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	Q2 2020	Q3 2020	Q4 2020	FY 2020
Revenue:										
Subscription and support	$ 36,346	$ 36,034	$ 36,026	$ 42,069	$ 150,475	$ 49,031	$ 49,550	$ 50,772	$ 54,120	$ 203,473
License	79,337	71,943	61,527	107,464	320,271	54,363	76,520	63,104	137,527	331,514
Services	64,572	60,557	65,314	58,325	248,768	53,616	47,388	54,289	52,027	207,320
Total revenue	**180,255**	**168,534**	**162,867**	**207,858**	**719,514**	**157,010**	**173,458**	**168,165**	**243,674**	**742,307**
Cost of revenue:										
Subscription and support	16,033	16,518	17,963	23,083	73,597	24,933	28,212	30,522	33,511	117,178
License	1,165	2,175	1,742	2,618	7,700	2,557	2,904	2,566	3,519	11,546
Services	64,410	60,987	60,573	57,083	243,053	53,366	52,480	52,664	50,781	209,291
Total cost of revenue	**81,608**	**79,680**	**80,278**	**82,784**	**324,350**	**80,856**	**83,596**	**85,752**	**87,811**	**338,015**
Gross profit:										
Subscription and support	20,313	19,516	18,063	18,986	76,878	24,098	21,338	20,250	20,609	86,295
License	78,172	69,768	59,785	104,846	312,571	51,806	73,616	60,538	134,008	319,968
Services	162	(430)	4,741	1,242	5,715	250	(5,092)	1,625	1,246	(1,971)
Total gross profit	**98,647**	**88,854**	**82,589**	**125,074**	**395,164**	**76,154**	**89,862**	**82,413**	**155,863**	**404,292**
Operating expenses:										
Research and development	45,496	46,471	47,102	49,472	188,541	46,496	49,954	51,893	52,232	200,575
Sales and marketing	32,319	31,173	33,301	33,958	130,751	33,016	37,339	35,235	36,830	142,420
General and administrative	18,345	17,541	17,953	20,562	74,401	21,239	20,599	20,885	22,460	85,183
Total operating expenses	**96,160**	**95,185**	**98,356**	**103,992**	**393,693**	**100,751**	**107,892**	**108,013**	**111,522**	**428,178**
Income (loss) from operations	**2,487**	**(6,331)**	**(15,767)**	**21,082**	**1,471**	**(24,597)**	**(18,030)**	**(25,600)**	**44,341**	**(23,886)**
Interest income	6,851	7,553	7,748	8,030	30,182	7,636	6,958	6,072	4,039	24,705
Interest expense	(4,244)	(4,287)	(4,327)	(4,476)	(17,334)	(4,429)	(4,462)	(4,505)	(4,549)	(17,945)
Other income (expense), net	(1,489)	1,148	(617)	(909)	(1,867)	(251)	(182)	(12,356)	5,584	(7,205)
Income (loss) before provision for (benefit from) income taxes	**3,605**	**(1,917)**	**(12,963)**	**23,727**	**12,452**	**(21,641)**	**(15,716)**	**(36,389)**	**49,415**	**(24,331)**
Provision for (benefit from) income taxes	(2,704)	(1,916)	(4,382)	722	(8,280)	(6,650)	4,228	(5,351)	10,640	2,867
Net income (loss)	**$ 6,309**	**$ (1)**	**$ (8,581)**	**$ 23,005**	**$ 20,732**	**$ (14,991)**	**$ (19,944)**	**$ (31,038)**	**$ 38,775**	**$ (27,198)**
Earnings per share:										
Basic	$ 0.08	$ 0.00	$ (0.11)	$ 0.28	$ 0.25	$ (0.18)	$ (0.24)	$ (0.37)	$ 0.46	$ (0.33)
Diluted	$ 0.08	$ 0.00	$ (0.11)	$ 0.28	$ 0.25	$ (0.18)	$ (0.24)	$ (0.37)	$ 0.46	$ (0.33)
Shares used in computing net earnings per share:										
Basic	80,821,227	81,217,511	81,606,088	81,977,722	81,447,998	82,360,891	82,725,641	83,024,291	83,314,410	82,855,392
Diluted	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214	82,360,891	82,725,641	83,024,291	83,947,188	82,855,392
Impairment of strategic investment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 10,672	$ —	$ 10,672
Stock-based compensation	$ 23,335	$ 24,372	$ 21,050	$ 22,759	$ 91,516	$ 24,558	$ 26,736	$ 24,781	$ 25,742	$ 101,817

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

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	Q2 2020	Q3 2020	Q4 2020	FY 2020
Amortization of intangibles	$ 4,545	$ 4,545	$ 4,545	$ 4,545	$ 18,180	$ 4,545	$ 4,545	$ 4,405	$ 4,126	$ 17,621
Stock-based compensation	868	1,079	779	1,933	4,659	1,633	1,886	1,986	2,070	7,575
Total adjustment to cost of revenue - subscription and support	**5,413**	**5,624**	**5,324**	**6,478**	**22,839**	**6,178**	**6,431**	**6,391**	**6,196**	**25,196**
Amortization of intangibles	400	400	400	400	1,600	400	400	400	400	1,600
Stock-based compensation	—	14	84	75	173	180	188	177	224	769
Total adjustment to cost of revenue - license	**400**	**414**	**484**	**475**	**1,773**	**580**	**588**	**577**	**624**	**2,369**
Stock-based compensation	5,968	6,210	5,721	4,883	22,782	5,332	5,469	4,862	5,153	20,816
Total adjustment to cost of revenue - services	**5,968**	**6,210**	**5,721**	**4,883**	**22,782**	**5,332**	**5,469**	**4,862**	**5,153**	**20,816**
Stock-based compensation	6,406	6,440	4,919	5,655	23,420	6,181	6,668	6,500	6,975	26,324
Total adjustment to research and development	**6,406**	**6,440**	**4,919**	**5,655**	**23,420**	**6,181**	**6,668**	**6,500**	**6,975**	**26,324**
Stock-based compensation	4,621	5,074	4,731	4,819	19,245	5,157	5,996	4,990	5,117	21,260
Amortization of intangibles	2,364	2,364	2,333	2,272	9,333	2,222	1,797	1,797	1,797	7,613
Total adjustment to sales and marketing	**6,985**	**7,438**	**7,064**	**7,091**	**28,578**	**7,379**	**7,793**	**6,787**	**6,914**	**28,873**
Stock-based compensation	5,472	5,555	4,816	5,394	21,237	6,075	6,529	6,266	6,203	25,073
Total adjustment to general and administrative	**5,472**	**5,555**	**4,816**	**5,394**	**21,237**	**6,075**	**6,529**	**6,266**	**6,203**	**25,073**
Amortization of debt discount and issuance costs	2,986	3,027	3,070	3,111	12,194	3,156	3,198	3,244	3,288	12,886
Total adjustment to interest expense	**2,986**	**3,027**	**3,070**	**3,111**	**12,194**	**3,156**	**3,198**	**3,244**	**3,288**	**12,886**
Changes in fair value of strategic investment	—	—	—	—	—	—	—	10,672	—	10,672
Total adjustment to other income (expense), net	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**10,672**	**—**	**10,672**
Non-GAAP tax impact	(8,863)	(7,411)	(7,586)	(9,818)	(33,678)	(8,912)	826	(6,559)	(4,598)	(19,243)
Total adjustment to provision for (benefit from) income taxes	**(8,863)**	**(7,411)**	**(7,586)**	**(9,818)**	**(33,678)**	**(8,912)**	**826**	**(6,559)**	**(4,598)**	**(19,243)**

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

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	Q2 2020	Q3 2020	Q4 2020	FY 2020
Reconciliation of GAAP to Non-GAAP earnings per share:										
GAAP diluted earnings per share	$ 0.08	$ —	$ (0.11)	$ 0.28	$ 0.25	$ (0.18)	$ (0.24)	$ (0.37)	$ 0.46	$ (0.33)
Amortization of intangibles	0.09	0.09	0.09	0.09	0.35	0.09	0.08	0.08	0.08	0.33
Stock-based compensation	0.28	0.30	0.26	0.27	1.11	0.30	0.32	0.30	0.31	1.23
Amortization of debt discount and issuance costs	0.04	0.04	0.04	0.04	0.16	0.04	0.04	0.04	0.04	0.16
Changes in fair value of strategic investment	—	—	—	—	—	—	—	0.13	—	0.13
Non-GAAP tax impact	(0.11)	(0.10)	(0.09)	(0.12)	(0.42)	(0.11)	0.01	(0.08)	(0.05)	(0.23)
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	—	(0.01)	—	—	(0.01)	—	(0.01)	(0.01)	(0.03)
Non-GAAP diluted earnings per share	$ 0.38	$ 0.33	$ 0.18	$ 0.56	$ 1.45	$ 0.13	$ 0.21	$ 0.09	$ 0.83	$ 1.26
Diluted weighted average shares outstanding	82,209,988	81,217,511	81,606,088	82,928,818	82,681,214	82,360,891	82,725,641	83,024,291	83,947,188	82,855,392
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	1,488,107	1,031,086	—	—	788,902	842,001	486,398	—	834,002
Diluted weighted average shares outstanding	82,209,988	82,705,618	82,637,174	82,928,818	82,681,214	83,149,793	83,567,642	83,510,689	83,947,188	83,689,394
Gross margin:										
Subscription and support:										
GAAP gross margin	55.9 %	54.2 %	50.1 %	45.1 %	51.1 %	49.1 %	43.0 %	39.9 %	38.1 %	42.4 %
Stock-based compensation	2.4 %	3.0 %	2.2 %	4.6 %	3.1 %	3.3 %	3.8 %	3.9 %	3.8 %	3.7 %
Amortization of intangibles	12.5 %	12.6 %	12.6 %	10.8 %	12.1 %	9.3 %	9.2 %	8.7 %	7.6 %	8.7 %
Non-GAAP gross margin	70.8 %	69.8 %	64.9 %	60.5 %	66.3 %	61.7 %	56.0 %	52.5 %	49.5 %	54.8 %
License:										
GAAP gross margin	98.5 %	97.0 %	97.2 %	97.5 %	97.5 %	95.3 %	96.3 %	95.9 %	97.4 %	96.5 %
Stock-based compensation	— %	— %	0.1 %	0.1 %	0.1 %	0.3 %	0.2 %	0.3 %	0.2 %	0.2 %
Amortization of intangibles	0.5 %	0.6 %	0.7 %	0.4 %	0.5 %	0.8 %	0.5 %	0.6 %	0.3 %	0.5 %
Non-GAAP gross margin	99.0 %	97.6 %	98.0 %	98.0 %	98.1 %	96.4 %	97.0 %	96.8 %	97.9 %	97.2 %
Services:										
GAAP gross margin	0.3 %	(0.7)%	7.2 %	2.1 %	2.3 %	0.4 %	(10.7)%	2.9 %	2.3 %	(0.9)%
Stock-based compensation	9.2 %	10.2 %	8.8 %	8.4 %	9.2 %	10.0 %	11.5 %	9.0 %	10.0 %	10.0 %

Non-GAAP gross margin	**9.5 %**	**9.5 %**	**16.0 %**	**10.5 %**	**11.5 %**	**10.4 %**	**0.8 %**	**11.9 %**	**12.3 %**	**9.1 %**
Overall:										
GAAP gross margin	54.8 %	52.8 %	50.8 %	60.2 %	55.0 %	48.5 %	51.8 %	49.0 %	63.9 %	54.5 %
Amortization of intangibles	2.7 %	2.9 %	3.0 %	2.4 %	2.7 %	3.1 %	2.9 %	2.9 %	1.9 %	2.6 %
Stock-based compensation	3.8 %	4.3 %	4.0 %	3.3 %	3.8 %	4.6 %	4.3 %	4.1 %	3.1 %	3.9 %
Non-GAAP gross margin	**61.3 %**	**60.0 %**	**57.8 %**	**65.9 %**	**61.5 %**	**56.2 %**	**59.0 %**	**56.0 %**	**68.9 %**	**61.0 %**

(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	Q2 2020	Q3 2020	Q4 2020	FY 2020
Annual recurring revenue (in millions):										
Annual recurring revenue (1)	*	*	*	*	$ 460	$ 463	$ 474	$ 483	$ 509	$ 514
Subscription and support revenue breakdown:										
Subscription revenue	15,343	14,770	14,691	20,246	65,050	28,060	28,434	30,078	33,086	119,658
Support revenue	21,003	21,264	21,335	21,822	85,424	20,971	21,116	20,694	21,034	83,815
Total subscription and support revenue	$ 36,346	$ 36,034	$ 36,026	$ 42,068	$ 150,474	$ 49,031	$ 49,550	$ 50,772	$ 54,120	$ 203,473
License revenue breakdown:										
Term license revenue	$ 79,337	$ 71,591	$ 60,252	$ 106,962	$ 318,142	$ 54,314	$ 74,478	$ 62,656	$ 137,001	$ 328,449
Perpetual license revenue	—	352	1,275	503	2,130	49	2,042	448	526	3,065
Total license revenue	79,337	71,943	61,527	107,465	320,272	54,363	76,520	63,104	137,527	331,514
Adjusted free cash flow:										
Net cash provided by (used in) operating activities	$ (27,247)	$ 14,288	$ 26,211	$ 102,874	$ 116,126	$ (18,138)	$ 19,474	$ 4,571	$ 107,159	$ 113,066
Purchases of property and equipment	$ (2,945)	$ (8,061)	$ (17,740)	$ (16,175)	$ (44,921)	$ (9,625)	$ (1,629)	$ (7,712)	$ (2,411)	$ (21,377)
Capitalized software development costs	(459)	(704)	(1,139)	(1,634)	(3,936)	(1,346)	(864)	(1,063)	(1,010)	(4,283)
Total free cash flow	$ (30,651)	$ 5,523	$ 7,332	$ 85,065	$ 67,269	$ (29,109)	$ 16,981	$ (4,204)	$ 103,738	$ 87,406
Build out of new offices	$ (319)	$ (6,562)	$ (11,753)	$ (4,958)	$ (23,592)	$ (7,947)	$ 314	$ (5,254)	$ 1,756	$ (11,131)
Total adjusted free cash flow	$ (30,332)	$ 12,085	$ 19,085	$ 90,023	$ 90,861	$ (21,162)	$ 16,667	$ 1,050	$ 101,982	$ 98,537

(1) ARR for Fiscal year 2020 is based on actual currency rates at the end of fiscal year 2020. Our reported quarterly ARR results are based on actual currency rates at the end of fiscal year 2019, held constant over the four quarters presented.

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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	Q2 2020	Q3 2020	Q4 2020	FY 2020
Gross profit reconciliation:										
GAAP gross profit	$ 98,647	$ 88,854	$ 82,589	$125,074	$395,164	$ 76,154	$ 89,862	$ 82,413	$155,863	$404,292
Non-GAAP adjustments:										
Stock-based compensation	6,836	7,303	6,584	6,891	27,614	7,145	7,543	7,025	7,447	29,160
Amortization of intangibles	4,945	4,945	4,945	4,945	19,780	4,945	4,945	4,805	4,526	19,221
Non-GAAP gross profit	**$110,428**	**$101,102**	**$ 94,118**	**$136,910**	**$442,558**	**$ 88,244**	**$102,350**	**$ 94,243**	**$167,836**	**$452,673**
Non-GAAP gross margin	61.3 %	60.0 %	57.8 %	65.9 %	61.5 %	56.2 %	59.0 %	56.0 %	68.9 %	61.0 %
Gross profit reconciliation - subscription and support:										
GAAP gross profit - subscription and support	$ 20,313	$ 19,516	$ 18,063	$ 18,986	$ 76,878	$ 24,098	$ 21,338	$ 20,250	$ 20,609	$ 86,295
Non-GAAP adjustments:										
Stock-based compensation	868	1,079	779	1,933	4,659	1,633	1,886	1,986	2,070	7,575
Amortization of intangibles	4,545	4,545	4,545	4,545	18,180	4,545	4,545	4,405	4,126	17,621
Non-GAAP gross profit - subscription and support	**$ 25,726**	**$ 25,140**	**$ 23,387**	**$ 25,464**	**$ 99,717**	**$ 30,276**	**$ 27,769**	**$ 26,641**	**$ 26,805**	**$111,491**
Non-GAAP gross margin - subscription and support	70.8 %	69.8 %	64.9 %	60.5 %	66.3 %	61.7 %	56.0 %	52.5 %	49.5 %	54.8 %
Gross profit reconciliation - license:										
GAAP gross profit - license	$ 78,172	$ 69,768	$ 59,785	$104,846	$312,571	$ 51,806	$ 73,616	$ 60,538	$134,008	$319,968
Non-GAAP adjustments:										
Stock-based compensation	—	14	84	75	173	180	188	177	224	769
Amortization of intangibles	400	400	400	400	1,600	400	400	400	400	1,600
Non-GAAP gross profit - license	**$ 78,572**	**$ 70,182**	**$ 60,269**	**$105,321**	**$314,344**	**$ 52,386**	**$ 74,204**	**$ 61,115**	**$134,632**	**$322,337**
Non-GAAP gross margin - license	99.0 %	97.6 %	98.0 %	98.0 %	98.1 %	96.4 %	97.0 %	96.8 %	97.9 %	97.2 %
Gross profit reconciliation - services:										
GAAP gross profit - services	$ 162	$ (430)	$ 4,741	$ 1,242	$ 5,715	$ 250	$ (5,092)	$ 1,625	$ 1,246	$ (1,971)
Non-GAAP adjustments:										
Stock-based compensation	5,968	6,210	5,721	4,883	22,782	5,332	5,469	4,862	5,153	20,816
Amortization of intangibles	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - services	**$ 6,130**	**$ 5,780**	**$ 10,462**	**$ 6,125**	**$ 28,497**	**$ 5,582**	**$ 377**	**$ 6,487**	**$ 6,399**	**$ 18,845**
Non-GAAP gross margin - services	9.5 %	9.5 %	16.0 %	10.5 %	11.5 %	10.4 %	0.8 %	11.9 %	12.3 %	9.1 %

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

Description	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Income (loss) from operations reconciliation:										
GAAP income (loss) from operations	$ 2,487	$ (6,331)	$ (15,767)	$ 21,082	$ 1,471	$ (24,597)	$ (18,030)	$ (25,600)	$ 44,341	$ (23,886)
Non-GAAP adjustments:										
Stock-based compensation	23,335	24,372	21,050	22,759	$ 91,516	24,558	26,736	24,781	25,742	$ 101,817
Amortization of intangibles	7,309	7,309	7,278	7,217	$ 29,113	7,167	6,742	6,602	6,323	$ 26,834
Non-GAAP income (loss) from operations	**$ 33,131**	**$ 25,350**	**$ 12,561**	**$ 51,058**	**$ 122,100**	**$ 7,128**	**$ 15,448**	**$ 5,783**	**$ 76,406**	**$ 104,765**
Net income (loss) reconciliation:										
GAAP net income (loss)	$ 6,309	$ (1)	$ (8,581)	$ 23,005	$ 20,732	$ (14,991)	$ (19,944)	$ (31,038)	$ 38,775	$ (27,198)
Non-GAAP adjustments:										
Stock-based compensation	23,335	24,372	21,050	22,759	$ 91,516	24,558	26,736	24,781	25,742	$ 101,817
Amortization of intangibles	7,309	7,309	7,278	7,217	$ 29,113	7,167	6,742	6,602	6,323	$ 26,834
Amortization of debt discount and issuance costs	2,986	3,027	3,070	3,111	$ 12,194	3,156	3,198	3,244	3,288	$ 12,886
Changes in fair value of strategic investment(1)	—	—	—	—	$ —	—	—	10,672	—	$ 10,672
Non-GAAP tax impact	(8,863)	(7,411)	(7,586)	(9,818)	$ (33,678)	(8,912)	826	(6,559)	(4,598)	$ (19,243)
Non-GAAP net income (loss)	**$ 31,076**	**$ 27,296**	**$ 15,231**	**$ 46,274**	**$ 119,877**	**$ 10,978**	**$ 17,558**	**$ 7,702**	**$ 69,530**	**$ 105,768**

(1) Effective the third fiscal quarter of 2020, changes in fair value of strategic investments are excluded from the non-GAAP measures. Prior to the third fiscal quarter of 2020, there have been no changes in fair value of strategic investments in any periods presented.

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