

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q3 2021)

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

Page

1. Supplemental Non-GAAP Financial Information and Reconciliation to GAAP Information for the seven quarters ended September 30, 2021;
2. Breakdown and Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for Core Operations and Corporate for the three months and nine months ended September 30 for fiscal years 2020 and 2021;
3. Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for the years ended December 31, 2017, 2018, 2019 2020 and for the Midpoints of the Company's Guidance for the Full Year 2021, as provided November 9, 2021
4. Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for 1Q:20, 2Q:20, 3Q:20, 4Q:20, 1Q:21, 2Q:21, 3Q:21 and for the Midpoints of the Company's Guidance for the Fourth Quarter, as provided November 9, 2021;
5. Supplemental Financial Information for the available periods starting 1Q:20;
6. Pro Forma Income Statement (unaudited) as if PandoLogic Ltd. was owned by Veritone, Inc. since January 1, 2020; and
7. Supplemental Revenue Breakdown and Comparisons (unaudited).

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 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 this 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, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
Revenue	\$ 11,904	\$ 13,268	\$ 15,718	\$ 16,818	\$ 18,295	\$ 19,206	\$ 22,655
Cost of revenue	3,250	3,763	4,553	4,097	4,823	5,231	5,808
Gross profit	8,654	9,505	11,165	12,721	13,472	13,975	16,847
GAAP sales and marketing expenses	4,929	4,932	5,255	4,761	6,427	5,253	5,906
Stock-based compensation expense	(178)	(198)	(278)	(235)	(898)	(234)	(226)
Lease termination charges	—	—	—	(5)	—	—	—
Severance costs	—	—	—	—	(236)	—	—
Non-GAAP sales and marketing expenses	4,751	4,734	4,977	4,521	5,293	5,019	5,680
GAAP research and development expenses	3,646	3,440	3,587	3,706	4,960	4,646	5,254
Stock-based compensation expense	(237)	(184)	(172)	(453)	(1,019)	(566)	(431)
Severance costs	—	—	—	—	(14)	—	—
Non-GAAP research and development expenses	3,409	3,256	3,415	3,253	3,927	4,080	4,823
GAAP general and administrative expenses	11,543	11,343	11,950	15,244	31,543	15,644	15,037
Depreciation	(256)	(256)	(264)	(249)	(175)	(78)	(95)
Stock-based compensation expense	(4,041)	(3,749)	(4,661)	(5,153)	(19,693)	(5,809)	(4,615)
Warrant expense	—	(102)	—	—	—	—	—
Change in Fair Value of Contingent consideration	—	—	—	—	—	—	(256)
State sales tax reserve	—	—	—	(818)	(138)	(146)	(22)
Stock offering costs	—	—	—	(27)	—	—	—
Charges related to sublease	—	—	—	—	(3,367)	—	—
Acquisition and due diligence costs	—	—	—	—	—	(735)	(1,426)
Severance and executive search	—	—	—	(145)	(7)	(92)	—
Non-GAAP general and administrative expenses	7,246	7,236	7,025	8,852	8,163	8,784	8,623
GAAP Amortization	(1,348)	(1,346)	(1,346)	(1,342)	(1,078)	(1,079)	(1,683)
GAAP loss from operations	(12,812)	(11,556)	(10,973)	(12,332)	(30,536)	(12,647)	(11,033)
Total non-GAAP adjustments	6,660	5,835	6,721	8,427	26,625	8,739	8,754
Non-GAAP loss from operations	(6,752)	(5,721)	(4,252)	(3,905)	(3,911)	(3,908)	(2,279)
GAAP other income (expense), net	131	(235)	(4)	(19)	(9)	(13)	(18)
Change in fair value of warrant liability	(2)	202	—	—	—	—	—
Interest expense	—	9	—	—	—	—	—
Lease termination charges	—	—	—	11	—	—	—
Gain on sale of asset	(56)	—	—	—	—	—	—
Non-GAAP other income (expense), net	73	(24)	(4)	(8)	(9)	(13)	(18)
GAAP loss before income taxes	(12,681)	(11,791)	(10,977)	(12,351)	(30,545)	(12,660)	(11,051)
Total non-GAAP adjustments ¹	6,002	6,046	6,721	8,438	26,625	8,739	8,754
Non-GAAP loss before income taxes	(6,679)	(5,745)	(4,256)	(3,913)	(3,920)	(3,921)	(2,297)
GAAP net loss	(12,684)	(11,793)	(11,013)	(12,386)	(30,567)	(12,715)	(11,447)
Income tax provision	3	2	36	35	22	55	396
Other non-GAAP adjustments	6,002	6,046	6,721	8,438	26,625	8,739	8,754
Non-GAAP net loss	\$ (6,679)	\$ (5,745)	\$ (4,256)	\$ (3,913)	\$ (3,920)	\$ (3,921)	\$ (2,297)
GAAP basic and diluted net loss per share	\$ (0.47)	\$ (0.43)	\$ (0.40)	\$ (0.43)	\$ (0.95)	\$ (0.39)	\$ (0.34)
Total non-GAAP adjustments to net loss per share	\$ 0.22	\$ 0.22	\$ 0.24	\$ 0.29	\$ 0.83	\$ 0.27	\$ 0.27
Non-GAAP basic and diluted net loss per share	\$ (0.25)	\$ (0.21)	\$ (0.15)	\$ (0.14)	\$ (0.12)	\$ (0.12)	\$ (0.07)
Shares used in computing non-GAAP basic and diluted	26,773	27,117	27,593	28,882	32,172	32,741	33,333

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.

(in thousands)

	For the Three Months Ended September 30,					
	2021			2020		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ (427)	\$ (11,017)	\$ (11,444)	\$ (1,670)	\$ (9,343)	\$ (11,013)
Provision for income taxes	390	6	396	—	36	36
Depreciation and amortization	1,698	81	1,779	1,480	130	1,610
Stock-based compensation expense	878	4,393	5,271	627	4,484	5,111
Change in fair value of warrant liability	—	—	—	—	-	—
Change in fair value of Contingent consideration	—	256	256	—	—	—
Warrant expense	—	—	—	—	-	—
State sales tax reserve	—	22	22	—	—	—
Interest expense	—	—	—	—	—	—
Acquisition and due diligence costs	—	1,426	1,426	—	—	—
Severance and executive search	—	—	—	—	—	—
Non-GAAP Net Income (Loss)	\$ 2,539	\$ (4,833)	\$ (2,294)	\$ 437	\$ (4,693)	\$ (4,256)

	Nine Months Ended September 30,					
	2021			2020		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ (3,933)	\$ (50,793)	\$ (54,726)	\$ (7,825)	\$ (27,665)	\$ (35,490)
Provision for income taxes	390	82	472	—	41	41
Depreciation and amortization	3,865	324	4,189	4,189	627	4,816
Stock-based compensation expense	4,589	28,902	33,491	1,716	11,982	13,698
Change in fair value of warrant liability	—	—	—	—	200	200
Change in fair value of Contingent consideration	—	256	256	—	102	102
Warrant expense	—	—	—	—	—	—
State sales tax reserve	—	306	306	—	—	—
Gain on sale of asset	—	—	—	—	(56)	(56)
Interest expense	—	—	—	—	9	9
Acquisition and due diligence costs	—	2,161	2,161	—	—	—
Charges related to sublease	—	3,367	3,367	—	—	—
Severance and executive search	—	349	349	—	—	—
Non-GAAP Net Income (Loss)	\$ 4,911	\$ (15,046)	\$ (10,135)	\$ (1,920)	\$ (14,760)	\$ (16,680)

(1) Core Operations consists of our consolidated Software Products & Services (including recently acquired PandoLogic Ltd.) and Managed Services that include our content licensing and advertising 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) 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 LOSS TO GAAP NET LOSS
(Unaudited, in thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 E</u>
GAAP net loss	\$ (59,601)	\$ (61,104)	\$ (62,078)	\$ (47,876)	\$ (57,713)
Interest expense	496	-	-	9	-
Provision for (benefit from) income taxes	6	22	(1,452)	76	900
Depreciation and amortization	253	3,701	5,947	6,407	8,680
Stock-based compensation expense	16,089	14,383	19,402	19,539	39,600
Business realignment and officer severance costs	-	-	279	145	349
Amortization of debt discounts and issuance costs	3,740	-	-	-	-
Warrant expense	5,790	207	-	102	-
Write-off of debt discounts and debt issuance costs at IPO	10,132	-	-	-	-
Change in fair value of warrant liability	(7,114)	(184)	(16)	200	-
Gain on sale of asset	-	-	-	(56)	-
State sales tax reserve	-	-	-	818	306
Stock offering costs	-	-	-	27	-
Charges related to sublease	-	-	-	16	3,367
Change in fair value of Contingent consideration	-	-	-	-	1,600
Costs associated with unsolicited acquisition proposal	-	116	-	-	-
Performance Bridge earn-out fair value adjustment	-	-	139	-	-
Machine Box contingent payments	-	1,386	1,600	-	-
Acquisition and integration-related costs	-	2,427	-	-	2,161
Non-GAAP net loss	<u>\$ (30,209)</u>	<u>\$ (39,046)</u>	<u>\$ (36,179)</u>	<u>\$ (20,593)</u>	<u>\$ (750)</u>

VERITONE, INC.
RECONCILIATION OF NON-GAAP NET LOSS TO GAAP NET LOSS

	(Unaudited, in thousands)							
	<u>Q1:2020</u>	<u>Q2:2020</u>	<u>Q3:2020</u>	<u>Q4:2020</u>	<u>Q1:2021</u>	<u>Q2:2021</u>	<u>Q3:2021</u>	<u>Q4:2021 E</u>
GAAP net loss	\$ (12,684)	\$ (11,793)	\$ (11,013)	\$ (12,386)	\$ (30,567)	\$ (12,715)	\$ (11,447)	\$ (3,122)
Interest expense	-	9	-	-	-	-	-	-
Provision for (benefit from) income taxes	3	2	36	35	22	55	396	\$ 427
Depreciation and amortization	1,604	1,602	1,610	1,591	1,253	1,157	1,779	4,491
Stock-based compensation expense	4,456	4,131	5,111	5,841	21,610	6,609	5,271	6,110
Business realignment and officer severance costs	-	-	-	145	257	92	-	-
Warrant expense	-	102	-	-	-	-	-	-
Write-off of debt discounts and debt issuance costs at IPO	-	-	-	-	-	-	-	-
Change in fair value of warrant liability	(2)	202	-	-	-	-	-	-
Change in fair value of Contingent consideration	-	-	-	-	-	-	256	1,344
Gain on sale of asset	(56)	-	-	-	-	-	-	-
State sales tax reserve	-	-	-	818	138	146	22	-
Stock offering costs	-	-	-	27	-	-	-	-
Charges related to sublease	-	-	-	16	3,367	-	-	-
Acquisition and integration-related costs	-	-	-	-	-	735	1,426	-
Non-GAAP net loss	<u>\$ (6,679)</u>	<u>\$ (5,745)</u>	<u>\$ (4,256)</u>	<u>\$ (3,913)</u>	<u>\$ (3,920)</u>	<u>\$ (3,921)</u>	<u>\$ (2,297)</u>	<u>\$ 9,250</u>

VERITONE, INC.
Supplemental Financial Information

	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sept 30, 2021
Managed Services Supplemental Financial Information							
Avg billings per active Managed Services client (in 000's) ⁽¹⁾⁽²⁾	\$ 499	\$ 587	\$ 522	\$ 545	\$ 582	\$ 622	\$ 615
Revenue during quarter (in 000's) ⁽²⁾	\$ 6,001	\$ 7,038	\$ 8,764	\$ 9,747	\$ 10,327	\$ 9,968	\$ 9,647
			Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sept 30, 2021
Software Products & Services Supplemental Financial Information							
Software Revenue - Pro Forma (in 000's) ⁽³⁾			\$ 14,154	\$ 30,869	\$ 10,183	\$ 20,072	\$ 21,860
Ending Customers ⁽⁴⁾			322	360	385	419	433
Average Annual Revenue ("AAR") (in 000's) ⁽⁵⁾			\$ 110	\$ 206	\$ 199	\$ 203	\$ 208
Total New Bookings (in 000's) ⁽⁶⁾			\$ 2,083	\$ 1,437	\$ 2,442	\$ 4,896	\$ 3,356
Gross Revenue Retention ⁽⁷⁾			>85%	>90%	>90%	>90%	>90%

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

(2): Managed Services revenue and metrics exclude content licensing & media services.

(3) "Software Revenue - Pro Forma" includes historical Software Products & Services revenue from the past five (5) fiscal quarters of each of Veritone, Inc. and PandoLogic Ltd. (unaudited) and presents such revenue on a combined pro forma basis treating PandoLogic Ltd. as owned by Veritone, Inc. since January 1, 2020.

(4) "Ending 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.

(5): "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.

(6) "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). This also excludes PandoLogic new bookings for Q3 and Q4 2020 as those periods were deemed immaterial and data was not readily available.

(7): "Gross Revenue Retention": We calculate our dollar-based gross retention rate as of the period end by starting with the revenue from Ending 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 Customers who are no longer customers as of the current period end, or Current Period Ending Customer Revenue. We then divide the total Current Period Ending 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 Customers from our Software Products & Services as of the year prior that is not lost to customer churn.

VERITONE, INC.
PRO FORMA INCOME STATEMENT (UNAUDITED)*
(in thousands)

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Software Products & Services	\$ 5,710	\$10,516	\$ 14,154	\$ 30,870	\$ 10,183	\$ 20,072	\$ 21,860
Managed Services	8,796	10,266	12,367	12,416	13,610	13,626	13,627
Total Revenue	\$14,506	\$20,782	\$ 26,521	\$ 43,286	\$ 23,793	\$ 33,698	\$ 35,487
Cost of Revenue	3,486	4,033	4,878	4,506	5,270	5,726	6,301
Gross Profit	\$11,019	\$16,749	\$ 21,643	\$ 38,780	\$ 18,523	\$ 27,972	\$ 29,186
<i>Gross Margin</i>	<i>76%</i>	<i>81%</i>	<i>82%</i>	<i>90%</i>	<i>78%</i>	<i>83%</i>	<i>82%</i>
Total Operating Expenses	23,669	23,280	24,904	31,134	49,482	33,070	33,553
Operating Income	(12,650)	(6,531)	(3,261)	7,646	(30,959)	(5,098)	(4,367)
Other (Income) / Expense	(479)	279	310	552	167	1,741	19,580
Add Back:	6,005	6,048	6,757	8,473	26,721	8,849	27,855
Non-GAAP Net Income / (Loss)	\$ (6,166)	\$ (762)	\$ 3,186	\$ 15,567	\$ (4,406)	\$ 2,009	\$ 3,908

* Pro Forma Income Statement (unaudited) as if PandoLogic Ltd. was owned by Veritone, Inc. since January 1, 2020.

VERITONE, INC.
Supplemental Revenue Breakdown and Comparisons
(Unaudited, Dollars in Thousands)

Revenue by Business	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Commercial Enterprise							
Software Products & Services	2,612	2,612	2,462	3,026	3,395	5,131	8,069
Managed Services	8,796	10,266	12,367	12,416	13,610	13,626	13,627
Sub-total	11,408	12,878	14,829	15,442	17,005	18,757	21,697
Government & Regulated Industries							
Software Products & Services	496	390	889	1,376	1,290	448	958
Managed Services	-	-	-	-	-	-	-
Sub-total	496	390	889	1,376	1,290	448	958
Total revenue	\$11,904	\$13,268	\$15,718	\$16,818	\$18,295	\$19,205	\$22,655