

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q2 2020)

This document contains the following unaudited financial and business information for the most recent six quarters ended June 30, 2020:

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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 are detailed on the following pages. The Company presents this supplemental non-GAAP financial information 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 measures should not be considered as an alternative to 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 measures differently. These non-GAAP measures may not be indicative of the historical operating results of Veritone or predictive of potential future results. Investors should not consider this supplemental non-GAAP financial information 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, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
GAAP gross profit	\$ 8,253	\$ 7,708	\$ 8,048	\$ 8,350	\$ 8,093	\$ 8,943
Depreciation and amortization	370	535	561	562	561	562
Non-GAAP gross profit	<u>8,623</u>	<u>8,243</u>	<u>8,609</u>	<u>8,912</u>	<u>8,654</u>	<u>9,505</u>
GAAP sales and marketing expenses	6,133	6,448	6,609	6,115	5,460	5,460
Depreciation and amortization	(212)	(529)	(529)	(528)	(531)	(528)
Stock-based compensation expense	(243)	(271)	(281)	(240)	(178)	(198)
Business realignment severance expense	—	—	—	(72)	—	—
Non-GAAP sales and marketing expenses	<u>5,678</u>	<u>5,648</u>	<u>5,799</u>	<u>5,275</u>	<u>4,751</u>	<u>4,734</u>
GAAP research and development expenses	6,938	6,351	5,730	4,782	3,902	3,696
Depreciation and amortization	(227)	(275)	(257)	(257)	(256)	(256)
Stock-based compensation expense	(380)	(376)	(307)	(230)	(237)	(184)
Machine Box contingent payments	(917)	(600)	(81)	—	—	—
Business realignment severance expense	—	—	—	(142)	—	—
Non-GAAP research and development expenses	<u>5,414</u>	<u>5,100</u>	<u>5,085</u>	<u>4,153</u>	<u>3,409</u>	<u>3,256</u>
GAAP general and administrative expenses	11,690	11,645	11,905	12,084	11,543	11,343
Depreciation and amortization	(324)	(247)	(275)	(258)	(256)	(256)
Stock-based compensation expense	(4,180)	(4,608)	(4,148)	(4,138)	(4,041)	(3,749)
Issuance of warrants	—	—	—	—	—	(102)
Performance Bridge earn-out fair value adjustment	(139)	—	—	—	—	—
Business realignment severance expense	—	—	—	(65)	—	—
Non-GAAP general and administrative expenses	<u>7,047</u>	<u>6,790</u>	<u>7,482</u>	<u>7,623</u>	<u>7,246</u>	<u>7,236</u>
GAAP loss from operations	(16,508)	(16,736)	(16,196)	(14,631)	(12,812)	(11,556)
Total non-GAAP adjustments ¹	6,992	7,441	6,439	6,492	6,060	5,835
Non-GAAP loss from operations	<u>(9,516)</u>	<u>(9,295)</u>	<u>(9,757)</u>	<u>(8,139)</u>	<u>(6,752)</u>	<u>(5,721)</u>
GAAP other income (expense), net	211	51	184	95	131	(235)
Change in fair value of warrant liability	13	37	(57)	(9)	(2)	202
Interest expense	—	—	—	—	—	9
Gain on sale of asset	—	—	—	—	(56)	—
Non-GAAP other income (expense), net	<u>224</u>	<u>88</u>	<u>127</u>	<u>86</u>	<u>73</u>	<u>(24)</u>
GAAP loss before income taxes	(16,297)	(16,685)	(16,012)	(14,536)	(12,681)	(11,791)
Total non-GAAP adjustments ¹	7,005	7,478	6,382	6,483	6,002	6,046
Non-GAAP loss before income taxes	<u>(9,292)</u>	<u>(9,207)</u>	<u>(9,630)</u>	<u>(8,053)</u>	<u>(6,679)</u>	<u>(5,745)</u>
GAAP net loss	(16,306)	(16,691)	(14,197)	(14,884)	(12,684)	(11,793)
Income tax provision (benefit)	9	6	(1,815)	348	3	2
Other non-GAAP adjustments	7,005	7,478	6,382	6,483	6,002	6,046
Non-GAAP net loss	<u>\$ (9,292)</u>	<u>\$ (9,207)</u>	<u>\$ (9,630)</u>	<u>\$ (8,053)</u>	<u>\$ (6,679)</u>	<u>\$ (5,745)</u>
GAAP basic and diluted net loss per share	<u>\$ (0.84)</u>	<u>\$ (0.80)</u>	<u>\$ (0.64)</u>	<u>\$ (0.61)</u>	<u>\$ (0.47)</u>	<u>\$ (0.43)</u>
Total non-GAAP adjustments to net loss per share	<u>\$ 0.36</u>	<u>\$ 0.36</u>	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>\$ 0.22</u>	<u>\$ 0.22</u>
Non-GAAP basic and diluted net loss per share	<u>\$ (0.48)</u>	<u>\$ (0.44)</u>	<u>\$ (0.43)</u>	<u>\$ (0.33)</u>	<u>\$ (0.25)</u>	<u>\$ (0.21)</u>
Shares used in computing non-GAAP basic and diluted net loss	<u>19,511</u>	<u>20,759</u>	<u>22,345</u>	<u>24,514</u>	<u>26,773</u>	<u>27,117</u>

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

VERITONE, INC.
KEY PERFORMANCE INDICATORS (KPI's) (UNAUDITED)

	Quarter Ended				Mar 31, 2020	Jun 30, 2020
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019		
Advertising						
Average gross billings per active client (in 000's) ⁽¹⁾	\$ 469	\$ 488	\$ 490	\$ 511	\$ 533	\$ 614
Net revenues during quarter (in 000's)	\$ 5,714	\$ 5,842	\$ 6,197	\$ 6,517	\$ 5,881	\$ 6,140
aiWARE SaaS Solutions						
Total accounts on platform at quarter end	911	941	980	1,069	1,587	1,753
New bookings received during quarter (in 000's) ⁽²⁾	\$ 1,316	\$ 1,351	\$ 1,384	\$ 2,522	\$ 1,397	\$ 2,319
Total contract value of new bookings received during quarter (in 000's) ⁽³⁾	\$ 2,092	\$ 1,351	\$ 1,724	\$ 12,872	\$ 2,312	\$ 2,502
Net revenues during quarter (in 000's)	\$ 2,754	\$ 2,677	\$ 2,350	\$ 2,872	\$ 3,108	\$ 3,002

¹ For each quarter, reflects the average gross quarterly billings per client over the twelve month period through the end of such quarter for clients that are active during such quarter.

² Represents the contractually committed fees payable during the first 12 months of the contract term, or the non-cancellable portion of the contract term (if shorter), for new contracts received in the quarter, excluding any variable fees under the contract (i.e., fees for cognitive processing, storage, professional services and other variable services).

³ 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 (i.e., fees for cognitive processing, storage, professional services and other variable services).

Supplemental Revenue Breakdown and Comparisons

(Unaudited, Dollars in Thousands)

Revenue by Business	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q2 2020 Change		
							vs Q1 2020	vs Q2 2019	YTD Change
Advertising (by service type):									
Agency	\$ 5,714	\$ 5,842	\$ 6,197	\$ 6,517	\$ 5,881	\$ 6,140	4%	5%	4%
VeriAds	-	-	94	-	120	898	648%	N/A	N/A
Sub-total	5,714	5,842	6,291	6,517	6,001	7,038	17%	20%	13%
aiWARE SaaS Solutions (by market):									
Media and Entertainment	2,235	2,470	2,257	2,773	2,612	2,612	0%	6%	11%
Government, Legal and Compliance	519	207	93	99	496	139	(72%)	(33%)	(13%)
Other Markets	-	-	-	-	-	251	N/A	N/A	N/A
Sub-total	2,754	2,677	2,350	2,872	3,108	3,002	(3%)	12%	13%
aiWARE Content Licensing and Media Services (by service type):									
Content Licensing	3,654	3,454	3,571	3,059	2,795	3,228	15%	(7%)	(15%)
Media Services	3	297	593	-	-	-	N/A	(100%)	(100%)
Sub-total	3,657	3,751	4,164	3,059	2,795	3,228	15%	(14%)	(19%)
Total net revenues	\$ 12,125	\$ 12,270	\$ 12,805	\$ 12,448	\$ 11,904	\$ 13,268	11%	8%	3%