February 29, 2024

Q4 FY2024 Earnings Prepared Remarks

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Veeva

Legal Disclaimer

These prepared remarks contain forward-looking statements regarding Veeva's expected future performance and, in particular, includes statements regarding Veeva's products and services and guidance, provided as of February 29, 2024, 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 these prepared remarks 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 issues related to the performance, security, or privacy of our products, competitive factors, customer decisions and priorities, events that impact the life sciences industry, general macroeconomic and geopolitical events (including inflationary pressures, changes in interest rates, currency exchange fluctuations, changes in applicable laws and regulations, and impacts related to Russia's invasion of Ukraine and the Israel-Hamas conflict), and issues that impact our ability to hire, retain and adequately compensate talented employees. We have summarized what we believe are the principal risks to our business in a section titled "Summary of Risk Factors" on pages 38 and 39 in our filing on Form 10-Q for the period ended October 31, 2023 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.

Q4 Business Update

Peter Gassner, Founder & CEO

Financial Results

The fourth quarter was a strong finish to the year for Veeva, delivering results ahead of guidance. Total revenue was $631 million, up 12% year over year. Non-GAAP operating income was $239 million, or 38% of total revenue. Normalizing for the one-time impact related to the standardization of termination for convenience (TFC) rights, total revenue increased 14% and operating income was 39% of total revenue.

Fiscal year 2024 revenue was $2.36 billion, up 10% year over year. Non-GAAP operating income was $843 million, or 36% of total revenue. Normalizing for the one-time impact related to the standardization of TFC rights, total revenue increased 14% and operating income was 38% of total revenue.

Significant Opportunity Ahead

While macroeconomic challenges and uncertainties remain, there is more optimism in the industry today than a year ago driven by significant advances in science and discovery. This is a long-term positive for the industry and for Veeva.

Over the past year, we significantly expanded our strategic partnership with the industry across software, data, and high value services. We also set our long-term industry cloud product strategy. That vision, our deep customer relationships, and focused execution position us well to deliver profitable growth through 2030 and beyond.

Veeva Development Cloud

With complete suites of connected applications and the trust of the industry, Veeva Development Cloud is increasingly becoming the technology foundation for drug development.

In the quarter, we saw broad-based adoption in all areas of Development Cloud, including significant top 20 biopharma wins in clinical, regulatory, and quality.

Clinical is the lifeblood of the industry and clinical trials have become more complex as the science has evolved. The industry needs a modern technology foundation spanning clinical functions in order to deliver trials with greater speed and quality, at a lower cost. With 11 products today across clinical operations and clinical data management, Veeva is the only company delivering a complete clinical foundation for the industry – the Veeva Clinical Platform.

Clinical is a very large market with many product entry points for us. While the market doesn't change quickly, the product advantage and customer momentum are now clearly with Veeva. As of year end, more than 500 customers have at least one Vault Clinical product, including more than 75 wins in the year. With continued execution and focus on customer success, we have a bright future ahead in clinical.

In the quarter, another two top 20 biopharmas selected Vault EDC as their enterprise standard. A total of eight top 20 biopharmas have standardized on Vault EDC for all new trials going forward. That's great progress and we're on a path to become the market leader in clinical data management over time.

We also had our first top 20 biopharma select the full Vault Clinical Operations Suite. They've been successful with Vault eTMF since 2020 and in the quarter they added the remaining five clinical operations products – Vault CTMS, Study Startup, Payments, Site Connect, and Study Training.

These types of large deals include multi-year ramping subscription arrangements as the customer rolls out and realizes full value over time. Therefore, revenue contribution is relatively low in the early years, before ramping to terminal value, often in years four or five.

Momentum also continued in regulatory and quality.

Regulatory had 18 wins in the quarter, including a top 20 biopharma that selected Vault Submissions and Submissions Archive, their first regulatory products from Veeva. We closed the year with more than 400 customers that have at least one Vault RIM product.

Quality had 21 wins in the quarter, including two top 20 biopharmas wins for Vault QMS. We now have nearly 600 Vault Quality customers and 12 top 20 biopharmas have chosen both Vault QualityDocs and QMS to unify quality documents and processes.

Overall, I am pleased with our execution against our Development Cloud vision and the significant opportunity ahead in R&D.

Veeva Commercial Cloud

We continue to make great progress on our new Commercial Cloud strategy as we expand our software solutions to connect sales, marketing, and medical for the industry. Like Development Cloud, this means customers will have complete, integrated solutions – all on the Vault Platform.

At the center is core CRM, where we had nine wins in the quarter, including five for Vault CRM and four for Veeva CRM.

I am very pleased with the product team's progress on the development of Vault CRM and we're tracking to our planned general availability for new customers in April 2024. Existing Veeva CRM customers will begin migrating in 2025, enabled by a great product, migration tooling, and repeatable migration processes we're developing to make the transition as simple and easy as possible.

Given the current focus is on this transition, we expect the CRM area to be relatively stable from a revenue perspective over the next few years. Once successfully migrated to Vault CRM, customers will be in a position to adopt additional Veeva CRM Suite products, including those upcoming like Marketing Automation and Service Center.

Content is another foundational part of our customers' commercial engagement strategies and a key area where we further expanded our market leadership in the quarter. We ended the year with more than 475 Vault PromoMats customers, having added 18 new customers in Q4.

Veeva Crossix also had a strong Q4 with a number of wins across all products and customer segments.

I am encouraged by the progress we are making on Vault CRM and our new Commercial Cloud strategy, as the industry needs an integrated, industry-specific suite of applications for commercial execution.

Veeva Data Cloud

The fourth quarter included several important advances for Veeva Data Cloud, including the availability of the complete Veeva Compass Suite of commercial data products.

In January, we released Compass Prescriber and Compass National, which join the existing Compass Patient product. This completes the core Compass Suite. The industry now has a modern data alternative to IQVIA and Symphony.

Compass is unique in that it includes projected data for both retail products and complex in-office therapies. Starting with early adopter customers, our focus is delivering on product excellence and customer success.

This an important milestone for Veeva and the industry and was part of our plan when we started on this path with the purchase of Crossix four years ago. By providing an innovative alternative to the incumbent solutions, I hope Compass will become quite significant for the industry and for patients.

Compass Patient momentum continued strong in the quarter, adding 12 new brands, seven from new customers and the rest expansions. Importantly, this included brand wins from two top 20 biopharma customers.

Veeva Link had 13 wins in the quarter and the ninth top 20 biopharma selected Veeva Link Key People for all its therapeutic areas.

It was an important year for Data Cloud and the impacts will be seen for years to come as we innovate in data like we've done in software. It reminds me of when Vault got started, we have the right vision and early products, and are executing well with a long-term view to becoming the leader.

Fiscal Year Guidance

For fiscal year 2025, we expect total revenue between $2.725 and $2.740 billion. This compares to our prior early guidance for at least $2.750 billion in total revenue. This slight reduction, primarily driven by services and to a lesser extent deal timing which impacts revenue linearity, reflects a prudent outlook in uncertain times.

In services, our outlook for the year is about $20 million lower than our prior expectations, largely due to project timing and services investment related to Vault CRM with some of our largest Veeva CRM customers. This is the right thing to do for Veeva, our customers, and the industry and we anticipate this Vault CRM-related services investment mostly in calendar years 2024 and 2025, with the remainder in 2026.

In addition, we are also investing in "implementation excellence," an innovation to make Veeva products even more efficient and cost effective to deploy. Implementation excellence is an exciting and novel initiative that has the potential to add significant value to our customers and Veeva. Over the coming years, we expect this initiative to increase speed and reduce cost for implementations of our Vault products in Commercial Cloud and Development Cloud.

Non-GAAP operating income for fiscal year 2025 is expected to be about $1.070 billion, or 39% of total revenue. This compares to our prior early expectations for at least $1.0 billion in non-GAAP operating income. This reflects improved efficiencies in product development and disciplined hiring and performance management across the board, especially in services.

Executing on a Significant Opportunity

In summary, our strong fourth quarter capped off another great year. I am very proud of what our team accomplished, particularly related to our product strategy and product development. Our competitive position is stronger than ever and the trust we've built over 17 years within the industry continues to grow.

We have a significant opportunity ahead to improve the efficiency of the most critical functions of the life sciences industry, from drug development to commercialization. I'm looking forward to another great year of focused execution, innovation, and customer success.

Peter Gassner, Founder & CEO

Q4 Financial Update

Brent Bowman, CFO

Fiscal Year 2024 Fourth Quarter Performance

We capped off the year with a strong quarter, delivering revenue and profitability ahead of guidance. Fourth quarter total revenue grew 12% year over year to $631 million with subscription revenue of $521 million, growing 13% year over year. Non-GAAP operating income in the fourth quarter was $239 million, or 38% of revenue.

For fiscal 2024, total revenue of $2.36 billion grew 10% year over year. Subscription revenue was $1.90 billion and also grew 10% year over year. Non-GAAP operating income in fiscal 2024 was $843 million, or 36% of revenue.

Consistent with expectations, standardizing customer contracts to include termination for convenience (TFC) rights created a headwind of approximately $10 million to revenue and non-GAAP operating income in the fourth quarter. This headwind totalled $90 million to revenue and non-GAAP operating income for fiscal 2024.

The impact from foreign exchange (FX) was also roughly in line with our expectations, resulting in an immaterial impact on revenue and non-GAAP operating income in the quarter. In fiscal 2024, FX created a roughly $10 million headwind to revenue and a modest headwind to non-GAAP operating income.

Normalizing for the impact of TFC and FX, total revenue increased about 13% in Q4 and 14% in fiscal 2024, and subscription revenue increased about 15% in Q4 and 16% in fiscal 2024. Non-GAAP operating margin, normalized for TFC, was about 39% in Q4 and 38% in fiscal 2024.

Subscription revenue growth in Q4 was driven by our established solutions, as well as newer solutions such as Veeva Link and Vault EDC.

Professional services revenue in Q4 grew 6% year over year to $109 million. The increase was primarily driven by R&D services and Veeva Business Consulting.

Q4 normalized billings were $1.059 billion, up 14% year over year. The outperformance compared to guidance was primarily driven by new business that had a greater than expected proportion of annual billing terms, and services outperformance.

Recall, normalized billings reflect calculated billings adjusted for the impact of customer term changes in renewal business. A reconciliation of normalized to calculated billings can be found in our supplemental investor presentation.

Q4 non-GAAP operating income was $239 million, ahead of guidance due to both revenue outperformance and operating expense discipline.

Net headcount decreased by 34 in the quarter, as our focused hiring was slightly more than offset by our normal attrition rate. We continue to hire across the organization in a disciplined manner, with the pace of hiring particularly moderated in the services area.

In Q4, non-GAAP cash flow from operations was $55 million, which excluded an excess tax benefit of about $2 million. In fiscal 2024, non-GAAP cash flow from operations was $840 million, which excluded an excess tax benefit of about $71 million. The underperformance compared to guidance was due to timing of collections. In particular, we collected about $50 million of receivables in the first week of February that we expected to collect in late January.

At the end of fiscal 2024, we had more than $4.0 billion of cash and short-term investments.

First Quarter and Fiscal 2025 Guidance Considerations

Overall, we have not seen a material change to the macroeconomic environment or customer buying behavior over the past 90 days. We expect the current elevated project scrutiny to continue throughout the year. We also expect the funding environment to remain difficult for emerging biotechs. While we sense more optimism in the life sciences industry today, we do not expect this to drive a financial benefit in the near term.

We also assume FX rates will remain at current levels, resulting in an immaterial impact on all guided metrics compared to the prior period.

As a reminder, customer contracts were standardized to include TFC rights effective February 1, 2023, which created a one-time impact to revenue in fiscal 2024.

The normalized fiscal 2025 growth rates provided below reflect our guided fiscal 2025 revenue compared to our estimated fiscal 2024 revenue had TFC rights always been in place. We view these normalized growth rates as a better reflection of the underlying momentum of the business.

Guidance for First Quarter and Fiscal 2025

For Q1, we expect total revenue between $640 and $643 million. When normalizing Q1 2024 revenue for the estimated impact of TFC standardization, this represents growth of about 12%.

We anticipate subscription revenue of about $529 million in Q1. This represents growth of about 14% when normalizing Q1 2024 subscription revenue for the estimated impact of TFC standardization.

We expect Q1 non-GAAP operating income of $245 to $247 million. Our non-GAAP operating income guidance reflects continued focused hiring.

Non-GAAP earnings per share for Q1 is anticipated to be $1.42 to $1.43 based on a fully diluted share count of approximately 165 million. We are maintaining our non-GAAP tax rate at 21% for the fiscal year and continue to monitor the impact of any tax law changes.

We expect normalized billings of about $630 million in Q1. This guidance includes an expected $14 million headwind to calculated billings due to billing term changes in customer renewals.

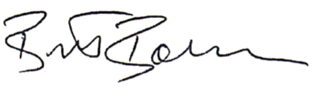
As a reminder, there are numerous factors that make year-over-year comparisons of normalized billings highly variable on a quarterly basis. Therefore, we do not believe quarterly billings growth is a good indicator of the underlying momentum of our business. Full-year subscription revenue and normalized billings guidance are better indicators of our momentum.

Our updated fiscal 2025 guidance reflects a slight decrease in total revenue primarily driven by services and to a lesser extent deal timing, and an increase in non-GAAP operating income driven by a continued focus on profitable growth. Detailed guidance is as follows:

- Total revenue of $2.725 billion to $2.740 billion. This represents growth of about 12% when normalizing fiscal 2024 revenue for the estimated impact of TFC standardization;

- Subscription revenue of approximately $2.250 billion. This represents growth of about 14% when normalizing fiscal 2024 subscription revenue for the estimated impact of TFC standardization and consists of
    - Commercial Solutions subscription revenue of about $1.068 billion and
    - R&D Solutions subscription revenue of about $1.182 billion;
- Non-GAAP operating income of approximately $1.070 billion;
- Normalized billings of about $2.900 billion, which adjusts for an expected $7 million tailwind to calculated billings due to customer billing term changes. We expect roughly 41% of full year normalized billings to occur in Q4;
- Non-GAAP earnings per share is expected to be about $6.16 based on a fully diluted share count of approximately 165 million; and
- Non-GAAP cash flow from operations, which excludes excess tax benefit, of about $1.075 billion.

Fiscal year 2024 was another year of great execution guided by our vision to build the industry cloud for life sciences and help the industries and customers we serve be more productive. We have strong momentum and remain about a year ahead of our 2025 financial targets.



Brent Bowman, CFO