

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q2 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 six quarters ended June 30, 2021;
2. Breakdown and Reconciliation of Non-GAAP Net Loss to GAAP Net Loss for Core Operations and Corporate for the Second Quarter of 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 1Q:21, 2Q:21 and for the Midpoints of the Company's Guidance for the Third Quarter and Full Year 2021, as Provided August 3, 2021; and
4. 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)

	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Revenue	\$ 11,904	\$ 13,268	\$ 15,718	\$ 16,818	\$ 18,295	\$ 19,206
Cost of revenue	3,250	3,763	4,553	4,097	4,823	5,231
Gross profit	8,654	9,505	11,165	12,721	13,472	13,975
GAAP sales and marketing expenses	4,929	4,932	5,255	4,761	6,427	5,253
Stock-based compensation expense	(178)	(198)	(278)	(235)	(898)	(234)
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
GAAP research and development expenses	3,646	3,440	3,587	3,706	4,960	4,646
Stock-based compensation expense	(237)	(184)	(172)	(453)	(1,019)	(566)
Severance costs	—	—	—	—	(14)	—
Non-GAAP research and development expenses	3,409	3,256	3,415	3,253	3,927	4,080
GAAP general and administrative expenses	11,543	11,343	11,950	15,244	31,543	15,644
Depreciation	(256)	(256)	(264)	(249)	(175)	(78)
Stock-based compensation expense	(4,041)	(3,749)	(4,661)	(5,153)	(19,693)	(5,809)
Warrant expense	—	(102)	—	—	—	—
State sales tax reserve	—	—	—	(818)	(138)	(146)
Stock offering costs	—	—	—	(27)	—	—
Charges related to sublease	—	—	—	—	(3,367)	—
Acquisition and due diligence costs	—	—	—	—	—	(735)
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
GAAP Amortization	(1,348)	(1,346)	(1,346)	(1,342)	(1,078)	(1,079)
GAAP loss from operations	(12,812)	(11,556)	(10,973)	(12,332)	(30,536)	(12,647)
Total non-GAAP adjustments	6,060	5,835	6,721	8,427	26,625	8,739
Non-GAAP loss from operations	(6,752)	(5,721)	(4,252)	(3,905)	(3,911)	(3,908)
GAAP other income (expense), net	131	(235)	(4)	(19)	(9)	(13)
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)
GAAP loss before income taxes	(12,681)	(11,791)	(10,977)	(12,351)	(30,545)	(12,660)
Total non-GAAP adjustments ¹	6,002	6,046	6,721	8,438	26,625	8,739
Non-GAAP loss before income taxes	(6,679)	(5,745)	(4,256)	(3,913)	(3,920)	(3,921)
GAAP net loss	(12,684)	(11,793)	(11,013)	(12,386)	(30,567)	(12,715)
Income tax provision	3	2	36	35	22	55
Other non-GAAP adjustments	6,002	6,046	6,721	8,438	26,625	8,739
Non-GAAP net loss	\$ (6,679)	\$ (5,745)	\$ (4,256)	\$ (3,913)	\$ (3,920)	\$ (3,921)
GAAP basic and diluted net loss per share	\$ (0.47)	\$ (0.43)	\$ (0.40)	\$ (0.43)	\$ (0.95)	\$ (0.39)
Total non-GAAP adjustments to net loss per share	\$ 0.22	\$ 0.22	\$ 0.24	\$ 0.29	\$ 0.83	\$ 0.27
Non-GAAP basic and diluted net loss per share	\$ (0.25)	\$ (0.21)	\$ (0.15)	\$ (0.14)	\$ (0.12)	\$ (0.12)
Shares used in computing non-GAAP basic and diluted net loss	26,773	27,117	27,593	28,882	32,172	32,741

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
RECONCILIATION OF CORE OPERATIONS AND CORPORATE NET LOSS
(unaudited; in thousands, except per share data)

	For the Three Months Ended June 30,					
	2021			2020		
	Core Operations⁽¹⁾	Corporate⁽²⁾	Total	Core Operations⁽¹⁾	Corporate⁽²⁾	Total
Net loss	\$ (676)	\$ (12,039)	\$ (12,715)	\$ (2,380)	\$ (9,413)	\$ (11,793)
Provision for income taxes	—	55	55	—	2	2
Depreciation and amortization	1,084	73	1,157	1,353	249	1,602
Stock-based compensation expense	1,016	5,593	6,609	526	3,605	4,131
Change in fair value of warrant liability	—	—	—	—	202	202
Warrant expense	—	—	—	—	102	102
State sales tax reserve	—	146	146	—	—	—
Interest expense	—	—	—	—	9	9
Acquisition and due diligence costs	—	735	735	—	—	—
Severance and executive search	—	92	92	—	—	—
Non-GAAP Net Income (Loss)	\$ 1,424	\$ (5,345)	\$ (3,921)	\$ (501)	\$ (5,244)	\$ (5,745)

	Six Months Ended June 30,					
	2021			2020		
	Core Operations⁽¹⁾	Corporate⁽²⁾	Total	Core Operations⁽¹⁾	Corporate⁽²⁾	Total
Net loss	\$ (3,501)	\$ (39,781)	\$ (43,282)	\$ (6,155)	\$ (18,322)	\$ (24,477)
Provision for income taxes	—	77	77	(3,117)	5	(3,112)
Depreciation and amortization	2,167	243	2,410	2,709	497	3,206
Stock-based compensation expense	3,711	24,508	28,219	1,089	7,498	8,587
Change in fair value of warrant liability	—	—	—	—	200	200
Warrant expense	—	—	—	—	102	102
State sales tax reserve	—	284	284	—	—	—
Gain on sale of asset	—	—	—	—	(56)	(56)
Interest expense	—	—	—	—	9	9
Acquisition and due diligence costs	—	735	735	—	—	—
Charges related to sublease	—	3,367	3,367	—	—	—
Severance and executive search	250	99	349	—	—	—
Non-GAAP Net Income (Loss)	\$ 2,627	\$ (10,468)	\$ (7,841)	\$ (5,474)	\$ (10,067)	\$ (15,541)

⁽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</u>	<u>Q3:2021 E</u>	<u>2021 E</u>
GAAP net loss	\$ (59,601)	\$ (61,104)	\$ (62,078)	\$ (47,876)	\$ (30,567)	\$ (12,715)	\$ (10,400)	\$ (55,400)
Interest expense	496	-	-	9	-	-	-	-
Provision for (benefit from) income taxes	6	22	(1,452)	76	22	55	-	77
Depreciation and amortization	253	3,701	5,947	6,407	1,253	1,157	1,100	4,600
Stock-based compensation expense	16,089	14,383	19,402	19,539	21,610	6,609	5,300	39,000
Business realignment and officer severance costs	-	-	279	145	257	92	-	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	138	146	-	284
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	-	-	-	735	-	735
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>\$ (3,921)</u>	<u>\$ (4,000)</u>	<u>\$ (6,988)</u>

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

	<u>Mar 31, 2020</u>	<u>Jun 30, 2020</u>	<u>Sept 30, 2020</u>	<u>Dec 31, 2020</u>	<u>Mar 31, 2021</u>	<u>Jun 30, 2021</u>
Advertising						
Average gross billings per active client (in 000's) ⁽¹⁾	\$ 533	\$ 614	\$ 625	\$ 632	\$ 713	\$ 715
Revenue during quarter (in 000's)	\$ 5,881	\$ 6,140	\$ 7,372	\$ 8,138	\$ 8,371	\$ 7,881
	<u>Mar 31, 2020</u>	<u>Jun 30, 2020</u>	<u>Sept 30, 2020</u>	<u>Dec 31, 2020</u>	<u>Mar 31, 2021</u>	<u>Jun 30, 2021</u>
aiWARE SaaS Solutions						
Total accounts on platform at quarter end	1,587	1,753	1,791	1,896	1,777	1,820
New bookings received during quarter (in 000's) ⁽²⁾	\$ 1,397	\$ 2,319	\$ 2,083	\$ 1,437	\$ 1,864	\$ 3,579
Total contract value of new bookings received during quarter (in 000's) ⁽³⁾	\$ 2,312	\$ 2,502	\$ 2,469	\$ 2,431	\$ 4,068	\$ 4,069
Revenue during quarter (in 000's)	\$ 3,108	\$ 3,002	\$ 3,351	\$ 4,402	\$ 4,685	\$ 5,580

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).