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 April 30, 2026

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 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 May 29, 2026, the registrant had 83,256,364 shares of common stock issued and outstanding.

Guidewire Software, Inc.

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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"), which 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, 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, cloud operations, cybersecurity effectiveness, sales and marketing initiatives, and competition. 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)

	April 30, 2026	July 31, 2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 294,634	$ 697,902
Short-term investments	454,900	451,541
Accounts receivable, net of allowances of $1,917 and $1,166, respectively	138,853	140,639
Unbilled accounts receivable, net	224,769	130,959
Prepaid expenses and other current assets	102,255	86,374
Total current assets	1,215,410	1,507,415
Long-term investments	397,267	333,754
Unbilled accounts receivable, net	83	670
Property and equipment, net	66,647	60,436
Operating lease assets	36,443	39,309
Intangible assets, net	17,727	12,042
Goodwill	421,111	393,978
Deferred tax assets, net	293,911	297,234
Other assets	86,533	76,261
TOTAL ASSETS	$ 2,535,132	$ 2,721,099
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 34,972	$ 28,797
Accrued employee compensation	117,531	140,613
Deferred revenue, net	300,641	340,253
Other current liabilities	44,032	35,139
Total current liabilities	497,175	544,802
Lease liabilities	27,031	30,687
Convertible senior notes, net	677,206	674,568
Deferred revenue, net	3,718	4,533
Other liabilities	12,858	9,279
Total liabilities	1,217,987	1,263,869
STOCKHOLDERS' EQUITY:		
Common stock	8	8
Additional paid-in capital	2,169,769	2,020,393
Accumulated other comprehensive income (loss)	(7,105)	(8,922)
Retained earnings (accumulated deficit)	(845,527)	(554,249)
Total stockholders' equity	1,317,145	1,457,230
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,535,132	$ 2,721,099

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 April 30,		Nine Months Ended April 30,	
	2026	**2025**	**2026**	**2025**
Revenue:				
Subscription and support	$ 244,738	$ 181,823	$ 704,150	$ 529,403
License	55,996	57,233	157,491	158,297
Services	71,807	54,452	202,634	158,189
Total revenue	372,541	293,508	1,064,276	845,889
Cost of revenue:				
Subscription and support	67,882	57,411	195,737	170,531
License	374	892	1,460	2,715
Services	67,639	52,507	189,390	152,401
Total cost of revenue	135,896	110,810	386,587	325,647
Gross profit:				
Subscription and support	176,856	124,412	508,413	358,872
License	55,622	56,341	156,031	155,582
Services	4,167	1,945	13,244	5,788
Total gross profit	236,645	182,698	677,689	520,242
Operating expenses:				
Research and development	87,868	72,915	249,510	212,063
Sales and marketing	68,201	57,768	193,934	164,698
General and administrative	49,939	47,547	146,689	132,010
Total operating expenses	206,008	178,230	590,133	508,771
Income (loss) from operations	30,637	4,468	87,556	11,471
Interest income	11,295	13,794	38,432	43,122
Interest expense	(3,318)	(3,668)	(9,965)	(9,913)
Other income (expense), net	(18,854)	34,074	2,791	(36,270)
Income (loss) before provision for (benefit from) income taxes	19,760	48,668	118,814	8,410
Provision for (benefit from) income taxes	3,289	2,677	10,926	(9,443)
Net income (loss)	$ 16,471	$ 45,991	$ 107,888	$ 17,853
Net income (loss) per share:				
Basic	$ 0.20	$ 0.55	$ 1.27	$ 0.21
Diluted	$ 0.19	$ 0.54	$ 1.26	$ 0.21
Shares used in computing net income (loss) per share:				
Basic	84,241,069	84,044,661	84,630,718	83,671,443
Diluted	85,065,999	85,880,643	85,945,646	85,654,903

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 April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Net income (loss)	$ 16,471	$ 45,991	$ 107,888	$ 17,853
Other comprehensive income (loss):				
Foreign currency translation adjustments	(2,367)	6,322	2,459	2,962
Unrealized gains (losses) on available-for-sale securities	(2,476)	462	(993)	819
Tax benefit (expense) on unrealized gains (losses) on available-for-sale securities	553	(141)	200	(212)
Reclassification adjustment for realized gains (losses) on available-for-sale securities, included in net income (loss)	144	134	152	78
Total other comprehensive income (loss)	(4,146)	6,777	1,818	3,647
Comprehensive income (loss)	$ 12,325	$ 52,768	$ 109,706	$ 21,500

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, 2025	**84,530,418**	**$ 8**	**$ 2,020,393**	**$ (8,922)**	**$ (554,249)**	**$ 1,457,230**
Net income (loss)	—	—	—	—	31,308	31,308
Issuance of common stock upon exercise of stock options	6,171	—	413	—	—	413
Issuance of common stock upon vesting of restricted stock units ("RSUs")	482,304	1	—	—	—	1
Stock-based compensation	—	—	43,449	—	—	43,449
Foreign currency translation adjustment	—	—	—	118	—	118
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	945	—	945
Reclassification adjustment for realized gains (losses) on available-for-sale securities, included in net income (loss)	—	—	—	(46)	—	(46)
Balance as of October 31, 2025	**85,018,893**	**$ 9**	**$ 2,064,255**	**$ (7,905)**	**$ (522,941)**	**$ 1,533,418**
Net income (loss)	—	—	—	—	60,110	60,110
Issuance of common stock under employee stock purchase plan ("ESPP") and upon exercise of stock options	87,386	—	13,482	—	—	13,482
Issuance of common stock upon vesting of RSUs	292,046	—	—	—	—	—
Stock-based compensation	—	—	46,851	—	—	46,851
Repurchase and retirement of common stock	(740,995)	(1)	—	—	(148,192)	(148,193)
Foreign currency translation adjustment	—	—	—	4,708	—	4,708
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	185	—	185
Reclassification adjustment for realized gains (losses) on available-for-sale securities, included in net income (loss)	—	—	—	54	—	54
Balance as of January 31, 2026	**84,657,330**	**$ 8**	**$ 2,124,589**	**$ (2,959)**	**$ (611,021)**	**$ 1,510,618**
Net income (loss)	—	—	—	—	16,471	16,471
Issuance of common stock under ESPP and upon exercise of stock options	679	—	1	—	—	1
Issuance of common stock upon vesting of RSUs	294,374	—	—	—	—	—
Stock-based compensation	—	—	45,179	—	—	45,179
Repurchase and retirement of common stock, including excise tax	(1,696,180)	—	—	—	(250,975)	(250,975)
Foreign currency translation adjustment	—	—	—	(2,367)	—	(2,367)
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	(1,923)	—	(1,923)
Reclassification adjustment for realized gains (losses) on available-for-sale securities, included in net income (loss)	—	—	—	144	—	144
Balance as of April 30, 2026	**83,256,203**	**$ 8**	**$ 2,169,769**	**$ (7,105)**	**$ (845,527)**	**$ 1,317,145**

	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 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 gains (losses) on available-for-sale securities, net of tax	—	—	—	453	—	453
Reclassification adjustment for realized gains (losses) 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**
Net income (loss)	—	—	—	—	(37,277)	(37,277)
Issuance of common stock upon exercise of stock options	8,556	—	525	—	—	525
Issuance of common stock upon vesting of RSUs	352,891	—	—	—	—	—
Stock-based compensation	—	—	40,864	—	—	40,864
Foreign currency translation adjustment	—	—	—	(3,298)	—	(3,298)
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	(167)	—	(167)
Reclassification adjustment for realized gains (losses) on available-for-sale securities, included in net income (loss)	—	—	—	60	—	60
Balance as of January 31, 2025	**83,880,576**	**$ 8**	**$ 1,936,293**	**$ (15,374)**	**$ (652,191)**	**$ 1,268,736**
Net income (loss)	—	—	—	—	45,991	45,991
Issuance of common stock upon exercise of stock options	10,196	—	710	—	—	710
Issuance of common stock upon vesting of RSUs	330,255	—	—	—	—	—
Stock-based compensation	—	—	40,367	—	—	40,367
Settlement of convertible senior notes	671,202	—	(6)	—	—	(6)
Settlement of capped calls	(697,140)	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	6,322	—	6,322
Unrealized gains (losses) on available-for-sale securities, net of tax	—	—	—	321	—	321
Reclassification adjustment for realized gains (losses) on available-for-sale securities, included in net income (loss)	—	—	—	134	—	134
Balance as of April 30, 2025	**84,195,089**	**$ 8**	**$ 1,977,364**	**$ (8,597)**	**$ (606,200)**	**$ 1,362,575**

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended April 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 107,888	$ 17,853
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,632	17,538
Amortization of debt issuance costs	2,947	2,782
Amortization of contract costs	25,812	22,518
Stock-based compensation	135,015	119,365
Changes to allowance for credit losses and revenue reserves	2,542	1,107
Deferred income tax	922	(15,851)
Amortization of premium (accretion of discount) on available-for-sale securities, net	(5,377)	(8,613)
(Gains) losses on sale of strategic investments	(632)	(3,671)
Changes in fair value of strategic investments	(554)	341
Loss on retirement of debt	—	53,565
Other non-cash items affecting net income (loss)	18	56
Changes in operating assets and liabilities:		
Accounts receivable	276	(10,609)
Unbilled accounts receivable	(93,214)	(74,471)
Prepaid expenses and other assets	(33,815)	(29,305)
Operating lease assets	2,866	1,983
Accounts payable	7,910	13,589
Accrued employee compensation	(23,578)	(20,600)
Deferred revenue	(40,781)	(24,876)
Lease liabilities	(3,572)	(1,121)
Other liabilities	525	(5,544)
Net cash provided by (used in) operating activities	105,830	56,036
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale securities	(644,915)	(672,330)
Maturities and sales of available-for-sale securities	582,638	529,887
Purchases of property and equipment	(9,934)	(2,336)
Capitalized software development costs	(13,939)	(10,972)
Acquisition of strategic investments	(14,590)	(1,772)
Sale of strategic investment	781	5,671
Acquisition of business, net of acquired cash	(33,453)	(26,724)
Net cash provided by (used in) investing activities	(133,412)	(178,576)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible senior notes, net of issuance costs	—	671,840
Payment for the retirement of convertible senior notes	—	(353,535)
Payment for the maturity of convertible senior notes	—	(179,061)
Purchase of capped calls	—	(58,788)
Payment of revolving credit facility costs	—	(2,065)
Proceeds from issuance of common stock under employee stock purchase plan	13,364	—
Proceeds from issuance of common stock upon exercise of stock options	539	3,174
Repurchase and retirement of common stock	(392,447)	—
Net cash provided by (used in) financing activities	(378,544)	81,565

Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	1,666	3,303
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(404,460)	(37,672)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of period	699,094	549,184
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of period	$ 294,634	$ 511,512
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 4,824	$ 7,000
Cash paid for income taxes, net of tax refunds	$ 6,965	$ 6,323
Accruals for purchase of property and equipment	$ 929	$ 802
Accruals for capitalized software development costs	$ 1,096	$ 807
Accruals for shares repurchased	$ 5,201	$ —
Accrual for business acquisition purchase consideration holdback	$ 878	$ 1,011

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., a Delaware corporation, was incorporated on September 20, 2001. Guidewire Software, Inc., together with its subsidiaries (the “Company”), provides a technology platform which combines core systems of record with digital, analytics, 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 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. Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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, 2025.

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.

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, 2025, except for those disclosed herein.

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 and nine months ended April 30, 2026 and 2025. As of April 30, 2026, no customer individually accounted for 10% or more of the Company’s accounts receivable. As of July 31, 2025, one customer accounted for 10% or more of the Company’s accounts receivable.

Recent Accounting Pronouncements

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 adopted in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2026. The adoption will impact the Company's disclosures.

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.

In July 2025, the FASB issued ASU No. 2025-05, Income Statement—Reporting Financial Instruments-Credit Losses (Subtopic 326-20): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides a practical expedient for all entities related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The new standard will be effective and the Company will adopt it beginning August 1, 2026 on a prospective basis. The Company is currently assessing the impact of adopting this standard on the consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software which removes all references to prescriptive and sequential software development stages to increase the operability of applying the guidance to software costs incurred in an iterative development environment. The new standard will be effective and the Company will adopt it beginning August 1, 2028. Upon adoption, the guidance can be applied using a prospective, retrospective, or modified transition approach. The Company is currently assessing the impact of adopting this standard on the consolidated financial statements.

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 April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Subscription and support				
Subscription	$ 232,129	$ 166,464	$ 662,312	$ 480,981
Support	12,609	15,359	41,838	48,422
License [(1)]	55,996	57,233	157,491	158,297
Services	71,807	54,452	202,634	158,189
Total revenue	$ 372,541	$ 293,508	$ 1,064,276	$ 845,889

(1) License revenue for the three and nine months ended April 30, 2025 includes perpetual license revenue of $0.1 million and $0.1 million, respectively.

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

	Three Months Ended April 30, 2026			
	Subscription and support	License	Services	Total
United States	$ 161,641	$ 32,105	$ 48,533	$ 242,279
Canada	31,797	2,302	6,093	40,193
Other Americas	3,497	565	753	4,815
Total Americas	196,935	34,972	55,380	287,287
Total EMEA	31,962	11,050	9,778	52,790
Total APAC	15,842	9,974	6,648	32,464
Total revenue	$ 244,738	$ 55,996	$ 71,807	$ 372,541

	Three Months Ended April 30, 2025			
	Subscription and support	License	Services	Total
United States	$ 119,966	$ 33,402	$ 38,319	$ 191,687
Canada	25,068	2,249	3,917	31,234
Other Americas	1,958	626	267	2,851
Total Americas	146,992	36,277	42,503	225,772
Total EMEA	22,461	11,024	8,868	42,353
Total APAC	12,370	9,932	3,081	25,383
Total revenue	$ 181,823	$ 57,233	$ 54,452	$ 293,508

	Nine Months Ended April 30, 2026			
	Subscription and support	License	Services	Total
United States	$ 466,239	$ 86,093	$ 131,153	$ 683,484
Canada	90,554	10,776	26,078	127,408
Other Americas	10,482	756	2,521	13,758
Total Americas	567,274	97,624	159,752	824,650
Total EMEA	90,471	38,917	29,087	158,476
Total APAC	46,405	20,950	13,795	81,150
Total revenue	$ 704,150	$ 157,491	$ 202,634	$ 1,064,276

	Nine Months Ended April 30, 2025			
	Subscription and support	License	Services	Total
United States	$ 351,424	$ 79,358	$ 109,313	$ 540,095
Canada	75,912	12,116	14,579	102,607
Other Americas	4,851	1,153	1,178	7,182
Total Americas	432,187	92,627	125,070	649,884
Total EMEA	59,568	38,822	24,455	122,845
Total APAC	37,648	26,848	8,664	73,160
Total revenue	$ 529,403	$ 158,297	$ 158,189	$ 845,889

No country or region other than those listed above accounted for more than 10% of revenue during the three and nine months ended April 30, 2026 and 2025.

Customer Contract – Related Balance Sheet Amounts

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

	April 30, 2026	July 31, 2025
Unbilled accounts receivable, net	$ 224,852	$ 131,629
Contract acquisition costs, net	$ 65,028	$ 67,922
Costs to fulfill a contract, net	$ 12,353	$ 9,415
Deferred revenue, net	$ 304,358	$ 344,786

Contract acquisition costs

The current portion of contract acquisition costs of $21.1 million and $21.1 million is included in prepaid and other current assets in the Company's condensed consolidated balance sheets as of April 30, 2026 and July 31, 2025, respectively. The non-current portion of contract acquisition costs of $43.9 million and $46.8 million is included in other assets in the Company's condensed consolidated balance sheets as of April 30, 2026 and July 31, 2025, respectively. The Company amortized $5.6 million and $4.7 million of contract acquisition costs during the three months ended April 30, 2026 and 2025, respectively, and amortized $17.0 million and $14.6 million of contract acquisition costs during the nine months ended April 30, 2026 and 2025, respectively.

Costs to fulfill a contract

The current portion of costs to fulfill a contract of $8.5 million and $5.9 million is included in prepaid and other current assets in the Company's condensed consolidated balance sheets as of April 30, 2026 and July 31, 2025, respectively. The non-current portion of costs to fulfill a contract of $3.8 million and $3.5 million is included in other assets in the Company's condensed consolidated balance sheets as of April 30, 2026 and July 31, 2025, respectively. The Company amortized $2.9 million and $2.6 million of costs to fulfill a contract during the three months ended April 30, 2026 and 2025, respectively, and amortized $8.8 million and $7.9 million of costs to fulfill a contract during the nine months ended April 30, 2026 and 2025, respectively.

Deferred revenue

During the three and nine months ended April 30, 2026, the Company recognized revenue of approximately $51.8 million and $309.8 million related to the Company's gross deferred revenue balance as of July 31, 2025.

Remaining Performance Obligations

The aggregate amount of consideration allocated to remaining performance obligations either not satisfied or partially satisfied was approximately $3.6 billion as of April 30, 2026. Subscription services are typically satisfied over five years and support services and professional services are generally 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):

	April 30, 2026			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Asset-backed securities	$ 85,115	$ 59	$ (99)	$ 85,075
Certificates of deposit	56,450	—	—	56,450
Commercial paper	57,607	—	—	57,607
Corporate bonds	468,898	631	(651)	468,878
Foreign government bonds	1,820	—	—	1,820
Money market funds	162,494	—	—	162,494
U.S. Government agency securities	86,182	20	(155)	86,047
U.S. Government bonds	97,273	37	(272)	97,038
Total	$ 1,015,839	$ 747	$ (1,177)	$ 1,015,410

	July 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Asset-backed securities	$ 69,405	$ 69	$ (17)	$ 69,457
Certificates of deposit	80,970	—	—	80,970
Commercial paper	130,628	—	—	130,628
Corporate bonds	424,791	545	(138)	425,198
Foreign government bonds	1,820	11	—	1,831
Money market funds	488,854	—	—	488,854
U.S. Government agency securities	66,184	15	(70)	66,129
U.S. Government bonds	64,187	36	(39)	64,184
Total	$ 1,326,839	$ 676	$ (264)	$ 1,327,251

The Company does not consider any portion of the unrealized losses at April 30, 2026 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):

	April 30, 2026		
	Less Than 12 Months	12 Months or Greater	Total
Asset-backed securities	$ 14,715	$ 70,360	$ 85,075
Certificates of deposit	56,450	—	56,450
Commercial paper	57,607	—	57,607
Corporate bonds	279,650	189,228	468,878
Foreign government bonds	1,820	—	1,820
Money market funds	162,494	—	162,494
U.S. Government agency securities	7,969	78,078	86,047
U.S. Government bonds	37,437	59,601	97,038
Total	$ 618,142	$ 397,267	$ 1,015,410

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):

	April 30, 2026			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Commercial paper	$ —	$ 749	$ —	$ 749
Money market funds	162,494	—	—	162,494
Total cash equivalents	162,494	749	—	163,243
Short-term investments:				
Asset-backed securities	—	14,715	—	14,715
Certificates of deposit	—	56,450	—	56,450
Commercial paper	—	56,858	—	56,858
Corporate bonds	—	279,650	—	279,650
Foreign government bonds	—	1,820	—	1,820
U.S. Government agency securities	—	7,969	—	7,969
U.S. Government bonds	—	37,437	—	37,437
Total short-term investments	—	454,900	—	454,900
Long-term investments:				
Asset-backed securities	—	70,360	—	70,360
Corporate bonds	—	189,228	—	189,228
U.S. Government agency securities	—	78,078	—	78,078
U.S. Government bonds	—	59,601	—	59,601
Total long-term investments	—	397,267	—	397,267
Total	$ 162,494	$ 852,916	$ —	$ 1,015,410

	July 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Commercial paper	$ —	$ 53,102	$ —	$ 53,102
Money market funds	488,854	—	—	488,854
Total cash equivalents	488,854	53,102	—	541,956
Short-term investments:				
Asset-backed securities	—	11,393	—	11,393
Certificates of deposit	—	80,970	—	80,970
Commercial paper	—	77,526	—	77,526
Corporate bonds	—	220,890	—	220,890
Foreign government bonds	—	1,831	—	1,831
U.S. Government agency securities	—	13,188	—	13,188
U.S. Government bonds	—	45,743	—	45,743
Total short-term investments	—	451,541	—	451,541
Long-term investments:				
Asset-backed securities	—	58,064	—	58,064
Corporate bonds	—	204,308	—	204,308
U.S. Government agency securities	—	52,941	—	52,941
U.S. Government bonds	—	18,441	—	18,441
Total long-term investments	—	333,754	—	333,754
Total	$ 488,854	$ 838,397	$ —	$ 1,327,251

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 2025 Convertible Senior Notes were fully settled prior to July 31, 2025.

The fair value of the 2029 Convertible Senior Notes was $682.4 million and $795.0 million at April 30, 2026 and July 31, 2025, respectively. The Company estimates the fair value of the 2029 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).

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 of 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 April 30,		Nine Months Ended April 30,	
	2026	**2025**	**2026**	**2025**
Unrealized gains (losses), net, recognized on privately held equity securities measured using net asset value	$ (13)	$ (103)	$ (58)	$ (341)
Unrealized gains (losses) recognized on strategic investments using the measurement alternative	611	—	611	—
Unrealized gains (losses), net	599	(103)	554	(341)
Realized gains (losses), net on sales of strategic investments	632	—	632	3,671
Gains (losses) on strategic investments, net	$ 1,231	$ (103)	$ 1,186	$ 3,330

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

	April 30, 2026	**July 31, 2025**
Equity investments using the measurement alternative	$ 33,315	$ 18,263
Equity investment using net asset value	$ 1,724	$ 1,781

4. Acquisitions

On April 16, 2025, the Company completed its acquisition of a Poland-based insurtech company specializing in dynamic pricing software, for net cash consideration of approximately $27.9 million, subject to customary transaction adjustments. The measurement period for the Company's acquisition ended on April 15, 2026, and the final allocation of the purchase consideration included goodwill of $21.4 million.

On November 7, 2025, the Company completed its acquisition of a Canada-based knowledge management platform purpose-built for the P&C insurance industry, for net cash consideration of approximately $33.4 million, subject to customary transaction adjustments. The preliminary allocation of the purchase price included goodwill of $26.1 million primarily related to the expected synergies from the acquired workforce, and the opportunity to sell into and expand the Company's customer base. The goodwill recorded is not expected to be deductible for income tax purposes. The preliminary allocation of purchase price is pending the resolution of certain post-closing matters, and is therefore subject to potential future measurement period adjustments. The measurement period will end no later than November 6, 2026.

In conjunction with the purchase price allocations for the acquired companies, the Company determined that the separately identifiable intangible assets were acquired technology and customer relationships. The valuation models were based on estimates of future operating projections of the acquired companies and rights to sell new products containing the acquired technology, as well as judgments on the discount rates used and other variables. The Company developed financial forecasts based on a number of factors, including future revenue and operating cost projections, a discount rate that is representative of the weighted average cost of capital, and royalty and long-term sustainable growth rates based on a market analysis. These fair value measurements were based on significant inputs that were not observable in the market and thus represent a Level 3 measurement. The Company amortizes the acquired intangibles over their estimated useful lives.

Pro forma and historical financial information have not been provided as the acquisitions are not material to the condensed consolidated financial statements.

5. 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 RSUs, performance-based restricted stock units ("PSUs"), and ESPP purchase rights, and the if-converted method for the 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 periods presented (in thousands, except share and per share amounts):

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	$ 16,471	$ 45,991	$ 107,888	$ 17,853
Net income (loss) per share:				
Basic	$ 0.20	$ 0.55	$ 1.27	$ 0.21
Diluted	$ 0.19	$ 0.54	$ 1.26	$ 0.21
Denominator:				
Weighted average shares used in computing net income (loss) per share:				
Basic	84,241,069	84,044,661	84,630,718	83,671,443
Weighted average effect of dilutive stock options	54,629	86,029	68,607	89,946
Weighted average effect of dilutive stock awards	767,005	1,749,953	1,227,386	1,893,514
Weighted average effect of the ESPP purchase rights	3,296	—	18,935	—
Diluted	85,065,999	85,880,643	85,945,646	85,654,903

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 April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Stock awards	1,360,753	—	650,557	—

During the three and nine months ended April 30, 2026 and 2025, the average market price of the Company's common stock did not exceed the initial conversion price of the 2029 Convertible Senior Notes.

During the three and nine months ended April 30, 2026 and 2025, there was no dilutive effect on net income (loss) per share due to maturity and settlement of the outstanding principal balance of the 2025 Convertible Senior Notes in fiscal year 2025.

6. Debt

Convertible Senior Notes

In March 2018, the Company issued $400.0 million aggregate principal amount of the 2025 Convertible Senior Notes. The 2025 Convertible Senior Notes matured on March 15, 2025 and were fully settled in fiscal year 2025 as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2025.

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 U.S. Bank Trust Company, National Association, as trustee (the "2029 Indenture"). The net proceeds from the issuance of the 2029 Convertible Senior Notes were $671.8 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.

The net carrying value of debt instruments and unamortized debt issuance costs was as follows (in thousands):

Debt Instrument	April 30, 2026	July 31, 2025
2029 convertible senior notes - principal amount	$ 690,000	$ 690,000
Less: unamortized debt issuance costs	(12,794)	(15,432)
Net carrying amount of debt	677,206	674,568
Less: current portion of convertible senior notes, net	—	—
Non-current portion of convertible senior notes, net	$ 677,206	$ 674,568

The effective interest rate of the 2029 Convertible Senior Notes is 1.8%. The if-converted value of the 2029 Convertible Senior Notes did not exceed the outstanding principal as of April 30, 2026.

The following table sets forth the interest expense recognized related to debt instruments (in thousands):

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Contractual interest expense	$ 2,156	$ 2,436	$ 6,469	$ 6,827
Amortization of debt issuance costs	984	1,058	2,947	2,782
Commitment fees	168	167	512	279
Total	$ 3,309	$ 3,661	$ 9,928	$ 9,888

Capped Calls

The capped call transactions related to the 2025 Convertible Senior Notes were fully settled in March 2025 in connection with the maturity and settlement of the 2025 Convertible Senior Notes as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2025.

In connection with the offering of the 2029 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 Capped Calls corresponds to the initial conversion price of the 2029 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 2029 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 sets forth key terms and costs incurred for the Capped Calls related to the 2029 Convertible Senior Notes:

	2029 Convertible Senior Notes
Initial strike price per share, subject to certain adjustments	$ 244.65
Initial cap price per share, subject to certain adjustments	$ 329.33
Net cost incurred (in millions)	$ 58.8
Common stock shares covered, subject to anti-dilution adjustments (in millions)	2.8

Revolving Credit Facility

In December 2024, the Company entered into a revolving credit agreement (the "Credit Agreement") with Bank of America, N.A., as administrative agent and certain other financial institutions from time to time party thereto (with the administrative agent, the "Lenders"), which 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.

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 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 Company was in compliance with all covenants as of April 30, 2026.

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 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.

As of April 30, 2026, there were no outstanding borrowings of revolving loans under the 2025 Credit Facility. As of April 30, 2026, there was an outstanding standby letter of credit issued under the 2025 Credit Facility in an immaterial amount.

7. Commitments and Contingencies

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, 2025.

See the Company’s Annual Report on Form 10-K for the fiscal year ended July 31, 2025 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 had no material accrual for claims as of April 30, 2026 or July 31, 2025. 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 Subscription Agreements (“SSAs”) and Software License Agreements (“SLAs”). SSAs and SLAs 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. SSAs and SLAs 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 April 30, 2026 or July 31, 2025. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases under various SSAs and SLAs, 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.

8. Stock-Based Compensation Expense and Stockholders’ Equity

Stock-Based Compensation Expense

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

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Stock-based compensation expense	$ 45,179	$ 40,367	$ 135,479	$ 119,398
Net impact of deferred stock-based compensation	(237)	(10)	(463)	(33)
Total stock-based compensation expense, net	$ 44,941	$ 40,357	$ 135,015	$ 119,365
Stock-based compensation expense is included in the following categories:				
Cost of subscription and support revenue	$ 3,391	$ 3,598	$ 10,437	$ 10,511
Cost of license revenue	—	32	—	104
Cost of services revenue	6,108	5,055	18,203	15,218
Research and development	12,061	10,267	36,277	30,560
Sales and marketing	11,598	10,832	35,014	31,400
General and administrative	11,784	10,573	35,085	31,572
Total stock-based compensation expense	$ 44,941	$ 40,357	$ 135,015	$ 119,365

Total unrecognized stock-based compensation expense related to the Company's Stock Awards and ESPP purchase rights as of April 30, 2026 is as follows:

	Unrecognized Expense (in thousands)	Weighted Average Expected Recognition Period (in years)
Stock Awards	$ 336,815	2.1
ESPP purchase rights	1,578	0.2
Total unrecognized stock-based compensation expense	$ 338,393	

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, 2025	2,672,857	$ 117.25	$ 604,654
Granted	903,084	$ 229.42	
Released	(1,068,724)	$ 107.90	$ 228,679
Canceled	(160,949)	$ 135.22	
Balance as of April 30, 2026	2,346,268	$ 163.45	$ 324,700
Expected to vest as of April 30, 2026	2,346,268	$ 163.45	$ 324,700

[(1)] Aggregate intrinsic value at each period end represents the total market value of Stock Awards at the Company's closing stock price of $138.39 and $226.22 on April 30, 2026 and July 31, 2025, respectively. Aggregate intrinsic value for released Stock Awards represents the total market value of released Stock Awards at date of release.

Certain executive officers have been granted Stock Awards that cliff vest after three years, 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 the Company's financial performance criteria. The Company determined the fair value of the awards subject to market performance of the Company's common stock using a Monte Carlo simulation model, which included the following assumptions:

	Nine Months Ended April 30,	
	2026	2025
Performance period	*	September 11, 2024 to September 11, 2027
3-year historical volatility	*	36.0%
3-year risk free rate	*	3.4%

*No Stock Awards subject to a market performance condition were granted during the nine months ended April 30, 2026.

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.

The Company recognized stock-based compensation related to PSUs of $9.2 million and $7.1 million during the three months ended April 30, 2026 and 2025, respectively, and $25.7 million and $19.2 million during the nine months ended April 30, 2026 and 2025, 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 (in years)	Aggregate Intrinsic Value[1] (in thousands)
Balance as of July 31, 2025	109,958	$ 64.09	6.8	$ 17,828
Granted	—	$ —		
Exercised	(9,721)	$ 55.47		$ 1,661
Canceled	—	$ —		
Balance as of April 30, 2026	100,237	$ 64.92	6.1	$ 7,364
Vested and expected to vest as of April 30, 2026	100,237	$ 64.92	6.1	$ 7,364
Exercisable as of April 30, 2026	100,237	$ 64.92	6.1	$ 7,364

[1] Aggregate intrinsic value at each period end represents the difference between the Company's closing stock price of $138.39 and $226.22 on April 30, 2026 and July 31, 2025, 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. The Company began repurchasing shares under this program during the first quarter of fiscal year 2023 and completed the program in December 2025.

In January 2026, the Company's board of directors authorized and approved a new share repurchase program of up to $500.0 million of the Company's outstanding common stock. Share repurchases under this 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 and nine months ended April 30, 2026, the Company repurchased 1,696,180 and 2,437,175 shares of common stock, respectively, at an average price of $147.07 and $163.16, respectively.

The Inflation Reduction Act of 2022 imposed an excise tax of 1% on share repurchases in excess of new issuances in the fiscal year. During the three and nine months ended April 30, 2026, the Company recorded total excise tax of $1.5 million, which has been included within retained earnings (accumulated deficit), as part of the cost basis of the common stock repurchased, and other current liabilities in the condensed consolidated balance sheets as of April 30, 2026.

During the three and nine months ended April 30, 2025, the Company did not repurchase any shares of common stock.

As of April 30, 2026, $240.5 million remained available for future share repurchases, subject to the Company's compliance with the terms of the Credit Agreement.

9. Segment Information

The Company has one reportable segment that conducts business globally and is managed, operated, and organized on a consolidated basis. The Company's chief executive officer is the chief operating decision maker. Since the Company operates in one segment, financial information, revenue by type, and revenue by geographic area presented in the condensed consolidated financial statements represents the operations of the Company's single segment.

The following table presents selected financial information for the Company's single operating segment (in thousands):

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Total revenue	$ 372,541	$ 293,508	$ 1,064,276	$ 845,889
Adjusted cost of revenue[1]	125,217	101,640	354,902	298,359
Stock-based compensation expense	9,498	8,685	28,639	25,833
Amortization of intangible assets	1,180	485	3,045	1,455
Total cost of revenue	135,896	110,810	386,587	325,647
Gross profit	236,645	182,698	677,689	520,242
Gross profit margin	*64 %*	*62 %*	*64 %*	*62 %*
Adjusted operating expenses[2]	169,540	145,809	480,769	412,815
Stock-based compensation expense	35,443	31,672	106,376	93,532
Amortization of intangible assets	584	749	1,923	2,424
Acquisition holdback expense	440	—	1,065	—
Total operating expenses	206,008	178,230	590,133	508,771
Income (loss) from operations	30,637	4,468	87,556	11,471
Income (loss) from operations margin	*8 %*	*1 %*	*8 %*	*2 %*
Adjusted interest income (expense) and other income (expense)[3]	9,017	11,185	31,506	35,990
Changes in fair value of strategic investments	599	(103)	554	(341)
Gains (losses) on sale of strategic investments	632	—	632	3,671
Amortization of debt issuance costs	(984)	(1,058)	(2,947)	(2,782)
Retirement of debt	—	—	—	(53,565)
Unrealized foreign exchange rate gains (losses)	(20,141)	34,176	1,513	13,967
Income (loss) before provision for (benefit from) income taxes	19,760	48,668	118,814	8,410
Provision for (benefit from) income taxes	3,289	2,677	10,926	(9,443)
Net income (loss)	$ 16,471	$ 45,991	$ 107,888	$ 17,853

[1] Adjusted cost of revenue excludes stock-based compensation expense and amortization of intangible assets.
[2] Adjusted operating expenses excludes stock-based compensation expense, amortization of intangible assets, and acquisition holdback expense.
[3] Adjusted interest income (expense) and other income (expense) excludes changes in fair value of strategic investments, gains (losses) on sale of strategic investments, amortization of debt issuance costs, retirement of debt, and unrealized foreign exchange rate gains (losses).

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 rely on to engage with customers, innovate, and operate more efficiently. Our platform combines core systems of record with digital, analytics, and artificial intelligence ("AI") capabilities. We serve insurers of all sizes, ranging from global carriers to regional and local providers, helping them navigate a rapidly changing insurance landscape.

Our foundational core products, InsuranceSuite and InsuranceNow, are delivered primarily as cloud-based subscription services. Historically, InsuranceSuite has also been available for self-managed installations. These products serve as transactional systems of record, fully supporting insurance operations, including product definition, policy administration, claims management and billing.

In addition, we provide digital engagement products that enable seamless sales, omnichannel service, and enhanced claims experiences for policyholders, agents, vendors, and field personnel. Our analytics products allow insurers to manage and use data more effectively, gain business insights, improve operational efficiency, and underwrite emerging risks. To support insurers worldwide, we localize our products to address diverse regulatory, language, and currency requirements.

InsuranceSuite is a highly configurable and scalable product, delivered as a service, and primarily comprised of five core applications (PolicyCenter, ClaimCenter, BillingCenter, and the recently announced PricingCenter and UnderwritingCenter) 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 is designed to support multiple releases each year to accelerate delivery of new capabilities and ensure that cloud customers remain on the latest version and gain fast access to our innovation efforts. Additionally, InsuranceSuite embeds digital and analytics capabilities natively into our platform. Most new sales and implementations are for InsuranceSuite.

InsuranceNow is a complete, cloud-based application that offers policy administration, claims management, and billing functionality, plus pre-integrated document production, analytics, and other capabilities, that increases agility without adding complexity. Like InsuranceSuite, InsuranceNow is hosted on GWCP and managed by our internal cloud operations team. InsuranceNow is currently only available in the United States and Canada, and is generally suited to mid-market carriers and managing general agents whose needs are often not as complex as a typical InsuranceSuite customer.

We reach customers directly through our global sales team and in partnership with third-party global system integrators ("SI's"). Because our platform is central to insurers' operations, customer evaluation cycles are often extensive, particularly when multiple products are involved or when insurers are moving to GWCP for the first time. Sales processes typically include detailed due diligence and customer reference checks. Our growth depends on continuously enhancing existing products, introducing new capabilities, ensuring efficient cloud operations, expanding local content, and providing access to innovation through the Guidewire Marketplace.

We sell our products primarily through subscription services for our platform and cloud-delivered products. We generally price our subscription services for the core products based on the amount of Direct Written Premium ("DWP") managed on our platform, with certain cloud-delivered products priced based on usage or other metrics. Initial subscription agreements are generally five years in duration, with annual renewals thereafter. In some instances, we have customers that sign contracts with an initial term of seven years or longer. Subscription revenue is recognized ratably over the contract term. We also offer term licenses, primarily for existing on-premise customers, as well as support and professional services. Support is typically priced as a percentage of license fees and recognized ratably, while most professional services are billed monthly on a time-and-materials basis. However, certain services engagements are based on a fixed fee and revenue is recognized on a percentage of completion 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 continue to 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 Annual Recurring Revenue ("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 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 fluctuations in our results due to factors largely outside of our control, reliance on sales to a relatively small number of large customers and the related substantial negotiating leverage of these customers, lengthy and variable sales and implementation cycles, competing effectively in the global market, growing our business and managing our expanding operations, development and use of AI in an evolving regulatory environment, making long-term pricing commitments based on cost estimates that may change, expanding market adoption of our cloud-based offerings, maintaining customer satisfaction and renewals, cost-effectively and securely managing the infrastructure of our cloud-based customers, and the impact of these and other factors, including the impact of AI on the insurance and software industries, on our stock price and its volatility. 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, an increase in term licenses due to renewals or expansion orders, or non-renewals may impact our 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. 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, inflationary pressures, and increased market volatility. For instance, the ongoing war between Russia and Ukraine, conflicts in the Middle East, escalating tensions in the South China Sea, currency exchange fluctuations, changes in interest rates, changes in trade policies and practices (including the imposition of tariffs), 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 and political uncertainty 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 nine months ended April 30, 2026, the recurring license and support or subscription contract value recognized as services revenue was $5.9 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 April 30, 2026, ARR was $1,147 million, compared to $1,041 million as of July 31, 2025. 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."

	Nine Months Ended April 30,	
	2026	2025
	(in thousands)	
Net cash provided by (used in) operating activities	$ 105,830	$ 56,036
Purchases of property and equipment	(9,934)	(2,336)
Capitalized software development costs	(13,939)	(10,972)
Free cash flow	$ 81,957	$ 42,728

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 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, 2025, 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, 2025.

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 accounting 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. Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. 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, 2025.

	Three Months Ended April 30,			
	2026	As a % of total revenue	2025	As a % of total revenue
	(in thousands, except percentages)			
Revenue:				
Subscription and support	$ 244,738	66 %	$ 181,823	62 %
License	55,996	15	57,233	19
Services	71,807	19	54,452	19
Total revenue	372,541	100	293,508	100
Cost of revenue:				
Subscription and support	67,882	18	57,411	20
License	374	—	892	—
Services	67,639	18	52,507	18
Total cost of revenue	135,896	36	110,810	38
Gross profit:				
Subscription and support	176,856	47	124,412	42
License	55,622	15	56,341	19
Services	4,167	1	1,945	1
Total gross profit	236,645	64	182,698	62
Operating expenses:				
Research and development	87,868	24	72,915	25
Sales and marketing	68,201	18	57,768	20
General and administrative	49,939	13	47,547	16
Total operating expenses	206,008	55	178,230	61
Income (loss) from operations	30,637	8	4,468	1
Interest income	11,295	3	13,794	5
Interest expense	(3,318)	(1)	(3,668)	(1)
Other income (expense), net	(18,854)	(5)	34,074	12
Income (loss) before provision for (benefit from) income taxes	19,760	5	48,668	17
Provision for (benefit from) income taxes	3,289	1	2,677	1
Net income (loss)	$ 16,471	4 %	$ 45,991	16 %

	Nine Months Ended April 30,			
	2026	As a % of total revenue	2025	As a % of total revenue
	(in thousands, except percentages)			
Revenue:				
Subscription and support	$ 704,150	66 %	$ 529,403	63 %
License	157,491	15	158,297	18
Services	202,634	19	158,189	19
Total revenue	1,064,276	100	845,889	100
Cost of revenue:				
Subscription and support	195,737	18	170,531	20
License	1,460	—	2,715	—
Services	189,390	18	152,401	18
Total cost of revenue	386,587	36	325,647	38
Gross profit:				
Subscription and support	508,413	48	358,872	43
License	156,031	15	155,582	18
Services	13,244	1	5,788	1
Total gross profit	677,689	64	520,242	62
Operating expenses:				
Research and development	249,510	23	212,063	25
Sales and marketing	193,934	18	164,698	19
General and administrative	146,689	14	132,010	16
Total operating expenses	590,133	55	508,771	60
Income (loss) from operations	87,556	8	11,471	2
Interest income	38,432	4	43,122	5
Interest expense	(9,965)	(1)	(9,913)	(1)
Other income (expense), net	2,791	—	(36,270)	(4)
Income (loss) before provision for (benefit from) income taxes	118,814	11	8,410	2
Provision for (benefit from) income taxes	10,926	1	(9,443)	(1)
Net income (loss)	$ 107,888	10 %	$ 17,853	3 %

Revenue

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

Subscription and Support

The 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 five years, though in some instances customers have entered into contracts with an initial term of seven years or longer. 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

The 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, while certain services engagements are based on a fixed fee and revenue is recognized on a percentage of completion basis.

	Three Months Ended April 30,					
	2026		2025		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Revenue:						
Subscription and support:						
Subscription	$ 232,129	62 %	$ 166,464	57 %	$ 65,665	39 %
Support	12,609	3	15,359	5	(2,750)	(18)%
License	55,996	15	57,233	19	(1,237)	(2)%
Services	71,807	19	54,452	19	17,354	32 %
Total revenue	$ 372,541	100 %	$ 293,508	100 %	$ 79,032	27 %

	Nine Months Ended April 30,					
	2026		2025		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Revenue:						
Subscription and support:						
Subscription	$ 662,312	62 %	$ 480,981	57 %	$ 181,331	38 %
Support	41,838	4	48,422	6	(6,584)	(14)%
License	157,491	15	158,297	18	(806)	(1)%
Services	202,634	19	158,189	19	44,445	28 %
Total revenue	$ 1,064,276	100 %	$ 845,889	100 %	$ 218,386	26 %

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 $65.7 million and $181.3 million during the three and nine months ended April 30, 2026, respectively, compared to the same periods a year ago, primarily due to the impact of cloud transition agreements entered into and provisioned since April 30, 2025, 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 $2.8 million and $6.6 million during the three and nine months ended April 30, 2026, respectively, compared to the same periods 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 that the small percentage of term licenses 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 are a significant majority of total new sales and as customers migrate from term licenses to subscription services instead of renewing their term licenses.

Term license revenue decreased by $1.2 million and $0.8 million during the three and nine months ended April 30, 2026, respectively, compared to the same periods a year ago, primarily due to agreements that migrated from a term license to a subscription service.

Ongoing revenue related to migration agreements is recorded as subscription revenue.

Services

Services revenue increased by $17.4 million and $44.4 million during the three and nine months ended April 30, 2026, respectively, compared to the same periods a year ago, due to higher utilization of services employees and new subscription implementation and migration projects.

As we successfully leverage our SI partners to lead more implementations and migrations, we expect our services revenue could fluctuate between periods. 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 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 April 30,			
	2026	2025	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Cost of revenue:				
Subscription and support	$ 67,882	$ 57,411	$ 10,472	18 %
License	374	892	(518)	(58)%
Services	67,639	52,507	15,132	29 %
Total cost of revenue	$ 135,896	$ 110,810	$ 25,086	23 %
Includes stock-based compensation of:				
Cost of subscription and support revenue	$ 3,391	$ 3,598	$ (207)	
Cost of license revenue	—	32	(32)	
Cost of services revenue	6,108	5,055	1,053	
Total	$ 9,498	$ 8,685	$ 813	

	Nine Months Ended April 30,			
	2026	2025	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Cost of revenue:				
Subscription and support	$ 195,737	$ 170,531	$ 25,206	15 %
License	1,460	2,715	(1,255)	(46)%
Services	189,390	152,401	36,989	24 %
Total cost of revenue	$ 386,587	$ 325,647	$ 60,940	19 %
Includes stock-based compensation of:				
Cost of subscription and support revenue	$ 10,437	$ 10,511	$ (74)	
Cost of license revenue	—	104	(104)	
Cost of services revenue	18,203	15,218	2,985	
Total	$ 28,640	$ 25,833	$ 2,807	

Cost of subscription and support revenue during the three months ended April 30, 2026 increased by $10.5 million compared to the same period a year ago, primarily due to increases in cloud infrastructure expenses of $6.1 million driven by increased transaction volume on our cloud services, personnel costs of $2.5 million due to higher headcount, amortization of intangible assets of $0.7 million, and royalties of $0.5 million.

Cost of subscription and support revenue during the nine months ended April 30, 2026 increased by $25.2 million compared to the same period a year ago, primarily due to increases in cloud infrastructure expense of $12.1 million from increased transaction volume on our cloud services, personnel costs of $8.3 million due to higher headcount, amortization of intangible assets of $1.6 million, and royalties of $1.2 million.

We expect the cost of subscription and support revenue to increase in absolute dollars due to a greater number of customers utilizing our cloud services, continued adoption of cloud-based and AI-related product features, growth in cloud customer transaction volume, and the impact of inflation and other macroeconomic events.

Cost of license revenue decreased by $0.5 million and $1.3 million during the three and nine months ended April 30, 2026, respectively, compared to the same periods a year ago, primarily due to decreases in personnel costs of $0.3 million and $1.0 million, respectively, and to a lesser extent, decreases in royalties. Personnel costs associated with the development of online training curriculum are primarily focused on our cloud services, thus contributing to the decrease in cost of license revenue.

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

The $15.1 million increase in cost of services revenue during the three months ended April 30, 2026, compared to the same period a year ago, was primarily due to increases in personnel costs of $8.2 million due to higher headcount, subcontractor expenses of $3.8 million due to implementations involving our SI partners, and travel expenses of $2.2 million.

The $37.0 million increase in cost of services revenue during the nine months ended April 30, 2026, compared to the same period a year ago, was primarily due to increases in personnel costs of $23.5 million due to higher headcount, subcontractor expenses of $7.8 million due to implementations involving our SI partners, and travel expenses of $3.2 million.

We had 663 cloud operations and technical support employees and 972 professional services employees at April 30, 2026, compared to 591 cloud operations and technical support employees and 836 professional services employees at April 30, 2025.

Gross Profit:

	Three Months Ended April 30,					
	2026		2025		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(in thousands, except percentages)					
Gross profit:						
Subscription and support	$ 176,856	72 %	$ 124,412	68 %	$ 52,444	42 %
License	55,622	99	56,341	98	(719)	(1)%
Services	4,167	6	1,945	4	2,222	114 %
Total gross profit	$ 236,645	64 %	$ 182,698	62 %	$ 53,947	30 %

Our gross profit increased $53.9 million during the three months ended April 30, 2026, compared to the same period a year ago. Gross profit was primarily impacted by the increase in subscription and support gross profit due to the increase in subscription revenue from cloud migration and new and renewed subscription orders at a rate higher than subscription and support costs. Services contributed to the increased gross profit due to higher utilization of services employees and higher revenues from new subscription implementation and migration projects. These increases were partially offset by a decrease in license gross profit due to lower license revenue as customers migrate to subscription services.

Our gross margin increased to 64% during the three months ended April 30, 2026 from 62% during the same period a year ago. Gross margin increased primarily due to the growth in subscription and support revenue which continues to outpace increases in cloud infrastructure and personnel costs.

	Nine Months Ended April 30,					
	2026		2025		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(in thousands, except percentages)					
Gross profit:						
Subscription and support	$ 508,413	72 %	$ 358,872	68 %	$ 149,541	42 %
License	156,031	99	155,582	98	449	— %
Services	13,244	7	5,788	4	7,456	129 %
Total gross profit	$ 677,689	64 %	$ 520,242	62 %	$ 157,447	30 %

Our gross profit increased $157.4 million during the nine months ended April 30, 2026, compared to the same period a year ago. Gross profit was primarily impacted by the increase in subscription and support gross profit due to the increase in subscription revenue at a rate higher than subscription and support costs. Services contributed to the increased gross profit due to higher utilization of services employees and higher revenues from new subscription implementation and migration projects.

Our gross margin increased to 64% during the nine months ended April 30, 2026 from 62% during the same period a year ago. Gross margin increased primarily due to the growth in subscription and support revenue which continues to outpace increases in cloud infrastructure and personnel costs.

We expect subscription and support gross margin to continue to improve, though at a slower rate than in recent years, as we increase the number of cloud customers and scale our cloud platform. We expect services gross margin will continue to improve as we gain additional efficiencies, but could fluctuate between periods based on the use of subcontractors to supplement our internal services team and the impact of any arrangements entered into to encourage customers to migrate from licenses to subscription services. We expect license gross profit to decline over time due to customers migrating from licenses to subscription services but can fluctuate quarter to quarter depending on the timing of renewals and license revenue allocation from migration orders. 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 April 30,					
	2026		2025		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$ 87,868	24%	$ 72,915	25%	$ 14,953	21 %
Sales and marketing	68,201	18	57,768	20	10,433	18 %
General and administrative	49,939	13	47,547	16	2,392	5 %
Total operating expenses	$ 206,008	55%	$ 178,230	61%	$ 27,778	16 %
Includes stock-based compensation of:						
Research and development	$ 12,061		$ 10,267		$ 1,794	
Sales and marketing	11,598		10,832		766	
General and administrative	11,784		10,573		1,211	
Total	$ 35,443		$ 31,672		$ 3,771	

	Nine Months Ended April 30,					
	2026		2025		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$ 249,510	23 %	$ 212,063	25 %	$ 37,447	18 %
Sales and marketing	193,934	18	164,698	19	29,236	18 %
General and administrative	146,689	14	132,010	16	14,680	11 %
Total operating expenses	$ 590,133	55 %	$ 508,771	60 %	$ 81,362	16 %
Includes stock-based compensation of:						
Research and development	$ 36,277		$ 30,560		$ 5,717	
Sales and marketing	35,014		31,400		3,614	
General and administrative	35,085		31,572		3,513	
Total	$ 106,376		$ 93,532		$ 12,844	

Research and Development

Our research and development expenses primarily consist of personnel costs for our technical staff, web hosting costs, and software subscription costs.

The $15.0 million increase in research and development expenses during the three months ended April 30, 2026, compared to the same period a year ago, was primarily due to increases in personnel costs of $11.0 million associated with higher headcount, and web hosting and software subscription costs of $2.8 million driven by increased product development efforts.

The $37.4 million increase in research and development expenses during the nine months ended April 30, 2026, compared to the same period a year ago, was primarily due to increases in personnel costs of $28.4 million associated with higher headcount, and web hosting and software subscription costs of $5.7 million.

Our research and development headcount was 1,369 at April 30, 2026, compared with 1,204 at April 30, 2025.

We expect our research and development expenses to increase in absolute dollars due to inflation and investments to enhance and develop our products and services, but decrease as a percentage of revenue as we focus on hiring in lower cost regions. We continue to dedicate internal resources to develop, improve, and expand the functionality, efficiency, and security of our solutions in the cloud. Our research and development expenses may also increase as we dedicate more resources to our software development efforts, utilize AI tools to accelerate development efforts, and invest in AI-driven solutions for our customers, as well as 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 $10.4 million increase in sales and marketing expenses during the three months ended April 30, 2026, compared to the same period a year ago, was primarily due to increases in personnel costs of $7.8 million associated with higher headcount, which includes the impact of contract acquisition costs, and marketing and advertising expenses of $1.9 million due to customer events and increased lead generation activity.

The $29.2 million increase in sales and marketing expenses during the nine months ended April 30, 2026, compared to the same period a year ago, was primarily due to increases in personnel costs of $20.4 million associated with higher headcount, which includes the impact of contract acquisition costs, marketing and advertising expenses of $4.3 million, and travel expenses of $4.3 million, partially offset by a decrease in web hosting costs of $1.1 million.

Our sales and marketing headcount was 554 at April 30, 2026, compared with 497 at April 30, 2025.

We expect our sales and marketing expenses to increase in absolute dollars as we support new product initiatives and ongoing subscription and cloud growth, but to grow more slowly than revenue over time. As a result, we expect sales and marketing expense as a percentage of revenue to decline as we realize efficiencies and leverage prior investments in customer success.

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 $2.4 million increase in general and administrative expenses during the three months ended April 30, 2026, compared to the same period a year ago, was due to increases in personnel costs of $2.6 million, driven by the impact of annual salary increases and an increase in the annual bonus accrual and stock-based compensation, which was partially offset by the net impact of fluctuations in bad debt expenses, web hosting, software subscription and professional services costs.

The $14.7 million increase in general and administrative expenses during the nine months ended April 30, 2026, compared to the same period a year ago, was due to increases in personnel costs of $9.9 million driven by the impact of annual salary increases and an increase in the annual bonus accrual and stock-based compensation, professional services of $1.8 million, bad debt expenses of $1.5 million, and facilities costs of $1.2 million.

Our general and administrative headcount was 491 at April 30, 2026, compared with 468 at April 30, 2025. 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 April 30,			
	2026	2025	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Interest income	$ 11,295	$ 13,794	$ (2,499)	(18)%
Interest expense	$ (3,318)	$ (3,668)	$ 350	(10)%
Other income (expense), net	$ (18,854)	$ 34,074	$ (52,928)	(155)%

	Nine Months Ended April 30,			
	2026	2025	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Interest income	$ 38,432	$ 43,122	$ (4,690)	(11)%
Interest expense	$ (9,965)	$ (9,913)	$ (52)	1 %
Other income (expense), net	$ 2,791	$ (36,270)	$ 39,061	(108)%

Interest Income

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

Interest income decreased $2.5 million and $4.7 million during the three and nine months ended April 30, 2026, respectively, compared to the same periods a year ago, primarily due to lower interest rates and lower available funds to invest due to purchases under our stock repurchase program.

Interest Expense

Interest expense includes both stated interest and the amortization of debt issuance costs associated with the outstanding amount due on the aggregate principal amount of our 1.25% Convertible Senior Notes due 2025 ("2025 Convertible Senior Notes") and the 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 costs is recognized on an effective interest basis. Our 2025 Convertible Senior Notes were partially retired in October and December 2024, and were fully settled on their maturity date of March 15, 2025. Interest expense also includes commitment fees on our undrawn 2025 Credit Facility and amortization of issuance costs associated with our revolving credit agreement recognized on a straight-line basis.

Interest expense for the three months ended April 30, 2026 consists of stated interest of $2.2 million, non-cash interest expense of $1.0 million related to amortization of debt issuance costs, and $0.2 million of commitment fees on our undrawn 2025 Credit Facility. Interest expense for the three months ended April 30, 2025 consists of stated interest of $2.4 million, non-cash interest expense of $1.1 million related to the amortization of debt issuance costs, and $0.2 million of commitment fees on our undrawn 2025 Credit Facility.

Interest expense for the nine months ended April 30, 2026 consists of stated interest of $6.5 million, non-cash interest expense of $2.9 million related to amortization of debt issuance costs, and $0.5 million of commitment fees on our undrawn 2025 Credit Facility. Interest expense for the nine months ended April 30, 2025 consists of stated interest of $6.8 million, non-cash interest expense of $2.8 million related to the amortization of debt issuance costs, and $0.3 million of commitment fees on our undrawn 2025 Credit Facility.

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 and expenses related to the retirement of a portion of our 2025 Convertible Senior Notes.

Other income (expense), net during the three months ended April 30, 2026 was expense of $18.9 million, compared to income of $34.1 million during the same period a year ago. This change was primarily driven by a foreign currency loss of $20.1 million during the three months ended April 30, 2026, compared to a gain of $34.2 million during the same period a year ago due to fluctuations in foreign currency exchange rates.

Other income (expense), net during the nine months ended April 30, 2026 was income of $2.8 million, compared to expense of $36.3 million during the same period a year ago due to $53.6 million of expense related to the retirement of a portion of our 2025 Convertible Senior Notes during the nine months ended April 30, 2025. Additionally, during the nine months ended April 30, 2026, we recorded a foreign currency gain of $1.5 million, compared to $14.0 million during the same period a year ago due to fluctuations in foreign currency exchange rates.

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 April 30,			
	2026	2025	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Provision for (benefit from) income taxes	$ 3,289	$ 2,677	$ 612	23 %
Effective tax rate	17 %	6 %		

	Nine Months Ended April 30,			
	2026	2025	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Provision for (benefit from) income taxes	$ 10,926	$ (9,443)	$ 20,369	(216)%
Effective tax rate	9 %	(112)%		

We recognized an income tax expense of $3.3 million and $2.7 million for the three months ended April 30, 2026 and 2025, respectively, and an income tax expense of $10.9 million and an income tax benefit of $9.4 million for the nine months ended April 30, 2026 and 2025, respectively.

The change in income taxes recorded for the three months ended April 30, 2026, compared to the same period a year ago, was primarily due to an increase in non-deductible executive compensation, a decrease in the Foreign-Derived Intangible Income ("FDII") deduction, a decrease in research and development credits due to U.S. tax law changes under H.R. 1 enacted on July 4, 2025, and a decrease in the deductions for stock-based compensation, offset by a decrease in income before taxes.

The change in income taxes recorded for the nine months ended April 30, 2026, compared to the same period a year ago, was primarily due to an increase in income before taxes, an increase in non-deductible executive compensation, a decrease in the FDII deduction, and a decrease in research and development credits due to U.S. tax law changes under H.R. 1 enacted on July 4, 2025, offset by an increase in the deductions for stock-based compensation.

In the United States, on July 4, 2025, H.R. 1 was signed into law. Among other provisions, the legislation reinstated immediate expensing for domestic research and experimental expenditures, extended 100% bonus depreciation for qualified property placed in service beginning January 20, 2025, and made certain other provisions of the Tax Cuts and Jobs Act permanent. The legislation has multiple effective dates, with certain provisions effective in fiscal year 2026 and others effective from fiscal year 2027. We recognized the fiscal year 2026 tax effects of the legislation in our income tax provision for the three and nine months ended April 30, 2026.

The effective tax rate of 17% and 9% for the three and nine months ended April 30, 2026, respectively, differs from the statutory U.S. Federal income tax rate of 21% primarily due to tax deductions for stock-based compensation, the FDII deduction, and research and development credits, partially offset by state taxes and certain non-deductible expenses, including the limitation on 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 April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Gross profit reconciliation:				
GAAP gross profit	$ 236,645	$ 182,698	$ 677,689	$ 520,242
Non-GAAP adjustments:				
Stock-based compensation	9,498	8,685	28,639	25,833
Amortization of intangibles	1,180	485	3,045	1,455
Non-GAAP gross profit	$ 247,324	$ 191,868	$ 709,373	$ 547,530
Income (loss) from operations reconciliation:				
GAAP income (loss) from operations	$ 30,637	$ 4,468	$ 87,556	$ 11,471
Non-GAAP adjustments:				
Stock-based compensation	44,941	40,357	135,015	119,365
Amortization of intangibles	1,765	1,234	4,968	3,879
Acquisition consideration holdback	440	—	1,064	—
Non-GAAP income (loss) from operations	$ 77,784	$ 46,059	$ 228,604	$ 134,715
Net income (loss) reconciliation:				
GAAP net income (loss)	$ 16,471	$ 45,991	$ 107,888	$ 17,853
Non-GAAP adjustments:				
Stock-based compensation	44,941	40,357	135,015	119,365
Amortization of intangibles	1,765	1,234	4,968	3,879
Acquisition consideration holdback	440	—	1,064	—
Amortization of debt issuance costs	984	1,058	2,947	2,782
Changes in fair value of strategic investments	(599)	103	(554)	341
(Gains) losses on sale of strategic investments	(632)	—	(632)	(3,671)
Retirement of debt	—	—	—	53,565
Unrealized foreign exchange rate (gains) losses[(1)]	20,141	(34,176)	(1,513)	(13,967)
Tax impact of non-GAAP adjustments	(13,864)	(7,157)	(39,295)	(35,330)
Non-GAAP net income (loss)	$ 69,648	$ 47,409	$ 209,888	$ 144,817
Tax provision (benefit) reconciliation:				
GAAP tax provision (benefit)	$ 3,289	$ 2,677	$ 10,926	$ (9,443)
Non-GAAP adjustments:				
Stock-based compensation	8,881	6,933	26,154	18,110
Amortization of intangibles	349	212	963	586
Acquisition consideration holdback	87	—	206	—
Amortization of debt issuance costs	194	182	571	426
Changes in fair value of strategic investments	(118)	18	(110)	51
(Gains) losses on sale of strategic investments	—	—	—	(520)
Retirement of debt	—	—	—	7,585
Unrealized foreign exchange rate (gains) losses[(1)]	3,980	(5,871)	(152)	(3,011)
Tax impact of non-GAAP adjustments	490	5,684	11,664	12,103
Non-GAAP tax provision (benefit)	$ 17,153	$ 9,834	$ 50,222	$ 25,887

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2026	2025	2026	2025
Net income (loss) per share reconciliation:				
GAAP net income (loss) per share — diluted	$ 0.19	$ 0.54	$ 1.26	$ 0.21
Non-GAAP adjustments:				
Stock-based compensation	0.53	0.47	1.57	1.39
Amortization of intangibles	0.02	0.01	0.06	0.05
Acquisition consideration holdback	—	—	—	—
Amortization of debt issuance costs	0.01	0.01	0.03	0.03
Changes in fair value of strategic investments	(0.01)	—	(0.01)	—
(Gains) losses on sale of strategic investments	(0.01)	—	(0.01)	(0.04)
Retirement of debt	—	—	—	0.63
Unrealized foreign exchange rate (gains) losses[1]	0.24	(0.40)	(0.02)	(0.16)
Tax impact of non-GAAP adjustments	(0.16)	(0.08)	(0.46)	(0.41)
Non-GAAP net income (loss) per share — diluted	$ 0.82	$ 0.55	$ 2.44	$ 1.70
Shares used in computing non-GAAP net income (loss) per share amounts:				
GAAP and pro forma weighted average shares — diluted	85,065,999	85,880,643	85,945,646	85,654,903

(1) During the three months ended April 30, 2026, we began excluding unrealized foreign currency exchange rate (gains) losses as a non-GAAP adjustment to other income (expense), net. Accordingly, we have recast previously reported amounts in our non-GAAP schedules.

Liquidity and Capital Resources

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

	April 30, 2026	July 31, 2025
Cash, cash equivalents, and investments	$ 1,146,800	$ 1,483,197
Working capital	$ 718,235	$ 962,613

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 April 30, 2026, approximately $92.3 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.

Revolving Credit Facility

In December 2024, we entered into a revolving credit agreement (the “Credit Agreement”), which provides for a senior secured revolving credit facility in an aggregate principal amount of $300.0 million (the “2025 Credit Facility”). At our 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 April 30, 2026, there were no outstanding borrowings of revolving loans under the 2025 Credit Facility and we were in compliance with related covenants. As of April 30, 2026, there was an outstanding standby letter of credit issued under the 2025 Credit Facility in an immaterial amount.

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. We began repurchasing shares under this program during the first quarter of fiscal year 2023 and completed the program in December 2025.

In January 2026, our board of directors authorized and approved a new share repurchase program of up to $500.0 million of our outstanding common stock. Share repurchases under this program may be made from time to time, in the open market, in privately negotiated transactions and otherwise, at the discretion of our 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 the Company.

During the three and nine months ended April 30, 2026, we repurchased 1,696,180 and 2,437,175 shares of common stock, respectively, at an average price of $147.07 and $163.16, respectively.

During the three and nine months ended April 30, 2025, we did not repurchase any shares of common stock.

As of April 30, 2026, we had $240.5 million available to repurchase shares under the new share repurchase program. If we execute fully on the share repurchase program in the fiscal year, we may be subject to excise taxes on the share repurchase in accordance with the Inflation Reduction Act of 2022.

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 other 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 may also 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):

	Nine Months Ended April 30,	
	2026	**2025**
Net cash provided by (used in) operating activities	$ 105,830	$ 56,036
Net cash provided by (used in) investing activities	$ (133,412)	$ (178,576)
Net cash provided by (used in) financing activities	$ (378,544)	$ 81,565

Cash Flows from Operating Activities

Net cash provided by operating activities was $105.8 million for the nine months ended April 30, 2026 compared to net cash provided of $56.0 million during the nine months ended April 30, 2025. This $49.8 million increase in cash provided by operating activities was attributable to a $82.2 million increase in net income, 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 $32.4 million increase in cash used by working capital activities.

Cash Flows from Investing Activities

Net cash used in investing activities was $133.4 million for the nine months ended April 30, 2026 compared to net cash used in investing activities of $178.6 million during the nine months ended April 30, 2025. The $45.2 million decrease in cash used was primarily due to higher proceeds from the sales and maturities of available-for-sale securities, relative to purchases, compared to the same period a year ago of $80.2 million, partially offset by a net $17.7 million impact from strategic investment activity, an increase of $6.7 million in net cash paid as purchase consideration for business acquisitions, an increase in purchases of property and equipment primarily due to new office build outs of $7.6 million, and an increase in capitalized software development costs of $3.0 million.

Cash Flows from Financing Activities

Net cash used in financing activities for the nine months ended April 30, 2026 was $378.5 million compared to $81.6 million provided by financing activities for the nine months ended April 30, 2025. This $460.1 million increase in cash used was primarily due to $392.4 million in cash paid for shares repurchased under the authorized and approved share repurchase programs, and $2.6 million from lower proceeds from stock option exercises, offset by $13.4 million of proceeds received from the issuance of common stock under the employee stock purchase plan. Additionally, during the nine months ended April 30, 2025, $80.5 million in net cash was received related to the issuance of the 2029 Convertible Senior Notes and related capped calls, in addition to the retirement and maturity of the 2025 Convertible Senior Notes, and $2.1 million was used to establish our revolving credit facility which did not recur in the current year.

Commitments and Contractual Obligations

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, 2025.

See our Annual Report on Form 10-K for the fiscal year ended July 31, 2025 for additional information regarding our contractual obligations.

Off-Balance Sheet Arrangements

Through April 30, 2026, 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 April 30, 2026 and July 31, 2025 were $1,146.8 million and $1,483.2 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 $6.3 million and $5.3 million in the market value of our available-for-sale securities as of April 30, 2026 and July 31, 2025, respectively. Any realized gains or losses resulting from such interest rate changes would only occur if we sold the investments prior to maturity.

Additionally, our 2025 Credit Facility, which was undrawn as of April 30, 2026, bears interest at floating rates, including (i) for U.S. Dollar-denominated loans, at our option, either the bank's base rate plus 0.25% to 1.25% per annum or term SOFR (as defined in the Credit Agreement) plus 1.25% to 2.25% per annum, and (ii) for alternative currency-denominated loans, the applicable alternative currency rate plus 1.25% to 2.25% per annum, with margins determined based on our total net leverage ratio, thus exposing us to potential interest rate fluctuations should we decide to access the facility.

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 nine months ended April 30, 2026 and 2025, we recorded a foreign currency gain of $1.5 million and gain of $14.0 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 $76.7 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 in 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 April 30, 2026 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 7 "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 the following:

- our quarterly and annual results may fluctuate significantly due to a number of factors, including economic conditions, customer behavior, contract provisions and changes, operational costs and reliability, seasonality, and other uncertainties, which could impact our stock price;
- our reliance on orders from a relatively small number of customers in the 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;
- our ability to expand adoption of our cloud-based products, migrate existing term license customers to cloud-based offerings on a subscription basis, and manage long-term pricing commitments in our customer contracts that are based on available information and estimates about future costs that may change;
- exposure to risks in relation to data security incidents or breaches of our cloud-based products, unauthorized access to our customers' or employees' data, and the related impact on our ability to effectively operate our cloud environment for our customers;
- issues in the development and use of 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 a hybrid and geographically distributed workforce;
- errors or failures in our products or services, as well as failures, security vulnerabilities, or service interruptions of third-party technologies and service providers we utilize, 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 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, tariffs, shifts in investor sentiment regarding our industry, including with respect to AI and technological displacement, and financial markets' volatility, all of which have impacted or may 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, political uncertainties, 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 expand 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, utilization rates, 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, and uncertainties with respect to trade tariffs, trade agreements, and other trade issues 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.

Our reliance on a relatively small number of P&C insurance customers for a significant portion of our revenue and ARR and the substantial negotiating leverage of these customers could adversely affect 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 varied and will continue to vary from year to year. Our ten largest customers accounted for 20% and 22% of our revenue in fiscal years 2025 and 2024, respectively. Additionally, our ten largest customers based on ARR accounted for 20% of total ARR at July 31, 2025. 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 grow, 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 if 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.

Furthermore, 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. 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 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. In addition, consolidation among P&C insurers may further concentrate our customer base and increase the negotiating leverage of our large customers, which could heighten pricing and margin pressures.

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 or be subject to penalties or costs. 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.

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 and rapidly evolving. 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. We may also face competition from new market entrants and cloud-based vendors that utilize innovative technologies, including machine learning, AI technologies, and automated decision-making technologies (collectively, "AI technologies"), to compete with or disrupt portions of our business. These competitors may compete on the basis of price, innovative technologies such as AI technologies, 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. Further, as AI technologies continue to evolve, our existing and potential customers may leverage these capabilities to develop their own solutions that could reduce or eliminate the need for our solutions.

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 our customers or potential 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. Additionally, we anticipate that the amount of capital invested in potential new market entrants utilizing AI technologies may increase. As a result, our competitors or potential competitors may develop improved product or sales capabilities, or even a technology breakthrough, such as through the use of AI technologies, 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 expanding our operations, including increasing the number of employees and broadening 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, combined with the complexity of managing a hybrid and geographically distributed workforce, has placed, and will continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. 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.

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.

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 AI technologies in our offerings and business, and we are continuing to make investments in expanding our AI capabilities in our products, professional services, and tools, including by enhancing existing or developing new product features and functionality that use or incorporate AI technologies. AI technologies are complex and are rapidly evolving. We expect that increased investment will be required to continuously improve our use of AI technologies. As with many technological innovations, there are significant risks involved in developing, maintaining and deploying these technologies and there can be no assurance that the usage of or our investments in such technologies will always enhance our products or services or be beneficial to our business, including our efficiency or profitability. The use of AI technologies in new or existing offerings may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or cybersecurity 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 new or unknown cybersecurity risks, vulnerabilities, and challenges, 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.

The uncertainty around new and emerging AI technologies 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.

AI technologies 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 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 technologies development, deployment 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 using or incorporating AI technologies 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 future outcomes may differ significantly 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, tariffs, 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.

If we are unable to expand adoption of our cloud-based subscription offerings, or if we fail to meet stipulated service levels, 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 primarily through a cloud-based offering sold on a subscription basis. Our subscription business model has required, and will continue to require, 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 incidents or 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 in the initial period of the customer agreement. This effect on recognized revenue may be magnified 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.

While market acceptance of our cloud-based solutions has increased, our future growth depends on our ability to further expand adoption among existing and new customers. Factors such as cost, security, reliability, performance, customer preference, perceived value associated with such offerings, public concerns regarding privacy, and the enactment of restrictive laws or regulations could continue to affect the pace and extent of this expansion. If adoption or renewal of our cloud-based solutions does not grow as expected, we could experience reduced customer purchases, reduced renewal rates, lower ARR, and decreased revenue, any of which will adversely affect our business, results of operations, or financial condition.

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 expand adoption of 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.

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. Additionally, customers may delay making payments under existing agreements, or at renewal, in an attempt to obtain more favorable terms from us.

Also, in certain limited 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 and ramped nature of annual installments over the initial term, 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 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, and many of our third-party providers, 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 or incidents, 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 used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may result in errors or failures or expose undetected errors, failures, or bugs in our products. Despite extensive 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. As is common with complex software, errors, failures, or bugs may be discovered in 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.

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 SI partners 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 and support 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 is encouraged to use 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 technologies 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 tasks, such as writing code and building content, and these AI technology tools may produce responses that appear facially correct but that are factually inaccurate or flawed, which could lead to errors in our decision-making, solution development, or other business activities and 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.

Further, while use of AI tools to develop software code makes our development process more efficient, AI technologies have sometimes generated content that is "substantially similar" to proprietary or open source code on which the AI tool was trained. If the AI technologies we use generate code that is too similar to other proprietary code, or to software processes that are protected by patent, we could be subject to intellectual property infringement claims. We may also not be able to anticipate and detect security vulnerabilities in such AI generated software code. If our tools generate code that is too similar to open source code, we risk losing protection of our own proprietary code that is commingled with such code. Finally, to the extent we use third-party AI technologies to develop software code, the terms of use of these tools may state that the third-party provider retains rights in the generated code.

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 61% and 56% of total revenue for fiscal years 2025 and 2024, respectively. Our subscription and support revenue produces lower gross margins than our license revenue. The gross margin of our subscription and support revenue was 68% and 63% for fiscal years 2025 and 2024, respectively, while the gross margin for license revenue was 99% and 98% for fiscal years 2025 and 2024, 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, tariffs, or other global events and disasters.

Further, our services revenue was 18% and 18% of total revenue for fiscal years 2025 and 2024, respectively. Our services revenue produces significantly lower gross margin than either our license revenue or our subscription and support revenue and has at times been negative. 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, tariffs, 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, Guidewire InsuranceNow, 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 2025 and 2024, $431.6 million and $347.9 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, our billing practices, and our products for international customers;
- lack of familiarity with and unexpected changes in foreign regulatory requirements, including requirements around employee compensation and benefits;
- 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 war between Russia and Ukraine, ongoing conflicts in the Middle East, 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, operational resilience, data protection and privacy, particularly in the European Union (“EU”) and the United Kingdom (“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, such as 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, as well as businesses that are complementary to ours. Our strategy also includes alliances with such companies. For example, we have made several acquisitions in the past, most recently our November 2025 acquisition of ProNav Technologies Ltd., a Canada-based knowledge management platform purpose-built for the P&C insurance industry. From time to time, we also invest in private growth-stage companies to support strategic initiatives, and such investments involve the risk of partial or total loss of capital and may not generate a return. Acquisitions, alliances, and strategic investments are inherently risky and may result in unforeseen operating difficulties and expenditures, be dilutive to earnings, negatively impact margins, and fail to generate the anticipated benefits. 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, retain existing customers or sell acquired products to new customers, or adequately test and assimilate the internal control processes of the acquired business in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"). Our due diligence may fail to identify all of the problems, liabilities, or challenges, and our mitigation strategies for identified issues may not be effective. As a result, we may overpay, fail to achieve expected synergies or earnings accretion, or incur unexpected costs, any of which could harm our business, prospects, financial condition, results of operations, cash flows, or stock price.

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 from 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. Acquisitions may be subject to regulatory reviews, which could increase legal and compliance costs or delay, limit, or prevent completion of the transaction. 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 incidents or 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 and business involve the collection, storage and processing of customer data and, in some cases, information that relates to individuals and/or constitutes personal data (including from our employees, business partners and others, and, in some cases, from our customers), and our products 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 incidents or breaches could result in public disclosure of confidential information or personal information, loss or modification of data affecting our customers' operations, fraud or theft, ransom demands, or other misuse of confidential information or personal 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 data, and other liabilities, 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, customer data and personal data that we steward, 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 could be breached. We rely on third-party technology and systems for a variety of information technology systems and related products and services, including, without limitation, cloud computing services, 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 incidents, 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, including state-sponsored organizations, opportunistic hackers and hacktivists, 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 malicious code embedded in open source software or the exploitation of bugs, misconfigurations or exploited vulnerabilities in software or hardware that is integrated into our (or our suppliers' or service providers') information technology systems, products or services. 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 incidents or breaches, including systems and processes designed to reduce the impact of a security incident or 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 be able to detect, investigate, remediate or recover from, or to avoid a material adverse impact to our information technology systems, confidential information, supply chain or business. Moreover, we have acquired and continue to acquire companies whose systems may contain cybersecurity vulnerabilities and/or unsophisticated security measures, which may expose us to significant cybersecurity, operational, and financial risks. Because our products are integrated with our customers' systems and processes, any circumvention or failure of our cybersecurity defenses or measures could compromise the confidentiality, integrity, and availability of our customers' own information technology systems and/or confidential information as well.

In addition, we cannot ensure that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in all instances, and even if fully implemented, they may not fully protect our information technology systems or confidential information. Furthermore, given the nature of complex systems, software and services like ours, as well as the scanning tools we deploy across our networks and products, even if we regularly identify and track security vulnerabilities, we may be unable to comprehensively apply patches, confirm that measures are in place to mitigate all such vulnerabilities, or ensure that patches are applied before vulnerabilities are exploited by a threat actor. Individuals, including our 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. While to date no incidents have had a material impact on our operations or financial results, we cannot guarantee that material incidents will not occur in the future. In addition, we may need to expend significant resources to protect against cybersecurity incidents or breaches or mitigate the impact of any such incidents or breaches. Any or all of these issues that adversely impact the availability, integrity or confidentiality of our information technology systems or confidential information 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 (including class actions), regulatory investigations and enforcement actions, fines and penalties, other action or liability, and/or significant incident response, system restoration or remediation and future compliance costs, 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 incidents or 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 cybersecurity incidents or breaches 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 cybersecurity incident or 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 cybersecurity incident or breach.

Service interruptions or failures of our third-party service providers or technology could disrupt our products and harm our business.

We utilize services and technology and intellectual property provided or licensed by unaffiliated third parties to operate our products, including AWS, Okta and Datadog. Any interruptions, failure, slowdown, errors, defects, bugs, design flaws, or security vulnerabilities in our services or in third-party technology on which we rely 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. Our operations depend on our ability, and that of our service providers, to protect our virtual cloud infrastructure, preserve GWCP’s configuration, delivering capability, and interconnections, and maintain access to our products and to 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 software errors, bugs, design flaws, power loss, telecommunications failures, unauthorized intrusion or malicious action, malware and disabling devices, natural catastrophes, terrorism, wars, or other similar events beyond our control, could negatively affect our products. A prolonged third-party service disruption affecting our supply chain or 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 and/or our third-party service providers 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 material delays and material additional expense in securing alternative third-party service providers, particularly where such service providers perform critical functions and may not be readily replaceable, all of which could harm 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. This may include certain AI technologies that are, or may in the future be, integrated into our products and licensed from third parties. Our ability to provide these AI-enabled capabilities may depend on access to specific third-party software or infrastructure, and any loss of access, unfavorable changes in terms, incompatibility, or disruption in such technologies could reduce the functionality of our products, make them less appealing to customers, and harm our reputation and business. 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 any material impact to date, industry incidents 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.

Evolving policy and regulatory responses to AI technologies 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, various governments are taking an increased interest in developments in AI technologies and are responding to such developments in various ways, including by issuing action plans for risk mitigation and introducing legislation to generally oversee the use of AI. In the United States, federal and state authorities have introduced, and may continue to introduce, requirements related to AI oversight, disclosure, and accountability, and the scope and direction of such laws and policies remain uncertain. In the EU, the EU Artificial Intelligence Act ("EU AI Act") establishes a comprehensive governance framework for AI and similar efforts are emerging in other jurisdictions. New or evolving regulations relating to rapidly evolving AI technologies may impose additional rules and restrictions on the use of AI in our products.

Compliance with such global laws and regulations may require valuable management and employee time, resources, and operating expenses, 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, all of which could harm our business.

Privacy concerns could result in regulatory changes, and compliance with ever-evolving privacy and data protection laws could impose additional costs and require significant resources, and any actual or alleged failure by us or our vendors to comply could result in significant liabilities, limit our use of information, cause negative publicity and/or an erosion of trust, and adversely affect our business, results of operations, and financial condition.

As adoption of our cloud-based products expands, the amount of customer data and transaction-level data that we manage continues to increase. 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, and we and our vendors are subject to a variety of federal, state and foreign data privacy laws, rules, regulations, industry standards and other requirements. Even though we believe we are generally in compliance with applicable laws, rules and regulations relating to privacy and data security, these laws are in some cases relatively new and the interpretation and application of these laws are uncertain. In addition, we depend on our vendors to comply with such requirements, and any failure by them to do so may subject us to liability or other adverse consequences.

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. New, or changes to existing, laws or regulations affecting privacy could impose additional costs and liabilities, including fines, on us, require us to implement new processes, and limit our use of such information to add value for customers, including, for example, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, "CCPA"), and other state privacy laws enacted in recent years. The enactment of the CCPA has prompted a wave of similar legislative developments in other states in the United States, which has created a patchwork of overlapping but different state laws, which we may become subject to directly or by contract. Additionally, we may be considered a service provider to "financial institutions" under the Gramm-Leach Bliley Act (the "GLBA"). The GLBA includes a "Safeguards Rule," which imposes obligations on financial institutions, and indirectly, their service providers to implement and maintain physical, administrative and technological measures to protect the security of personal data. New EU laws related to the use of data, including 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 significant fines, penalties, and damages resulting from potential litigation, including class action lawsuits, proceedings or actions by individuals, consumer rights groups, government agencies, or others, if we fail or are perceived to fail to comply with applicable privacy and/or data security laws, regulations, standards, and other requirements, and could incur significant costs in investigating and defending such claims. The costs of compliance with, and other burdens imposed by, evolving privacy and data-protection laws, regulations, and standards may limit the use and adoption of our products and reduce overall demand, and, depending on how these evolving rules are interpreted, may require updates or adjustments to our contract terms.

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. If any of these events were to occur, our business, results of operations, and financial condition could be adversely affected.

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.

The European General Data Protection Regulation (the "GDPR") applies, in part, to companies outside the EEA that 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 substantial fines. 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, which may increase our costs of compliance and impose limitations on our operations.

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 (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 guidance and orders on personal data export mechanisms or take enforcement action, we could suffer additional costs, complaints, regulatory investigations, or fines. If we are 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.

Further, 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 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. There may be further developments under the U.K. GDPR, independent of the GDPR, that could cause our cost of and risks associated with compliance to increase. 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 substantially increase 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.

Legal questions related to ownership of intellectual property rights in output generated by generative artificial intelligence models, as well as the rights of developers of artificial intelligence or machine learning models to train such models on third-party data, have not been fully addressed by competent legal tribunals or applicable laws or regulations in all applicable jurisdictions. 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. While some providers of AI technologies may offer to indemnify their end users for any copyright or other intellectual property infringement claims arising from the output of their AI technologies, we may not be successful in adequately recovering our losses in connection with such claims.

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.

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

Changes in accounting standards or our accounting estimates, or variability between GAAP results and key metrics, may adversely affect our operating results and stock price.

We prepare our consolidated financial statements to conform to United States Generally Accepted Accounting Principles ("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. If we are unsuccessful in adapting to the requirements of any new standard, or if changes to our business model 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. 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. 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 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. 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 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 in which we operate. 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, the One Big Beautiful Bill Act of 2025, 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 has been and may continue to be volatile, and it may rise or fall regardless of our operating performance.

The market price of our common stock has been, and may continue to be, volatile and subject to wide fluctuations. The volatility may occur in response to the risk factors described in this report and other factors beyond our control, including:

- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- shifts in investor sentiment or market narratives regarding our industry or business model, including with respect to technological displacement or disruption;
- changes in market expectations regarding the adoption of emerging technologies including AI technologies; and
- research analyst coverage of, or reports 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, technology companies in particular. 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, tariffs, or other global events have affected and may continue to affect the market price of our common stock, regardless of our actual operating performance.

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 January 2026, our board of directors approved and authorized a new share repurchase program of up to $500.0 million of our outstanding shares of common stock, following the completion of our previous $400.0 million share repurchase program authorized in September 2022. As of April 30, 2026, $240.5 million of our share repurchase program remained available for future repurchases. Share repurchases under the share repurchase 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. Our 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 developing, maintaining, operating, securing, and delivering cloud-based offerings. Our inability to attract and retain qualified employees and key personnel, or delays in hiring required personnel, including attrition, retention and delay issues due to macroeconomic and other factors beyond our control, may seriously harm our business, results of operations, and financial condition.

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 or key employees, 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, information security, 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. 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.

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, information security, 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 2029 Convertible Senior Notes or to repurchase the 2029 Convertible Senior Notes upon a fundamental change, which could adversely affect our business and results of operations.

As of April 30, 2026, we had outstanding an aggregate principal amount of $690.0 million of our 2029 Convertible Senior Notes, due November 2029. In addition, we have available a $300.0 million senior revolving credit facility, arranged by a syndicate of financial institutions. 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.

Before November 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 2029 Convertible Senior Notes, we will be obligated to make cash payments. In addition, holders of our 2029 Convertible Senior Notes will have the right to require us to repurchase their 2029 Convertible Senior Notes upon the occurrence of a fundamental change (as defined in the 2029 Indenture) at a repurchase price equal to 100% of the principal amount of the 2029 Convertible Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change purchase date. Although 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 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 the 2029 Convertible Senior Notes at a time when the repurchase is required by the 2029 Indenture or to pay any cash payable on future conversions of the 2029 Convertible Senior Notes as required by such Indenture would constitute a default under such Indenture. A default under the 2029 Indenture or the fundamental change itself could also lead to a default under agreements governing our existing or 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 2029 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 2029 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.

Our revolving credit facility contains restrictive and financial covenants that may limit our operational flexibility. If we fail to meet our obligations under the credit facility, our operations may be interrupted and our business, results of operations, and financial condition could be adversely affected.

In December 2024, we entered into a five-year, $300.0 million senior revolving credit facility by and among us, certain of our subsidiaries, and certain lenders to fund working capital and general corporate purpose expenditures. The revolving credit facility contains customary conditions to borrowing, events of default, covenants, and consent requirements and other provisions that may limit our flexibility to take certain actions. Covenants include, but are not limited to, restrictions on our and certain of our subsidiaries' ability to incur indebtedness, grant liens, dispose of assets, make certain restricted payments such as distributions to holders of our capital stock or the capital stock of our subsidiaries, share repurchases, make investments, or engage in transactions with our affiliates, and require us to maintain a minimum consolidated net cash interest coverage ratio and a maximum total net leverage ratio. Our obligations are guaranteed by our material domestic subsidiaries and secured by substantially all of our assets, including intellectual property assets.

Various risks, uncertainties, and events beyond our control could affect our ability to comply with these covenants in the future. Failure to comply with any of the covenants could result in a default under the credit facility. Such a default could permit lenders to accelerate the maturity of outstanding amounts under our credit facility, if any, which in turn could result in adverse consequences that negatively impact our business, the market price for our common stock, and our ability to obtain other financing in the future.

Increased scrutiny and varying stakeholder expectations with respect to sustainability matters may require us to incur additional costs or otherwise adversely impact our business.

Increased scrutiny regarding climate change, human capital, and other sustainability matters, as well as 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. We engage in certain actions (including disclosures) to manage sustainability-related matters or respond to stakeholder expectations; 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. For example, many sustainability initiatives leverage data, methodologies, technologies, and/or standards that are complex, subject to varying interpretations, and continuing to evolve. As with other companies, our approach is expected to continue to evolve as well, and we cannot guarantee that our approach will align with the expectations or interpretations of any particular stakeholder. Stakeholders (including policymakers) have varying, and at times conflicting, expectations. We may face reputational damage (including impacts to any related ratings) or additional costs in the event our sustainability procedures or standards do not meet the standards set by various constituencies, and any failure to successfully navigate competing stakeholder interests may also result in adverse impacts to our business.

In addition, we expect there will likely continue to be increasing levels of regulation, as policymakers in jurisdictions such as Europe, California, and Australia are adopting or considering adopting various requirements regarding sustainability disclosures or actions. Such regulations are not uniform, which may increase the cost and complexity of compliance, as well as associated risks. Moreover, both advocates and opponents of sustainability matters are increasingly resorting to a range of activism forms, including litigation, to advance their perspectives. Addressing stakeholder expectations and regulatory requirements may be costly and any failure to successfully navigate such expectations, as well as evolving interpretations of any existing or new governmental laws or requirements, may result in reputational harm, loss of customers or contracts, regulatory or investor engagement, or other adverse impacts to our business. Our customers and other stakeholders are also subject to many of these expectations and regulatory considerations, which may augment or result in additional risks that also 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. Geopolitical and macroeconomic factors, such as the war between Russia and Ukraine, ongoing conflicts in the Middle East, escalating tensions in the South China Sea, high interest rates, tariffs, 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 affect our business, results of operations, or financial condition, such events may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Our customers may defer or forgo 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, the war between Russia and Ukraine, ongoing conflicts in the Middle East, escalating tensions in the South China Sea, tariffs, and the occurrence of regional epidemics or a global pandemic and related public health measures, 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, tariffs, 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.

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, armed conflict, or uncertainty in the geopolitical landscape, such as the ongoing war between Russia and Ukraine and conflicts in the Middle East, 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. Events such as hurricanes, wildfires, heatwaves, earthquakes, and flooding in various regions illustrate the potential severity of such occurrences and their significant impact on P&C insurers. Such 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, rising ocean levels, and proximity to areas prone to severe wildfires. A significant natural disaster, such as earthquake, tsunami, wildfire, flood or significant power outage affecting the Bay Area, could have a material adverse impact on our business, results of operations, and financial condition.

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, Japanese Yen, New Zealand Dollar, Polish Zloty, and Swiss Franc.

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 products 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 quarters. 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 global events, including the war between Russia and Ukraine, ongoing conflicts in the Middle East, the escalation of tensions in the South China Sea, 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 2029 Convertible Senior Notes may adversely affect our financial condition and results of operations.

In the event the conditional conversion feature of the 2029 Convertible Senior Notes is triggered, the holders thereof will be entitled under the terms of the 2029 Indenture to convert their 2029 Convertible Senior Notes at their option. As of April 30, 2026, the conditional conversion feature of our 2029 Convertible Senior Notes was not triggered. If the conditional conversion feature of the 2029 Convertible Senior Notes is triggered and 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. In addition, in certain circumstances, such as conversions by holders or redemption, we could be required under applicable accounting rules to reclassify all or certain of the outstanding principal of such series of notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Transactions relating to our 2029 Convertible Senior Notes may affect the value of our common stock.

The conversion of some or all of the 2029 Convertible Senior Notes may 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 2029 Convertible Senior Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our 2029 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 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 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases of equity securities by the Company during the three months ended April 30, 2026 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs [1]	Approximate Dollar Value (in millions) of Shares That May Yet Be Purchased Under the Programs [1]
February 1, 2026 - February 28, 2026	—	$—	—	$490
March 1, 2026 - March 31, 2026	902,315	$155.77	902,315	$349
April 1, 2026 - April 30, 2026	793,865	$137.18	793,865	$241

[1] On January 8, 2026, we announced that our board of directors authorized and approved a share repurchase program of up to $500.0 million of our outstanding common stock. We began repurchasing shares under this program during the second quarter of fiscal year 2026. During the three months ended April 30, 2026, we entered into a pre-set trading plan adopted in accordance with Rule 10b5-1 under the Exchange Act to effect repurchases under this program. The repurchase program does not obligate us to repurchase any dollar amount or number of shares, and the program may be modified, suspended or discontinued at any time. There is no stated expiration date for the program.

ITEM 5. Other Information

During the three months ended April 30, 2026, the following Section 16 officers adopted, modified or terminated “Rule 10b5-1 trading arrangements” intended to satisfy the affirmative defense of Rule 10b5-1(c) promulgated under the Exchange Act, as follows:

Name and Title	Action	Date of Action	Number of Shares to be Sold
Jeff Cooper, Chief Financial Officer	Termination [1]	February 5, 2026	Up to 35,894 [1]
Jeff Cooper, Chief Financial Officer	Adoption [2]	March 20, 2026	Up to 16,760 [3]
Winston King, Chief Administrative Officer, General Counsel, and Secretary	Amendment [4]	April 9, 2026	Up to 25,691 [3]

[1] Mr. Cooper terminated his Rule 10b5-1 trading arrangement, which was originally adopted on October 14, 2025. The aggregate number of shares reported in this table represents the total shares originally authorized for potential sale under the arrangement prior to its termination.

[2] Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) with sales occurring periodically from the estimated selling start date of June 22, 2026 and continuing through the earlier of the execution of all trading orders pursuant to the plan and December 31, 2026.

[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.

[4] Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) with sales occurring periodically from the estimated selling start date of July 9, 2026 and continuing through the earlier of the execution of all trading orders pursuant to the plan and December 31, 2026. The amendment changed the price limits for sales, number of shares to sell, and the timing of sales under the trading arrangement originally adopted on October 14, 2025.

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
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		
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		

* 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: June 4, 2026	**GUIDEWIRE SOFTWARE, INC.**
	By: /s/ JEFF COOPER
	Jeff Cooper
	Chief Financial Officer
	(Principal Financial Officer)

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.

Date:	June 4, 2026	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.

Date:	June 4, 2026	By:	/s/ JEFF COOPER
			Jeff Cooper Chief Financial Officer (Principal Financial 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 April 30, 2026 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.

Date: June 4, 2026

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 April 30, 2026 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: June 4, 2026

By: /s/ JEFF COOPER
Jeff Cooper
Chief Financial Officer
(Principal Financial Officer)