

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

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Revenue:								
Subscription and support	\$ 127,627	\$ 131,642	\$ 137,970	\$ 151,848	\$ 549,087	\$ 169,742	\$ 177,838	\$ 181,823
License	34,025	71,083	56,210	88,858	250,176	37,370	63,694	57,233
Services	45,755	38,172	46,498	50,809	181,234	55,789	47,948	54,452
Total revenue	207,407	240,897	240,678	291,515	980,497	262,901	289,480	293,508
Cost of revenue:								
Subscription and support	48,054	49,934	51,185	55,621	204,794	54,024	59,096	57,411
License	1,219	1,483	837	997	4,536	881	942	892
Services	45,842	47,074	46,429	48,461	187,806	49,604	50,290	52,507
Total cost of revenue	95,115	98,491	98,451	105,079	397,136	104,509	110,328	110,810
Gross profit:								
Subscription and support	79,573	81,708	86,785	96,227	344,293	115,718	118,742	124,412
License	32,806	69,600	55,373	87,861	245,640	36,489	62,752	56,341
Services	(87)	(8,902)	69	2,348	(6,572)	6,185	(2,342)	1,945
Total gross profit	112,292	142,406	142,227	186,436	583,361	158,392	179,152	182,698
Operating expenses:								
Research and development	62,469	65,458	66,134	75,320	269,381	68,880	70,268	72,915
Sales and marketing	44,581	49,181	50,487	54,784	199,033	51,478	55,452	57,768
General and administrative	39,023	40,177	42,302	46,018	167,520	42,754	41,709	47,547
Total operating expenses	146,073	154,816	158,923	176,122	635,934	163,112	167,429	178,230
Income (loss) from operations	(33,781)	(12,410)	(16,696)	10,314	(52,573)	(4,720)	11,723	4,468
Interest income	10,613	10,290	10,824	11,751	43,478	13,606	15,722	13,794
Interest expense	(1,683)	(1,692)	(1,686)	(1,677)	(6,738)	(2,062)	(4,183)	(3,668)
Other income (expense), net	(13,742)	10,776	(6,535)	(1,504)	(11,005)	(4,055)	(66,289)	34,074
Income (loss) before provision for (benefit from) income taxes	(38,593)	6,964	(14,093)	18,884	(26,838)	2,769	(43,027)	48,668
Provision for (benefit from) income taxes	(11,522)	(2,723)	(8,615)	2,125	(20,735)	(6,370)	(5,750)	2,677
Net income (loss)	\$ (27,071)	\$ 9,687	\$ (5,478)	\$ 16,759	\$ (6,103)	\$ 9,139	\$ (37,277)	\$ 45,991

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

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Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Earnings per share:								
Basic	\$ (0.33)	\$ 0.12	\$ (0.07)	\$ 0.20	\$ (0.07)	\$ 0.11	\$ (0.45)	\$ 0.55
Diluted	\$ (0.33)	\$ 0.12	\$ (0.07)	\$ 0.20	\$ (0.07)	\$ 0.11	\$ (0.45)	\$ 0.54
Shares used in computing net earnings per share:								
Basic	81,690,912	82,133,632	82,500,109	82,845,815	82,291,483	83,276,236	83,705,700	84,044,661
Diluted	81,690,912	83,305,080	82,500,109	84,956,655	82,291,483	85,960,868	83,705,700	85,880,643
Stock-based compensation	\$ 36,097	\$ 36,427	\$ 36,650	\$ 37,286	\$ 146,460	\$ 38,060	\$ 40,948	\$ 40,357

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

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Amortization of intangibles	\$ 485	\$ 485	\$ 485	\$ 485	\$ 1,940	\$ 485	\$ 485	\$ 485
Stock-based compensation	3,462	3,414	3,183	3,366	13,425	3,140	3,773	3,598
Total adjustment to cost of revenue - subscription and support	\$ 3,947	\$ 3,899	\$ 3,668	\$ 3,851	\$ 15,365	\$ 3,625	\$ 4,258	\$ 4,083
Stock-based compensation	\$ 95	\$ 53	\$ —	\$ 38	\$ 186	\$ 36	\$ 36	\$ 32
Total adjustment to cost of revenue - license	\$ 95	\$ 53	\$ —	\$ 38	\$ 186	\$ 36	\$ 36	\$ 32
Stock-based compensation	\$ 4,789	\$ 4,643	\$ 4,729	\$ 4,852	\$ 19,013	\$ 4,802	\$ 5,361	\$ 5,055
Total adjustment to cost of revenue - services	\$ 4,789	\$ 4,643	\$ 4,729	\$ 4,852	\$ 19,013	\$ 4,802	\$ 5,361	\$ 5,055
Stock-based compensation	\$ 9,986	\$ 10,138	\$ 10,003	\$ 10,086	\$ 40,213	\$ 9,824	\$ 10,469	\$ 10,267
Acquisition consideration holdback	386	299	(542)	—	143	—	—	—
Total adjustment to research and development	\$ 10,372	\$ 10,437	\$ 9,461	\$ 10,086	\$ 40,356	\$ 9,824	\$ 10,469	\$ 10,267
Stock-based compensation	\$ 7,729	\$ 8,190	\$ 9,349	\$ 9,322	\$ 34,590	\$ 9,688	\$ 10,880	\$ 10,832
Amortization of intangibles	882	882	882	882	3,528	882	793	749
Total adjustment to sales and marketing	\$ 8,611	\$ 9,072	\$ 10,231	\$ 10,204	\$ 38,118	\$ 10,570	\$ 11,673	\$ 11,581
Stock-based compensation	\$ 10,036	\$ 9,989	\$ 9,386	\$ 9,622	\$ 39,033	\$ 10,570	\$ 10,429	\$ 10,573
Total adjustment to general and administrative	\$ 10,036	\$ 9,989	\$ 9,386	\$ 9,622	\$ 39,033	\$ 10,570	\$ 10,429	\$ 10,573
Amortization of debt issuance costs	\$ 430	\$ 432	\$ 434	\$ 436	\$ 1,732	\$ 545	\$ 1,179	\$ 1,058
Total adjustment to interest expense	\$ 430	\$ 432	\$ 434	\$ 436	\$ 1,732	\$ 545	\$ 1,179	\$ 1,058
Changes in fair value of strategic investment	\$ —	\$ —	\$ (298)	\$ 2,255	\$ 1,957	\$ (53)	\$ 291	\$ 103
Retirement of debt ⁽¹⁾	—	—	—	—	—	300	53,265	—
Gain on sale of strategic investment	—	(1,758)	—	(45)	(1,803)	—	(3,671)	—
Total adjustment to other income (expense), net	\$ —	\$ (1,758)	\$ (298)	\$ 2,210	\$ 154	\$ 247	\$ 49,885	\$ 103
Non-GAAP tax impact	\$ (11,493)	\$ (7,327)	\$ (10,469)	\$ (4,044)	\$ (33,333)	\$ (12,667)	\$ (12,084)	\$ (13,576)
Total adjustment to provision for (benefit from) income taxes	\$ (11,493)	\$ (7,327)	\$ (10,469)	\$ (4,044)	\$ (33,333)	\$ (12,667)	\$ (12,084)	\$ (13,576)

⁽¹⁾ During the nine months ended April 30, 2025, the Company recorded a \$53.6 million loss on retirement of debt in other income (expense) comprised of \$53.3 million loss on extinguishment and \$0.3 million loss on the induced conversion of a portion of its convertible senior notes due March 2025. 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.

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

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Reconciliation of GAAP to Non-GAAP earnings per share:								
GAAP diluted earnings per share	\$ (0.33)	\$ 0.12	\$ (0.07)	\$ 0.20	\$ (0.07)	\$ 0.11	\$ (0.45)	\$ 0.54
Amortization of intangibles	0.02	0.02	0.02	0.02	0.07	0.02	0.02	0.01
Stock-based compensation	0.44	0.44	0.44	0.44	1.78	0.44	0.49	0.47
Amortization of debt issuance costs	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01
Retirement of debt ⁽¹⁾	—	—	—	—	—	—	0.64	—
Changes in fair value of strategic investment	—	—	—	0.03	0.02	—	—	—
Acquisition consideration holdback	—	—	(0.01)	—	(0.01)	—	—	—
Gain on sale of strategic investment	—	(0.02)	—	—	(0.02)	—	(0.04)	—
Non-GAAP tax impact	(0.14)	(0.09)	(0.13)	(0.06)	(0.41)	(0.15)	(0.14)	(0.15)
Interest expense on convertible debt ⁽²⁾	—	0.01	—	0.01	0.05	—	—	—
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	(0.03)	—	(0.03)	(0.08)	—	(0.02)	—
Non-GAAP diluted earnings per share	\$ —	\$ 0.46	\$ 0.26	\$ 0.62	\$ 1.35	\$ 0.43	\$ 0.51	\$ 0.88
Diluted weighted average shares outstanding	81,690,912	83,305,080	82,500,109	84,956,655	82,291,483	85,960,868	83,705,700	85,880,643
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	3,516,480	—	3,516,480	5,072,080	—	2,510,517	—
Pro forma weighted average shares – diluted	81,690,912	86,821,560	82,500,109	88,473,135	87,363,563	85,960,868	86,216,217	85,880,643
Gross margin:								
Subscription and support:								
GAAP gross margin	62.3 %	62.1 %	62.9 %	63.4 %	62.7 %	68.2 %	66.8 %	68.4 %
Stock-based compensation	2.7 %	2.6 %	2.3 %	2.3 %	2.4 %	1.8 %	2.1 %	1.9 %
Amortization of intangibles	0.4 %	0.4 %	0.4 %	0.3 %	0.4 %	0.3 %	0.3 %	0.3 %
Non-GAAP gross margin	65.4 %	65.1 %	65.6 %	66.0 %	65.5 %	70.3 %	69.2 %	70.6 %
License:								
GAAP gross margin	96.4 %	97.9 %	98.5 %	98.9 %	98.2 %	97.6 %	98.5 %	98.4 %
Stock-based compensation	0.3 %	0.1 %	— %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Non-GAAP gross margin	96.7 %	98.0 %	98.5 %	99.0 %	98.3 %	97.7 %	98.6 %	98.5 %
Services:								
GAAP gross margin	(0.2)%	(23.4)%	0.1 %	4.6 %	(3.6)%	11.1 %	(4.9)%	3.6 %
Stock-based compensation	10.5 %	12.2 %	10.2 %	9.6 %	10.5 %	8.6 %	11.2 %	9.3 %
Non-GAAP gross margin	10.3 %	(11.2)%	10.3 %	14.2 %	6.9 %	19.7 %	6.3 %	12.9 %
Overall:								
GAAP gross margin	54.1 %	59.1 %	59.1 %	64.0 %	59.5 %	60.2 %	61.9 %	62.3 %
Amortization of intangibles	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Stock-based compensation	4.0 %	3.4 %	3.3 %	2.8 %	3.3 %	3.1 %	3.1 %	3.0 %
Non-GAAP gross margin	58.3 %	62.7 %	62.6 %	67.0 %	63.0 %	63.5 %	65.2 %	65.5 %

⁽¹⁾ During the nine months ended April 30, 2025, the Company recorded a \$53.6 million loss on retirement of debt in other income (expense) comprised of \$53.3 million loss on extinguishment and \$0.3 million loss on the induced conversion of a portion of its convertible senior notes due March 2025. Prior to the first quarter of fiscal year 2025, there were no transactions similar to the retirement of debt in any periods presented on the condensed consolidated statements of operations.

⁽²⁾ In certain periods, the impact on non-GAAP net income (loss) per share of the Company's convertible senior notes is dilutive as a result of adding back cash interest expense under the "if-converted" method.

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Guidewire Software, Inc. and Subsidiaries
Condensed Consolidated Statement of Operations - Key Metrics

(unaudited, in thousands)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Annual recurring revenue (in millions):								
Annual recurring revenue ⁽¹⁾	\$ 770	\$ 800	\$ 828	\$ 872	\$ 864	\$ 874	\$ 918	\$ 960
Subscription and support revenue breakdown:								
Subscription revenue	\$ 109,597	\$ 113,125	\$ 120,430	\$ 134,309	\$ 477,461	\$ 152,858	\$ 161,659	\$ 166,464
Support revenue	18,030	18,517	17,540	17,539	71,626	16,884	16,179	15,359
Total subscription and support revenue	\$ 127,627	\$ 131,642	\$ 137,970	\$ 151,848	\$ 549,087	\$ 169,742	\$ 177,838	\$ 181,823
License revenue breakdown:								
Term license revenue	\$ 33,977	\$ 71,035	\$ 55,005	\$ 88,832	\$ 248,849	\$ 37,370	\$ 63,694	\$ 57,115
Perpetual license revenue	48	48	1,205	26	1,327	—	—	118
Total license revenue	\$ 34,025	\$ 71,083	\$ 56,210	\$ 88,858	\$ 250,176	\$ 37,370	\$ 63,694	\$ 57,233
Adjusted free cash flow:								
Net cash provided by (used in) operating activities	\$ (72,083)	\$ 69,251	\$ 4,803	\$ 193,777	\$ 195,748	\$ (62,305)	\$ 85,991	\$ 32,350
Purchases of property and equipment	(998)	(2,992)	(678)	(1,694)	(6,362)	(843)	(790)	(703)
Capitalized software development costs	(3,692)	(2,366)	(3,371)	(2,736)	(12,165)	(4,233)	(2,923)	(3,816)
Total free cash flow	\$ (76,773)	\$ 63,893	\$ 754	\$ 189,347	\$ 177,221	\$ (67,381)	\$ 82,278	\$ 27,831

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

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

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Gross profit reconciliation:								
GAAP gross profit	\$ 112,292	\$ 142,406	\$ 142,227	\$ 186,436	\$ 583,361	\$ 158,392	\$ 179,152	\$ 182,698
Non-GAAP adjustments:								
Stock-based compensation	8,346	8,110	7,912	8,256	32,624	7,978	9,170	8,685
Amortization of intangibles	485	485	485	485	1,940	485	485	485
Non-GAAP gross profit	\$ 121,123	\$ 151,001	\$ 150,624	\$ 195,177	\$ 617,925	\$ 166,855	\$ 188,807	\$ 191,868
Non-GAAP gross margin	58.4 %	62.7 %	62.6 %	67.0 %	63.0 %	63.5 %	65.2 %	65.4 %
Gross profit reconciliation - subscription and support:								
GAAP gross profit - subscription and support	\$ 79,573	\$ 81,708	\$ 86,785	\$ 96,227	\$ 344,293	\$ 115,718	\$ 118,742	\$ 124,412
Non-GAAP adjustments:								
Stock-based compensation	3,462	3,414	3,183	3,366	13,425	3,140	3,773	3,598
Amortization of intangibles	485	485	485	485	1,940	485	485	485
Non-GAAP gross profit - subscription and support	\$ 83,520	\$ 85,607	\$ 90,453	\$ 100,078	\$ 359,658	\$ 119,343	\$ 123,000	\$ 128,495
Non-GAAP gross margin - subscription and support	65.4 %	65.0 %	65.6 %	66.0 %	65.5 %	70.3 %	69.2 %	70.7 %
Gross profit reconciliation - license:								
GAAP gross profit - license	\$ 32,806	\$ 69,600	\$ 55,373	\$ 87,861	\$ 245,640	\$ 36,489	\$ 62,752	\$ 56,341
Non-GAAP adjustments:								
Stock-based compensation	95	53	—	38	186	36	36	32
Non-GAAP gross profit - license	\$ 32,901	\$ 69,653	\$ 55,373	\$ 87,899	\$ 245,826	\$ 36,525	\$ 62,788	\$ 56,373
Non-GAAP gross margin - license	96.7 %	98.0 %	98.5 %	99.0 %	98.3 %	97.7 %	98.6 %	98.5 %
Gross profit reconciliation - services:								
GAAP gross profit - services	\$ (87)	\$ (8,902)	\$ 69	\$ 2,348	\$ (6,572)	\$ 6,185	\$ (2,342)	\$ 1,945
Non-GAAP adjustments:								
Stock-based compensation	4,789	4,643	4,729	4,852	19,013	4,802	5,361	5,055
Non-GAAP gross profit - services	\$ 4,702	\$ (4,259)	\$ 4,798	\$ 7,200	\$ 12,441	\$ 10,987	\$ 3,019	\$ 7,000
Non-GAAP gross margin - services	10.3 %	(11.2)%	10.3 %	14.2 %	6.9 %	19.7 %	6.3 %	12.9 %

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(unaudited, in thousands)

Description	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025	Q2 2025	Q3 2025
Income (loss) from operations reconciliation:								
GAAP income (loss) from operations	\$ (33,781)	\$ (12,410)	\$ (16,696)	\$ 10,314	\$ (52,573)	\$ (4,720)	\$ 11,723	\$ 4,468
Non-GAAP adjustments:								
Stock-based compensation	36,097	36,427	36,650	37,286	146,460	38,060	40,948	40,357
Amortization of intangibles	1,367	1,367	1,367	1,367	5,468	1,367	1,278	1,234
Acquisition consideration holdback	386	299	(542)	—	143	—	—	—
Non-GAAP income (loss) from operations	\$ 4,069	\$ 25,683	\$ 20,779	\$ 48,967	\$ 99,498	\$ 34,707	\$ 53,949	\$ 46,059
Net income (loss) reconciliation:								
GAAP net income (loss)	\$ (27,071)	\$ 9,687	\$ (5,478)	\$ 16,759	\$ (6,103)	\$ 9,139	\$ (37,277)	\$ 45,991
Non-GAAP adjustments:								
Stock-based compensation	36,097	36,427	36,650	37,286	146,460	38,060	40,948	40,357
Amortization of intangibles	1,367	1,367	1,367	1,367	5,468	1,367	1,278	1,234
Acquisition consideration holdback	386	299	(542)	—	143	—	—	—
Amortization of debt issuance costs	430	432	434	436	1,732	545	1,179	1,058
Retirement of debt ⁽¹⁾	—	—	—	—	—	300	53,265	—
Changes in fair value of strategic investment	—	—	(298)	2,255	1,957	(53)	291	103
Gain on sale of strategic investment	—	(1,758)	—	(45)	(1,803)	—	(3,671)	—
Non-GAAP tax impact	(11,493)	(7,327)	(10,469)	(4,044)	(33,333)	(12,667)	(12,084)	(13,576)
Non-GAAP net income (loss)	\$ (284)	\$ 39,127	\$ 21,664	\$ 54,014	\$ 114,521	\$ 36,691	\$ 43,929	\$ 75,167

⁽¹⁾ During the nine months ended April 30, 2025, the Company recorded a \$53.6 million loss on retirement of debt in other income (expense) comprised of \$53.3 million loss on extinguishment and \$0.3 million loss on the induced conversion of a portion of its convertible senior notes due March 2025. 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.

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