

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	FY 2018
Revenues:							
License and other	\$ 38,721	\$ 64,075	\$ 58,971	\$ 109,695	\$ 271,462	\$ 30,093	\$ 30,093
Maintenance	16,532	16,582	16,858	18,671	68,643	18,930	18,930
Services	38,874	34,964	47,607	52,734	174,179	59,148	59,148
Total revenues	94,127	115,621	123,436	181,100	514,284	108,171	108,171
Cost of revenues:							
License and other	2,430	2,781	5,208	6,627	\$ 17,046	6,715	\$ 6,715
Maintenance	3,325	3,079	3,480	3,513	13,397	3,467	3,467
Services	36,264	34,951	42,780	47,121	161,116	52,712	52,712
Total cost of revenues	42,019	40,811	51,468	57,261	191,559	62,894	62,894
Gross profit:							
License and other	36,291	61,294	53,763	103,068	\$ 254,416	23,378	\$ 23,378
Maintenance	13,207	13,503	13,378	15,158	55,246	15,463	15,463
Services	2,610	13	4,827	5,613	13,063	6,436	6,436
Total gross profit	52,108	74,810	71,968	123,839	322,725	45,277	45,277
Operating expenses:							
Research and development	30,750	30,025	34,090	35,458	\$ 130,323	35,711	\$ 35,711
Sales and marketing	25,500	23,520	28,788	31,431	109,239	23,610	23,610
General and administrative	14,160	13,060	13,429	15,902	56,551	18,671	18,671
Total operating expenses	70,410	66,605	76,307	82,791	296,113	77,992	77,992
Income (loss) from operations	(18,302)	8,205	(4,339)	41,048	26,612	(32,715)	(32,715)
Interest income, net	1,342	1,544	1,394	1,574	5,854	1,908	1,908
Other income (expense), net	(681)	335	11	1,146	811	(262)	(262)
Income (loss) before provision for (benefit from) income taxes	(17,641)	10,084	(2,934)	43,768	33,277	(31,069)	(31,069)
Provision for (benefit from) income taxes	(9,783)	6,110	(1,115)	16,841	12,053	(22,155)	(22,155)
Net income (loss)	\$ (7,858)	\$ 3,974	\$ (1,819)	\$ 26,927	\$ 21,224	\$ (8,914)	\$ (8,914)
Earnings per share:							
Basic	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ 0.36	\$ 0.29	\$ (0.12)	\$ (0.12)
Diluted	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ 0.36	\$ 0.28	\$ (0.12)	\$ (0.12)
Shares used in computing net earnings per share :							
Basic	73,293,467	73,738,810	74,175,603	74,776,333	73,994,577	75,187,430	75,187,430
Diluted	73,293,467	74,793,240	74,175,603	75,769,530	75,328,343	75,187,430	75,187,430
Stock-based compensation	\$ 17,877	\$ 18,587	\$ 17,197	\$ 18,133	\$ 71,794	\$ 19,623	\$ 19,623

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	FY 2018
Amortization of intangibles acquired in business combinations	\$ 1,045	\$ 1,179	\$ 3,402	\$ 3,885	\$ 9,511	\$ 3,885	\$ 3,885
Stock-based compensation	51	90	90	142	373	174	174
Total adjustment to cost of revenue - license	1,096	1,269	3,492	4,027	9,884	4,059	4,059
Stock-based compensation	413	436	416	429	1,694	455	455
Total adjustment to cost of revenue - maintenance	413	436	416	429	1,694	455	455
Stock-based compensation	4,695	4,815	4,459	4,652	18,622	5,226	5,226
Total adjustment to cost of revenue - services	4,695	4,815	4,459	4,652	18,622	5,226	5,226
Stock-based compensation	4,467	4,650	4,508	4,498	18,123	4,912	4,912
Total adjustment to research and development	4,467	4,650	4,508	4,498	18,123	4,912	4,912
Stock-based compensation	4,223	4,283	3,992	4,166	16,663	4,217	4,217
Amortization of intangibles acquired in business combinations	393	477	817	891	2,578	891	891
Total adjustment to sales and marketing	4,616	4,760	4,809	5,057	19,241	5,108	5,108
Stock-based compensation	4,028	4,313	3,732	4,246	16,319	4,639	4,639
Total adjustment to general and administrative	4,028	4,313	3,732	4,246	16,319	4,639	4,639
Non-GAAP tax impact	(10,336)	(3,591)	(7,316)	(5,080)	(26,323)	(20,283)	(20,283)
Total adjustment to provision for (benefit from) income taxes	(10,336)	(3,591)	(7,316)	(5,080)	(26,323)	(20,283)	(20,283)

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	FY 2018
Reconciliation of GAAP to Non-GAAP earnings per share:							
GAAP diluted earnings per share	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ 0.36	\$ 0.28	\$ (0.12)	\$ (0.12)
Amortization of intangibles acquired in business combinations	0.02	0.02	0.06	0.06	0.16	0.06	0.06
Stock-based compensation	0.24	0.25	0.23	0.24	0.96	0.26	0.26
Non-GAAP tax impact	(0.14)	(0.04)	(0.10)	(0.07)	(0.35)	(0.26)	(0.27)
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	0.01	—	(0.01)	—	—	—	—
Non-GAAP diluted earnings per share	\$ 0.02	\$ 0.28	\$ 0.16	\$ 0.59	\$ 1.05	\$ (0.06)	\$ (0.07)
Diluted weighted average shares outstanding	73,293,467	74,793,240	74,175,603	75,769,530	75,328,343	75,187,430	75,187,430
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	1,291,775	—	1,053,252	—	—	—	—
Diluted pro forma shares outstanding	74,585,242	74,793,240	75,228,855	75,769,530	75,328,343	75,187,430	75,187,430
Gross margin:							
Licensing:							
GAAP gross margin	93.7%	95.7%	91.2%	94.0%	93.7%	77.7%	77.7%
Stock-based compensation	0.1%	0.1%	0.2%	0.1%	0.2%	0.6%	0.6%
Amortization of acquired intangibles	2.7%	1.8%	5.7%	3.5%	3.5%	12.9%	12.9%
Non-GAAP gross margin	96.5%	97.6%	97.1%	97.6%	97.4%	91.2%	91.2%
Maintenance:							
GAAP gross margin	79.9%	81.4%	79.4%	81.2%	80.5%	81.7%	81.7%
Stock-based compensation	2.5%	2.7%	2.4%	2.3%	2.5%	2.4%	2.4%
Non-GAAP gross margin	82.4%	84.1%	81.8%	83.5%	83.0%	84.1%	84.1%
Services:							
GAAP gross margin	6.7%	—%	10.1%	10.7%	7.5%	10.9%	10.9%
Stock-based compensation	12.1%	13.8%	9.4%	8.8%	10.7%	8.8%	8.8%
Non-GAAP gross margin	18.8%	13.8%	19.5%	19.5%	18.2%	19.7%	19.7%
Overall:							
GAAP gross margin	55.4%	64.7%	58.3%	68.4%	62.8%	41.9%	41.9%
Amortization of acquired intangibles	1.1%	1.0%	2.8%	2.1%	1.8%	3.6%	3.6%
Stock-based compensation	5.5%	4.6%	4.0%	2.9%	4.0%	5.4%	5.4%
Non-GAAP gross margin	62.0%	70.3%	65.1%	73.4%	68.6%	50.9%	50.9%

(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 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	FY 2018
License revenue breakdown:							
Term license and other revenues	\$ 34,500	\$ 62,868	\$ 58,023	\$ 102,931	\$ 258,322	\$ 29,970	\$ 29,970
Perpetual license revenues	4,221	1,207	948	6,764	13,140	123	123
Total license and other revenues	\$ 38,721	\$ 64,075	\$ 58,971	\$ 109,695	\$ 271,462	\$ 30,093	\$ 30,093
Four-quarter recurring revenues:							
Term license and other revenues	\$ 210,278	\$ 220,494	\$ 237,919	\$ 258,322	N/A	\$ 253,792	N/A
Total maintenance revenues	62,451	64,776	66,958	68,643	N/A	71,041	N/A
Total four-quarter recurring revenues:	\$ 272,729	\$ 285,270	\$ 304,877	\$ 326,965	N/A	\$ 324,833	N/A

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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 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	FY 2018
Gross profit reconciliation:							
GAAP gross profit	\$ 52,108	\$ 74,810	\$ 71,968	\$ 123,839	\$ 322,725	\$ 45,277	\$ 45,277
Non-GAAP adjustments:							
Stock-based compensation	5,159	5,341	4,965	5,223	20,688	5,855	5,855
Amortization of intangibles	1,045	1,179	3,402	3,885	9,511	3,885	3,885
Non-GAAP tax impact	—	—	—	—	—	—	—
Non-GAAP gross profit	\$ 58,312	\$ 81,330	\$ 80,335	\$ 132,947	\$ 352,924	\$ 55,017	\$ 55,017
Non-GAAP gross margin	62.0%	70.3%	65.1%	73.4%	68.6%	50.9%	50.9%
Gross profit reconciliation - license revenue:							
GAAP gross profit - license revenue	\$ 36,291	\$ 61,294	\$ 53,763	\$ 103,068	\$ 254,416	\$ 23,378	\$ 23,378
Non-GAAP adjustments:							
Stock-based compensation	51	90	90	142	373	174	174
Amortization of intangibles	1,045	1,179	3,402	3,885	9,511	3,885	3,885
Non-GAAP tax impact	—	—	—	—	—	—	—
Non-GAAP gross profit - license revenue	\$ 37,387	\$ 62,563	\$ 57,255	\$ 107,095	\$ 264,300	\$ 27,437	\$ 27,437
Non-GAAP gross margin - license revenue	96.6%	97.6%	97.1%	97.6%	97.4%	91.2%	91.2%
Gross profit reconciliation - maintenance revenue:							
GAAP gross profit - maintenance revenue	\$ 13,207	\$ 13,503	\$ 13,378	\$ 15,158	\$ 55,246	\$ 15,463	\$ 15,463
Non-GAAP adjustments:							
Stock-based compensation	413	436	416	429	1,694	455	455
Amortization of intangibles	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—
Non-GAAP gross profit - maintenance revenue	\$ 13,620	\$ 13,939	\$ 13,794	\$ 15,587	\$ 56,940	\$ 15,918	\$ 15,918
Non-GAAP gross margin - maintenance revenue	82.4%	84.1%	81.8%	83.5%	83.0%	84.1%	84.1%
Gross profit reconciliation - service revenue:							
GAAP gross profit - service revenue	\$ 2,610	\$ 13	\$ 4,827	\$ 5,613	\$ 13,063	\$ 6,436	\$ 6,436
Non-GAAP adjustments:							
Stock-based compensation	4,695	4,815	4,459	4,652	18,621	5,226	5,226
Amortization of intangibles	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—
Non-GAAP gross profit - service revenue	\$ 7,305	\$ 4,828	\$ 9,286	\$ 10,265	\$ 31,684	\$ 11,662	\$ 11,662
Non-GAAP gross margin - service revenue	18.8%	13.8%	19.5%	19.5%	18.2%	19.7%	19.7%

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	FY 2018
Income (loss) from operations reconciliation:							
GAAP income (loss) from operations	\$ (18,302)	\$ 8,205	\$ (4,339)	\$ 41,048	\$ 26,612	\$ (32,715)	\$ (32,715)
Non-GAAP adjustments:							
Stock-based compensation	17,877	18,587	17,197	18,133	71,794	19,623	\$ 19,623
Amortization of intangibles	1,438	1,656	4,219	4,776	12,089	4,776	\$ 4,776
Non-GAAP income (loss) from operations	\$ 1,013	\$ 28,448	\$ 17,077	\$ 63,957	\$ 110,495	\$ (8,316)	\$ (8,316)
Net income (loss) reconciliation:							
GAAP net income (loss)	\$ (7,858)	\$ 3,974	\$ (1,819)	\$ 26,927	\$ 21,224	\$ (8,914)	\$ (8,914)
Non-GAAP adjustments:							
Stock-based compensation	17,877	18,587	17,197	18,133	71,794	19,623	\$ 19,623
Amortization of intangibles	1,438	1,656	4,219	4,776	12,089	4,776	\$ 4,776
Non-GAAP tax impact	(10,336)	(3,591)	(7,316)	(5,080)	(26,323)	(20,283)	\$ (20,283)
Non-GAAP net income (loss)	\$ 1,121	\$ 20,626	\$ 12,281	\$ 44,756	\$ 78,784	\$ (4,798)	\$ (4,798)

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