

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q3 2020)

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

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1. Supplemental Non-GAAP Financial Information and Reconciliation to GAAP Information
2. Supplemental Revenue Breakdown and Comparisons
3. Key Performance Indicators (KPIs)

Also included is a reconciliation of the Company's Non-GAAP Net Loss to its GAAP Net Loss for the years ended December 31, 2017, 2018 and 2019 and its forecasted Non-GAAP Net Loss for the year ending 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.

The guidance for revenue and non-GAAP net loss for the fourth quarter and full year ending December 31, 2020 constitutes forward-looking statements that involve substantial risks and uncertainties. Veritone's actual results may differ materially from such guidance. Such guidance represents our management's beliefs and assumptions only as of the date of this presentation. We have included important factors in the cautionary statements included in the Annual Report on Form 10-K and other periodic reports that we have filed with the Securities and Exchange Commission (the "SEC"), particularly in the Risk Factors sections, that we believe could cause actual results to differ materially from such guidance. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

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
GAAP gross profit	\$ 8,623	\$ 8,243	\$ 8,609	\$ 8,912	\$ 8,654	\$ 9,505	\$ 11,165
GAAP sales and marketing expenses	5,921	5,919	6,080	5,587	4,929	4,932	5,255
Stock-based compensation expense	(243)	(271)	(281)	(240)	(178)	(198)	(278)
Business realignment severance expense	—	—	—	(72)	—	—	—
Non-GAAP sales and marketing expenses	5,678	5,648	5,799	5,275	4,751	4,734	4,977
GAAP research and development expenses	6,711	6,076	5,473	4,525	3,646	3,440	3,587
Stock-based compensation expense	(380)	(376)	(307)	(230)	(237)	(184)	(172)
Machine Box contingent payments	(917)	(600)	(81)	—	—	—	—
Business realignment severance expense	—	—	—	(142)	—	—	—
Non-GAAP research and development expenses	5,414	5,100	5,085	4,153	3,409	3,256	3,415
GAAP general and administrative expenses	11,658	11,662	11,900	12,086	11,543	11,343	11,950
Depreciation	(292)	(264)	(270)	(260)	(256)	(256)	(264)
Stock-based compensation expense	(4,180)	(4,608)	(4,148)	(4,138)	(4,041)	(3,749)	(4,661)
Issuance of warrants	—	—	—	—	—	(102)	—
Performance Bridge earn-out fair value adjustment	(139)	—	—	—	—	—	—
Business realignment severance expense	—	—	—	(65)	—	—	—
Non-GAAP general and administrative expenses	7,047	6,790	7,482	7,623	7,246	7,236	7,025
GAAP amortization expense	(841)	(1,322)	(1,352)	(1,345)	(1,348)	(1,346)	(1,346)
GAAP loss from operations	(16,508)	(16,736)	(16,196)	(14,631)	(12,812)	(11,556)	(10,973)
Total non-GAAP adjustments ¹	6,992	7,441	6,439	6,492	6,060	5,835	6,721
Non-GAAP loss from operations	(9,516)	(9,295)	(9,757)	(8,139)	(6,752)	(5,721)	(4,252)
GAAP other income (expense), net	211	51	184	95	131	(235)	(4)
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	224	88	127	86	73	(24)	(4)
GAAP loss before income taxes	(16,297)	(16,685)	(16,012)	(14,536)	(12,681)	(11,791)	(10,977)
Total non-GAAP adjustments ¹	7,005	7,478	6,382	6,483	6,002	6,046	6,721
Non-GAAP loss before income taxes	(9,292)	(9,207)	(9,630)	(8,053)	(6,679)	(5,745)	(4,256)
GAAP net loss	(16,306)	(16,691)	(14,197)	(14,884)	(12,684)	(11,793)	(11,013)
Income tax provision (benefit)	9	6	(1,815)	348	3	2	36
Other non-GAAP adjustments ¹	7,005	7,478	6,382	6,483	6,002	6,046	6,721
Non-GAAP net loss	\$ (9,292)	\$ (9,207)	\$ (9,630)	\$ (8,053)	\$ (6,679)	\$ (5,745)	\$ (4,256)
GAAP basic and diluted net loss per share	\$ (0.84)	\$ (0.80)	\$ (0.64)	\$ (0.61)	\$ (0.47)	\$ (0.43)	\$ (0.40)
Total non-GAAP adjustments to net loss per share ¹	\$ 0.36	\$ 0.36	\$ 0.29	\$ 0.28	\$ 0.22	\$ 0.22	\$ 0.24
Non-GAAP basic and diluted net loss per share	\$ (0.48)	\$ (0.44)	\$ (0.43)	\$ (0.33)	\$ (0.25)	\$ (0.21)	\$ (0.15)
Shares used in computing non-GAAP basic and diluted net loss per share	19,511	20,759	22,345	24,514	26,773	27,117	27,593

¹ Adjustments are comprised of the exclusion of amortization expense and the adjustments to GAAP 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)

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

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).

VERITONE, INC.

Supplemental Revenue Breakdown and Comparisons

(Unaudited, Dollars in Thousands)

<u>Revenue by Business</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Q1 2020</u>	<u>Q2 2020</u>	<u>Q3 2020</u>	<u>Q3 2020 Change</u>		<u>YTD Change</u>
								<u>vs Q2 2020</u>	<u>vs Q3 2019</u>	
Advertising (by service type):										
Agency	\$ 5,714	\$ 5,842	\$ 6,197	\$ 6,517	\$ 5,881	\$ 6,140	\$ 7,372	20%	19%	9.2%
VeriAds	-	-	94	-	120	898	1,392	55%	1,381%	NM
Sub-total	5,714	5,842	6,291	6,517	6,001	7,038	8,764	25%	39%	22.2%
aiWARE SaaS Solutions (by market):										
Media and Entertainment	2,235	2,470	2,257	2,773	2,612	2,612	2,462	(6%)	9%	10.4%
Government, Legal and Compliance	519	207	93	99	496	139	537	286%	477%	43.1%
Other Markets	-	-	-	-	-	251	352	40%	N/A	NM
Sub-total	2,754	2,677	2,350	2,872	3,108	3,002	3,351	12%	43%	21.6%
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	(5%)	(14%)	(14.9%)
Media Services	3	297	593	-	-	-	541	N/A	(9%)	(39.4%)
Sub-total	3,657	3,751	4,164	3,059	2,795	3,228	3,603	12%	(13%)	(16.8%)
Total net revenues	\$ 12,125	\$ 12,270	\$ 12,805	\$ 12,448	\$ 11,904	\$ 13,268	\$ 15,718	18%	23%	9.9%

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 YTD</u>	<u>Q4:2020E</u>	<u>2020E</u>
GAAP net loss	\$ (59,601)	\$ (61,104)	\$ (62,078)	\$ (35,490)	\$ (11,550)	\$ (47,040)
Interest Expense	496			9		9
Income tax provision (benefit)	6	22	(1,452)	41		41
Depreciation and Amortization	253	3,701	5,947	4,816	1,600	6,416
Stock-based compensation	16,089	14,383	19,402	13,698	5,700	19,398
Business realignment severance expense			279			
Stock-based compensation						
Amortization of debt discounts and issuance costs	3,740					
Cost of warrants issued	5,790	207		102		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		200
Gain on sale of asset				(56)		(56)
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>\$ (16,680)</u>	<u>\$ (4,250)</u>	<u>\$ (20,930)</u>

Notes:

1. Figures for Q4:2020E reflect the midpoint of the guidance ranges for such items provided by the Company on November 9, 2020.
2. Figures for 2020E reflect the sum of the Company's actual results for the nine months ended September 30, 2020 and the midpoint of the guidance ranges for such items provided by the Company on November 9, 2020.