

Veeva Announces Fiscal 2023 Third Quarter Results

Total Revenues of \$552.4M, up 16% Year Over Year; Subscription Services Revenues of \$441.6M, up 16% Year Over Year

PLEASANTON, CA - December 1, 2022 - Veeva Systems Inc. (NYSE: VEEV), a leading provider of industry cloud solutions for the global life sciences industry, today announced results for its third quarter ended October 31, 2022.

"Consistent execution and strong innovation have us tracking a year ahead of our 2025 targets and set up for significant growth toward 2030 and beyond," said CEO Peter Gassner. "Thanks to the team's focus on customer success and product excellence, our impact and strategic partnership with the industry is increasing."

Fiscal 2023 Third Quarter Results:

- **Revenues**: Total revenues for the third quarter were \$552.4 million, up from \$476.1 million one year ago, an increase of 16% year over year. Subscription services revenues for the third quarter were \$441.6 million, up from \$380.7 million one year ago, an increase of 16% year over year.
- Operating Income and Non-GAAP Operating Income⁽¹⁾: Third quarter operating income was \$121.4 million, compared to \$132.7 million one year ago, a decrease of 9% year over year. Non-GAAP operating income for the third quarter was \$219.5 million, compared to \$199.4 million one year ago, an increase of 10% year over year.
- **Net Income and Non-GAAP Net Income**⁽¹⁾: Third quarter net income was \$108.5 million, compared to \$105.9 million one year ago, an increase of 2% year over year. Non-GAAP net income for the third quarter was \$183.2 million, compared to \$158.2 million one year ago, an increase of 16% year over year.
- **Net Income per Share and Non-GAAP Net Income per Share**(1): For the third quarter, fully diluted net income per share was \$0.67, compared to \$0.65 one year ago, while non-GAAP fully diluted net income per share was \$1.13, compared to \$0.97 one year ago.

"In the third quarter, we delivered strong financial performance across the board including results above our guidance," said CFO Brent Bowman. "We are well positioned for durable and profitable growth as we execute on the large opportunities in commercial and R&D."



Recent Highlights:

- Groundbreaking Strategic Partnership Veeva established a 10-year strategic partnership agreement with Merck, known as MSD outside of the United States and Canada, which builds on an existing 12-year partnership. Merck will take a Veeva-first approach to new industry-specific software and data, selecting Veeva products when they are fit for purpose. The partnership helps accelerate Merck's digital strategy and makes it more efficient to evaluate, purchase, operate, and create value from Veeva products. This agreement is the first of its kind for Veeva, supporting its vision to become the most strategic partner to the life sciences industry.
- Expanding Clinical Leadership The Veeva Vault Platform is delivering a unified suite of
 products that help customers manage their clinical operations more efficiently and speed drug
 development. These products are becoming the preferred choice among life sciences companies
 with more than 450 customers using Veeva Vault eTMF and more than 175 customers using
 Veeva Vault CTMS.
- Veeva Vault Safety Reaches Critical Milestone The first top 20 pharma customer went live
 with Vault Safety across their main divisions and most countries. Drug safety and
 pharmacovigilance is one of the most complex and critical areas for pharmaceutical companies.
 The successful go-live demonstrates Vault Safety's product readiness for the enterprise and
 Veeva's commitment to customer success and product excellence.

Financial Outlook:

Veeva is providing guidance for its fiscal fourth quarter ending January 31, 2023 as follows:

- Total revenues between \$551 and \$553 million.
- Non-GAAP operating income of about \$199 million⁽²⁾.
- Non-GAAP fully diluted net income per share of approximately \$1.05⁽²⁾.

Veeva is providing updated guidance for its fiscal year ending January 31, 2023 as follows:

- Total revenues between \$2,143 and \$2,145 million.
- Non-GAAP operating income of about \$820 million⁽²⁾.
- Non-GAAP fully diluted net income per share of approximately \$4.19⁽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, December 1, 2022, and a replay of the call will be available on Veeva's investor relations website.

What: Veeva Systems Fiscal 2023 Third Quarter Results Conference Call

When: Thursday, December 1, 2022 Time: 2:00 p.m. PT (5:00 p.m. ET)

Online Registration: https://conferencingportals.com/event/badXudFz

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 fourth fiscal quarter ending January 31, 2023 or fiscal year ending January 31, 2023 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 and employer payroll taxes on CEO stock transactions. 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 1,000 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 regarding Veeva's expected future performance and, in particular, includes quotes from management and guidance provided as of December 1, 2022 about Veeva's expected future financial results. Estimating guidance accurately for future periods is difficult. It involves assumptions and internal estimates that may prove to be incorrect and is based on plans that may change. Hence, there is a significant risk that actual results could differ materially from the guidance we have provided in this release and we have no obligation to update such guidance. There are also numerous risks that have the potential to negatively impact our financial performance, including as a result of competitive factors, customer decisions and priorities, events that impact the life sciences industry, issues related to the security or performance of our products, issues that impact our ability to hire, retain and adequately compensate talented employees, the pandemic, fluctuations in foreign currency exchange rates, and general macroeconomic and geopolitical events (including inflationary pressures and impacts related to Russia's invasion of Ukraine). We have summarized what we believe are the principal risks to our business in a section titled "Summary of Risk Factors" on pages 39 and 40 in our filing on Form 10-Q for the period ended July 31, 2022 which you can find here. Additional details on the risks and uncertainties that may impact our business can be found in the same filing on Form 10-Q and in our subsequent SEC filings, which you can access at sec.gov. We recommend that you familiarize yourself with these risks and uncertainties before making an investment decision.

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VEEVA SYSTEMS INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands) (Unaudited)

	October 31, 2022	January 31, 2022	
Assets			
Current assets:			
Cash and cash equivalents	\$ 865,159	\$	1,138,040
Short-term investments	2,157,396		1,238,064
Accounts receivable, net	242,859		631,134
Unbilled accounts receivable	82,085		63,266
Prepaid expenses and other current assets	38,986		36,679
Total current assets	3,386,485		3,107,183
Property and equipment, net	51,135		54,495
Deferred costs, net	27,875		33,106
Lease right-of-use assets	57,249		49,640
Goodwill	439,877		439,877
Intangible assets, net	87,382		101,940
Deferred income taxes	98,573		5,097
Other long-term assets	34,141		25,127
Total assets	\$ 4,182,717	\$	3,816,465
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 40,926	\$	20,348
Accrued compensation and benefits	40,265		33,834
Accrued expenses and other current liabilities	32,860		36,109
Income tax payable	54,466		7,761
Deferred revenue	510,098		731,746
Lease liabilities	11,665		10,981
Total current liabilities	690,280		840,779
	1,546		2,216
Deferred income taxes			42 607
Deferred income taxes Lease liabilities, noncurrent	50,225		43,007
	·		•
Lease liabilities, noncurrent	50,225		18,226
Lease liabilities, noncurrent Other long-term liabilities	50,225 21,874		18,226
Lease liabilities, noncurrent Other long-term liabilities Total liabilities	50,225 21,874		43,607 18,226 904,828
Lease liabilities, noncurrent Other long-term liabilities Total liabilities Stockholders' equity:	50,225 21,874 763,925		18,226 904,828
Lease liabilities, noncurrent Other long-term liabilities Total liabilities Stockholders' equity: Class A common stock	50,225 21,874 763,925		18,226 904,828
Lease liabilities, noncurrent Other long-term liabilities Total liabilities Stockholders' equity: Class A common stock Class B common stock	50,225 21,874 763,925		18,226 904,828 2 - 1,196,547
Lease liabilities, noncurrent Other long-term liabilities Total liabilities Stockholders' equity: Class A common stock Class B common stock Additional paid-in capital	50,225 21,874 763,925 2 — 1,438,213		18,226 904,828 2
Lease liabilities, noncurrent Other long-term liabilities Total liabilities Stockholders' equity: Class A common stock Class B common stock Additional paid-in capital Accumulated other comprehensive loss	50,225 21,874 763,925 2 — 1,438,213 (45,642		18,226 904,828 2

VEEVA SYSTEMS INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data) (Unaudited)

Total revenues (1912) Cost of provenues (1912) Cost of provenues (1912) Cost of professional services and other (1912) Cost of professional services and other (1912) Total cost of revenues (1913) Total cost of subscription services and other revenues from the following product areas: Verear Cost of subscription services and other (1913) Total professional services and other (1913			onths ended ober 31,	Nine months ended October 31,		
Subscription services and others of Professional services and others of San		2022	2021	2022	2021	
Professional services and other ⁴⁰ 110,782 95,373 318,201 72,802 Total revenues 52,305 40,101 13,802 <	Revenues:					
Total revenues 552,351 476,111 1,91,671 3,652,22 Cost of revenues 8 5,948 188,722 164,77 Cost of professional services and other 65,734 59,648 188,722 164,77 Cos of professional services and other 88,173 69,916 25,639 20,00 Total cost of revenues 130,077 125,664 445,001 367,77 Gross profit 93,941 346,547 1,45,800 97,42 Research and development 130,257 88,835 377,740 218,33 796,412 259,642 208,83 General and administrative 22,873 42,761 519,000 221,42 259,642 208,83 General and administrative 22,873 42,781 359,620 20,803 20,12 20,835 20,712 20,835 20,712 20,835 20,712 20,835 20,712 20,835 20,712 20,835 20,712 20,835 20,712 20,835 20,835 20,712 20,835 20,712 20,835	Subscription services ⁽³⁾	\$ 441,569	\$ 380,738	\$1,272,850	\$1,088,293	
Cost of revenues 65,734 59,648 188,722 104,77 Cost of subscription services 68,173 69,916 256,369 203,02 Total cost of revenues 153,907 21,964 445,091 267,78 Gross profit 38,444 34,007 12,668 397,44 Opperating expenses 28,787 83,835 377,740 276,82 Sales and marketing 93,910 72,423 259,642 208,83 General and administrative 52,873 42,781 550,000 28,125 Total operating expenses 2277,040 13,38 79,641 61,000 Other income, net 12,45 132,83 79,641 61,000 Other income taxes 133,862 133,382 373,33 32,83 Provision for income taxes 28,00 10,84 23,00 79,00 Income \$10,80 10,80 23,00 73,00 33,00 Net income \$10,80 \$1,80 \$1,80 \$1,20 \$1,20 Basic<	Professional services and other ⁽⁴⁾	110,782	95,373	318,821	276,985	
Cost of subscription services 65,734 59,648 188,722 164,77 Cost of professional services and other 88,173 69,648 28,069 20,000 Total coof fervenues 388,444 36,547 1,46,500 367,74 Fores profit 388,444 36,547 1,46,500 397,40 Departing expenses*** Research and development 130,257 98,835 377,740 276,92 Sales and marketing 93,910 72,423 259,642 208,83 General and administrative 22,873 42,761 150,100 261,17 Total opariting expenses 270,00 213,40 350,168 353,75 Oberating income 12,464 132,50 350,168 353,76 Other income, taxes 13,88 28,20 70,89 29,173 353,28 Provision for income taxes 30,00 30,00 74,560 25,55 Not income 30,00 30,00 30,30 32,21 Weighted-average shares used to compute net income <t< td=""><td>Total revenues</td><td>552,351</td><td>476,111</td><td>1,591,671</td><td>1,365,278</td></t<>	Total revenues	552,351	476,111	1,591,671	1,365,278	
Cost of professional services and other 88,173 69,916 256,369 203,00 Total cost of revenues 153,907 129,654 416,509 397,40 Cross profits 38,844 345,674 1346,580 397,40 Poperating expenses® 110,025 98,033 377,740 276,70 Sales and marketing 93,910 27,243 259,642 208,83 General and administrative 52,873 42,781 159,030 126,12 Cher Income, pat 127,604 213,833 305,08 387,00 Operating income 13,468 38,24 23,568 7,00 Income before income taxes 133,682 313,533 373,733 302,82 Provision for income taxes 25,049 20,088 20,00 2,088 20,00 2,088 20,00 2,088 20,00 2,088 20,00 2,088 20,00 2,088 20,00 2,088 20,00 2,088 2,09 2,088 2,09 2,088 2,09 2,088 2,09 <td< td=""><td>Cost of revenues⁽⁵⁾:</td><td></td><td></td><td></td><td></td></td<>	Cost of revenues ⁽⁵⁾ :					
Total cost of revenues 6.25.00 129.564 14.509 197.46 Gross profit 338.44 345.57 1,14.580 997.46 Operating expenses** Research and development 130,257 98.635 37.740 276.76 Sales and marketing 93.91 72.423 295.842 208.56 General and administrative 52.873 42.71 159.00 126.12 Total operating expenses 2.277.00 213.830 79.6.412 151.70 Operating income 121.40 132.708 350.180 350.180 132.71 Operating income 121.40 132.708 350.180 350.180 132.71 Income before income taxes 133.862 133.532 373.73 392.85 Income before income taxes 150.845 150.845 150.865 150.	Cost of subscription services	65,734	59,648	188,722	164,774	
Properting expenses	Cost of professional services and other	88,173	69,916	256,369	203,023	
Poperating expenses	Total cost of revenues	153,907	129,564	445,091	367,797	
Research and development 130,257 98,635 37,740 276,765 Sales and marketing 93,910 72,428 259,642 208,85 General and administrative 227,704 213,839 796,412 611,70 Operating income 121,404 132,708 305,08 385,77 Other income, net 12,486 313,862 23,565 7.00 Income before income taxes 133,862 133,562 373,733 392,82 Provision for income taxes 25,605 27,663 74,560 62,55 Net income 50,070 5,089 13,382 373,733 392,82 Net income per share: 25,005 27,663 74,560 62,55 Net income per share: 80,070 5,089 1,313 2,22 Weighted-average shares used to compute net income per share: 80,070 5,089 1,313 2,22 Weighted-average shares used to compute net income per share: 155,392 153,514 154,958 153,002 Childed Subscription share income. 20,000	·	398,444	346,547	1,146,580	997,481	
Sales and marketing 93,910 72,423 259,642 208,83 General and administrative 52,873 42,761 159,000 126,12 Total operating expenses 27,004 121,383 796,142 611,70 Operating income 121,440 132,708 350,188 350,288 362,089 27,683 274,580 352,588 47,650 62,588 362,089 289,173 353,022 81,000 81,088 29,173 353,022 81,000 81,089 29,173 353,022 81,000 91,000 20,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000 30,000	Operating expenses ⁽⁵⁾ :					
General and administrative 52,873 42,781 159,039 126,125 Total operating expenses 277,040 213,38 796,412 611,70 Operating income 121,448 38,276 35,0168 85,77 Income, net 122,488 28,24 23,565 7,00 Income before income taxes 25,405 27,663 37,533 392,83 Provision for income taxes 25,405 27,663 74,560 62,55 Net income 108,45 10,589 299,173 30,283 Net income 80,07 30,588 299,173 30,283 Net income 80,07 30,588 299,173 30,283 Politide 80,07 30,588 299,173 30,283 Published-average shares used to compute net income per share: 30,00 30,583 153,518 154,958 153,518 154,958 153,518 154,958 153,518 154,958 153,518 154,958 153,518 154,958 154,518 154,958 154,518 154,958	Research and development	130,257	98,635	377,740	276,760	
Total operating expenses 277,040 213,839 796,412 611,70 Operating income 121,404 132,08 350,168 355,71 Other income, net 124,568 32,08 350,68 355,71 Income before income taxes 133,802 213,532 373,733 382,83 Provision for income taxes 25,405 27,663 74,560 62,53 Net income \$108,457 \$105,809 \$29,973 \$30,225 Net income per share: \$0,007 \$0,69 \$1,93 \$22,235 Diluted \$0,007 \$0,69 \$1,93 \$22,235 Basic \$0,507 \$155,392 \$153,514 \$154,958 \$152,09 Diluted \$162,295 \$163,034 \$152,09 \$153,514 \$154,958 \$152,09 Basic collius \$155,392 \$153,514 \$154,958 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09 \$152,09	Sales and marketing	93,910	72,423	259,642	208,822	
Operating income 121,404 132,706 350,166 357,70 Other income, net 12,458 8.24 23,565 7,00 Income before income taxes 133,862 133,523 373,733 392,65 Provision for income taxes 25,605 27,663 74,560 62,55 Net income \$108,457 \$10,586 \$29,173 \$30,205 Net income per share: \$0,70 \$0,69 \$1,93 \$2,205 Diluted \$0,67 \$0,65 \$1,84 \$2,205 Diluted \$155,392 \$153,514 \$154,958 \$153,000 Diluted \$155,392 \$153,514 \$154,958 \$153,000 Other comprehensive income \$152,392 \$153,514 \$154,958 \$153,000 Net change in unrealized loss on available-for-sale investments \$(17,499) \$(2,741) \$(30,722) \$(4,00) Comprehensive income \$239,276 \$233,283 \$23,500 \$23,500 \$23,500 \$23,500 \$23,500 \$23,500 \$23,500 \$23,500 \$23,500 <td>General and administrative</td> <td>52,873</td> <td>42,781</td> <td>159,030</td> <td>126,121</td>	General and administrative	52,873	42,781	159,030	126,121	
Pubmish Pubm	Total operating expenses	277,040	213,839	796,412	611,703	
Income before income taxes	Operating income	121,404	132,708	350,168	385,778	
Provision for income taxes 25,405 27,663 74,500 52,500 Not income \$108,457 \$105,869 \$299,173 \$33,025 Not income per share:	Other income, net	12,458	824	23,565	7,054	
Net income \$ 108.457 \$ 105.669 \$ 299.173 \$ 330.25 Net income per share: Basic \$ 0.70 \$ 0.69 \$ 1.93 \$ 2.00 Diluted \$ 0.67 \$ 0.65 \$ 1.84 \$ 2.00 Weighted-average shares used to compute net income per share: Basic \$ 155,392 \$ 15,314 \$ 154,905 \$ 153,002 Diluted \$ 162,295 \$ 163.03 \$ 162,609 \$ 162,609 \$ 10	Income before income taxes	133,862	133,532	373,733	392,832	
Net income per share: Basic \$ 0.70 \$ 0.69 \$ 1.93 \$ 2.00 Diluted \$ 0.67 \$ 0.65 \$ 1.84 \$ 2.00 Weighted-average shares used to compute net income per share: Basic 155,392 153,514 154,958 153,000 Diluted 162,295 163,034 162,109 162,000 Other comprehensive income: \$ (17,499) \$ (2,741) \$ (30,722) \$ (4,000) Net change in unrealized loss on available-for-sale investments \$ (808) 3 (808) \$ (2,962) \$ (2,600) Comprehensive income \$ 90,150 \$ 102,820 \$ 265,489 \$ 33,500 Other comprehensive income \$ 90,150 \$ 102,820 \$ 265,489 \$ 33,500 Other comprehensive income \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,150 Other comprehensive income \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,150 Other comprehensive income \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,150 Other comprehensive income \$ 239,276 \$ 223,183	Provision for income taxes	25,405	27,663	74,560	62,538	
Basic Diluted \$ 0.00 \$ 0.60 \$ 1.00 \$ 2.00 Weighted-series used to compute net income per shares Basic Diluted 155.392 153.514 154.985 158.00 Diluted 162.295 163.043 162.189 162.06 Other comprehensive income: 162.295 163.043 162.189 162.06 Net change in unrealized loss on available-for-sale investments \$ (17.499) \$ (2.741) \$ (30.722) \$ (4.00) Net change in unrealized loss on available-for-sale investments \$ (808) \$ (308) \$ (2.962) 2.66 Comprehensive income \$ (808) \$ (308) \$ (2.902) \$ (2.66) \$ (2.302) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.56) \$ (2.902) \$ (2.902) \$ (2.902) \$	Net income	\$ 108,457	\$ 105,869	\$ 299,173	\$ 330,294	
Diluted \$ 0.67 \$ 0.65 \$ 1.84 \$ 2.00 Weighted-average shares used to compute net income per share: 155.392 153.514 154.958 153.00 Diluted 162.295 163.03 162.189 162.06 Other comprehensive income: Net change in unrealized loss on available-for-sale investments \$ (17.499) \$ (2.741) \$ (30.722) \$ (4.00) Net change in cumulative foreign currency translation loss (808) (308) (2.962) 2.66 Comprehensive income \$ 90.150 \$ 102.802 \$ 265.489 \$ 323.50 Comprehensive income \$ 90.150 \$ 102.802 \$ 265.489 \$ 323.50 Comprehensive income \$ 90.150 \$ 102.802 \$ 265.489 \$ 323.50 Comprehensive income \$ 90.150 \$ 102.802 \$ 265.489 \$ 323.50 Comprehensive income \$ 239.276 \$ 223.183 \$ 703.356 \$ 649.18 Veeva Commercial Solutions \$ 241.569 \$ 380.738 \$ 172.285 \$ 569.494 439.13 Veeva R&D Solutions \$ 45.283 \$ 41,675 \$	Net income per share:			1		
Weighted-average shares used to compute net income per share: Basic 155,392 153,514 154,958 153,002 Diluted 162,295 163,034 162,095 163,034 162,095 163,032	Basic	\$ 0.70	\$ 0.69	\$ 1.93	\$ 2.16	
Basic 155,392 153,514 154,958 153,000 Diluted 162,295 163,034 162,189 162,605 Other comprehensive income: Net change in unrealized loss on available-for-sale investments \$ (17,499) \$ (2,741) \$ (30,722) \$ (4,00) Net change in cumulative foreign currency translation loss (808) (308) (2,962) 2,66,809 Comprehensive income \$ 90,150 \$ 102,820 \$ 265,489 \$ 333,50 Governancerical Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Veeva R&D Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Yeeva R&D Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Yeeva R&D Solutions \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1,088,20 **Oteva R&D Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Yeeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Yeeva R&D Solutions \$ 10,000 \$ 95,373 \$ 138,021	Diluted	\$ 0.67	\$ 0.65	\$ 1.84	\$ 2.03	
Diluted 162,295 163,034 162,189 162,687 Other comprehensive income: Net change in unrealized loss on available-for-sale investments \$ (17,499) \$ (2,741) \$ (30,722) \$ (4,040) Net change in cumulative foreign currency translation loss (808) (308) (2,962) 2,666 Comprehensive income \$ 90,150 \$ 102,820 \$ 265,489 \$ 33,576 Gown Commercial Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 464,185 Veeva R&D Solutions 202,293 157,555 569,494 439,135 Total subscription services \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1088,22 (4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Veeva R&D Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Veeva R&D Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Veeva R&D Solutions \$ 53,698 \$ 185,794 \$ 22,312 \$ 27,698 (5) Includes sto	Weighted-average shares used to compute net income per share:			1		
Other comprehensive income: Net change in unrealized loss on available-for-sale investments \$ (17,499) \$ (2,741) \$ (30,722) \$ (4,04) \$ (4,04) \$ (30,0722) \$ (4,04) \$ (30,0722) \$ (2,64) \$ (30,0722) \$ (2,64) \$ (2,64) \$ (30,0722) \$ (2,64)	Basic	155,392	153,514	154,958	153,020	
Net change in unrealized loss on available-for-sale investments \$ (17,499) \$ (2,741) \$ (30,722) \$ (4,00) Net change in cumulative foreign currency translation loss (808) (308) (2,962) (2,68) Comprehensive income \$ 90,150 \$ 102,820 \$ 265,489 \$ 323,50 (3) Includes subscription services revenues from the following product areas: Veeva Commercial Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Veeva R&D Solutions 202,293 157,555 569,494 439,13 70 Includes professional services and other revenues from the following product areas: \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1,088,20 40 Includes professional services and other \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Veeva R&D Solutions \$ 53,698 185,794 152,74 Total professional services and other \$ 110,782 95,373 \$ 318,821 \$ 276,90 6) Includes stock-based compensation as follows: \$ 16,36 1,292 \$ 4,606 3,57 Cost of subscription services 1,636 1,292 \$ 4,606 3,57 <	Diluted	162,295	163,034	162,189	162,663	
Net change in cumulative foreign currency translation loss (808) (308) (2,962) (2,662) Comprehensive income \$90,150 \$102,820 \$265,489 \$323,567 (3) Includes subscription services revenues from the following product areas: \$239,276 \$223,183 \$703,356 \$649,18 Veeva R&D Solutions \$202,293 \$157,555 \$569,494 439,17 Total subscription services \$441,569 \$380,738 \$1,272,850 \$1,088,20 (4) Includes professional services and other revenues from the following product areas: \$45,283 \$41,675 \$133,027 \$124,22 Veeva Commercial Solutions \$45,283 \$41,675 \$133,027 \$124,22 Veeva R&D Solutions \$65,499 53,698 185,794 152,74 Total professional services and other \$110,782 \$95,373 \$318,821 \$276,98 (5) Includes stock-based compensation as follows: \$200,000 \$1,636 \$1,292 \$4,606 3,55 Cost of subscription services \$1,636 \$1,292 \$4,606 3,55 Cost of professional services and other </td <td>Other comprehensive income:</td> <td></td> <td></td> <td></td> <td></td>	Other comprehensive income:					
Comprehensive income \$ 90,150 \$ 102,820 \$ 265,489 \$ 323,50 (3) Includes subscription services revenues from the following product areas: \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Veeva R&D Solutions 202,293 157,555 569,494 439,13 Total subscription services \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1,088,20 (4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,22 Veeva R&D Solutions 65,499 53,698 185,794 152,72 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,98 (5) Includes stock-based compensation as follows: Cost of revenues: \$ 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General	Net change in unrealized loss on available-for-sale investments	\$ (17,499) \$ (2,741)	\$ (30,722)	\$ (4,044)	
(3) Includes subscription services revenues from the following product areas: Veeva Commercial Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Veeva R&D Solutions 202,293 157,555 569,494 439,13 Total subscription services \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1,088,20 (4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,22 Veeva R&D Solutions 65,499 53,698 185,794 152,72 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,95 (5) Includes stock-based compensation as follows: Cost of revenues: Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Net change in cumulative foreign currency translation loss	(808)	(308)	(2,962)	(2,686)	
Veeva Commercial Solutions \$ 239,276 \$ 223,183 \$ 703,356 \$ 649,18 Veeva R&D Solutions 202,293 157,555 569,494 439,13 Total subscription services \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1,088,2 (4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Veeva R&D Solutions 65,499 53,698 185,794 152,74 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,98 (5) Includes stock-based compensation as follows: Cost of revenues: \$ 1,636 1,292 \$ 4,606 3,5 Cost of subscription services 1,636 1,292 \$ 4,606 3,5 5,5 Research and development 37,415 22,311 102,139 61,46 5,6 Sales and marketing 23,576 15,102 64,500 41,77 6,6 64,500 41,77 6,6 64,500 41,77 6,6 6,7 6,7 6,7	Comprehensive income	\$ 90,150	\$ 102,820	\$ 265,489	\$ 323,564	
Veeva R&D Solutions 202,293 157,555 569,494 439,13 Total subscription services \$441,569 \$380,738 \$1,272,850 \$1,088,2 (4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$45,283 \$41,675 \$133,027 \$124,22 Veeva R&D Solutions 65,499 53,698 185,794 152,72 Total professional services and other \$110,782 \$95,373 \$318,821 \$276,98 (5) Includes stock-based compensation as follows: Cost of revenues: Total professional services \$4,606 3,57 Cost of professional services and other 13,227 9,616 \$37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	(3) Includes subscription services revenues from the following product areas:					
Total subscription services \$ 441,569 \$ 380,738 \$ 1,272,850 \$ 1,088,20 (4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,242 Veeva R&D Solutions 65,499 53,698 185,794 152,74 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,982 (6) Includes stock-based compensation as follows: Cost of revenues: Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Veeva Commercial Solutions	\$ 239,276	\$ 223,183	\$ 703,356	\$ 649,156	
(4) Includes professional services and other revenues from the following product areas: Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,224 Veeva R&D Solutions 65,499 53,698 185,794 152,74 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,98 (5) Includes stock-based compensation as follows: Cost of revenues: 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,40 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,56	Veeva R&D Solutions	202,293	157,555	569,494	439,137	
Veeva Commercial Solutions \$ 45,283 \$ 41,675 \$ 133,027 \$ 124,24 Veeva R&D Solutions 65,499 53,698 185,794 152,74 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,98 (5) Includes stock-based compensation as follows: Cost of revenues: Total professional services 1,636 1,292 4,606 3,57 Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Total subscription services	\$ 441,569	\$ 380,738	\$1,272,850	\$1,088,293	
Veeva R&D Solutions 65,499 53,698 185,794 152,74 Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,98 (5) Includes stock-based compensation as follows: Cost of revenues: Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,50	(4) Includes professional services and other revenues from the following product areas:					
Total professional services and other \$ 110,782 \$ 95,373 \$ 318,821 \$ 276,980 (5) Includes stock-based compensation as follows: Cost of revenues: Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,48 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Veeva Commercial Solutions	\$ 45,283	\$ \$ 41,675	\$ 133,027	\$ 124,241	
(5) Includes stock-based compensation as follows: Cost of revenues: Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,56	Veeva R&D Solutions	65,499	53,698	185,794	152,744	
Cost of revenues: 1,636 1,292 4,606 3,57 Cost of subscription services 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,50	Total professional services and other	\$ 110,782	\$ 95,373	\$ 318,821	\$ 276,985	
Cost of subscription services 1,636 1,292 \$ 4,606 3,57 Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,50	(5) Includes stock-based compensation as follows:					
Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Cost of revenues:					
Cost of professional services and other 13,227 9,616 \$ 37,035 26,57 Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Cost of subscription services	1,636	1,292	\$ 4,606	3,514	
Research and development 37,415 22,311 102,139 61,46 Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	·	13,227	9,616		26,579	
Sales and marketing 23,576 15,102 64,500 41,77 General and administrative 17,333 13,724 48,083 39,58	Research and development	37,415	22,311		61,463	
General and administrative 17,333 13,724 48,083 39,58		23,576	15,102	64,500	41,772	
	General and administrative				39,591	
Total stock-based compensation \$ 93,187 \$ 62,045 \$ 256,363 \$ 172.9°	Total stock-based compensation	\$ 93,187	\$ 62,045	\$ 256,363	\$ 172,919	

VEEVA SYSTEMS INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

		Three months ended October 31,			Nine months ended October 31,			
		2022		2021		2022		2021
Cash flows from operating activities								
Net income	\$	108,457	\$	105,869	\$	299,173	\$	330,294
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization		7,157		6,899		21,443		20,407
Reduction of operating lease right-of-use assets		3,094		2,855		9,062		8,556
(Accretion) amortization of discount on short-term investments		(1,565)		1,574		(1,016)		4,859
Stock-based compensation		93,187		62,045		256,363		172,919
Amortization of deferred costs		5,378		6,597		17,107		19,426
Deferred income taxes		(31,056)		(2,021)		(84,369)		10,174
Loss (gain) on foreign currency from mark-to-market derivative		7		(65)		1,193		368
Bad debt expense		1,089		58		1,210		195
Changes in operating assets and liabilities:								
Accounts receivable		69,272		72,147		387,066		352,470
Unbilled accounts receivable		(4,307)		(16,870)		(18,819)		(20,764)
Deferred costs		(5,376)		(3,353)		(11,876)		(11,445)
Other current and long-term assets		7,326		4,407		(3,750)		3,278
Accounts payable		10,002		4,028		20,663		2,265
Accrued expenses and other current liabilities		5,465		(537)		2,654		8,646
Income taxes payable		49,323		12,010		46,705		11,993
Deferred revenue		(174,544)		(141,083)		(222,013)		(199,042)
Operating lease liabilities		(2,624)		(2,941)		(7,736)		(8,602)
Other long-term liabilities		2,375		1,340		4,013		4,412
Net cash provided by operating activities		142,660		112,959		717,073		710,409
Cash flows from investing activities								
Purchases of short-term investments		(710,833)		(256,008)	(1,716,250)		(935,626)
Maturities and sales of short-term investments		310,713		248,093		757,434		657,062
Acquisitions, net of cash and restricted cash acquired		_		_		_		(2,133)
Long-term assets		(5,609)		(2,314)		(9,605)		(10,295)
Net cash used in investing activities		(405,729)		(10,229)		(968,421)		(290,992)
Cash flows from financing activities								
Changes in lease liabilities - finance leases		_		_		_		(384)
Proceeds from exercise of common stock options		4,575		5,368		30,116		43,310
Taxes paid related to net share settlement of equity awards		(15,118)		(21,414)		(47,251)		(36,510)
Net cash (used in) provided by financing activities		(10,543)		(16,046)		(17,135)		6,416
Effect of exchange rate changes on cash, cash equivalents, and restricted cash		(1,475)		(1,469)		(4,398)		(4,414)
Net change in cash, cash equivalents, and restricted cash		(275,087)		85,215		(272,881)		421,419
Cash, cash equivalents, and restricted cash at beginning of period	1	1,143,431		1,067,916		1,141,225		731,712
Cash, cash equivalents, and restricted cash at end of period	\$	868,344	\$	1,153,131	\$	868,344	\$	1,153,131
Supplemental disclosures of other cash flow information:								
Excess tax benefits from employee stock plans	\$	888	\$	10,404	\$	5,981	\$	45,464

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.

- Excess tax benefits. Excess tax benefits from employee stock plans are dependent on previously agreed-upon equity grants to our employees, vesting of those grants, stock price, and exercise behavior of our employees, which can fluctuate from quarter to quarter. Because these fluctuations are not directly related to our business operations, Veeva excludes excess tax benefits for its internal management reporting processes. Veeva management also finds it useful to exclude excess tax benefits when assessing the level of cash provided by operating activities. Given the nature of the excess tax benefits, Veeva believes excluding it allows investors to make meaningful comparisons between our operating cash flows from quarter to quarter and those of other companies.
- Impact of tax legislation. Veeva excludes the direct cash payments associated with the newly effective tax legislation requiring the capitalization of certain research and development expenses for purposes of calculating non-GAAP operating cash flows. Veeva does not believe the impact resulting from changes in the tax treatment of research and development costs to be indicative of its operating performance, nor does Veeva management consider such impact in assessing the level of cash provided by operating activities. Accordingly, Veeva believes excluding the impact of this change in tax law provides for better evaluation of its current operating performance and comparison to past operating results.
- 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, 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)

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

Reconciliation of Net Cash Provided by Operating Activities (GAAP basis to non-GAAP basis)		nths ended per 31,	Nine months ended October 31,			
	2022	2021	2022	2021		
Net cash provided by operating activities	\$ 142,660	\$ 112,959	\$ 717,073	\$ 710,409		
Excess tax benefits from employee stock plans	(888)	(10,404)	(5,981)	(45,464)		
Impact of tax legislation			37,946			
Net cash provided by operating activities on a non-GAAP basis	\$ 141,772	\$ 102,555	\$ 749,038	\$ 664,945		
Net cash used in investing activities	\$(405,729)	\$ (10,229)	\$(968,421)	\$(290,992)		
Net cash (used in) provided by financing activities	\$ (10,543)	\$ (16,046)	\$ (17,135)	\$ 6,416		
Reconciliation of Financial Measures (GAAP basis to non-GAAP basis)		nths ended per 31,		oths ended oer 31,		
	2022	2021	2022	2021		
Cost of subscription services revenues on a GAAP basis	\$ 65,734	\$ 59,648	\$ 188,722	\$ 164,774		
Stock-based compensation expense	(1,636)	(1,292)	(4,606)	(3,514)		
Amortization of purchased intangibles	(1,126)	(1,005)	(3,342)	(2,826)		
Cost of subscription services revenues on a non-GAAP basis	\$ 62,972	\$ 57,351	\$ 180,774	\$ 158,434		
Gross margin on subscription services revenues on a GAAP basis	85.1 %	84.3 %	85.2 %	84.9 %		
Stock-based compensation expense	0.4	0.3	0.3	0.3		
Amortization of purchased intangibles	0.2	0.3	0.3	0.3		
Gross margin on subscription services revenues on a non-GAAP basis	85.7 %	84.9 %	85.8 %	85.5 %		
Cost of professional services and other revenues on a GAAP basis	\$ 88,173	\$ 69,916	\$ 256,369	\$ 203,023		
Stock-based compensation expense	(13,227)	(9,616)	(37,035)	(26,579)		
Amortization of purchased intangibles	(139)	(139)	(411)	(411)		
Cost of professional services and other revenues on a non-GAAP basis	\$ 74,807	\$ 60,161	\$ 218,923	\$ 176,033		
Gross margin on professional services and other revenues on a GAAP basis	20.4 %	26.7 %	19.6 %	26.7 %		
Stock-based compensation expense	11.9	10.1	11.6	9.6		
Amortization of purchased intangibles	0.2	0.1	0.1	0.1		
Gross margin on professional services and other revenues on a non-GAAP basis	32.5 %	36.9 %	31.3 %	36.4 %		
Gross profit on a GAAP basis	\$ 398,444	\$ 346,547	\$1,146,580	\$ 997,481		
Stock-based compensation expense	14,863	10,908	41,641	30,093		
Amortization of purchased intangibles	1,265	1,144	3,754	3,237		
Gross profit on a non-GAAP basis	\$ 414,572	\$ 358,599	\$1,191,975	\$1,030,811		
Gross margin on total revenues on a GAAP basis	72.1 %	72.8 %	72.0 %	73.1 %		
Stock-based compensation expense	2.7	2.3	2.6	2.2		
Amortization of purchased intangibles	0.3	0.2	0.3	0.2		
Gross margin on total revenues on a non-GAAP basis	75.1 %	75.3 %	74.9 %	75.5 %		
Research and development expense on a GAAP basis	\$ 130,257	\$ 98,635	\$ 377,740	\$ 276,760		
Stock-based compensation expense	(37,415)	(22,311)	(102,139)	(61,463)		
Amortization of purchased intangibles	(29)	(29)	(85)	(85)		
Research and development expense on a non-GAAP basis	\$ 92,813	\$ 76,295	\$ 275,516	\$ 215,212		



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

(Dollars in thousands, except per share data) (Unaudited)

	Three months ended October 31,			Nine months ended October 31,			
	202	2	2021	2022	2021		
Sales and marketing expense on a GAAP basis	\$ 93,9	910	\$ 72.423	\$ 259,642	\$ 208,822		
Stock-based compensation expense	(23,5		(15,102)	(64,500)	(41,772)		
Amortization of purchased intangibles	(3,5	•	(3,464)	(10,550)	(10,210)		
Sales and marketing expense on a non-GAAP basis	\$ 66,7	779	\$ 53,857	\$ 184,592	\$ 156,840		
General and administrative expense on a GAAP basis	\$ 52,8	373	\$ 42,781	\$ 159,030	\$ 126,121		
Stock-based compensation expense	(17,3	333)	(13,724)	(48,083)	(39,591)		
Amortization of purchased intangibles		(57)	(57)	(169)	(169)		
General and administrative expense on a non-GAAP basis	\$ 35,4	183	\$ 29,000	\$ 110,778	\$ 86,361		
Operating expense on a GAAP basis	\$ 277,0	040	\$ 213,839	\$ 796,412	\$ 611,703		
Stock-based compensation expense	(78,3	324)	(51,137)	(214,722)	(142,826)		
Amortization of purchased intangibles	(3,6	641)	(3,550)	(10,804)	(10,464)		
Operating expense on a non-GAAP basis	\$ 195,0)75	\$ 159,152	\$ 570,886	\$ 458,413		
Operating income on a GAAP basis	\$ 121,4	104	\$ 132,708	\$ 350,168	\$ 385,778		
Stock-based compensation expense	93,1	187	62,045	256,363	172,919		
Amortization of purchased intangibles	4,9	906	4,694	14,558	13,701		
Operating income on a non-GAAP basis	\$ 219,4	197	\$ 199,447	\$ 621,089	\$ 572,398		
Operating margin on a GAAP basis	22	2.0 %	27.9 %	22.0 %	28.3 %		
Stock-based compensation expense	16	6.9	13.0	16.1	12.7		
Amortization of purchased intangibles	(8.0	1.0	0.9	1.0		
Operating margin on a non-GAAP basis	39	9.7 %	41.9 %	39.0 %	42.0 %		
Net income on a GAAP basis	\$ 108,4	157	\$ 105,869	\$ 299,173	\$ 330,294		
Stock-based compensation expense	93,1	187	62,045	256,363	172,919		
Amortization of purchased intangibles	4,9	906	4,694	14,558	13,701		
Income tax effect on non-GAAP adjustments ⁽⁶⁾	(23,3	306)	(14,394)	(60,817)	(59,147)		
Net income on a non-GAAP basis	\$ 183,2		\$ 158,214	\$ 509,277	\$ 457,767		
Diluted net income per share on a GAAP basis	\$ 0.	.67	\$ 0.65	\$ 1.84	\$ 2.03		
Stock-based compensation expense	0.	.57	0.38	1.58	1.06		
Amortization of purchased intangibles		.03	0.03	0.09	0.08		
Income tax effect on non-GAAP adjustments ⁽⁶⁾		.14)	(0.09)	(0.37)	(0.36)		
Diluted net income per share on a non-GAAP basis			\$ 0.97	\$ 3.14	\$ 2.81		
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⁽⁶⁾ For the three and nine months October 31, 2022 and 2021, management used an estimated annual effective non-GAAP tax rate of 21.0%.