

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q1 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 five quarters ended March 31, 2021;
2. Supplemental Revenue Breakdown and Comparisons for the five quarters ended March 31, 2021;
3. Breakdown and Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for Core Operations and Corporate for the First Quarter of fiscal years 2020 and 2021
4. Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for the years ended December 31, 2017, 2018, 2019 2020, and for 1Q:21, and for the Midpoints of the Company's Guidance for the Second Quarter and Full Year 2021, as Provided May 4, 2021; and
5. Key Performance Indicators (KPIs) for the five quarters ended March 31, 2021.

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)

	<u>March 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2021</u>
Revenue	\$ 11,904	\$ 13,268	\$ 15,718	\$ 16,818	\$ 18,295
Cost of revenue	3,250	3,763	4,553	4,097	4,823
Gross profit	<u>8,654</u>	<u>9,505</u>	<u>11,165</u>	<u>12,721</u>	<u>13,472</u>
GAAP sales and marketing expenses	4,929	4,932	5,255	4,761	6,427
Stock-based compensation expense	(178)	(198)	(278)	(235)	(898)
Lease termination charges	—	—	—	(5)	—
Severance costs	—	—	—	—	(236)
Non-GAAP sales and marketing expenses	<u>4,751</u>	<u>4,734</u>	<u>4,977</u>	<u>4,521</u>	<u>5,293</u>
GAAP research and development expenses	3,646	3,440	3,587	3,706	4,960
Stock-based compensation expense	(237)	(184)	(172)	(453)	(1,019)
Severance costs	—	—	—	—	(14)
Non-GAAP research and development expenses	<u>3,409</u>	<u>3,256</u>	<u>3,415</u>	<u>3,253</u>	<u>3,927</u>
GAAP general and administrative expenses	11,543	11,343	11,950	15,244	31,543
Depreciation	(256)	(256)	(264)	(249)	(175)
Stock-based compensation expense	(4,041)	(3,749)	(4,661)	(5,153)	(19,693)
Warrant expense	—	(102)	—	—	—
State sales tax reserve	—	—	—	(818)	(138)
Stock offering costs	—	—	—	(27)	—
Charges related to sublease	—	—	—	—	(3,367)
Severance costs	—	—	—	(145)	(7)
Non-GAAP general and administrative expenses	<u>7,246</u>	<u>7,236</u>	<u>7,025</u>	<u>8,852</u>	<u>8,163</u>
GAAP Amortization	(1,348)	(1,346)	(1,346)	(1,342)	(1,078)
GAAP loss from operations	(12,812)	(11,556)	(10,973)	(12,332)	(30,536)
Total non-GAAP adjustments	6,060	5,835	6,721	8,427	26,625
Non-GAAP loss from operations	<u>(6,752)</u>	<u>(5,721)</u>	<u>(4,252)</u>	<u>(3,905)</u>	<u>(3,911)</u>
GAAP other income (expense), net	131	(235)	(4)	(19)	(9)
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	<u>73</u>	<u>(24)</u>	<u>(4)</u>	<u>(8)</u>	<u>(9)</u>
GAAP loss before income taxes	(12,681)	(11,791)	(10,977)	(12,351)	(30,545)
Total non-GAAP adjustments ¹	6,002	6,046	6,721	8,438	26,625
Non-GAAP loss before income taxes	<u>(6,679)</u>	<u>(5,745)</u>	<u>(4,256)</u>	<u>(3,913)</u>	<u>(3,920)</u>
GAAP net loss	(12,684)	(11,793)	(11,013)	(12,386)	(30,567)
Income tax provision	3	2	36	35	22
Other non-GAAP adjustments	6,002	6,046	6,721	8,438	26,625
Non-GAAP net loss	<u>\$ (6,679)</u>	<u>\$ (5,745)</u>	<u>\$ (4,256)</u>	<u>\$ (3,913)</u>	<u>\$ (3,920)</u>
GAAP basic and diluted net loss per share	<u>\$ (0.47)</u>	<u>\$ (0.43)</u>	<u>\$ (0.40)</u>	<u>\$ (0.43)</u>	<u>\$ (0.95)</u>
Total non-GAAP adjustments to net loss per share	<u>\$ 0.22</u>	<u>\$ 0.22</u>	<u>\$ 0.24</u>	<u>\$ 0.29</u>	<u>\$ 0.83</u>
Non-GAAP basic and diluted net loss per share	<u>\$ (0.25)</u>	<u>\$ (0.21)</u>	<u>\$ (0.15)</u>	<u>\$ (0.14)</u>	<u>\$ (0.12)</u>
Shares used in computing non-GAAP basic and diluted net loss	<u>26,773</u>	<u>27,117</u>	<u>27,593</u>	<u>28,882</u>	<u>32,172</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.
SUPPLEMENTAL REVENUE BREAKDOWN AND COMPARISONS
(Unaudited, Dollars in Thousands)

Revenue by Business	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Advertising (by service type):					
Agency	\$ 5,881	\$ 6,140	\$ 7,372	\$ 8,138	\$ 8,371
VeriAds	120	898	1,392	1,609	1,956
Sub-total	6,001	7,038	8,764	9,747	10,327
aiWARE SaaS Solutions (by market):					
Media and Entertainment	2,612	2,612	2,462	3,118	3,407
Government, Legal and Compliance	496	139	537	772	1,255
Other Markets	-	251	352	512	23
Sub-total	3,108	3,002	3,351	4,402	4,685
aiWARE Content Licensing and Media Services (by service type):					
Content Licensing	2,795	3,228	3,062	2,588	3,283
Media Services	-	-	541	81	-
Sub-total	2,795	3,228	3,603	2,669	3,283
Total net revenue	\$ 11,904	\$ 13,268	\$ 15,718	\$ 16,818	\$ 18,295

VERITONE, INC.
RECONCILIATION OF CORE OPERATIONS AND CORPORATE NET LOSS

(in thousands)

	For the Three Months Ended March 31,					
	2021			2020		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ (2,825)	\$ (27,742)	\$(30,567)	\$ (3,775)	\$ (8,909)	\$ (12,684)
Provision for income taxes	—	22	22	—	3	3
Depreciation and amortization	1,083	170	1,253	1,356	248	1,604
Stock-based compensation expense	2,695	18,915	21,610	563	3,893	4,456
Change in fair value of warrant liability	—	—	—	—	(2)	(2)
State sales tax reserve	—	138	138	—	—	—
Gain on sale of asset	—	—	—	—	(56)	(56)
Charges related to sublease	—	3,367	3,367	—	—	—
Severance costs	250	7	257	—	—	—
Non-GAAP Net Income (Loss)	\$ 1,203	\$ (5,123)	\$ (3,920)	\$ (1,856)	\$ (4,823)	\$ (6,679)

⁽¹⁾Core operations consists of the Company's 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⁾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>Q1:2021</u>	<u>Q2:2021 E</u>	<u>2021 E</u>
GAAP net loss	\$ (59,601)	\$ (61,104)	\$ (62,078)	\$ (47,876)	\$ (30,567)	\$ (12,650)	\$ (62,500)
Interest expense	496	-	-	9	-	-	-
Provision for (benefit from) income taxes	6	22	(1,452)	76	22	-	-
Depreciation and amortization	253	3,701	5,947	6,407	1,253	1,100	4,600
Stock-based compensation expense	16,089	14,383	19,402	19,539	21,610	6,800	39,000
Business realignment and officer severance costs	-	-	279	145	257	-	-
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	138	-	-
Stock offering costs	-	-	-	27	-	-	-
Charges related to sublease	-	-	-	16	3,367	-	3,367
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	-	-	-	-	-
Non-GAAP net loss	<u>\$ (30,209)</u>	<u>\$ (39,046)</u>	<u>\$ (36,179)</u>	<u>\$ (20,593)</u>	<u>\$ (3,920)</u>	<u>\$ (4,750)</u>	<u>\$ (15,533)</u>

Note: GAAP and non-GAAP Net Loss Figures for Q2 and FY 2021 reflect the midpoint of the company's guidance provided May 4th, 2021

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

	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021
Advertising					
Average gross billings per active client (in 000's) ⁽¹⁾	\$ 533	\$ 614	\$ 625	\$ 632	\$ 713
Net revenue during quarter (in 000's)	\$ 5,881	\$ 6,140	\$ 7,372	\$ 8,138	\$ 8,371
	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021
aiWARE SaaS Solutions					
Total accounts on platform at quarter end	1,587	1,753	1,791	1,896	1,777
New bookings received during quarter (in 000's) ⁽²⁾	\$ 1,397	\$ 2,319	\$ 2,083	\$ 1,437	\$ 1,864
Total contract value of new bookings received during quarter (in 000's) ⁽³⁾	\$ 2,312	\$ 2,502	\$ 2,469	\$ 2,431	\$ 4,068
Net revenue during quarter (in 000's)	\$ 3,108	\$ 3,002	\$ 3,351	\$ 4,402	\$ 4,685

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).