

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q4 2020)

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

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

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	September 30, 2020	December 31, 2020
Revenue	\$ 12,125	\$ 12,270	\$ 12,805	\$ 12,448	\$ 11,904	\$ 13,268	\$ 15,718	\$ 16,818
Cost of revenue	3,502	4,027	4,196	3,536	3,250	3,763	4,553	4,097
Gross profit	8,623	8,243	8,609	8,912	8,654	9,505	11,165	12,721
GAAP sales and marketing expenses	5,920	5,920	6,081	5,587	4,929	4,932	5,255	4,761
Stock-based compensation expense	(243)	(271)	(281)	(240)	(178)	(198)	(278)	(235)
Lease termination charges	—	—	—	—	—	—	—	(5)
Business realignment and officer severance costs	—	—	—	(72)	—	—	—	—
Non-GAAP sales and marketing expenses	5,677	5,649	5,800	5,275	4,751	4,734	4,977	4,521
GAAP research and development expenses	6,682	6,095	5,473	4,526	3,646	3,440	3,587	3,706
Stock-based compensation expense	(380)	(376)	(307)	(230)	(237)	(184)	(172)	(453)
Machine Box contingent payments	(917)	(600)	(81)	—	—	—	—	—
Business realignment and officer severance costs	—	—	—	(142)	—	—	—	—
Non-GAAP research and development expenses	5,385	5,119	5,085	4,154	3,409	3,256	3,415	3,253
GAAP general and administrative expenses	11,688	11,642	11,899	12,085	11,543	11,343	11,950	15,244
Depreciation	(292)	(264)	(270)	(260)	(256)	(256)	(264)	(249)
Stock-based compensation expense	(4,180)	(4,608)	(4,148)	(4,138)	(4,041)	(3,749)	(4,661)	(5,153)
Warrant expense	—	—	—	—	—	(102)	—	—
State sales tax reserve	—	—	—	—	—	—	—	(818)
Stock offering costs	—	—	—	—	—	—	—	(27)
Performance Bridge earn-out fair value adjustment	(139)	—	—	—	—	—	—	—
Business realignment and officer severance costs	—	—	—	(65)	—	—	—	(145)
Non-GAAP general and administrative expenses	7,077	6,770	7,481	7,622	7,246	7,236	7,025	8,852
GAAP Amortization	(841)	(1,322)	(1,352)	(1,345)	(1,348)	(1,346)	(1,346)	(1,342)
GAAP loss from operations	(16,508)	(16,736)	(16,196)	(14,631)	(12,812)	(11,556)	(10,973)	(12,332)
Total non-GAAP adjustments	6,992	7,441	6,439	6,492	6,060	5,835	6,721	8,427
Non-GAAP loss from operations	(9,516)	(9,295)	(9,757)	(8,139)	(6,752)	(5,721)	(4,252)	(3,905)
GAAP other income (expense), net	211	51	184	95	131	(235)	(4)	(19)
Change in fair value of warrant liability	13	37	(57)	(9)	(2)	202	—	—
Interest expense	—	—	—	—	—	9	—	—
Lease termination charges	—	—	—	—	—	—	—	11
Gain on sale of asset	—	—	—	—	(56)	—	—	—
Non-GAAP other income (expense), net	224	88	127	86	73	(24)	(4)	(8)
GAAP loss before income taxes	(16,297)	(16,685)	(16,012)	(14,536)	(12,681)	(11,791)	(10,977)	(12,351)
Total non-GAAP adjustments ¹	7,005	7,478	6,382	6,483	6,002	6,046	6,721	8,438
Non-GAAP loss before income taxes	(9,292)	(9,207)	(9,630)	(8,053)	(6,679)	(5,745)	(4,256)	(3,913)
GAAP net loss	(16,306)	(16,691)	(14,197)	(14,884)	(12,684)	(11,793)	(11,013)	(12,386)
Income tax provision (benefit)	9	6	(1,815)	348	3	2	36	35
Other non-GAAP adjustments	7,005	7,478	6,382	6,483	6,002	6,046	6,721	8,438
Non-GAAP net loss	\$ (9,292)	\$ (9,207)	\$ (9,630)	\$ (8,053)	\$ (6,679)	\$ (5,745)	\$ (4,256)	\$ (3,913)
GAAP basic and diluted net loss per share	\$ (0.84)	\$ (0.80)	\$ (0.64)	\$ (0.61)	\$ (0.47)	\$ (0.43)	\$ (0.40)	\$ (0.43)
Total non-GAAP adjustments to net loss per share	\$ 0.36	\$ 0.36	\$ 0.29	\$ 0.28	\$ 0.22	\$ 0.22	\$ 0.24	\$ 0.29
Non-GAAP basic and diluted net loss per share	\$ (0.48)	\$ (0.44)	\$ (0.43)	\$ (0.33)	\$ (0.25)	\$ (0.21)	\$ (0.15)	\$ (0.14)
Shares used in computing non-GAAP basic and diluted net loss	19,511	20,759	22,345	24,514	26,773	27,117	27,593	28,882

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 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Advertising (by service type):								
Agency	\$ 5,714	\$ 5,842	\$ 6,197	\$ 6,517	\$ 5,881	\$ 6,140	\$ 7,372	\$ 8,138
VeriAds	-	-	94	-	120	898	1,392	1,609
Sub-total	5,714	5,842	6,291	6,517	6,001	7,038	8,764	9,747
aiWARE SaaS Solutions (by market):								
Media and Entertainment	2,235	2,470	2,257	2,773	2,612	2,612	2,462	3,118
Government, Legal and Compliance	519	207	93	99	496	139	537	772
Other Markets	-	-	-	-	-	251	352	512
Sub-total	2,754	2,677	2,350	2,872	3,108	3,002	3,351	4,402
aiWARE Content Licensing and Media Services (by service type):								
Content Licensing	3,654	3,454	3,571	3,059	2,795	3,228	3,062	2,588
Media Services	3	297	593	-	-	-	541	81
Sub-total	3,657	3,751	4,164	3,059	2,795	3,228	3,603	2,669
Total net revenues	\$ 12,125	\$ 12,270	\$ 12,805	\$ 12,448	\$ 11,904	\$ 13,268	\$ 15,718	\$ 16,818

VERITONE, INC.

RECONCILIATION OF CORE OPERATIONS AND COPORATE NET LOSS

(in thousands)

	Three Months Ended December 31,					
	2020			2019		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ (1,297)	\$ (11,089)	\$ (12,386)	\$ (4,613)	\$ (10,271)	\$ (14,884)
Provision for (benefit from) income taxes	—	-	-	—	348	348
Depreciation and amortization	1,348	243	1,591	1,347	258	1,605
Stock-based compensation expense	1,004	4,837	5,841	549	4,059	4,608
Change in fair value of warrant liability	—	—	—	—	(9)	(9)
State sales tax reserve	—	818	818	—	—	—
Stock offering costs	—	27	27	—	—	—
Lease termination charges	—	16	16	—	—	—
Business realignment and officer severance costs	—	145	145	242	37	279
Non-GAAP Net Income (Loss)	\$ 1,055	\$ (5,003)	\$ (3,948)	\$ (2,475)	\$ (5,578)	\$ (8,053)

(in thousands)

	Year Ended December 31,					
	2020			2019		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ (9,060)	\$ (38,816)	\$ (47,876)	\$ (24,019)	\$ (38,059)	\$ (62,078)
Provision for (benefit from) income taxes	—	-	-	—	(1,452)	(1,452)
Depreciation and amortization	5,538	869	6,407	4,836	1,111	5,947
Stock-based compensation expense	2,720	16,819	19,539	2,680	16,722	19,402
Change in fair value of warrant liability	—	200	200	—	(16)	(16)
Warrant expense	—	102	102	—	—	—
Gain on sale of asset	—	(56)	(56)	—	—	—
Interest expense	—	9	9	—	—	—
State sales tax reserve	—	818	818	—	—	—
Stock offering costs	—	27	27	—	—	—
Lease termination charges	—	16	16	—	—	—
Machine Box contingent payments	—	—	—	1,600	—	1,600
Performance Bridge earn-out fair value adjustment	—	—	—	139	—	139
Business realignment and officer severance costs	—	145	145	242	37	279
Non-GAAP Net Loss	\$ (802)	\$ (19,867)	\$ (20,669)	\$ (14,522)	\$ (21,657)	\$ (36,179)

⁽¹⁾Core operations consists of our aiWARE operating platform of software, SaaS and related services; content, licensing and advertising agency services; and

⁽²⁾Corporate consists of general and administrative functions such as executive, finance, legal, people operations, fixed overhead expenses (including facilities

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 E</u>	<u>2021 E</u>
GAAP net loss	\$ (59,601)	\$ (61,104)	\$ (62,078)	\$ (47,876)	\$ (31,250)	\$ (64,100)
Interest expense	496	-	-	9	-	-
Provision for (benefit from) income taxes	6	22	(1,452)	76	-	-
Depreciation and amortization	253	3,701	5,947	6,407	1,400	5,600
Stock-based compensation expense	16,089	14,383	19,402	19,539	21,200	38,000
Business realignment and officer severance costs	-	-	279	145	-	-
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	-	-
Stock offering costs	-	-	-	27	-	-
Lease termination charges	-	-	-	16	4,500	4,500
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>\$ (4,150)</u>	<u>\$ (16,000)</u>

Note: GAAP and non-GAAP net loss figures for Q1 and FY 2021 reflect the midpoint of the Company's financial guidance provided March 4, 2021

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

	Quarter Ended							
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020
Advertising								
Average gross billings per active client (in 000's) ⁽¹⁾	\$ 469	\$ 488	\$ 490	\$ 511	\$ 533	\$ 614	\$ 625	\$ 632
Net revenues during quarter (in 000's)	\$ 5,714	\$ 5,842	\$ 6,197	\$ 6,517	\$ 5,881	\$ 6,140	\$ 7,372	\$ 8,138
aiWARE SaaS Solutions								
Total accounts on platform at quarter end	911	941	980	1,069	1,587	1,753	1,791	1,896
New bookings received during quarter (in 000's) ⁽²⁾	\$ 1,316	\$ 1,351	\$ 1,384	\$ 2,522	\$ 1,397	\$ 2,319	\$ 2,083	\$ 1,437
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	\$ 2,469	\$ 2,431
Net revenues during quarter (in 000's)	\$ 2,754	\$ 2,677	\$ 2,350	\$ 2,872	\$ 3,108	\$ 3,002	\$ 3,351	\$ 4,402

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).