

FOR IMMEDIATE RELEASE

Veeva Announces Fiscal 2022 Second Quarter Results

Total Revenues of \$455.6M, up 29% Year Over Year; Subscription Services Revenues of \$366.4M, up 29% Year Over Year

PLEASANTON, CA - September 1, 2021 - Veeva Systems Inc. (NYSE: VEEV), a leading provider of industry cloud solutions for the global life sciences industry, today announced results for its second quarter ended July 31, 2021.

"Thanks to the team and the trust of our customers, it was another great quarter," said CEO Peter Gassner. "Rapid innovation is driving expansion in existing markets and significant early traction in newer areas like CDMS and safety as we start to realize the major potential of Veeva Development Cloud."

Fiscal 2022 Second Quarter Results:

- **Revenues**: Total revenues for the second quarter were \$455.6 million, up from \$353.7 million one year ago, an increase of 29% year over year. Subscription services revenues for the second quarter were \$366.4 million, up from \$283.5 million one year ago, an increase of 29% year over year.
- **Operating Income and Non-GAAP Operating Income**⁽¹⁾: Second quarter operating income was \$124.6 million, compared to \$90.1 million one year ago, an increase of 38% year over year. Non-GAAP operating income for the second quarter was \$191.6 million, compared to \$144.4 million one year ago, an increase of 33% year over year.
- Net Income and Non-GAAP Net Income⁽¹⁾: Second quarter net income was \$108.9 million, compared to \$93.6 million one year ago, an increase of 16% year over year. Non-GAAP net income for the second quarter was \$152.7 million, compared to \$116.4 million one year ago, an increase of 31% year over year.
- Net Income per Share and Non-GAAP Net Income per Share⁽¹⁾: For the second quarter, fully diluted net income per share was \$0.67, compared to \$0.58 one year ago, while non-GAAP fully diluted net income per share was \$0.94, compared to \$0.72 one year ago.

"It was a strong quarter of financial performance with impressive execution across the business," said CFO Brent Bowman. "I am particularly excited about Veeva Vault Platform, which is a powerful asset for Veeva. It's a key foundation to develop new innovative products with remarkable speed and will be a strong engine for growth to 2025 and beyond."

Recent Highlights:

- Leading in Commercial with Innovations in Software and Data Veeva is moving life sciences to new digital-first models with innovations across commercial. This leadership and proven customer success drove 21 new Veeva CRM wins, the majority of which included multiple add-ons. The company's data solutions are also gaining traction as Veeva Link added three new enterprise customers, including two top 20 pharmas.
- More Enterprises Standardize on Veeva Development Cloud Applications Veeva Development Cloud momentum continued with significant enterprise wins in clinical operations, including Vault eTMF and Vault CTMS. New products also saw strong Q2 performance as Veeva Vault Safety had its first top 20 pharma win to become the customer's global standard and Veeva Vault CDMS signed its second top 20.

 Setting the Foundation for Digital Trials — Veeva progressed product capabilities as it establishes the foundation for digital trials to connect patients, sponsors, and clinical research sites through the Veeva Clinical Network. In addition to another enterprise win for Vault CDMS, six early adopter customers are now using Veeva Site Connect, and over 1,000 clinical research sites are actively using Veeva SiteVault Free.

Financial Outlook:

Veeva is providing guidance for its fiscal third quarter ending October 31, 2021 as follows:

- Total revenues between \$464 and \$466 million.
- Non-GAAP operating income between \$179 and \$181 million⁽²⁾.
- Non-GAAP fully diluted net income per share between \$0.87 and \$0.88⁽²⁾.

Veeva is providing guidance for its fiscal year ending January 31, 2022 as follows:

- Total revenues between \$1,830 and \$1,835 million.
- Non-GAAP operating income of about \$730 million⁽²⁾.
- Non-GAAP fully diluted net income per share of approximately \$3.57⁽²⁾.

Conference Call Information

Prepared remarks and an investor presentation providing additional information and analysis can be found on Veeva's investor relations website at <u>ir.veeva.com</u>. Veeva will host a Q&A conference call at 2:00 p.m. PT today, September 1, 2021, and a replay of the call will be available on Veeva's investor relations website.

What:	Veeva's Fiscal 2022 Second Quarter Results Conference Call
When:	Wednesday, September 1, 2021
Time:	2:00 p.m. PT (5:00 p.m. ET)
Online Registration:	www.directeventreg.com
	Conference ID 6596808
Webcast:	ir.veeva.com

⁽¹⁾ This press release uses non-GAAP financial metrics that are adjusted for the impact of various GAAP items. See the section titled "Non-GAAP Financial Measures" and the tables entitled "Reconciliation of GAAP to Non-GAAP Financial Measures" below for details.

⁽²⁾ Veeva is not able, at this time, to provide GAAP targets for operating income and fully diluted net income per share for the third fiscal quarter ending October 31, 2021 or fiscal year ending January 31, 2022 because of the difficulty of estimating certain items excluded from non-GAAP operating income and non-GAAP fully diluted net income per share that cannot be reasonably predicted, such as charges related to stock-based compensation expense. The effect of these excluded items may be significant.

About Veeva Systems

Veeva is the global leader in cloud software for the life sciences industry. Committed to innovation, product excellence, and customer success, Veeva serves more than 1,100 customers, ranging from the world's largest pharmaceutical companies to emerging biotechs. As a Public Benefit Corporation, Veeva is committed to balancing the interests of all stakeholders, including customers, employees, shareholders and the industries it serves. For more information, visit veeva.com.

Veeva uses its <u>ir.veeva.com</u> website as a means of disclosing material non-public information, announcing upcoming investor conferences, and for complying with its disclosure obligations under Regulation FD. Accordingly, you should monitor our investor relations website in addition to following our press releases, SEC filings, and public conference calls and webcasts.

Forward-looking Statements

This release contains forward-looking statements, including the guotations from management, the statements in "Financial Outlook," and other statements regarding Veeva's future performance, outlook, and guidance and the assumptions underlying those statements, market growth, the benefits from the use of Veeva's solutions, our strategies, and general business conditions. Any forward-looking statements contained in this press release are based upon Veeva's historical performance and its current plans, estimates, and expectations and are not a representation that such plans, estimates, or expectations will be achieved. These forward-looking statements represent Veeva's expectations as of the date of this press announcement. Subsequent events may cause these expectations to change, and Veeva disclaims any obligation to update the forward-looking statements in the future. These forwardlooking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially, including (i) breaches in our security measures or unauthorized access to our customers' data; (ii) competitive factors, including but not limited to pricing pressures, consolidation among our competitors, entry of new competitors, the launch of new products and marketing initiatives by our existing competitors, and difficulty securing rights to access, host or integrate with complementary third party products or data used by our customers; (iii) the rate of adoption of our newer solutions and the results of our efforts to sustain or expand the use and adoption of our more established applications, like Veeva CRM; (iv) our expectation that the future growth rate of our revenues will decline; (v) loss of one or more customers, particularly any of our large customers; (vi) our ability to attract and retain highly skilled employees and manage our growth effectively; (vii) fluctuation of our results, which may make period-to-period comparisons less meaningful; (viii) adverse changes in the life sciences industry, including as a result of customer mergers; (ix) the impact of the COVID-19 pandemic (including the impact to the life sciences industry, impact on general economic conditions, and government responses, restrictions, and actions related to the pandemic); (x) system unavailability, system performance problems, or loss of data due to disruptions or other problems with our computing infrastructure; (xi) failure to sustain the level of profitability we have achieved in the past as our costs increase; (xii) adverse changes in economic, regulatory, international trade relations, or market conditions, including with respect to natural disasters or actual or threatened public health emergencies; (xiii) a decline in new subscriptions that may not be immediately reflected in our operating results due to the ratable recognition of our subscription revenue; (xiv) pending, threatened, or future legal proceedings and related expenses; and (xv) our recent conversion to a Delaware public benefit corporation, including the expected impact, benefits, and risks of our conversion.

Additional risks and uncertainties that could affect Veeva's financial results are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's filing on Form 10-Q for the period ended April 30, 2021. This is available on the company's website at <u>veeva.com</u> under the Investors section and on the SEC's website at <u>sec.gov</u>. Further information on potential risks that could affect actual results will be included in other filings Veeva makes with the SEC from time to time.

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Media Contact: Deivis Mercado Veeva Systems Inc. 925-226-8821 pr@veeva.com

VEEVA SYSTEMS INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands) (Unaudited)

July 31,

January 31,

Short-term investments 1,198,785 933,12 Accounts receivable, net 283,619 564,33 Unbilled accounts receivable 51,100 47,22 Prepaid expenses and other current assets 2,631,792 2,310,82 Property and equipment, net 52,805 53,86 Deferred costs, net 37,335 42,00 Lease right-of-use assets 52,882 56,97 Goodwill 437,261 4436,01 Intrangible assets, net 107,253 1144,55 Deferred costs, net 24,465 17,783 Intangible assets, net 24,465 17,83 Deferred income taxes 7,590 144,10 Current liabilities 33,340 30,40 Accrued compensation and benefits 33,340 30,40 Accrued compensation and benefits 33,340 30,44 Accrued expenses and other current liabilities 2,573 2,565 Deferred revenue 558,720 616,99 Labilities 7,511 1,88 Lease liabilities 7,511 <td< th=""><th></th><th>2021</th><th>2021</th></td<>		2021	2021
Cash and cash equivalents \$ 1,064,731 \$ 730,50 Short-term investments 1,198,785 933,12 Accounts receivable, net 283,619 564,33 Unbilled accounts receivable 51,100 47,22 Prepaid expenses and other current assets 33,557 25,60 Total current assets 2631,792 2,310,82 Property and equipment, net 52,802 56,93 Goodwill 437,261 436,02 Intangible assets, net 107,263 144,65 Deferred income taxes 7,590 144,11 Other long-term assets 24,465 17,83 Total assets \$ 3,351,383 \$ 3,040,00 Liabilities and stockholders' equity 24,465 17,83 Current liabilities: \$ 3,340 30,44 Accrued expenses and other current liabilities 33,940 30,340 Income taxe sup asble 2,573 2,55 Deferred revenue 558,720 616,99 Labilities 11,105 11,77 Total current liabilities 7,511	Assets		
Short-term investments 1,198,785 933,12 Accounts receivable, net 283,619 564,33 Unbilled accounts receivable 51,100 47,22 Prepaid expenses and other current assets 23,557 35,66 Total current assets 2631,792 2,310,87 Property and equipment, net 52,805 53,86 Deferred costs, net 37,353 42,007 Lease right-of-use assets 52,882 56,97 Goodwill 437,261 436,00 Intangible assets, net 107,253 114,56 Deferred costs 7,590 14,10 Other long-term assets 2,44,66 17,83 Total assets \$ 3,351,383 \$ 3,046,00 Liabilities and stocholders' equity 2,573 2,55 Current liabilities \$ 3,198 30,99 Income tax payable \$ 2,1,301 \$ 2,2,22 Accrued expenses and other current liabilities 35,198 30,99 Income tax payable \$ 2,1,301 \$ 2,1,301 \$ 2,2,27 Deferred revenue	Current assets:		
Accounts receivable, net 283,619 564,33 Urbilled accounts receivable 51,100 47,23 Prepaid expenses and other current assets 2,631,792 2,310,82 Total current assets 2,631,792 2,310,82 Property and equipment, net 52,805 53,86 Lease right-of-use assets 52,882 56,69 Goodwill 437,261 4436,02 Intangible assets, net 107,253 114,50 Deferred income taxes 7,590 141,10 Other long-term assets 24,465 17,7,80 Other long-term assets 24,465 17,83 Current liabilities: 24,465 17,83 Accounds payable 33,351,383 \$ 3,046,00 Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,188 30,940 Income tax payable 2,573 2,550 Deferred revenue 558,720 616,87 Lease liabilities, noncurrent 47,630 11,705 Total current liabilities <	Cash and cash equivalents	\$ 1,064,731	\$ 730,504
Unbilled accounts receivable 51,100 47,20 Prepaid expenses and other current assets 33,557 55,66 Total current assets 2,310,87 2,310,87 Property and equipment, net 52,280 53,66 Deferred costs, net 37,335 42,00 Lease right-of-use assets 52,282 56,97 Goodwill 437,261 436,00 Intangible assets, net 107,253 114,55 Deferred income taxes 7,590 14,10 Other long-term assets 24,465 17,83 Total assets 24,465 17,83 Accounds compensation and benefits 33,940 30,44 Accound compensation and benefits 33,940 30,44 Accound compensation and benefits 33,940 30,94 Deferred income tax payabl	Short-term investments	1,198,785	933,122
Prepaid expenses and other current assets 33,557 35,60 Total current assets 2,631,792 2,310,82 Property and equipment, net 52,805 53,86 Deferred costs, net 37,335 42,00 Lease right-of-use assets 52,802 56,92 Goodwill 437,261 4436,00 Intangible assets, net 107,253 114,50 Deferred come taxes 7,590 14,10 Other long-term assets 24,465 17,80 Total assets 24,465 17,80 Current liabilities \$ 3,351,383 \$ 3,046,00 Liabilities and stockholders' equity 24,465 17,80 Current liabilities \$ 21,301 \$ 23,22 Accrued expenses and other current liabilities 33,940 30,44 Accrued expenses and other current liabilities 33,940 30,940 Income tax payable 2,873 2,85 Deferred revenue 558,720 616,937 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities	Accounts receivable, net	283,619	564,387
Total current assets 2,631,792 2,310,82 Property and equipment, net 52,805 53,66 Deferred costs, net 37,335 42,00 Lease right-of-use assets 52,882 65,9 Goodwill 437,261 436,00 Intangible assets, net 107,253 114,55 Deferred income taxes 7,590 14,11 Other long-term assets 24,465 17,83 Total assets 24,465 17,83 Total assets 24,465 17,83 Current liabilities: Accorued compensation and benefits 33,940 30,47 Accrued compensation and benefits 33,940 30,47 Accrued expenses and other current liabilities 2,573 2,505 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,72 Total current liabilities 7,511 1,805 Lease liabilities 7,511 1,805 Lease liabilities 13,308 10,50 Total current liabilities 13,308 10,50<	Unbilled accounts receivable	51,100	47,206
Property and equipment, net 52,805 53,86 Deferred costs, net 37,335 42,00 Lease right-of-use assets 52,802 56,69 Goodwill 437,261 436,00 Intrangible assets, net 107,253 1144,50 Deferred income taxes 7,590 14,10 Other long-term assets 24,465 17,83 Total assets \$ 3,351,383 \$ 3,046,00 Current liabilities: 33,940 30,44 Accounds payable \$ 21,301 \$ 23,22 Accured expenses and other current liabilities 33,940 30,44 Accured expenses and other current liabilities 35,198 30,940 Income tax payable 2,573 2,55 Deferred revenue 2,573 2,55 Lease liabilities 11,105 11,77 Total current liabilities 662,837 715,96 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities 73,1286 779,72 Stockholders' equity: 73,1286 779,72	Prepaid expenses and other current assets	33,557	35,607
Deferred costs, net 37,335 42,00 Lease right-of-use assets 52,882 56,90 Goodwill 437,261 436,00 Intangible assets, net 107,253 114,50 Deferred income taxes 7,590 144,11 Other long-term assets 24,465 17,80 Total assets 24,465 17,80 Current liabilities: 3,351,383 \$ 3,364,00 Accounts payable \$ 21,301 \$ 23,22 Accrued compensation and benefits 33,940 30,44 Accrued compensation and other current liabilities 33,940 30,44 Income tax payable 2,573 2,55 Deferred revenue 558,720 616,99 Lease liabilities 11,105 117,75 Total current liabilities 662,837 715,99 Deferred revenue 575,130 51,330 Lease liabilities, noncurrent 47,630 51,330 Other long-term liabilities 13,308 10,56 Total liabilities 13,308 10,55	Total current assets	2,631,792	2,310,826
Lease right-of-use assets 52,882 56,97 Goodwill 437,261 436,02 Intangible assets, net 107,253 114,55 Deferred income taxes 7,590 14,10 Other long-term assets 24,465 17,780 Total assets \$ 3,351,383 \$ 3,046,00 Current liabilities: \$ 21,301 \$ 23,22 Accounts payable \$ 21,301 \$ 23,22 Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,99 Lease liabilities 2,573 2,56 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,72 Total current liabilities 662,837 715,99 Deferred income taxes 7,511 1,83 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities 731,286 779,79 Stockholders' equity: 731,286 779,79 Class A common stock 2 2	Property and equipment, net	52,805	53,650
Goodwill 437,261 436,02 Intangible assets, net 107,253 114,52 Deferred income taxes 7,590 14,10 Other long-term assets 24,465 17,83 Total assets \$ 3,351,383 \$ 3,046,00 Liabilities and stockholders' equity \$ 3,351,383 \$ 3,046,00 Current liabilities: * 24,465 17,83 Accounds compensation and benefits 33,940 30,44,00 Accrued expenses and other current liabilities 35,198 30,99 Income tax payable 2,573 2,56 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,72 Total current liabilities 662,837 775,99 Deferred income taxes 7,511 1,88 Lease liabilities, noncurrent 47,630 511,33 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,79 Stockholders' equity: - - Class A common stock 2 - </td <td>Deferred costs, net</td> <td>37,335</td> <td>42,072</td>	Deferred costs, net	37,335	42,072
Intangible assets, net 107,253 114,55 Deferred income taxes 7,590 14,10 Other long-term assets 24,465 17,83 Total assets \$ 3,351,383 \$ 3,046,00 Liabilities and stockholders' equity 2 Current liabilities: Accounts payable \$ 21,301 \$ 23,25 Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,904 Income tax payable 2,573 2,56 Deferred revenue 558,720 616,99 Lease liabilities 111,105 117,72 Total current liabilities 662,837 715,99 Deferred revenue 568,720 616,99 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities 13,308 10,56 Total labilities 73,126 779,72 Stockholders' equity: 2 2 2 Class A common stock 2 2 2 Class B common stock	Lease right-of-use assets	52,882	56,917
Deferred income taxes 7,590 14,10 Other long-term assets 24,465 17,80 Total assets \$ 3,351,383 \$ 3,046,00 Liabilities and stockholders' equity Current liabilities: Accounds payable \$ 21,301 \$ 23,22 Accound compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,90 Income tax payable 2,573 2,573 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,77 Total current liabilities 7,511 1,82 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: 2 2 2 Class A common stock 2 2 2 Class A common stock 2 2 2 Additional paid-in capital 1,098,703 965,65	Goodwill	437,261	436,029
Other long-term assets 24,465 17.87 Total assets \$ 3,351,383 \$ 3,046,00 Liabilities and stockholders' equity 2 2 2 2 2 2 2 2 2 3 3 046,00 Liabilities:	Intangible assets, net	107,253	114,595
Total assets \$ 3,351,383 \$ 3,046,00 Liabilities and stockholders' equity Current liabilities: Accounts payable \$ 21,301 \$ 23,22 Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,990 Income tax payable 2,573 2,560 Deferred revenue 558,720 616,990 Lease liabilities 11,105 11,75 Total current liabilities 662,837 715,990 Deferred income taxes 7,511 1,800 Lease liabilities, noncurrent 47,630 51,330 Other long-term liabilities 13,308 10,560 Total liabilities 731,286 779,77 Stockholders' equity: 2 2 Class A common stock 2 2 Class B common stock 2 2 Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income	Deferred income taxes	7,590	14,100
Liabilities and stockholders' equityCurrent liabilities:Accounts payable\$ 21,301\$ 23,22Accrued compensation and benefits33,94030,4'Accrued expenses and other current liabilities35,19830,90Income tax payable2,5732,56Deferred revenue558,720616,90Lease liabilities11,10511,77Total current liabilities662,837715,90Deferred income taxes7,5111,83Lease liabilities, noncurrent47,63051,338Other long-term liabilities13,30810,56Total liabilities731,286779,77Stockholders' equity:222Class A common stock222Additional paid-in capital1,098,703965,67Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,63Total stockholders' equity2,620,0972,266,32	Other long-term assets	24,465	17,878
Current liabilities: Accounts payable \$ 21,301 \$ 23,22 Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,96 Income tax payable 2,573 2,573 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,77 Total current liabilities 662,637 715,99 Deferred income taxes 7,511 1,88 Lease liabilities, noncurrent 662,637 715,99 Other long-term liabilities 47,630 51,39 Other long-term liabilities 13,308 10,59 Total liabilities 731,286 779,74 Stockholders' equity: 731,286 779,74 Class A common stock 2 2 Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,68 Total stockholders' equity 2,620,097 2,266,37	Total assets	\$ 3,351,383	\$ 3,046,067
Current liabilities: Accounts payable \$ 21,301 \$ 23,22 Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,96 Income tax payable 2,573 2,573 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,77 Total current liabilities 662,637 715,99 Deferred income taxes 7,511 1,88 Lease liabilities, noncurrent 662,637 715,99 Other long-term liabilities 47,630 51,39 Other long-term liabilities 13,308 10,59 Total liabilities 731,286 779,74 Stockholders' equity: 731,286 779,74 Class A common stock 2 2 Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,68 Total stockholders' equity 2,620,097 2,266,37	Liabilities and stockholders' equity		
Accrued compensation and benefits 33,940 30,41 Accrued expenses and other current liabilities 35,198 30,90 Income tax payable 2,573 2,55 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,72 Total current liabilities 662,837 715,99 Deferred income taxes 7,511 1,83 Lease liabilities, noncurrent 47,630 511,30 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: Class A common stock 2 Class B common stock 2 2 Additional paid-in capital 1,098,703 965,60 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,63 Total stockholders' equity 2,620,097 2,266,327			
Accrued compensation and benefits 33,940 30,44 Accrued expenses and other current liabilities 35,198 30,99 Income tax payable 2,573 2,55 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,72 Total current liabilities 662,837 715,99 Deferred income taxes 7,511 1,83 Lease liabilities, noncurrent 47,630 511,30 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: Class A common stock 2 Class B common stock 2 2 Additional paid-in capital 1,098,703 965,65 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,63 Total stockholders' equity 2,620,097 2,266,32	Accounts payable	\$ 21,301	\$ 23,253
Income tax payable 2,573 2,553 Deferred revenue 558,720 616,99 Lease liabilities 11,105 11,75 Total current liabilities 662,837 715,99 Deferred income taxes 7,511 1,83 Lease liabilities, noncurrent 47,630 51,39 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: Class A common stock 2 Class B common stock 2 Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,63 Total stockholders' equity 2,620,097 2,266,33		33,940	30,410
Deferred revenue 558,720 616,92 Lease liabilities 11,105 11,72 Total current liabilities 662,837 715,92 Deferred income taxes 7,511 1,82 Lease liabilities, noncurrent 47,630 513,308 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: 2 2 Class A common stock 2 2 Class B common stock 2 4 Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,68 Total stockholders' equity 2,620,097 2,266,33	Accrued expenses and other current liabilities	35,198	30,982
Lease liabilities 11,105 11,72 Total current liabilities 662,837 715,99 Deferred income taxes 7,511 1,83 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: 731,286 779,74 Class A common stock 2 7 Class B common stock 2 7 Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,68 Total stockholders' equity 2,620,097 2,266,33	Income tax payable	2,573	2,590
Total current liabilities662,837715,99Deferred income taxes7,5111,80Lease liabilities, noncurrent47,63051,30Other long-term liabilities13,30810,56Total liabilities731,286779,74Stockholders' equity:22Class A common stock22Class B common stockAdditional paid-in capital1,098,703Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,66Total stockholders' equity2,620,0972,266,32	Deferred revenue	558,720	616,992
Deferred income taxes 7,511 1,83 Lease liabilities, noncurrent 47,630 51,33 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: 731,286 779,74 Class A common stock 2 2 Class B common stock — — Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,68 Total stockholders' equity 2,620,097 2,266,33	Lease liabilities	11,105	11,725
Lease liabilities, noncurrent 47,630 51,39 Other long-term liabilities 13,308 10,56 Total liabilities 731,286 779,74 Stockholders' equity: 2 2 Class A common stock 2 4 Class B common stock - - Additional paid-in capital 1,098,703 965,67 Accumulated other comprehensive income (loss) (2,689) 99 Retained earnings 1,524,081 1,299,68 Total stockholders' equity 2,620,097 2,266,33	Total current liabilities	662,837	715,952
Other long-term liabilities13,30810,56Total liabilities731,286779,74Stockholders' equity:Class A common stock2Class A common stock2-Class B common stockAdditional paid-in capital1,098,703965,67Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,63Total stockholders' equity2,620,0972,266,33	Deferred income taxes	7,511	1,835
Total liabilities731,286779,74Stockholders' equity:Class A common stock2Class A common stock2-Class B common stockAdditional paid-in capital1,098,703965,67Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,63Total stockholders' equity2,620,0972,266,33	Lease liabilities, noncurrent	47,630	51,393
Stockholders' equity:2Class A common stock2Class B common stock—Additional paid-in capital1,098,703Accumulated other comprehensive income (loss)(2,689)Retained earnings1,524,081Total stockholders' equity2,620,0972,266,32	Other long-term liabilities	13,308	10,567
Class A common stock2Class B common stock—Additional paid-in capital1,098,703Additional paid-in capital1,098,703Accumulated other comprehensive income (loss)(2,689)Retained earnings1,524,081Total stockholders' equity2,620,0972,266,32	Total liabilities	731,286	779,747
Class A common stock2Class B common stock—Additional paid-in capital1,098,703Additional paid-in capital1,098,703Accumulated other comprehensive income (loss)(2,689)Retained earnings1,524,081Total stockholders' equity2,620,0972,266,32	Stockholders' equity:		
Class B common stock—Additional paid-in capital1,098,703965,67Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,63Total stockholders' equity2,620,0972,266,33		2	2
Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,69Total stockholders' equity2,620,0972,266,32	Class B common stock	_	_
Accumulated other comprehensive income (loss)(2,689)99Retained earnings1,524,0811,299,69Total stockholders' equity2,620,0972,266,32	Additional paid-in capital	1,098,703	965,670
Retained earnings 1,524,081 1,299,65 Total stockholders' equity 2,620,097 2,266,32			-
Total stockholders' equity 2,620,097 2,266,32			1,299,656
	Total liabilities and stockholders' equity	\$ 3,351,383	

VEEVA SYSTEMS INC. CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data)

(Unaudited)

Revenues: 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021 2020 2021			nths ended / 31,	Six months ended July 31,		
Subscription services ¹⁰ \$ 366,436 \$ 283,602 \$ 707,555 \$ 563,737 Professional services and other ⁴⁰ 98,158 70,165 \$ 563,737 Cost of revenues ⁴⁰ : 50,663 889,167 690,789 Cost of professional services and other 68,188 53,804 133,107 105,472 Total cost of revenues 122,007 97,204 282,323 120,084 Cost of professional services and other 68,188 53,804 133,107 105,472 Total cost of revenues 122,007 97,204 282,323 120,084 Cost of unevenues 122,007 97,204 282,331 142,020 Sales and marketing 71,789 59,173 83,340 73,842 Operating income 200,873 166,308 93,055 5224,425 91,114,217 Operating income takes 124,624 90,081 283,070 177,646 Other income takes 12,626 2,81 6,230 6,235 Income before income takes 124,624 90,081 283,070 1		2021	2020	2021	2020	
Professional services and other ⁴¹ 89,158 70,161 191,1612 137,052 Cost of revenues ¹⁰ : -						
Total revenues 455,594 353,683 389,167 690,799 Cost of revenues ⁵ : Cost of revenues ⁵ : 680,128 33,407 152,472 Total cost of professional services and other 68,188 53,809 43,400 105,126 86,612 Cost of uponessional services and other 122,007 97,204 238,233 192,084 Gross profit 333,497 256,473 650,934 498,705 Operating expenses ¹⁰ : Research and development 94,699 70,053 178,125 132,200 General and administrative 42,185 37,173 83,340 73,842 221,059 Operating income 126,662 2,881 6,239 6,239 6,239 6,239 183,941 71,73 83,340 73,842 221,059 126,290 92,962 259,000 183,941 177,455 3,820 133,941 126,290 124,424 30,851 3224,425 31,801 133,941 177,455 3,820 133,941 126,290 126,293 149,952 142,95 140,		\$ 366,436	\$ 283,502	\$ 707,555	\$ 553,737	
Cost of revenues ¹⁰ : Image: cost of subscription services S3,009 43,400 105,126 86,612 Cost of probabional services and other 53,009 77,204 238,233 192,084 Gross profit 333,497 258,479 650,034 498,705 Operating expenses ⁵⁰ : 77,204 238,233 192,084 General and administrative 94,899 70,053 178,125 132,290 Cost of probability expenses 208,873 166,388 397,864 231,067 Operating income 126,424 90,081 253,070 177,646 Other income, net 1,666 2,881 6,230 6,295 Income bafors income taxes 17,442 (689) 33,851 3,224 253,070 177,646 Other income pars share: Basic 1,266 2,881 6,233 139,941 139,941 138,947 3,422 139,941 139,941 139,940 139,941 139,940 139,941 139,940 139,941 139,941 139,941 139,941 139,943	Professional services and other ⁽⁴⁾		-			
Cost of subscription services 53,999 43,400 105,128 86,612 Cost of professional services and other 122,027 73,204 133,107 105,472 Total cost of revenues 122,027 73,204 232,33 132,004 498,705 Operating expenses ⁽⁵⁾ : 33,407 256,479 650,934 498,705 General and administrative 42,185 37,173 38,340 73,842 Total operating expenses' 208,873 166,308 307,964 321,059 Operating income 126,629 92,902 259,300 183,941 Provision for (benefit from) income taxes 126,209 92,902 259,300 183,941 Provision for (benefit from) income taxes 17,432 6689 34,875 3,820 Net income 30,056 \$ 0,071 \$ 0,062 \$ 1,147 \$ 12,039 Basic Diluted \$ 0,071 \$ 0,062 \$ 1,47 \$ 12,030 \$ 2,428 \$ 100,210 Other income, in runnelative foreign currency translation gain (loss) 1150,413 152,768		455,594	353,683	889,167	690,789	
Cost of professional services and other 68,188 53,804 133,107 105,472 Total cost of revenues 122,007 97,204 238,233 1132,004 Gross profit 333,497 256,479 650,934 498,705 Operating expenses ⁽¹⁾ : 94,899 70,053 176,125 132,290 Sales and marketing 71,789 59,172 136,390 37,844 321,059 Operating income 124,624 90,081 253,070 177,846 321,059 Operating income 126,209 92,962, 259,300 183,941 177,846 321,059 Operating income 126,209 92,962, 259,300 183,941 173,12 193,107 143,412 Income ber income taxes 17,432 (589) 34,875 3,820 Net income per share: Basic 50,67 50,65 \$1,33 1,12 Weighted-average shares used to compute net income per share: Basic 150,403 162,765 160,413 152,766 149,982 Dituted 106,846 9,757 <td></td> <td></td> <td></td> <td></td> <td></td>						
Total cost of revenues 122,097 97,204 238,233 192,084 Gross profit 333,497 256,479 650,904 498,705 Research and development 94,809 70,053 178,125 132,290 Sales and marketing 71,789 59,172 183,309 114,927 General and administrative 42,185 37,173 83,400 73,842 Total operating expenses 208,873 166,398 397,864 321,059 Operating income 124,624 90,081 253,070 177,646 Other income, net 1.666 2,881 6,230 163,944 Provision for (benefit from) income taxes 17,432 (589) 34,875 3,820 Net income before income taxes 100,858 9,067 5,068 5,1.138 5,1.120 Diluted 5,071 5,0.62 5,1.47 5,1.20 100,309 Other comprehensive income: 102,765 100,808 5,0.368 1.120 Weighted-average shares used to compute net income per share: 8,0.67	Cost of subscription services		43,400	105,126	-	
Gross profit 333,497 256,479 650,934 498,705 Operating expense ⁶ 1: 853,854 498,705 76,175 132,290 Research and development 94,899 70,053 176,125 132,290 Sales and markeling 71,789 59,172 136,399 114,927 General and administrative 42,185 37,174 83,340 73,842 Operating income 208,873 166,398 937,864 321,069 Operating income 1,666 2,881 6,230 6,295 Income before income taxes 177,452 (589) 34,875 3,820 Net income \$106,858 \$9,3551 \$224,425 \$180,1121 Net income per share: Basic \$0,677 \$0,62 \$1,47 \$1,20 Diluted 162,766 160,440 162,636 160,309 \$1,47 \$1,20 Operating in unrealized gain (loss) on available-for- sale investments \$(17) \$1,131<\$(1,303)	Cost of professional services and other		-			
Operating expenses ^(b) : 94,899 70,053 178,125 132,290 Sales and marketing 71,788 59,172 136,390 114,927 General and administrative 42,185 37,173 83,340 73,842 Total operating expenses 208,873 166,398 397,864 321,059 Operating income 124,624 90,081 253,070 117,846 Other income, net 1.666 2.881 6.230 6.295 Income before income taxes 126,290 92,962 259,300 183,941 Provision for (benefit from) income taxes 126,290 92,962 259,300 183,941 Net income \$ 108,686 \$ 93,551 \$ 224,425 \$ 180,121 Net income per share: Basic \$ 0,71 \$ 0,62 \$ 1.47 \$ 1.20 Diluted \$ 153,090 150,413 152,768 149,982 162,366 160,309 Other comprehensive income: \$ 0,217 \$ 1,131 \$ (1,033) \$ 2,428 Net change in unrealized gain (loss) on available-for- sale		122,097	97,204	238,233	192,084	
Research and development 94,899 70,053 178,125 132,290 Sales and marketing 71,78 55,172 136,399 114,927 General and administrative 42,185 53,717 83,340 73,842 Total operating expenses 208,873 166,388 397,864 321,059 Operating income 126,624 90,081 253,070 177,746 Other income, net 126,290 92,962 259,300 183,941 Provision for (benefit from) income taxes 17,432 (589) 34,875 3,820 Net income per share: Basic \$ 0,67 \$ 0,62 \$ 1,47 \$ 1,20 Diluted \$ 0,67 \$ 0,62 \$ 1,49 \$ 1,20 Diluted \$ 0,67 \$ 0,62 \$ 1,49 \$ 1,20 Diluted \$ 0,77 \$ 0,62 \$ 1,49 \$ 1,12 Weighted-average shares used to compute net i	•	333,497	256,479	650,934	498,705	
Sales and marketing 71,789 59,172 136,399 114,927 General and administrative 42,185 37,173 63,340 73,842 Operating income 126,624 90,081 226,873 166,398 397,864 321,059 Operating income 126,624 90,081 225,070 177,446 30,070 177,446 Other income, net 1.666 2.881 6,230 6,295 183,941 Provision for (benefit from) income taxes 17,422 (589) 34,875 3,820 Net income \$ 108,858 \$ 93,551 \$ 224,425 \$ 180,121 Net income per share: Basic \$ 0,71 \$ 0.62 \$ 1.47 \$ 1.20 Basic 150,041 152,768 149,982 114,982 112 Weighted-average shares used to compute net income per share: Basic 150,041 152,768 149,982 Diluted 162,765 160,413 152,768 149,982 160,309 180,309 Other comprehensive income \$ 016,775 \$ 97,575 \$ 220,744 185,831 180,807 33,242	Operating expenses ⁽⁵⁾ :					
General and administrative 42,185 37,173 83,340 73,842 Total operating expenses 208,373 166,398 397,864 321,059 Operating income 124,624 90,081 253,070 177,646 Other income, net 1,666 2,881 6,230 6,239 Income before income taxes 17,432 (589) 34,875 3,820 Net income \$108,858 \$9,351 \$224,425 \$180,112 Net income per share: Basic \$0,071 \$0,628 \$1,147 \$1,20 Diluted \$0,071 \$0,628 \$1,147 \$1,20 Diluted \$0,071 \$0,628 \$1,147 \$1,20 Diluted \$0,071 \$0,628 \$1,47 \$1,20 Diluted \$0,071 \$0,628 \$1,47 \$1,20 Diluted \$0,071 \$0,628 \$1,47 \$1,20 Diluted \$152,768 \$149,82 \$16,309 \$152,748 \$149,82 Other comprehensive income \$108,476	Research and development	94,899	70,053	178,125	132,290	
Total operating expenses 208.873 166.398 397.864 321.059 Operating income 124.624 90.081 223.070 177.646 Other income, net 1.666 2.881 6.230 6.295 Income before income taxes 17.432 (589) 34.875 3.820 Provision for (benefit from) income taxes 17.432 (589) 34.875 3.820 Net income $$$108.858$ $$$93.551$ $$$224.425$ $$$180,121$ Net income $$$108.858$ $$$0.571$ $$0.62$ $$$1.47$ $$$1.20$ Diluted $$$0.578$ $$$0.58$ $$$1.38$ $$$1.12$ Weighted-average shares used to compute net income per share: Basic $$$108.476$ $$$1.20$ Diluted $$$152.768$ $$$149.982$ $$$160.399$ $$$160.399$ Other comprehensive income: $$$108.476$ $$$2.775$ $$$2.20.744$ $$$149.882$ Outper comprehensive income $$$108.476$ $$$9.7575$ $$$2.20.744$ $$$186.831$ Outper comprehensive income $$$108.476$ $$$9.7575$ $$$2.20.744$	Sales and marketing	71,789	59,172	136,399	114,927	
Operating income 124,624 90,081 253,070 177,646 Other income, net 1.666 2.881 6.230 6.293 Income before income taxes 126,290 92,962 259,300 183,941 Provision for (benefit from) income taxes 17,732 (589) 92,962 259,300 183,941 Provision for (benefit from) income taxes 17,432 (589) 92,962 259,300 183,941 Net income \$108,858 \$93,651 \$224,425 \$180,121 Net income per share: Basic \$0.677 \$0.662 \$1.47 \$1.20 Diluted \$108,858 \$93,651 \$122,765 \$1.83,951 \$1.47 \$1.20 Diluted \$108,050 \$0.67 \$0.67 \$0.67 \$1.38 \$1.902,953 Other comprehensive income \$153,090 \$150,413 \$152,766 \$149,982 \$160,803 \$162,636 \$160,303 \$2,428 Other comprehensive income \$108,9476 \$97,575 \$220,744 \$18,881 \$144,815 \$44,509 \$287,392 Veeva Commercial Cloud \$176,051 \$144,815 <td>General and administrative</td> <td>42,185</td> <td>37,173</td> <td>83,340</td> <td></td>	General and administrative	42,185	37,173	83,340		
Other income, net 1,666 2,881 6,230 6,295 Income before income taxes 126,290 92,962 259,300 183,941 Provision for (benefit from) income taxes 17,432 (589) 34,875 3,820 Net income per share: 3 3 5 0.627 \$ 1.67 \$ 0.62 \$ 1.47 \$ 1.20 Diluted \$ 0.67 \$ 0.662 \$ 1.43 \$ 1.20 Diluted \$ 0.67 \$ 0.662 \$ 1.43 \$ 1.20 Diluted \$ 0.67 \$ 0.662 \$ 1.43 \$ 1.20 Diluted \$ 150,413 152,766 149,982 160,309 162,765 160,340 162,636 160,309 0.338 160,309 0.328 162,636 160,309 0.438 162,636 160,309 0.438 162,636 160,309 0.438 3,826 Comprehensive income <td< td=""><td>Total operating expenses</td><td>208,873</td><td>166,398</td><td>397,864</td><td>321,059</td></td<>	Total operating expenses	208,873	166,398	397,864	321,059	
Income before income taxes 126,290 92,962 259,300 183,941 Provision for (benefit from) income taxes 17,432 (599) 34,875 3,820 Net income \$ 108,868 \$ 93,551 \$ 224,425 \$ 180,121 Net income \$ 0.62 \$ 1.47 \$ 1.20 Diluted \$ 0.67 \$ 0.62 \$ 1.47 \$ 1.20 Diluted \$ 0.67 \$ 0.68 \$ 1.38 \$ 1.12 Weighted-average shares used to compute net income per share: Basic 153,090 150,413 152,768 149,982 Diluted 162,765 160,840 162,636 160,309 160,309 Other comprehensive income: 162,765 160,413 152,768 149,982 (160,309 Other comprehensive income \$ (165) 2,843 3,820 (2,378) 3,282 Comprehensive income \$ (165) 2,844 \$ 186,831 (63,378) 3,282 Comprehensive income \$ 176,051 \$ 144,815 \$ 344,509 \$ 220,744 \$ 186,831 (a) Includes subscription services revenues from the following product areas: Veeva Commercial Cloud	Operating income	124,624	90,081	253,070	177,646	
Provision for (benefit from) income taxes $17,432$ (589) $34,875$ $3,820$ Net income $$108,858$ $$93,551$ $$$224,425$ $$$180,121$ Net income per share: $$33,655$ $$$224,425$ $$$180,121$ Basic $$0.67$ $$$0.62$ $$$1.47$ $$$1.20$ Diluted $$$0.67$ $$$0.62$ $$$1.47$ $$$1.20$ Weighted-average shares used to compute net income per share: $$$0.67$ $$$0.68$ $$$1.47$ $$$1.20$ Diluted $$$0.67$ $$$0.62$ $$$1.47$ $$$1.20$ $$$1.20$ Other comprehensive income: $$$150,413$ $$$152,768$ $$$149,982$ $$$160,840$ $$$162,656$ $$$160,840$ $$$162,656$ $$$160,840$ $$$162,656$ $$$160,840$ $$$162,656$ $$$160,840$ $$$$283,502$ $$$27,755$ $$$220,744$ $$$185,831$ Other comprehensive income $$$108,476$ $$$97,575$ $$$220,744$ $$$185,831$ $$$108,476$ $$$283,502$ $$$707,555$ $$$223,742$ $$$185,831$ (a) Includes subscription services $$$108,476$ $$$108,687$ $$330,466$ $$263$	Other income, net	1,666	2,881	6,230	6,295	
Net income \$ 108,856 \$ 93,551 \$ 224,425 \$ 180,121 Net income per share: Basic $5 0.71$ \$ 0.62 \$ 1.47 \$ 1.20 Diluted $5 0.67$ \$ 0.62 \$ 1.47 \$ 1.20 Weighted-average shares used to compute net income per share: Basic $153,090$ $150,413$ $152,766$ $149,982$ Diluted $162,765$ $160,840$ $162,636$ $160,800$ $162,636$ $160,309$ Other comprehensive income: Net change in unrealized gain (loss) on available-for-sale investments \$ (217) \$ 1,131 \$ (1,033) \$ 2,428 Net change in cumulative foreign currency translation gain (loss) (165) $2,893$ $(2,378)$ $3,282$ Comprehensive income \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: Veeva Commercial Cloud \$ 176,051 \$ 144,815 \$ 344,509 \$ 287,392 Veeva Vault 190,385 138,687 363,046 266,345 \$ 53,994 Yeeva Vault 59,977 43,663 113,425 \$ 53,994 Veeva Vault	Income before income taxes	126,290	92,962	259,300	183,941	
Net income per share: S 0.71 \$ 0.62 \$ 1.47 \$ 1.20 Diluted \$ 0.67 \$ 0.58 \$ 1.38 \$ 1.12 Weighted-average shares used to compute net income per share: Basic 153,090 150,413 152,768 149,982 Diluted 162,765 160,840 162,666 160,309 Other comprehensive income: 1 112,063 160,309 162,666 160,309 Other comprehensive income: 1 112,063 120,303 2,428 162,666 160,309 Other comprehensive income \$ (217) \$ 1,131 \$ (1,303) \$ 2,428 Net change in cumulative foreign currency translation gain (loss) (165) 2.893 (2,378) 3,282 Comprehensive income \$ 108,476 \$ 97,575 \$ 220,744 \$ 186,831 0 ¹ Includes subscription services \$ 366,436 \$ 283,922 \$ 707,555 \$ 553,737 (a ¹ Includes professional services and other revenues from the following product areas: Veeva Vault \$ 56,997 43,	Provision for (benefit from) income taxes	17,432	(589)		-	
Basic Diluted\$ 0.71 \$ 0.62 \$ 0.58\$ 0.62 	Net income	\$ 108,858	\$ 93,551	\$ 224,425	\$ 180,121	
Diluted\$ 0.67\$ 0.58\$ 1.38\$ 1.12Weighted-average shares used to compute net income per share: Basic Diluted153,090150,413152,768149,982Basic Diluted162,765160,840162,636160,309Other comprehensive income: Net change in currealized gain (loss) on available-for- sale investments Net change in currealized gain (loss) on available-for- sale investments (165)2,893(2,378)3,282Comprehensive income\$ 108,476\$ 97,575\$ 220,744\$ 185,831(a) Includes subscription services revenues from the following product areas: Veeva Commercial Cloud\$ 176,051\$ 144,815\$ 344,509\$ 287,392Veeva Vault (1) Includes professional services and other revenues from the following product areas: Veeva Commercial Cloud\$ 32,161\$ 26,618\$ 68,187\$ 53,994Veeva Vault (a) Includes stock-based compensation as follows: Cost of revenues: Cost of revenues:\$ 1,316\$ 1,532\$ 2,222\$ 2,551(b) Includes stock-based compensation as follows: Cost of revenues: Cost of revenues:\$ 1,316\$ 1,532\$ 2,222\$ 2,551Cost of subscription services Cost of revenues:\$ 1,316\$ 1,532\$ 2,222\$ 2,513Cost of subscription services Cost of revenues:\$ 1,316\$ 1,532\$ 2,222\$ 2,551Cost of revenues: Cost of revenues:\$ 1,116\$ 1,63312,392Cost of revenues: Cost of revenues:\$ 1,316\$ 1,532\$ 2,222\$ 2,513Cost of revenues: Cost of revenues:\$ 1	Net income per share:					
Weighted-average shares used to compute net income per share: $153,090$ $150,413$ $152,768$ $149,982$ Diluted $162,765$ $160,309$ $162,636$ $160,309$ Other comprehensive income: 8 $162,765$ $160,840$ $162,636$ $160,309$ Other comprehensive income: 8 (217) $1,131$ $\$$ $(1,303)$ $\$$ $2,428$ Comprehensive income $$108,476$ $97,575$ $$220,744$ $$185,831$ (a) Includes subscription services revenues from the following product areas: $Veeva$ Commercial Cloud $$176,051$ $$144,815$ $$344,509$ $$287,392$ Veeva Commercial Cloud $$176,051$ $$144,815$ $$344,509$ $$287,392$ Veeva Vault $190,385$ $138,687$ $363,046$ $$263,451$ Total subscription services $$366,436$ $$283,502$ $$707,555$ $$553,737$ (a) Includes stock-based compensation as follows: $$20,911$ $$181,612$ $$131,622$ $$32,161$ $$266,18$ $$68,187$ $$53,994$ Veeva Vault $56,997$ $43,563$ $$134,255$ $$3$	Basic	\$ 0.71	\$ 0.62	\$ 1.47	\$ 1.20	
Basic 153,090 150,413 152,768 149,962 Diluted 162,765 160,840 162,636 160,309 Other comprehensive income: Net change in unrealized gain (loss) on available-for-sale investments \$ (217) \$ 1,131 \$ (1,033) \$ 2,428 Comprehensive income \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: \$ 108,476 \$ 97,575 \$ 287,392 Veeva Commercial Cloud \$ 176,051 \$ 144,815 \$ 344,509 \$ 287,392 Veeva Vault 190,385 138,687 363,046 266,345 Total subscription services \$ 366,436 \$ 283,502 \$ 707,555 \$ 553,737 (4) Includes professional services and other revenues from the following product areas: \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 137,052 \$ 137,052 \$ 131,612	Diluted	\$ 0.67	\$ 0.58	\$ 1.38	\$ 1.12	
Basic 153,090 150,413 152,768 149,962 Diluted 162,765 160,840 162,636 160,309 Other comprehensive income: Net change in unrealized gain (loss) on available-for-sale investments \$ (217) \$ 1,131 \$ (1,033) \$ 2,428 Comprehensive income \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: \$ 108,476 \$ 97,575 \$ 287,392 Veeva Commercial Cloud \$ 176,051 \$ 144,815 \$ 344,509 \$ 287,392 Veeva Vault 190,385 138,687 363,046 266,345 Total subscription services \$ 366,436 \$ 283,502 \$ 707,555 \$ 553,737 (4) Includes professional services and other revenues from the following product areas: \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 137,052 \$ 137,052 \$ 131,612	Weighted-average shares used to compute net income per share:					
Diluted $162,765$ $160,840$ $162,636$ $160,309$ Other comprehensive income: Net change in unrealized gain (loss) on available-for- sale investments Net change in cumulative foreign currency translation gain (loss)\$ (217) \$ 1,131 \$ (1,303) \$ 2,428 (165) 2,893 (2,378) 3,282 (2,378) 3,282Comprehensive income\$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831(a) Includes subscription services revenues from the following product areas: Veeva Commercial Cloud\$ 176,051 \$ 144,815 \$ 344,509 \$ 287,392 (2,07,455 \$ 266,345 \$ 366,436 \$ 283,502 \$ 707,555 \$ 553,737(a) Includes professional services and other revenues from the following product areas: Veeva Commercial Cloud\$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 (36,436 \$ 283,502 \$ 707,555 \$ 553,737(a) Includes professional services and other revenues from the following product areas: Veeva Vault\$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 (36,997 \$ 43,563 \$ 113,425 \$ 83,058 (313,425 \$ 83,058 (313,425 \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052(b) Includes stock-based compensation as follows: Cost of subscription services and other\$ 1,316 \$ 1,532 \$ 2,222 \$ 2,551 (0,51 \$ 1,416 \$ 1,532 \$ 2,222 \$ 2,551 (0,51 \$ 1,416 \$ 1,532 \$ 2,222 \$ 2,551 (0,51 \$ 1,416 \$ 1,532 \$ 2,222 \$ 2,551 (0,51 \$ 1,5115 \$ 11,186 \$ 26,670 \$ 19,378 (3,51 \$ 1,409 \$ 12,893 \$ 2,5867 \$ 24,114		153,090	150,413	152,768	149,982	
Other comprehensive income: Net change in unrealized gain (loss) on available-for- sale investments Net change in cumulative foreign currency translation gain (loss) $$ (217) $ 1,131 $ (1,303) $ 2,428(165) 2,893 (2,378) 3,282(2,378) 3,282(165) 2,893 (2,378) 3,282(165) 2,893 (2,378) 3,282Comprehensive income$ 108,476 $ 97,575 $ 220,744 $ 185,831(a) Includes subscription services revenues from the following product areas:Veeva Commercial Cloud$ 176,051 $ 144,815 $ 344,509 $ 287,392 $ 266,345 $ 138,687 $ 363,046 $ 266,345 $ 108,436 $ 283,502 $ 707,555 $ 553,737(d) Includes professional services and other revenues from the following product areas:Veeva Vault$ 26,618 $ 68,187 $ 53,994 $ 266,345 $ 113,425 $ 83,058 $ 70,181 $ 181,612 $ 137,052 $ 104 $ 90,581 $ 113,425 $ 83,058 $ 70,181 $ 181,612 $ 137,052 $ 104 $ 90,581 $ 70,181 $ 181,612 $ 137,052 $ 104 $ 90,581 $ 70,181 $ 181,612 $ 137,052 $ 104 $ 90,581 $ 70,181 $ 181,612 $ 137,052 $ 104 $ 90,581 $ 70,181 $ 181,612 $ 137,052 $ 2,551 $ 0,551 $ 0,551 $ 10,437 $ 39,152 $ 27,838 $ 2,822 $ 2,551 $ 0,511 $ 11,186 $ 26,670 $ 19,378 $ 2,928 $ 2,783 $ 3,282 $ 2,255 $ 16,437 $ 39,152 $ 27,838 $ 3,282 $ 2,258 $ 2,283$	Diluted					
Net change in unrealized gain (loss) on available-for- sale investments \$ (217) \$ 1,131 \$ (1,303) \$ 2,428 Net change in cumulative foreign currency translation gain (loss) (165) 2,893 (2,378) 3,282 Comprehensive income \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: \$ 176,051 \$ 144,815 \$ 344,509 \$ 287,392 Veeva Commercial Cloud \$ 176,051 \$ 144,815 \$ 344,509 \$ 266,345 Total subscription services \$ 366,436 \$ 283,502 \$ 707,555 \$ 553,737 (a) Includes professional services and other revenues from the following product areas: \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Vault 56,997 43,563 113,425 830,588 Total professional services and other \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052 (a) Includes stock-based compensation as follows: Cost of revenues: Cost of professional services and other \$ 1,316 \$ 1,532 \$ 2,222 \$ 2,551 Cost of professional services and other 9,541 7,318 16,963 12,392 Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114	Other comprehensive income:				<u> </u>	
Net change in cumulative foreign currency translation gain (loss) (165) 2.893 (2.378) 3.282 Comprehensive income \$ 108,476 \$ 97,575 \$ 220,744 \$ 185,831 (a) Includes subscription services revenues from the following product areas: $$ 176,051$ \$ 144,815 \$ 344,509 \$ 287,392 Veeva Commercial Cloud \$ 176,051 \$ 144,815 \$ 344,509 \$ 287,392 Veeva Vault 190,385 138,687 363,046 266,345 Total subscription services 3 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Vault 56,997 43,563 113,425 83,058 Total professional services and other \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052 (b) Includes stock-based compensation as follows: Cost of subscription services \$ 1,316 1,532 \$ 2,222 \$ 2,551 Cost of professional services and other 9,541 7,318 16,963 12,392 27,838	Net change in unrealized gain (loss) on available-for- sale investments	\$ (217)	\$ 1,131	\$ (1,303)	\$ 2,428	
Comprehensive income $$108,476$$ $$97,575$$ $$220,744$$ $$185,831$$ (3) Includes subscription services revenues from the following product areas:Veeva Commercial Cloud $$176,051$$ $$144,815$$ $$344,509$$ $$287,392$$ Veeva Vault190,385138,687363,046266,345Total subscription services $$366,436$$ $$283,502$$ $$707,555$$ $$553,737$$ (4) Includes professional services and other revenues from the following product areas: $$32,161$$ $$26,618$$ $$68,187$$ $$53,994$$ Veeva Vault $$56,997$$ $$43,663$$ $$113,425$$ $$83,058$$ $$70,181$$ $$181,612$$ $$137,052$$ (6) Includes stock-based compensation as follows: $$0051$$ $$1,316$$ $$1,532$$ $$2,222$$ $$2,551$$ Cost of professional services and other $$9,541$$ $7,318$$ $$16,963$$ $$12,392$$ Research and development22,315\$ $$16,437$$ $$39,152$$ $$27,838$$ Sales and marketing $$12,893$$ $$25,667$$ $$24,114$$		(165)	2,893			
		\$ 108,476	\$ 97,575	· <u> </u>		
Veeva Commercial Cloud\$ 176,051\$ 144,815\$ 344,509\$ 287,392Veeva Vault190,385138,687363,046266,345Total subscription services\$ $366,436$ \$ $283,502$ \$ $707,555$ \$ $553,737$ (4) Includes professional services and other revenues from the following product areas: $$ 32,161$ \$ $26,618$ \$ $68,187$ \$ $53,994$ Veeva Vault $$ 56,997$ $43,563$ $113,425$ $83,058$ Total professional services and other $$ 89,158$ \$ $70,181$ \$ $181,612$ \$ $137,052$ (6) Includes stock-based compensation as follows: $$ 1,316$ \$ $1,532$ \$ $2,222$ \$ $2,551$ Cost of subscription services\$ 1,316\$ $1,532$ \$ $2,222$ \$ $2,551$ Cost of professional services and other $9,541$ $7,318$ $16,963$ $12,392$ Research and development $22,315$ $16,437$ $39,152$ $27,838$ Sales and marketing $15,115$ $11,186$ $26,670$ $19,378$ General and administrative $12,893$ $25,867$ $24,114$	• •					
Veeva Vault190,385138,687363,046266,345Total subscription services\$ 366,436\$ 283,502\$ 707,555\$ 553,737(4) Includes professional services and other revenues from the following product areas:\$ 32,161\$ 26,618\$ 68,187\$ 53,994Veeva Commercial Cloud\$ 32,161\$ 26,618\$ 68,187\$ 53,994Veeva Vault $56,997$ $43,563$ $113,425$ $83,058$ Total professional services and other\$ 89,158\$ 70,181\$ 181,612\$ 137,052(5) Includes stock-based compensation as follows: $Cost of revenues:$ $Cost of subscription services and other$ 1,316$ 1,532$ 2,222$ 2,551Cost of subscription services and other9,5417,31816,96312,392Research and development22,31516,43739,15227,838Sales and marketing14,09812,89325,86724,114$	⁽³⁾ Includes subscription services revenues from the following product areas:					
Total subscription services $$ 366,436$ $$ 283,502$ $$ 707,555$ $$ 553,737$ (4) Includes professional services and other revenues from the following product areas: $$ 32,161$ $$ 26,618$ $$ 68,187$ $$ 53,994$ Veeva Commercial Cloud $$ 32,161$ $$ 26,618$ $$ 68,187$ $$ 53,994$ Veeva Vault $56,997$ $43,563$ $113,425$ $83,058$ Total professional services and other $$ 89,158$ $$ 70,181$ $$ 181,612$ $$ 137,052$ (5) Includes stock-based compensation as follows: $Cost of revenues:$ $$ 1,316$ $$ 1,532$ $$ 2,222$ $$ 2,551$ Cost of subscription services and other $$ 9,541$ $7,318$ $16,963$ $12,392$ Research and development $22,315$ $16,437$ $39,152$ $27,838$ Sales and marketing $15,115$ $11,186$ $26,670$ $19,378$ General and administrative $14,098$ $12,893$ $25,867$ $24,114$. ,	. ,	. ,		
(4) Includes professional services and other revenues from the following product areas:Veeva Commercial Cloud\$ 32,161\$ 26,618\$ 68,187\$ 53,994Veeva Vault $56,997$ $43,563$ $113,425$ $83,058$ Total professional services and other\$ 89,158\$ 70,181\$ 181,612\$ 137,052(5) Includes stock-based compensation as follows: $cost of revenues:$ $cost of subscription servicess1,316$ 1,532$ 2,222$ 2,551Cost of professional services and other9,5417,31816,96312,392Research and development22,31516,43739,15227,838Sales and marketing15,11511,18626,67019,378General and administrative14,09812,89325,86724,114$		190,385				
Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Vault 56,997 43,563 113,425 83,058 Total professional services and other \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052 (5) Includes stock-based compensation as follows: Cost of revenues: \$ 1,316 \$ 1,532 \$ 2,222 \$ 2,551 Cost of subscription services and other 9,541 7,318 16,963 12,392 Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114	Total subscription services	\$ 366,436	\$ 283,502	\$ 707,555	\$ 553,737	
Veeva Commercial Cloud \$ 32,161 \$ 26,618 \$ 68,187 \$ 53,994 Veeva Vault 56,997 43,563 113,425 83,058 Total professional services and other \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052 (5) Includes stock-based compensation as follows: Cost of revenues: \$ 1,316 \$ 1,532 \$ 2,222 \$ 2,551 Cost of subscription services and other 9,541 7,318 16,963 12,392 Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114	⁽⁴⁾ Includes professional services and other revenues from the following product areas:					
Veeva Vault 56,997 43,563 113,425 83,058 Total professional services and other \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052 (5) Includes stock-based compensation as follows: Cost of revenues: \$ 1,316 \$ 1,532 \$ 2,222 \$ 2,551 Cost of subscription services and other 9,541 7,318 16,963 12,392 Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114		\$ 32,161	\$ 26.618	\$ 68,187	\$ 53,994	
Total professional services and other \$ 89,158 \$ 70,181 \$ 181,612 \$ 137,052 (5) Includes stock-based compensation as follows: Cost of revenues: 5 1,316 \$ 1,532 \$ 2,222 \$ 2,551 Cost of subscription services and other 9,541 7,318 16,963 12,392 Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114		. ,				
(5) Includes stock-based compensation as follows: Cost of revenues: Cost of subscription services Cost of professional services and other Professional services and other Research and development Sales and marketing General and administrative						
Cost of revenues: \$ 1,316 \$ 1,532 \$ 2,222 \$ 2,551 Cost of subscription services and other 9,541 7,318 16,963 12,392 Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114		<i>\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ </i>	φ 10,101	<u> </u>	<u> </u>	
Cost of subscription services\$ 1,316\$ 1,532\$ 2,222\$ 2,551Cost of professional services and other9,5417,31816,96312,392Research and development22,31516,43739,15227,838Sales and marketing15,11511,18626,67019,378General and administrative14,09812,89325,86724,114	⁽⁵⁾ Includes stock-based compensation as follows:					
Cost of professional services and other9,5417,31816,96312,392Research and development22,31516,43739,15227,838Sales and marketing15,11511,18626,67019,378General and administrative14,09812,89325,86724,114	Cost of revenues:					
Research and development 22,315 16,437 39,152 27,838 Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114	Cost of subscription services	\$ 1,316	\$ 1,532	\$ 2,222	\$ 2,551	
Sales and marketing 15,115 11,186 26,670 19,378 General and administrative 14,098 12,893 25,867 24,114	Cost of professional services and other	9,541	7,318	16,963	12,392	
General and administrative 14,098 12,893 25,867 24,114	Research and development	22,315	16,437	39,152	27,838	
	Sales and marketing	15,115	11,186	26,670	19,378	
Total stock-based compensation \$ 62,385 \$ 49,366 \$ 110,874 \$ 86,273	General and administrative	14,098	12,893	25,867	24,114	
	Total stock-based compensation	\$ 62,385	\$ 49,366	\$ 110,874	\$ 86,273	

VEEVA SYSTEMS INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

	Three months ended July 31,		Six months ended 31,			led July	
	2021		 2020		2021		2020
Cash flows from operating activities							
Net income	\$ 108,8	58	\$ 93,551	\$	224,425	\$	180,121
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation and amortization	6,8	80	7,317		13,508		15,195
Reduction of operating lease right-of-use assets	2,8	74	3,092		5,701		6,089
Accretion of discount on short-term investments	1,7	43	496		3,285		485
Stock-based compensation	62,3	85	49,366		110,874		86,273
Amortization of deferred costs	6,4	74	5,324		12,829		10,075
Deferred income taxes	6,9	53	(504)		12,195		(1,638)
Loss (gain) on foreign currency from mark-to-market derivative		2	(98)		433		(5)
Bad debt (expense) recovery	(22)	514		137		121
Changes in operating assets and liabilities:							
Accounts receivable	(21,4	09)	14,606		280,323		168,766
Unbilled accounts receivable	2	67	619		(3,894)		(3,833)
Deferred costs	(3,8	02)	(5,793)		(8,092)		(9,135)
Income taxes payable	(3,7	26)	(3,141)		(17)		(4,991)
Other current and long-term assets	(3,8	66)	(11,683)		(1,129)		(11,132)
Accounts payable	5,0	31	914		(1,763)		(3,516)
Accrued expenses and other current liabilities	2,2	16	125		9,183		2,816
Deferred revenue	(49,7	83)	(49,166)		(57,959)		(47,689)
Operating lease liabilities	(2,9	13)	(2,456)		(5,661)		(5,267)
Other long-term liabilities	g	03	 2,237		3,072		4,757
Net cash provided by operating activities	119,0	65	 105,320		597,450		387,492
Cash flows from investing activities							
Purchases of short-term investments	(422,6	80)	(267,749)		(679,618)		(456,567)
Maturities and sales of short-term investments	187,3	24	229,224		408,969		369,566
Acquisitions, net of cash and restricted cash acquired	(2,1	33)	_		(2,133)		_
Long-term assets	(5,3	25)	 (5,407)		(7,981)		(5,140)
Net cash used in investing activities	(242,8	14)	 (43,932)		(280,763)		(92,141)
Cash flows from financing activities							
Reduction of lease liabilities - finance leases	(98)	(251)		(384)		(499)
Proceeds from exercise of common stock options	20,8	51	9,278		37,942		19,059
Taxes paid related to net share settlement of equity awards	(15,0	96)	 		(15,096)		
Net cash provided by financing activities	5,6	57	 9,027		22,462		18,560
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1	80)	2,734		(2,945)		3,282
Net change in cash, cash equivalents, and restricted cash	(118,2	72)	73,149		336,204		317,193
Cash, cash equivalents, and restricted cash at beginning of period	1,186,1	88	723,841		731,712		479,797
Cash, cash equivalents, and restricted cash at end of period	\$ 1,067,9	16	\$ 796,990	\$	1,067,916	\$	796,990
Supplemental disclosures of other cash flow information:							
Excess tax benefits from employee stock plans	\$ 17,6	09	\$ 22,123	\$	35,060	\$	41,738

Non-GAAP Financial Measures

In Veeva's public disclosures, Veeva has provided non-GAAP measures, which it defines as financial information that has not been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. In addition to its GAAP measures, Veeva uses these non-GAAP financial measures internally for budgeting and resource allocation purposes and in analyzing its financial results. For the reasons set forth below, Veeva believes that excluding the following items provides information that is helpful in understanding its operating results, evaluating its future prospects, comparing its financial results across accounting periods, and comparing its financial results to its peers, many of which provide similar non-GAAP financial measures.

- Stock-based compensation expenses. Veeva excludes stock-based compensation expenses primarily
 because they are non-cash expenses that Veeva excludes from its internal management reporting
 processes. Veeva's management also finds it useful to exclude these expenses when they assess the
 appropriate level of various operating expenses and resource allocations when budgeting, planning and
 forecasting future periods. Moreover, because of varying available valuation methodologies, subjective
 assumptions and the variety of award types that companies can use under FASB ASC Topic 718, Veeva
 believes excluding stock-based compensation expenses allows investors to make meaningful
 comparisons between our recurring core business operating results and those of other companies.
- Amortization of purchased intangibles. Veeva incurs amortization expense for purchased intangible
 assets in connection with acquisitions of certain businesses and technologies. Amortization of intangible
 assets is a non-cash expense and is inconsistent in amount and frequency because it is significantly
 affected by the timing, size of acquisitions and the inherent subjective nature of purchase price
 allocations. Because these costs have already been incurred and cannot be recovered, and are non-cash
 expenses, Veeva excludes these expenses for its internal management reporting processes. Veeva's
 management also finds it useful to exclude these charges when assessing the appropriate level of various
 operating expenses and resource allocations when budgeting, planning and forecasting future periods.
 Investors should note that the use of intangible assets contributed to Veeva's revenues earned during the
 periods presented and will contribute to Veeva's future period revenues as well.
- Income tax effects on the difference between GAAP and non-GAAP costs and expenses. The income tax
 effects that are excluded relate to the imputed tax impact on the difference between GAAP and nonGAAP costs and expenses due to stock-based compensation and purchased intangibles for GAAP and
 non-GAAP measures.

There are limitations to using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures provided by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by Veeva's management about which items are adjusted to calculate its non-GAAP financial measures. Veeva compensates for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in its public disclosures.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Veeva encourages its investors and others to review its financial information in its entirety, not to rely on any single financial measure to evaluate its business, and to view its non-GAAP financial measures in conjunction with the most directly comparable GAAP financial measures. A reconciliation of GAAP to the non-GAAP financial measures has been provided in the tables below.

VEEVA SYSTEMS INC. RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(Dollars in thousands)

(Unaudited)

Three months ended Six months ended July

The following tables reconcile the specific items excluded from GAAP metrics in the calculation of non-GAAP metrics for the periods shown below:

	Three months ended July 31,		Six months ended July 31,			
	2021	2020	2021	2020		
Cost of subscription services revenues on a GAAP basis	\$ 53,909	\$ 43,400	\$105,126	\$ 86,612		
Stock-based compensation expense	(1,316)	(1,532)	(2,222)	(2,551)		
Amortization of purchased intangibles	(925)	(1,174)	(1,821)	(2,768)		
Cost of subscription services revenues on a non-GAAP basis	\$ 51,668	\$ 40,694	\$101,083	\$ 81,293		
Gross margin on subscription services revenues on a GAAP basis	85.3 %	84.7 %	85.1 %	84.4 %		
Stock-based compensation expense	0.4	0.5	0.3	0.5		
Amortization of purchased intangibles	0.2	0.4	0.3	0.4		
Gross margin on subscription services revenues on a non-GAAP basis	85.9 %	85.6 %	85.7 %	85.3 %		
Cost of professional services and other revenues on a GAAP basis	\$ 68,188	\$ 53,804	\$133,107	\$105,472		
Stock-based compensation expense	(9,541)	(7,318)	(16,963)	(12,392)		
Amortization of purchased intangibles	(139)	(138)	(273)	(273)		
Cost of professional services and other revenues on a non-GAAP basis	\$ 58,508	\$ 46,348	\$115,871	\$ 92,807		
Gross margin on professional services and other revenues on a GAAP basis	23.5 %	23.3 %	26.7 %	23.0 %		
Stock-based compensation expense	10.7	10.5	9.3	9.1		
Amortization of purchased intangibles	0.2	0.2	0.2	0.2		
Gross margin on professional services and other revenues on a non-GAAP basis	34.4 %	34.0 %	36.2 %	32.3 %		
Gross profit on a GAAP basis	\$333,497	\$256,479	\$650,934	\$498,705		
Stock-based compensation expense	10,857	8,850	19,185	14,943		
Amortization of purchased intangibles	1,064	1,312	2,094	3,041		
Gross profit on a non-GAAP basis	\$345,418	\$266,641	\$672,213	\$516,689		
Gross margin on total revenues on a GAAP basis	73.2 %	72.5 %	73.2 %	72.2 %		
Stock-based compensation expense	2.4	2.5	2.2	2.2		
Amortization of purchased intangibles	0.2	0.4	0.2	0.4		
Gross margin on total revenues on a non-GAAP basis	75.8 %	75.4 %	75.6 %	74.8 %		
Research and development expense on a GAAP basis	\$ 94,899	\$ 70,053	\$178,125	\$132,290		
Stock-based compensation expense	(22,315)	(16,437)	(39,152)	(27,838)		
Amortization of purchased intangibles	(29)	(29)	(56)	(57)		
Research and development expense on a non-GAAP basis	\$ 72,555	\$ 53,587	\$138,917	\$104,395		
Sales and marketing expense on a GAAP basis	\$ 71,789	\$ 59,172	\$136,399	\$114,927		
Stock-based compensation expense	(15,115)	(11,186)	(26,670)	(19,378)		
Amortization of purchased intangibles	(3,429)	(3,568)	(6,745)	(6,970)		
Sales and marketing expense on a non-GAAP basis	\$ 53,245	\$ 44,418	\$102,984	\$ 88,579		
General and administrative expense on a GAAP basis	\$ 42,185	\$ 37,173	\$ 83,340	\$ 73,842		
Stock-based compensation expense	(14,098)	(12,893)	(25,867)	(24,114)		
		· · · /	, ,	. ,		
Amortization of purchased intangibles	(57)	(57)	(112)	(113)		

VEEVA SYSTEMS INC. RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)

(Dollars in thousands, except per share data)

(Unaudited)

		nths ended y 31,	Six months ended Ju 31,			
	2021	2020	2021	2020		
Operating expense on a GAAP basis	\$208,873	\$166,398	\$397,864	\$321,059		
Stock-based compensation expense	(51,528)	(40,516)	(91,689)	(71,330)		
Amortization of purchased intangibles	(3,515)	(3,654)	(3,654) (6,913)			
Operating expense on a non-GAAP basis	\$153,830	\$122,228	\$122,228 \$299,262			
Operating income on a GAAP basis	\$124,624	\$ 90,081	\$253,070	\$177,646		
Stock-based compensation expense	62,385	49,366	110,874	86,273		
Amortization of purchased intangibles	4,579	4,966	9,007	10,181		
Operating income on a non-GAAP basis	\$191,588	\$144,413	\$372,951	\$274,100		
Operating margin on a GAAP basis	27.4 %	25.4 %	28.5 %	25.7 %		
Stock-based compensation expense	13.7	14.0	12.5	12.5		
Amortization of purchased intangibles	1.0	1.4	1.0	1.5		
Operating margin on a non-GAAP basis	42.1 %	42.1 % 40.8 %		40.8 % 42.0 %		39.7 %
Net income on a GAAP basis	\$108,858	\$ 93,551	\$224,425	\$180,121		
Stock-based compensation expense	62,385	49,366	110,874	86,273		
Amortization of purchased intangibles	4,579	4,966	9,007	10,181		
Income tax effect on non-GAAP adjustments ⁽⁶⁾	(23,151)	(31,521)	(44,753)	(55,063)		
Net income on a non-GAAP basis	\$152,671	152,671 \$116,362		\$221,512		
Diluted net income per share on a GAAP basis	\$ 0.67	\$ 0.58	\$ 1.38	\$ 1.12		
Stock-based compensation expense	0.38	0.31	0.68	0.54		
Amortization of purchased intangibles	0.03	0.03	0.06	0.06		
Income tax effect on non-GAAP adjustments ⁽⁶⁾	(0.14)	(0.20)	(0.28)	(0.34)		
Diluted net income per share on a non-GAAP basis	\$ 0.94	\$ 0.72	\$ 1.84	\$ 1.38		

⁽⁶⁾ For the three and six months ended July 31, 2021 and 2020, management used an estimated annual effective non-GAAP tax rate of 21.0%.