

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

Description	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Revenue:						
Subscription and support	\$ 78,990	\$ 84,297	\$ 86,851	\$ 93,570	\$ 343,708	\$ 99,068
License	40,153	69,798	53,894	94,786	258,631	40,952
Services	46,791	50,538	56,703	56,243	210,275	55,262
Total revenue	165,934	204,633	197,448	244,599	812,614	195,282
Cost of revenue:						
Subscription and support	48,050	48,276	51,831	54,675	202,832	55,691
License	2,339	2,254	1,951	2,210	8,754	1,873
Services	47,151	51,912	59,742	65,047	223,852	65,566
Total cost of revenue	97,540	102,442	113,524	121,932	435,438	123,130
Gross profit:						
Subscription and support	30,940	36,021	35,020	38,895	140,876	43,377
License	37,814	67,544	51,943	92,576	249,877	39,079
Services	(360)	(1,374)	(3,039)	(8,804)	(13,577)	(10,304)
Total gross profit	68,394	102,191	83,924	122,667	377,176	72,152
Operating expenses:						
Research and development	55,124	55,804	58,440	59,862	229,230	58,170
Sales and marketing	41,005	48,507	44,615	48,493	182,620	46,468
General and administrative	37,642	37,337	43,273	46,521	164,773	42,067
Total operating expenses	133,771	141,648	146,328	154,876	576,623	146,705
Income (loss) from operations	(65,377)	(39,457)	(62,404)	(32,209)	(199,447)	(74,553)
Interest income	674	699	1,000	3,904	6,277	4,638
Interest expense	(4,794)	(4,833)	(4,885)	(4,934)	(19,446)	(1,674)
Other income (expense), net	1,183	(8,045)	(6,932)	(3,305)	(17,099)	(13,824)
Income (loss) before provision for (benefit from) income taxes	(68,314)	(51,636)	(73,221)	(36,544)	(229,715)	(85,413)
Provision for (benefit from) income taxes	(17,038)	(10,955)	(15,777)	(5,514)	(49,284)	(16,095)
Net income (loss)	\$ (51,276)	\$ (40,681)	\$ (57,444)	\$ (31,030)	\$ (180,431)	\$ (69,318)
Earnings per share:						
Basic	\$ (0.62)	\$ (0.49)	\$ (0.69)	\$ (0.37)	\$ (2.17)	\$ (0.83)
Diluted	\$ (0.62)	\$ (0.49)	\$ (0.69)	\$ (0.37)	\$ (2.17)	\$ (0.83)
Shares used in computing net earnings per share:						
Basic and diluted	83,225,743	83,413,643	83,689,429	83,953,164	83,569,517	83,320,967
Stock-based compensation	\$ 32,240	\$ 37,865	\$ 32,928	\$ 33,978	\$ 137,011	\$ 35,096

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

Description	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Amortization of intangibles	\$ 1,811	\$ 1,905	\$ 1,905	\$ 1,905	\$ 7,526	\$ 1,905
Stock-based compensation	3,030	3,406	3,450	3,336	13,222	3,468
Total adjustment to cost of revenue - subscription and support	4,841	5,311	5,355	5,241	20,748	5,373
Amortization of intangibles	133	—	—	—	133	—
Stock-based compensation	182	189	170	151	692	147
Total adjustment to cost of revenue - license	315	189	170	151	825	147
Stock-based compensation	5,189	5,552	5,025	5,212	20,978	5,349
Total adjustment to cost of revenue - services	5,189	5,552	5,025	5,212	20,978	5,349
Stock-based compensation	7,997	8,719	8,124	8,606	33,446	9,291
Acquisition consideration holdback	673	836	809	749	3,067	773
Total adjustment to research and development	8,670	9,555	8,933	9,355	36,513	10,064
Stock-based compensation	7,113	10,379	6,787	7,002	31,281	6,887
Amortization of intangibles	1,810	1,865	1,865	882	6,422	882
Total adjustment to sales and marketing	8,923	12,244	8,652	7,884	37,703	7,769
Stock-based compensation	8,729	9,620	9,372	9,671	37,392	9,954
Total adjustment to general and administrative	8,729	9,620	9,372	9,671	37,392	9,954
Amortization of debt discount and issuance costs	3,524	3,572	3,623	3,672	14,391	423
Total adjustment to interest expense	3,524	3,572	3,623	3,672	14,391	423
Non-GAAP tax impact	(6,966)	(10,165)	(5,510)	(6,464)	(29,105)	20,378
Total adjustment to provision for (benefit from) income taxes	(6,966)	(10,165)	(5,510)	(9,540)	(32,181)	20,378

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

Description	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Reconciliation of GAAP to Non-GAAP earnings per share:						
GAAP diluted earnings per share	\$ (0.62)	\$ (0.49)	\$ (0.69)	\$ (0.37)	\$ (2.17)	\$ (0.83)
Amortization of intangibles	0.05	0.05	0.05	0.03	0.18	0.03
Stock-based compensation	0.39	0.45	0.39	0.40	1.63	0.42
Amortization of debt discount and issuance costs	0.04	0.04	0.04	0.04	0.16	0.01
Changes in fair value of strategic investment	—	—	—	0.02	0.02	—
Acquisition consideration holdback	0.01	0.01	0.01	0.01	0.04	0.01
Non-GAAP tax impact	(0.08)	(0.12)	(0.06)	(0.08)	(0.34)	0.24
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	—	—	(0.02)	(0.02)	—
Non-GAAP diluted earnings per share	\$ (0.21)	\$ (0.06)	\$ (0.26)	\$ 0.03	\$ (0.50)	\$ (0.12)
Diluted weighted average shares outstanding	83,225,743	83,413,643	83,689,429	83,953,164	83,569,517	83,320,967
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	—	—	149,169	149,169	—
Diluted weighted average shares outstanding	83,225,743	83,413,643	83,689,429	84,102,333	83,718,686	83,320,967
Gross margin:						
Subscription and support:						
GAAP gross margin	39.2 %	42.7 %	40.4 %	41.6 %	41.0 %	43.8 %
Stock-based compensation	3.8 %	4.0 %	3.9 %	3.6 %	3.8 %	3.5 %
Amortization of intangibles	2.3 %	2.3 %	2.2 %	2.0 %	2.2 %	1.9 %
Non-GAAP gross margin	45.3 %	49.0 %	46.5 %	47.2 %	47.0 %	49.2 %
License:						
GAAP gross margin	94.2 %	96.8 %	96.4 %	97.7 %	96.6 %	95.4 %
Stock-based compensation	0.5 %	0.3 %	0.3 %	0.2 %	0.3 %	0.4 %
Amortization of intangibles	0.3 %	— %	— %	— %	0.1 %	— %
Non-GAAP gross margin	95.0 %	97.1 %	96.7 %	97.9 %	97.0 %	95.8 %
Services:						
GAAP gross margin	(0.8) %	(2.7) %	(5.4) %	(15.7) %	(6.5) %	(18.7) %
Stock-based compensation	11.1 %	11.0 %	8.9 %	9.3 %	10.0 %	9.7 %
Non-GAAP gross margin	10.3 %	8.3 %	3.5 %	(6.4) %	3.5 %	(9.0) %
Overall:						
GAAP gross margin	41.2 %	49.9 %	42.5 %	50.1 %	46.5 %	36.9 %
Amortization of intangibles	1.2 %	0.9 %	1.0 %	0.8 %	0.9 %	1.0 %

Stock-based compensation	5.1 %	4.5 %	4.4 %	3.6 %	4.3 %	4.6 %
Non-GAAP gross margin	47.5 %	55.3 %	47.9 %	54.5 %	51.7 %	42.5 %

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

Description	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Annual recurring revenue (in millions):						
Annual recurring revenue ⁽¹⁾	\$ 594	\$ 620	\$ 637	\$ 683	\$ 664	\$ 673
Subscription and support revenue breakdown:						
Subscription revenue	57,129	62,871	66,419	72,813	259,232	78,977
Support revenue	21,861	21,426	20,432	20,757	84,476	20,091
Total subscription and support revenue	\$ 78,990	\$ 84,297	\$ 86,851	\$ 93,570	\$ 343,708	\$ 99,068
License revenue breakdown:						
Term license revenue	\$ 40,105	\$ 69,750	\$ 53,848	\$ 94,737	\$ 258,440	\$ 40,889
Perpetual license revenue	48	48	46	49	191	63
Total license revenue	\$ 40,153	\$ 69,798	\$ 53,894	\$ 94,786	\$ 258,631	\$ 40,952
Adjusted free cash flow:						
Net cash provided by (used in) operating activities	\$ (107,042)	\$ (3,010)	\$ (11,480)	\$ 83,592	\$ (37,940)	\$ (87,435)
Purchases of property and equipment	(3,333)	(3,657)	(986)	(1,534)	(9,510)	(604)
Capitalized software development costs	(3,783)	(2,414)	(2,990)	(3,079)	(12,266)	(3,697)
Total free cash flow	\$ (114,158)	\$ (9,081)	\$ (15,456)	\$ 78,979	\$ (59,716)	\$ (91,736)

(1) ARR for the quarterly periods in fiscal year 2022 are based on actual currency rates at the end of fiscal year 2021, held constant throughout the year. ARR reflected in the FY 2022 column is based on the currency rates at the end of fiscal year 2022. ARR for the quarterly periods in fiscal year 2023 are based on actual currency rates at the end of fiscal year 2022, held constant throughout the year.

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

Description	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Gross profit reconciliation:						
GAAP gross profit	\$ 68,394	\$ 102,191	\$ 83,924	\$ 122,667	\$ 377,176	\$ 72,152
Non-GAAP adjustments:						
Stock-based compensation	8,401	9,147	8,645	8,699	34,892	8,964
Amortization of intangibles	1,944	1,905	1,905	1,905	7,659	1,905
Non-GAAP gross profit	\$ 78,739	\$ 113,243	\$ 94,474	\$ 133,271	\$ 419,727	\$ 83,021
Non-GAAP gross margin	47.5 %	55.3 %	47.8 %	54.5 %	51.7 %	42.5 %
Gross profit reconciliation - subscription and support:						
GAAP gross profit - subscription and support	\$ 30,940	\$ 36,021	\$ 35,020	\$ 38,895	\$ 140,876	\$ 43,377
Non-GAAP adjustments:						
Stock-based compensation	3,030	3,406	3,450	3,336	13,222	3,468
Amortization of intangibles	1,811	1,905	1,905	1,905	7,526	1,905
Non-GAAP gross profit - subscription and support	\$ 35,781	\$ 41,332	\$ 40,375	\$ 44,136	\$ 161,624	\$ 48,750
Non-GAAP gross margin - subscription and support	45.3 %	49.0 %	46.5 %	47.2 %	47.0 %	49.2 %
Gross profit reconciliation - license:						
GAAP gross profit - license	\$ 37,814	\$ 67,544	\$ 51,943	\$ 92,576	\$ 249,877	\$ 39,079
Non-GAAP adjustments:						
Stock-based compensation	182	189	170	151	692	147
Amortization of intangibles	133	—	—	—	133	—
Non-GAAP gross profit - license	\$ 38,129	\$ 67,733	\$ 52,113	\$ 92,727	\$ 250,702	\$ 39,226
Non-GAAP gross margin - license	95.0 %	97.1 %	96.7 %	97.9 %	97.0 %	95.8 %
Gross profit reconciliation - services:						
GAAP gross profit - services	\$ (360)	\$ (1,374)	\$ (3,039)	\$ (8,804)	\$ (13,577)	\$ (10,304)
Non-GAAP adjustments:						
Stock-based compensation	5,189	5,552	5,025	5,212	20,978	5,349
Non-GAAP gross profit - services	\$ 4,829	\$ 4,178	\$ 1,986	\$ (3,592)	\$ 7,401	\$ (4,955)
Non-GAAP gross margin - services	10.3 %	8.3 %	3.5 %	(6.4)%	3.5 %	(9.0)%

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(unaudited, in thousands)

Description	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Income (loss) from operations reconciliation:						
GAAP income (loss) from operations	\$ (65,377)	\$ (39,457)	\$ (62,404)	\$ (32,209)	\$ (199,447)	\$ (74,553)
Non-GAAP adjustments:						
Stock-based compensation	32,240	37,865	32,928	33,978	137,011	35,096
Amortization of intangibles	3,754	3,770	3,770	2,787	14,081	2,787
Acquisition consideration holdback	673	836	809	749	3,067	773
Non-GAAP income (loss) from operations	\$ (28,710)	\$ 3,014	\$ (24,897)	\$ 5,305	\$ (45,288)	\$ (35,897)
Net income (loss) reconciliation:						
GAAP net income (loss)	\$ (51,276)	\$ (40,681)	\$ (57,444)	\$ (31,030)	\$ (180,431)	\$ (69,318)
Non-GAAP adjustments:						
Stock-based compensation	32,240	37,865	32,928	33,978	137,011	35,096
Amortization of intangibles	3,754	3,770	3,770	2,787	14,081	2,787
Amortization of debt discount and issuance costs	3,524	3,572	3,623	3,672	14,391	423
Changes in fair value of strategic investment	—	—	—	(1,538)	(1,538)	—
Acquisition consideration holdback	673	836	809	749	3,067	773
Non-GAAP tax impact	(6,966)	(10,165)	(5,510)	(6,464)	(29,105)	20,378
Non-GAAP net income (loss)	\$ (18,051)	\$ (4,803)	\$ (21,824)	\$ 2,154	\$ (42,524)	\$ (9,861)

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