

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	FY 2019
Revenue:								
License and subscription	\$ 30,093	\$ 84,221	\$ 50,359	\$ 151,103	\$ 315,776	\$ 94,269	\$ 87,124	\$ 181,393
Maintenance	18,930	19,110	18,749	20,548	77,337	21,003	21,264	42,267
Services	59,148	60,457	71,361	76,988	267,954	64,411	60,878	125,289
Total revenue	108,171	163,788	140,469	248,639	661,067	179,683	169,266	348,949
Cost of revenue:								
License and subscription	6,715	9,040	9,742	9,955	\$ 35,452	13,330	14,739	\$ 28,069
Maintenance	3,467	3,593	3,828	3,895	14,783	3,868	3,954	7,822
Services	52,712	55,136	60,751	77,873	246,472	65,261	60,937	126,198
Total cost of revenue	62,894	67,769	74,321	91,723	296,707	82,459	79,630	162,089
Gross profit:								
License and subscription	23,378	75,181	40,617	141,148	\$ 280,324	80,939	72,385	\$ 153,324
Maintenance	15,463	15,517	14,921	16,653	62,554	17,135	17,310	34,445
Services	6,436	5,321	10,610	(885)	21,482	(850)	(59)	(909)
Total gross profit	45,277	96,019	66,148	156,916	364,360	97,224	89,636	186,860
Operating expenses:								
Research and development	35,711	43,657	46,787	45,502	\$ 171,657	45,496	46,471	\$ 91,967
Sales and marketing	23,610	31,961	30,378	38,168	124,117	32,319	31,173	63,492
General and administrative	18,671	21,066	18,170	18,009	75,916	18,345	17,541	35,886
Total operating expenses	77,992	96,684	95,335	101,679	371,690	96,160	95,185	191,345
Income (loss) from operations	(32,715)	(665)	(29,187)	55,237	(7,330)	1,064	(5,549)	(4,485)
Interest income	1,912	1,573	3,762	6,034	13,281	6,851	7,553	14,404
Interest expense	(4)	(7)	(2,228)	(4,203)	(6,442)	(4,244)	(4,287)	(8,531)
Other income (expense), net	(262)	1,658	(356)	(531)	509	(1,489)	1,148	(341)
Income (loss) before provision for (benefit from) income taxes	(31,069)	2,559	(28,009)	56,537	18	2,182	(1,135)	1,047
Provision for (benefit from) income taxes	(22,155)	48,114	20,613	(26,889)	19,683	(3,307)	(1,891)	(5,198)
Net income (loss)	\$ (8,914)	\$ (45,555)	\$ (48,622)	\$ 83,426	\$ (19,665)	\$ 5,489	\$ 756	\$ 6,245
Earnings per share:								
Basic	\$ (0.12)	\$ (0.59)	\$ (0.62)	\$ 1.04	\$ (0.25)	\$ 0.07	\$ 0.01	\$ 0.08
Diluted	\$ (0.12)	\$ (0.59)	\$ (0.62)	\$ 1.02	\$ (0.25)	\$ 0.07	\$ 0.01	\$ 0.08
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	81,058,562
Diluted	75,187,430	76,859,040	78,777,484	82,162,624	77,709,592	82,209,988	82,191,668	82,289,773
Stock-based compensation	\$ 19,623	\$ 25,032	\$ 23,839	\$ 21,120	\$ 89,614	\$ 23,333	\$ 24,353	\$ 47,686

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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	FY 2019
Amortization of intangibles acquired in business combinations	\$ 3,885	\$ 5,305	\$ 5,305	\$ 4,984	\$ 19,479	\$ 4,945	\$ 4,945	\$ 9,890
Stock-based compensation	174	258	274	296	1,002	334	535	869
Total adjustment to cost of revenue - license	4,059	5,563	5,579	5,280	20,481	5,279	5,480	10,759
Stock-based compensation	455	481	462	488	1,886	534	558	1,092
Total adjustment to cost of revenue - maintenance	455	481	462	488	1,886	534	558	1,092
Stock-based compensation	5,226	5,446	5,310	5,874	21,857	5,968	6,191	12,159
Total adjustment to cost of revenue - services	5,226	5,446	5,310	5,874	21,857	5,968	6,191	12,159
Stock-based compensation	4,912	7,697	7,236	5,595	25,440	6,404	6,440	12,844
Total adjustment to research and development	4,912	7,697	7,236	5,595	25,440	6,404	6,440	12,844
Stock-based compensation	4,217	5,024	4,527	4,619	18,387	4,621	5,074	9,695
Amortization of intangibles acquired in business combinations	891	2,364	2,364	2,364	7,983	2,364	2,364	4,728
Total adjustment to sales and marketing	5,108	7,388	6,891	6,983	26,370	6,985	7,438	14,423
Stock-based compensation	4,639	6,126	6,030	4,248	21,043	5,472	5,555	11,027
Total adjustment to general and administrative	4,639	6,126	6,030	4,248	21,043	5,472	5,555	11,027
Amortization of debt discount and issuance costs	—	—	1,568	2,944	4,512	2,986	3,027	6,013
Total adjustment to interest expense	—	—	1,568	2,944	4,512	2,986	3,027	6,013
Non-GAAP tax impact	(20,283)	38,364	19,461	(48,548)	(11,006)	(9,223)	(7,501)	(16,724)
Total adjustment to provision for (benefit from) income taxes	(20,283)	38,364	19,461	(48,548)	(11,006)	(9,223)	(7,501)	(16,724)

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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	FY 2019
Reconciliation of GAAP to Non-GAAP earnings per share:								
GAAP diluted earnings per share	\$ (0.12)	\$ (0.59)	\$ (0.62)	\$ 1.02	\$ (0.25)	\$ 0.07	\$ 0.01	\$ 0.08
Amortization of intangibles acquired in business combinations	0.06	0.10	0.10	0.09	0.35	0.09	0.09	0.18
Stock-based compensation	0.26	0.33	0.30	0.26	1.15	0.28	0.30	0.58
Amortization of debt discount and issuance costs	—	—	0.02	0.04	0.06	0.04	0.04	0.07
Non-GAAP tax impact	(0.26)	0.49	0.25	(0.60)	(0.14)	(0.12)	(0.10)	(0.20)
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	—	—	—	(0.03)	—	—	—
Non-GAAP diluted earnings per share	\$ (0.06)	\$ 0.33	\$ 0.05	\$ 0.81	\$ 1.14	\$ 0.36	\$ 0.34	\$ 0.71
Diluted weighted average shares outstanding	75,187,430	76,859,040	78,777,484	82,162,624	77,709,592	82,209,988	82,191,668	82,289,773
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	1,460,188	1,581,552	—	1,785,533	—	—	—
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	82,289,773
Gross margin:								
Licensing:								
GAAP gross margin	77.7%	89.3%	80.7%	93.4 %	88.8%	85.9 %	83.1 %	84.5 %
Stock-based compensation	0.6%	0.3%	0.5%	0.2 %	0.3%	0.4 %	0.6 %	0.5 %
Amortization of acquired intangibles	12.9%	6.3%	10.5%	3.3 %	6.2%	5.2 %	5.7 %	5.5 %
Non-GAAP gross margin	91.2%	95.9%	91.7%	96.9 %	95.3%	91.5 %	89.4 %	90.5 %
Maintenance:								
GAAP gross margin	81.7%	81.2%	79.6%	81.0 %	80.9%	81.6 %	81.4 %	81.5 %
Stock-based compensation	2.4%	2.5%	2.5%	2.4 %	2.4%	2.5 %	2.6 %	2.6 %
Non-GAAP gross margin	84.1%	83.7%	82.1%	83.4 %	83.3%	84.1 %	84.0 %	84.1 %
Services:								
GAAP gross margin	10.9%	8.8%	14.9%	(1.0)%	8.0%	(1.3)%	(0.1)%	(0.7)%
Stock-based compensation	8.8%	9.0%	7.4%	7.6 %	8.2%	9.3 %	10.2 %	9.7 %
Non-GAAP gross margin	19.7%	17.8%	22.3%	6.6 %	16.2%	8.0 %	10.1 %	9.0 %
Overall:								
GAAP gross margin	41.9%	58.6%	47.1%	63.1 %	55.1%	54.1 %	53.0 %	53.5 %
Amortization of acquired intangibles	3.6%	3.2%	3.8%	2.0 %	2.9%	2.8 %	2.9 %	2.8 %
Stock-based compensation	5.4%	3.8%	4.3%	2.7 %	3.7%	3.8 %	4.3 %	4.0 %
Non-GAAP gross margin	50.9%	65.6%	55.2%	67.8 %	61.7%	60.7 %	60.2 %	60.3 %

(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	FY 2019
License revenue breakdown:								
Term license revenue	\$ 26,775	\$ 75,058	\$ 37,364	\$ 136,120	\$ 275,317	\$ 78,926	\$ 72,002	\$ 150,928
Subscription revenue	3,195	6,346	7,285	11,820	28,646	15,343	14,770	30,113
Perpetual license revenue	123	2,817	5,710	3,163	11,813	—	352	352
Total license and subscription revenue	\$ 30,093	\$ 84,221	\$ 50,359	\$ 151,103	\$ 315,776	\$ 94,269	\$ 87,124	\$ 181,393

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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	FY 2019
Gross profit reconciliation:								
GAAP gross profit	\$ 45,277	\$ 96,019	\$ 66,148	\$156,916	\$364,360	\$ 97,224	\$ 89,636	\$186,860
Non-GAAP adjustments:								
Stock-based compensation	5,855	6,185	6,046	6,658	24,744	6,836	7,284	14,120
Amortization of intangibles	3,885	5,305	5,305	4,984	19,479	4,945	4,945	9,890
Non-GAAP tax impact	—	—	—	—	—	—	—	—
Non-GAAP gross profit	\$ 55,017	\$107,509	\$ 77,499	\$168,558	\$408,583	\$109,005	\$101,865	\$210,870
Non-GAAP gross margin	50.9%	65.6%	55.2%	67.8%	61.8%	60.7%	60.2%	60.4%
Gross profit reconciliation - license revenue:								
GAAP gross profit - license revenue	\$ 23,378	\$ 75,181	\$ 40,617	\$141,148	\$280,324	\$ 80,939	\$ 72,385	\$153,324
Non-GAAP adjustments:								
Stock-based compensation	174	258	274	296	1,002	334	535	869
Amortization of intangibles	3,885	5,305	5,305	4,984	19,479	4,945	4,945	9,890
Non-GAAP tax impact	—	—	—	—	—	—	—	—
Non-GAAP gross profit - license revenue	\$ 27,437	\$ 80,744	\$ 46,196	\$146,428	\$300,805	\$ 86,218	\$ 77,865	\$164,083
Non-GAAP gross margin - license revenue	91.2%	95.9%	91.7%	96.9%	95.3%	91.5%	89.4%	90.5%
Gross profit reconciliation - maintenance revenue:								
GAAP gross profit - maintenance revenue	\$ 15,463	\$ 15,517	\$ 14,921	\$ 16,653	\$ 62,554	\$ 17,135	\$ 17,310	\$ 34,445
Non-GAAP adjustments:								
Stock-based compensation	455	481	462	488	1,886	534	558	1,092
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	\$ 35,537
Non-GAAP gross margin - maintenance revenue	84.1%	83.7%	82.0%	83.4%	83.3%	84.1%	84.0%	84.1%
Gross profit reconciliation - service revenue:								
GAAP gross profit - service revenue	\$ 6,436	\$ 5,321	\$ 10,610	\$ (885)	\$ 21,482	\$ (850)	\$ (59)	\$ (909)
Non-GAAP adjustments:								
Stock-based compensation	5,226	5,446	5,310	5,874	21,856	5,968	6,191	12,159
Amortization of intangibles	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—
Non-GAAP gross profit - service revenue	\$ 11,662	\$ 10,767	\$ 15,920	\$ 4,989	\$ 43,338	\$ 5,118	\$ 6,132	\$ 11,250
Non-GAAP gross margin - service revenue	19.7%	17.8%	22.3%	6.5%	16.2%	7.9%	10.1%	9.0%

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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	FY 2019
Income (loss) from operations reconciliation:								
GAAP income (loss) from operations	\$ (32,715)	\$ (665)	\$ (29,187)	\$ 55,237	\$ (7,330)	\$ 1,064	\$ (5,549)	\$ (4,485)
Non-GAAP adjustments:								
Stock-based compensation	19,623	25,032	23,839	21,120	89,614	23,333	24,353	\$ 47,686
Amortization of intangibles	4,776	7,669	7,669	7,348	27,462	7,309	7,309	\$ 14,618
Non-GAAP income (loss) from operations	\$ (8,316)	\$ 32,036	\$ 2,321	\$ 83,705	\$ 109,746	\$ 31,706	\$ 26,113	\$ 57,819
Net income (loss) reconciliation:								
GAAP net income (loss)	\$ (8,914)	\$ (45,555)	\$ (48,622)	\$ 83,426	\$ (19,665)	\$ 5,489	\$ 756	\$ 6,245
Non-GAAP adjustments:								
Stock-based compensation	19,623	25,032	23,839	21,120	89,614	23,333	24,353	\$ 47,686
Amortization of intangibles	4,776	7,669	7,669	7,348	27,462	7,309	7,309	\$ 14,618
Amortization of debt discount and issuance costs	—	—	1,568	2,944	4,512	2,986	3,027	\$ 6,013
Non-GAAP tax impact	(20,283)	38,364	19,461	(48,548)	(11,006)	(9,223)	(7,501)	\$ (16,724)
Non-GAAP net income (loss)	\$ (4,798)	\$ 25,510	\$ 3,915	\$ 66,290	\$ 90,917	\$ 29,894	\$ 27,944	\$ 57,838

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