ 4,789	\$ 4,643
Stock-based compensation	\$ 9,291	\$ 10,301	\$ 10,084	\$ 10,189	\$ 39,865	\$ 9,986	\$ 10,138
Acquisition consideration holdback	773	730	706	730	2,939	386	299
Total adjustment to research and development	\$ 10,064	\$ 11,031	\$ 10,790	\$ 10,919	\$ 42,804	\$ 10,372	\$ 10,437
Stock-based compensation	\$ 6,887	\$ 8,024	\$ 7,432	\$ 7,582	\$ 29,925	\$ 7,729	\$ 8,190
Amortization of intangibles	882	882	882	882	3,528	882	882
Total adjustment to sales and marketing	\$ 7,769	\$ 8,906	\$ 8,314	\$ 8,464	\$ 33,453	\$ 8,611	\$ 9,072
Stock-based compensation	\$ 9,954	\$ 9,898	\$ 9,199	\$ 10,208	\$ 39,259	\$ 10,036	\$ 9,989
Net impact of assignment of lease agreement ⁽¹⁾	—	—	8,502	—	\$ 8,502	—	—
Total adjustment to general and administrative	\$ 9,954	\$ 9,898	\$ 17,701	\$ 10,208	\$ 47,761	\$ 10,036	\$ 9,989
Amortization of debt issuance costs	\$ 423	\$ 425	\$ 426	\$ 429	\$ 1,703	\$ 430	\$ 432
Total adjustment to interest expense	\$ 423	\$ 425	\$ 426	\$ 429	\$ 1,703	\$ 430	\$ 432
Changes in fair value of strategic investment	\$ —	\$ —	\$ —	\$ 802	\$ 802	\$ —	\$ —
Gain on sale of strategic investment ⁽²⁾	—	—	—	—	—	—	(1,809)
Total adjustment to other income (expense), net	\$ —	\$ —	\$ —	\$ 802	\$ 802	\$ —	\$ (1,809)
Non-GAAP tax impact	\$ 20,378	\$ (46,863)	\$ (6,824)	\$ 10,698	\$ (22,611)	\$ (11,493)	\$ (7,327)
Total adjustment to provision for (benefit from) income taxes	\$ 20,378	\$ (46,863)	\$ (6,824)	\$ 10,698	\$ (22,611)	\$ (11,493)	\$ (10,945)

⁽¹⁾ During the third quarter of fiscal year 2023, Guidewire recorded in general and administrative expenses a net loss of \$8.5 million related to the assignment of the lease agreement for the remaining lease term of Guidewire's previous headquarters. The loss is comprised of an \$18.4 million gain from the de-recognition of the operating lease asset of \$56.9 million, the de-recognition of the lease liability of \$75.5 million, and other expenses related to the lease assignment of \$0.2 million, offset by accelerated depreciation expense related to property and equipment, primarily consisting of leasehold improvements, at the previous headquarters of \$26.9 million. Prior to the third quarter of fiscal year 2023, there were no transactions similar to the lease assignment in any periods presented.

⁽²⁾ During the second quarter of fiscal year 2024, one of Guidewire's strategic investments was acquired by a privately-held limited partnership. As a result, Guidewire 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 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Reconciliation of GAAP to Non-GAAP earnings per share:							
GAAP diluted earnings per share	\$ (0.83)	\$ (0.11)	\$ (0.56)	\$ 0.15	\$ (1.36)	\$ (0.33)	\$ 0.12
Amortization of intangibles	0.03	0.02	0.02	0.02	0.08	0.02	0.02
Stock-based compensation	0.42	0.44	0.43	0.44	1.74	0.44	0.44
Amortization of debt issuance costs	0.01	0.01	0.01	—	0.02	0.01	0.01
Changes in fair value of strategic investment	—	—	—	0.01	0.01	—	—
Acquisition consideration holdback	0.01	0.01	0.01	0.01	0.04	—	—
Net impact of assignment of lease agreement ⁽¹⁾	—	—	0.10	—	0.10	—	—
Gain on sale of strategic investment ⁽²⁾	—	—	—	—	—	—	(0.02)
Non-GAAP tax impact	0.24	(0.58)	(0.09)	0.13	(0.28)	(0.14)	(0.09)
Interest expense on convertible debt ⁽³⁾	—	—	—	0.01	—	—	0.01
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	—	—	(0.03)	—	—	(0.03)
Non-GAAP diluted earnings per share	\$ (0.12)	\$ (0.21)	\$ (0.08)	\$ 0.74	\$ 0.35	\$ —	\$ 0.46
Diluted weighted average shares outstanding	83,320,967	82,051,867	81,832,244	82,135,106	82,176,629	81,690,912	83,305,080
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	—	—	3,516,480	466,516	—	3,516,480
Diluted weighted average shares outstanding	83,320,967	82,051,867	81,832,244	85,651,586	82,643,145	81,690,912	86,821,560
Gross margin:							
Subscription and support:							
GAAP gross margin	43.8 %	53.7 %	51.4 %	54.3 %	51.0 %	62.3 %	62.1 %
Stock-based compensation	3.5 %	3.2 %	3.3 %	3.1 %	3.3 %	2.7 %	2.6 %
Amortization of intangibles	1.9 %	0.5 %	0.4 %	0.4 %	0.8 %	0.4 %	0.4 %
Non-GAAP gross margin	49.2 %	57.4 %	55.1 %	57.8 %	55.1 %	65.4 %	65.1 %
License:							
GAAP gross margin	95.4 %	97.5 %	97.5 %	98.5 %	97.6 %	96.4 %	97.9 %
Stock-based compensation	0.4 %	0.2 %	0.2 %	0.1 %	0.2 %	0.3 %	0.1 %
Non-GAAP gross margin	95.8 %	97.7 %	97.7 %	98.6 %	97.8 %	96.7 %	98.0 %
Services:							
GAAP gross margin	(18.7)%	(8.6)%	(11.5)%	1.1 %	(9.6)%	(0.2)%	(23.4)%
Stock-based compensation	9.7 %	8.2 %	9.4 %	9.4 %	9.2 %	10.5 %	12.2 %
Non-GAAP gross margin	(9.0)%	(0.4)%	(2.1)%	10.5 %	(0.4)%	10.3 %	(11.2)%
Overall:							
GAAP gross margin	36.9 %	53.1 %	47.7 %	60.6 %	50.6 %	54.1 %	59.1 %
Amortization of intangibles	1.0 %	0.2 %	0.2 %	0.2 %	0.4 %	0.2 %	0.2 %
Stock-based compensation	4.6 %	3.4 %	4.0 %	3.2 %	3.7 %	4.1 %	3.4 %
Non-GAAP gross margin	42.5 %	56.7 %	51.9 %	64.0 %	54.7 %	58.4 %	62.7 %

(1) During the third quarter of fiscal year 2023, Guidewire recorded in general and administrative expenses a net loss of \$8.5 million related to the assignment of the lease agreement for the remaining lease term of Guidewire's previous headquarters. The loss is comprised of an \$18.4 million gain from the de-recognition of the operating lease asset of \$56.9 million, the de-recognition of the lease liability of \$75.5 million, and other expenses related to the lease assignment of \$0.2 million, offset by accelerated depreciation expense related to property and equipment, primarily consisting of leasehold improvements, at the previous headquarters of \$26.9 million. Prior to the third quarter of fiscal year 2023, there were no transactions similar to the lease assignment in any periods presented.

(2) During the second quarter of fiscal year 2024, one of Guidewire's strategic investments was acquired by a privately-held limited partnership. As a result, Guidewire 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 Guidewire'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 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Annual recurring revenue (in millions):							
Annual recurring revenue ⁽¹⁾	\$ 673	\$ 707	\$ 722	\$ 761	\$ 763	\$ 770	\$ 800
Subscription and support revenue breakdown:							
Subscription revenue	78,977	86,015	89,091	98,062	352,145	109,597	113,125
Support revenue	20,091	19,739	18,408	19,284	77,522	18,030	18,517
Total subscription and support revenue	\$ 99,068	\$ 105,754	\$ 107,499	\$ 117,346	\$ 429,667	\$ 127,627	\$ 131,642
License revenue breakdown:							
Term license revenue	\$ 40,899	\$ 73,067	\$ 50,556	\$ 100,877	\$ 265,399	\$ 33,977	\$ 71,035
Perpetual license revenue	63	48	46	47	204	48	48
Total license revenue	\$ 40,962	\$ 73,115	\$ 50,602	\$ 100,924	\$ 265,603	\$ 34,025	\$ 71,083
Adjusted free cash flow:							
Net cash provided by (used in) operating activities	\$ (87,435)	\$ 1,220	\$ (48,627)	\$ 173,237	\$ 38,395	\$ (72,083)	\$ 69,251
Purchases of property and equipment	(604)	(1,333)	(677)	(3,207)	(5,821)	(998)	(2,992)
Capitalized software development costs	(3,697)	(2,421)	(2,759)	(2,729)	(11,606)	(3,692)	(2,366)
Total free cash flow	\$ (91,736)	\$ (2,534)	\$ (52,063)	\$ 167,301	\$ 20,968	\$ (76,773)	\$ 63,893

⁽¹⁾ ARR for the quarterly periods in fiscal year 2023 are based on actual currency rates at the end of fiscal year 2022, held constant throughout the year. ARR reflected in the FY 2023 column is based on the currency rates at the end of fiscal year 2023. 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.

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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 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Gross profit reconciliation:							
GAAP gross profit	\$ 72,152	\$ 123,463	\$ 98,918	\$ 163,678	\$ 458,211	\$ 112,292	\$ 142,406
Non-GAAP adjustments:							
Stock-based compensation	8,964	7,956	8,304	8,569	33,793	8,346	8,110
Amortization of intangibles	1,905	485	485	485	3,360	485	485
Non-GAAP gross profit	\$ 83,021	\$ 131,904	\$ 107,707	\$ 172,732	\$ 495,364	\$ 121,123	\$ 151,001
Non-GAAP gross margin	42.5 %	56.7 %	51.9 %	64.0 %	54.7 %	58.4 %	62.7 %
Gross profit reconciliation - subscription and support:							
GAAP gross profit - subscription and support	\$ 43,377	\$ 56,830	\$ 55,218	\$ 63,735	\$ 219,160	\$ 79,573	\$ 81,708
Non-GAAP adjustments:							
Stock-based compensation	3,468	3,440	3,580	3,585	14,073	3,462	3,414
Amortization of intangibles	1,905	485	485	485	3,360	485	485
Non-GAAP gross profit - subscription and support	\$ 48,750	\$ 60,755	\$ 59,283	\$ 67,805	\$ 236,593	\$ 83,520	\$ 85,607
Non-GAAP gross margin - subscription and support	49.2 %	57.4 %	55.1 %	57.8 %	55.1 %	65.4 %	65.0 %
Gross profit reconciliation - license:							
GAAP gross profit - license	\$ 39,079	\$ 71,270	\$ 49,359	\$ 99,397	\$ 259,105	\$ 32,806	\$ 69,600
Non-GAAP adjustments:							
Stock-based compensation	147	119	93	104	463	95	53
Non-GAAP gross profit - license	\$ 39,226	\$ 71,389	\$ 49,452	\$ 99,501	\$ 259,568	\$ 32,901	\$ 69,653
Non-GAAP gross margin - license	95.8 %	97.7 %	97.7 %	98.6 %	97.8 %	96.7 %	98.0 %
Gross profit reconciliation - services:							
GAAP gross profit - services	\$ (10,304)	\$ (4,637)	\$ (5,659)	\$ 546	\$ (20,054)	\$ (87)	\$ (8,902)
Non-GAAP adjustments:							
Stock-based compensation	5,349	4,397	4,631	4,880	19,257	4,789	4,643
Non-GAAP gross profit - services	\$ (4,955)	\$ (240)	\$ (1,028)	\$ 5,426	\$ (797)	\$ 4,702	\$ (4,259)
Non-GAAP gross margin - services	(9.0)%	(0.4)%	(2.1)%	10.5 %	(0.4)%	10.3 %	(11.2)%

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(unaudited, in thousands)

Description	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Income (loss) from operations reconciliation:							
GAAP income (loss) from operations	\$ (74,553)	\$ (23,216)	\$ (57,816)	\$ 6,095	\$ (149,490)	\$ (33,781)	\$ (12,410)
Non-GAAP adjustments:							
Stock-based compensation	35,096	36,179	35,019	36,548	142,842	36,097	36,427
Amortization of intangibles	2,787	1,367	1,367	1,367	6,888	1,367	1,367
Acquisition consideration holdback	773	730	706	730	2,939	386	299
Net impact of assignment of lease agreement ⁽¹⁾	—	—	8,502	—	8,502	—	—
Non-GAAP income (loss) from operations	\$ (35,897)	\$ 15,060	\$ (12,222)	\$ 44,740	\$ 11,681	\$ 4,069	\$ 25,683
Net income (loss) reconciliation:							
GAAP net income (loss)	\$ (69,318)	\$ (9,189)	\$ (45,568)	\$ 12,220	\$ (111,855)	\$ (27,071)	\$ 9,687
Non-GAAP adjustments:							
Stock-based compensation	35,096	36,179	35,019	36,548	142,842	36,097	36,427
Amortization of intangibles	2,787	1,367	1,367	1,367	6,888	1,367	1,367
Acquisition consideration holdback	773	730	706	730	2,939	386	299
Amortization of debt issuance costs	423	425	426	429	1,703	430	432
Changes in fair value of strategic investment	—	—	—	802	802	—	—
Net impact of assignment of lease agreement ⁽¹⁾	—	—	8,502	—	8,502	—	—
Gain on sale of strategic investment ⁽²⁾	—	—	—	—	—	—	(1,809)
Non-GAAP tax impact	20,378	(46,863)	(6,824)	10,698	(22,611)	(11,493)	(7,327)
Non-GAAP net income (loss)	\$ (9,861)	\$ (17,351)	\$ (6,372)	\$ 62,794	\$ 29,210	\$ (284)	\$ 39,076

⁽¹⁾ During the third quarter of fiscal year 2023, Guidewire recorded in general and administrative expenses a net loss of \$8.5 million related to the assignment of the lease agreement for the remaining lease term of Guidewire's previous headquarters. The loss is comprised of an \$18.4 million gain from the de-recognition of the operating lease asset of \$56.9 million, the de-recognition of the lease liability of \$75.5 million, and other expenses related to the lease assignment of \$0.2 million, offset by accelerated depreciation expense related to property and equipment, primarily consisting of leasehold improvements, at the previous headquarters of \$26.9 million. Prior to the third quarter of fiscal year 2023, there were no transactions similar to the lease assignment in any periods presented.

⁽²⁾ During the second quarter of fiscal year 2024, one of Guidewire's strategic investments was acquired by a privately-held limited partnership. As a result, Guidewire 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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