

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

Description	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
<b>Revenue:</b>						
License and subscription	\$ 94,680	86,713	76,218	127,711	\$ 385,322	\$ 82,423
Maintenance	21,003	21,264	21,335	21,822	85,424	20,971
Services	64,572	60,557	65,314	58,325	248,768	53,616
<b>Total revenue</b>	<b>180,255</b>	<b>168,534</b>	<b>162,867</b>	<b>207,858</b>	<b>719,514</b>	<b>157,010</b>
<b>Cost of revenue:</b>						
License and subscription	13,330	14,739	15,781	20,948	\$ 64,798	23,796
Maintenance	3,868	3,954	3,924	4,753	16,499	3,694
Services	64,410	60,987	60,573	57,083	243,053	53,366
<b>Total cost of revenue</b>	<b>81,608</b>	<b>79,680</b>	<b>80,278</b>	<b>82,784</b>	<b>324,350</b>	<b>80,856</b>
<b>Gross profit:</b>						
License and subscription	81,350	71,974	60,437	106,763	\$ 320,524	58,627
Maintenance	17,135	17,310	17,411	17,069	68,925	17,277
Services	162	(430)	4,741	1,242	5,715	250
<b>Total gross profit</b>	<b>98,647</b>	<b>88,854</b>	<b>82,589</b>	<b>125,074</b>	<b>395,164</b>	<b>76,154</b>
<b>Operating expenses:</b>						
Research and development	45,496	46,471	47,102	49,472	\$ 188,541	46,496
Sales and marketing	32,319	31,173	33,301	33,958	130,751	33,016
General and administrative	18,345	17,541	17,953	20,562	74,401	21,239
<b>Total operating expenses</b>	<b>96,160</b>	<b>95,185</b>	<b>98,356</b>	<b>103,992</b>	<b>393,693</b>	<b>100,751</b>
<b>Income (loss) from operations</b>	<b>2,487</b>	<b>(6,331)</b>	<b>(15,767)</b>	<b>21,082</b>	<b>1,471</b>	<b>(24,597)</b>
Interest income	6,851	7,553	7,748	8,030	30,182	7,636
Interest expense	(4,244)	(4,287)	(4,327)	(4,476)	(17,334)	(4,429)
Other income (expense), net	(1,489)	1,148	(617)	(909)	(1,867)	(251)
<b>Income (loss) before provision for (benefit from) income taxes</b>	<b>3,605</b>	<b>(1,917)</b>	<b>(12,963)</b>	<b>23,727</b>	<b>12,452</b>	<b>(21,641)</b>
Provision for (benefit from) income taxes	(2,704)	(1,916)	(4,382)	722	(8,280)	(6,650)
<b>Net income (loss)</b>	<b>\$ 6,309</b>	<b>\$ (1)</b>	<b>\$ (8,581)</b>	<b>\$ 23,005</b>	<b>\$ 20,732</b>	<b>\$ (14,991)</b>
<b>Earnings per share:</b>						
Basic	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25	\$ (0.18)
Diluted	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25	\$ (0.18)
<b>Shares used in computing net earnings per share:</b>						
Basic	80,821,227	81,217,511	81,606,088	81,977,722	81,447,998	82,360,891
Diluted	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214	82,360,891
<b>Stock-based compensation</b>	<b>\$ 23,335</b>	<b>\$ 24,372</b>	<b>\$ 21,049</b>	<b>\$ 22,759</b>	<b>\$ 91,515</b>	<b>\$ 24,533</b>

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

Description	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
Amortization of intangibles acquired in business combinations	\$ 4,945	\$ 4,945	\$ 4,945	\$ 4,945	\$ 19,780	\$ 4,945
Stock-based compensation	334	535	589	1,553	3,011	1,363
<b>Total adjustment to cost of revenue - license and subscription</b>	<b>5,279</b>	<b>5,480</b>	<b>5,534</b>	<b>6,498</b>	<b>22,791</b>	<b>6,308</b>
Stock-based compensation	534	558	274	455	1,821	450
<b>Total adjustment to cost of revenue - maintenance</b>	<b>534</b>	<b>558</b>	<b>274</b>	<b>455</b>	<b>1,821</b>	<b>450</b>
Stock-based compensation	5,968	6,210	5,720	4,883	22,781	5,332
<b>Total adjustment to cost of revenue - services</b>	<b>5,968</b>	<b>6,210</b>	<b>5,720</b>	<b>4,883</b>	<b>22,781</b>	<b>5,332</b>
Stock-based compensation	6,406	6,440	4,919	5,655	23,420	6,181
<b>Total adjustment to research and development</b>	<b>6,406</b>	<b>6,440</b>	<b>4,919</b>	<b>5,655</b>	<b>23,420</b>	<b>6,181</b>
Stock-based compensation	4,621	5,074	4,731	4,819	19,245	5,157
Amortization of intangibles acquired in business combinations	2,364	2,364	2,333	2,272	9,333	2,222
<b>Total adjustment to sales and marketing</b>	<b>6,985</b>	<b>7,438</b>	<b>7,064</b>	<b>7,091</b>	<b>28,578</b>	<b>7,379</b>
Stock-based compensation	5,472	5,555	4,816	5,394	21,237	6,075
<b>Total adjustment to general and administrative</b>	<b>5,472</b>	<b>5,555</b>	<b>4,816</b>	<b>5,394</b>	<b>21,237</b>	<b>6,075</b>
Amortization of debt discount and issuance costs	2,986	3,027	3,070	3,111	12,194	3,156
<b>Total adjustment to interest expense</b>	<b>2,986</b>	<b>3,027</b>	<b>3,070</b>	<b>3,111</b>	<b>12,194</b>	<b>3,156</b>
Non-GAAP tax impact	(8,863)	(7,411)	(7,586)	(9,818)	(33,678)	(8,912)
<b>Total adjustment to provision for (benefit from) income taxes</b>	<b>(8,863)</b>	<b>(7,411)</b>	<b>(7,586)</b>	<b>(9,818)</b>	<b>(33,678)</b>	<b>(8,912)</b>

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

Description	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
<b>Reconciliation of GAAP to Non-GAAP earnings per share:</b>						
GAAP diluted earnings per share	\$ 0.08	\$ —	\$ (0.11)	\$ 0.28	\$ 0.25	\$ (0.18)
Amortization of intangibles acquired in business combinations	0.09	0.09	0.09	0.09	0.36	0.09
Stock-based compensation	0.28	0.30	0.26	0.27	1.11	0.30
Amortization of debt discount and issuance costs	0.04	0.04	0.04	0.04	0.16	0.04
Non-GAAP tax impact	(0.11)	(0.10)	(0.09)	(0.12)	(0.42)	(0.11)
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	—	(0.01)	—	(0.01)	(0.01)
Non-GAAP diluted earnings per share	<b>\$ 0.38</b>	<b>\$ 0.33</b>	<b>\$ 0.18</b>	<b>\$ 0.56</b>	<b>\$ 1.45</b>	<b>\$ 0.13</b>
Diluted weighted average shares outstanding	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214	82,360,891
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	974,157	1,031,086	—	—	788,902
Diluted pro forma shares outstanding	<b>82,209,988</b>	<b>82,191,668</b>	<b>82,637,174</b>	<b>82,928,818</b>	<b>82,681,214</b>	<b>83,149,793</b>
<b>Gross margin:</b>						
<b>Licensing:</b>						
GAAP gross margin	85.9 %	83.0 %	79.3 %	83.6 %	83.2 %	71.1 %
Stock-based compensation	0.4 %	0.6 %	0.8 %	1.2 %	0.8 %	1.7 %
Amortization of acquired intangibles	5.2 %	5.7 %	6.5 %	3.9 %	5.1 %	6.0 %
Non-GAAP gross margin	<b>91.5 %</b>	<b>89.3 %</b>	<b>86.6 %</b>	<b>88.7 %</b>	<b>89.1 %</b>	<b>78.8 %</b>
<b>Maintenance:</b>						
GAAP gross margin	81.6 %	81.4 %	81.6 %	78.2 %	80.7 %	82.4 %
Stock-based compensation	2.5 %	2.6 %	1.3 %	2.1 %	2.1 %	2.1 %
Non-GAAP gross margin	<b>84.1 %</b>	<b>84.0 %</b>	<b>82.9 %</b>	<b>80.3 %</b>	<b>82.8 %</b>	<b>84.5 %</b>
<b>Services:</b>						
GAAP gross margin	0.3 %	(0.7)%	7.2 %	2.1 %	2.3 %	0.4 %
Stock-based compensation	9.2 %	10.3 %	8.8 %	8.4 %	9.2 %	10.0 %
Non-GAAP gross margin	<b>9.5 %</b>	<b>9.6 %</b>	<b>16.0 %</b>	<b>10.5 %</b>	<b>11.5 %</b>	<b>10.4 %</b>
<b>Overall:</b>						
GAAP gross margin	54.8 %	52.8 %	50.8 %	60.2 %	54.9 %	48.5 %
Amortization of acquired intangibles	2.7 %	2.9 %	3.0 %	2.4 %	2.7 %	3.1 %
Stock-based compensation	3.8 %	4.3 %	4.0 %	3.3 %	3.8 %	4.6 %
Non-GAAP gross margin	<b>61.3 %</b>	<b>60.0 %</b>	<b>57.8 %</b>	<b>65.9 %</b>	<b>61.4 %</b>	<b>56.2 %</b>

(1) Due to the occurrence of a net loss on a GAAP basis, potentially dilutive securities were excluded from the calculation of GAAP net income (loss) per share, as they would have an anti-dilutive effect. However, these shares have a dilutive effect on non-GAAP net income (loss) per share and, therefore, are included in the non-GAAP net income (loss) per share calculation.

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

Description	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
<b>License and subscription revenue breakdown:</b>						
Term license revenue	\$ 79,337	\$ 71,591	\$ 60,252	\$ 106,962	\$ 318,142	\$ 54,178
Subscription revenue	15,343	14,770	14,691	20,246	65,050	28,196
Perpetual license revenue	—	352	1,275	503	2,130	49
<b>Total license and subscription revenue</b>	<b>\$ 94,680</b>	<b>\$ 86,713</b>	<b>\$ 76,218</b>	<b>\$ 127,711</b>	<b>\$ 385,322</b>	<b>\$ 82,423</b>

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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 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
<b>Gross profit reconciliation:</b>						
GAAP gross profit	\$ 98,647	\$ 88,854	\$ 82,589	\$ 125,074	\$ 395,164	\$ 76,154
Non-GAAP adjustments:						
Stock-based compensation	6,836	7,303	6,583	6,891	27,613	7,145
Amortization of intangibles	4,945	4,945	4,945	4,945	19,780	4,945
Non-GAAP tax impact	—	—	—	—	—	—
<b>Non-GAAP gross profit</b>	<b>\$ 110,428</b>	<b>\$ 101,102</b>	<b>\$ 94,117</b>	<b>\$ 136,910</b>	<b>\$ 442,557</b>	<b>\$ 88,244</b>
<b>Non-GAAP gross margin</b>	<b>61.3 %</b>	<b>60.0 %</b>	<b>57.8 %</b>	<b>65.9 %</b>	<b>61.5 %</b>	<b>56.2 %</b>
<b>Gross profit reconciliation - license and subscription revenue:</b>						
GAAP gross profit - license revenue	\$ 81,350	\$ 71,974	\$ 60,437	\$ 106,763	\$ 320,524	\$ 58,627
Non-GAAP adjustments:						
Stock-based compensation	334	535	589	1,553	3,011	1,363
Amortization of intangibles	4,945	4,945	4,945	4,945	19,780	4,945
Non-GAAP tax impact	—	—	—	—	—	—
<b>Non-GAAP gross profit - license and subscription revenue</b>	<b>\$ 86,629</b>	<b>\$ 77,454</b>	<b>\$ 65,971</b>	<b>\$ 113,261</b>	<b>\$ 343,315</b>	<b>\$ 64,935</b>
<b>Non-GAAP gross margin - license revenue</b>	<b>91.5 %</b>	<b>89.3 %</b>	<b>86.6 %</b>	<b>88.7 %</b>	<b>89.1 %</b>	<b>78.8 %</b>
<b>Gross profit reconciliation - maintenance revenue:</b>						
GAAP gross profit - maintenance revenue	\$ 17,135	\$ 17,310	\$ 17,411	\$ 17,069	\$ 68,925	\$ 17,277
Non-GAAP adjustments:						
Stock-based compensation	534	558	274	455	1,821	450
Amortization of intangibles	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—
<b>Non-GAAP gross profit - maintenance revenue</b>	<b>\$ 17,669</b>	<b>\$ 17,868</b>	<b>\$ 17,685</b>	<b>\$ 17,524</b>	<b>\$ 70,746</b>	<b>\$ 17,727</b>
<b>Non-GAAP gross margin - maintenance revenue</b>	<b>84.1 %</b>	<b>84.0 %</b>	<b>82.9 %</b>	<b>80.3 %</b>	<b>82.8 %</b>	<b>84.5 %</b>
<b>Gross profit reconciliation - service revenue:</b>						
GAAP gross profit - service revenue	\$ 162	\$ (430)	\$ 4,741	\$ 1,242	\$ 5,715	\$ 250
Non-GAAP adjustments:						
Stock-based compensation	5,968	6,210	5,720	4,883	22,781	5,332
Amortization of intangibles	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—
<b>Non-GAAP gross profit - service revenue</b>	<b>\$ 6,130</b>	<b>\$ 5,780</b>	<b>\$ 10,461</b>	<b>\$ 6,125</b>	<b>\$ 28,496</b>	<b>\$ 5,582</b>
<b>Non-GAAP gross margin - service revenue</b>	<b>9.5 %</b>	<b>9.5 %</b>	<b>16.0 %</b>	<b>10.5 %</b>	<b>11.5 %</b>	<b>10.4 %</b>

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

Description	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
GAAP income (loss) from operations	\$ 2,487	\$ (6,331)	\$ (15,767)	\$ 21,082	\$ 1,471	\$ (24,597)
Non-GAAP adjustments:						
Stock-based compensation	23,335	24,372	21,049	22,759	\$ 91,515	\$ 24,558
Amortization of intangibles	7,309	7,309	7,278	7,217	\$ 29,113	\$ 7,167
<b>Non-GAAP income (loss) from operations</b>	<b>\$ 33,131</b>	<b>\$ 25,350</b>	<b>\$ 12,560</b>	<b>\$ 51,058</b>	<b>\$ 122,099</b>	<b>\$ 7,128</b>
<b>Net income (loss) reconciliation:</b>						
GAAP net income (loss)	\$ 6,309	\$ (1)	\$ (8,581)	\$ 23,005	\$ 20,732	\$ (14,991)
Non-GAAP adjustments:						
Stock-based compensation	23,335	24,372	21,049	22,759	\$ 91,515	\$ 24,558
Amortization of intangibles	7,309	7,309	7,278	7,217	\$ 29,113	\$ 7,167
Amortization of debt discount and issuance costs	2,986	3,027	3,070	3,111	\$ 12,194	\$ 3,156
Non-GAAP tax impact	(8,863)	(7,411)	(7,586)	(9,818)	\$ (33,678)	\$ (8,912)
<b>Non-GAAP net income (loss)</b>	<b>\$ 31,076</b>	<b>\$ 27,296</b>	<b>\$ 15,230</b>	<b>\$ 46,274</b>	<b>\$ 119,876</b>	<b>\$ 10,978</b>

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