

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

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Revenue:										
License and subscription	\$ 32,136	\$ 80,782	\$ 52,392	\$ 143,697	\$ 309,007	\$ 94,680	86,713	76,218	127,711	\$ 385,322
Maintenance	18,930	19,110	18,749	20,548	77,337	21,003	21,264	21,335	21,822	85,424
Services	59,148	60,334	71,008	76,015	266,505	64,572	60,557	65,314	58,325	248,768
Total revenue	110,214	160,226	142,149	240,260	652,849	180,255	168,534	162,867	207,858	719,514
Cost of revenue:										
License and subscription	6,715	9,040	9,742	9,955	\$ 35,452	13,330	14,739	15,781	20,948	\$ 64,798
Maintenance	3,467	3,593	3,828	3,895	14,783	3,868	3,954	3,924	4,753	16,499
Services	52,924	54,883	62,111	76,630	246,548	64,410	60,987	60,573	57,083	243,053
Total cost of revenue	63,106	67,516	75,681	90,480	296,783	81,608	79,680	80,278	82,784	324,350
Gross profit:										
License and subscription	25,421	71,742	42,650	133,742	\$ 273,555	81,350	71,974	60,437	106,763	\$ 320,524
Maintenance	15,463	15,517	14,921	16,653	62,554	17,135	17,310	17,411	17,069	68,925
Services	6,224	5,451	8,897	(615)	19,957	162	(430)	4,741	1,242	5,715
Total gross profit	47,108	92,710	66,468	149,780	356,066	98,647	88,854	82,589	125,074	395,164
Operating expenses:										
Research and development	35,711	43,657	46,787	45,502	\$ 171,657	45,496	46,471	47,102	49,472	\$ 188,541
Sales and marketing	23,610	31,961	30,378	38,168	124,117	32,319	31,173	33,301	33,958	130,751
General and administrative	18,671	21,066	18,170	18,009	75,916	18,345	17,541	17,953	20,562	74,401
Total operating expenses	77,992	96,684	95,335	101,679	371,690	96,160	95,185	98,356	103,992	393,693
Income (loss) from operations	(30,884)	(3,974)	(28,867)	48,101	(15,624)	2,487	(6,331)	(15,767)	21,082	1,471
Interest income	1,912	1,573	3,762	6,034	13,281	6,851	7,553	7,748	8,030	30,182
Interest expense	(4)	(7)	(2,228)	(4,203)	(6,442)	(4,244)	(4,287)	(4,327)	(4,476)	(17,334)
Other income (expense), net	(262)	1,658	(356)	(531)	509	(1,489)	1,148	(617)	(909)	(1,867)
Income (loss) before provision for (benefit from) income taxes	(29,238)	(750)	(27,689)	49,401	(8,276)	3,605	(1,917)	(12,963)	23,727	12,452
Provision for (benefit from) income taxes	(26,488)	50,870	3,461	(9,376)	18,467	(2,704)	(1,916)	(4,382)	\$ 722	(8,280)
Net income (loss)	\$ (2,750)	\$ (51,620)	\$ (31,150)	\$ 58,777	\$ (26,743)	\$ 6,309	\$ (1)	\$ (8,581)	\$ 23,005	\$ 20,732
Earnings per share:										
Basic	\$ (0.04)	\$ (0.67)	\$ (0.40)	\$ 0.73	\$ (0.34)	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25
Diluted	\$ (0.04)	\$ (0.67)	\$ (0.40)	\$ 0.72	\$ (0.34)	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25
Shares used in computing net earnings per share:										
Basic	75,187,430	76,859,040	78,777,484	80,433,450	77,709,592	80,821,227	81,217,511	81,606,088	81,977,722	81,447,998
Diluted	75,187,430	76,859,040	78,777,484	82,162,624	77,709,592	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214
Stock-based compensation	\$ 19,623	\$ 25,032	\$ 23,839	\$ 21,120	\$ 89,614	\$ 23,335	\$ 24,372	\$ 21,049	\$ 22,759	\$ 91,515

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

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Amortization of intangibles acquired in business combinations	\$ 3,885	\$ 5,305	\$ 5,305	\$ 4,984	\$ 19,479	\$ 4,945	\$ 4,945	\$ 4,945	\$ 4,945	\$ 19,780
Stock-based compensation	174	258	274	296	1,002	334	535	589	1,553	3,011
Total adjustment to cost of revenue - license and subscription	4,059	5,563	5,579	5,280	20,481	5,279	5,480	5,534	6,498	22,791
Stock-based compensation	455	481	462	488	1,886	534	558	274	455	1,821
Total adjustment to cost of revenue - maintenance	455	481	462	488	1,886	534	558	274	455	1,821
Stock-based compensation	5,226	5,446	5,310	5,874	21,857	5,968	6,210	5,720	4,883	22,781
Total adjustment to cost of revenue - services	5,226	5,446	5,310	5,874	21,857	5,968	6,210	5,720	4,883	22,781
Stock-based compensation	4,912	7,697	7,236	5,595	25,440	6,406	6,440	4,919	5,655	23,420
Total adjustment to research and development	4,912	7,697	7,236	5,595	25,440	6,406	6,440	4,919	5,655	23,420
Stock-based compensation	4,217	5,024	4,527	4,619	18,387	4,621	5,074	4,731	4,819	19,245
Amortization of intangibles acquired in business combinations	891	2,364	2,364	2,364	7,983	2,364	2,364	2,333	2,272	9,333
Total adjustment to sales and marketing	5,108	7,388	6,891	6,983	26,370	6,985	7,438	7,064	7,091	28,578
Stock-based compensation	4,639	6,126	6,030	4,248	21,043	5,472	5,555	4,816	5,394	21,237
Total adjustment to general and administrative	4,639	6,126	6,030	4,248	21,043	5,472	5,555	4,816	5,394	21,237
Amortization of debt discount and issuance costs	—	—	1,568	2,944	4,512	2,986	3,027	3,070	3,111	12,194
Total adjustment to interest expense	—	—	1,568	2,944	4,512	2,986	3,027	3,070	3,111	12,194
Non-GAAP tax impact	(25,225)	42,139	2,228	(28,919)	(9,777)	(8,863)	(7,411)	(7,586)	(9,818)	(33,678)
Total adjustment to provision for (benefit from) income	(25,225)	42,139	2,228	(28,919)	(9,777)	(8,863)	(7,411)	(7,586)	(9,818)	(33,678)

Taxes

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Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Other Reconciliations

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Reconciliation of GAAP to Non-GAAP earnings per share:										
GAAP diluted earnings per share	\$ (0.04)	\$ (0.67)	\$ (0.40)	\$ 0.72	\$ (0.34)	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25
Amortization of intangibles acquired in business combinations	0.06	0.10	0.10	0.09	0.35	0.09	0.09	0.09	0.09	0.36
Stock-based compensation	0.26	0.33	0.30	0.26	1.15	0.28	0.30	0.26	0.27	1.11
Amortization of debt discount and issuance costs	—	—	0.02	0.04	0.06	0.04	0.04	0.04	0.04	0.16
Non-GAAP tax impact	(0.34)	0.54	0.02	(0.37)	(0.14)	(0.11)	(0.10)	(0.09)	(0.12)	(0.42)
Non-GAAP dilutive shares excluded from GAAP EPS calculation	0.01	—	0.01	0.01	(0.01)	—	—	(0.01)	—	(0.01)
Non-GAAP diluted earnings per share	\$ (0.05)	\$ 0.30	\$ 0.05	\$ 0.75	\$ 1.07	\$ 0.38	\$ 0.33	\$ 0.18	\$ 0.56	\$ 1.45
Diluted weighted average shares outstanding	75,187,430	76,859,040	78,777,484	82,162,624	77,709,592	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214
Non-GAAP dilutive shares excluded from GAAP EPS calculation	—	1,460,188	1,581,552	—	1,785,533	—	974,157	1,031,086	—	—
Diluted pro forma shares outstanding	75,187,430	78,319,228	80,359,036	82,162,624	79,495,125	82,209,988	82,191,668	82,637,174	82,928,818	82,681,214
Gross margin:										
Licensing:										
GAAP gross margin	79.1%	88.8%	81.4%	93.1 %	88.5%	85.9%	83.0 %	79.3%	83.6%	83.2%
Stock-based compensation	0.5%	0.3%	0.5%	0.2 %	0.3%	0.4%	0.6 %	0.8%	1.2%	0.8%
Amortization of acquired intangibles	12.1%	6.6%	10.2%	3.4 %	6.4%	5.2%	5.7 %	6.5%	3.9%	5.1%
Non-GAAP gross margin	91.7%	95.7%	92.1%	96.7 %	95.2%	91.5%	89.3 %	86.6%	88.7%	89.1%
Maintenance:										
GAAP gross margin	81.7%	81.2%	79.5%	81.0 %	80.9%	81.6%	81.4 %	81.6%	78.2%	80.7%
Stock-based compensation	2.4%	2.5%	2.5%	2.4 %	2.4%	2.5%	2.6 %	1.3%	2.1%	2.1%
Non-GAAP gross margin	84.1%	83.7%	82.0%	83.4 %	83.3%	84.1%	84.0 %	82.9%	80.3%	82.8%
Services:										
GAAP gross margin	10.6%	9.1%	12.5%	(0.8)%	7.5%	0.3%	(0.7)%	7.2%	2.1%	2.3%
Stock-based compensation	8.8%	9.0%	7.5%	7.7 %	8.2%	9.2%	10.3 %	8.8%	8.4%	9.2%
Non-GAAP gross margin	19.4%	18.1%	20.0%	6.9 %	15.7%	9.5%	9.6 %	16.0%	10.5%	11.5%
Overall:										
GAAP gross margin	42.8%	57.8%	46.7%	62.3 %	54.5%	54.8%	52.8 %	50.8%	60.2%	54.9%
Amortization of acquired intangibles	3.5%	3.3%	3.7%	2.1 %	3.0%	2.7%	2.9 %	3.0%	2.4%	2.7%
Stock-based compensation	5.3%	3.9%	4.3%	2.8 %	3.8%	3.8%	4.3 %	4.0%	3.3%	3.8%
Non-GAAP gross margin	51.6%	65.0%	54.7%	67.2 %	61.3%	61.3%	60.0 %	57.8%	65.9%	61.4%

(1) Due to the occurrence of a net loss on a GAAP basis in certain periods, potentially dilutive securities were excluded from the calculation of GAAP earnings per share, as they would have an antidilutive effect. However, as net income was earned on a Non-GAAP basis, these shares have a dilutive effect on Non-GAAP earnings per share and are included here.

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

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
License revenue breakdown:										
Term license revenue	\$ 27,392	\$ 70,299	\$ 38,107	\$ 127,995	\$ 263,793	\$ 79,337	\$ 71,591	\$ 60,252	\$ 106,962	\$ 318,142
Subscription revenue	4,621	7,666	8,575	12,539	33,401	15,343	14,770	14,691	20,246	65,050
Perpetual license revenue	123	2,817	5,710	3,163	11,813	—	352	1,275	503	2,130
Total license and subscription revenue	\$ 32,136	\$ 80,782	\$ 52,392	\$ 143,697	\$ 309,007	\$ 94,680	\$ 86,713	\$ 76,218	\$ 127,711	\$ 385,322

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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 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Gross profit reconciliation:										
GAAP gross profit	\$ 47,108	\$ 92,710	\$ 66,468	\$ 149,780	\$ 356,066	\$ 98,647	\$ 88,854	\$ 82,589	\$ 125,074	\$ 395,164
Non-GAAP adjustments:										
Stock-based compensation	5,855	6,185	6,046	6,658	24,744	6,836	7,303	6,583	6,891	27,613
Amortization of intangibles	3,885	5,305	5,305	4,984	19,479	4,945	4,945	4,945	4,945	19,780
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit	\$ 56,848	\$ 104,200	\$ 77,819	\$ 161,422	\$ 400,289	\$ 110,428	\$ 101,102	\$ 94,117	\$ 136,910	\$ 442,557
Non-GAAP gross margin	51.6%	65.0%	54.7%	67.2%	61.3%	61.3%	60.0%	57.8%	65.9%	61.5%
Gross profit reconciliation - license and subscription revenue:										
GAAP gross profit - license revenue	\$ 25,421	\$ 71,742	\$ 42,650	\$ 133,742	\$ 273,555	\$ 81,350	\$ 71,974	\$ 60,437	\$ 106,763	\$ 320,524
Non-GAAP adjustments:										
Stock-based compensation	174	258	274	296	1,002	334	535	589	1,553	3,011
Amortization of intangibles	3,885	5,305	5,305	4,984	19,479	4,945	4,945	4,945	4,945	19,780
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - license and subscription revenue	\$ 29,480	\$ 77,305	\$ 48,229	\$ 139,022	\$ 294,036	\$ 86,629	\$ 77,454	\$ 65,971	\$ 113,261	\$ 343,315
Non-GAAP gross margin - license revenue	91.7%	95.7%	92.1%	96.7%	95.2%	91.5%	89.3%	86.6%	88.7%	89.1%
Gross profit reconciliation - maintenance revenue:										
GAAP gross profit - maintenance revenue	\$ 15,463	\$ 15,517	\$ 14,921	\$ 16,653	\$ 62,554	\$ 17,135	\$ 17,310	\$ 17,411	\$ 17,069	\$ 68,925
Non-GAAP adjustments:										
Stock-based compensation	455	481	462	488	1,886	534	558	274	455	1,821
Amortization of intangibles	—	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - maintenance revenue	\$ 15,918	\$ 15,998	\$ 15,383	\$ 17,141	\$ 64,440	\$ 17,669	\$ 17,868	\$ 17,685	\$ 17,524	\$ 70,746
Non-GAAP gross margin - maintenance revenue	84.1%	83.7%	82.0%	83.4%	83.3%	84.1%	84.0%	82.9%	80.3%	82.8%
Gross profit reconciliation - service revenue:										
GAAP gross profit - service revenue	\$ 6,224	\$ 5,451	\$ 8,897	\$ (615)	\$ 19,957	\$ 162	\$ (430)	\$ 4,741	\$ 1,242	\$ 5,715
Non-GAAP adjustments:										
Stock-based compensation	5,226	5,446	5,310	5,874	21,856	5,968	6,210	5,720	4,883	22,781
Amortization of intangibles	—	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - service revenue	\$ 11,450	\$ 10,897	\$ 14,207	\$ 5,259	\$ 41,813	\$ 6,130	\$ 5,780	\$ 10,461	\$ 6,125	\$ 28,496
Non-GAAP gross margin - service revenue	19.4%	18.1%	20.0%	6.9%	15.7%	9.5%	9.5%	16.0%	10.5%	11.5%

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Condensed Consolidated Statement of Operations - Non-GAAP Reconciliations
(unaudited, in thousands)

Description	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
GAAP income (loss) from operations	\$ (30,884)	\$ (3,974)	\$ (28,867)	\$ 48,101	\$ (15,624)	\$ 2,487	\$ (6,331)	\$ (15,767)	\$ 21,082	\$ 1,471
Non-GAAP adjustments:										
Stock-based compensation	19,623	25,032	23,839	21,120	89,614	23,335	24,372	21,049	22,759	\$ 91,515
Amortization of intangibles	4,776	7,669	7,669	7,348	27,462	7,309	7,309	7,278	7,217	\$ 29,113
Non-GAAP income (loss) from operations	\$ (6,485)	\$ 28,727	\$ 2,641	\$ 76,569	\$ 101,452	\$ 33,131	\$ 25,350	\$ 12,560	\$ 51,058	\$ 122,099
Net income (loss) reconciliation:										
GAAP net income (loss)	\$ (2,750)	\$ (51,620)	\$ (31,150)	\$ 58,777	\$ (26,743)	\$ 6,309	\$ (1)	\$ (8,581)	\$ 23,005	\$ 20,732
Non-GAAP adjustments:										
Stock-based compensation	19,623	25,032	23,839	21,120	89,614	23,335	24,372	21,049	22,759	\$ 91,515
Amortization of intangibles	4,776	7,669	7,669	7,348	27,462	7,309	7,309	7,278	7,217	\$ 29,113
Amortization of debt discount and issuance costs	—	—	1,568	2,944	4,512	2,986	3,027	3,070	3,111	\$ 12,194
Non-GAAP tax impact	(25,225)	42,139	2,228	(28,919)	(9,777)	(8,863)	(7,411)	(7,586)	(9,818)	\$ (33,678)
Non-GAAP net income (loss)	\$ (3,576)	\$ 23,220	\$ 4,154	\$ 61,270	\$ 85,068	\$ 31,076	\$ 27,296	\$ 15,230	\$ 46,274	\$ 119,876

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