# UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark one)**
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended October 31, 2024**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to .**

**Commission file number: 001-35394**

# Guidewire Software, Inc.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **36-4468504** |
| **(State or other jurisdiction of Incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **970 Park Pl, Suite 200<br>San Mateo, California** | **94403** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(650) 357-9100**
**(Registrant's telephone number, including area code)**

**N/A**
**(Former name, former address and former fiscal year, if changed since last report)**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.0001 par value | GWRE | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On November 29, 2024, the registrant had 83,519,257 shares of common stock issued and outstanding.

**Guidewire Software, Inc.**

**Index**

**FORWARD-LOOKING STATEMENTS**

*The section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as other parts of this Quarterly Report on Form 10-Q and certain information incorporated herein by reference contain forward-looking statements within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are subject to risks and uncertainties. The forward-looking statements may include statements concerning, among other things, our business strategy (including anticipated trends and developments in, and management plans for, our business, growth, and the markets in which we operate), financial results, results of operations, revenue, gross margins, operating expenses, services, products, projected costs and capital expenditures, research and development programs, sales and marketing initiatives, competition, and the impact of general economic, business, and market conditions. In some cases, you can identify these statements by forward-looking words, such as "will," "may," "might," "should," "could," "estimate," "expect," "suggest," "believe," "anticipate," "intend," "plan," and "continue," the negative or plural of these words and other comparable terminology. Actual events or results may differ materially from those expressed or implied by these statements due to various factors, including but not limited to, the matters discussed in the section titled "Part II – Other Information – Item 1A. Risk Factors," and elsewhere in this Quarterly Report on Form 10-Q. Many of the forward-looking statements are located in "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

*Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on information available to us as of the filing date of this Quarterly Report on Form 10-Q and our current expectations about future events, which are inherently subject to change and involve risks and uncertainties. You should not place undue reliance on these forward-looking statements.*

*We do not undertake any obligation to update any forward-looking statements in this Quarterly Report on Form 10-Q or in any of our other communications, except as required by law. All such forward-looking statements should be read as of the time the statements were made and with the recognition that these forward-looking statements may not be complete or accurate at a later date.*

Unless the context requires otherwise, we are referring to Guidewire Software, Inc., together with its subsidiaries, when we use the terms "Guidewire," the "Company," "we," "our," or "us." When using the term "products," we are generally referring to both our subscription services and term license software.

## PART I – Financial Information

**ITEM 1. Financial Statements (unaudited)**

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(unaudited, in thousands)**

| | October 31, 2024 | July 31, 2024 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 823,562 | $ 547,992 |
| Short-term investments | 514,767 | 455,576 |
| Accounts receivable, net of allowances of $1,904 and $646, respectively | 97,475 | 137,339 |
| Unbilled accounts receivable, net | 129,429 | 87,031 |
| Prepaid expenses and other current assets | 72,059 | 67,596 |
| Total current assets | 1,637,292 | 1,295,534 |
| Long-term investments | 142,119 | 125,885 |
| Unbilled accounts receivable, net | 648 | 4,157 |
| Property and equipment, net | 55,215 | 55,409 |
| Operating lease assets | 41,993 | 43,750 |
| Intangible assets, net | 7,638 | 9,005 |
| Goodwill | 372,214 | 372,214 |
| Deferred tax assets, net | 274,875 | 253,085 |
| Other assets | 64,703 | 67,255 |
| TOTAL ASSETS | $ 2,596,697 | $ 2,226,294 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 31,394 | $ 15,209 |
| Accrued employee compensation | 51,860 | 109,084 |
| Deferred revenue, net | 224,189 | 281,855 |
| Convertible senior notes, net | 278,595 | 398,903 |
| Other current liabilities | 29,199 | 32,584 |
| Total current liabilities | 615,237 | 837,635 |
| Lease liabilities | 32,934 | 34,721 |
| Convertible senior notes, net | 671,820 | — |
| Deferred revenue, net | 3,187 | 3,628 |
| Other liabilities | 5,490 | 7,578 |
| Total liabilities | 1,328,668 | 883,562 |
| STOCKHOLDERS' EQUITY: | | |
| Common stock | 8 | 8 |
| Additional paid-in capital | 1,894,904 | 1,979,021 |
| Accumulated other comprehensive income (loss) | (11,969) | (12,244) |
| Retained earnings (accumulated deficit) | (614,914) | (624,053) |
| Total stockholders' equity | 1,268,029 | 1,342,732 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 2,596,697 | $ 2,226,294 |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited, in thousands except shares and per share amounts)**

| | Three Months Ended October 31, | |
|---|---|---|
| | **2024** | **2023** |
| Revenue: | | |
| Subscription and support | $ 169,742 | $ 127,627 |
| License | 37,370 | 34,025 |
| Services | 55,789 | 45,755 |
| Total revenue | 262,901 | 207,407 |
| Cost of revenue: | | |
| Subscription and support | 54,024 | 48,054 |
| License | 881 | 1,219 |
| Services | 49,604 | 45,842 |
| Total cost of revenue | 104,509 | 95,115 |
| Gross profit: | | |
| Subscription and support | 115,718 | 79,573 |
| License | 36,489 | 32,806 |
| Services | 6,185 | (87) |
| Total gross profit | 158,392 | 112,292 |
| Operating expenses: | | |
| Research and development | 68,880 | 62,469 |
| Sales and marketing | 51,478 | 44,581 |
| General and administrative | 42,754 | 39,023 |
| Total operating expenses | 163,112 | 146,073 |
| Income (loss) from operations | (4,720) | (33,781) |
| Interest income | 13,606 | 10,613 |
| Interest expense | (2,062) | (1,683) |
| Other income (expense), net | (4,055) | (13,742) |
| Income (loss) before provision for (benefit from) income taxes | 2,769 | (38,593) |
| Provision for (benefit from) income taxes | (6,370) | (11,522) |
| Net income (loss) | $ 9,139 | $ (27,071) |
| Net income (loss) per share: | | |
| Basic | $ 0.11 | $ (0.33) |
| Diluted | $ 0.11 | $ (0.33) |
| Shares used in computing net income (loss) per share: | | |
| Basic | 83,276,236 | 81,690,912 |
| Diluted | 85,960,868 | 81,690,912 |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(unaudited, in thousands)**

| | Three Months Ended October 31, | |
|---|---|---|
| | **2024** | **2023** |
| Net income (loss) | $ 9,139 | $ (27,071) |
| Other comprehensive income (loss): | | |
| Foreign currency translation adjustments | (62) | (3,507) |
| Unrealized gain (loss) on available-for-sale securities | 557 | 1,024 |
| Tax benefit (expense) on unrealized gain (loss) on available-for-sale securities | (104) | (173) |
| Reclassification adjustment for realized gain (loss) included in net income (loss) | (116) | (290) |
| Total other comprehensive income (loss) | 275 | (2,946) |
| Comprehensive income (loss) | $ 9,414 | $ (30,017) |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
**(unaudited, in thousands except share amounts)**

| | Common stock | | Additional paid-in capital | Accumulated other comprehensive income (loss) | Retained earnings (accumulated deficit) | Total stockholders' equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance as of July 31, 2024** | **83,025,637** | **$ 8** | **$ 1,979,021** | **$ (12,244)** | **$ (624,053)** | **$ 1,342,732** |
| Net income (loss) | — | — | — | — | 9,139 | 9,139 |
| Issuance of common stock upon exercise of stock options | 27,003 | — | 1,939 | — | — | 1,939 |
| Issuance of common stock upon vesting of restricted stock units ("RSUs") | 466,489 | — | — | — | — | — |
| Stock-based compensation | — | — | 38,167 | — | — | 38,167 |
| Purchase of capped calls | — | — | (58,788) | — | — | (58,788) |
| Retirement of convertible senior notes | — | — | (79,366) | — | — | (79,366) |
| Deferred tax asset related to debt issuance of convertible senior notes | — | — | 13,931 | — | — | 13,931 |
| Foreign currency translation adjustment | — | — | — | (62) | — | (62) |
| Unrealized gain (loss) on available-for-sale securities, net of tax | — | — | — | 453 | — | 453 |
| Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss) | — | — | — | (116) | — | (116) |
| **Balance as of October 31, 2024** | **83,519,129** | **$ 8** | **$ 1,894,904** | **$ (11,969)** | **$ (614,914)** | **$ 1,268,029** |

| | Common stock | | Additional paid-in capital | Accumulated other comprehensive income (loss) | Retained earnings (accumulated deficit) | Total stockholders' equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance as of July 31, 2023** | **81,440,669** | **$ 8** | **$ 1,831,267** | **$ (13,859)** | **$ (617,950)** | **$ 1,199,466** |
| Net income (loss) | — | — | — | — | (27,071) | (27,071) |
| Issuance of common stock upon exercise of stock options | 42 | — | 1 | — | — | 1 |
| Issuance of common stock upon vesting of RSUs | 489,783 | — | — | — | — | — |
| Stock-based compensation | — | — | 36,199 | — | — | 36,199 |
| Foreign currency translation adjustment | — | — | — | (3,507) | — | (3,507) |
| Unrealized gain (loss) on available-for-sale securities, net of tax | — | — | — | 851 | — | 851 |
| Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss) | — | — | — | (290) | — | (290) |
| **Balance as of October 31, 2023** | **81,930,494** | **$ 8** | **$ 1,867,467** | **$ (16,805)** | **$ (645,021)** | **$ 1,205,649** |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited, in thousands)**

| | Three Months Ended October 31, 2024 | Three Months Ended October 31, 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | $ 9,139 | $ (27,071) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 5,845 | 5,442 |
| Amortization of debt issuance costs | 545 | 430 |
| Amortization of contract acquisition costs | 5,139 | 4,064 |
| Stock-based compensation | 38,060 | 36,097 |
| Changes to allowance for credit losses and revenue reserves | 1,257 | 128 |
| Deferred income tax | (7,955) | (13,220) |
| Amortization of premium (accretion of discount) on available-for-sale securities, net | (3,228) | (2,927) |
| Changes in fair value of strategic investments | (53) | — |
| Other non-cash items affecting net income (loss) | 286 | (29) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 38,609 | 57,193 |
| Unbilled accounts receivable | (38,889) | (17,250) |
| Prepaid expenses and other assets | (6,291) | (6,560) |
| Operating lease assets | 1,757 | 1,971 |
| Accounts payable | 16,206 | (16,982) |
| Accrued employee compensation | (56,545) | (54,576) |
| Deferred revenue | (58,107) | (37,893) |
| Lease liabilities | (1,685) | (1,601) |
| Other liabilities | (6,395) | 701 |
| Net cash provided by (used in) operating activities | (62,305) | (72,083) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of available-for-sale securities | (211,649) | (160,239) |
| Maturities and sales of available-for-sale securities | 139,896 | 137,386 |
| Purchases of property and equipment | (843) | (998) |
| Capitalized software development costs | (4,233) | (3,692) |
| Acquisition of strategic investments | (772) | (250) |
| Net cash provided by (used in) investing activities | (77,601) | (27,793) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of convertible senior notes, net of issuance costs | 672,750 | — |
| Payment for the retirement of convertible senior notes | (200,394) | — |
| Purchase of capped calls | (58,788) | — |
| Proceeds from issuance of common stock upon exercise of stock options | 1,939 | — |
| Net cash provided by (used in) financing activities | 415,507 | — |
| Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash | (31) | (4,303) |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | 275,570 | (104,179) |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of period | 549,184 | 406,790 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of period | $ 824,754 | $ 302,611 |

| | | | | |
|---|---|---|---|---|
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | | |
| Cash paid for interest | $ | 2,639 | $ | 2,500 |
| Cash paid for income taxes, net of tax refunds | $ | 2,604 | $ | 883 |
| Accruals for purchase of property and equipment | $ | 461 | $ | 2,805 |
| Accruals for capitalized software development costs | $ | 251 | $ | 278 |
| Accruals for unpaid debt issuance cost | $ | 1,055 | $ | — |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**1. The Company and Summary of Significant Accounting Policies and Estimates**

***Company***

Guidewire Software, Inc., together with its subsidiaries (the "Company"), provides a technology platform which combines core operations, digital engagement, analytics, machine learning, and artificial intelligence ("AI") applications. The Company's technology platform supports core insurance operations, including underwriting, policy administration, claim management, and billing; insights into data that can improve business decision making; and digital sales, service, and claims experiences for policyholders, agents, and other key stakeholders. The Company's customers are primarily property and casualty insurance carriers.

***Basis of Presentation and Consolidation***

The Company's condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The condensed consolidated financial statements and notes include the Company and its wholly owned subsidiaries and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted under the rules and regulations of the SEC.

These condensed consolidated financial statements should be read in conjunction with the Company's financial statements and related notes, together with management's discussion and analysis of financial condition and results of operations, presented in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2024.

***Use of Estimates***

In preparing the condensed consolidated financial statements and related disclosures in conformity with GAAP and pursuant to the rules and regulations of the SEC, the Company must make estimates and judgments that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results may differ materially from these estimates.

***Segment Information***

The Company has determined that the chief executive officer is the chief operating decision maker. The Company's chief executive officer reviews financial information presented on a consolidated basis for purposes of assessing performance and making decisions on how to allocate resources and assess performance. Accordingly, the Company has determined that it operates in a single reportable segment. Since the Company operates in one operating segment, all required financial segment information can be found in the condensed consolidated financial statements and accompanying notes.

***Significant Accounting Policies***

There have been no changes in the Company's significant accounting policies from those that were disclosed in the Company's consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended July 31, 2024, except for those disclosed herein.

***Restricted Cash***

Unearned acquisition consideration holdback subject to service conditions is held in escrow and considered restricted cash. As of October 31, 2024 and July 31, 2024, unearned acquisition consideration holdback of $1.2 million was included in prepaid expenses and other current assets in the condensed consolidated balance sheets.

***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, investments, accounts receivable, and unbilled accounts receivable. The Company maintains its cash, cash equivalents, and investments with high-quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions in the event of a default to the extent that such amounts recorded in the condensed consolidated balance sheets are in excess of amounts that are insured by the Federal Deposit Insurance Corporation.

No customer individually accounted for 10% or more of the Company's revenue for the three months ended October 31, 2024 and 2023. For the periods ended October 31, 2024 and July 31, 2024, we had one customer, which were different customers in each period, which accounted for 10% or more of the Company's accounts receivable.

***Recently Adopted Pronouncements***

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The new standard was early adopted by the Company beginning August 1, 2024 and applied retrospectively for all periods presented, including the retirement of its convertible senior notes due March 2025. See Note 5 “Convertible Senior Notes.” The new standard did not have an impact on prior periods presented in the condensed consolidated financial statements.

***Recent Accounting Pronouncements***

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU No. 2023-07, as well as all existing segment disclosures and reconciliation requirements in Accounting Standards Codification (“ASC”) 280 on an interim and annual basis. The new standard will be effective and the Company will adopt it for the annual period beginning August 1, 2024, and for the interim periods beginning after August 1, 2025. The adoption of this ASU will impact the Company’s disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The new standard will be effective and the Company will adopt it beginning August 1, 2025. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company is currently assessing the impact of adopting this standard on the consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires public business entities to disclose qualitative and quantitative information about certain costs and expenses in the notes to the financial statements on an interim and annual basis. The new standard will be effective and the Company will adopt it for the annual period beginning August 1, 2027, and for the interim periods beginning after August 1, 2028. Upon adoption, the guidance can be applied prospectively or retrospectively. The adoption of this ASU will impact the Company’s disclosures.

Other recent accounting pronouncements that will be applicable to the Company are not expected to have a material impact on its present or future financial statements.

**2. Revenue**

***Disaggregation of Revenue***

Revenue by product type is as follows (in thousands):

| | Three Months Ended October 31, | |
|---|---|---|
| | **2024** | **2023** |
| Subscription and support | | |
| Subscription | $ 152,858 | $ 109,597 |
| Support | 16,884 | 18,030 |
| License | | |
| Term license | 37,370 | 33,977 |
| Perpetual license | — | 48 |
| Services | 55,789 | 45,755 |
| Total revenue | $ 262,901 | $ 207,407 |

Revenue by product type and by geography is as follows (in thousands):

| | Three Months Ended October 31, 2024 | | | |
|---|---|---|---|---|
| | Subscription and support | License | Services | Total |
| United States | $ 112,814 | $ 12,858 | $ 37,574 | $ 163,246 |
| Canada | 24,986 | 5,234 | 6,581 | 36,801 |
| Other Americas | 1,510 | 336 | 485 | 2,331 |
| Total Americas | 139,310 | 18,428 | 44,640 | 202,378 |
| Total EMEA | 17,999 | 9,018 | 8,179 | 35,196 |
| Total APAC | 12,433 | 9,924 | 2,970 | 25,327 |
| Total revenue | $ 169,742 | $ 37,370 | $ 55,789 | $ 262,901 |

| | Three Months Ended October 31, 2023 | | | |
|---|---|---|---|---|
| | Subscription and support | License | Services | Total |
| United States | $ 86,751 | $ 12,731 | $ 31,001 | $ 130,483 |
| Canada | 18,442 | 2,918 | 2,194 | 23,554 |
| Other Americas | 1,490 | 322 | 562 | 2,374 |
| Total Americas | 106,683 | 15,971 | 33,757 | 156,411 |
| Total EMEA | 13,938 | 9,365 | 9,614 | 32,917 |
| Total APAC | 7,006 | 8,689 | 2,384 | 18,079 |
| Total revenue | $ 127,627 | $ 34,025 | $ 45,755 | $ 207,407 |

No country or region other than those listed above, accounted for more than 10% of revenue during the three months ended October 31, 2024 and 2023.

***Customer Contract – Related Balance Sheet Amounts***

Amounts related to customer contract-related arrangements are included on the condensed consolidated balance sheets as follows (in thousands):

| | October 31, 2024 | July 31, 2024 |
|---|---|---|
| Unbilled accounts receivable, net | $ 130,077 | $ 91,188 |
| Contract acquisition costs, net | $ 52,310 | $ 54,689 |
| Costs to fulfill a contract, net | $ 8,887 | $ 10,710 |
| Deferred revenue, net | $ 227,376 | $ 285,483 |

As of October 31, 2024 and July 31, 2024, there was no allowance for credit losses associated with unbilled accounts receivable.

*Contract acquisition costs*

The current portion of contract acquisition costs of $17.3 million and $17.7 million is included in prepaid and other current assets in the Company’s condensed consolidated balance sheets as of October 31, 2024 and July 31, 2024, respectively. The non-current portion of contract acquisition costs of $35.0 million and $37.0 million is included in other assets in the Company’s condensed consolidated balance sheets as of October 31, 2024 and July 31, 2024, respectively. The Company amortized $5.1 million and $4.1 million of contract acquisition costs during the three months ended October 31, 2024 and 2023, respectively.

*Costs to fulfill a contract*

The current portion of costs to fulfill a contract of $6.2 million and $6.0 million is included in prepaid and other current assets in the Company’s condensed consolidated balance sheets as of October 31, 2024 and July 31, 2024, respectively. The non-current portion of costs to fulfill a contract of $2.7 million and $4.7 million is included in other assets in the Company’s condensed consolidated balance sheets as of October 31, 2024 and July 31, 2024, respectively. The Company amortized $2.6 million and $2.3 million of costs to fulfill a contract during the three months ended October 31, 2024 and 2023, respectively.

*Deferred revenue*

During the three months ended October 31, 2024, the Company recognized revenue of approximately $130.9 million related to the Company's deferred revenue balance reported as of July 31, 2024.

***Remaining Performance Obligations***

The aggregate amount of consideration allocated to remaining performance obligations either not satisfied or partially satisfied was approximately $2.0 billion as of October 31, 2024. Subscription services are typically satisfied over three to five years, support services are generally satisfied within one year, and professional services are typically satisfied within one year. Professional services under time and material contracts are not included in the remaining performance obligations calculation as these arrangements can be cancelled at any time.

**3. Fair Value of Financial Instruments**

Available-for-sale investments within cash equivalents and investments consist of the following (in thousands):

| | October 31, 2024 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| Asset-backed securities | $ 65,341 | $ 196 | $ (47) | $ 65,490 |
| Certificates of deposit | 51,622 | — | — | 51,622 |
| Commercial paper | 144,484 | — | — | 144,484 |
| Corporate bonds | 258,926 | 825 | (138) | 259,613 |
| Foreign government bonds | 3,417 | 21 | — | 3,438 |
| Money market funds | 678,344 | — | — | 678,344 |
| U.S. Government agency securities | 38,113 | 34 | (6) | 38,141 |
| U.S. Government bonds | 131,449 | 129 | (99) | 131,479 |
| Total | $ 1,371,696 | $ 1,205 | $ (290) | $ 1,372,611 |

| | July 31, 2024 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| Asset-backed securities | $ 58,812 | $ 116 | $ (61) | $ 58,867 |
| Certificates of deposit | 46,900 | — | — | 46,900 |
| Commercial paper | 138,598 | — | — | 138,598 |
| Corporate bonds | 245,817 | 564 | (107) | 246,274 |
| Foreign government bonds | 5,590 | 21 | (15) | 5,596 |
| Money market funds | 360,881 | — | — | 360,881 |
| U.S. Government agency securities | 33,499 | 12 | (12) | 33,499 |
| U.S. Government bonds | 89,928 | 72 | (117) | 89,883 |
| Total | $ 980,025 | $ 785 | $ (312) | $ 980,498 |

The Company does not consider any portion of the unrealized losses at October 31, 2024 to be credit losses. The Company has recorded the securities at fair value in its condensed consolidated balance sheets, with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss). The amount of unrealized gains and losses reclassified into earnings are based on the specific identification of the securities sold. The realized gains and losses from sales of securities are presented in the condensed consolidated statements of comprehensive income (loss).

The following table summarizes the contractual maturities of the Company's available-for-sale investments measured at fair value (in thousands):

| | October 31, 2024 | | |
|---|---|---|---|
| | Less Than 12 Months | 12 Months or Greater | Total |
| Asset-backed securities | $ 27,070 | $ 38,420 | $ 65,490 |
| Certificates of deposit | 51,622 | — | 51,622 |
| Commercial paper | 144,484 | — | 144,484 |
| Corporate bonds | 186,312 | 73,301 | 259,613 |
| Foreign government bonds | 1,598 | 1,840 | 3,438 |
| Money market funds | 678,344 | — | 678,344 |
| U.S. Government agency securities | 37,237 | 904 | 38,141 |
| U.S. Government bonds | 103,825 | 27,654 | 131,479 |
| Total | $ 1,230,492 | $ 142,119 | $ 1,372,611 |

***Fair Value Measurement***

Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company applies the three-level valuation hierarchy when measuring the fair value of certain assets and liabilities:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices included within Level 1 that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3—Unobservable inputs that are supported by little or no market activity, which require the Company to develop its own assumptions.

*Available-for-sale investments*

The following tables summarize the Company’s available-for-sale investments measured at fair value, by level within the fair value hierarchy (in thousands):

| | October 31, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Cash equivalents:** | | | | |
| Commercial paper | $ — | $ 37,381 | $ — | $ 37,381 |
| Money market funds | 678,344 | — | — | 678,344 |
| **Total cash equivalents** | 678,344 | 37,381 | — | 715,725 |
| **Short-term investments:** | | | | |
| Asset-backed securities | — | 27,070 | — | 27,070 |
| Certificates of deposit | — | 51,622 | — | 51,622 |
| Commercial paper | — | 107,103 | — | 107,103 |
| Corporate bonds | — | 186,312 | — | 186,312 |
| Foreign government bonds | — | 1,598 | — | 1,598 |
| U.S. Government agency securities | — | 37,237 | — | 37,237 |
| U.S. Government bonds | — | 103,825 | — | 103,825 |
| **Total short-term investments** | — | 514,767 | — | 514,767 |
| **Long-term investments:** | | | | |
| Asset-backed securities | — | 38,420 | — | 38,420 |
| Corporate bonds | — | 73,301 | — | 73,301 |
| Foreign government bonds | — | 1,840 | — | 1,840 |
| U.S. Government agency securities | — | 904 | — | 904 |
| U.S. Government bonds | — | 27,654 | — | 27,654 |
| **Total long-term investments** | — | 142,119 | — | 142,119 |
| **Total** | $ 678,344 | $ 694,267 | $ — | $ 1,372,611 |

| | July 31, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Cash equivalents:** | | | | |
| Commercial paper | $ — | $ 38,156 | $ — | $ 38,156 |
| Money market funds | 360,881 | — | — | 360,881 |
| **Total cash equivalents** | 360,881 | 38,156 | — | 399,037 |
| **Short-term investments:** | | | | |
| Asset-backed securities | — | 18,826 | — | 18,826 |
| Certificates of deposit | — | 46,900 | — | 46,900 |
| Commercial paper | — | 100,442 | — | 100,442 |
| Corporate bonds | — | 177,081 | — | 177,081 |
| Foreign government bonds | — | 3,756 | — | 3,756 |
| U.S. Government agency securities | — | 32,605 | — | 32,605 |
| U.S. Government bonds | — | 75,966 | — | 75,966 |
| **Total short-term investments** | — | 455,576 | — | 455,576 |
| **Long-term investments:** | | | | |
| Asset-backed securities | — | 40,041 | — | 40,041 |
| Corporate bonds | — | 69,193 | — | 69,193 |
| Foreign government bonds | — | 1,840 | — | 1,840 |
| U.S. Government agency securities | — | 894 | — | 894 |
| U.S. Government bonds | — | 13,917 | — | 13,917 |
| **Total long-term investments** | — | 125,885 | — | 125,885 |
| **Total** | $ 360,881 | $ 619,617 | $ — | $ 980,498 |

*Convertible Senior Notes*

In March 2018, the Company issued $400.0 million aggregate principal amount of 1.25% Convertible Senior Notes due 2025 (the “2025 Convertible Senior Notes”) and, in October 2024, the Company issued $690.0 million aggregate principal amount of 1.25% Convertible Senior Notes due 2029 (the “2029 Convertible Senior Notes,” together with the 2025 Convertible Senior Notes, the “Convertible Senior Notes”). The fair value of the 2025 Convertible Senior Notes was $452.4 million and $528.0 million at October 31, 2024 and July 31, 2024, respectively, and the fair value of the 2029 Convertible Senior Notes was $703.3 million at October 31, 2024. The Company estimates the fair value of the Convertible Senior Notes using commonly accepted valuation methodologies and market-based risk measurements that are directly observable, such as unadjusted quoted prices in markets that are not active (Level 2).

In October 2024, the Company retired $120.9 million aggregate principal amount of the 2025 Convertible Senior Notes in cash for $200.5 million, which included related accrued interest of $0.1 million. See Note 5 “Convertible Senior Notes.”

*Strategic Investments*

The Company’s other assets include strategic investments in privately held companies in which the Company does not have a controlling interest or the ability to exert significant influence. The strategic investments consist of non-marketable equity securities that do not have readily determinable market values (Level 3), which are recorded using the measurement alternative at cost less impairment and adjusts cost for subsequent observable changes in fair value, and an investment in a limited partnership, which is recorded using the net asset value practical expedient (Level 3) in accordance with ASC 820. Changes in fair value are recorded in other income (expense) on the condensed consolidated statements of operations.

The following table summarizes the unrealized and realized gains (losses) on strategic investments (in thousands):

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| Unrealized gains (losses), net, recognized on privately held equity securities measured using net asset value | $ 53 | $ — |
| Gains (losses) on strategic investments, net | $ 53 | $ — |

The following table summarizes the carrying amount of the Company’s strategic investments (in thousands):

| | October 31, 2024 | July 31, 2024 |
|---|---|---|
| Equity investments using the measurement alternative | $ 19,513 | $ 18,740 |
| Equity investment using net asset value | $ 3,714 | $ 3,661 |

**4. Net Income (Loss) Per Share**

The Company calculates basic earnings per share by dividing the net income (loss) by the weighted average number of shares of common stock outstanding for the period. For calculating diluted earnings per share, the Company uses the treasury stock method for options to purchase common stock, time-based restricted stock units (“RSUs”), and performance-based restricted stock units (“PSUs”) and the if-converted method for Convertible Senior Notes. RSUs and PSUs are collectively referred to as “Stock Awards.”

The following table sets forth the computation of the Company’s basic and diluted net income (loss) per share for the three months ended October 31, 2024 and 2023 (in thousands, except share and per share amounts):

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Numerator:** | | |
| Net income (loss) | $ 9,139 | $ (27,071) |
| **Net income (loss) per share:** | | |
| Basic | $ 0.11 | $ (0.33) |
| Diluted | $ 0.11 | $ (0.33) |
| **Denominator:** | | |
| Weighted average shares used in computing net income (loss) per share: | | |
| Basic | 83,276,236 | 81,690,912 |
| Weighted average effect of dilutive stock options | 93,718 | — |
| Weighted average effect of dilutive stock awards | 1,805,910 | — |
| Weighted average effect of dilutive convertible senior notes | 785,004 | — |
| Diluted | 85,960,868 | 81,690,912 |

The following weighted average shares of potential common stock were excluded from the computation of diluted net income (loss) per share for the periods presented because including them would have been anti-dilutive:

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| Stock options | — | 157,638 |
| Stock awards | 151,662 | 2,255,096 |
| Convertible senior notes | — | 3,516,480 |

During the three months ended October 31, 2024, the average market price of the Company’s common stock exceeded the initial conversion price of the 2025 Convertible Senior Notes, and the conversion premium was included in weighted average shares outstanding for calculating diluted net income per share. During the three months ended October 31, 2023, the average market price of the Company’s common stock did not exceed the initial conversion price of the 2025 Convertible Senior Notes.

During the three months ended October 31, 2024, the average market price of the Company’s common stock did not exceed the initial conversion price of the 2029 Convertible Senior Notes.

**5. Convertible Senior Notes**

The net carrying value of the Convertible Senior Notes and unamortized debt issuance costs was as follows (in thousands):

| Debt Instrument | Maturity Date | Effective Interest Rate | October 31, 2024 | July 31, 2024 |
|---|---|---|---|---|
| 2025 convertible senior notes | March 15, 2025 | 1.7% | $ 279,055 | $ 400,000 |
| 2029 convertible senior notes | November 1, 2029 | 1.8% | 690,000 | — |
| Total principal amount | | | 969,055 | 400,000 |
| Less: unamortized debt issuance costs | | | (18,640) | (1,097) |
| Net carrying amount of debt | | | 950,415 | 398,903 |
| Less: current portion of convertible senior notes, net | | | 278,595 | 398,903 |
| Non-current portion of convertible senior notes, net | | | $ 671,820 | $ — |

The following table sets forth the interest expense recognized related to the Convertible Senior Notes (in thousands):

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| Contractual interest expense | $ 1,511 | $ 1,250 |
| Amortization of debt issuance costs | 545 | 430 |
| Total | $ 2,056 | $ 1,680 |

As of October 31, 2024, the if-converted value of the 2025 Convertible Senior Notes exceeded their outstanding principal amount by $14.9 million. As of October 31, 2024, the if-converted value of the 2029 Convertible Senior Notes did not exceed their outstanding principal amount.

*2025 Convertible Senior Notes*

In March 2018, the Company offered and sold $400.0 million aggregate principal amount of its 2025 Convertible Senior Notes. The 2025 Convertible Senior Notes were issued in accordance with the Indenture, dated as of March 13, 2018, between the Company and U.S. Bank Trust Company, National Association (formerly known as U.S. Bank National Association), as trustee (the “Trustee”) (the “Base Indenture”), as amended and supplemented by the First Supplemental Indenture, dated as of March 13, 2018, between the Company and the Trustee (together with the Base Indenture, the “2025 Indenture”). The net proceeds from the issuance of the Convertible Senior Notes were $387.2 million, after deducting issuance costs.

The 2025 Convertible Senior Notes are unsecured obligations of the Company with interest payable semi-annually in arrears, at a rate of 1.25% per year, on March 15th and September 15th of each year. The 2025 Convertible Senior Notes will mature on March 15, 2025 unless repurchased, redeemed, or converted prior to such date. The 2025 Convertible Senior Notes are convertible at the option of holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2025 Convertible Senior Notes will have an initial conversion rate of 8.7912 shares of common stock per $1,000 principal (equivalent to an initial conversion price of approximately $113.75 per share of the Company’s common stock).

The Company may redeem the 2025 Convertible Senior Notes, at its option, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest if the last reported sale price of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including at least one of the 3 trading days immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption. No sinking fund is provided for the 2025 Convertible Senior Notes. Upon the occurrence of a fundamental change (as defined in the 2025 Indenture) prior to the maturity date, holders may require the Company to repurchase all or a portion of the 2025 Convertible Senior Notes for cash at a price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The 2025 Convertible Senior Notes rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the 2025 Convertible Senior Notes, and equal in right of payment to any of its indebtedness that is not so subordinated. The 2025 Convertible Senior Notes are effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) and any preferred equity of its current or future subsidiaries.

As of October 2024, under the terms of the 2025 Indenture, the Company will settle future conversions of its outstanding $279.1 million principal amount solely in cash up to the principal amount converted, with any excess value to be settled in shares of the Company's common stock.

*Retirement of 2025 Convertible Senior Notes*

In October 2024, the Company retired $120.9 million aggregate principal amount and $0.2 million of related debt issuance costs of the 2025 Convertible Senior Notes for $200.5 million in cash, which included related accrued interest of $0.1 million. The retirement was accounted for as an induced conversion resulting in an inducement expense of $0.3 million recorded in other income (expense), net on the condensed consolidated statements of operations and a decrease to additional paid-in capital of $79.4 million on the condensed consolidated balance sheets.

*2029 Convertible Senior Notes*

In October 2024, the Company offered and sold $690.0 million aggregate principal amount of its 2029 Convertible Senior Notes. The 2029 Convertible Senior Notes were issued in accordance with the Indenture, dated as of October 18, 2024, between the Company and the Trustee (the "2029 Indenture"). The net proceeds from the issuance of the 2029 Convertible Senior Notes were $671.7 million after deducting issuance costs.

The 2029 Convertible Senior Notes are unsecured obligations of the Company with interest payable semi-annually in arrears, at a rate of 1.25% per year, on May 1st and November 1st of each year. The 2029 Convertible Senior Notes will mature on November 1, 2029 unless repurchased, redeemed, or converted prior to such date. Before August 1, 2029, holders of the 2029 Convertible Senior Notes will have the right to convert their 2029 Convertible Senior Notes only upon the occurrence of certain events. On or after August 1, 2029, the 2029 Convertible Senior Notes are convertible at any time at the election of holders until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2029 Convertible Senior Notes will have an initial conversion rate of 4.0875 shares of common stock per $1,000 principal (equivalent to an initial conversion price of approximately $244.65 per share of the Company's common stock). The conversion rate is subject to customary adjustments upon the occurrence of certain events but will not be adjusted for any accrued and unpaid interest. The consideration due upon conversion will consist of cash, up to at least the proportional amount of the principal amount being converted, and any excess of the proportional conversion value for that trading day that will not be settled in cash will be settled in shares of the Company's common stock.

The Company may redeem the 2029 Convertible Senior Notes, at its option, on or after November 5, 2027 and on or before the 20th scheduled trading day immediately before the maturity date, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest if (i) the 2029 Convertible Senior Notes are "Freely Tradable" (as defined in the 2029 Indenture) as of the date the Company sends the related redemption notice, and all accrued and unpaid additional interest, if any, has been paid in full, as of the most recent interest payment date occurring on or before the date the Company sends the related redemption notice; and (ii) the last reported sale price of the Company's common stock has been at least 130% of the conversion price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption; and (2) the trading day immediately preceding the date on which the Company provides notice of redemption. No sinking fund is required to be provided for the 2029 Convertible Senior Notes. Upon the occurrence of a fundamental change (as defined in the 2029 Indenture) prior to the maturity date, holders may require the Company to repurchase all or a portion of the 2029 Convertible Senior Notes for cash at a price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The 2029 Convertible Senior Notes rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2029 Convertible Senior Notes, and equal in right of payment to any of its indebtedness that is not so subordinated. The 2029 Convertible Senior Notes are effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) and any preferred equity of its current or future subsidiaries.

Capped Calls

In connection with each offering of the Convertible Senior Notes, the Company purchased capped calls with certain financial institutions pursuant to capped call confirmations (collectively the "Capped Calls"). The initial strike price of the Convertible Senior Notes corresponds to the initial conversion price of each of the Convertible Senior Notes. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its common stock (or, in the event the conversion is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion its stock price exceeds the conversion price under the Convertible Senior Notes. The Capped Calls are subject to either adjustment or termination upon the occurrence of specified extraordinary events affecting the Company, including a merger event, a tender offer, and a nationalization, insolvency or delisting involving the Company. Additionally, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including changes in law, insolvency filings, and hedging disruptions. The Capped Calls were recorded in the period purchased as a reduction of the Company's additional paid-in capital in the accompanying consolidated balance sheets and are not accounted for as derivatives.

The following table below sets forth key terms and costs incurred for the Capped Calls related to each of the Convertible Senior Notes (in millions, except per share amounts):

| | 2025 Convertible Senior Notes | 2029 Convertible Senior Notes |
|---|---|---|
| Initial strike price per share, subject to certain adjustments | $ 113.75 | $ 244.65 |
| Initial cap price per share, subject to certain adjustments | $ 153.13 | $ 329.33 |
| Net cost incurred | $ 37.2 | $ 58.8 |
| Common stock covered, subject to anti-dilution adjustments | 3.5 | 2.8 |

**6. Commitments and Contingencies**

Except as discussed below, there has been no material change in the Company's contractual obligations and commitments other than in the ordinary course of business since the Company's fiscal year ended July 31, 2024.

During the three months ended October 31, 2024, the Company retired $120.9 million aggregate principal amount of the 2025 Convertible Senior Notes in cash for $200.5 million, which included related accrued interest of $0.1 million, and issued $690.0 million aggregate principal amount of the 2029 Convertible Senior Notes. See Note 5 "Convertible Senior Notes."

See the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2024 for additional information regarding the Company's contractual obligations.

***Legal Proceedings***

From time to time, the Company is involved in various legal proceedings and receives claims arising from the normal course of business activities. The Company has not recorded any accrual for claims as of October 31, 2024 or July 31, 2024. The Company has not accrued for estimated losses in the accompanying condensed consolidated financial statements as the Company has determined that no provision for liability nor disclosure is required related to any claim against the Company because: (a) there is not a reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial. The Company expenses legal fees in the period in which they are incurred.

***Indemnification***

The Company sells software licenses and services to its customers under Software License Agreements ("SLA") and Software Subscription Agreements ("SSA"). SLAs and SSAs contain the terms of the contractual arrangement with the customer and generally include certain provisions for defending the customer against any claims that the Company's software infringes upon a patent, copyright, trademark, or other proprietary right of a third party. SLAs and SSAs also generally indemnify the customer against judgments, settlements, fines, penalties, costs, and expenses resulting from a claim ("Losses") against the customer in the event the Company's software is found to infringe upon such third-party rights.

The Company has not had to reimburse any of its customers for Losses related to indemnification provisions and no material claims against the Company were outstanding as of October 31, 2024 or July 31, 2024. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases under various SLAs and SSAs, the Company cannot estimate the amount of potential future payments, if any, related to indemnification provisions.

The Company has also agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of these persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that may enable the Company to recover a portion of any future amounts paid.

**7. Stock-Based Compensation Expense and Shareholders' Equity**

***Stock-Based Compensation Expense***

Stock-based compensation expense related to stock options and Stock Awards is included in the Company's condensed consolidated statements of operations as follows (in thousands):

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| Stock-based compensation expense | $ 38,167 | $ 36,199 |
| Net impact of deferred stock-based compensation | (107) | (102) |
| Total stock-based compensation expense, net | $ 38,060 | $ 36,097 |
| Stock-based compensation expense is included in the following categories: | | |
| Cost of subscription and support revenue | $ 3,140 | $ 3,462 |
| Cost of license revenue | 36 | 95 |
| Cost of services revenue | 4,802 | 4,789 |
| Research and development | 9,824 | 9,986 |
| Sales and marketing | 9,688 | 7,729 |
| General and administrative | 10,570 | 10,036 |
| Total stock-based compensation expense | $ 38,060 | $ 36,097 |

Total unrecognized stock-based compensation expense related to the Company's stock options and Stock Awards as of October 31, 2024 is as follows:

| | Unrecognized Expense (in thousands) | Weighted Average Expected Recognition Period (in years) |
|---|---|---|
| Stock Options | $ 15 | 0.0 |
| Stock Awards | 371,666 | 2.5 |
| Total unrecognized stock-based compensation expense | $ 371,681 | |

***Stock Awards***

A summary of the Company's Stock Awards activity under the Company's equity incentive plans is as follows:

| | Stock Awards Outstanding | | |
|---|---|---|---|
| | Number of Stock Awards | Weighted Average Grant Date Fair Value | Aggregate Intrinsic Value (in thousands)[(1)] |
| Balance as of July 31, 2024 | 3,202,066 | $ 86.60 | $ 480,534 |
| Granted | 950,870 | $ 176.04 | |
| Released | (466,489) | $ 94.56 | $ 80,147 |
| Canceled | (34,718) | $ 87.97 | |
| Balance as of October 31, 2024 | 3,651,729 | $ 108.86 | $ 680,171 |
| Expected to vest as of October 31, 2024 | 3,651,729 | $ 108.86 | $ 680,171 |

[(1)] Aggregate intrinsic value at each period end represents the total market value of Stock Awards at the Company's closing stock price of $186.26 and $150.07 on October 31, 2024 and July 31, 2024, respectively. Aggregate intrinsic value for released Stock Awards represents the total market value of released Stock Awards at date of release.

In September 2023 and 2024, certain executive officers were granted Stock Awards that vest in September 2026 and 2027 respectively, subject to continued service until such time, with the opportunity to increase the number of vested awards based on Company financial performance and, for a select number of awards, the market performance of the Company's common stock. The fair value of the awards will be recognized over the three-year performance period and may increase or decrease depending on the estimated attainment of Company financial performance criteria. The Company determined the fair value of the portion of the awards subject to the market performance of the Company's common stock using a Monte Carlo simulation model, which included the following assumptions:

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| Performance period | September 11, 2024 to September 11, 2027 | September 13, 2023 to September 13, 2026 |
| 3-year historical volatility | 36.0% | 35.0% |
| 3-year risk free rate | 3.4% | 4.5% |

For the portion of the award subject to the market performance of the Company's common stock, stock-based compensation expense is recognized over the requisite service period regardless of whether or not the market condition is ultimately satisfied, subject to continued service over the period.

Prior to fiscal year 2024, certain executives and employees of the Company received PSUs, which vest over three years, with 50% vesting annually over the three-year performance period and the remaining 50% vesting at the end of the third year.

The Company recognized stock-based compensation related to PSUs of $6.3 million and $4.1 million during the three months ended October 31, 2024 and 2023, respectively.

***Stock Options***

A summary of stock option activity under the Company's equity incentive plans is as follows:

| | Number of Stock Options Outstanding | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value[(1)] |
|---|---|---|---|---|
| | | | (in years) | (in thousands) |
| Balance as of July 31, 2024 | 166,838 | $ 65.63 | 7.9 | $ 14,088 |
| Granted | — | $ — | | |
| Exercised | (27,003) | $ 71.77 | | $ 2,765 |
| Canceled | — | $ — | | |
| Balance as of October 31, 2024 | 139,835 | $ 64.44 | 7.6 | $ 17,035 |
| Vested and expected to vest as of October 31, 2024 | 139,835 | $ 64.44 | 7.6 | $ 17,035 |
| Exercisable as of October 31, 2024 | 110,884 | $ 65.00 | 7.5 | $ 13,446 |

(1) Aggregate intrinsic value at each period end represents the difference between the Company's closing stock price of $186.26 and $150.07 on October 31, 2024 and July 31, 2024, respectively, and the exercise price of outstanding options. Aggregate intrinsic value for exercised options represents the difference between the Company's stock price at date of exercise and the exercise price.

***Share Repurchase Program***

In September 2022, the Company's board of directors authorized and approved a share repurchase program of up to $400.0 million of the Company's outstanding common stock. Share repurchases under the program may be made from time to time, in the open market, in privately negotiated transactions and otherwise, at the discretion of management of the Company and in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act, and other applicable legal requirements. Such repurchases may also be made in compliance with Rule 10b5-1 trading plans entered into by the Company.

During the three months ended October 31, 2024 and 2023, the Company did not repurchase any shares of common stock. As of October 31, 2024, $138.2 million remained available for future share repurchases.

**8. Subsequent Events**

On December 2, 2024, Guidewire and certain of its subsidiaries entered into a revolving credit agreement (the “Credit Agreement”) with Bank of America, N.A., as administrative agent (the “Administrative Agent”) and certain other financial institutions from time to time thereto (with the Administrative Agent, the “Lenders”). The Credit Agreement provides for a senior secured revolving credit facility in an aggregate principal amount of $300.0 million (the “2025 Credit Facility”). At the Company’s discretion, it allows flexibility for an uncommitted upsize of the aggregate principal amount of the 2025 Credit Facility or the establishment of incremental term loan facilities, in each case, as further set forth in the Credit Agreement. As of December 5, 2024, there are no commitments by any Lenders for any such upsize or incremental term loan facility.

The loans under the 2025 Credit Facility bear interest (i) for U.S. Dollar-denominated loans, at the Company’s option, at either (a) the bank’s base rate, plus an applicable margin ranging from 0.25% to 1.25% per annum, or (b) a term SOFR (as defined in the Credit Agreement), plus an applicable margin ranging from 1.25% to 2.25% per annum and (ii) for alternative currency-denominated loans, at the applicable alternative currency rate (whether a daily rate or a term rate), plus an applicable margin ranging from 1.25% to 2.25% per annum, in each case, such applicable margins to be determined based on the Company’s total net leverage ratio.

In addition to paying interest on the outstanding principal under the 2025 Credit Facility, the Company is required to pay (i) a commitment fee ranging from 0.175% to 0.30% per annum, to be determined based on the Company’s total net leverage ratio, on the actual daily unused amount of each Lender’s commitment under the 2025 Credit Facility, (ii) a letter of credit fronting fee of 0.125% per annum of the daily amount available to be drawn under outstanding letters of credit, and (iii) certain other customary fees and expenses of the Lenders and agents.

The Credit Agreement contains customary covenants, including, but not limited to, restrictions on the Company’s and its subsidiaries’ ability to merge and consolidate with other companies, dispose of assets, incur indebtedness, or grant liens or other security interests on assets, in each case, subject to certain customary exceptions. The financial covenants require as of the end of each fiscal quarter that (a) the Company has a minimum consolidated net cash interest coverage ratio of 3.00:1.00 and (b) the Company does not exceed a maximum total net leverage ratio of 3.75:1.00. The maximum total net leverage ratio is subject to a step-up by 0.50:1.00 at the election of the Company for four fiscal quarters following certain material acquisitions, subject to certain customary exceptions.

The 2025 Credit Facility has a scheduled maturity of December 2, 2029; provided that the Credit Agreement provides for a maturity date of 91 days prior to the earlier maturity date of any individual or related series of other indebtedness with an aggregate outstanding principal amount that exceeds the greater of (x) $107.5 million and (y) 50% of Consolidated EBITDA (as defined in the Credit Agreement) as of the most recent four fiscal quarter period preceding such 91st day for which financial statements were required to be delivered pursuant to the Credit Agreement, unless the Company maintains either (a) a total net leverage ratio lower than 2.00:1.00 or (b) liquidity greater than 125% of the aggregate outstanding principal amount of such indebtedness.

The Credit Agreement includes customary events of default that include, among other things, non-payment of principal, interest or fees, inaccuracy of representations and warranties, violation of certain covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments, change of control and certain material ERISA (as defined in the Credit Agreement) events, in each case, subject to certain customary exceptions and grace periods. During the continuance of an event of default, the Administrative Agent and the Lenders may take a number of actions, including, among others, declaring the entire aggregate amount then outstanding under the 2025 Credit Facility to be due and payable.

The Company’s obligations under the Credit Agreement are required to be guaranteed by the Company’s material domestic subsidiaries. The Company’s obligations under the Credit Agreement are secured by a security interest in substantially all of the assets of the Company and each guarantor. Revolving loans may be prepaid, and revolving loan commitments may be permanently reduced by the Company in whole or in part, without penalty or premium.

**ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the Risk Factors included in Item 1A of Part II of this Quarterly Report on Form 10-Q. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references in this report to particular years or quarters refer to our fiscal years ended in July and the associated quarters of those fiscal years. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.*

**Overview**

Guidewire is the platform that property and casualty ("P&C") insurers trust to engage, innovate, and grow efficiently. Our core systems leverage data and analytics, digital, and artificial intelligence ("AI"). As a partner to our customers, we continually evolve to enable their success and assist them in navigating a rapidly changing insurance market.

Our core products are InsuranceSuite Cloud, InsuranceNow, and InsuranceSuite for self-managed installations. These products are transactional systems of record that support the entire insurance lifecycle, including insurance product definition, distribution, underwriting, policyholder services, and claims management. We also sell digital engagement and analytics products. Our digital engagement products enable digital sales, omnichannel service, and enhanced claims experiences for policyholders, agents, vendor partners, and field personnel. Our analytics offerings enable insurers to manage data more effectively, gain insights into their business, drive operational efficiencies, and underwrite new and evolving risks. To support P&C insurers globally, we have localized, and will continue to localize, our suite of products for use in a variety of international regulatory, language, and currency environments.

InsuranceSuite Cloud is a highly configurable and scalable product, delivered as a service, and primarily comprised of three core applications (PolicyCenter Cloud, BillingCenter Cloud, and ClaimCenter Cloud) that can be subscribed to separately or together. These applications are built on and optimized for our Guidewire Cloud Platform ("GWCP") architecture and leverage our in-house cloud operations team. InsuranceSuite Cloud is designed to support multiple releases each year to ensure that cloud customers remain on the latest version and gain fast access to our innovation efforts. Additionally, InsuranceSuite Cloud embeds digital and analytics capabilities natively into our platform. Most new sales and implementations are for InsuranceSuite Cloud.

InsuranceNow is a complete, cloud-based application that offers policy, billing, and claims management functionality, plus pre-integrated document production, analytics, and other capabilities, that increases agility without adding complexity. InsuranceNow is hosted on Amazon Web Services ("AWS") and managed by our internal cloud operations team.

InsuranceSuite for self-managed installations is comprised of three core applications (PolicyCenter, BillingCenter, and ClaimCenter) that can be licensed separately or together and can be deployed and updated by our customers and their implementation partners.

Our customers range from some of the largest global insurance companies or their subsidiaries to predominantly national or local insurers that serve specific states and/or regions. Our customer engagement is led by our direct sales team and supported by our system integrator ("SI") partners. We maintain and continue to grow our sales and marketing efforts globally, and maintain regional sales centers throughout the world.

Because our platform is critical to our new and existing customers' businesses, their decision-making and product evaluation process is thorough, which often results in an extended sales cycle. These evaluation periods can extend further if a customer purchases multiple products or is considering a move to a cloud-based subscription for the first time. Sales to new customers often involve extensive customer due diligence and reference checks. The success of our sales efforts relies on continued improvements and enhancements to our current products, the introduction of new products, efficient and secure operation of our cloud infrastructure, continued development of relevant local content and automated tools for updating content, and successful implementations and migrations.

We sell our suite of products through subscription services for our platform and cloud-delivered products and term licenses for our self-managed products. We generally price our products based on the amount of Direct Written Premium ("DWP") that will be managed by our products. Our subscription, term license, and support fees are typically invoiced annually in advance. Subscription services are generally sold with an initial term of between three and five years with optional annual renewals commencing after the initial term. Subscription revenue is recognized on a ratable basis over the committed term, once all revenue recognition criteria are met including providing access to the service. Term licenses are primarily sold to existing on-premise customers and are typically an initial commitment with optional renewals thereafter. We may enter into term license arrangements with our customers that have an initial term of more than one year or may renew license arrangements for longer than one year. Term license revenue is typically recognized when software is made available to the customer, provided that all other revenue recognition criteria have been met. Our support revenue is generally recognized ratably over the committed support term of the licensed software. Our support fees are typically priced as a fixed percentage of the associated license fees. We also offer professional services, both directly and through SI partners, to help our customers deploy, migrate, and utilize our platform, and suite of products. A majority of our services revenue is billed monthly on a time and materials basis.

Over the past few years, we have primarily been entering into cloud-based subscription arrangements with our new and existing customers, and we anticipate that subscription arrangements will be a significant majority of annual new sales going forward. We may decide to change certain contract terms in new arrangements to remain competitive or otherwise meet market demands which may impact the way we recognize revenue and/or ARR.

To extend our technology leadership in the global market and to drive operating efficiency, we continue to invest in product development and cloud operations to enhance and improve our current products, introduce new products, and advance our ability to securely and cost-effectively deliver our services in the cloud. Continued investment is critical as we seek to assist our customers in achieving their technology goals, maintain our competitive advantage, grow our revenue, expand internationally, and meet evolving customer demands. In certain cases, we may also acquire skills and technologies to manage our cloud infrastructure and accelerate our time to market for new products, solutions, and upgrades.

Our track record of success with customers and their implementations is central to maintaining our strong competitive position. We rely on our global services team and SI partners to ensure that teams with the right combination of product, business, and language skills are used in the most efficient way to meet our customers' implementation and migration needs. We have extensive relationships with SI, consulting, technology, and other industry partners. Our network of partners has expanded as interest in and adoption of our platform has grown. We encourage our partners to co-market, pursue joint sales initiatives, and drive broader adoption of our technology, helping us grow our business more efficiently and enabling us to focus our resources on continued innovation and further enhancement of our solutions.

We work closely with our network of third-party SI partners to facilitate new sales and implementations of our products. Our partnership with leading SI partners allows us to increase efficiency and scale while reducing customer implementation and migration costs. We continue to invest time and resources to increase the number of qualified consultants employed by our SI partners, develop relationships with new partners in existing and new markets, and ensure that all SI partners are qualified to assist with implementing our products. We believe this model will continue to serve us well, and we intend to continue to expand our network of partners and the number of certified consultants with whom we work so we can leverage our SI partners more effectively, especially for future subscription migrations and implementations.

We face a number of risks in the execution of our strategy, including, but not limited to, risks related to expanding to new markets, managing lengthy sales cycles, competing effectively in the global market, relying on sales to a relatively small number of large customers, developing new or acquiring existing products successfully, making long-term pricing commitments in our customer contracts based on available information and estimates about our future costs that may change, increasing the overall market acceptance of our cloud-based products, maintaining customer satisfaction and renewals of our products, and cost-effectively and securely managing the infrastructure of our cloud-based customers. In response to these and other risks we might face, we continue to invest in many areas of our business, including product development, cloud operations, cybersecurity, introduction of new products and/or new features, implementation and migration services, and sales and marketing.

**Seasonality**

We have experienced seasonal variations in our license revenue and, to a lesser extent, in our subscription revenue as a result of increased customer orders in our fourth fiscal quarter, which is the quarter ending July 31. We generally see significantly increased orders in our fourth fiscal quarter due to efforts by our sales team to achieve annual incentives. Because we recognize revenue upfront for term licenses compared to over time for subscription services, changes in the mix between term license and subscription services may impact our quarterly results. Additionally, any significant multi-year term license or term license non-renewal could impact quarterly results. Subscription sales now represent the significant majority of total sales and, as a result when compared to term license sales, the revenue we recognize in the initial fiscal year of an order is lower, deferred revenue is higher, and our total reported revenue growth may be adversely affected in the near term due to the ratable nature of these arrangements. Over time, this ratable revenue dynamic will dampen the impact of seasonality on our revenue.

Our services revenue is also subject to seasonal fluctuations, though to a lesser degree than our license revenue and subscription revenue. Our services revenue is impacted by the number of billable days in a given fiscal quarter. Our second fiscal quarter, which is the quarter ending January 31, usually has fewer billable days due to the impact of calendar year end holidays in Europe and the United States. Our fourth fiscal quarter usually has fewer billable days due to the impact of vacations taken by our services professionals. Because we pay our services professionals the same amount throughout the year, our gross margins on our services revenue are usually lower in these quarters. This seasonal pattern, however, may be absent in any given year.

**Global Events**

Global events have adversely affected and may continue to adversely affect workforces, organizations, economies, and financial markets globally, leading to economic downturns, inflation, and increased market volatility. For instance, ongoing conflicts such as the wars between Israel and Hamas and between Russia and Ukraine, escalating tensions in the South China Sea, inflation, previous bank failures in the United States and Switzerland, and supply chain issues have contributed to global economic and market volatility in recent years. We are unable to accurately predict the full impact that these global events will have on our results of operations, financial condition, liquidity, and cash flows due to numerous uncertainties.

Our business and financial results have been and may in the future be impacted due to these disruptions, which may affect our ARR and revenue growth rates, sales cycles, services revenue and margins, operating cash flow and expenses, employee attrition, hiring and onboarding necessary personnel, allowance for collectibility of accounts receivable and unbilled receivables, and the change in fair value of strategic investments. Additionally, inflation levels are impacting the global economy and have magnified the impact of these disruptions.

Our customers may be unable to pay or may request amended payment terms for their outstanding invoices due to the economic impacts from these disruptions, and we may need to increase our accounts receivable allowances. A decrease in orders in a given period could negatively affect our revenue and ARR in future periods, particularly if experienced on a sustained basis, because a substantial proportion of our new software subscription services orders is recognized as revenue over time. Also, the global economic impact of these disruptions could affect our customers' DWP, which could ultimately impact our revenue as we generally price our products based on the amount of DWP that will be managed by our products. As a result of these developments and the related economic impact to our business, we may be required to record impairment related to our operating lease assets, investments, long-lived assets, intangible assets, or goodwill.

We will continue to monitor and evaluate the nature and extent of these global events on our business.

**Key Business Metrics**

We use certain key metrics and financial measures not prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") to evaluate and manage our business, including ARR and Free Cash Flow. For a further discussion of how we use key metrics and certain non-GAAP financial measures, see "Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q.

***Annual Recurring Revenue ("ARR")***

We use ARR to quantify the annualized recurring value outlined in active customer contracts at the end of a reporting period. ARR includes the annualized recurring value of term licenses, subscription agreements, support contracts, and hosting agreements based on customer contractual terms and invoicing activities for the current reporting period, which may not be the same as the timing and amount of revenue recognized. ARR reflects all fee changes due to contract renewals, non-renewals, expansion, cancellations, attrition, or renegotiations at a higher or lower fee arrangement that are effective as of the ARR reporting date. All components of the licensing and other arrangements that are not expected to recur (primarily perpetual licenses and professional services) are excluded from our ARR calculations. In some arrangements with multiple performance obligations, a portion of recurring license and support or subscription contract value is allocated to services revenue for revenue recognition purposes, but does not get allocated for purposes of calculating ARR. This revenue allocation generally only impacts the initial term of the contract. This means that if we increase arrangements with multiple performance obligations that include services at discounted rates, more of the total contract value would be recognized as services revenue, but our reported ARR amount would not be impacted. During the three months ended October 31, 2024, the recurring license and support or subscription contract value recognized as services revenue was $2.1 million.

If a customer contract contains invoicing amounts that increase over the contract term, then ARR reflects the annualized invoicing amount outlined in the contract for the current reporting period. For example, given a contract with annual invoicing of $1.0 million at the beginning of year one, $2.0 million at the beginning of year two, and $3.0 million at the beginning of year three, and the reporting period is subsequent to year two invoicing and prior to year three invoicing, the reported ARR for that contract would be $2.0 million.

As of October 31, 2024, ARR was $874 million, compared to $864 million as of July 31, 2024. We measure ARR results on a constant currency basis during the fiscal year and revalue ARR at year end to current currency rates.

***Free Cash Flow***

We monitor our free cash flow, as a key measure of our overall business performance, which enables us to analyze our financial performance without the effects of certain non-cash items such as depreciation, amortization, and stock-based compensation expenses.

Additionally, free cash flow takes into account the impact of changes in deferred revenue, which reflects the receipt of cash payments for products before they are recognized as revenue, and unbilled accounts receivable, which reflects revenue that has been recognized that has yet to be invoiced to our customers. Our net cash provided by (used in) operating activities is significantly impacted by the timing of invoicing and collections of accounts receivable, the timing and amount of annual bonus payments, as well as payroll, commissions, payroll taxes, and other tax payments. Our capital expenditures consist of purchases of property and equipment, primarily computer hardware, software, and leasehold improvements, and capitalized software development costs. For a further discussion of our operating cash flows, see "Liquidity and Capital Resources – Cash Flows."

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (in thousands) | |
| Net cash provided by (used in) operating activities | $ (62,305) | $ (72,083) |
| Purchases of property and equipment | (843) | (998) |
| Capitalized software development costs | (4,233) | (3,692) |
| Free cash flow | $ (67,381) | $ (76,773) |

**Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements are prepared in accordance with GAAP. Accounting policies, methods, and estimates are an integral part of the preparation of condensed consolidated financial statements in accordance with GAAP and, in part, are based upon management's current judgments. Those judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods, and estimates are particularly sensitive because of their significance to the condensed consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. While there are a number of significant accounting policies, methods, and estimates affecting our condensed consolidated financial statements, which are described in Note 1 "The Company and a Summary of Significant Accounting Policies and Estimates" to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2024, our revenue recognition policies are critical to the periods presented.

There have been no material changes to our critical accounting policies as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the fiscal year ended July 31, 2024.

**Recent Accounting Pronouncements**

See Note 1 "The Company and Summary of Significant Accounting Policies and Estimates" to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a full description of recent accounting pronouncements adopted, including the dates of adoption, and recent account pronouncements not yet adopted.

**Results of Operations**

The following table sets forth our results of operations for the periods presented. The data has been derived from the condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q which, in the opinion of our management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly present the financial position and results of operations for the interim periods presented. The results of operations for any period should not be considered indicative of results for any future period. This information should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2024.

| | Three Months Ended October 31, | | | |
|---|---|---|---|---|
| | 2024 | As a % of total revenue | 2023 | As a % of total revenue |
| | (in thousands, except percentages) | | | |
| Revenue: | | | | |
| Subscription and support | $ 169,742 | 65 % | $ 127,627 | 62 % |
| License | 37,370 | 14 | 34,025 | 16 |
| Services | 55,789 | 21 | 45,755 | 22 |
| Total revenue | 262,901 | 100 | 207,407 | 100 |
| Cost of revenue: | | | | |
| Subscription and support | 54,024 | 21 | 48,054 | 23 |
| License | 881 | — | 1,219 | 1 |
| Services | 49,604 | 19 | 45,842 | 22 |
| Total cost of revenue | 104,509 | 40 | 95,115 | 46 |
| Gross profit: | | | | |
| Subscription and support | 115,718 | 44 | 79,573 | 39 |
| License | 36,489 | 14 | 32,806 | 15 |
| Services | 6,185 | 2 | (87) | — |
| Total gross profit | 158,392 | 60 | 112,292 | 54 |
| Operating expenses: | | | | |
| Research and development | 68,880 | 26 | 62,469 | 30 |
| Sales and marketing | 51,478 | 20 | 44,581 | 21 |
| General and administrative | 42,754 | 16 | 39,023 | 19 |
| Total operating expenses | 163,112 | 62 | 146,073 | 70 |
| Income (loss) from operations | (4,720) | (2) | (33,781) | (16) |
| Interest income | 13,606 | 5 | 10,613 | 5 |
| Interest expense | (2,062) | (1) | (1,683) | (1) |
| Other income (expense), net | (4,055) | (2) | (13,742) | (7) |
| Income (loss) before provision for (benefit from) income taxes | 2,769 | — | (38,593) | (19) |
| Provision for (benefit from) income taxes | (6,370) | (2) | (11,522) | (6) |
| Net income (loss) | $ 9,139 | 2 % | $ (27,071) | (13)% |

**Revenue**

We derive our revenue primarily from delivering cloud-based services, licensing our software applications, providing support, and delivering professional services.

*Subscription and Support*

A majority of our revenue consists of fees for our subscription services, which are generally priced based on the amount of DWP that is managed by our subscription services. Subscription revenue is recognized ratably over the term of the arrangement, beginning at the point in time our provisioning process has been completed and access has been made available to the customer. The initial term of such arrangements is generally from three to five years. Subscription agreements contain optional annual renewals commencing upon the expiration of the initial contract term. A majority of our subscription customers are billed annually in advance. In some arrangements with multiple performance obligations, a portion of recurring subscription contract value may be allocated to license revenue or services revenue for revenue recognition purposes. For example, in arrangements with multiple performance obligations that include services at discounted rates, a portion of the total contract value related to subscription services will be allocated and recognized as services revenue. Additionally, agreements to migrate an existing term license customer to subscription services contain multiple performance obligations, including a provision to continue using the term license during the subscription service implementation period. Under these migration agreements, a portion of the total contract value related to subscription services could be allocated and recognized as term license and support revenue in the period renewed or delivered.

Our support revenue is generally recognized ratably over the committed support term of the licensed software. Our support fees are typically priced as a fixed percentage of the associated term license fees. We generally invoice support annually in advance. Support related to subscription arrangements is included in subscription revenue, as support is not quoted or priced separately from the subscription services.

*License*

A substantial majority of our license revenue consists of term license fees. Our term license revenue is primarily generated through license fees that are billed annually in advance during the term of the contract, including any renewals. Our term license fees are generally priced based on the amount of DWP that will be managed by our licensed software. Our term licenses are sold under an initial term with optional annual renewals after the initial term. Term license revenue for the committed term of the customer agreement is generally fully recognized upon delivery of the software or at the beginning of the renewal term. We do enter into license arrangements that have an initial term of two or more years and renewal terms of more than one year which results in significantly higher revenue in the initial year of the committed term than arrangements for our subscription services

*Services*

Our services revenue is primarily derived from implementation and migration services performed for our customers, reimbursable travel expenses, and training fees. A majority of our services engagements are billed and revenue is recognized on a time and materials basis upon providing our services.

| | Three Months Ended October 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change | |
| | Amount | As a % of total revenue | Amount | As a % of total revenue | ($) | (%) |
| | (in thousands, except percentages) | | | | | |
| Revenue: | | | | | | |
| Subscription and support: | | | | | | |
| Subscription | $ 152,858 | 58 % | $ 109,597 | 53 % | $ 43,261 | 39 % |
| Support | 16,884 | 6 | 18,030 | 9 | (1,146) | (6)% |
| License: | | | | | | |
| Term license | 37,370 | 15 | 33,977 | 16 | 3,393 | 10 % |
| Perpetual license | — | — | 48 | — | (48) | (100)% |
| Services | 55,789 | 21 | 45,755 | 22 | 10,034 | 22 % |
| Total revenue | $ 262,901 | 100 % | $ 207,407 | 100 % | $ 55,494 | 27 % |

*Subscription and Support*

We anticipate subscriptions will continue to represent a significant majority of new arrangements, including customers migrating from existing term license arrangements to subscription services, in future periods. Due to the ratable recognition of subscription revenue, growth in subscription revenue will lag behind the growth of subscription orders and will impact the comparative growth of our reported revenue on a year-over-year basis. If we complete a higher percentage of subscription arrangements towards the end of a given period, our short-term growth rates will be negatively impacted. Due to the seasonal nature of our business, the impact of new subscription orders in our fourth fiscal quarter, our historically largest quarter for new orders, is not fully reflected in revenue until the following fiscal year.

Subscription revenue increased by $43.3 million during the three months ended October 31, 2024, compared to the same period a year ago, primarily due to the impact of cloud transition agreements entered into and provisioned since October 31, 2023, new subscription agreements, and the renewal or extension of subscription services at the fully ramped annual fees after the initial committed term.

Support revenue decreased by $1.1 million during the three months ended October 31, 2024, compared to the same period a year ago, primarily due to customers migrating from on-premise term licenses to subscription services. Support related to subscription arrangements is included in subscription revenue, as support is not quoted or priced separately from the subscription services. As customers enter into a subscription agreement to migrate from an existing term license agreement, the timing and amount of revenue recognized will be impacted by allocations of the total contract value between the license, subscription, and support performance obligations. As a result, we expect the increase in subscription orders as a percentage of total new sales and customers migrating from term licenses to subscription services will result in lower support revenue in the future.

*License*

Revenue related to new term licenses and multi-year term license renewals is generally recognized upfront and, as a result, no additional license revenue is recognized until after the committed term expires. As a customer enters into a subscription agreement to migrate from an existing term license agreement, the timing and amount of revenue recognition will be impacted by allocations of total contract value between license, subscription, and support performance obligations. License revenue growth has and will be negatively impacted as subscription sales increase as a percentage of total new sales and as customers migrate from term licenses to subscription services instead of renewing their term licenses.

Term license revenue increased by $3.4 million during the three months ended October 31, 2024, compared to the same period a year ago, primarily due to higher renewals and, to a lesser extent, expansion orders within our existing customer base, partially offset by agreements that migrated from a term license to a subscription service in the prior year. Ongoing revenue related to migration agreements is recorded as subscription revenue.

*Services*

Services revenue increased by $10.0 million during the three months ended October 31, 2024, compared to the same period a year ago. Services revenue increased due to improved operational focus that resulted in more new subscription implementation and migration projects than projects that were completed over the past year.

As we successfully leverage our SI partners to lead more implementations and migrations, we expect our services revenue could be flat or decline in the near-term. Additionally, services revenue overall may continue to be impacted by contracts with lower average services billing rates and investments in customer implementations, including fixed fee or capped arrangements, to accelerate customer transition to the cloud. In these arrangements when a project extends longer than originally anticipated, the average billing rate we recognize may decrease, which can result in revenue adjustments and lower gross profit. As we continue to expand into new markets and develop new products, we have, and may continue to, enter into contracts with lower average billing rates, make investments in customer implementation and migration engagements, and enter into fixed price contracts.

***Cost of Revenue and Gross Profit***

Our cost of subscription and support revenue primarily consists of personnel costs for our cloud operations and technical support teams, cloud infrastructure costs, development of online training curriculum, amortization of intangible assets, and royalty fees paid to third parties. Our cost of license revenue primarily consists of development of online training curriculum, royalty fees paid to third parties, and amortization of intangible assets. Our cost of services revenue primarily consists of personnel costs for our professional service employees, third-party subcontractors or consultants, and travel costs. In instances where we have primary responsibility for the delivery of services, subcontractor fees are expensed as cost of services revenue. In each case, personnel costs include salaries, bonuses, benefits, and stock-based compensation.

We allocate overhead such as information technology infrastructure and software expenses, information security infrastructure and software expenses, and facilities expenses to all functional departments based on headcount. As such, these general overhead expenses are reflected in cost of revenue and each functional operating expense.

***Cost of Revenue:***

| | Three Months Ended October 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | Change | |
| | Amount | Amount | ($) | (%) |
| | (in thousands, except percentages) | | | |
| Cost of revenue: | | | | |
| Subscription and support | $ 54,024 | $ 48,054 | $ 5,970 | 12 % |
| License | 881 | 1,219 | (338) | (28)% |
| Services | 49,604 | 45,842 | 3,762 | 8 % |
| Total cost of revenue | $ 104,509 | $ 95,115 | $ 9,394 | 10 % |
| | | | | |
| Includes stock-based compensation of: | | | | |
| Cost of subscription and support revenue | $ 3,140 | $ 3,462 | $ (322) | |
| Cost of license revenue | 36 | 95 | (59) | |
| Cost of services revenue | 4,802 | 4,789 | 13 | |
| Total | $ 7,978 | $ 8,346 | $ (368) | |

Cost of subscription and support revenue during the three months ended October 31, 2024 increased by $6.0 million, compared to the same period a year ago, primarily due to increases in cloud infrastructure expense of $8.3 million from increased transaction volume on our cloud services, royalties of $0.4 million, and internal-use software amortization of $0.3 million, partially offset by decreases in personnel costs of $2.3 million associated with lower headcount and professional services of $0.7 million.

Cloud infrastructure expense continues to benefit from the efficiencies that we are achieving from our development efforts associated with our GWCP platform and the five-year agreement we entered into with a cloud infrastructure services provider. As a result of efficiencies that we are seeing from our previous investments in cloud operations and development efforts, we are critically evaluating headcount additions, professional services contracts and third-party software costs, along with other investment opportunities. However, we expect cost of subscription and support revenue to increase in absolute dollars due to the increased number of customers utilizing our cloud services, the volume of transactions by our cloud customers, and the impact of inflation and other macroeconomic events.

The $0.3 million decrease in our cost of license revenue during the three months ended October 31, 2024, compared to the same period a year ago, was due to a decrease in personnel costs associated with the development of online training curriculum included with the latest releases of InsuranceSuite of $0.3 million.

We continue to anticipate lower cost of license revenue over time as our term license customers transition to cloud subscription agreements.

The $3.8 million increase in cost of services revenue during the three months ended October 31, 2024, compared to the same period a year ago, was primarily due to increases in subcontractor expenses of $3.2 million due to implementations involving our SI partners and personnel costs of $0.7 million, partially offset by a decrease of $0.2 million related to professional services and software subscription costs.

We had 563 cloud operations and technical support employees and 794 professional services employees at October 31, 2024, compared to 597 cloud operations and technical support employees and 826 professional services employees at October 31, 2023.

***Gross Profit:***

| | Three Months Ended October 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change | |
| | Amount | Margin % | Amount | Margin % | ($) | (%) |
| | (in thousands, except percentages) | | | | | |
| Gross profit: | | | | | | |
| Subscription and support | $ 115,718 | 68 % | $ 79,573 | 62 % | $ 36,145 | 45 % |
| License | 36,489 | 98 | 32,806 | 96 | 3,683 | 11 % |
| Services | 6,185 | 11 | (87) | — | 6,272 | 7,209 % |
| Total gross profit | $ 158,392 | 60 % | $ 112,292 | 54 % | $ 46,100 | 41 % |

Our gross profit increased $46.1 million during the three months ended October 31, 2024, compared to the same period a year ago. Gross profit was impacted by increases in subscription and support gross profit due to the increase in subscription revenue and cloud operations efficiencies, services gross profit due to an increase in service revenue in conjunction with higher utilization rates, and license gross profit primarily due to an increase in license revenue with no increase in costs.

Our gross margin increased to 60% during the three months ended October 31, 2024 from 54% during the same period a year ago. Gross margin was primarily impacted by the increases in subscription and support revenue at a higher margin due to cloud operations efficiencies, and services revenue, which had a higher margin due to better utilization than in the same period a year ago.

We expect subscription and support gross margin to continue to improve, though at a slower rate than in fiscal year 2024, over the next several years as we gain additional efficiencies and increase the number of cloud customers. We expect services gross margin will improve as we lower our reliance on subcontractors and enter into fewer fixed fee arrangements. We expect license gross profit and license gross margin to decline based on changes in revenue due to customers migrating from licenses to subscription services, the timing of delivery of new multi-year term licenses, and the execution of multi-year term license renewals, as cost of license revenue is expected to be relatively consistent from period to period in the future. Overall, we expect gross margins to continue to improve over time as improvements in subscription and support gross margin and services gross margin will more than offset the negative impact of revenue shifts away from high margin license revenue.

***Operating Expenses***

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. The largest components of our operating expenses are personnel costs for our employees and, to a lesser extent, professional services. In each case, personnel costs include salaries, bonuses, commissions, benefits, and stock-based compensation. We allocate overhead such as information technology infrastructure and software expenses, information security infrastructure and software expenses, and facilities expenses to all functional departments based on headcount. As such, these general overhead expenses are reflected in cost of revenue and each functional operating expense.

| | Three Months Ended October 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change | |
| | Amount | As a % of total revenue | Amount | As a % of total revenue | ($) | (%) |
| | (in thousands, except percentages) | | | | | |
| Operating expenses: | | | | | | |
| Research and development | $ 68,880 | 26% | $ 62,469 | 30% | $ 6,411 | 10 % |
| Sales and marketing | 51,478 | 20 | 44,581 | 21 | 6,897 | 15 % |
| General and administrative | 42,754 | 16 | 39,023 | 19 | 3,731 | 10 % |
| Total operating expenses | $ 163,112 | 62% | $ 146,073 | 70% | $ 17,039 | 12 % |
| | | | | | | |
| Includes stock-based compensation of: | | | | | | |
| Research and development | $ 9,824 | | $ 9,986 | | $ (162) | |
| Sales and marketing | 9,688 | | 7,729 | | 1,959 | |
| General and administrative | 10,570 | | 10,036 | | 534 | |
| Total | $ 30,082 | | $ 27,751 | | $ 2,331 | |

*Research and Development*

Our research and development expenses primarily consist of personnel costs for our technical staff and consultants providing professional services.

The $6.4 million increase in research and development expenses during the three months ended October 31, 2024, compared to the same period a year ago, was primarily due to increases in personnel costs of $5.6 million associated with higher headcount, cloud hosting costs of $0.4 million, software subscription costs of $0.4 million, and travel costs of $0.3 million. These increases were partially offset by a decrease in acquisition consideration holdback costs of $0.4 million.

Our research and development headcount was 1,167 at October 31, 2024, compared with 1,069 at October 31, 2023.

We expect our research and development expenses to increase in absolute dollars due to inflation and investments to support our growing customer base, but decrease as a percentage of revenue after our recent period of significant investment in cloud platform capabilities as overall hiring slows and we focus on hiring in lower cost regions. We continue to dedicate internal resources to develop, improve, and expand the functionality of our solutions in the cloud. Research and development expenses may also increase if we pursue additional acquisitions.

*Sales and Marketing*

Our sales and marketing expenses primarily consist of personnel costs for our sales and marketing employees. Included in our personnel costs are commissions, which are considered contract acquisition costs and are capitalized when earned and expensed over the anticipated period of time that goods and services are expected to be provided to a customer, which we estimate to be approximately five years. Sales and marketing expenses also include travel expenses, professional services for marketing activities, and amortization of certain acquired intangibles.

The $6.9 million increase in sales and marketing expenses during the three months ended October 31, 2024, compared to the same period a year ago, was primarily due to increases in personnel costs of $4.8 million associated with higher headcount, including higher contract acquisition costs and stock-based compensation, travel costs of $1.0 million, cloud hosting costs of $0.6 million, and professional services of $0.3 million.

Our sales and marketing headcount was 483 at October 31, 2024, compared with 465 at October 31, 2023.

We expect our sales and marketing expenses to continue to increase in absolute dollars due to inflation and investments to support ongoing growth, but decrease as a percentage of revenue as overall hiring slows after our recent period of investment to build out our customer success team and add analytics and cloud sales capabilities.

*General and Administrative*

Our general and administrative expenses include executive, finance, human resources, information technology, information security, legal, and corporate development and strategy functions, and primarily consist of personnel costs and, to a lesser extent, professional services, software costs, and cloud hosting costs.

The $3.7 million increase in general and administrative expenses during the three months ended October 31, 2024, compared to the same period a year ago, was due to increases in bad debt expense of $1.0 million, professional services cost of $1.0 million, personnel costs of $0.7 million, travel costs of $0.7 million, and cloud hosting costs $0.3 million, partially offset by a decrease in software subscription costs of $0.2 million.

Our general and administrative headcount was 464 at October 31, 2024, compared with 453 at October 31, 2023. General and administrative headcount includes facilities personnel whose expenses are allocated across all functional departments.

We expect that our general and administrative expenses will increase in absolute dollars due to inflation and investments required to support our strategic initiatives, grow our business, and meet our product and information security, compliance and reporting obligations, but decrease as a percentage of revenue as overall hiring and investments slow.

***Other Income (Expense)***

| | Three Months Ended October 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | Change | |
| | Amount | Amount | ($) | (%) |
| | (in thousands, except percentages) | | | |
| Interest income | $ 13,606 | $ 10,613 | $ 2,993 | 28 % |
| Interest expense | $ (2,062) | $ (1,683) | $ (379) | 23 % |
| Other income (expense), net | $ (4,055) | $ (13,742) | $ 9,687 | 70 % |

*Interest Income*

Interest income represents interest earned on our cash, cash equivalents, and investments.

Interest income increased $3.0 million during the three months ended October 31, 2024, compared to the same period a year ago, primarily due to the higher amount of funds available for investment due to the net cash received from our recent debt offering.

*Interest Expense*

Interest expense includes both stated interest and the amortization of debt issuance costs associated with the outstanding amount due on the $400.0 million aggregate principal amount of our 1.25% Convertible Senior Notes due 2025 (“2025 Convertible Senior Notes”) and the $690.0 million aggregate principal amount of our 1.25% Convertible Senior Notes due 2029 (the “2029 Convertible Senior Notes”, together with the 2025 Convertible Senior Notes, the “Convertible Senior Notes”). The amortization of debt issuance cost is recognized on an effective interest basis. A portion of the 2025 Convertible Senior Notes were retired in October 2024 in connection with the issuance of the 2029 Convertible Senior Notes.

Interest expense for the three months ended October 31, 2024 consists of stated interest of $1.5 million and non-cash interest expense of $0.5 million related to amortization of debt issuance costs. Interest expense for the three months ended October 31, 2023 consists of stated interest of $1.3 million and non-cash interest expense of $0.4 million related to the amortization of debt issuance costs.

*Other Income (Expense), Net*

Other income (expense), net includes foreign exchange gains and losses resulting from fluctuations in foreign exchange rates on monetary asset and monetary liability balances that are denominated in currencies other than the functional currency of the entity in which they are recorded. Our monetary assets and liabilities denominated in currencies other than the functional currency of the entity in which they are recorded consist primarily of trade accounts receivable, unbilled accounts receivable, trade accounts payable, and intercompany receivables and payables. We have significant transactions in the following currencies: Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, and Polish Zloty. Other income (expense) also includes changes in the fair value of our strategic investments.

Other income (expense), net during the three months ended October 31, 2024 was expense of $4.1 million as compared to expense of $13.7 million during the same period a year ago, due primarily to fluctuations in foreign currency exchange rates.

***Provision for (benefit from) Income Taxes***

We are subject to taxes in the United States as well as other tax jurisdictions and countries in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may also be subject to U.S. income tax.

| | Three Months Ended October 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | Change | |
| | Amount | Amount | ($) | (%) |
| | (in thousands, except percentages) | | | |
| Provision for (benefit from) income taxes | $ (6,370) | $ (11,522) | $ 5,152 | (45)% |
| Effective tax rate | (230)% | 30 % | | |

We recognized an income tax benefit of $6.4 million and $11.5 million for the three months ended October 31, 2024 and 2023, respectively. The decrease in the amount of income tax benefit recorded for the three months ended October 31, 2024, compared to the same period a year ago was primarily due to an increase in the income before taxes and non-deductible executive compensation, offset by an increase in tax deductions from stock-based compensation, the U.S. Foreign-Derived Intangible Income (“FDII”) deduction, and research and development credits.

The effective tax rate of (230)% for the three months ended October 31, 2024 differs from the statutory U.S. Federal income tax rate of 21% primarily due to the impact of excess tax benefits related to stock-based compensation driven by the recent increase in the market value of our stock. The impact of these deductions on the effective tax rate are magnified by the near breakeven pre-tax income in the quarter. Other contributing factors were research and development credits and the FDII deduction, which were partially offset by non-deductible executive compensation.

***Non-GAAP Financial Measures***

In addition to the key business metrics presented above, we believe that the following non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. Management uses these non-GAAP measures to compare our performance to that of prior periods for trend analysis, for purposes of determining executive and senior management incentive compensation, and for budgeting and planning purposes. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with other software companies because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, many of which present similar non-GAAP financial measures to investors. However, our management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP.

The non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. We urge investors to review the reconciliation of non-GAAP financial measures to the comparable GAAP financial measures included herein and not to rely on any single financial measure to evaluate our business.

The following table reconciles the specific items excluded from GAAP in the calculation of non-GAAP financial measures for the periods indicated below (in thousands, except share and per share data):

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Gross profit reconciliation:** | | |
| GAAP gross profit | $ 158,392 | $ 112,292 |
| Non-GAAP adjustments: | | |
| Stock-based compensation | 7,978 | 8,346 |
| Amortization of intangibles | 485 | 485 |
| Non-GAAP gross profit | $ 166,855 | $ 121,123 |
| | | |
| **Income (loss) from operations reconciliation:** | | |
| GAAP income (loss) from operations | $ (4,720) | $ (33,781) |
| Non-GAAP adjustments: | | |
| Stock-based compensation | 38,060 | 36,097 |
| Amortization of intangibles | 1,367 | 1,367 |
| Acquisition consideration holdback | — | 386 |
| Non-GAAP income (loss) from operations | $ 34,707 | $ 4,069 |
| | | |
| **Net income (loss) reconciliation:** | | |
| GAAP net income (loss) | $ 9,139 | $ (27,071) |
| Non-GAAP adjustments: | | |
| Stock-based compensation | 38,060 | 36,097 |
| Amortization of intangibles | 1,367 | 1,367 |
| Acquisition consideration holdback | — | 386 |
| Amortization of debt issuance costs | 545 | 430 |
| Changes in fair value of strategic investment | 53 | — |
| Retirement of debt [(1)] | 300 | — |
| Tax impact of non-GAAP adjustments | (12,667) | (11,493) |
| Non-GAAP net income (loss) | $ 36,797 | $ (284) |
| | | |
| **Tax provision (benefit) reconciliation:** | | |
| GAAP tax provision (benefit) | $ (6,370) | $ (11,522) |
| Non-GAAP adjustments: | | |
| Stock-based compensation | 5,575 | 3,379 |
| Amortization of intangibles | 200 | 128 |
| Acquisition consideration holdback | — | 36 |
| Amortization of debt issuance costs | 80 | 40 |
| Changes in fair value of strategic investment | (8) | — |
| Retirement of debt [(1)] | 44 | — |
| Tax impact of non-GAAP adjustments | 6,776 | 7,910 |
| Non-GAAP tax provision (benefit) | $ 6,297 | $ (29) |

| | Three Months Ended October 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Net income (loss) per share reconciliation:** | | |
| GAAP net income (loss) per share — diluted | $ 0.11 | $ (0.33) |
| Non-GAAP adjustments: | | |
| Stock-based compensation | 0.44 | 0.44 |
| Amortization of intangibles | 0.02 | 0.02 |
| Acquisition consideration holdback | — | — |
| Amortization of debt issuance costs | 0.01 | 0.01 |
| Changes in fair value of strategic investment | — | — |
| Retirement of debt (1) | — | — |
| Tax impact of non-GAAP adjustments | (0.15) | (0.14) |
| Non-GAAP net income (loss) per share — diluted | $ 0.43 | $ — |
| **Shares used in computing non-GAAP net income (loss) per share amounts:** | | |
| GAAP and pro forma weighted average shares — diluted | 85,960,868 | 81,690,912 |

(1) During the three months ended October 31, 2024, we recorded $0.3 million as a loss on the induced conversion of a portion of the 2025 Convertible Senior Notes 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.

**Liquidity and Capital Resources**

Our principal sources of liquidity are as follows (in thousands):

| | October 31, 2024 | July 31, 2024 |
|---|---|---|
| Cash, cash equivalents, and investments | $ 1,480,448 | $ 1,129,453 |
| Working capital | $ 1,022,055 | $ 457,899 |

***Cash, Cash Equivalents, and Investments***

Our cash and cash equivalents are comprised of cash and liquid investments with remaining maturities of 90 days or less from the date of purchase, primarily commercial paper and money market funds. Our investments primarily consist of corporate debt securities, U.S. government and agency debt securities, commercial paper, asset-backed securities, and non-U.S. government securities, which include state, municipal, and foreign government securities.

As of October 31, 2024, approximately $60.3 million of our cash and cash equivalents were domiciled in foreign jurisdictions. We may repatriate foreign earnings to the United States in the future to the extent that the repatriation is not restricted by local laws or there are no substantial incremental costs associated with such repatriation.

***Working Capital***

Our working capital increased to $1,022.1 million as of October 31, 2024 compared to $457.9 million as of July 31, 2024, primarily due to net proceeds received of $413.6 million from the issuance of the 2029 Convertible Senior Notes. A portion of the gross proceeds were used to purchase capped calls related to the 2029 Convertible Senior Notes and the retirement of a portion of the 2025 Convertible Senior Notes. We are required to and have the ability to settle the principal of the 2025 Convertible Senior Notes and 2029 Convertible Senior Notes in cash, and any conversion premium in cash, equity, or a combination of both.

***Share Repurchase Program***

In September 2022, our board of directors authorized and approved a share repurchase program of up to $400.0 million of our outstanding common stock. During the three months ended October 31, 2024, we did not repurchase any shares of our common stock. As of October 31, 2024, $138.2 million remained available for future share repurchases.

***Cash Flows***

Our cash flows from operations are significantly impacted by the timing of invoicing and collections of accounts receivable, annual bonus payments, as well as payments of payroll, commissions, payroll taxes, and other taxes. We expect that we will generate positive cash flows from operations on an annual basis in the future, although this may fluctuate significantly on a quarterly basis. In particular, we typically use more cash during our first fiscal quarter, which is the quarter ending October 31, as we generally pay cash bonuses to our employees for the prior fiscal year and seasonally higher sales commissions from increased customer orders booked in our fourth fiscal quarter of the prior year. Additionally, our capital expenditures may fluctuate depending on future office build outs and software development activities subject to capitalization.

We believe that our existing cash and cash equivalents and sources of liquidity will be sufficient to fund our operations for at least the next 12 months. Our future cash requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of our spending to support our research and development and cloud operations efforts, investments in cloud infrastructure, cybersecurity, and operating costs, and expansion into other markets. We also may invest in or acquire complementary businesses, applications or technologies, or may execute on a board-authorized share repurchase program, which may require the use of significant cash resources and/or additional financing.

The following summary of cash flows for the periods indicated has been derived from our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q (in thousands):

| | Three Months Ended October 31, | |
|---|---|---|
| | **2024** | **2023** |
| Net cash provided by (used in) operating activities | $ (62,305) | $ (72,083) |
| Net cash provided by (used in) investing activities | $ (77,601) | $ (27,793) |
| Net cash provided by (used in) financing activities | $ 415,507 | $ — |

***Cash Flows from Operating Activities***

Net cash used in operating activities was $62.3 million for the three months ended October 31, 2024 compared to net cash used in operating activities of $72.1 million during the three months ended October 31, 2023. This $9.8 million decrease in operating cash used was attributable to a $46.1 million decrease in net loss, after excluding the impact of non-cash charges such as deferred taxes, stock-based compensation expense, depreciation and amortization expense, and other non-cash items, offset by a $36.3 million increase in cash used by working capital activities.

***Cash Flows from Investing Activities***

Net cash used in investing activities was $77.6 million for the three months ended October 31, 2024 compared to net cash used in investing activities of $27.8 million during the three months ended October 31, 2023. The $49.8 million increase in cash used in investing activities was primarily due to net purchases in excess of maturities and sales of available-for-sale securities being higher compared to the same period a year ago by $48.9 million, an increase in cash used to acquire strategic investments of $0.5 million, and an increase in purchases of property and equipment and capitalized software development costs of $0.4 million.

***Cash Flows from Financing Activities***

Net cash provided by financing activities for the three months ended October 31, 2024 was $415.5 million compared to no cash provided by financing activities for the three months ended October 31, 2023. This $415.5 million increase in cash provided by financing activities was due to $672.8 million cash received, net of paid issuance costs, from the issuance of the 2029 Convertible Senior Notes and $1.9 million cash received from the issuance of common stock upon exercise of stock options, which were partially offset by $58.8 million used to purchase capped calls related to the 2029 Convertible Senior Notes and $200.4 million used to retire $120.9 million aggregate principal amount of the 2025 Convertible Senior Notes.

**Commitments and Contractual Obligations**

Except as discussed below, there have been no material changes in our contractual obligations and commitments other than in the ordinary course of business since our fiscal year ended July 31, 2024.

During the three months ended October 31, 2024, we retired $120.9 million aggregate principal amount of the 2025 Convertible Senior Notes in cash for $200.5 million, which included related accrued interest of $0.1 million, and issued $690.0 million aggregate principal amount of the 2029 Convertible Senior Notes.

See our Annual Report on Form 10-K for the fiscal year ended July 31, 2024 for additional information regarding our contractual obligations.

**Off-Balance Sheet Arrangements**

Through October 31, 2024, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

## ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

***Interest Rate Sensitivity***

Our exposure to market risk for changes in interest rates relates primarily to our cash, cash equivalents, and investments. Our cash, cash equivalents, and investments as of October 31, 2024 and July 31, 2024 were $1,480.4 million and $1,129.5 million, respectively, primarily consisting of cash, money market funds, corporate debt securities, U.S. government and agency debt securities, commercial paper, asset-backed securities, and non-U.S. government securities, which include state, municipal, and foreign government securities. Changes in interest rates, primarily in the United States, affect the interest earned on our cash, cash equivalents, and investments, and their market value. A hypothetical one percent increase in interest rates is estimated to result in a decrease of $3.8 million and $3.3 million in the market value of our available-for-sale securities as of October 31, 2024 and July 31, 2024, respectively. Any realized gains or losses resulting from such interest rate changes would only occur if we sold the investments prior to maturity.

***Foreign Currency Exchange Risk***

Our results of operations, ARR, and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, and Polish Zloty, the currency of the locations within which we have significant operations. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We believe our operating activities act as a natural hedge for a substantial portion of our foreign currency exposure because we typically collect revenue and incur costs in the currency of the location in which we provide our services. However, our relationships with our customers are long-term in nature so it is difficult to predict if our operating activities will provide a natural hedge in the future. Additionally, changes in foreign currency exchange rates can affect our financial results due to transaction gains or losses related to revaluing certain monetary asset and monetary liability balances that are denominated in currencies other than the functional currency of the entity in which they are recorded. Our monetary assets and liabilities denominated in currencies other than the functional currency of the entity in which they are recorded consist primarily of trade accounts receivable, unbilled accounts receivable, trade accounts payable, and intercompany receivables and payables. For the three months ended October 31, 2024 and 2023, we recorded a foreign currency loss of $3.8 million and $13.7 million, respectively, as a component of other income (expense) in our condensed consolidated statement of operations primarily due to currency exchange rate fluctuations. We will continue to experience fluctuations in foreign currency exchange rates. If a hypothetical ten percent change in foreign currency exchange rates were to occur in the future, the resulting transaction gain or loss is estimated to be approximately $45.0 million. As our international operations grow, we will continue to assess our approach to managing our risk relating to fluctuations in currency rates.

***Fair Value of Financial Instruments***

We do not have material exposure to market risk with respect to investments in financial instruments, as our investments primarily consist of high-quality liquid investments purchased with a remaining maturity of three years or less. We do not use derivative financial instruments for speculative or trading purposes. However, this current position does not preclude our adoption of specific hedging strategies in the future.

Our strategic investments in privately held securities are in various classes of equity. The particular securities we hold, and their rights and preferences relative to those of other securities within the capital structure, may impact the magnitude by which our investment value moves in relation to movements in the total enterprise value of the company in which we are invested. As a result, our investment in a specific company may move by more or less than any change in value of that overall company. In addition, the financial success of our investment in any company is typically dependent on a liquidity event, such as a public offering, acquisition, or other favorable market event reflecting appreciation to the value of our investment. All of our investments, particularly those in privately held companies, are therefore subject to a risk of partial or total loss of invested capital.

## ITEM 4. Controls and Procedures

***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective.

***Inherent Limitations of Internal Controls***

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting during the quarter ended October 31, 2024 identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. Legal Proceedings

From time to time, we are involved in legal proceedings that arise in the ordinary course of our business. Any such proceedings, whether meritorious or not, could be time consuming, costly, and result in the diversion of significant operational resources and/or management time.

Although the outcomes of legal proceedings are inherently difficult to predict, we are not currently involved in any legal proceeding in which the outcome, in our judgment based on information currently available, is likely to have a material adverse effect on our business or financial position. See Note 6 “Commitments and Contingencies,” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, which are incorporated by reference herein.

### ITEM 1A. Risk Factors

*A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider such risks and uncertainties, together with the other information contained in this Quarterly Report on Form 10-Q, and in our other public filings. If any of such risks and uncertainties actually occurs, our business, financial condition or results of operations could differ materially from the plans, projections and other forward-looking statements included in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Quarterly Report on Form 10-Q and in our other public filings. In addition, if any of the following risks and uncertainties, or if any other risks and uncertainties, actually occurs, our business, financial condition or results of operations could be harmed substantially, which could cause the market price of our stock to decline, perhaps significantly.*

#### SUMMARY OF MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

The principal risks and uncertainties affecting our business include (but are not limited to) the following:

- our quarterly and annual results may fluctuate significantly due to a number of factors, including, but not limited to, economic conditions, customer behavior, contract provisions and changes, operational costs, seasonality, and other uncertainties, which could impact our stock price;
- the market for cloud services, including the migration of our existing term license customers to cloud-based offerings on a subscription basis, and the long-term pricing commitments in our customer contracts that are based on available information and estimates about our future costs that may change;
- our reliance on orders from a relatively small number of customers in the property and casualty (“P&C”) insurance industry for a substantial portion of our revenue and Annual Recurring Revenue (“ARR”) and the related substantial negotiating leverage of these customers, as well as our dependence on customer renewals and expansions of their contracts for our products, which may not occur;
- lengthy and variable sales and implementation cycles, with factors beyond our control, including competitive pressures, potentially causing expenditure of significant time and resources prior to revenue generation;
- competitive attributes of our applications, including the need to continuously develop and enhance our products to satisfy customer demands, maintain market acceptance, respond to competitive pressures, and meet local requirements of international markets;
- failure to grow our business and manage our expanding operations, including internationally, effectively;
- exposure to risks in relation to data security breaches of our cloud-based products, unauthorized access to our customers’ or employees’ data, or breaches of third-party technologies and systems we rely on and the related impact on our ability to effectively operate our cloud environment for our customers;
- issues in the development and use of artificial intelligence (“AI”), as well as the use of AI by our workforce, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations;
- retaining existing and hiring new personnel, including managing personnel in a hybrid work environment;
- errors or failures in our products or services, as well as service interruptions or failure of the third-party service providers we rely on, could impair the availability of our products, harm our reputation, lead to customer loss, increase liability claims, or harm our future financial results;

- dependence on the quality and effectiveness of our professional services, technical support, and system integrator (“SI”) partners, and successful development of our global direct sales force and the expansion of our relationships with SI partners;
- factors that could affect our gross and operating margins, including revenue mix and costs related to operating, securing, and enhancing our subscription services;
- pursuing acquisitions or partnerships may lead to management distractions, integration challenges, increased costs, and stockholder dilution, with risks including unforeseen difficulties, capital investment needs, and competitive pressures;
- exposure to market risks, including geographical and global events, supply chain disruptions, inflation, political and regional conflicts, interest rates, foreign currency exchange rates, and financial markets’ volatility and their impact on our stock price and its volatility and our customers, partners, vendors, or our business operations; and
- required compliance with current and evolving local data privacy and cybersecurity laws and regulations in all jurisdictions where we have customers, and our ability to maintain the security of our customers’ data and our cloud-based products, appropriately limit the use of information, and manage related costs and liabilities incurred.

## Risks Related to our Business and Industry

***We may experience significant quarterly and annual fluctuations in our results of operations due to a number of factors.***

Our quarterly and annual results of operations may fluctuate significantly due to a variety of factors, many of which are outside of our control. This variability may lead to volatility in our stock price as investors and research analysts respond to quarterly fluctuations. In addition, comparing our results of operations on a period-to-period basis, particularly on a sequential quarterly basis, may not be meaningful. You should not rely on our past results as an indication of our future performance.

Factors that may affect our results of operations include:

- the impact of economic downturns and related market volatility caused by economic volatility, inflation, bank failures and associated financial instability and crises, or other national and worldwide events on our business and the businesses of our customers, partners, and vendors;
- our ability to attract new domestic and international customers and renew existing customers;
- seasonal buying patterns of our potential customers and our ability to sell additional software and services to existing customers;
- the proportion and timing of subscription sales as opposed to term software licenses, and the variations in revenue recognition between these contract types;
- changes in contract durations of term software licenses and renewals or modifications of customer contracts;
- increases in costs related to cloud operations, cybersecurity, product development, and services;
- our ability to develop and achieve market adoption of cloud-based services, including the impact of our customers transitioning from term software licenses to subscription services;
- erosion in services margins or significant fluctuations in services revenue caused by changing customer demand, negotiated professional services billing rates, investments in customer implementation and migration projects, or fixed fee contracts;
- our ability to enter into contracts on favorable terms, including terms related to price, payment timing, service levels, acceptance, and product delivery, especially with customers and prospects that possess substantial negotiating leverage and procurement expertise;
- the incurrence of penalties or having to renegotiate contract terms for failing to meet certain contractual obligations, including service levels, product development cycles and functionality, and implementation times and objectives;
- security and privacy concerns related to employee data, customer data, and systems that are accessed or otherwise used by our hybrid workforce and customers;
- employee retention, the ability to hire and onboard appropriate personnel, and the timing of hiring personnel and employee related expenses;
- our ability to realize expected benefits from our acquisitions and other strategic business transactions;
- reductions in our customers’ budgets for information technology purchases and delays in their purchasing decisions;
- the impact of a recession or any other adverse global economic condition on our business, including public health crises, such as epidemics and pandemics, changes in political climate, geographic and political conflicts, trade tariffs,

trade agreements, and other uncertainties that may cause a delay in entering into, a failure to enter into, or cancellation of significant customer agreements or the fulfillment of professional service arrangements;

- adverse litigation judgments, dispute-related settlement payments, or litigation-related costs;
- future accounting pronouncements, changes in accounting rules, new tax laws or regulations, or tax interpretations and our related accounting policies, interpretations, and controls;
- fluctuations in foreign currency exchange rates; and
- the effects of inflation or deflation in the economies in which we operate, and their impact on interest rates, collection timeframes, and our revenue given the multi-year term of most customer agreements.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly and annual results of operations. Further, due to multi-year term licenses and multi-year term license renewals, increased cloud-based subscription services, timing of and billing rates for professional services engagements, and other ongoing aspects of our business, it is challenging to forecast our quarterly and annual results.

We believe our ability to adjust spending quickly enough to compensate for a potential revenue shortfall is limited and our inability to do so could magnify the adverse impact of a potential revenue shortfall on our results of operations. If we fail to achieve our quarterly forecasts, if our forecasts fall below the expectations of investors or research analysts, or if our actual results fail to meet the expectations of investors or research analysts, our stock price may decline.

***If we do not receive customer or market acceptance of our business model focused on delivering cloud-based offerings on a subscription basis, or if we fail to meet stipulated service levels with our subscription services, our results of operations could be harmed.***

To address demand trends in the P&C insurance industry, we offer customers the use of our software products through a cloud-based offering sold on a subscription basis in addition to our self-managed offering. Our subscription business model has required a considerable investment of technical, operational, financial, legal, and sales resources. Our software and cloud services involve the storage and transmission of customer data, including in some cases, personal data, and security breaches could result in the loss of this information, which in turn could result in litigation, breach of contract claims, indemnity obligations, harm to our reputation, and other liabilities for us. Our cloud offerings will continue to be the focus of existing resources, require us to hire additional resources, and increase costs, especially in cost of subscription and support revenue, cost of services revenue, and research and development, in any given period. We may not be able to efficiently scale such investments to meet customer demand and expectations, which may impact our long-term growth and results of operations. Further, the increase in some costs associated with our cloud services, such as the cost of third-party infrastructure in which we rely to host our subscription services, may be difficult to predict over time. Furthermore, we may assume greater responsibilities for implementation of subscription services due to our operating and maintaining the cloud environment for our customers. As a result, we may face risks associated with new and complex implementations or migrations, the cost of which may differ from original estimates. Our subscription contracts also contain penalty clauses, for matters such as failing to meet stipulated service levels or other contractual provisions. Should these penalties be triggered, our results of operations may be adversely affected. These penalties and costs could take the form of monetary credits for current or future service engagements, reduced fees for additional services or products or upon renewal of existing agreements, and a customer’s renegotiation or refusal to pay its contractually obligated subscription or service fees.

Revenue under our cloud-based subscription model is generally recognized ratably over the term of the contract. Ratable revenue recognition results in lower revenue than we otherwise would have recognized in the initial period of the customer agreement under term license agreements. This effect on recognized revenue may be magnified in any fiscal year due to the concentration of our orders in the fourth fiscal quarter. Additionally, the timing of our customers’ decision to transition from self-managed licenses to cloud-based subscription services could negatively affect our ability to forecast the timing and amount of our revenue in any period.

Acceptance of our cloud-based solutions may not develop as anticipated and could be affected by a variety of factors, including, but not limited to, cost, security, reliability, performance, customer preference, perceived value associated with such offerings, public concerns regarding privacy, and the enactment of restrictive laws or regulations. If the market for our cloud-based solutions generally does not evolve as expected, it could result in reduced customer purchases, reduced renewal rates, and decreased revenue, any of which will adversely affect our business, results of operations, or financial condition. Further, for any of our existing customers that have not yet transitioned to our cloud-based offering, any perceived negative impacts or incremental costs associated with the transition, or an accelerated transition schedule, may lead to customer dissatisfaction and provide our competitors with an opportunity to acquire these customers.

We are continually updating our existing products and developing new products in an effort to offer customers greater choices on how they utilize our software. As our business practices in this area develop and evolve over time, we may be required to revise our current subscription agreements, which may result in revised terms and conditions that impact how we recognize revenue and the costs and risks associated with these offerings. Whether our product development efforts or business model will prove successful and accomplish our business objectives is subject to numerous uncertainties and risks, including, but not limited to, customer demand, our ability to further develop, manage, and scale infrastructure, our ability to include functionality and usability in such offerings that address customer requirements, our customers' ability to successfully migrate to and implement our subscription services, tax and accounting implications, and our costs.

In addition, the metrics we and our investors use to evaluate our business model may evolve over the course of time as significant trends emerge. It may be difficult, therefore, to accurately determine the impact on our business on a contemporaneous basis, or to clearly communicate the appropriate metrics to our investors. If we are unable to sell our cloud offerings in light of the foregoing risks and uncertainties, our reputation could suffer and our results of operations could be harmed, which may cause our stock price to decline.

***We have relied and expect to continue to rely on orders from a relatively small number of customers in the P&C insurance industry for a substantial portion of our revenue and ARR, and the loss of any of these customers would significantly harm our business, results of operations, and financial condition.***

Our revenue and ARR are dependent on orders from customers in the P&C insurance industry, which may be adversely affected by worldwide economic, environmental, public health, and political conditions. A relatively small number of customers have historically accounted for a significant portion of our revenue. The composition of our individual top customers has and will vary from year to year. In fiscal years 2023 and 2024, our ten largest customers accounted for 23% and 22% of our revenue, respectively. Additionally, our ten largest customers based on ARR accounted for 22% of total ARR at July 31, 2024. Customers for these metrics are calculated at the parent corporation level, while our total customer count is based on entities that have placed orders for our services or products. While we expect this reliance to decrease over time as our revenue, customer base, and subscription services as a percentage of revenue grows, we expect that we will continue to depend upon a relatively small number of customers for a significant portion of our revenue and ARR for the foreseeable future. As a result, if we fail to successfully sell our products to one or more of these anticipated customers in any particular period or fail to identify additional potential customers or such customers purchase fewer of our products or professional services, defer or cancel orders, fail to renew their license or subscription agreements or otherwise terminate or reduce their relationship with us, our business, results of operations, and financial condition would be harmed. Additionally, if one or more of these anticipated customers enters into or transitions to a subscription agreement in any particular period, or if we fail to achieve the required performance or acceptance criteria for one or more of this relatively small number of customers, our quarterly and annual results of operations may fluctuate significantly.

***Our sales and implementation cycles are lengthy and variable, depend upon factors outside our control, and could cause us to expend significant time and resources prior to generating revenue.***

The typical sales cycle for our products is lengthy and unpredictable, requires pre-purchase evaluation by a significant number of employees in our customers' organizations, often involves a significant operational decision by our customers, and could be affected by factors outside of our control. Our sales efforts involve educating our customers about the use and benefits of our products, including the technical capabilities of our products, the potential cost savings achievable by organizations deploying our products, and the benefits and risks associated with cloud-based services. Customers typically undertake a significant evaluation process, which frequently involves not only our products, but also those of our competitors. We spend substantial time, effort, and money in our sales efforts without any assurance that our efforts will produce sales, and our customers have significant negotiating power during the sales process which may result in a lengthy sales cycle and significant contractual complexity. Additionally, we may be unable to predict the size and terms of the initial contract until very late in the sales cycle, which affects our ability to accurately forecast revenue and ARR. In addition, if we commit to include specific features in our base product offering at the request of a customer or group of customers, we may be unable to recognize revenue until the specific features have been delivered with our products. Providing this additional functionality may be time consuming and may involve factors that are outside of our control. Customers may also insist that we commit to certain time frames in which systems built around our products will be operational or that once implemented our products will be able to meet certain operational requirements. Our ability to meet such timeframes and requirements may involve factors that are outside of our control, and failure to meet such timeframes and requirements could result in us incurring penalties and costs and/or making additional resource commitments, which would adversely affect our business and results of operations.

The implementation and testing of our products by our customers typically lasts six to 24 months or longer and unexpected implementation delays and difficulties can occur. Implementing our products typically involves integration with our customers' and third parties' systems and creating or updating the digital experience, as well as adding customer and third-party data to our platform. This process can be complex, time consuming, and expensive for our customers and can result in delays in the implementation and deployment of our products. Failing to meet the expectations of our customers during the implementation of our products could result in a loss of customers and negative publicity about us and our products. Such failure could result from deficiencies in our product capabilities, performance issues, or inadequate service engagements by us, our SI partners, or our customers' employees, the latter two of which are beyond our direct control. The consequences of such failure could include, and have included, monetary credits for current or future service engagements, reduced fees for additional products or upon renewal of existing products, potential reversals of previously recognized revenue, renegotiating existing customers' contractual terms, and a customer's refusal to pay their contractually obligated license, subscription, support, or service fees. In addition, time-consuming and delayed implementations may also increase the amount of services personnel we must allocate to the implementation for it to be successful, thereby increasing our costs and adversely affecting our business, results of operations, and financial condition.

Furthermore, our sales and implementation cycles could be interrupted or affected by other factors outside of our control. We have had, and may in the future have, restrictions on travel, which are in accordance with recommendations by the U.S. government, The Centers for Disease Control and Prevention, and other equivalent agencies in the locations in which we operate, and our customers, SI partners, and prospects have likewise enacted their own preventative policies and travel restrictions. Widespread restrictions on travel and in-person meetings have affected and could, in the future, affect services delivery, delay implementations, and interrupt sales activity. We cannot predict the duration or the extent of adverse impacts from pandemics and other global events on our business, results of operations, and financial condition.

***We face intense competition in our market, which could negatively impact our business, results of operations, and financial condition and cause our market share to decline.***

The market for our products is intensely competitive. The competitors we face in any sale opportunity may change depending on, among other things, the line of business purchasing the software, the application or service being sold, the geography in which the customer is operating, and the size of the insurance carrier to which we are selling. For example, we are more likely to face competition from small independent firms when addressing the needs of small insurers. These competitors may compete on the basis of price, the time and cost required for implementation, custom development, or unique product features or functions. Outside of the United States, we are more likely to compete against vendors that may differentiate themselves based on local advantages in language, market knowledge, and pre-built content applicable to that jurisdiction. We also compete with vendors of horizontal software products that may be customized to address needs of the P&C insurance industry.

Additionally, many of our prospective customers operate firmly entrenched legacy systems, some of which have been in operation for decades. Our implementation cycles may be lengthy, variable, and require the investment of significant time and expense by our customers. These expenses and associated operating risks attendant on any significant process re-engineering and new technology implementation, may cause customers to prefer maintaining legacy systems. Also, maintaining these legacy systems may be so time consuming and costly for our potential customers that they do not have adequate resources to devote to the purchase and implementation of our products. We also compete against technology consulting firms that either helped create such legacy systems or may own, in full or in part, subsidiaries that develop software and systems for the P&C insurance industry.

As we expand our product portfolio, we may begin to compete with software and service providers we have not competed against previously. Such potential competitors offer data and analytics tools that may, in time, become more competitive with our offerings.

If our competitors' products, services, or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than we are, if their products or services are more technologically capable than ours (including, without limitation, as a result of new or better use of evolving AI technologies, such as generative AI), or if customers replace our solutions with custom-built software, then our revenue could be adversely affected.

We expect the intensity of competition to remain high in the future, as the amount of capital invested in current and potential competitors, including insurtech companies, has increased significantly in recent years. As a result, our competitors or potential competitors may develop improved product or sales capabilities, or even a technology breakthrough that disrupts our market. Continuing intense competition could result in increased pricing pressure, increased sales and marketing expenses, and greater investments in research and development, each of which could negatively impact our profitability. In addition, the failure to increase, or the loss of, market share would harm our business, results of operations, financial condition, and/or future prospects. Our larger current and potential competitors may be able to devote greater resources to the development, promotion, and sale of their services and products than we can devote to ours, which could allow them to respond more quickly than we can to new technologies and changes in customer needs, thus leading to their wider market acceptance. We may not be able to compete effectively and competitive pressures may prevent us from acquiring and maintaining the customer base necessary for us to increase our revenue and profitability.

In addition, the insurance industry is evolving rapidly, and we anticipate the market for cloud-based solutions will become increasingly competitive. If our current and potential customers move a greater proportion of their data and computational needs to the cloud, new competitors may emerge that offer services either comparable or better suited than ours to address the demand for such cloud-based solutions, which could reduce demand for our offerings. To compete effectively we will likely be required to increase our investment in research and development, as well as the personnel and third-party services required to improve reliability and security and lower the cost of delivery of our cloud-based solutions. New competitors are able to develop cloud-based solutions without the cost of maintaining or migrating existing solutions and satisfying existing customer requirements, which may allow them to introduce new services and products more quickly and on more efficient technologies than us. This may increase our costs more than we anticipate and may adversely impact our results of operations.

Our current and potential competitors may also establish cooperative relationships among themselves or with third parties to further enhance their resources and offerings. Current or potential competitors may be acquired by other vendors or third parties with greater available resources. As a result of such acquisitions, our current or potential competitors might be more able than we are to adapt quickly to new technologies and customer needs, to devote greater resources to the promotion or sale of their products, to initiate or withstand substantial price competition, or to take advantage of emerging opportunities by developing and expanding their product offerings more quickly than we can. Additionally, they may hold larger portfolios of patents and other intellectual property rights as a result of such relationships or acquisitions. If we are unable to compete effectively with these evolving competitors for market share, our business, results of operations, and financial condition could be materially and adversely affected.

***Failure to manage our expanding operations effectively could harm our business.***

We have experienced consistent growth and expect to continue to expand our operations, including the number of employees and the locations and scope of our international operations. In particular, we have been expanding and plan to continue to expand our operations in India. Additionally, we operate a hybrid work environment in which a large portion of our workforce works either in-person on a part-time basis or remotely on a permanent basis, which brings challenges to managing our business and workforce. This expansion and hybrid work environment has placed, and will continue to place, a significant strain on our operational and financial resources and our personnel. To manage our anticipated future operational expansion effectively, we must continue to maintain and may need to enhance our information technology and cybersecurity infrastructure and financial and accounting systems and controls, and manage expanded operations and employees in geographically distributed locations. Our growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of new, enhanced, or more secure products or investments in cloud operations. If we increase the size of our organization without experiencing an increase in sales of our products, we will experience reductions in our gross and operating margins and net income. If we are unable to effectively manage our expanding operations or hybrid work environment, our expenses may increase more than expected, our revenue could decline or grow more slowly than expected, and we may be unable to implement our business strategy.

***Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased cost of sales, decreased revenue, and lower average selling prices and gross margins, all of which could harm our results of operations.***

Some of our customers include the world’s largest P&C insurers. These customers have significant bargaining power when negotiating new licenses or subscriptions or renewals of existing agreements, and have the ability to buy similar products from other vendors or develop such systems internally. These customers have and may continue to seek advantageous pricing and other commercial and performance terms that may require us to develop additional features in the products we sell to them or add complexity to our customer agreements. These customers may also delay making payments under existing agreements, or at renewal, in an attempt to obtain more favorable terms from us. We have been required to, and may again be required to, reduce the average selling price and ARR of our products, along with agreeing to steeper ramps that delay reaching fully ramped ARR, in response to these pressures. If we are unable to avoid reducing our average selling prices or ARR, our results of operations could be harmed.

***Issues in the development and use of AI, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations.***

We use, and are continuously incorporating, machine learning and AI technologies in our offerings and business, and we are making investments in expanding our AI capabilities in our products, professional services, and tools, including the ongoing deployment and improvement of existing machine learning and AI technologies, as well as developing new product features using generative and other AI technologies. AI technologies are complex, and generative AI technologies, in particular, are rapidly evolving. We face significant competition from other companies as well as an evolving regulatory landscape in relation to these technologies. The introduction of AI technologies, including generative AI, into new or existing products may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks, privacy concerns, ethical challenges, or other complications that could adversely affect our business, reputation, or financial results.

The complexity of our products that incorporate machine learning and AI technologies could result in unforeseen delays or expenses, or undetected defects, bugs, or security vulnerabilities, which may harm the market acceptance of new products, damage our reputation with current or prospective customers, cause significant remediation expenses, and may harm our business, results of operations, and financial condition. Our products may contain defects when they are first introduced or as new versions or enhancements are released, or their release may be delayed due to unforeseen difficulties during development. Additionally, our products may have undiscovered vulnerabilities that could be exploited by hackers or other malicious actors, potentially exposing our customers to adverse consequences.

The intellectual property ownership and license rights, including without limitation, copyright, surrounding AI technologies generally, and generative AI technologies specifically, has not been fully addressed by competent legal tribunals or applicable laws or regulations. Further, the use or adoption of third-party AI technologies, including generative AI technologies, into our products may result in exposure to claims of copyright infringement or other intellectual property-related causes of action.

The uncertainty around new and emerging AI technologies, such as generative AI, may require additional investment in the development and maintenance of proprietary datasets and machine learning models, development of new approaches and processes to provide attribution or remuneration to creators of training data, and development of appropriate protections and safeguards for handling the use of customer data with such technologies, which may be costly and could impact our expenses if we decide to expand AI technologies, including generative AI, into our product offerings. AI technologies, including without limitation generative AI, may create content that appears facially correct but is factually inaccurate or flawed. Our customers, employees, or others may rely on or use such factually incorrect or flawed content to their detriment, which may expose us to brand or reputational harm, competitive harm, and/or legal liability. In all events, the development, marketing and use of AI technologies, including, in particular, generative AI, presents emerging ethical and social issues, and if we enable or offer solutions that draw scrutiny or controversy due to their perceived or actual impact on customers or on society as a whole, we may experience brand or reputational harm, competitive harm, additional costs, and/or legal liability. If our AI development, deployment, content labeling or governance is ineffective or inadequate, it may result in incidents that impair the public acceptance of AI solutions or cause harm to individuals, customers or society, or result in our offerings not working as intended or producing unexpected outcomes.

Further, the development of next-generation solutions that utilize new and advanced features, including AI and machine learning, involves making predictions regarding the willingness of the market to adopt such technologies over legacy solutions. We may be required to commit significant resources to developing new products before knowing whether such investment will result in products that the market will accept.

***We may fail to set the optimal pricing and packaging of our products, which could negatively impact our growth strategy and ability to effectively compete in the market.***

We may face challenges in selling our solutions to insurers that have internally developed their own proprietary software solutions, and we face competition from emerging and established vendors. As a result, these companies may offer lower prices, additional products or services, or other incentives that may impact our ability to maintain our prices.

The market for our products is constantly evolving, and our pricing and packaging decisions are made based on the best information available at the time, but may change significantly in the future from our expectations. We are continually analyzing and refining our pricing and packaging models to adapt to this dynamic environment. For example, we may need to change our pricing in future periods in response to market demands, the inflation and interest rate environment, or increased costs. Our contracts are often multi-year in duration and our inability to foresee changing events could impact the profitability of certain contracts. Further, as competitors introduce new products that compete with ours or reduce their prices, we may be unable to attract new customers or retain existing customers based on our historical pricing. As we expand internationally, we also must determine the appropriate price to enable us to compete effectively in each market. In addition, if our mix or bundle of products sold changes, then we may need to, or choose to, revise our pricing. As a result, we may be required or choose to reduce our prices or change our pricing model, which could harm our business, results of operations, and financial condition. In addition, we cannot predict whether our current or prospective customers, or the market in general, will accept these changes. If these adjustments do not gain acceptance, our business and operational results could be adversely affected. Failure to identify an optimal pricing and packaging strategy may harm our business and operational outcomes. Should customers reject our new or modified pricing plans, we may face increasing challenges in attracting new customers and retaining existing ones, particularly if we apply new pricing models to current customer subscriptions.

***Our business depends on customers renewing and expanding their license, support, and subscription contracts for our products. A decline in our customer renewals and expansions could harm our future results of operations.***

Our customers have no obligation to renew their term licenses or subscriptions after their contract period expires, and these licenses and subscriptions, if renewed, may be done so on less favorable terms. Moreover, under certain circumstances, our customers have the right to cancel their licenses or subscriptions before they expire. We may not accurately predict future trends in customer renewals. Our customers' renewal rates may fluctuate or decline because of several factors, including their satisfaction or dissatisfaction with our products, the prices of our products, the prices of products offered by our competitors, reduction in our customers' business including their DWP, reductions in our customers' spending levels due to the macroeconomic environment or other factors, or the sale of their operations to a buyer that is not a current customer.

Also, in some cases, our customers have a right to exercise a perpetual buyout of their term licenses at the end of the initial contract term, which if exercised would eliminate future term license revenue. If our customers do not renew their term licenses or subscriptions for our solutions or renew on less favorable terms, our revenue may decline or grow more slowly than expected and our profitability may be harmed.

***Seasonal sales patterns may cause significant fluctuations in our results of operations and cash flows and may prevent us from achieving our quarterly or annual forecasts, which may cause our stock price to decline.***

We generally see increased new orders in our fourth fiscal quarter, which is the quarter ending July 31, due to efforts by our sales team to achieve annual incentives. As a result, a significantly higher percentage of our annual license revenue and cash receipts have historically been recognized in our fourth fiscal quarter. Since a substantial majority of our license revenue has annual renewals after the initial term of the contract, we expect to continue to experience this seasonality effect in subsequent years. Because of the upfront nature of revenue recognition for new multi-year term licenses and multi-year term license renewals, any quarter in which a significant agreement of this nature is signed, renewed, cancelled, or not renewed when scheduled to do so may be impacted.

We currently anticipate that sales of, and revenue from, subscription services will continue to increase in the future. Subscriptions are recognized ratably over the term of the agreement after provisioning of the service. Over time, this may reduce the impact of our historic revenue seasonality, but in the near term the introduction of proportionally more subscription services into our revenue stream, together with their delayed and ratable recognition, will likely impact quarter-over-quarter and year-over-year revenue growth comparisons. Cash flow expectations and comparisons will most likely remain concentrated in the fourth fiscal quarter and could also be impacted because of the ramped nature of the annual installments of these multi-year subscription services arrangements. Additionally, ARR, which reflects the annualized recurring value of active customer contracts at the end of a reporting period, will be impacted by the seasonality of new sales orders, even if the revenue is recognized ratably.

Our quarterly growth in revenue or ARR also may not coincide with new orders or cash flows in a given quarter, which could mask the impact of seasonal variations. This mismatch is primarily due to the following reasons:

- our subscription arrangements are recognized ratably and only a portion, if any, of the revenue from an order is recognized in the same fiscal period of the order;
- subscription arrangements generally have ramped invoicing schedules over the initial term, which affects ARR and cash flows, but revenue is recognized ratably over the initial term;
- our term license agreements and multi-year term license renewals generally have annual billing arrangements even though revenue is recognized upfront for the entire committed term;
- as customers enter into a subscription agreement to migrate from an existing term license agreement or as we invest in certain cloud implementations to assist our customers with their migration to our cloud services, the timing of revenue recognition may be impacted by the allocation of revenue between different performance obligations;
- we may enter into agreements with future product delivery requirements, specified terms for product upgrades or functionality, acceptance terms, early termination rights, or unconditional return rights, which may require us to delay revenue recognition for a period of time; and
- revenue recognition may not occur in the period when the order is placed due to certain revenue recognition criteria not being met, such as delivery of the software or providing access to the subscription services.

Additionally, seasonal patterns may be affected by the timing of particularly large transactions and the number of renewals in a given quarter. Seasonal and other variations may cause significant fluctuations in our revenue, ARR, results of operations and cash flows, may make it challenging for an investor to predict our performance on a quarterly basis, and may prevent us from achieving our quarterly or annual forecasts or meeting or exceeding the expectations of research analysts or investors, which in turn may cause our stock price to decline.

***If we are unable to develop, introduce, and market new and enhanced versions of our products, we may be put at a competitive disadvantage.***

Our success depends on our continued ability to develop, introduce, and market new and enhanced versions of our products to meet evolving customer requirements. Because our products are complex and require rigorous testing, new features, new functionality, and updates to our existing products can take significant time and resources to develop and bring to market. As we expand internationally, our products must be modified and adapted to comply with regulations and other requirements of the countries in which our customers do business. Additionally, market conditions may dictate that we change the delivery method of our products or the technology platform underlying our existing products or that new products be developed on different technology platforms, potentially adding material time and expense to our development cycles. The nature of these development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenue, if any, from such expenses.

If we fail to develop new products, enhance our existing products, or manage our products in the cloud, our business could be adversely affected, especially if our competitors are able to introduce products with enhanced functionality in the cloud. It is critical to our success for us to anticipate changes in technology, industry standards and regulations, and customer requirements and to successfully introduce new, enhanced, and competitive products to meet our customers' and prospective customers' needs on a timely basis. We have invested and intend to increase investments in research and development and cloud operations to meet these challenges. Revenue may not be sufficient to support the future product development that is required for us to remain competitive. If we fail to develop products in a timely manner that are competitive in technology and price or develop products that fail to meet customer demands, our market share will decline and our business and results of operations could be harmed. If our development efforts do not develop services, products or features that our customers find valuable, then we might incur impairment charges related to our capitalized software development costs.

***We operate a hybrid in-person and remote workforce, which will subject us to certain operational challenges and risks and potential harm to our business.***

We operate a hybrid work environment in which a significant portion of our workforce works either in-person on a part-time basis or remotely on a permanent basis. As a result, we are subject to the challenges and risks of having a remote and hybrid workforce. For example, certain security systems in homes or other remote workplaces may be less secure than those used in our offices, which may subject us to increased security risks, including cybersecurity-related events, and expose us to risks of data or financial loss and associated disruptions to our business operations. Members of our workforce who work remotely may not have access to technology that is as robust as that in our offices, which could cause the networks, information systems, applications, and other tools available to those remote workers to be more limited or less reliable than in our offices. We may also be exposed to risks associated with the locations of remote workers, including compliance with local laws and regulations or exposure to compromised internet infrastructure. Allowing members of our workforce to work remotely may create intellectual property risk if employees create intellectual property on our behalf while residing in a jurisdiction with unenforced or uncertain intellectual property laws. Further, if employees fail to inform us of changes in their work location, we may be exposed to additional risks without our knowledge. Hybrid in-person as well as remote working may also subject us to other operational challenges and risks. For example, hybrid working arrangements may adversely affect our ability to recruit and retain personnel who prefer a fully remote or fully in-person work environment. Operating our business with both remote and in-person workers, or workers who work in flexible locations and on flexible schedules, could have a negative impact on our corporate culture, decrease the ability of our workforce to collaborate and communicate effectively, decrease innovation and productivity, or negatively affect workforce morale and retention rates. In addition, we expect to incur costs related to a hybrid workforce including, among other things, facilitating permanent remote work for a portion of our workforce and updating our offices to offer more collaborative workspaces. If we are unable to effectively operate a hybrid workforce, manage the cybersecurity and other risks of remote work, and maintain our corporate culture and workforce morale, our business could be harmed or otherwise negatively impacted.

***Real or perceived errors or failures in our products and professional services, including implementation and cloud support services, may affect our reputation, cause us to lose customers, and reduce sales and renewal rates, which may harm our business and results of operations and subject us to liability for breach of warranty claims.***

Because we offer complex products, undetected errors or failures may exist or occur, especially when products are first introduced or when new versions or updates are released. Our products are often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures in our products or may expose undetected errors, failures, or bugs in our products. Despite testing by us, we may not identify all errors, failures, or bugs in new products or releases until after commencement of commercial sales or installation. In the past, we have discovered software errors, failures, and bugs in some of our offerings after their introduction. While we have implemented, and continually improve, a breadth of industry standard technology controls designed to ensure system stability and availability, we may introduce errors, design flaws, software bugs, and other issues into the environment, and fail to remediate them in a timely manner, which may cause serious or prolonged service interruptions to our customers. Additionally, our Guidewire cloud offerings rely on third-party services including, but not limited to, AWS and Okta. Any material disruption, failure or slowdown in these services or the systems of third parties who we depend upon could cause outages or delays in our products, which could harm our reputation and adversely affect our results of operations.

We provide our customers with upfront estimates regarding the duration, resources, and costs associated with the migration and implementation of our products. Failure to meet these upfront estimates and the expectations of our customers could result from our product capabilities or professional service engagements performed by us, our SI partners, or our customers' employees, the latter two of which are beyond our direct control. The consequences could include, and have included, monetary credits for current or future service engagements, reduced fees for additional products or upon renewal of existing products, renegotiation or modification of existing contracts that could potentially result in reversals of previously recognized revenue, or a customer's refusal to pay its contractually obligated fees. In addition, time-consuming or difficult migrations and implementations may also increase the amount of services personnel we must allocate to the project, potentially without commensurate compensation, thereby increasing our costs, lowering our services margin, and adversely affecting our business, results of operations, and financial condition.

The license, subscription, and support of our products creates the risk of significant liability claims against us. Our license and subscription agreements with our customers contain provisions designed to limit our exposure to potential liability claims. It is possible, however, that the limitation of liability provisions contained in such agreements may not be enforced as a result of international, federal, state, and local laws or ordinances or unfavorable judicial decisions. Breach of warranty or damage liability, or injunctive relief resulting from such claims, could harm our results of operations and financial condition.

***Our ability to sell our products is highly dependent on the quality of our professional services and technical support services and the support of our SI partners, and the failure of us or our SI partners to offer high-quality professional services or technical support services could damage our reputation and adversely affect our ability to sell our products to new customers and renew agreements with our existing customers.***

If we or our SI partners do not effectively assist our customers in deploying our products, successfully help our customers quickly resolve post-deployment issues, assist our customers in migrating from self-managed licenses to subscription services, and provide effective ongoing support, our ability to renew existing agreements and sell additional products to existing customers would be adversely affected and our reputation with potential customers could be damaged. Once our products are deployed and integrated with our customers' existing information technology environment, our customers may depend on our technical support services and/or the support of SI partners or internal resources to resolve any issues relating to our products. High-quality support is critical for the continued successful marketing and sale of our products. In addition, as we continue to expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training, and documentation in multiple languages. Many enterprise customers require higher levels of support than smaller customers. If we fail to meet the requirements of our larger customers, it may be more difficult to sell additional products to these customers or to transition existing license customers to subscription services, a key strategy for the growth of our revenue and profitability. In addition, as we further expand our cloud-based products, our professional services, cloud operations and support organizations will face new challenges, including hiring, training, and integrating a large number of new personnel with experience in delivering high-quality services and support for cloud-based offerings. Further, as we continue to rely on SIs to provide deployment, migration, and on-going services, our ability to ensure a high level of quality in addressing customer issues and providing a maintainable and efficient cloud environment could be diminished as we may be unable to control the quality or timeliness of the implementation of our products by our SI partners. Our failure to maintain high-quality implementation and support services, or to ensure that SIs provide the same, could have a material adverse effect on our business, results of operations, financial condition, and growth prospects.

***The use of AI by our workforce may present risks to our business.***

Our workforce is exposed to and uses AI technologies for certain tasks related to our business. We have guidelines and policies specifically directed at the use of AI tools in the workplace. Nevertheless, the use of these AI tools, whether authorized or unauthorized, by our workforce, poses potential risks relating to the protection of data, including cybersecurity risk, exposure of our proprietary confidential information to unauthorized recipients, and the misuse of our or third-party intellectual property. Use of AI technology by our workforce, even when used consistently with our guidelines, may result in allegations or claims against us related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information, or failure to comply with open source software requirements. In addition, our employees may use AI tools for various design and engineering tasks, such as writing code and building content, and these AI technology tools may produce facially correct but factually inaccurate or flawed responses that could lead to errors in our decision-making, solution development, or other business activities, which could have a negative impact on our business, operating results and financial condition. Our ability to mitigate these risks will depend on our continued effective training, monitoring and enforcement of appropriate policies, guidelines and procedures governing the use of AI technology, and compliance by our workforce.

***Revenue mix, as well as declines in our subscription and support gross margin or our services gross margin, could adversely affect our overall gross margin and profitability.***

Our subscription and support revenue was 56% and 48% of total revenue for fiscal years 2024 and 2023, respectively. Our subscription and support revenue produces lower gross margins than our license revenue. The gross margin of our subscription and support revenue was 63% and 51% for fiscal years 2024 and 2023, respectively, while the gross margin for license revenue was 98% and 98% for fiscal years 2024 and 2023, respectively. We expect that subscription revenue will continue to increase as a percentage of total revenue as we contract with new cloud customers and existing customers migrate from term licenses to subscription services. Additionally, we are incurring expenses to operate our cloud services and manage our cloud operations which may not result in an improvement of our subscription and support gross margin. These trends, along with other factors, some of which may be beyond our control, may adversely affect our overall gross and operating margins. These other factors include the percentage of new customers that enter into subscription services agreements as compared to term license agreements, the revenue impact of allocating total contract consideration between license revenue and subscription and support revenue when existing customers transition from term license to subscription services agreements, investments in certain cloud implementations to assist our customers with their migration to our cloud services, continued growth and efficiency of our cloud operations and technical support teams, and the impact on the global economy as a result of economic volatility, inflation, or other global events and disasters.

Further, our services revenue was 18% and 23% of total revenue for fiscal years 2024 and 2023, respectively. Our services revenue produces lower gross margin than either our license revenue or our subscription and support revenue. The gross margin of our services revenue was negative in both fiscal years 2024 and 2023. If we experience an increase in the percentage of total revenue represented by services revenue, due to acquisitions or other factors, such increase could reduce our overall gross and operating margins. Fluctuation in our services revenue can result from several factors, some of which may be beyond our control, including change in customer demand for our services team's involvement in the implementation of and migration to new products, the rates we charge or discounts we offer for our services, our ability to bill our customers for all time incurred to complete a project, the extent and quality of implementations and migrations provided by our SI partners, the extent to which we subcontract services to those SI partners, and the impact on the global economy as a result of economic volatility, inflation, or other global events and disasters. Additionally, the failure to improve, or the erosion of, our services margin, whether due to discounts related to encouraging customers to enter into cloud agreements or otherwise, particularly in combination with any increase in services revenue, could adversely affect our overall gross and operating margins. Our services margin may erode if we hire and train additional services personnel to support cloud-based services or markets prior to having customer engagements, if we make investments in customer migrations from self-managed term licenses to subscription services, if we enter into fixed fee services arrangements, if our services personnel are underutilized, if we subcontract out services without an adequate markup, or if we require additional personnel on unexpectedly difficult projects to ensure customer success, perhaps without receiving commensurate compensation.

***Failure of any of our established products to satisfy customer demands or to maintain market acceptance could harm our business, results of operations, financial condition, and growth prospects.***

We derive a significant majority of our revenue and cash flows from our established product offerings, including Guidewire InsuranceSuite Cloud, Guidewire InsuranceNow, Guidewire InsuranceSuite for self-managed installations, and our digital and data products. We expect to continue to derive a substantial portion of our revenue from these sources. As such, continued market acceptance of these products is critical to our growth and success. Demand for our products is affected by a number of factors, some of which are beyond our control, including the successful implementation of our products, the timing of development and release of product upgrades, enhancements, and new products by us and our competitors, the cost and effort to migrate from self-managed products to subscription services, the ease of integrating our software to third-party software and services, technological advances that reduce the appeal of our products, changes in the regulations that our customers must comply with in the jurisdictions in which they operate, and the growth or contraction in the worldwide market for technological solutions for the P&C insurance industry. If we are unable to continue to meet customer demands, to achieve and maintain a technological advantage over competitors, or to maintain market acceptance of our products, our business, results of operations, financial condition and growth prospects may be adversely affected.

***If we are unable to continue the successful development of our global direct sales force and the expansion of our relationships with our strategic partners, sales of our products will suffer and our growth could be slower than we project.***

We believe that our future growth will depend on the continued recruiting, retention, and training of our global direct sales force and their ability to obtain new customers, both large and small P&C insurers, and to manage our existing customer base. New hires require significant training and may, in some cases, take more than a year before becoming productive, if at all. If we are unable to hire and develop sufficient numbers of productive global direct sales personnel, sales of our products will suffer and our growth will be impeded.

Our SI partners help us reach additional customers. We believe our future growth also will depend on the retention and expansion of successful relationships with SI partners, including with SI partners that will focus on products we may acquire in the future. Our growth in revenue, particularly in international markets, will be influenced by the development and maintenance of relationships with SI partners, including regional and local SI partners. Although we have established relationships with some of the leading SI partners, our products may compete directly against products that such leading SI partners support or market. Additionally, we are unable to control the quantity or quality of resources that our SI partners commit to migrating or implementing our products, the quality or timeliness of such migrations and implementations, or the effects of global events on our SI partners. If our partners do not commit sufficient or qualified resources to these activities, our customers will be less satisfied, be less supportive with references, or may require the investment of our resources at discounted rates. These, and other failures by our partners to successfully implement our products, would have an adverse effect on our business and our results of operations could fail to grow in line with our projections.

***Our international sales and operations subject us to additional risks that can adversely affect our business, results of operations, and financial condition.***

We sell our products to customers located outside the United States, and we are continuing to expand our international operations as part of our growth strategy. In fiscal years 2024, 2023, and 2022, $347.9 million, $331.5 million, and $296.2 million of our revenue, respectively, was from customers outside of the United States. Our current international operations and our plans to expand our international operations subject us to a variety of risks, including:

- increased management, travel, infrastructure, legal, and compliance costs associated with having multiple international operations;
- unique terms and conditions in contract negotiations imposed by customers in foreign countries;
- longer payment cycles and difficulties in enforcing contracts and collecting accounts receivable;
- the need to localize our contracts and our products for international customers;
- lack of familiarity with and unexpected changes in foreign regulatory requirements;
- increased exposure to fluctuations in currency exchange rates, especially on revenue and ARR;
- highly inflationary international economies and related governments;
- geographic and political conflicts, such as the wars between Israel and Hamas and between Russia and Ukraine and the escalating tensions in the South China Sea;
- the burdens and costs of complying with a wide variety of foreign laws and legal standards, including without limitation any new or evolving laws and regulations relating to the use of data in AI, generative AI, machine learning technologies, climate-related disclosures, and the General Data Protection Regulation in the European Union (“EU”) and the U.K.;
- compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act of 2010 and other anti-corruption regulations, particularly in emerging market countries;
- compliance by international staff with accounting practices generally accepted in the United States, including adherence to our accounting policies and internal controls;
- import and export license requirements, tariffs, taxes and other trade barriers;
- increased financial accounting, tax and reporting burdens and complexities;
- weaker protection of intellectual property rights in some countries;
- multiple and possibly overlapping tax regimes, including certain Organization for Economic Cooperation and Development (“OECD”) proposals, including the implementation of the global minimum tax under the Pillar Two model rules;
- government sanctions that may interfere with our ability to sell into particular countries, such as Russia;
- disruption to our operations caused by public health crises, such as epidemics and pandemics; and
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general.

As we increase the number of products we offer, increase the number of countries in which we operate, and incorporate new technologies and capabilities into our products (including, without limitation, the use of AI, generative AI and machine learning technologies), the complexity of adjusting our offerings to comply with legal and regulatory changes will increase.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Any of these risks could harm our international operations and reduce our international sales, adversely affecting our business, results of operations, financial condition and growth prospects.

***We may expand through acquisitions or partnerships with other companies, which may divert our management’s attention and result in unexpected operating and technology integration difficulties, increased costs, and dilution to our stockholders.***

Our business strategy includes the potential acquisition of shares or assets of companies with software, cloud-based services, technologies, or businesses complementary to ours. Our strategy also includes alliances with such companies. For example, we have made several acquisitions in the past, including most recently in August 2021, we acquired HazardHub, Inc., a leading insurtech provider of property risk insights. Acquisitions and alliances, such as our strategic partnerships with One Inc. and Smart Communications, may result in unforeseen operating difficulties and expenditures, be dilutive to earnings, negatively impact margins, and may not result in the benefits anticipated by such corporate activity. In particular, we may fail to assimilate or integrate the businesses, technologies, services, products, personnel, or operations of the acquired companies, retain key personnel necessary to favorably execute the combined companies' business plan, or retain existing customers or sell acquired products to new customers. Acquisitions and alliances may also disrupt our ongoing business, divert our resources, and require significant management attention that would otherwise be available for ongoing development of our current business. In addition, we may be required to make additional capital investments or undertake remediation efforts to ensure the success of our acquisitions, which may reduce the benefits of such acquisitions. We also may be required to use a substantial amount of our cash or issue debt or equity securities to complete an acquisition or realize the potential of an alliance, which could deplete our cash reserves and/or dilute our existing stockholders. Following an acquisition or the establishment of an alliance offering new products, the timing of revenue from the sale of products that we acquired or that result from the alliance, or from the sale of a bundle of products that includes such new products, may be different than the timing of revenue from existing products. In addition, our ability to maintain favorable pricing of new products may be challenging if we bundle such products with existing products. A delay in the recognition of revenue from sales of acquired or alliance products, or reduced pricing due to bundled sales, may cause fluctuations in our quarterly financial results, may adversely affect our operating margins, and may reduce the benefits of such acquisitions or alliances.

Additionally, competition within the software industry for acquisitions of businesses, technologies, and assets has been, and may continue to be, intense. As such, even if we are able to identify an acquisition that we would like to pursue, the target may be acquired by another strategic buyer or financial buyer such as a private equity firm, or we may otherwise not be able to complete the acquisition on commercially reasonable terms, if at all. Moreover, in addition to our failure to realize the anticipated benefits of any acquisition, including our revenue or return on investment assumptions, we may be exposed to unknown liabilities or impairment charges to acquired intangible assets and goodwill as a result of acquisitions we do complete.

***Incorrect or improper use of our products or our failure to properly train customers on how to utilize our products could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition, and growth prospects.***

Our products are complex and are deployed in a wide variety of environments. The proper use of our products requires training of the customer. If our products are not used correctly or as intended, inadequate performance may result. Our products may also be intentionally misused or abused by customers or their employees or third parties who are able to access or use our products. Because our customers rely on our services, products, and support to manage a wide range of operations, the incorrect or improper use of our products, our failure to properly train customers on how to efficiently and effectively use our products, or our failure to properly provide services to our customers may result in negative publicity or legal claims against us. Also, any failure by us to properly provide training or other services to existing customers will likely result in lost opportunities for follow-on and increased sales of our products.

In addition, if there is substantial turnover of customer personnel responsible, especially at the executive level, for the use and support of our products, or if customer personnel are not well trained in the use and support of our products, customers may defer the deployment of our products, may deploy them in a more limited manner than originally anticipated, or may not deploy them at all. Further, if there is substantial turnover of the customer personnel responsible for use of our products, our ability to renew existing licenses and make additional sales may be substantially limited.

***We may not be able to obtain capital when desired on favorable terms, if at all, and we may not be able to obtain capital or complete acquisitions through the use of equity without dilution to our stockholders.***

We may need additional financing to execute on our current or future business strategies, including to develop new or enhance existing products, acquire businesses and technologies, service our existing debt, or otherwise to respond to competitive pressures.

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our existing stockholders could be significantly diluted, and newly issued securities may have rights, preferences, or privileges senior to those of existing stockholders. If we accumulate additional funds through debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. We cannot be assured that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available, or are not available on acceptable terms, when we desire them, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our products, or otherwise respond to competitive pressures would be significantly limited. Any of these factors could harm our results of operations.

## Risks Related to Data Security and Privacy, Intellectual Property, and Information Technology

***If our products experience cybersecurity breaches, there is unauthorized access to our customers' data, or unauthorized use of our products or any of these events are perceived to happen, we may lose current or future customers and our reputation and business may be harmed.***

Our products involve the collection, storage and processing of customer data (including, in some cases, personal data), and may provide business critical software and analytics necessary for our customers' operations. As such, we may be an attractive target for data security attacks that threaten the confidentiality, integrity, and availability of our information technology systems and confidential information. Security breaches could result in public disclosure of confidential information, loss or modification of data affecting our customers' operations, fraud or theft, ransom demands, or other misuse of confidential information, which in turn could result in our cloud services being perceived as not being secure, a reduction in customers using our products, as well as litigation, breach of contract claims, indemnity obligations, additional reporting requirements and/or oversight, restrictions on processing customer data, and other liabilities for our Company, all of which could lead to loss of revenue, a diminished ability to retain or attract new customers due to reputational harm, fines, costs, or other penalties or sanctions. While we have taken, and are continually updating and enhancing, steps to protect the confidential information and customer data to which we have access, including confidential information we may obtain through our customer support services or customer usage of our cloud-based services, our security measures or the security measures of companies we rely on, such as AWS, could be breached. We rely on third-party technology and systems for a variety of services, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, and other functions. Our ability to control or prevent breaches of any of these systems may be beyond our control. Any failure by a third party to prevent or mitigate data security breaches or improper access to, or use, acquisition, disclosure, alteration or destruction of customer data could have adverse consequences for us. Because techniques used to obtain unauthorized access or infiltrate, sabotage, disable or degrade systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures despite our efforts in implementing and deploying security measures. The use of constantly evolving technologies by diverse threat actors, such as the increased use of AI technologies, are sophisticated and complex and may increase the velocity of such threats, frequency of incident cases, and otherwise magnifying the risks associated with these types of attacks. These attack vectors may include social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware. Although we have developed systems and processes designed to protect our and our customers' data, prevent loss or unauthorized modification of data, ensure only authorized use of services, and prevent other cybersecurity breaches, including systems and processes designed to reduce the impact of a security breach to a third-party vendor, such measures cannot provide absolute security, and our systems may be vulnerable to malware or physical or electronic break-ins that our security measures may not detect. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our information technology systems or confidential information. Individuals, including trusted employees and contractors, who circumvent our security measures may misappropriate proprietary, confidential, or personal data held by or on behalf of us, disrupt our operations, damage our systems, or otherwise damage our business. In addition, we may need to expend significant resources to protect against data security breaches or mitigate the impact of any such breaches. Any or all of these issues could negatively impact our ability to attract new customers or to increase engagement with existing customers, could cause existing customers to elect not to renew their term licenses or subscription agreements, or could subject us to third-party lawsuits, regulatory fines or other action or liability, which could adversely affect our business, results of operations, financial condition, or reputation. We cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all.

In addition, data security breaches could expose us to liability under various laws and regulations across jurisdictions, increase the risk of litigation and governmental or regulatory investigation, and increase our costs for compliance. For example, we may need to notify governmental authorities and/or affected individuals with respect to certain data security breach in light of a growing number of laws, including those in the European Economic Area ("EEA"), U.K., and the United States. Complying with such numerous and complex regulations in the event of a data security breach would be expensive and difficult, and failure to comply with these regulations could subject us to regulatory scrutiny and additional liability. We may also be contractually required to notify customers or other counterparties of a security incident, including a data security breach.

***Service interruptions or failures of our third-party service providers may impair the availability of our products, which may expose us to liability, damage our reputation, and harm our future financial results.***

We rely on services provided by third-parties to operate our products, any of which such services, if they encounter interruptions, failure, or slowdown for any reason, could cause outages or delays in our products, negatively affect our platform, damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, adversely affect our results of operations, or otherwise harm our business. For example, we host our platform using AWS data centers and all of our cloud products rely on resources operated by AWS. Our operations depend on protecting our virtual cloud infrastructure hosted by service providers; preserving the infrastructure's configuration, architecture, and interconnection specifications; and maintaining access to our products and the information stored in virtual data centers and transmitted over internet service providers. Although we have disaster recovery plans that use multiple virtual data center locations, any incident affecting our service providers' operations and infrastructure, including but not limited to those caused by power loss, telecommunications failures, unauthorized intrusion or malicious action, malware and disabling devices, natural catastrophes, terrorism, wars, and other similar events beyond our control, could negatively affect our products. A prolonged third-party service disruption affecting our platform for any of the foregoing reasons could be detrimental to our business. We may also incur significant costs for taking other actions in preparation for, or in reaction to, events that disrupt the third-party services we use.

Our platform is accessed by a large number of customers, often at the same time, and we do not control the operation of our third-party service providers. As we continue to expand the number of our customers and products available to our customers, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in our products. In addition, the failure of third-party virtual data centers, third-party internet service providers, or other third-party service providers whose services are integrated with our products, to meet our capacity requirements, could result in interruptions or delays in access to our products or impede our ability to scale our operations. In the event that our third-party service agreements are not renewed or are terminated, or there is a lapse of service, interruption of service provider connectivity or damage to such services, we could experience interruptions in access to our products as well as delays and additional expense in arranging new third-party service providers, all of which could harm our business.

***Evolving policy and regulatory responses to AI and machine learning and their potential implications for the fields of information technology, data privacy, and security may result in increased compliance costs and associated concerns for us.***

At present, multiple jurisdictions are taking a heightened interest in AI and machine learning. There has been a recent wave of policy and regulatory responses from various governments rolling out action plans for risk mitigation to legislation being introduced to generally oversee the use of AI. For example, in 2023, the President of the United States issued an executive order, promulgating guidelines to executive departments, and various states have enacted legislation relating to disclosure requirements for the use of AI, and in the EU, the EU Artificial Intelligence Act (“EU AI Act”), adopted in 2024, establishes a comprehensive, risk-based governance framework and applies to, amongst other entities, providers, importers, and distributors of AI systems or general-purpose AI models that are placed on the EU market or put into service or used in the EU. There is a risk that our current or future products may be subject to heightened obligations under the EU AI Act, which may impose additional costs on us, increase our risk of liability, or adversely affect our business. New or evolving regulations relating to rapidly evolving generative AI and machine learning technologies may impose additional rules and restrictions on the use of the AI in our products.

Compliance with such global laws and regulations, including but not limited to the EU AI Act and any new or evolving regulations relating to generative AI and machine learning technologies, has and will continue to require valuable management, operating expenses, and employee time and resources, and any actual or perceived failure to comply with these laws and regulations or other actual or asserted obligations relating to privacy, data protection, or cybersecurity could lead to inspections, audits, regulatory investigations and other proceedings, significant fines, severe penalties, and other relief imposed by governmental agencies and regulatory bodies, and claims, demands, and litigation by our customers or third parties, which may reduce demand for our products and result in reputational harm, substantial damages and other liabilities.

***Privacy concerns could result in regulatory changes and impose additional costs and liabilities on us, limit our use of information, and adversely affect our business.***

As adoption of our cloud-based products occurs, the amount of customer data, including customer personal data, that we manage, hold, and/or collect continues to increase. In addition, our products may collect, process, store, and use transaction-level data aggregated across insurers using our common data model. We anticipate that over time, we will continue to expand the use and collection of personal data as greater amounts of such personal data may be transferred from our customers to us. We recognize that privacy and data security has become a significant issue in the United States, Europe, the U.K., and many other jurisdictions where we operate.

Many federal, state, and foreign legislatures and government agencies have imposed, are considering imposing, or are considering changing restrictions and requirements about the collection, use, and disclosure of personal data. Changes to laws or regulations affecting privacy could impose additional costs and liabilities, including fines, on us and could limit our use of such information to add value for customers, including, for example, the California Consumer Privacy Act and the California Privacy Rights Act, which substantially went into effect on January 1, 2023 and other state privacy laws enacted in recent years. New EU laws related to the use of data, including in the Digital Services Act, the EU Data Act, and the EU AI Act, may impose additional rules and restrictions on the use of the data in our products. Additionally, evolving regulations aimed at enhancing financial sector resilience, such as the Digital Operational Resilience Act, may impact our operations by requiring adaptations for risk management and compliance, potentially leading to increased costs and operational adjustments. If we were required to change our business activities or revise or eliminate services, or to implement burdensome compliance measures, our business and results of operations could be harmed. We may be subject to fines, penalties, and potential litigation, including class action lawsuits, if we fail to comply with applicable privacy and/or data security laws, regulations, standards, and other requirements. The costs of compliance with and other burdens imposed by evolving privacy-related laws, regulations, and standards may limit the use and adoption of our products and reduce overall demand.

Furthermore, concerns regarding data privacy and/or security may cause our customers’ customers to resist providing the data and information necessary to allow our customers to use our products effectively. Even the perception that the privacy and/or security of personal data is not satisfactorily managed, or does not meet applicable legal, regulatory, and other requirements, could inhibit sales of our products, and could limit adoption of our solutions, resulting in a negative impact on our sales, reputation, and results of operations.

***Privacy concerns in the EU and the U.K. are evolving and we may face fines and other penalties, as well as reputational harm, if we fail to comply with these current and evolving laws, and compliance with these laws may increase our expenses and adversely affect our business and results of operations.***

On April 27, 2016, the EU adopted the European General Data Protection Regulation (the "GDPR"), that took effect on May 25, 2018. The GDPR applies to any company established in the EEA as well as to those outside the EEA if they carry out processing of personal data of individuals in the EEA that is related to the offering of goods or services to them or the monitoring of their behavior. The GDPR has enhanced data protection obligations for processors and controllers of personal data and non-compliance with the GDPR can trigger fines of up to €20 million, or 4% of total worldwide annual revenues, whichever is higher. Given the breadth and depth of changes in data protection obligations, we have previously invested significant resources to comply with GDPR requirements. While our expenditures have decreased in recent periods as we have improved our compliance efforts, we have in the past and may in the future need to allocate additional resources in response to new interpretations, regulatory guidance, and enforcement decisions, or ongoing negotiation of data processing agreements with our customers and business partners.

In addition, the GDPR restricts transfers of personal data outside the EEA to countries without adequate privacy protections, such as the United States, unless an appropriate safeguard specified by the GDPR such as the Standard Contractual Clauses is implemented. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue, with changes to the regulatory landscape recently adopted or anticipated from the EU and other jurisdictions such as Switzerland and the U.K. We (and many other companies) have and may in the future be required to adopt additional measures to accomplish and maintain legitimate means for the transfer and receipt of personal data from the EU to the United States and other countries. As data protection authorities continue to issue further guidance and orders on personal data export mechanisms and/or continue taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

We may experience hesitancy, reluctance, or refusal by European or multi-national customers to continue to use our products due to the potential risk exposure to such customers as a result of such developments and the data protection obligations imposed on them by various data protection authorities. Such customers may also view any alternative approaches to the transfer of any personal data as being too costly, too burdensome, or otherwise objectionable, and therefore may decide not to do business with us.

Given the nature of our cloud-based products and the current data protection landscape in the EU, we may be subject to greater risk of potential inquiries and/or enforcement actions from regulators. We may find it necessary to establish alternative systems to maintain EEA personal data within the EEA, which may involve substantial expense and may cause us to need to divert resources from other aspects of our business, all of which may adversely affect our results from operations. Further, any inability to adequately address privacy concerns in connection with our cloud-based services, or comply with applicable privacy or data protection laws, regulations, and policies, could result in additional cost and liability to us, including fines and harm to our reputation, and adversely affect our ability to offer cloud-based services.

In addition, as we are subject to the supervision of relevant data protection authorities under both the GDPR and United Kingdom's General Data Protection Regulation ("U.K. GDPR"), we could be fined under each of those regimes independently in respect of the same breach. The U.K. GDPR mirrors the data protection obligations and fines under the GDPR, but there may be further developments causing the obligations and fines to diverge, which could cause our cost of and risks associated with compliance to increase. Anticipated further evolution of EU and U.K. regulations on data privacy and security and any related changes to the regulatory framework in these or other countries may increase substantially our risk exposure to the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with the new obligations to be imposed by new regulations and interpretations of existing regulations and we may be required to make significant changes to our software applications and expanding business operations, all of which may adversely affect our results of operations.

***Assertions by third parties of infringement or other violation by us of their intellectual property rights could result in significant costs and substantially harm our business and results of operations.***

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. In particular, leading companies in the software industry own large numbers of patents, copyrights, trademarks, and trade secrets, which they may use to assert claims against us. From time to time, third parties holding such intellectual property rights, including leading companies, competitors, patent holding companies, and/or non-practicing entities, may assert patent, copyright, trademark, or other intellectual property claims against us, our customers and partners, and those from whom we license technology and intellectual property.

Although we believe that our products do not infringe upon the intellectual property rights of third parties, we cannot assure that we are not infringing or otherwise violating any third-party intellectual property rights or that third parties will not assert infringement or misappropriation claims against us with respect to current or future products, or that any such assertions will not require us to enter into royalty arrangements, result in costly litigation, or result in us being unable to use certain intellectual property. Infringement assertions from third parties may involve patent holding companies or other patent owners who have no relevant product revenue, and therefore our own issued and pending patents may provide little or no deterrence to these patent owners in bringing intellectual property rights claims against us.

If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property; cease making, licensing, or using our products that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our products; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or works; and to indemnify our partners, customers, and other third parties. Any of these events could seriously harm our business, results of operations, and financial condition.

***Failure to protect our intellectual property could substantially harm our business and results of operations.***

Our success depends in part on our ability to enforce and defend our intellectual property rights. We rely upon a combination of trademark, trade secret, copyright, patent, and unfair competition laws, as well as license agreements and other contractual provisions, to do so.

We have filed, and may in the future file, patent applications related to certain of our innovations. We do not know whether those patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, we may not receive competitive advantages from the rights granted under our patents and other intellectual property. Our existing patents and any patents granted to us or that we otherwise acquire in the future, may be contested, circumvented, or invalidated, and we may not be able to prevent third parties from infringing these patents. Therefore, the extent of the protection afforded by these patents cannot be predicted with certainty. In addition, given the costs, effort, risks, and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations; however, such patent protection could later prove to be important to our business.

We also rely on several registered and unregistered trademarks to protect our brand. Nevertheless, competitors may adopt service names similar to ours, or purchase our trademarks and confusingly similar terms as keywords in internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly leading to confusion in the marketplace. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our trademarks. Any claims or customer confusion related to our trademarks could damage our reputation and brand and substantially harm our business and results of operations.

We attempt to protect our intellectual property, technology, and confidential information by generally requiring our employees and consultants to enter into confidentiality agreements and assignment of inventions agreements and third parties to enter into nondisclosure agreements, all of which offer only limited protection. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property, or technology. Despite our efforts to protect our confidential information, intellectual property, and technology, unauthorized third parties may gain access to our confidential proprietary information, develop and market services or products similar to ours, or use trademarks similar to ours, any of which could materially harm our business and results of operations. In addition, others may independently discover our trade secrets and confidential information, and in such cases, we could not assert any trade secret rights against such parties. Existing United States federal, state, and international intellectual property laws offer only limited protection. The laws of some foreign countries do not protect our intellectual property rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as governmental agencies and private parties in the United States. Moreover, policing our intellectual property rights is difficult, costly, and may not always be effective.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, reputation, results of operations, and financial condition. If we are unable to protect our technology and to adequately maintain and protect our intellectual property rights, we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time, and effort required to create the innovative products that have enabled us to be successful to date.

***We and our customers rely on technology and intellectual property of third parties, the loss of which could limit the functionality of our products and disrupt our business.***

We use technology and intellectual property licensed from unaffiliated third parties in certain of our products, and we may license additional third-party technology and intellectual property in the future. Any errors, defects, or security issues in this third-party technology and intellectual property or the integration of third-party technology and intellectual property with our products could result in errors that could harm our brand and business. Though we have not experienced resulting impact to date, recent industry incidents, such as the CrowdStrike incident, involving vulnerabilities in third-party technology, underscore the potential risks associated with the use of third-party technology and intellectual property. Moreover, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all, or otherwise will be subject to restrictions that under applicable law could adversely affect our proprietary software. The loss of the right to license and distribute this third-party technology could limit the functionality of our products and might require us to redesign our products.

In addition, our Guidewire cloud offerings rely on third-party hosting and infrastructure services provided by AWS and other service providers, for the continuous, reliable, and secure operation of servers, related hardware and software, and network infrastructure. A prolonged AWS service disruption or slowdown for any reason could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business.

***Some of our products and technologies may use "open source" software, which may restrict how we use or distribute our services or require that we release the source code of certain products subject to those licenses.***

Some of our products and technologies may incorporate software licensed under so-called "open source" licenses. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Additionally, some open source licenses require that source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. These open source licenses typically mandate that proprietary software, when combined in specific ways with open source software, become subject to the open source license. If we combine our proprietary software in such ways with open source software, we could be required to release the source code of our proprietary software. Further, this third-party technology and intellectual property has the potential for security-related concerns, given that we do not create or maintain such third-party technology and intellectual property that may be exposed to unknown future security risks.

We take steps to ensure that our proprietary software is not combined with, and does not incorporate, open source software in ways that would require our proprietary software to be subject to many of the restrictions in an open source license. However, few courts have interpreted open source licenses, and the manner in which these licenses may be interpreted and enforced is therefore subject to some uncertainty. Additionally, we rely on hundreds of software programmers to design our proprietary technologies, and although we take steps to prevent our programmers from including objectionable open source software in the technologies and software code that they design, write and modify, we do not exercise complete control over the development efforts of our programmers and we cannot be certain that our programmers have not incorporated such open source software into our proprietary products and technologies or that they will not do so in the future. In the event that portions of our proprietary technology are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our services and technologies and materially and adversely affect our business, results of operations, and prospects.

***We may be obligated to disclose our proprietary source code to our customers, which may limit our ability to protect our intellectual property and could reduce the renewals of our support services.***

Our software license agreements typically contain provisions permitting the customer to become a party to, or a beneficiary of, a source code escrow agreement under which we place the proprietary source code for our applicable products in escrow with a third party. Under these escrow agreements, the source code to the applicable product may be released to the customer, typically for its use to maintain, modify, and enhance the product, upon the occurrence of specified events, such as our filing for bankruptcy, discontinuance of our support services, and breaching our representations, warranties, or covenants of our agreements with our customers. Additionally, in some cases, customers have the right to request access to our source code upon demand. Some of our customers have obtained the source code for certain of our products by exercising this right, and others may do so in the future.

Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for that source code or the products containing that source code and may facilitate intellectual property infringement claims against us. It also could permit a customer to which a product's source code is disclosed to support and maintain that software product without being required to purchase our support services. Each of these could harm our business, results of operations, and financial condition.

## Risks Related to Legal, Regulatory, Accounting, and Tax Matters

***The nature of our business requires the application of accounting guidance that requires management to make estimates and assumptions. Reported results under United States Generally Accepted Accounting Principles ("GAAP") may vary from key metrics used to measure our business. Additionally, changes in accounting guidance may cause us to experience greater volatility***

***in our quarterly and annual results. If we are unsuccessful in adapting to and interpreting the requirements of new guidance, or in clearly explaining to stockholders how new guidance affects reporting of our results of operations, our stock price may decline.***

We prepare our consolidated financial statements to conform to GAAP. These accounting principles are subject to interpretation by the SEC, Financial Accounting Standards Board ("FASB"), and various bodies formed to interpret and create accounting rules and regulations. Accounting standards, or the guidance relating to interpretation and adoption of standards, could have a significant effect on our financial results and could affect our business. Additionally, the FASB and the SEC are focused on the integrity of financial reporting, and our accounting policies are subject to scrutiny by regulators and the public.

We cannot predict the impact of future changes to accounting principles or our related accounting policies on our financial statements going forward. In addition, were we to change our accounting estimates, including those related to the timing of revenue recognition and those used to allocate revenue between various performance obligations, our reported revenue and results of operations could be significantly impacted. If we are unsuccessful in adapting to the requirements of any new standard, or if changes to our go-to-market strategy create new risks, then we may experience greater volatility in our quarterly and annual results, which may cause our stock price to decline.

In addition, GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources.

Further, revenue recognition standards require significant judgment and estimates that impact our reported revenue and results of operations. Additionally, reported revenue has and will vary from ARR, a non-GAAP metric, and cash flow associated with each customer agreement. For example, for some arrangements with multiple performance obligations, a portion of recurring license and support or subscription contract value is allocated to services revenue for revenue recognition purposes, but does not get allocated for purposes of calculating ARR. This revenue allocation only impacts the initial term of the contract. This means that if we increase arrangements with multiple performance obligations that include services at discounted rates, more of the total contract value would be recognized as services revenue, but our reported ARR amount would not be impacted. This potential difference and variability in the trends of reported amounts may cause volatility in our stock price.

***If we fail to maintain effective internal control over financial reporting or identify a material weakness in our internal control over financial reporting, our ability to report our financial condition and results of operations in a timely and accurate manner could be adversely affected, investor confidence in our Company could diminish, and the value of our common stock may decline.***

Preparing our consolidated financial statements involves a number of complex manual and automated processes, which are dependent upon individual data input or review and require significant management judgment. One or more of these processes may result in errors that may not be detected and could result in a material misstatement of our consolidated financial statements. The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires, among other things, that as a publicly traded company we disclose whether our internal control over financial reporting and disclosure controls and procedures are effective.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

While we continually undertake steps to improve our internal control over financial reporting as our business changes, we may not be successful in making the improvements and changes necessary to be able to identify and remediate control deficiencies or material weaknesses on a timely basis. If we are unable to successfully remediate any future material weaknesses in our internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected; our liquidity, access to capital markets and perceptions of our creditworthiness may be adversely affected; we may be unable to maintain compliance with securities laws, stock exchange listing requirements and debt instruments covenants regarding the timely filing of periodic reports; we may be subject to regulatory investigations and penalties; investors may lose confidence in our financial reporting; we may suffer defaults under our debt instruments; and our stock price may decline.

***If tax laws change or we experience adverse outcomes resulting from examination of our income tax returns, it could adversely affect our results of operations.***

We are subject to federal, state, and local income taxes in the United States and in foreign jurisdictions. Our future effective tax rates and the value of our deferred tax assets could be adversely affected by changes in, interpretations of, and guidance regarding tax laws, including impacts of the Tax Cuts and Jobs Act of 2017, the Coronavirus Aid, Relief, Economic Security Act of 2020, the Inflation Reduction Act of 2022, and certain OECD proposals, including the implementation of the global minimum tax under the Pillar Two model rules.

In addition, we are subject to the examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of our provision for income taxes. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe we have made appropriate provisions for taxes in the jurisdictions in which we operate, changes in the tax laws or challenges from tax authorities under existing tax laws could adversely affect our business, results of operations, or financial condition.

## Risks Related to Ownership of Our Common Stock

***Our stock price may be volatile, which could result in securities class action litigation against us.***

The market price of our common stock could be subject to wide fluctuations in response to, among other things, the risk factors described in this report, the timing and amount of any share repurchases by us, and other factors beyond our control, such as fluctuations in the valuation of companies perceived by investors to be comparable to us and research analyst coverage about our business.

Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions, such as recessions, interest rate changes, inflation or deflation, armed conflict, international currency fluctuations, or other global events have and may continue to affect the market price of our common stock.

In the past, we and many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation and we may become the target of complaints of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from our business, which could seriously harm our business, results of operations, and financial condition.

***We currently do not intend to pay dividends on our common stock and, consequently, the only opportunity to achieve a return on investment is if the price of our common stock appreciates.***

We currently do not plan to declare dividends on shares of our common stock in the foreseeable future. Consequently, the only opportunity to achieve a return on investment in our Company will be if the market price of our common stock appreciates and shares are sold at a profit.

***Certain provisions of our certificate of incorporation and bylaws and of Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.***

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions may also prevent or delay attempts by stockholders to replace or remove our current management or members of our board of directors. These provisions include:

- not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- authorizing our board of directors to issue, without stockholder approval, preferred stock rights senior to those of common stock, which could be used to significantly dilute the ownership of a hostile acquirer;
- prohibiting stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- limiting the persons who may call special meetings of stockholders, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- requiring advance notification of stockholder nominations and proposals, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

The affirmative vote of the holders of at least a majority of our shares of capital stock entitled to vote is generally necessary to amend or repeal the above provisions that are contained in our amended and restated certificate of incorporation. Also, absent approval of our board of directors, our amended and restated bylaws may only be amended or repealed by the affirmative vote of the holders of at least 50% of our shares of capital stock entitled to vote.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding common stock, from engaging in certain business combinations without approval of substantially all of our stockholders for a certain period of time.

These and other provisions in our amended and restated certificate of incorporation, our amended and restated bylaws, and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay for shares of our common stock in the future, and result in the market price of our shares being lower than it would be without these provisions.

***Our amended and restated bylaws designate certain state or federal courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us.***

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any state law claim for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders;
- any action asserting a claim arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim that is governed by the internal affairs doctrine (the "Delaware Forum Provision").

The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Further, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the United States District Court for the Northern District of California will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"), as we are based in the State of California. In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees (including, without limitation, any claims in respect of stockholder nominations of directors as permitted under our amended and restated bylaws), which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the United States District Court for the Northern District of California may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

***We cannot guarantee that any share repurchase program will be fully consummated or it will enhance stockholder value, and share repurchases could affect the price of our common stock.***

In September 2022, our board of directors authorized and approved a share repurchase program of up to $400.0 million of our outstanding common stock. As of July 31, 2024, $138.2 million of the share repurchase program remained available for future repurchases. Share repurchases under the program may be made from time to time, in the open market, in privately negotiated transactions and otherwise, at the discretion of management and in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act, and other applicable legal requirements. Such repurchases may also be made in compliance with Rule 10b5-1 trading plans entered into by us. The timing, pricing, and size of these repurchases will depend on a number of factors, including the market price of our common stock and general market and economic conditions. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares, and the program may be suspended or discontinued at any time, which may result in a decrease in the price of our common stock. The share repurchase program could affect the price of our common stock, increase volatility, and diminish our cash reserves.

## General Risk Factors

***If we are unable to retain our personnel and hire and integrate additional skilled personnel, we may be unable to achieve our goals and our business will suffer.***

Our future success depends upon our ability to continue to attract, train, integrate, and retain highly skilled employees, particularly our executive officers, sales and marketing personnel, professional services personnel, cloud operations personnel, and software engineers, especially personnel experienced in delivering cloud-based offerings. Additionally, our stakeholders expect us to have a culture that embraces diversity, inclusion, and belonging. Our inability to attract and retain diverse and qualified personnel, or delays in hiring required personnel, may seriously harm our business, results of operations, and financial condition. If U.S. immigration policy related to skilled foreign workers were materially adjusted, such a change could hamper our efforts to hire highly skilled foreign employees, including highly specialized engineers, which would adversely impact our business.

Any one of our executive officers and other key employees could terminate his or her relationship with us at any time. The loss of one or more of our executive officers or key employees, and any failure to have in place and execute an effective succession plan for key executive officers, could significantly delay or prevent us from achieving our business and/or development objectives and could disrupt or materially harm our business. Although we strive to reduce the challenges of any transition, failure to ensure effective transfer of knowledge and a smooth transition could disrupt or adversely affect our business, results of operations, financial condition, and prospects.

We face competition for qualified individuals from numerous software and other technology companies. Competition for qualified personnel is particularly intense in the San Francisco Bay Area, where our headquarters are located, though we also face significant competition in all of our domestic and foreign development centers. Further, significant amounts of time and resources are required to train technical, sales, services, operations, and other personnel. We may incur significant costs to attract, train, and retain such personnel, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment after recruiting and training them.

Also, to the extent that we hire personnel from competitors, we may be subject to allegations that such personnel have been improperly solicited or have divulged proprietary or other confidential information. In addition, we have a limited number of sales people and the loss of several sales people within a short period of time could have a negative impact on our sales efforts. Additionally, current global events and recent economic conditions have increased attrition and decreased the number of available candidates for open positions, which has increased the time to identify and hire new employees. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, including managing employees and contractors remotely or in a hybrid environment, or we may be required to pay increased compensation in order to do so.

Further, our ability to expand geographically depends, in large part, on our ability to attract, retain, and integrate managers with the appropriate skills to lead the local business and employees. Similarly, our profitability depends on our ability to effectively utilize personnel with the right mix of skills and experience to perform services for our customers, including our ability to transition employees to new assignments on a timely basis. If we are unable to effectively deploy our employees globally on a timely basis to fulfill the needs of our customers, our reputation could suffer and our ability to attract new customers may be harmed.

Because of the technical nature of our products and the dynamic market in which we compete, any failure to attract, integrate, and retain qualified direct sales, professional services, cloud operations, and product development personnel, as well as our contract workers, could harm our ability to generate sales, deliver consulting services, manage our customers' cloud environments, or successfully develop new products and enhancements of existing products.

***Servicing our indebtedness requires a significant amount of cash. We may not have sufficient cash flow from our business to pay our substantial indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of the Convertible Senior Notes or to repurchase the Convertible Senior Notes upon a fundamental change, which could adversely affect our business and results of operations.***

As of October 31, 2024, we had outstanding an aggregate principal amount of $969.1 million of our Convertible Senior Notes, consisting of $279.1 million due March 2025 and $690.0 million due November 2029. In addition, we established a $300.0 million senior revolving credit facility, arranged by a syndicate of financial institutions, in December 2024. Our indebtedness may increase our vulnerability to any generally adverse economic and industry conditions, and we and our subsidiaries may, subject to the limitations in the terms of our existing and future indebtedness, incur additional debt, secure existing or future debt, or recapitalize our debt. If we incur additional indebtedness, the risks related to our business would increase and our ability to service or repay our indebtedness may be adversely impacted.

Holders of the 2025 Convertible Senior Notes may convert their notes at their option at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of March 15, 2025. Before August 1, 2029, holders of the 2029 Convertible Senior Notes will have the right to convert their notes only upon the occurrence of certain events, and on or after August 1, 2029, the 2029 Convertible Senior Notes become convertible at any time at the election of the holders until the close of business on the second scheduled trading day immediately preceding the maturity date of November 1, 2029. Upon conversion of the Convertible Senior Notes, we will be obligated to make cash payments. In addition, holders of our Convertible Senior Notes will have the right to require us to repurchase their Convertible Senior Notes upon the occurrence of a fundamental change (as defined in the

2025 Indenture and 2029 Indenture) at a repurchase price equal to 100% of the principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change purchase date. Although we are required to settle the 2025 Convertible Senior Notes using cash up to the principal amount of the 2025 Convertible Senior Notes and shares of our common stock for any conversion value, and we have the option to settle the 2029 Convertible Senior Notes in either cash or a combination of cash and shares, we may not have sufficient available cash or be able to obtain financing at the time we are required to settle the 2025 Convertible Senior Notes or the 2029 Convertible Senior Notes. Additionally, our ability to make payments may be limited by law, by regulatory authority, or by agreements governing our future indebtedness. Our failure to repurchase Convertible Senior Notes at a time when the repurchase is required by the 2025 Indenture or 2029 Indenture or to pay any cash payable on future conversions of the Convertible Senior Notes as required by such Indenture would constitute a default under such Indenture. A default under the 2025 Indenture or 2029 Indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and settle the Convertible Senior Notes or make cash payments upon conversions thereof.

Our ability to make scheduled payments of the principal and interest on our indebtedness when due or to make payments upon conversion or repurchase demands with respect to our Convertible Senior Notes, or to refinance our indebtedness as we may need or desire, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under our existing indebtedness, and any future indebtedness we may incur, and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance existing or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our existing or future indebtedness and have a material adverse effect on our business, results of operations, and financial condition.

***Increased and complex scrutiny of sustainability matters may require us to incur additional costs or otherwise adversely impact our business.***

Increased investor, governmental, and societal attention to and expectations around the wide range of issues generally referred to as sustainability matters and our response to the same, may result in increased costs (including, but not limited to, increased costs related to compliance, stakeholder engagement and contracting), impact our reputation, or otherwise negatively affect our business performance. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on sustainability matters, while other organizations are pushing corporations not to focus on sustainability matters in decision making. Both unfavorable sustainability ratings and engaging in activities designed to improve such ratings could lead to negative investor sentiment toward us and/or our industry, which could have a negative impact on our access to and costs of capital. To the extent sustainability matters negatively impact our reputation, we may also not be able to compete as effectively to recruit or retain employees. We may take certain actions in relation to sustainability matters in response to stakeholder demand; however, such actions may be costly or be subject to numerous conditions that are outside our control, and we cannot guarantee that such actions will have the desired effect or outcome. Moreover, while we may create and publish voluntary disclosures regarding sustainability matters (in particular, information related to sustainability, environmental and human capital matters) from time to time, many of the statements in such voluntary disclosures are based on certain expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many sustainability, environmental and human capital matters. Such disclosures may also be at least partially reliant on third-party information that we have not independently verified or that otherwise cannot be independently verified.

Statements about our sustainability, environmental and human capital initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. If our related data, processing and reporting are incomplete or otherwise inaccurate, or if we fail to achieve progress on certain metrics on a timely basis, our reputation, business, financial performance, and growth could be adversely affected.

In addition, we expect there will likely continue to be increasing levels of regulation and disclosure-related requirements with respect to sustainability, environmental and human capital matters, and increased regulation will likely lead to increased compliance costs as well as scrutiny that could heighten all of the associated risks identified in this risk factor. Such compliance matters may also impact our customers, which could adversely impact our business, results of operations, or financial condition.

***Global events have adversely affected, and may continue to adversely affect, our business, results of operations, and financial condition.***

Global events have adversely affected and may continue to adversely affect workforces, organizations, economies, and financial markets globally, leading to economic downturns, inflation, and increased market volatility. Ongoing conflicts such as the wars between Israel and Hamas and between Russia and Ukraine, escalating tensions in the South China Sea, high interest rates, financial instability and crises, pandemics, and supply chain issues have added to global economic and market volatility. Our past business and financial results, including our ARR growth rates, services revenue, and margins, have been adversely impacted due to the disruptions resulting from such events, and may be again in the future. Such global events have disrupted and may again disrupt the normal operations of our customers' businesses and our SI partners' businesses. The related impacts of global events on the global economy could decrease or delay technology spending and adversely affect demand for our products. Further, our sales and implementation cycles could increase, which could result in contract terms more favorable to customers and a potentially longer delay between incurring operating expenses and the generation of corresponding revenue, if any, or difficulty in accurately forecasting our financial results. Additionally, our customers may be unable to pay outstanding invoices or may request amended payment terms due to the economic impacts from such global events and related implementation delays. As a result of such developments and the related economic impact to our business, we may be required to record impairment related to our operating lease assets, investments, long-lived assets, or goodwill. Due to the continuing and evolving nature of such global events, it is not possible for us to accurately predict the duration or magnitude of the adverse impacts and effects on our business, results of operations, or financial condition. Further, to the extent global events adversely affects our business, results of operations, or financial condition, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

***Our customers may defer or forego purchases of our products in the event of weakened global economic conditions, political transitions, and industry consolidation.***

General worldwide economic conditions remain unstable, and prolonged economic uncertainties or downturns could harm our business, results of operations, or financial condition. In particular, global inflation concerns, ongoing conflicts such as the wars between Israel and Hamas and between Russia and Ukraine, the occurrence of regional epidemics or a global pandemic and related public health measures, and escalating tensions in the South China Sea, have created and may continue to create global economic uncertainty in regions in which we have significant operations. These conditions may make it difficult for our customers and us to forecast and plan future business activities accurately, and could cause our customers to reevaluate their decision to purchase our products, which could delay and lengthen our sales cycles, delay or increase pricing pressures on services engagements, or result in cancellations of planned purchases. Moreover, during challenging economic times our customers may face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. If that were to occur, we may not receive amounts owed to us and may be required to record an accounts receivable allowance, which would adversely affect our financial results. A substantial downturn in the P&C insurance industry may cause firms to react to worsening conditions by reducing their capital expenditures, reducing their spending on information technology, delaying or canceling information technology projects, or seeking to lower their costs by renegotiating vendor contracts. Negative or worsening conditions in the general economy both in the United States and abroad, including conditions resulting from financial and credit market fluctuations and inflation, could cause a decrease in corporate spending on enterprise software in general, and in the insurance industry specifically, and negatively affect the rate of growth of our business.

Furthermore, the increased pace of consolidation in the P&C insurance industry may result in reduced overall spending on our products and professional services. Acquisitions of customers or potential customers can delay or cancel sales cycles or result in existing arrangements not being renewed and because we cannot predict the timing or duration of such acquisitions, our results of operations could be materially impacted.

***Factors outside of our control, including, but not limited to, natural catastrophes, the geopolitical landscape, and terrorism may adversely impact the P&C insurance industry or third parties we rely on, preventing us from expanding or maintaining our existing customer base and harming our business. Our business is subject to the risks of earthquakes, fire, floods, and other natural catastrophic events, and to interruption by man-made problems such as computer viruses.***

Our customers are P&C insurers that have experienced, and will likely experience in the future, losses from catastrophes or terrorism that may adversely impact their businesses. Catastrophes that impact our business, our customers, or third parties we rely on can be caused by various events, including, without limitation, hurricanes, tsunamis, floods, typhoons, windstorms, earthquakes, hail, tornadoes, explosions, volcanic eruptions, severe weather, excessive heat, epidemics, pandemics, and fires. Climate change and other environmental factors are contributing to an increase in erratic weather patterns globally and intensifying the impact of certain types of catastrophes. Moreover, acts of terrorism or armed conflict or uncertainty in the geopolitical landscape, including as a result of escalation in the ongoing conflicts such as the wars between Israel and Hamas and between Russia and Ukraine as well as the escalation of tensions in the South China Sea, could cause disruptions to our business or our customers' businesses or the economy as a whole. The risks associated with natural catastrophes, the geopolitical landscape, and terrorism are inherently unpredictable, and it is difficult to forecast the timing of such events or estimate the amount of losses they will generate. Recently, for example, various parts of the United States have suffered damage from Hurricane Helene, wildfires in Maui, Hawaii and California, and heatwaves affecting the Pacific Northwest, while Turkey and Syria experienced severe earthquakes, Canada faced wildfires, and Australia experienced wildfires and flooding. The combined and expected effect of those losses on P&C insurers is significant. Such losses and losses due to future events may adversely impact our current or potential customers, which may prevent us from maintaining or expanding our customer base and increasing our revenue, as such events may cause customers to postpone purchases and professional service engagements or to discontinue existing projects.

Our corporate headquarters and a substantial portion of our operations are located in the San Francisco Bay Area, a region known for seismic activity and rising ocean levels and near an area subject to severe fire damage. A significant natural disaster, such as an earthquake, tsunami, fire or flood affecting the Bay Area could have a material adverse impact on our business, results of operations, and financial condition.

In addition, our information technology systems are vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering, such as the recent CrowdStrike incident. To the extent that such disruptions result in delays or cancellations of customer orders or collections, or the deployment or availability of our products, our business, results of operations, and financial condition would be adversely affected.

***Adverse developments affecting certain financial institutions, as well as the banking system as a whole, could negatively affect our current and projected business operations and our financial condition and results of operations.***

Adverse developments that may affect certain financial institutions and the banking system as a whole, such as events involving liquidity that are either rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity concerns. For example, in March 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Similarly, other institutions have been and may continue to be swept into receivership. Up until March of 2023, our primary banking partner in the United States was Silicon Valley Bank. Since such time, we have further diversified our banking relationships. In connection with such developments, we have not experienced any material adverse impact to our cash flow or to our current and projected business operations, financial condition, or results of operations. Although we are continuing to evaluate and diversify our banking relationships, uncertainty may remain over liquidity concerns in the broader financial services industry. As a consequence, our business, our business partners, or industry as a whole may be adversely impacted in ways that we cannot predict at this time. Further, a significant portion of our assets are held in cash, cash equivalent and marketable securities. If any financial uncertainty were to impact a broad segment of the financial services industry, our enterprise value and our future prospects could be harmed or otherwise negatively impacted.

***Our revenue, results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, and Polish Zloty.***

The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Although we believe our operating activities act as a natural hedge for a majority of our foreign currency exposure at the cash flow or operating income level because we typically collect revenue and incur costs in the currency of the location in which we provide our software and services, our relationships with our customers are long-term in nature so it is difficult to predict if our operating activities will provide a natural hedge in the future. In addition, because our contracts are characterized by large annual payments, significant fluctuations in foreign currency exchange rates that coincide with annual payments may affect our cash flows, revenue or financial results in such quarter. Our results of operations may also be impacted by transaction gains or losses related to revaluing certain current asset and liability balances that are denominated in currencies other than the functional currency of the entity in which they are recorded. Moreover, significant and unforeseen changes in foreign currency exchange rates may cause us to fail to achieve our stated projections for revenue, ARR, and operating income, which could have an adverse effect on our stock price. We expect global exchange rates for various currencies may be more volatile than normal as a result of ongoing conflicts, including the wars between Israel and Hamas and between Russia and Ukraine and related events. We will continue to experience fluctuations in foreign currency exchange rates, which, if material, may harm our revenue, ARR, or results of operations.

***The conversion feature of the Convertible Senior Notes may adversely affect our financial condition and results of operations.***

As of October 15, 2024, the settlement method for our 2025 Convertible Senior Notes became “Combination Settlement” (as defined in the 2025 Indenture), requiring a combination of cash and shares of our common stock, with cash paid in lieu of fractional shares. Holders of our 2025 Convertible Senior Notes may convert their notes generally at any future time until shortly prior to their maturity date. Any such conversions will require us to use cash, which could negatively impact our liquidity and financial condition.

In the event the conditional conversion feature of the 2029 Convertible Senior Notes is triggered, holders of our 2029 Convertible Senior Notes will be entitled to convert their 2029 Convertible Senior Notes at any time during specified periods at their option. If one or more holders elect to convert their 2029 Convertible Senior Notes, we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

***Transactions relating to our Convertible Senior Notes may affect the value of our common stock.***

The conversion of some or all of the Convertible Senior Notes would dilute the ownership interests of existing stockholders to the extent we satisfy our conversion obligation by delivering shares of our common stock upon any conversion of such Convertible Senior Notes. Our 2025 Convertible Senior Notes are currently convertible and our 2029 Convertible Senior Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Convertible Senior Notes elect to convert their notes, in certain circumstances we will be required to settle our conversion obligation by delivering shares of our common stock, which would cause dilution to our existing stockholders.

In connection with the issuance of the 2025 Convertible Senior Notes and 2029 Convertible Senior Notes, we entered into capped call transactions with certain financial institutions (collectively, the “option counterparties”). The capped call transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of the notes and/or offset any cash payments we are required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap.

From time to time, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the 2025 Convertible Senior Notes or 2029 Convertible Senior Notes. Such activities could cause a decrease in the market price of our common stock.

***We are subject to counterparty risk with respect to the capped call transactions.***

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past and recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

## ITEM 5. Other Information

During the three months ended October 31, 2024, our officers and directors listed below adopted Rule 10b5-1 trading arrangements intended to satisfy the affirmative defense of Rule 10b5-1(c) promulgated under the Exchange Act. The details of these arrangements are as follows:

| Name and Title | Action | Date | Number of Shares to be Sold |
|---|---|---|---|
| Jeff Cooper, Chief Financial Officer | Adopted(1) | October 15, 2024 | Up to 18,000(3) |
| Michael C. Keller, Chairman | Adopted(2) | October 15, 2024 | Up to 4,647 |
| Winston King, Chief Administrative Officer, General Counsel, and Secretary | Adopted(1) | October 15, 2024 | Up to 21,000(3) |
| John Mullen, President | Adopted(1) | October 15, 2024 | Up to 36,000 |
| Mike Rosenbaum, Chief Executive Officer | Adopted(1) | October 15, 2024 | Up to 71,400 |

(1) Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) with sales occurring periodically from the estimated selling start date of January 15, 2025 and continuing through the earlier of the execution of all trading orders pursuant to the plan and December 31, 2025.

(2) Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) with sales occurring periodically from the estimated selling start date of January 15, 2025 and continuing through the earlier of the execution of all trading orders pursuant to the plan and June 30, 2025.

(3) This number represents an estimate of the maximum number of shares of common stock that may be sold pursuant to the trading plan, based on an assumed 40% tax withholding rate and the maximum payout of PSUs that have not yet achieved or vested. The actual number of shares sold will depend on the satisfaction of the conditions specified in the plan and the final tax withholding requirements at the time of sale.

In addition to sales under Rule 10b5-1(c) plans, pursuant to the terms of our equity incentive plans and awards thereunder, shares are sold at vesting to cover the holder’s tax liability associated with the vesting of such RSUs and PSUs.

**ITEM 6. Exhibits**

The exhibits listed below are filed or incorporated by reference as part of this report.

| Exhibit Number | Description | Incorporated by Reference From Form | Incorporated by Reference From Exhibit Number | Date Filed |
|---|---|---|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation | 8-K | 3.1 | December 21, 2022 |
| 3.2 | Amended and Restated Bylaws | 8-K | 3.2 | December 21, 2022 |
| 4.1 | Form of Common Stock Certificate of the Registrant | S-1/A | 4.1 | January 9, 2012 |
| 4.2 | Indenture, dated as of October 18, 2024, between Guidewire Software, Inc. and U.S. Bank Trust Company, National Association, as trustee | 8-K | 4.1 | October 18, 2024 |
| 4.3 | Form of certificate representing the 1.25% Convertible Senior Notes due 2029 (included as Exhibit A to Exhibit 4.2) | 8-K | 4.2 | October 18, 2024 |
| 10.1 | Form of Capped Call Confirmations | 8-K | 10.1 | October 18, 2024 |
| 10.2* | Credit Agreement, dated as of December 2, 2024, among Guidewire Software, Inc., as borrower, certain subsidiaries as guarantors, Bank of America, N.A., as administrative agent, and certain other lenders thereunder | 8-K | 10.1 | December 5, 2024 |
| 19.1* | Insider Trading Policy and Guidelines | Filed herewith | | |
| 31.1 | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act | Filed herewith | | |
| 31.2 | Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act | Filed herewith | | |
| 32.1** | Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act | Furnished herewith | | |
| 99.6 | Compensation Recovery (“Clawback”) Policy | Filed herewith | | |
| 101.INS | Inline XBRL Instance Document | Filed herewith | | |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | Filed herewith | | |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | Filed herewith | | |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | Filed herewith | | |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | Filed herewith | | |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | Filed herewith | | |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101) | Filed herewith | | |

* Portions of this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The Company undertakes to furnish a copy of all omitted schedules and exhibits to the SEC upon its request.

** The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

| | | | |
|---|---|---|---|
| Date: | December 5, 2024 | **GUIDEWIRE SOFTWARE, INC.** | |
| | | By: | /s/ JEFF COOPER |
| | | | **Jeff Cooper** |
| | | | **Chief Financial Officer** |
| | | | **(Principal Financial and Accounting Officer)** |

**GUIDEWIRE SOFTWARE, INC.**

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# INSIDER TRADING POLICY

**and**

**Guidelines with Respect to Certain Transactions in Securities**

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Amended as of March 14, 2023

## TABLE OF CONTENTS

## INTRODUCTION

Guidewire Software, Inc. (together with its subsidiaries, the *"**Company**"*) prohibits the unauthorized disclosure of material nonpublic information acquired in the course of your service with the Company and the misuse of material nonpublic information in securities trading. Any such actions will be deemed violations of this Insider Trading Policy (the *"**Policy**"*).

### Legal prohibitions on insider trading

The antifraud provisions of U.S. federal securities laws prohibit directors, officers, employees and other individuals who possess material nonpublic information from trading on the basis of that information. Transactions will be considered "on the basis of" material nonpublic information if the person engaged in the transaction was aware of the material nonpublic information at the time of the transaction. It is not a defense that the person did not "use" the information for purposes of the transaction.

Disclosing material nonpublic information directly or indirectly to others who then trade based on that information or making recommendations or expressing opinions as to transactions in securities while aware of material nonpublic information (which is sometime referred to as *"**tipping**"*) is also illegal. Both the person who provides the information, recommendation or opinion and the person who trades based on it may be liable.

These illegal activities are commonly referred to as *"**insider trading**"*. State securities laws and securities laws of other jurisdictions also impose restrictions on insider trading.

In addition, a company, as well as individual directors, officers and other supervisory personnel, may be subject to liability as "controlling persons" for failure to take appropriate steps to prevent insider trading by those under their supervision, influence or control.

### Detection and prosecution of insider trading

The U.S. Securities and Exchange Commission (the *"**SEC**"*), the Financial Industry Regulatory Authority and the New York Stock Exchange use sophisticated electronic surveillance techniques to investigate and detect insider trading, and the SEC and the U.S. Department of Justice pursue insider trading violations vigorously. Cases involving trading through foreign accounts, trading by family members and friends and trading involving only a small number of shares have been successfully prosecuted.

### Penalties for violation of insider trading laws and this Policy

*Civil and criminal penalties.* As of the last amendment date of this Policy, potential penalties for insider trading violations under U.S. federal securities laws include:

- damages in a private lawsuit;
- disgorging any profits made or losses avoided;
- imprisonment for up to 20 years;
- criminal fines of up to $5 million for individuals and $25 million for entities;
- civil fines of up to three times the profit gained or loss avoided;
- a bar against serving as an officer or director of a public company; and
- an injunction against future violations.

Civil and criminal penalties also apply to tipping. The SEC has imposed large penalties in tipping cases even when the disclosing person did not trade or gain any benefit from another person's trading.

*Controlling person liability.* As of the last amendment date of this Policy, the penalty for "controlling person" liability is a civil fine of up to the greater of $2.3 million or three times the profit gained or loss avoided as a result of the insider trading violations, as well as potential criminal fines and imprisonment.

*Company disciplinary actions.* If the Company has a reasonable basis to conclude that you have failed to comply with this Policy, you may be subject to disciplinary action by the Company, up to and including dismissal for cause, regardless of whether or not your failure to comply with this Policy results in a violation of law. It is not necessary for the Company to wait for the filing or conclusion of any civil or criminal action against an alleged violator before taking disciplinary action. In addition, the Company may give stop transfer and other instructions to the Company's transfer agent to enforce compliance with this Policy.

**Compliance Officer**

Please direct any questions, requests or reports as to any of the matters discussed in this Policy to the General Counsel of the Company (the *"**Compliance Officer**"*). The Compliance Officer is generally responsible for the administration of this Policy. The Compliance Officer may select others to assist with the execution of his or her duties.

**Reporting violations**

It is your responsibility to help enforce this Policy. You should be alert to possible violations and promptly report violations or suspected violations of this Policy to the Compliance Officer. If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible. If you wish to remain anonymous, send a letter addressed to the Compliance Officer at 2850 South Delaware Street, Suite 400, San Mateo, CA 94403. If you make an anonymous report, please provide as much detail as possible, including any evidence that you believe may be relevant to the issue.

**Personal responsibility**

The ultimate responsibility for complying with this Policy and applicable laws and regulations rests with you. You should use your best judgment at all times and consult with your legal and financial advisors, as needed. We advise you to seek assistance if you have any questions at all. The rules relating to insider trading can be complex, and a violation of insider trading laws can carry severe consequences.

## PERSONS AND TRANSACTIONS COVERED BY THIS POLICY

### Persons covered by this Policy

This Policy applies to all directors, officers, employees and agents (such as consultants and independent contractors) of the Company. References in this Policy to "you" (as well as general references to directors, officers, employees and agents of the Company) should also be understood to include members of your immediate family, persons with whom you share a household, persons that are your economic dependents and any other individuals or entities whose transactions in securities you influence, direct or control (including, for example, a venture or other investment fund, if you influence, direct or control transactions by the fund). You are responsible for making sure that these other individuals and entities comply with this Policy.

### Types of transactions covered by this Policy

Except as discussed in the section titled "**Limited Exceptions**", this Policy applies to *all* transactions *involving* the securities of the Company or the securities of other companies as to which you possess material nonpublic information obtained in the course of your service with the Company. This Policy therefore applies to purchases, sales and other transfers of common stock, options, warrants, preferred stock, debt securities (such as debentures, bonds and notes) and other securities. This Policy also applies to any arrangements that affect economic exposure to changes in the prices of these securities. These arrangements may include, among other things, transactions in derivative securities (such as exchange-traded put or call options), hedging transactions, short sales and certain decisions with respect to participation in benefit plans. This Policy also applies to any offers with respect to the transactions discussed above. You should note that there are no exceptions from insider trading laws or this Policy based on the size of the transaction.

### Responsibilities regarding the nonpublic information of other companies

This Policy prohibits the unauthorized disclosure or other misuse of any nonpublic information of other companies, such as the Company's distributors, vendors, customers, collaborators, suppliers and competitors. This Policy also prohibits insider trading and tipping based on the material nonpublic information of other companies.

### Applicability of this Policy after your departure

You are expected to comply with this Policy until such time as you are no longer affiliated with the Company *and* you no longer possess any material nonpublic information subject to this Policy. In addition, if you are subject to a trading blackout under this Policy at the time you cease to be affiliated with the Company, you are expected to abide by the applicable trading restrictions until at least the end of the relevant blackout period.

### No exceptions based on personal circumstances

There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse a failure to comply with this Policy.

## MATERIAL NONPUBLIC INFORMATION

**"Material" information**

Information should be regarded as "material" if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell securities or would view the information as significantly altering the total mix of information in the marketplace about the issuer of the security. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material. Either positive or negative information may be material.

It is not possible to define all categories of "material" information. However, some examples of information that would often be regarded as material include information with respect to:

- Financial results, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with the expectations of the investment community;
- Restatements of financial results, or material impairments, write-offs or restructurings;
- Changes in independent auditors, or notification that the Company may no longer rely on an audit report;
- Business plans or budgets;
- Creation of significant financial obligations, or any significant default under or acceleration of any financial obligation;
- Impending bankruptcy or financial liquidity problems;
- Significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners;
- Product introductions, modifications, defects or recalls or significant pricing changes or other product announcements of a significant nature;
- Significant developments in research and development or relating to intellectual property;
- Significant legal or regulatory developments, whether actual or threatened;
- Major events involving the Company's securities, including calls of securities for redemption, adoption of stock repurchase programs, option repricings, stock splits, changes in dividend policies, public or private securities offerings, modification to the rights of security holders or notice of delisting;
- Significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the company;
- Major personnel changes, such as changes in senior management or significant lay-offs; and
- Significant cybersecurity or data security incidents.

If you have any questions as to whether information should be considered "material", you should consult with the Compliance Officer. In general, it is advisable to resolve any close questions as to the materiality of any information by assuming that the information is material.

**"Nonpublic" information**

Information is considered "nonpublic" if the information has not been broadly disseminated to the public for a sufficient period to be reflected in the price of the security. As a general rule, information should be considered nonpublic until at least two ***full trading days*** have elapsed after the information is broadly distributed to the public in a press release, a public filing with the SEC, a pre-announced public webcast or another broad, non-exclusionary form of public communication. However, depending upon the form of the announcement and the nature of the information, it is possible that information may not be fully absorbed by the marketplace until a later time. Any questions as to whether information is nonpublic should be directed to the Compliance Officer.

The term *"**trading day**"* means a day on which any U.S. national stock exchange is open for trading. A *"**full**"* trading day has elapsed when, after the public disclosure, trading in the relevant security has opened and then closed.

## POLICIES REGARDING MATERIAL NONPUBLIC INFORMATION

**Confidentiality of nonpublic information**

The unauthorized use or disclosure of nonpublic information relating to the Company or other companies is prohibited. All nonpublic information you acquire in the course of your service with the Company may only be used for legitimate Company business purposes. In addition, nonpublic information of others should be handled in accordance with the terms of any relevant nondisclosure agreements, and the use of any such nonpublic information should be limited to the purpose for which it was disclosed.

You must use all reasonable efforts to safeguard nonpublic information in the Company's possession. You may not disclose nonpublic information about the Company or any other company, unless required by law, or unless (i) disclosure is required for legitimate Company business purposes, (ii) you are authorized to disclose the information and (iii) appropriate steps have been taken to prevent misuse of that information (including entering an appropriate nondisclosure agreement that restricts the disclosure and use of the information, if applicable). This restriction also applies to internal communications within the Company and to communications with agents of the Company. In cases where disclosing nonpublic information to third parties is required, you should coordinate with the Legal Department.

**All directors, officers, employees and agents of the Company are required to sign and comply with a Proprietary Information and Inventions Assignment Agreement and Non-Disclosure Agreement.No trading on material nonpublic information**

Except as discussed in the section titled "**Limited Exceptions**", you may not, directly or indirectly through others, engage in any transaction involving the Company's securities *while aware of* material nonpublic information relating to the Company. It is not an excuse that you did not "use" the information in your transaction.

Similarly, you may not engage in transactions involving the securities of any other company if you are aware of material nonpublic information about that company (except to the extent the transactions are analogous to those presented in the section titled "**Limited Exceptions**"). For example, you may be involved in a proposed transaction involving a prospective business relationship or transaction with another company. If information about that transaction constitutes material nonpublic information for that other company, you would be prohibited from engaging in transactions involving the securities of that other company (as well as transactions involving Company securities, if that information is material to the Company). It is important to note that "materiality" is different for different companies. Information that is not material to the Company may be material to another company.

**No disclosing material nonpublic information for the benefit of others**

You may not disclose material nonpublic information concerning the Company or any other company to friends, family members or any other person or entity not authorized to receive such information where such person or entity may benefit by trading on the basis of such information. In addition, you may not make recommendations or express opinions on the basis of material nonpublic information as to trading in the securities of companies to which such information relates. You are prohibited from engaging in these actions whether or not you derive any profit or personal benefit from doing so.

**Obligation to disclose material nonpublic information to the Company**

You may not enter into any transaction, including those discussed in the section titled "**Limited Exceptions**", unless you have disclosed any material nonpublic information that you become aware of in the course of your service with the Company, and that senior management is not aware of, to the

Compliance Officer. If you are a member of senior management, the information must be disclosed to the Chief Executive Officer, and if you are the Chief Executive Officer or a director, you must disclose the information to the board of directors, before any transaction is permissible.

**Responding to outside inquiries for information**

In the event you receive an inquiry from someone outside of the Company, such as a stock analyst, for information, you should refer the inquiry to the Chief Financial Officer or the Company's Investor Relations Department. The Company is required under Regulation FD (Fair Disclosure) of the U.S. federal securities laws to avoid the selective disclosure of material nonpublic information. In general, the regulation provides that when a public company discloses material nonpublic information, it must provide broad, non-exclusionary access to the information. Violations of this regulation can subject the company to SEC enforcement actions, which may result in injunctions and severe monetary penalties. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release in compliance with applicable law. Please consult the Company's External Communications Policy for more details.

## TRADING BLACKOUT PERIODS

To limit the likelihood of trading at times when there is a significant risk of insider trading exposure, the Company has instituted quarterly trading blackout periods and may institute special trading blackout periods from time to time. In addition, to comply with applicable legal requirements, the Company may also institute blackout periods that prevent directors and officers from trading in Company securities at a time when employees are prevented from trading Company securities in the Company's 401(k) plan.

It is important to note that whether or not you are subject to blackout periods, you remain subject to the prohibitions on trading on the basis of material nonpublic information and any other applicable restrictions in this Policy.

**Quarterly blackout periods**

Except as discussed in the section entitled "**Limited Exceptions**", directors, executive officers and other employees and agents must refrain from conducting transactions involving the Company's securities during quarterly blackout periods. Even if you are not specifically identified as being subject to quarterly blackout periods, you should exercise caution when engaging in transactions during quarterly blackout periods because of the heightened risk of insider trading exposure.

Quarterly blackout periods begin at the end of the 15th day of the third month of each fiscal quarter and end at the start of the third full trading day following the date of public disclosure of the financial results for that fiscal quarter. This period is a particularly sensitive time for transactions involving the Company's securities from the perspective of compliance with applicable securities laws due to the fact that, during this period, individuals may often possess or have access to material nonpublic information relevant to the expected financial results for the quarter.

All of the Company's employees, agents, directors and executive officers are subject to quarterly blackout periods.

**Special blackout periods**

From time to time, the Company may also prohibit directors, officers, employees and agents from engaging in transactions involving the Company's securities when, in the judgment of the Compliance Officer, a trading blackout is warranted. The Company will generally impose special blackout periods when there are material developments known to the Company that have not yet been disclosed to the public. For example, the Company may impose a special blackout period in anticipation of announcing interim earnings guidance or a significant transaction or business development. However, special blackout periods may be declared for any reason.

The Company will notify the applicable persons when a special blackout period begins. Each person who has been so identified and notified by the Company may not engage in any transaction involving the Company's securities until instructed otherwise by the Compliance Officer, and should not disclose to others the fact of such suspension of trading.

**Regulation BTR blackouts**

Directors and executive officers may also be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction, or Regulation BTR, under U.S. federal securities laws. In general, Regulation BTR prohibits any director or executive officer from engaging in certain transactions involving Company securities during periods when 401(k) plan participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability. The Company has provided, or will provide, separate memoranda and other appropriate materials to its directors and executive officers regarding compliance with Regulation BTR.

The Company will notify directors and officers if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of law and this Policy.

**No "safe harbors"**

There are no unconditional "safe harbors" for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company's securities because you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

**PRE-CLEARANCE OF TRADES**

Except as discussed in the section titled "**Limited Exceptions**", directors and executive officers should refrain from engaging in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Compliance Officer. In addition, the Company may determine from time to time that certain other employees and agents of the Company that may have regular or special access to material nonpublic information should refrain from engaging in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Compliance Officer. The Compliance Officer may not engage in a transaction involving the Company's securities unless the Chief Executive Officer, Chief Financial Officer or the General Counsel (if the Compliance Officer is not the same individual as the General Counsel) has pre-cleared the transaction. Individuals currently subject to pre-clearance requirements are listed on **Schedule II**. From time to time, the Company may identify other persons who should be subject to the pre-clearance requirements set forth above, and the Compliance Officer may update and revise **Schedule II** as appropriate.

These pre-clearance procedures are intended to decrease insider trading risks associated with transactions by individuals with regular or special access to material nonpublic information. In addition, requiring pre-clearance of transactions by directors and officers facilitates compliance with Rule 144 resale restrictions under the Securities Act of 1933, as amended, the liability and reporting provisions of Section 16 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") and Regulation BTR. Pre-clearance of a trade, however, is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy.

The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction.

## ADDITIONAL RESTRICTIONS AND GUIDANCE

This section addresses certain types of transactions that may expose you and the Company to significant risks. You should understand that, even though a transaction may not be expressly prohibited by this section, you are responsible for ensuring that the transaction otherwise complies with other provisions in this Policy that may apply to the transaction, such as the general prohibition against insider trading as well as pre-clearance procedures and blackout periods, to the extent applicable.

**Short sales**

Short sales (*i.e.*, the sale of a security that must be borrowed to make delivery) and "selling short against the box" (*i.e.*, a sale with a delayed delivery) with respect to Company securities are prohibited under this Policy. Short sales may signal to the market possible bad news about the Company or a general lack of confidence in the Company's prospects, and an expectation that the value of the Company's securities will decline. In addition, short sales are effectively a bet against the Company's success and may reduce the seller's incentive to improve the Company's performance. Short sales may also create a suspicion that the seller is engaged in insider trading.

**Derivative securities and hedging transactions**

You are prohibited from engaging in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company's securities. This prohibition extends to any hedging or similar transaction designed to decrease the risks associated with holding Company securities. Stock options, stock appreciation rights and other securities issued pursuant to Company benefit plans or other compensatory arrangements with the Company are not subject to this prohibition.

Even if you are not prohibited from engaging in derivatives transactions, you should exercise caution when doing so. Transactions in derivative securities may reflect a short-term and speculative interest in the Company's securities and may create the appearance of impropriety, even where a transaction does not involve trading on inside information. Trading in derivatives may also focus attention on short-term performance at the expense of the Company's long-term objectives. In addition, the application of securities laws to derivatives transactions can be complex, and persons engaging in derivatives transactions run an increased risk of violating securities laws if not careful.

**Using Company securities as collateral for loans**

You may not pledge Company securities as collateral for loans. If you default on the loan, the lender may sell the pledged securities as collateral in a foreclosure sale. The sale, even though not initiated at your request, is still considered a sale for your benefit and, if made at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, may result in inadvertent insider trading violations, Section 16 and Regulation BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company. For these same reasons, even if you are not prohibited from pledging Company securities as collateral for loans, you should exercise caution when doing so.

**Holding Company securities in margin accounts**

You may not hold Company securities in margin accounts. Under typical margin arrangements, if you fail to meet a margin call, the broker may be entitled to sell securities held in the margin account without your consent. The sale, even though not initiated at your request, is still considered a sale for your benefit and, if made at a time when you are aware of material nonpublic information or are otherwise not permitted to trade, may result in inadvertent insider trading violations, Section 16 and Regulation BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company. For these same reasons, even if you are not prohibited from holding Company securities in margin accounts, you should exercise caution when doing so.

**Placing open orders with brokers**

Except in accordance with an approved trading plan (as discussed below), you should exercise caution when placing open orders, such as limit orders or stop orders, with brokers, particularly where the order is likely to remain outstanding for an extended period of time. Open orders may result in the execution of a trade at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, which may result in inadvertent insider trading violations, Section 16 and Regulation BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company. If you are subject to blackout periods or pre-clearance requirements, you should so inform any broker with whom you place any open order at the time it is placed.

## LIMITED EXCEPTIONS

The following are certain limited exceptions to the restrictions imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, you may need to comply with the "short-swing" trading restrictions under Section 16 of the Exchange Act, to the extent applicable. You are responsible for complying with applicable law at all times.

**Transactions pursuant to a trading plan that complies with SEC rules**

The SEC has enacted rules that provide an affirmative defense against alleged violations of U.S. federal insider trading laws for transactions pursuant to trading plans that meet certain requirements. In general, these rules, as set forth in Rule 10b5-l under the Exchange Act, provide for an affirmative defense if you enter into a contract, provide instructions or adopt a written plan for trading securities when you are not aware of material nonpublic information. The contract, instructions or plan must (i) specify the amount, price and date of the transaction, (ii) specify an objective method for determining the amount, price and date of the transaction and/or (iii) place any subsequent discretion for determining the amount, price and date of the transaction in another person who is not, at the time of the transaction, aware of material nonpublic information.

Transactions made pursuant to a written trading plan that (i) complies with the affirmative defense set forth in Rule 10b5-l, (ii) complies with the "Requirements for Trading Plans" adopted by the Company, and (iii) is approved by the Compliance Officer, are not subject to the restrictions in this Policy against trades made while aware of material nonpublic information or to the pre-clearance procedures or blackout periods established under this Policy. In approving a trading plan, the Compliance Officer may, in furtherance of the objectives expressed in this Policy, impose criteria in addition to those set forth in Rule 10b5-l. You should therefore confer with the Compliance Officer prior to entering into any trading plan.

The SEC rules regarding trading plans are complex and must be complied with completely to be effective. The description provided above is only a summary, and the Company strongly advises that you consult with your legal advisor if you intend to adopt a trading plan. While trading plans are subject to review and approval by the Company, the individual adopting the trading plan is ultimately responsible for compliance with Rule 10b5-l and ensuring that the trading plan complies with this Policy.

Trading plans must be filed with the Compliance Officer and must be accompanied with an executed certificate stating that the trading plan complies with Rule 10b5-l and any other criteria established by the Company. The Company may publicly disclose information regarding trading plans that you may enter into, modify or terminate.

**Receipt and vesting of stock options, restricted stock units, restricted stock and stock appreciation rights**

The trading restrictions under this Policy do not apply to the acceptance or purchase of stock options, restricted stock units, restricted stock or stock appreciation rights issued or offered by the Company. The trading restrictions under this Policy also do not apply to the vesting, cancellation or forfeiture of stock options, restricted stock units, restricted stock or stock appreciation rights in accordance with applicable plans and agreements.

**Exercise of stock options for cash**

The trading restrictions under this Policy do not apply to the exercise of stock options for cash under the Company's stock option plans. Likewise, the trading restrictions under this Policy do not apply to the exercise of stock options in a stock-for-stock exercise with the Company or an election to have the Company withhold securities to cover tax obligations in connection with an option exercise. However, the trading restrictions under this Policy do apply to (i) the sale of any securities issued upon the exercise of a stock option, (ii) a cashless exercise of a stock option through a broker, since this involves selling a portion of the underlying shares to cover the costs of exercise and (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

**Certain 401(k) plan transactions**

The trading restrictions in this Policy do not apply to purchases of Company stock in the 401(k) plan resulting from periodic contributions to the plan based on your payroll contribution election. The trading restrictions do apply, however, to elections you make under the 401(k) plan to (i) increase or decrease the percentage of your contributions that will be allocated to a Company stock fund, (ii) move balances into or out of a Company stock fund, (iii) borrow money against your 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance and (iv) pre-pay a plan loan if the pre-payment will result in the allocation of loan proceeds to a Company stock fund.

**Stock splits, stock dividends and similar transactions**

The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

***Bona fide* gifts and inheritance**

The trading restrictions under this Policy do not apply to *bona fide* gifts involving Company securities or transfers by will or the laws of descent and distribution, unless the individual making the gift knows, or is reckless in not knowing, the recipient intends to sell the securities while in possession of material nonpublic information about the Company, whether such sale is made during a quarterly or special blackout period or otherwise.

**Change in form of ownership**

Transactions that involve merely a change in the form in which you own securities are permissible. For example, you may transfer shares to an *inter vivos* trust of which you are the sole beneficiary during your lifetime.

**Trading in Equity Baskets or Exchange-Traded Funds (ETFs)**

The trading restrictions in this Policy to do not apply to trading in a basket of equities that contains Company stock (such as an ETF), if, and only if, the Company's stock comprises less than 5% of the total stock (either by value or number of shares) contained within such basket of equities.

**Other exceptions**

Any other exception from this Policy must be approved by the Compliance Officer, in consultation with the board of directors or an independent committee of the board of directors.

## COMPLIANCE WITH SECTION 16 OF THE SECURITIES EXCHANGE ACT

**Obligations under Section 16**

Section 16 of the Exchange Act, and the related rules and regulations, set forth (i) reporting obligations, (ii) limitations on "short-swing" transactions and (iii) limitations on short sales and other transactions applicable to directors, officers, large stockholders and certain other persons.

The Company has determined that those persons listed on **Schedule III** are required to comply with Section 16 of the Exchange Act, and the related rules and regulations, because of their positions with the Company. The Compliance Officer may amend **Schedule III** from time to time as appropriate to reflect the election of new officers or directors, any change in the responsibilities of officers or other employees and any promotions, demotions, resignations or departures.

**Schedule III** is not necessarily an exhaustive list of persons subject to Section 16 requirements at any given time. Even if you are not listed on **Schedule III**, you may be subject to Section 16 reporting obligations because of your shareholdings, for example.

**Notification requirements to facilitate Section 16 reporting**

To facilitate timely reporting of transactions pursuant to Section 16 requirements, each person subject to Section 16 reporting requirements must provide, or must ensure that his or her broker provides, the Company with detailed information (*e.g.*, trade date, number of shares, exact price, *etc.*) regarding his or her transactions involving the Company's securities, including gifts, transfers, pledges and transactions pursuant to a trading plan, both prior to (to confirm compliance with pre-clearance procedures, if applicable) and promptly following execution.

**Personal responsibility**

The obligation to file Section 16 reports, and to otherwise comply with Section 16, is personal. The Company is not responsible for the failure to comply with Section 16 requirements.

## ADDITIONAL INFORMATION

**Delivery of Policy**

This Policy will be delivered to all directors, officers, employees and agents of the Company when they commence service with the Company. In addition, this Policy (or a summary of this Policy) will be circulated periodically. Upon commencement of service with the Company, each director, officer, employee and agent of the Company is required to acknowledge that he or she understands, and agrees to comply with, this Policy.

**Amendments**

We are committed to continuously reviewing and updating our policies and procedures. The Company therefore reserves the right to amend, alter or terminate this Policy at any time and for any reason, subject to applicable law. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Compliance Officer.

* * *

*Nothing in this Insider Trading Policy creates or implies an employment contract or term of employment. Employment at the Company is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the Company. Nothing in this Insider Trading Policy shall limit the right to terminate employment at-will. No employee of the Company has any authority to enter into any agreement for employment for a specified period of time or to make any agreement or representation contrary to the Company's policy of employment at-will. Only the Chief Executive Officer of the Company has the authority to make any such agreement, which must be in writing.*

*The policies in this Insider Trading Policy do not constitute a complete list of Company policies or a complete list of the types of conduct that can result in discipline, up to and including discharge.*

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mike Rosenbaum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guidewire Software, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   a) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   b) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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|---|---|---|---|
| Date: | December 5, 2024 | By: | /s/ MIKE ROSENBAUM |
| | | | Mike Rosenbaum |
| | | | Chief Executive Officer |
| | | | (Principal Executive Officer) |

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jeff Cooper, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guidewire Software, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   a) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   b) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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| Date: | December 5, 2024 | By: | /s/ JEFF COOPER |
| | | | Jeff Cooper |
| | | | Chief Financial Officer |
| | | | (Principal Financial and Accounting Officer) |

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**
**PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Guidewire Software, Inc. for the quarterly period ended October 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Mike Rosenbaum, as Chief Executive Officer of Guidewire Software, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Guidewire Software, Inc.

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| Date: | December 5, 2024 | By: | /s/ MIKE ROSENBAUM |
| | | | Mike Rosenbaum |
| | | | Chief Executive Officer |
| | | | (Principal Executive Officer) |

In connection with the Quarterly Report on Form 10-Q of Guidewire Software, Inc. for the quarterly period ended October 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jeff Cooper, as Chief Financial Officer of Guidewire Software, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Guidewire Software, Inc.

| | | | |
|---|---|---|---|
| Date: | December 5, 2024 | By: | /s/ JEFF COOPER |
| | | | Jeff Cooper |
| | | | Chief Financial Officer |
| | | | (Principal Financial and Accounting Officer) |

**GUIDEWIRE SOFTWARE, INC.**

**COMPENSATION RECOVERY POLICY**

**Adopted as of September 14, 2023**

Guidewire Software, Inc., a Delaware corporation (the "Company"), has adopted a Compensation Recovery Policy (this "Policy") as described below and effective as of the Effective Date.

## 1. Overview

The Policy sets forth the circumstances and procedures under which the Company shall recover Erroneously Awarded Compensation from Covered Persons (as defined below) in accordance with rules issued by the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and applicable New York Stock Exchange listing standards. Capitalized terms used and not otherwise defined herein shall have the meanings given in Section 3 below.

## 2. Compensation Recovery Requirement

In the event the Company is required to prepare a Financial Restatement, the Company shall recover reasonably promptly all Erroneously Awarded Compensation with respect to such Financial Restatement.

## 3. Definitions

a. "Applicable Recovery Period" means the three completed fiscal years immediately preceding the Restatement Date for a Financial Restatement. In addition, in the event the Company has changed its fiscal year: (i) any transition period of less than nine months occurring within or immediately following such three completed fiscal years shall also be part of such Applicable Recovery Period and (ii) any transition period of nine to 12 months will be deemed to be a completed fiscal year.

b. "Applicable Rules" means any rules or regulations adopted by the Exchange pursuant to Rule 10D-1 under the Exchange Act and any applicable rules or regulations adopted by the SEC pursuant to Section 10D of the Exchange Act.

c. "Board" means the Board of Directors of the Company.

d. "Committee" means the Compensation Committee of the Board or, in the absence of such committee, a majority of independent directors serving on the Board.

e. "Covered Person" means any Executive Officer. A person's status as a Covered Person with respect to Erroneously Awarded Compensation shall be determined as of the time of receipt of such Erroneously Awarded Compensation regardless of the person's current role or status with the Company (e.g., if a person began service as an Executive Officer after the beginning of an Applicable Recovery Period, that person would not be considered a Covered Person with respect to Erroneously Awarded Compensation received before the person began service as an Executive Officer, but would be considered a Covered Person with respect to Erroneously Awarded Compensation received after the person began service as an Executive Officer where such person served as an Executive Officer at any time during the performance period for such Erroneously Awarded Compensation).

f. "Effective Date" means October 2, 2023.

g. "Erroneously Awarded Compensation" means the amount of any Incentive-Based Compensation received by a Covered Person on or after the Effective Date and during the Applicable Recovery Period that exceeds the amount that otherwise would have been received by the Covered Person had such compensation been determined based on the restated amounts in a Financial Restatement, computed without regard to any taxes paid. Calculation of Erroneously Awarded Compensation with respect to Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Financial Restatement, shall be based on a reasonable estimate of the effect of the Financial Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, and the Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to the Exchange in accordance with the Applicable Rules. Incentive-Based Compensation is deemed received, earned, or vested when the Financial Reporting Measure is attained, not when the actual payment, grant, or vesting occurs. Incentive-Based Compensation received by a Covered Person prior to the Effective Date shall be subject to the Company's Clawback Policy, adopted September 17, 2019 and as amended as of December 9, 2019 (the "Amended Clawback Policy").

h. "Exchange" means the NYSE American Exchange.

i. An "Executive Officer" means any person who served the Company in any of the following roles at any time during the performance period applicable to Incentive-Based Compensation and received Incentive-Based Compensation after beginning service in any such role (regardless of whether such Incentive-Based Compensation was received during or after such person's service in such role): the president, principal financial officer, principal accounting officer (or if there is no such accounting officer the controller), any vice president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the Company. Executive officers of parents or subsidiaries of the Company may be deemed executive officers of the Company if they perform such policy making functions for the Company.

j. "Financial Reporting Measures" mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, any measures that are derived wholly or in part from such measures (including, for example, a non-GAAP financial measure), and stock price and total shareholder return.

k. "Incentive-Based Compensation" means any compensation (including, without limitation, cash and/or equity compensation) provided, directly or indirectly, by the Company or any of its subsidiaries that is granted, earned, or vested based, in whole or in part, upon the attainment of a Financial Reporting Measure.

l. A "Financial Restatement" means a restatement of previously issued financial statements of the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required restatement to correct an error in previously-issued financial statements that is material to the previously-issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

m. "Restatement Date" means, with respect to a Financial Restatement, the earlier to occur of: (i) the date the Board concludes, or reasonably should have concluded, that the Company is required to prepare the Financial Restatement or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare the Financial Restatement.

**4. Exception to Compensation Recovery Requirement**

The Company may elect not to recover Erroneously Awarded Compensation pursuant to this Policy if the Committee determines that recovery would be impracticable, and one or more of the following conditions, together with any further requirements set forth in the Applicable Rules, are met: (i) the direct expense paid to a third party, including outside legal counsel, to assist in enforcing this Policy would exceed the amount to be recovered, and the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation; (ii) recovery would cause the Company to violate a home country law that was adopted prior to November 28 2022, and the Company obtains an opinion of home country counsel that recovery would result in a violation of such home country's law and provides the opinion to the Exchange; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan to fail to be so qualified under applicable regulations.

**5. Additional Clawback Rights and Policies**

In addition to (and without limiting) the provisions of paragraph 2 above, the Company may recover certain amounts from certain individuals in certain circumstances, as set forth in the Company's Supplemental Clawback Policy, as amended from time to time (the "Supplemental Policy"). For the avoidance of doubt, the terms of the Supplemental Policy are in addition to this Policy and do not supersede the terms of this Policy. To the extent that the application of this

Policy would provide for recovery of Incentive-Based Compensation that the Company recovers pursuant to Section 304 of the Sarbanes-Oxley Act or the Supplemental Policy, the amount the applicable Covered Person has already reimbursed the Company will be credited to the required recovery under this Policy. There shall be no duplication of recovery under this Policy, the Supplemental Policy, the Sarbanes-Oxley Act or any other applicable law or policy. For the avoidance of doubt, Incentive-Based Compensation received by a Covered Person prior to the Effective Date shall be subject to the Amended Clawback Policy.

## 6. Tax Considerations

To the extent that, pursuant to this Policy, the Company is entitled to recover any Erroneously Awarded Compensation that is received by a Covered Person, the gross amount received (i.e., the amount the Covered Person received, or was entitled to receive, before any deductions for tax withholding or other payments) shall be returned by the Covered Person.

## 7. Method of Compensation Recovery

The Committee shall determine, in its sole discretion, the method for recovering Erroneously Awarded Compensation hereunder, which may include, without limitation, any one or more of the following:

a. requiring reimbursement of cash Incentive-Based Compensation previously paid;

b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards;

c. canceling or rescinding some or all outstanding vested or unvested equity-based awards;

d. adjusting or withholding from unpaid compensation or other set-off;

e. canceling or offsetting against planned future grants of equity-based awards; and/or

f. any other method permitted by applicable law or contract.

Notwithstanding the foregoing, a Covered Person will be deemed to have satisfied such person's obligation to return Erroneously Awarded Compensation to the Company if such Erroneously Awarded Compensation is returned in the exact same form in which it was received; provided that equity withheld to satisfy tax obligations will be deemed to have been received in cash in an amount equal to the tax withholding payment made. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation, or rule (including, without limitation, Section 304 of the Sarbanes-Oxley Act), the Supplemental Policy or any other agreement or policy. Any action by the Company to recover Erroneously Awarded Compensation under this Policy from a Covered Person shall not, whether alone or in combination with any other action, event or condition, be deemed (i) "good reason" for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Person, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Person is party.

## 8. Policy Interpretation

This Policy shall be interpreted in a manner that is consistent with the Applicable Rules and any other applicable law. The Committee shall take into consideration any applicable interpretations and guidance of the SEC in interpreting this Policy, including, for example, in determining whether a financial restatement qualifies as a Financial Restatement hereunder. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional circumstances besides those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules. In all events, this Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

## 9. Policy Administration

This Policy shall be administered by the Committee; provided, however, that the Board shall have exclusive authority to authorize the Company to prepare a Financial Restatement as determined by the Board, a committee of the Board or the officer or officers of the Company authorized to take such action if Board action is not required. In doing so, the Board may rely on a recommendation of the Audit Committee of the Board. The Committee shall have such powers and authorities related to the administration of this Policy as are consistent with the governing documents of the Company and applicable law. The Committee shall have full power and authority to take, or direct the taking of, all actions and to make all determinations required or provided for under this Policy and shall have full power and authority to take, or direct the taking of, all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of this Policy that the Committee deems to be necessary or appropriate to the administration of this Policy. The interpretation and construction by the Committee of any provision of this Policy and all determinations made by the Committee under this policy shall be final, binding and conclusive. The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

## 10. Compensation Recovery Repayments not Subject to Indemnification

Notwithstanding anything to the contrary set forth in any agreement with, or the organizational documents of, the Company or any of its subsidiaries, Covered Persons are not entitled to indemnification for Erroneously Awarded Compensation or for any losses arising out of or in any way related to Erroneously Awarded Compensation recovered under this Policy.

## 11. Governing Law; Venue.

This Policy and all rights and obligations hereunder shall be governed by, and construed in accordance with, the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, applied without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Policy, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California.

**12. Acknowledgement.**

Each Covered Person shall sign and return to the Company, within thirty (30) calendar days following the later of (i) the Effective Date or (ii) the date the individual becomes a Covered Person, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Covered Person agrees to be bound by, and to comply with, the terms and conditions of this Policy. Notwithstanding the foregoing, the Policy shall apply to the Covered Person regardless of whether the Covered Person signs the Acknowledgement Form.

## EXHIBIT A

## FORM OF ACKNOWLEDGEMENT PERTAINING TO THE GUIDEWIRE SOFTWARE, INC. COMPENSATION RECOVERY POLICY

The Board of Directors of Guidewire Software, Inc. (the "Company") has adopted a Compensation Recovery Policy (as amended from time to time, the "Policy") applicable to each Covered Person (as defined in the Policy), which provides that:

> In the event the Company is required to prepare a Financial Restatement, the Company shall recover reasonably promptly all Erroneously Awarded Compensation with respect to such Financial Restatement.

All capitalized terms shall be as defined in the Policy.

I acknowledge that I have received and have had an opportunity to review the Policy, a copy of which is attached hereto as Schedule 1. In addition, I acknowledge and agree that I am a Covered Person for purposes of the Policy and that any Incentive-Based Compensation (as defined in the Policy) received by me on or after the Effective Date (as defined in the Policy) shall be subject to, and conditioned upon my acceptance of, the provisions of the Policy (including, without limitation, any required reduction, cancellation, forfeiture or recoupment of such Incentive-Based Compensation); and I further acknowledge and agree that I am not entitled to indemnification or right of advancement of expenses in connection with any enforcement of the Policy by the Company. To the extent the Company's recovery right under the Policy conflicts with any other contractual rights I may have with the Company, I understand that the terms of the Policy shall supersede any such contractual rights.

______________________________
(Signature)

______________________________
(Print Name)

______________________________
(Title)

## Schedule 1

Guidewire Software, Inc. Compensation Recovery Policy