

VERITONE, INC.
SUPPLEMENTAL FINANCIAL INFORMATION
(Q1 2023)

This document contains the following unaudited supplemental financial and business information:

Page

1. Supplemental Non-GAAP Financial Information and Reconciliation to GAAP Information for fiscal year 2022 and for the three months ended March 31, 2023;
2. Breakdown and Reconciliation of Non-GAAP Net Income (Loss) to GAAP Net Loss for Core Operations and Corporate for the three months ended March 31, 2023 and for the three months ended March 31, 2022;
3. Reconciliation of Non-GAAP Net Income (Loss) to GAAP Net Loss for the years ended December 31, 2018, 2019, 2020, 2021, 2022 and for the Midpoint of the Company's Guidance for the Full Year 2023, as provided May 2, 2023;
4. Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for 1Q:22, 2Q:22, 3Q:22, 4Q:22; 1Q:23 and for the Midpoint of the Company's Guidance for the three months ended June 30, 2023;
5. Supplemental Financial Information for the available periods starting 1Q:22;
6. Supplemental Revenue Breakdown and Comparisons;
7. Reconciliation of Pro Forma Revenue to Revenue and Calculation of AAR as if PandoLogic Ltd. was owned by Veritone, Inc. since January 1, 2021; and
8. Reconciliation of Non-GAAP Gross Profit to Loss from Operations.

Explanatory Notes

The accompanying financial information excludes all financial statement disclosures and other information required by generally accepted accounting principles (GAAP) and Securities and Exchange Commission (SEC) rules and regulations. However, Veritone has previously filed, or has publicly disclosed and will file, with the SEC, financial statements for each of the above noted periods that were prepared in accordance with generally accepted accounting principles and SEC rules and regulations. The accompanying financial information is derived from the books and records of Veritone that were used to prepare those financial statements. Accordingly, the accompanying information should be read in conjunction with Veritone's consolidated financial statements and notes thereto filed with the SEC for each respective period. We believe that quarter-to-quarter comparisons of results from operations, or any other similar period-to-period comparisons, should not be construed as reliable indicators of our future performance.

The accompanying financial information includes certain non-GAAP financial measures. The items excluded from these non-GAAP financial measures and a reconciliation of such non-GAAP results and guidance with the Company's most directly comparable GAAP results and guidance are detailed on the following pages. The Company presents these non-GAAP financial measures because management believes such information to be important supplemental measures of performance that are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in its industry. Management also uses this information internally for forecasting and budgeting.

These non-GAAP financial measures should not be considered as an alternative to revenue, net income (loss), operating income (loss) or any other financial measures so calculated and presented, nor as an alternative to cash flow from operating activities as a measure of liquidity. Other companies (including the Company's competitors) may define these non-GAAP financial measures differently. These non-GAAP financial measures may not be indicative of the historical operating results of Veritone or predictive of potential future results. Investors should not consider these non-GAAP financial measures in isolation or as a substitute for analysis of the Company's results as reported in accordance with GAAP.

VERITONE, INC.
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION AND RECONCILIATION TO GAAP INFORMATION
(unaudited; in thousands, except per share data)

	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Revenue	\$ 34,407	\$ 34,235	\$ 37,196	\$ 43,890	\$ 30,263
Cost of revenue	6,923	6,705	7,097	6,707	6,809
Non-GAAP gross profit	27,484	27,530	30,099	37,183	23,454
GAAP cost of revenue	6,923	6,705	7,097	6,707	6,809
Stock-based compensation expense	(20)	(24)	(46)	(26)	(20)
Non-GAAP cost of revenue	6,903	6,681	7,051	6,681	6,789
GAAP sales and marketing expenses	11,069	12,576	13,920	13,780	12,690
Stock-based compensation expense	(463)	(727)	(538)	(535)	(176)
Contribution of business held for sale	—	—	—	—	(263)
Lease exit charges	—	—	—	—	—
Business realignment and severance and executive transition costs	—	—	(86)	—	(316)
Non-GAAP sales and marketing expenses	10,606	11,849	13,296	13,245	11,935
GAAP research and development expenses	9,883	11,068	11,784	10,854	11,347
Stock-based compensation expense	(1,004)	(1,247)	(1,532)	(1,273)	(1,542)
Contribution of business held for sale	—	—	—	—	(558)
Business realignment and severance and executive transition costs	—	—	(198)	—	(344)
Non-GAAP research and development expenses	8,879	9,821	10,054	9,581	8,903
GAAP general and administrative expenses	22,321	2,304	2,502	17,050	17,397
Depreciation	(198)	(245)	(320)	(549)	(478)
Stock-based compensation expense	(3,329)	(2,663)	(2,986)	(2,702)	(2,179)
Change in fair value of contingent consideration	(5,045)	13,830	14,291	(355)	(651)
Variable consultant performance bonus expense	—	—	—	—	(394)
Contribution of business held for sale	—	—	—	—	(96)
State sales tax reserve	—	—	—	—	—
Lease exit charges	—	—	—	—	—
Acquisition and due diligence costs	(561)	(207)	(839)	(1,080)	(805)
Business realignment and severance and executive transition costs	—	—	(81)	(175)	(604)
Non-GAAP general and administrative expenses	13,188	13,019	12,567	12,189	12,190
GAAP amortization	(5,016)	(5,211)	(5,504)	(5,450)	(5,429)
GAAP loss from operations	(20,805)	(3,629)	(3,611)	(9,951)	(23,409)
Total non-GAAP adjustments ⁽¹⁾	15,636	(3,506)	(2,161)	12,145	13,855
Non-GAAP net income (loss) from operations	(5,169)	(7,135)	(5,772)	2,194	(9,554)
GAAP other income (expense), net	(1,186)	(1,231)	(1,249)	18,413	355
Gain on debt extinguishment	—	—	—	(19,097)	—
Foreign currency impact	—	—	—	—	(1,161)
Interest expense, net	1,182	1,183	1,305	680	805
Non-GAAP other income (expense), net	(4)	(48)	56	(4)	(1)
GAAP loss before income taxes	(21,991)	(4,860)	(4,860)	8,462	(23,054)
Total non-GAAP adjustments ⁽¹⁾	16,818	(2,323)	(856)	(6,272)	13,499
Non-GAAP net income (loss) before income taxes	(5,173)	(7,183)	(5,716)	2,190	(9,555)
GAAP net loss	(22,129)	(3,253)	(4,886)	5,032	(22,783)
Income tax provision	138	(1,607)	26	3,430	(271)
Other non-GAAP adjustments	16,818	(2,323)	(856)	(6,272)	13,499
Non-GAAP net income (loss)	<u>\$ (5,173)</u>	<u>\$ (7,183)</u>	<u>\$ (5,716)</u>	<u>\$ 2,190</u>	<u>\$ (9,555)</u>
Shares used in computing non-GAAP basic net gain (loss) per share	<u>35,477</u>	<u>36,084</u>	<u>36,202</u>	<u>36,360</u>	<u>36,588</u>
Shares used in computing non-GAAP diluted net gain (loss) per share ⁽²⁾	<u>35,477</u>	<u>36,084</u>	<u>36,202</u>	<u>42,487</u>	<u>36,588</u>
Non-GAAP basic net gain (loss) per share	<u>\$ (0.15)</u>	<u>\$ (0.20)</u>	<u>\$ (0.16)</u>	<u>\$ 0.06</u>	<u>\$ (0.26)</u>
Non-GAAP diluted net gain (loss) per share	<u>\$ (0.15)</u>	<u>\$ (0.20)</u>	<u>\$ (0.16)</u>	<u>\$ 0.05</u>	<u>\$ (0.26)</u>

⁽¹⁾ Adjustments are comprised of the adjustments to GAAP cost of revenue, sales and marketing expenses, research and development expenses and general and administrative expenses and other (expense) income, net (where applicable) listed above.

⁽²⁾ In Q4 2021 and Q4 2022, the shares used in computing non-GAAP diluted net earnings (loss) per share include the dilutive effects of common stock options, RSUs, and warrants as well as the common stock issuable in connection with the convertible notes, which for

VERITONE, INC.

Breakdown and Reconciliation of Non-GAAP Net Income (Loss) to GAAP Net Loss for Core Operations and Corporate

(in thousands)

	Three Months Ended March 31,					
	2023			2022		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net income (loss)	\$ (12,716)	\$ (10,067)	\$ (22,783)	\$ (6,100)	\$ (16,029)	\$ (22,129)
Provision for income taxes	(504)	233	(271)	134	4	138
Depreciation and amortization	5,754	153	5,907	5,098	116	5,214
Stock-based compensation expense	2,335	1,582	3,917	1,983	2,833	4,816
Change in fair value of contingent consideration	—	651	651	—	5,045	5,045
Interest expense, net	9	796	805	—	1,182	1,182
Foreign currency impact	(1,146)	(15)	(1,161)	—	—	—
Acquisition and due diligence costs	—	805	805	—	561	561
Contribution of business held for sale ⁽³⁾	917	—	917	—	—	—
Variable consultant performance bonus expense	394	—	394	—	—	—
Severance and executive transition costs	847	417	1,264	—	—	—
Non-GAAP Net Income (Loss)	\$ (4,110)	\$ (5,445)	\$ (9,555)	\$ 1,115	\$ (6,288)	\$ (5,173)

⁽¹⁾Core Operations consists of our aiWARE operating platform of software, SaaS and related services; content, licensing and advertising agency services; and their supporting operations, including direct costs of sales as well as operating expenses for sales, marketing and product development and certain general and administrative costs dedicated to these operations.

⁽²⁾Contribution of business held for sale relates to the net loss for the periods presented for our Energy Group that we intend to divest before the end of Q2 2023. The Energy Group met the held for sale criteria as of March 31, 2023. However, we have not recast Non-GAAP Net Income (Loss) for periods ended prior to March 31, 2023 because the change in business strategy to divest the business occurred in Q1 2023 and the prior period contributions were costs to operate the continuing business when incurred in the prior periods. The historical amounts would not have a major effect on prior period results. Immaterial

⁽³⁾Corporate consists of general and administrative functions such as executive, finance, legal, people operations, fixed overhead expenses (including facilities and information technology expenses), other income (expenses) and taxes, and other expenses that support the entire company, including public company driven costs.

VERITONE, INC.
RECONCILIATION OF NON-GAAP NET INCOME (LOSS) TO GAAP NET LOSS
(Unaudited, in thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 E</u>
GAAP net loss	\$ (61,104)	\$ (62,078)	\$ (47,876)	\$ (65,728)	(25,236)	(54,600)
Interest expense, net	-	-	9	538	4,350	3,200
Provision for (benefit from) income taxes	22	(1,452)	76	2,699	1,988	2,000
Depreciation and amortization	3,701	5,947	6,407	9,410	22,493	23,800
Stock-based compensation expense	14,383	19,402	19,539	40,063	19,115	15,800
Business realignment, severance and executive transition costs ⁽¹⁾	-	279	145	349	540	1,300
Change in fair value of Contingent consideration	-	-	-	13,130	(22,721)	700
Costs associated with unsolicited acquisition proposal	116	-	-	-	-	-
Contribution of business held for sale	-	-	-	-	-	900
Variable consultant performance bonus expense	-	-	-	-	-	1,600
Performance Bridge earn-out fair value adjustment	-	139	-	-	-	-
Machine Box contingent payments	1,386	1,600	-	-	-	-
Acquisition, due diligence, and integration-related costs	2,427	-	-	2,698	2,688	800
Non-GAAP net income (loss)	<u>\$ (39,046)</u>	<u>\$ (36,179)</u>	<u>\$ (20,593)</u>	<u>\$ 6,832</u>	<u>\$ (15,880)</u>	<u>\$ (4,500)</u>

⁽¹⁾ Business realignment, severance and executive transition costs consists of severance and executive transition costs in 2023, severance and executive search costs in 2022 and 2021 and business realignment and officer severance costs in 2020 and 2019.

⁽²⁾ Lease exit charges consists of charges related to a sublease in 2021 and lease termination charges in 2020.

Note: GAAP net loss and non-GAAP net income (loss) figures FY 2023 reflect the midpoint of the Company's financial guidance provided May 2, 2023.

VERITONE, INC.
RECONCILIATION OF NON-GAAP NET LOSS TO GAAP NET LOSS
(Unaudited, in thousands)

	<u>Q1:2022</u>	<u>Q2:2022</u>	<u>Q3:2022</u>	<u>Q4:2022</u>	<u>Q1:2023</u>	<u>Q2:2023 E</u>
GAAP net loss	\$ (22,129)	\$ (3,253)	\$ (4,886)	\$ 5,032	\$ (22,783)	\$ (19,300)
Interest expense, net	1,182	1,183	1,305	680	805	800
Provision for (benefit from) income taxes	138	(1,607)	26	3,430	(271)	600
Depreciation and amortization	5,214	5,456	5,824	5,999	5,907	6,000
Stock-based compensation expense	4,816	4,661	5,102	4,536	3,917	4,000
Business realignment, severance and executive transition costs ⁽¹⁾	-	-	365	175	1,264	-
Gain on debt extinguishment	-	-	-	(19,097)	-	-
Change in fair value of contingent consideration	5,045	(13,830)	(14,291)	355	651	-
Foreign currency impact	-	-	-	-	(1,161)	-
Contribution of business held for sale	-	-	-	-	917	-
Variable consultant performance bonus expense	-	-	-	-	394	400
Acquisition, due diligence, and integration-related costs	561	207	839	1,080	805	-
Non-GAAP net loss	<u>\$ (5,173)</u>	<u>\$ (7,183)</u>	<u>\$ (5,716)</u>	<u>\$ 2,190</u>	<u>\$ (9,555)</u>	<u>\$ (7,500)</u>

⁽¹⁾ Business realignment, severance and executive transition costs consists of severance and executive transition costs in 2023, severance and executive search costs in 2022 and 2021 and business realignment and officer severance costs in 2020 and 2019.

Note: GAAP net loss and non-GAAP net income (loss) figures for Q1 2023 reflect the midpoint of the Company's financial guidance provided May 2, 2023.

VERITONE, INC.
Supplemental Financial Information

	Mar 31, 2022	Jun 30, 2022	Sept 30, 2022	Dec 31, 2022	Mar 31, 2023
Software Products & Services Supplemental Financial Information					
Software Products & Services Revenue	\$ 18,167	\$ 18,379	\$ 20,812	\$ 27,220	\$ 14,127
Ending Software Customers ⁽¹⁾	559	594	618	642	667
Average Annual Revenue ("AAR") (in 000's) ⁽²⁾	\$ 207	\$ 187	\$ 170	\$ 140	\$ 128
Total New Bookings (in 000's) ⁽³⁾	\$ 9,574	\$ 14,658	\$ 16,548	\$ 20,047	\$ 15,010
Gross Revenue Retention ⁽⁴⁾	>90%	>90%	>90%	>90%	>90%
Managed Services Supplemental Financial Information					
Avg billings per active managed service client (in 000's) ⁽⁵⁾	\$ 684	\$ 736	\$ 747	\$ 823	\$ 771
Revenue during quarter (in 000's) ⁽⁶⁾	\$ 10,735	\$ 9,625	\$ 10,035	\$ 11,074	\$ 9,337

(1) "Ending Software Customers" includes Software Products & Services customers as of the end of each respective quarter set forth above with trailing twelve-month revenues in excess of \$2,400 for both Veritone, Inc. and PandoLogic Ltd. and/or deemed by the Company to be under an active contract for the applicable periods and presents such customers on a combined Pro Forma basis treating PandoLogic Ltd. as owned by Veritone, Inc. since January 1, 2021.

(2) "Average Annual Revenue (AAR)" is calculated as the aggregate of trailing twelve-month Software Products & Services revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic Ltd.

(3) "Total New Bookings" represents the total fees payable during the full contract term for new contracts received in the quarter (including fees payable during any cancellable portion and an estimate of license fees that may fluctuate over the term), excluding any variable fees under the contract (e.g., fees for cognitive processing, storage, professional services and other variable services).

(4) "Gross Revenue Retention": We calculate our dollar-based gross retention rate as of the period end by starting with the revenue from Ending Software Customers for Software Products & Services as of the 3 months in the prior year quarter to such period, or Prior Year Quarter Revenue. We then deduct from the Prior Year Quarter Revenue any revenue from Ending Software Customers who are no longer customers as of the current period end, or Current Period Ending Software Customer Revenue. We then divide the total Current Period Ending Software Customer Revenue by the total Prior Year Quarter Revenue to arrive at our dollar-based gross retention rate, which is the percentage of revenue from all Ending Software Customers from our Software Products & Services as of the year prior that is not lost to customer churn

(5) Avg billings per active Managed Services customer for each quarter reflects the average quarterly billings per active Managed Services customer over the twelve-month period through the end of such quarter for Managed Services clients that are active during such quarter.

(6) Managed Services revenue and metrics exclude content licensing and media services.

VERITONE, INC.
Supplemental Revenue Breakdown and Comparisons

(Unaudited, Dollars in Thousands)

<u>Revenue by Business</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>
Commercial Enterprise					
Software Products & Services	17,386	17,508	19,800	26,055	12,732
Managed Services	16,240	15,856	16,384	16,670	16,136
Sub-total	33,626	33,364	36,184	42,725	28,868
Government & Regulated Industries					
Software Products & Services	781	871	1,012	1,165	1,395
Managed Services	-	-	-	-	-
Sub-total	781	871	1,012	1,165	1,395
Total revenue	\$ 34,407	\$ 34,235	\$ 37,196	\$ 43,890	\$ 30,263

VERITONE, INC.
RECONCILIATION OF PRO FORMA REVENUE TO REVENUE AND CALCULATION OF AAR
(in thousands)

	Trailing Twelve Months Ended				
	Mar 31, 2022	Jun 30, 2022	Sept 30, 2022	Dec 31, 2022	Mar 31, 2023
Software Products & Services Revenue	\$ 72,997	\$ 85,796	\$ 97,581	\$ 84,578	\$ 80,538
PandoLogic Revenue	27,325	12,833	—	—	—
Software Revenue - Pro Forma	\$ 100,322	\$ 98,629	\$ 97,581	\$ 84,578	\$ 80,538
Managed Services Revenue	58,419	60,546	63,406	65,150	65,046
Total Pro Forma Revenue	<u>\$ 158,741</u>	<u>\$ 159,175</u>	<u>\$ 160,987</u>	<u>\$ 149,728</u>	<u>\$ 145,584</u>
Average Number of Software Customers - Pro Forma	485	529	575	603	630
Average Annual Revenue (AAR)	\$ 207	\$ 187	\$ 170	\$ 140	\$ 128

VERITONE, INC.
RECONCILIATION OF NON-GAAP GROSS PROFIT TO LOSS FROM OPERATIONS
(in thousands)

	Three Months Ended March 31,	
	2023	2022
Loss from operations	\$ (23,409)	\$ (20,805)
Sales and marketing	12,690	11,069
Research and development	11,347	9,883
General and administrative	17,397	22,321
Amortization	5,429	5,016
Non-GAAP gross profit	\$ 23,454	\$ 27,484