

VERITONE, INC.

SUPPLEMENTAL FINANCIAL INFORMATION

(Q4 AND FULL YEAR 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 fiscal years 2020 and 2021;
2. Breakdown and Reconciliation of Non-GAAP Net Income (Loss) to GAAP Net Loss for Core Operations and Corporate for the three months ended December 31, 2021 and for fiscal years 2020 and 2021;
3. Reconciliation of Non-GAAP Net Income (Loss) to GAAP Net Loss for the years ended December 31, 2018, 2019 2020, 2021 and for the Midpoints of the Company's Guidance for the three months ending March 31, 2022 and the Full Year 2022, as provided March 3, 2022;
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 4Q:21;
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
Stock-based compensation expense	—	—	—	—	—	—	—
Non-GAAP 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 exit charges	—	—	—	(5)	—	—	—
Business realignment and officer 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)
Business realignment and officer 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)	—	—	—
Lease exit charges	—	—	—	—	(3,367)	—	—
Acquisition and due diligence costs	—	—	—	—	—	(735)	(1,426)
Business realignment and officer severance costs	—	—	—	(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 ¹	6,060	5,835	6,721	8,427	26,625	8,739	8,754
Non-GAAP net income (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)	(15)
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)	(15)
GAAP loss before income taxes	(12,681)	(11,791)	(10,977)	(12,351)	(30,545)	(12,660)	(11,048)
Total non-GAAP adjustments ¹	6,002	6,046	6,721	8,438	26,625	8,739	8,754
Non-GAAP net income (loss) before income taxes	(6,679)	(5,745)	(4,256)	(3,913)	(3,920)	(3,921)	(2,294)
GAAP net loss	(12,684)	(11,793)	(11,013)	(12,386)	(30,567)	(12,715)	(11,444)
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 income (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>\$ (2,294)</u>
Shares used in computing non-GAAP basic net gain (loss) per share	<u>26,773</u>	<u>27,117</u>	<u>27,593</u>	<u>28,882</u>	<u>32,172</u>	<u>32,741</u>	<u>33,333</u>
Shares used in computing non-GAAP diluted net gain (loss) per share	<u>26,773</u>	<u>27,117</u>	<u>27,593</u>	<u>28,882</u>	<u>32,172</u>	<u>32,741</u>	<u>33,333</u>
Non-GAAP basic net gain (loss) per share	<u>\$ (0.25)</u>	<u>\$ (0.21)</u>	<u>\$ (0.15)</u>	<u>\$ (0.14)</u>	<u>\$ (0.12)</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>
Non-GAAP diluted net gain (loss) per share	<u>\$ (0.25)</u>	<u>\$ (0.21)</u>	<u>\$ (0.15)</u>	<u>\$ (0.14)</u>	<u>\$ (0.12)</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>

⁽¹⁾ Adjustments are comprised of the adjustments to GAAP cost of revenue, sales and marketing expenses, research and development expenses and general and administrative expenses and other (expense) income (applicable) listed above.

⁽²⁾ In Q4 2021, the shares used in computing non-GAAP diluted net earnings (loss) per share include the dilutive effects of common stock options, RSUs, and warrants as well as the common stock issuable with the convertible notes, which for the purposes of diluted net earnings per share will be presented as if the convertible senior notes were converted to common shares as of January 1, 2021.

(in thousands)

	Three Months Ended December 31,					
	2021			2020		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ 12,231	\$ (28,098)	\$ (15,867)	\$ (1,297)	\$ (11,089)	\$ (12,386)
Provision for income taxes	2,267	4	2,271	—	35	35
Depreciation and amortization	4,744	102	4,846	1,348	243	1,591
Stock-based compensation expense	1,985	4,587	6,572	1,004	4,837	5,841
Change in fair value of warrant liability	—	—	—	—	—	—
Change in fair value of Contingent consideration	—	18,069	18,069	—	—	—
Warrant expense	—	—	—	—	—	—
State sales tax reserve	—	—	—	—	818	818
Stock offering costs	—	—	—	—	27	27
Lease exit charges ⁽³⁾	—	—	—	—	16	16
Interest expense	—	538	538	—	—	—
Acquisition and due diligence costs	—	537	537	—	—	—
Business realignment, severance and executive search costs ⁽⁴⁾	—	—	—	—	145	145
Non-GAAP Net Income (Loss)	\$ 21,227	\$ (4,261)	\$ 16,966	\$ 1,055	\$ (4,968)	\$ (3,913)

	Year Ended December 31,					
	2021			2020		
	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total	Core Operations ⁽¹⁾	Corporate ⁽²⁾	Total
Net loss	\$ 8,298	\$ (78,891)	\$ (70,593)	\$ (9,060)	\$ (38,816)	\$ (47,876)
Provision for income taxes	2,658	86	2,744	—	76	76
Depreciation and amortization	8,609	426	9,035	5,538	869	6,407
Stock-based compensation expense	6,575	33,488	40,063	2,720	16,819	19,539
Change in fair value of warrant liability	—	—	—	—	200	200
Change in fair value of Contingent consideration	—	18,325	18,325	—	—	—
Warrant expense	—	—	—	—	102	102
Gain on sale of asset	—	—	—	—	(56)	(56)
State sales tax reserve	—	306	306	—	818	818
Stock offering costs	—	—	—	—	27	27
Lease exit charges ⁽³⁾	—	3,367	3,367	—	16	16
Interest expense	—	538	538	—	9	9
Acquisition and due diligence costs	—	2,698	2,698	—	—	—
Business realignment, severance and executive search costs ⁽⁴⁾	—	349	349	—	145	145
Non-GAAP Net Income (Loss)	\$ 26,140	\$ (19,308)	\$ 6,832	\$ (802)	\$ (19,791)	\$ (20,593)

⁽¹⁾Core Operations consists of our 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.

⁽³⁾Lease exit charges consists of charges related to a sublease in 2021 and lease termination charges in 2020.

⁽⁴⁾Business realignment, severance and executive search costs consists of severance and executive search costs in 2021 and business realignment and officer severance costs in 2020.

VERITONE, INC.
RECONCILIATION OF NON-GAAP NET INCOME (LOSS) TO GAAP NET LOSS
(Unaudited, in thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Q1:2022 E</u>	<u>2022 E</u>
GAAP net loss	\$ (61,104)	\$ (62,078)	\$ (47,876)	\$ (70,593)	\$ (19,200)	(47,800)
Interest expense	-	-	9	538	1,000	3,600
Provision for (benefit from) income taxes	22	(1,452)	76	2,744	800	6,400
Depreciation and amortization	3,701	5,947	6,407	9,035	4,800	19,100
Stock-based compensation expense	14,383	19,402	19,539	40,063	6,500	26,200
Business realignment, severance and executive search costs ⁽¹⁾	-	279	145	349	-	-
Amortization of debt discounts and issuance costs	-	-	-	-	-	-
Warrant expense	207	-	102	-	-	-
Write-off of debt discounts and debt issuance costs at IPO	-	-	-	-	-	-
Change in fair value of warrant liability	(184)	(16)	200	-	-	-
Gain on sale of asset	-	-	(56)	-	-	-
State sales tax reserve	-	-	818	306	-	-
Stock offering costs	-	-	27	-	-	-
Lease exit charges ⁽²⁾	-	-	16	3,367	-	-
Change in fair value of Contingent consideration	-	-	-	18,325	2,100	7,500
Costs associated with unsolicited acquisition proposal	116	-	-	-	-	-
Performance Bridge earn-out fair value adjustment	-	139	-	-	-	-
Machine Box contingent payments	1,386	1,600	-	-	-	-
Acquisition, due diligence, and integration-related costs	2,427	-	-	2,698	-	-
Non-GAAP net income (loss)	<u>\$ (39,046)</u>	<u>\$ (36,179)</u>	<u>\$ (20,593)</u>	<u>\$ 6,832</u>	<u>\$ (4,000)</u>	<u>\$ 15,000</u>

⁽¹⁾Business realignment, severance and executive search costs consists of severance and executive search costs in 2021 and business realignment and officer severance costs in 2020 and 2019.

⁽²⁾Lease exit charges consists of charges related to a sublease in 2021 and lease termination charges in 2020.

Note: GAAP net loss and non-GAAP net income (loss) figures for Q1 and FY 2022 reflect the midpoint of the Company's financial guidance provided March 3, 2022.

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</u>	<u>Q1:2022 E</u>
GAAP net loss	\$ (12,684)	\$ (11,793)	\$ (11,013)	\$ (12,386)	\$ (30,567)	\$ (12,715)	\$ (11,444)	\$ (15,867)	\$ (19,200)
Interest expense	-	9	-	-	-	-	-	538	1,000
Provision for (benefit from) income taxes	3	2	36	35	22	55	396	2,271	800
Depreciation and amortization	1,604	1,602	1,610	1,591	1,253	1,157	1,779	4,846	4,800
Stock-based compensation expense	4,456	4,131	5,111	5,841	21,610	6,609	5,271	6,573	6,500
Business realignment, severance and executive search costs ⁽¹⁾	-	-	-	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	18,069	2,100
Gain on sale of asset	(56)	-	-	-	-	-	-	-	-
State sales tax reserve	-	-	-	818	138	146	22	-	-
Stock offering costs	-	-	-	27	-	-	-	-	-
Lease exit charges ⁽²⁾	-	-	-	16	3,367	-	-	-	-
Acquisition, due diligence, and integration-related costs	-	-	-	-	-	735	1,426	537	-
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>\$ (2,294)</u>	<u>\$ 16,967</u>	<u>\$ (4,000)</u>

⁽¹⁾Business realignment, severance and executive search costs consists of severance and executive search costs in 2021 and business realignment and officer severance costs in 2020.

⁽²⁾Lease exit charges consists of charges related to a sublease in 2021 and lease termination charges in 2020.

VERITONE, INC.
Supplemental Financial Information

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

(1) "Software Revenue - Pro Forma" includes historical Software Products & Services revenue from the past six (6) 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.

(2) "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.

(3) "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.

(4) "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.

(5) "Gross Revenue Retention" is calculated by dividing the total customer retained revenue for Software Products & Services at the end of the specified quarter by the total customer revenue for Software Products & Services at the beginning of such quarter. This measures quarterly revenue lost from customer base, which we believe is our best indicator of customer retention.

(6) "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.

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

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 (Loss)	(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

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	Q4 2021
Commercial Enterprise								
Software Products & Services	2,612	2,612	2,462	3,026	3,395	5,131	8,069	38,888
Managed Services	8,796	10,266	12,367	12,416	13,610	13,626	13,627	14,927
Sub-total	11,408	12,878	14,829	15,442	17,005	18,757	21,697	53,815
Government & Regulated Industries								
Software Products & Services	496	390	889	1,376	1,290	448	958	1,335
Managed Services	-	-	-	-	-	-	-	-
Sub-total	496	390	889	1,376	1,290	448	958	1,335
Total revenue	\$11,904	\$13,268	\$15,718	\$16,818	\$18,295	\$19,205	\$22,655	\$55,149