
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 13, 2023

Veritone, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38093
(Commission File Number)

47-1161641
(IRS Employer
Identification No.)

**1615 Platte Street
2nd Floor
Denver, Colorado**
(Address of Principal Executive Offices)

80202
(Zip Code)

Registrant's Telephone Number, Including Area Code: (888) 507-1737

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	VERI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

EXPLANATORY NOTE

On June 13, 2023, Veritone, Inc., a Delaware corporation (the “Company”), and Veritone UK Ltd., a limited company incorporated under the laws of England and Wales with company number 10993647, completed the acquisition of (i) all of the issued and outstanding share capital of (a) Broadbean Technology Pty Ltd ACN 116 011 959 / ABN 79 116 011 959, a limited company incorporated under the laws of Australia, (b) Broadbean Technology Limited, a limited company incorporated under the laws of England and Wales, (c) Broadbean, Inc., a Delaware corporation, and (d) CareerBuilder France S.A.R.L., a limited liability company (*société à responsabilité limitée*) organized under the laws of France and (ii) certain assets and liabilities related thereto (the foregoing clauses (i) and (ii) together, “Broadbean” and the acquisition of Broadbean, the “Transaction”).

This Amendment No.1 to Current Report on Form 8-K/A (“Amendment No. 1”) amends and supplements Item 9.01 of the Current Report on Form 8-K filed by the Company on June 14, 2023 (the “Closing Form 8-K”) to provide certain historical financial statements for Broadbean and certain pro forma financial information in connection with the Transaction. Any information required to be set forth in the Closing Form 8-K which is not being amended or supplemented pursuant to this Amendment No. 1 is hereby incorporated by reference. Except as set forth herein, no modifications have been made to the information contained in the Closing Form 8-K and the Company has not updated any information contained therein to reflect the events that have occurred since the date of the Closing Form 8-K. Accordingly, this Amendment No. 1 should be read in conjunction with the Closing Form 8-K.

Note Regarding Forward-Looking Statements

Statements and other information included in this Amendment No. 1 that are not historical facts, including statements about the Company’s plans, strategies, beliefs and expectations, as well as certain estimates and assumptions used by the Company’s management, may constitute forward-looking statements. Forward-looking statements are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements speak only as of the date they are made and, except for the Company’s ongoing obligations under the U.S. federal securities laws, the Company undertakes no obligation to publicly update any forward-looking statement.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on estimates and assumptions that are subject to change or revision, including the estimates and assumptions used by the Company in preparing the pro forma financial information included in this Amendment No. 1, that could cause actual results to differ materially from those expected or implied by the forward-looking statements or the estimates or assumptions used. Such forward-looking statements are based on currently available information, and include, without limitation, the Company’s ability to efficiently integrate the operations and business of Broadbean and obtain the anticipated benefits therefrom, and the Company’s current expectations with respect to preliminary estimated adjustments to record the assets and liabilities of the Company at their respective estimates of fair values under acquisition accounting.

Actual results may differ materially from the forward-looking statements for a number of reasons, including additional information becoming available regarding the fair values of assets and liabilities, the performance of additional fair value analyses, and as identified in the risk factors included in the Company’s filings with the Securities and Exchange Commission (the “SEC”), including without limitation, in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and the Company’s other filings with the SEC.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

- 1.The combined financial statements of Broadbean as of and for the fiscal year ended December 31, 2022, together with the notes thereto and the report of independent auditors thereon, are filed as Exhibit 99.1 to this Amendment No. 1 and are incorporated herein by reference.
- 2.The unaudited condensed combined financial statements of Broadbean as of and for the three months ended March 31, 2023, together with the notes thereto, are filed as Exhibit 99.2 to this Amendment No. 1 and are incorporated herein by reference.

(b) Pro Forma Financial Information

- 1.The unaudited pro forma condensed combined balance sheet of the Company and its consolidated subsidiaries as of March 31, 2023 and unaudited statements of operations of the Company and its consolidated subsidiaries for the three months ended March 31, 2023 and for the year ended December 31, 2022, each giving effect to the Transaction, are filed as Exhibit 99.3 to this Amendment No. 1 and are incorporated herein by reference.
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(d) Exhibits

Exhibit No.	Description
2.1†	<u>Securities and Asset Purchase Agreement, dated as of May 27, 2023, by and among Veritone, Inc., Veritone UK Ltd., CareerBuilder, LLC, CareerBuilder International Holding B.V. and CareerBuilder France Holding, LLC (incorporated by reference to Exhibit 2.1 to Veritone, Inc.'s Current Report on Form 8-K filed on May 31, 2023).</u>
23.1	<u>Consent of Ernst & Young LLP, independent auditors of Broadbean.</u>
99.1	<u>Audited combined financial statements of Broadbean as of and for the fiscal year ended December 31, 2022, together with the notes thereto and the report of independent registered public accounting firm thereon.</u>
99.2	<u>Unaudited condensed combined financial statements of Broadbean as of and for the three months ended March 31, 2023, together with the notes thereto.</u>
99.3	<u>Unaudited pro forma condensed combined balance sheet of the Company and its consolidated subsidiaries as of March 31, 2023 and unaudited statements of operations of the Company and its consolidated subsidiaries for the three months ended March 31, 2023 and for the year ended December 31, 2022, each giving effect to the Transaction, and the notes thereto.</u>
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

† The exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act of 1933, as amended. The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Veritone, Inc.

Date: August 28, 2023

By: */s/ Michael L. Zemetra*
Michael L. Zemetra
Executive Vice President, Chief Financial Officer
and Treasurer

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements and amendments thereto of Veritone, Inc.:

- (1)Registration Statement (Form-S-3 No. 333-225394),
- (2)Registration Statement (Form-S-3 No. 333-227613),
- (3)Registration Statement (Form-S-3 No. 333-231345),
- (4)Registration Statement (Form-S-3 No. 333-257179),
- (5)Registration Statement (Form-S-3 No. 333-262429),
- (6)Registration Statement (Form S-8 No. 333-217990),
- (7)Registration Statement (Form S-8 No. 333-227477),
- (8)Registration Statement (Form S-8 No. 333-237114),
- (9)Registration Statement (Form S-8 No. 333-249371),
- (10)Registration Statement (Form S-8 No. 333-253961),
- (11)Registration Statement (Form S-8 No. 333-262499),
- (12)Registration Statement (Form S-8 No. 333-271032),
- (13)Registration Statement (Form S-8 No. 333-272791),
- (14)Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-217990),
- (15)Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-227477),
- (16)Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-237114),
- (17)Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-253961),
- (18)Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-262499), and,
- (19)Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-271032);

of our report dated August 22, 2023, relating to the combined financial statements of the Broadbean Business as of and for the year ended December 31, 2022 appearing in this Amendment No. 1 to Current Report on Form 8-K/A of Veritone, Inc.

/s/ Ernst & Young LLP
Chicago, Illinois

August 28, 2023

Broadbean Business

Combined Financial Statements
As of and for the year ended December 31, 2022
With Report of Independent Auditors

Broadbean Business
Combined Financial Statements
As of and for the year ended December 31, 2022

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Report of Independent Auditors

The Board of Directors
Broadbean Business

We have audited the combined financial statements of Broadbean Business (the Company), which comprise the combined balance sheet as of December 31, 2022, and the related combined statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP
Chicago, Illinois
August 22, 2023

Broadbean Business
 Combined Balance Sheet
 (in thousands)

December 31,
 2022

Assets	
Current assets:	
Cash and cash equivalents	\$ 4,056
Accounts receivable, net of allowances of \$253	10,193
Prepaid expenses	3,393
Other current assets	50
Total current assets	17,692
Non-current assets:	
Property and equipment, net	4,089
Operating lease right-of-use assets	1,209
Goodwill	6,948
Intangible assets, net of accumulated amortization	1,647
Other non-current assets	173
Total assets	<u>\$ 31,758</u>
Liabilities and parents' equity	
Current liabilities:	
Accounts payable	\$ 588
Accrued expenses and other current liabilities	3,845
Accrued compensation-related expenses	586
Deferred revenue	9,488
Operating lease liabilities, current portion	589
Total current liabilities	15,096
Non-current liabilities:	
Deferred income taxes	748
Non-current operating lease liabilities	659
Total liabilities	16,503
Parents' equity	
Net parent investment	17,630
Accumulated other comprehensive loss	(2,375)
Total parents' equity	15,255
Total liabilities and parents' equity	<u>\$ 31,758</u>

The accompanying notes are an integral part of these combined financial statements.

Broadbean Business
Combined Statement of Operations
(in thousands)

	Year Ended December 31,	
	2022	
	<hr/>	
Revenue	\$	32,617
Operating expenses:		
Cost of revenue		6,301
Sales and marketing		13,740
Product development		1,952
General and administrative		6,229
Depreciation and amortization		5,411
Total operating expenses		33,633
Loss from operations		(1,016)
Other expense, net		(131)
Interest expense		(29)
Loss before income taxes		(1,176)
Income tax benefit		1,669
Net income	\$	<hr/> <hr/> 493

The accompanying notes are an integral part of these combined financial statements.

Broadbean Business
Combined Statement of Comprehensive Income
(in thousands)

Year Ended December 31,
2022

Net income	\$	493
Other comprehensive loss, net of tax:		
Foreign currency translation adjustment		(2,667)
Comprehensive loss	\$	(2,174)

The accompanying notes are an integral part of these combined financial statements.

Broadbean Business
 Combined Statement of Changes in Equity
(in thousands)

	Net parent investment		Accumulated other comprehensive income (loss)		Total parents' equity	
Balance, December 31, 2021	\$	17,910	\$	292	\$	18,202
Net income		493		-		493
Foreign currency translation adjustment		-		(2,667)		(2,667)
Net transfers to parent		(773)		-		(773)
Balance, December 31, 2022	\$	17,630	\$	(2,375)	\$	15,255

The accompanying notes are an integral part of these combined financial statements.

Broadbean Business
 Combined Statement of Cash Flows
(in thousands)

		Year Ended December 31, 2022
Operating activities		
Net income	\$	493
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		5,411
Non-cash operating lease expense		655
Deferred income taxes		(202)
Provisions for doubtful accounts		58
Change in operating assets and liabilities:		
Accounts receivable		(1,406)
Prepaid expenses		(3,131)
Other current assets		(16)
Accounts payable		211
Accrued compensation related expenses		(118)
Accrued expenses and other current liabilities		(640)
Operating lease liabilities		(719)
Deferred revenue		1,357
Other non-current liabilities		(172)
Net cash provided by operating activities		1,781
Investing activities		
Purchases of property and equipment		(2,717)
Net cash used in investing activities		(2,717)
Financing activities		
Net transfers to parent		(1,268)
Net cash used in financing activities		(1,268)
Effect of exchange rate fluctuation on cash		(299)
Net decrease in cash and cash equivalents		(2,503)
Cash and cash equivalents at beginning of period		6,559
Cash and cash equivalents at end of period	\$	4,056
Supplemental Cash Flow Information		
Income taxes paid		(2,699)
Non-cash recognition of new leases	\$	1,992

The accompanying notes are an integral part of these combined financial statements.

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

Note 1. Description of Business

CareerBuilder, LLC (“CareerBuilder” or the “Parent”), a Delaware limited liability company, sold its Broadbean business (“Broadbean” or the “Company” unless otherwise specified) on June 13, 2023. Broadbean is a carve-out business of CareerBuilder that develops and deploys turnkey talent acquisition software and applications for its customers, integrated into applicant tracking software platforms, and offers advertisement distribution and response management services. Broadbean is headquartered in the United Kingdom and was acquired by CareerBuilder in 2014. The Company operates in Europe, Australia, India and North America.

Note 2. Basis of Presentation, Principles of Combination, and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Combination

Throughout the period included in these combined financial statements, the Company operated as part of CareerBuilder. Separate financial statements have not historically been prepared for the Company. These combined financial statements were prepared on a stand-alone basis derived from the historical accounting records of CareerBuilder as if the Company’s operations had been conducted independently of CareerBuilder for the period presented. These combined financial statements as of and for the year ended December 31, 2022 and the notes thereto (“Combined Financial Statements”) are presented as carve-out financial statements and reflect the combined historical results of operations, comprehensive income, balance sheet and cash flows of the Company, in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”).

These Combined Financial Statements include the historical operations of the Company and may not be indicative of what they would have been had the Company been an independent stand-alone entity, nor are they necessarily indicative of the Company’s future results of operations, financial position and cash flows. All intercompany balances and transactions within the Company have been eliminated in these Combined Financial Statements. As described in Note 8, certain transactions between the Company and CareerBuilder have been included in these Combined Financial Statements. These transactions do not traditionally settle on a regular basis and are reflected as equity in the Combined Financial Statements.

The Combined Balance Sheet reflects among other things, all of the assets and liabilities that are specifically identifiable as being directly attributable to the Company, including net parent investment as a component of equity. Net parent investment represents CareerBuilder’s historical investment in the Company and includes accumulated net income and the net effect of transactions with CareerBuilder.

CareerBuilder uses a centralized approach to cash management and financing of its operations. These arrangements are not reflective of the manner in which the Company would have financed its operations had it been a stand-alone business separate from CareerBuilder during the periods presented. Intercompany arrangements, cash pooling, and related interest absent of cash settlement are excluded from the asset and liability balances in the Combined Balance Sheet. These amounts have instead been reported as Net parent investment as a component of equity.

CareerBuilder and its affiliates provide a variety of services to the Company. The Combined Statement of Operations include expenses directly billed or allocated for services and certain support functions (“CareerBuilder Corporate Overhead”) that are provided on a centralized basis within CareerBuilder such as legal, business development, insurance, human resources, corporate functions, treasury, and various other CareerBuilder functions as further discussed in Note 8. Retirement and incentive plans were included within the Combined Financial Statements based on either specific identification of direct expenses or an allocation using an approach related to the nature of the item.

Where allocations of CareerBuilder Corporate Overhead amounts were necessary, management believes the allocation of these amounts were determined on a reasonable basis, reflecting all of the costs of the Company and consistently applied in the periods presented. These allocated amounts, however, are not necessarily indicative of the actual amounts that might have been incurred had the Company operated as a separate stand-alone entity during the periods presented.

Use of Estimates in Financial Reporting

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

Cash and Cash Equivalents

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

Highly liquid investments with a maturity of three months or less are classified as cash equivalents.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 1 to 7 years.

Leases

The Company determines at contract inception whether the arrangement is a lease based on its ability to control a physically distinct asset and determines the classification of the lease as either operating or finance. For all leases, the Company combines all components of the lease, including related non-lease components as a single component. The Company's operating leases are office facilities, which are reflected as operating lease right-of-use ("ROU") assets and operating lease liabilities on the Combined Balance Sheet.

Operating lease ROU assets represent the Company's right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate based on information available at the adoption date or the commencement date in determining the present value of the future minimum lease payments as the implicit rates are not readily determinable. The Company's incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments in a similar economic environment.

The operating lease ROU asset also includes any lease payments made prior to lease commencement date and is reduced by lease incentives that the Company estimates it will realize. Lease expense is recognized on a straight-line basis over the lease term in the Combined Statement of Operations.

Goodwill

Broadbean's goodwill reflected in these financial statements was allocated to Broadbean by CareerBuilder as part of the purchase of CareerBuilder by Apollo Global Management ("Apollo") in 2017 ("Apollo Acquisition"). Accordingly, the goodwill recorded in these financial statements is reflective of the goodwill recorded by the Parent. Goodwill represents the excess of the purchase price in a business combination over the fair value of the net assets acquired at the date of acquisition. The carrying amount of goodwill is reviewed at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable.

The Company tests for goodwill impairment at the entity level using a qualitative or quantitative assessment. The qualitative analysis includes consideration of factors including, but not limited to, macroeconomic conditions, industry and market conditions, cost factors that have an impact on earnings and cash flows, and other relevant factors. If, after performing the assessment, the Company concludes it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then it will perform a quantitative test. Fair value of the entity is determined using various techniques, including multiple earnings and discounted cash flow valuation techniques. The Company recognizes an impairment charge for the amount by which the carrying amount exceeds the entity's fair value.

The Company performed a qualitative impairment assessment of goodwill at its single reporting unit level and concluded there was no impairment as of December 31, 2022.

Intangible Assets

Intangible assets subject to amortization are composed of trademarks, technology, and customer relationships. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which generally range from 3 to 6 years and reflect the pattern in which the assets are expected to be consumed.

Valuation of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

projected undiscounted future cash flows are less than the carrying value of the asset. The Company measures impairment based on the amount by which the carrying value exceeds the fair value. Fair value is determined primarily using projected future cash flows, discounted at a rate commensurate with the risk involved. There were no impairments of long-lived assets recorded during the year ended December 31, 2022.

Foreign Currency Translation

The Company's results are translated from the local currency of each entity into the reporting currency of United States Dollar ("USD") using average rates for profit and loss transactions and applicable spot rates for period-end balances. The effect of translating the local currency into the reporting currency is reported separately in Accumulated other comprehensive loss on the Combined Balance Sheet. Realized foreign currency translation gains and losses are the only item recorded within Other expense, net on the Combined Statement of Operations.

Revenue Recognition

Revenue is generated through various types of talent acquisition software solutions that principally consist of subscription-based talent acquisition products, subscription revenue for recruitment software-as-a-service ("SaaS") solutions and access to the Company's online talent networks, transactional talent acquisition products, and other recruitment services. Subscription contracts do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts.

The Company recognizes revenue when control of these services is transferred to customers in an amount that reflects the consideration expected to be entitled to in exchange for those services. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

The Company does not offer financing alternatives to customers and there are no rights of return, warranties, or other variable consideration in contracts with customers. Payment terms are generally net 30 days. In most cases, the Company acts as a principal with respect to the goods and services it sells providing for gross revenue. In the certain cases where the Company is acting as an agent, net revenue is recognized. The Company reports revenue net of sales and other taxes collected from customers to be remitted to government authorities.

Subscription Fee Revenue

Subscription fee revenue from SaaS applications and access to the Company's online talent networks are generally recognized ratably over the contractual term of the arrangement beginning on the date that service is made available to the customer.

Media Revenue

Media buy is a service offered by Broadbean to purchase media for job postings, job advertising space, etc. from various third-party jobsites (e.g., LinkedIn) on behalf of customers. Broadbean then uses the media that has been purchased for the customers job listings and advertisements.

In accordance with Accounting Standard Codification ("ASC") 606, the Company records customer billed amounts into revenue and, in the same revenue account, recognizes the cost associated with these transactions. Revenues and costs are recorded in the same period which results in the Company effectively recognizing net revenue.

Implementation and Customization Revenue

Broadbean implementation and customization revenue include, amongst other items, account setup, customization of job boards that customer uses, training, additional languages, testing, user acceptance testing, project management, customized reports, and integration with the applicant tracking system.

The criteria for implementation and customization revenue to be considered as separate performance obligations requires them to be distinct in the context of the contract and not integral to the customer receiving value from the product (ASC 606-10-25-19). The determination was made that since a customer can use the product without additional integration or personalized setup services, they are distinct. Performance obligations are typically fulfilled within one month of contract signing.

Contracts With Multiple Performance Obligations

For contracts with customers that contain multiple performance obligations, the individual performance obligations are accounted for separately when they are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. If these criteria are not met, the promised services are accounted for as a combined performance obligation. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price basis. The Company determines the stand-alone selling prices based on their overall pricing objectives, taking into consideration market conditions and entity-specific factors, including the size of arrangements, length of term, customer demographics, and the types of users within arrangements.

Related Party Transactions

Related party transactions primarily consist of CareerBuilder Corporate Overhead charges from the Parent as well as transfers to/from Parent.

Deferred Revenue

The Company generally invoices customers annually and in advance of services, which is typically one year. Amounts billed in excess of revenue recognized are included in deferred revenue.

Cost of Revenue

Cost of revenue primarily includes direct costs associated with providing customer support services, data center and cloud hosting, sourcing costs, merchant fees for online transactions, and direct customer project labor.

Marketing and Advertising Costs

The Company expenses all marketing and advertising costs as incurred. Marketing and advertising costs were \$832 for the year ended December 31, 2022.

Income Taxes

The Company is subject to corporate income taxes in its respective jurisdictions. The Company accounts for income taxes in accordance with the balance sheet method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributes to temporary differences between the financial statement and income tax bases of assets and liabilities and tax credit and operating loss carryforwards. Valuation allowances are established when management determines it is more likely than not that some portion or the entire deferred tax asset may not be realized. The Company considers all positive and negative evidence in evaluating its ability to realize its deferred income tax assets, including its historical operating results, ongoing tax planning, and forecast of future taxable income, on a jurisdiction-by-jurisdiction basis.

With respect to uncertain tax positions, the Company recognizes in the Combined Financial Statements those tax positions determined to be more likely than not of being sustained upon examination, based on the technical merits of the positions. The Company records a liability for the difference between the benefit recognized and measured pursuant to the accounting guidance for income taxes and the tax position taken on its tax return. The Company's policy is to recognize when applicable, interest and penalties on uncertain tax positions as part of income tax expense. Management has analyzed the Company's inventory of tax positions taken with respect to all applicable income tax issues (in each respective jurisdiction) and has concluded that no reserve for uncertain tax positions is required in the Combined Financial Statements as of December 31, 2022.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of accounts receivable. The Company extends credit to its customers on an unsecured basis in the normal course of business. The Company maintains reserves for credit losses, and such losses have historically been within management's expectations. The Company evaluates the collectability of its accounts receivable based on the length of time the receivable is past due and the anticipated future write-off based on historical experience. Accounts receivable are written off when all reasonable collection efforts have been exhausted. There are no customers that individually represent more than 10% of the Company's accounts receivable or more than 10% of revenues as of December 31, 2022. Bad debt expense recorded in the Combined Statement of Operations was \$58 for the year ended December 31, 2022, included within General and administrative expenses.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Company utilizes market data or assumptions that it believes market participants would use in pricing the asset or liability, which would maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

In evaluating the fair value measurement techniques for recording certain financial assets and liabilities, there is a three-level valuation hierarchy under which financial assets and liabilities are designated. The determination of the applicable level within the hierarchy of a particular financial asset or liability depends on the inputs used in valuation as of the measurement date. Valuations based on observable or market-based inputs for identical asset or liabilities (Level 1 measurement) are given the highest level of priority, whereas valuations based on unobservable or internally derived inputs (Level 3 measurement) are given the lowest level of priority. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active
- Level 3 – Unobservable inputs that reflect the reporting entity's own assumptions

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying amounts for cash equivalents approximate fair value, which is the amount for which the instrument could be exchanged in a current transaction between willing parties.

The fair value of certain assets such as nonfinancial assets, primarily long-lived assets, goodwill, intangible assets, and certain other assets are recognized or disclosed in connection with impairment evaluations. The amounts assigned to intangible assets and goodwill are based on best estimate of the fair value. The Company used an independent valuation specialist to assist in determining the fair value of the identified intangible assets as of the Apollo Acquisition. The fair value of the significant identified intangible assets is generally estimated using a combination of an income approach using the discounted cash flow analysis and market approach using the guideline public company analysis.

The Company did not have any financial assets measured at fair value on a recurring basis as of December 31, 2022.

The carrying amounts of the Company's remaining financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, approximate fair value because of their short-term nature and the relatively stable current interest rate environment.

As of December 31, 2022, no impairments were identified on those assets required to be measured at fair value on a non-recurring basis.

Geographic Information

Revenue is attributed to geographic regions based on locations where services are provided to the Company's customers. Foreign countries outside of the United Kingdom, in aggregate, accounted for approximately 46% of the Company's revenue for the year ended December 31, 2022. In addition, as of December 31, 2022, property and equipment and operating lease ROU assets outside of the United Kingdom were approximately 10% of the Company's total property and equipment and operating lease ROU assets.

Internal-Use Software and Product Development Cost

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

The Company capitalizes eligible costs associated with the development of its internal-use software in accordance with ASC 350-40, Internal-Use Software. Accordingly, the Company capitalizes costs incurred during the development phase including: (1) external direct costs of materials and services consumed in developing or obtaining the software, and (2) payroll and payroll-related costs for employees who are directly associated with the project. The Company expenses all costs as incurred that relate to the planning and post implementation phases of its software development cycle and costs associated with minor enhancements and maintenance. Expensed costs are included within Product development on the Combined Statement of Operations. During the year ended December 31, 2022, the Company capitalized \$2,567 of software development costs. Capitalized costs are amortized using the straight-line method over three years. Amortization of internal-use software costs associated with the Company's marketplace technology to provide services to its customers is recorded in cost of revenue. Amortization of internal-use software costs associated with internal databases, candidate insights, and reporting are recorded in research and development and general and administrative expenses in the Combined Statements of Operations. Amortization of these costs is allocated in the Combined Statements of Operations based on the nature of the underlying projects.

Recent Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the existing model for measuring the allowance for credit losses for financial assets measured at amortized cost (including accounts receivable) to a model that is based on the expected losses rather than incurred losses. Under the new credit loss model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Subsequent to ASU 2016-13, the FASB issued various ASUs to provide supplemental guidance and clarification to ASU 2016-13 which must be adopted concurrently with the adoption of ASU 2016-13. These ASUs are cumulatively referred to as "Topic 326." This standard will be effective for the Company beginning in the first quarter of 2023. The impact of this guidance on the Company's Combined Financial Statements is not expected to be material.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which enhances and simplifies various aspects of income tax accounting guidance. The Company adopted ASU 2019-12 for the fiscal year ended December 31, 2022 and applied the changes using a modified retrospective approach. The adoption did not have a material impact on the Company's Combined Financial Statements.

Note 3. Revenue

Disaggregation of Revenue

The Company disaggregates revenue into three streams: Subscription, Media, and Implementation and customization. The following table presents the Company's revenue streams:

	Year Ended December 31,	
	2022	
Subscription	\$	29,015
Media		2,209
Implementation and customization		1,393
Total revenue	\$	32,617

Contract Balances

Contract liabilities are recorded as deferred revenue when customer payments are received in advance of the Company meeting all the revenue recognition criteria under ASC 606. Deferred revenue includes prepaid subscription and revenue with performance obligations yet to be satisfied. Generally, the remaining performance obligations within the contracts will be satisfied within one to three years. However, the performance obligations are billed on an annual basis and thus, the Deferred revenue on the Combined Balance Sheet only reflects the performance obligation due within a year. The Company recognized \$8,610 of revenue during the year ended December 31, 2022, that was included in the Deferred revenue balance as of December 31, 2021. As of December 31, 2022, the Company had no contract assets.

Performance Obligations

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

No revenue was recognized during the year ended December 31, 2022 from performance obligations satisfied in previous periods.

As of December 31, 2022, the Company had remaining performance obligations expected to be recognized in the future. Generally, any remaining performance obligations relate primarily to subscription services such as time-based job posting plans, upsell services, and resume database plans that will be invoiced in future periods, and exclude (i) contracts with an original expected term of one year or less and (ii) contracts for which the Company only recognizes revenue at the amount to which it has the right to invoice for services performed. The value related to performance obligations that are yet to be satisfied as of December 31, 2022 was \$28,756, which includes \$9,488 of Deferred revenue.

Note 4. Property and Equipment, net

Property and equipment, net consists of the following:

		December 31, 2022
Computer software and hardware	\$	12,888
Furniture and equipment		403
Leasehold improvements		1,381
Less: Accumulated depreciation		(10,583)
Total property and equipment, net	\$	4,089

Depreciation expense of property and equipment was \$2,365 for the year ended December 31, 2022, including \$2,152 of amortization of capitalized computer software development costs.

Unamortized capitalized computer software development costs were \$3,662 for the year ended December 31, 2022, and are included in Property and equipment, net.

Note 5. Goodwill and Intangible Assets

Goodwill was measured as the excess of consideration transferred and the net of fair value of the assets acquired and liabilities assumed as of the Apollo Acquisition. The allocation of the purchase price to identifiable intangible assets is based on the fair values of such assets as of the acquisition dates. At the Apollo Acquisition date, goodwill was allocated to the various businesses of the Parent including the Broadbean business.

The Company recorded goodwill of \$7,548 as of that acquisition date. Goodwill recognized is primarily attributable to the acquisition of the Broadbean assembled workforce.

The following table summarizes goodwill attributable to the Company for the periods presented:

		December 31, 2022
Ending balance, December 31, 2021	\$	7,757
Currency translation adjustment		(809)
Ending balance, December 31, 2022	\$	6,948

A summary of intangible assets by type is as follows:

December 31, 2022	Estimated Useful Life		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
Trade names	5 years	\$	1,289	\$	(1,289)	\$	-
Technology	3 years		6,260		(6,260)		-
Customer relationships	6 years		16,938		(15,291)		1,647
Total		\$	24,487	\$	(22,840)	\$	1,647

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

The Company had \$1,647 in Intangible assets, net, as of December 31, 2022. The Company recognized amortization expense of \$3,046 for the year ended December 31, 2022.

The expected amortization for each of the next five fiscal years is as follows:

2023	\$	1,647
2024		-
2025		-
2026		-
2027		-
Total future amortization expense	\$	<u>1,647</u>

Note 6. Other Current Assets

Other current assets consist of the following:

	December 31, 2022	
Deposits – short term	\$	8
Sales tax receivable		42
Total other current assets	\$	<u>50</u>

Note 7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31, 2022	
Accrued liabilities	\$	2,860
Accrued sales taxes		237
VAT taxes payable		748
Total accrued expenses and other current liabilities	\$	<u>3,845</u>

Note 8. Related Party Transactions

The accompanying Combined Financial Statements are prepared on a stand-alone basis and are derived from CareerBuilder's consolidated financial statements and accounting records.

Transactions between the Company and the Parent have been classified as related-party transactions. All related party transactions between the Company and Parent have been included in these Combined Financial Statements. On the Combined Balance sheet, all related party balances are presented net in the equity section of the Combined Financial Statements as there is not a history of settling these transactions using cash.

Corporate Overhead Allocations

CareerBuilder performed certain corporate functions, including executive support, facilities, finance, HR, legal, security, global IT, and other corporate functions on behalf of the Company. The expenses associated with these functions have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated on a proportional cost allocation method based primarily on revenue or employee headcount, as applicable. Total expenses allocated for the year ended December 31, 2022 were \$7,584. These amounts include costs of \$7,012 for the year ended December 31, 2022, that were not historically allocated to the Company as part of CareerBuilder's reporting process. The Company considers the expense methodology and resulting allocation to be reasonable for the period presented; however, the allocations may not be indicative of actual expenses that would have been incurred had the Company operated as an independent company for the period presented. Actual costs incurred had the Company been a stand-alone company would depend on several factors, including the chosen organizational structure and functions outsourced or performed by employees.

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

The following table summarizes corporate allocations from CareerBuilder included in the Combined Financial Statements for the year ended December 31, 2022:

	Year Ended December 31, 2022	
Cost of revenue	\$	2,400
Product development		353
General and administrative		4,831
Total	\$	<u>7,584</u>

Cash Management

The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statement of Cash Flows as a financing activity and in the Combined Balance Sheet as Net parent investment. The Company historically has not regularly settled balances with CareerBuilder and the Company has funded its own operating and investing activities.

Related Party Sales

There were no operational sales to or from CareerBuilder for any of the periods presented.

Net Parent Investment

The net transfers to Parent for the year ended December 31, 2022 was \$773.

The accompanying Combined Statement of Changes in Equity and Combined Statement of Cash Flows are prepared in accordance with GAAP. As a result of carveout methodology as described in the Basis of Presentation, differences exist related to exchange rates and other noncash items between the Combined Statements of Changes in Equity and the Combined Statements of Cash Flows with regard to transfers to and from Parent.

The components of the net transfers to and from Parent as of December 31, 2022 are as follows:

	Year Ended December 31, 2022	
Related party transactions with Parent	\$	7,111
General financing activities		1,270
Corporate allocations		(7,584)
Income tax benefit		(24)
Total net transfers to Parent per Combined Statement of Changes in Equity	\$	<u>773</u>

Note 9. Retirement and Incentive Plans

The Company sponsors a defined-contribution retirement plan available to U.S.-based employees. Participants are fully vested after two years of service. Matching contributions are made by the Company once annually at the end of the year and are paid in the following year. The match expense was \$80 for the year ended December 31, 2022.

Post-Retirement Benefit Contributions to Government Agencies

The Company is required by laws of certain jurisdictions to deduct specific monthly payroll amounts to support post-retirement benefit programs sponsored by the relevant government agencies. As the ultimate obligation of these jurisdictional programs is maintained by the relevant government agencies, there is no additional liability recorded by the Company in connection with these plans.

Note 10. Commitments and Contingencies

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

Legal Matters

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. If the Company determines that it is probable that a loss has been incurred and the amount is reasonably estimable, the Company will record a liability. However, if the Company determines that a contingent loss is reasonably possible and the loss or range of loss can be estimated, the Company will disclose the possible loss in the Combined Financial Statements. Legal costs relating to loss contingencies are expensed as incurred. Although claims are inherently unpredictable, the Company is not currently aware of any matters that it expects to have a material adverse effect on the business, financial position, results of operations or cash flows. Accordingly, no material loss contingency has been recorded on the Combined Balance Sheet as of December 31, 2022.

Indemnification

In the ordinary course of business, the Company may provide indemnification of varying scopes and terms to customers, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from certain claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company did not pay any material claims, nor was the Company sued in connection with these indemnification arrangements for the year ended December 31, 2022. As of December 31, 2022, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is neither probable nor reasonably estimable.

Note 11. Leases

The Company has various noncancelable operating leases for its offices. These existing leases have remaining lease terms ranging from 1 to 3 years.

The components of lease cost relate to the Company's operating leases are as follows:

	Year Ended December 31,	
	2022	
Operating lease cost	\$	585
Overhead lease cost		238
Net lease cost	\$	823

In addition to these lease costs, the leases generate all the interest expense on the Combined Statement of Operations.

Supplemental information related to the Company's operating leases is as follows:

	Year Ended December 31,	
	2022	
Weighted-average remaining lease term (years)		2.5
Weighted average discount rate		2.3%

Future undiscounted lease payments for the Company's operating lease liabilities and a reconciliation of these payments to its operating lease liabilities as of December 31, 2022, are as follows:

2023	\$	682
2024		326
2025		326
2026		-

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

2027	-
Thereafter	-
Total lease payments	1,334
Less: imputed interest	(86)
Present value of operating lease liabilities	<u>\$ 1,248</u>

Note 12. Income Taxes

Broadbean provision for income taxes and deferred tax balances have been calculated on a separate return basis as if Broadbean filed its own tax returns, although its operations have been included in Parent's U.S. federal, state and foreign tax return filings. The separate return method applies the accounting guidance for income taxes to the stand-alone financial statements as if Broadbean was a separate taxpayer and a stand-alone enterprise for the periods presented.

Deferred tax assets and liabilities are as follows:

	Year Ended December 31, 2022	
Deferred tax assets/(liabilities):		
Tax loss carryforwards	\$	6,707
Depreciation and amortization		1,923
Right of use liability		312
Other		33
Valuation allowance		(7,719)
Total deferred tax assets		1,256
Research and development		(1,702)
Right of use asset		(302)
Total deferred tax liability		(2,004)
Net deferred tax liability	\$	<u>(748)</u>

During 2022, the United Kingdom raised its tax rate to 25% for entities with profits exceeding GBP 200. As Broadbean's UK subsidiary is a profitable business, it is expected future profits will be subject to this 25% rate and have been revalued in the Company's tax expense accordingly.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based upon the level of historical pretax losses and projections of future taxable income over the periods in which deferred tax assets are deductible, management concluded that it was not more likely than not that the Company would fully realize the benefits of its tax loss carryforwards and deductible differences for U.S. corporate entities. As of December 31, 2022, the Company continues to provide a valuation allowance against all U.S., France, and Australia deferred tax assets.

The SECURE 2.0 Act, enacted as part of the Consolidated Appropriations Act, 2023, in December 2022; the Inflation Reduction Act, the CHIPS and Science Act, both enacted in August 2022, do not have a material impact on the Company's 2022 Combined Financial Statements.

Sources of income/(loss) before income taxes are as follows:

	Year Ended December 31, 2022	
U.S.	\$	461
Foreign		(1,637)
Total	\$	<u>(1,176)</u>

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

The components of the income tax benefit are as follows:

	Year Ended December 31, 2022	
Current income tax benefit:		
U.S. – Federal	\$	-
U.S. – State		-
Foreign		(1,473)
Total current income tax benefit	\$	(1,473)
Deferred income tax benefit:		
U.S. – Federal	\$	-
U.S. – State		-
Foreign		(196)
Total current income tax benefit		(196)
Income tax benefit	\$	(1,669)

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate for the year ended December 31, 2022 is as follows:

	Year Ended December 31, 2022	
Tax, computed at the federal statutory rate	\$	(247)
State taxes, net of federal tax benefit		63
Impact of foreign operations		(652)
Global intangible low-taxed income		-
Meals, entertainment and other		1
Change in valuation allowance		(834)
Benefit from income taxes	\$	(1,669)

The impact of foreign operations includes a benefit for amended return filings within the UK pertaining to R&D claims of \$992, in addition to current year UK R&D claims of \$367 and deferred expense of \$529 for UK tax rate changes.

The Company and its subsidiaries file income tax returns in the U.S., various states, provinces, and foreign jurisdictions. The Company's federal, state, local, and most other foreign tax returns remain subject to examination for the year ended December 31, 2018 and all subsequent periods.

As of December 31, 2022, the Company has net operating loss ("NOL") carryforwards, primarily in the U.S., of approximately \$37,706. Most of these NOL carryforwards have an indefinite life. The smaller portion of the NOL carryforwards, approximately \$11,709, which have finite lives, will begin to expire in 2034.

In accordance with the U.S. global intangible low-taxed income ("GILTI") provisions, the Company includes in U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Company accounts for the GILTI tax in the period in which it is incurred, and therefore have not provided any deferred tax impacts of GILTI in the Combined Financial Statements.

In general, it is the Company's practice and intention to reinvest the earnings of its non-U.S. subsidiaries back into those operations. As of December 31, 2022, the Company has not made a provision for U.S. or additional foreign withholding taxes on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that is indefinitely reinvested. Generally,

Broadbean Business
Notes to the Combined Financial Statements
As of and for the year ended December 31, 2022
(in thousands)

such amounts are subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

Note 13. Subsequent Events

On June 13, 2023, the Parent completed the sale of the Company to Veritone, Inc for \$52,000 in cash. The final purchase price determination is subject to customary post-close adjustments. In connection with the sale, the Company has entered into a transition services agreement with the Parent under which the Company will continue to receive support services until similar services can be provided to the Company. Additionally, within this transition service agreement, the Company agreed to continue to provide the Parent with access to the Broadbean office in the UK.

Prior to the Parent's sale of the Company, the Company issued dividends in the aggregate amount of \$7,505 to Parent and paid such dividends in cash on March 6, 2023, May 31, 2023, and June 5, 2023.

These Combined Financial Statements are derived from the Consolidated Financial Statements of CareerBuilder. The Company has evaluated transactions or other events for consideration as recognized subsequent events in these Combined Financial Statements through August 22, 2023. Additionally, the Company has evaluated transactions and other events that occurred through August 22, 2023, the date these financial statements were available for issuance, for purposes of disclosure of unrecognized subsequent events.

Broadbean Business

Unaudited Combined Condensed Financial Statements
As of and for the three months ended March 31, 2023

Broadbean Business
Unaudited Combined Financial Statements
As of and for the three months ended March 31, 2023

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Broadbean Business
 Combined Balance Sheet (Unaudited)
 (in thousands)

March 31,
2023

Assets	
Current assets:	
Cash and cash equivalents	\$ 5,753
Accounts receivable, net of allowances of \$194	9,890
Prepaid expenses	1,796
Other current assets	53
Total current assets	17,492
Non-current assets:	
Property and equipment, net	4,268
Operating lease right-of-use assets	1,062
Goodwill	7,100
Intangible assets, net of accumulated amortization	962
Other non-current assets	177
Total assets	<u>\$ 31,061</u>
Liabilities and parents' equity	
Current liabilities:	
Accounts payable	\$ 1,257
Accrued expenses and other current liabilities	3,089
Accrued compensation-related expenses	587
Deferred revenue	10,484
Operating lease liabilities, current portion	507
Total current liabilities	15,924
Non-current liabilities:	
Deferred income taxes	692
Non-current operating lease liabilities	577
Total liabilities	17,193
Parents' equity	
Net parent investment	15,792
Accumulated other comprehensive loss	(1,924)
Total parents' equity	13,868
Total liabilities and parents' equity	<u>\$ 31,061</u>

The accompanying notes are an integral part of these combined condensed financial statements.

Broadbean Business
Combined Statement of Operations (Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	
Revenue	\$	8,296
Operating expenses:		
Cost of revenue		1,636
Sales and marketing		3,896
Product development		448
General and administrative		1,375
Depreciation and amortization		1,303
Total operating expenses		8,658
Loss from operations		(362)
Other expense, net		(309)
Loss before income taxes		(671)
Income tax benefit		159
Net loss	\$	(512)

The accompanying notes are an integral part of these combined condensed financial statements.

Broadbean Business
Combined Statement of Comprehensive Income (Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	
Net loss	\$	(512)
Other comprehensive income, net of tax:		
Foreign currency translation adjustment		451
Comprehensive income	\$	(61)

The accompanying notes are an integral part of these combined condensed financial statements.

Broadbean Business
 Combined Statement of Changes in Equity (Unaudited)
(in thousands)

	Net parent investment		Accumulated other comprehensive income (loss)		Total parents' equity
Balance, December 31, 2022	\$	17,630	\$	(2,375)	\$ 15,255
Net loss		(512)		-	(512)
Foreign currency translation adjustment		-		451	451
Net transfers to parent		(1,326)		-	(1,326)
Balance, March 31, 2023	\$	15,792	\$	(1,924)	\$ 13,868

The accompanying notes are an integral part of these combined condensed financial statements.

Broadbean Business
 Combined Statement of Cash Flows (Unaudited)
 (in thousands)

	Three Months Ended March 31, 2023	
Operating activities		
Net loss	\$	(512)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization		1,303
Non-cash operating lease expense		162
Deferred income taxes		(87)
Provisions for doubtful accounts		16
Change in operating assets and liabilities:		
Accounts receivable		430
Prepaid expenses		1,648
Other current assets		(3)
Accounts payable		654
Accrued compensation related expenses		(5)
Accrued expenses and other current liabilities		(817)
Operating lease liabilities		(179)
Deferred revenue		930
Other non-current liabilities		(237)
Net cash provided by operating activities		3,303
Investing activities		
Purchases of property and equipment		(689)
Net cash used in investing activities		(689)
Financing activities		
Net transfers to parent		(960)
Net cash used in financing activities		(960)
Effect of exchange rate fluctuation on cash		43
Net increase in cash and cash equivalents		1,697
Cash and cash equivalents at beginning of period		4,056
Cash and cash equivalents at end of period	\$	5,753
Supplemental Cash Flow Information		
Income taxes received	\$	1,713

The accompanying notes are an integral part of these combined condensed financial statements.

Broadbean Business
Notes to the Combined Condensed Financial Statements (Unaudited)
As of and for the three months ended March 31, 2023
(in thousands)

Note 1. Description of Business

CareerBuilder, LLC (“CareerBuilder” or the “Parent”), a Delaware limited liability company, sold its Broadbean business (“Broadbean” or the “Company” unless otherwise specified) on June 13, 2023. Broadbean is a carve-out business of CareerBuilder that develops and deploys turnkey talent acquisition software and applications for its customers, integrated into applicant tracking software platforms, and offers advertisement distribution and response management services. Broadbean is headquartered in the United Kingdom and was acquired by CareerBuilder in 2014. The Company operates in Europe, Australia, India and North America.

Note 2. Basis of Presentation, Principles of Combination and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Combination

Throughout the period included in these combined condensed financial statements, the Company operated as part of CareerBuilder. Separate financial statements have not historically been prepared for the Company. These combined condensed financial statements were prepared on a stand-alone basis derived from the historical accounting records of CareerBuilder as if the Company’s operations had been conducted independently of CareerBuilder for the period presented. These combined condensed financial statements as of and for the three months ended March 31, 2023, and the notes thereto (“Combined Financial Statements”) are presented as carve-out financial statements and reflect the combined historical results of operations, comprehensive income, balance sheet and cash flows of the Company, in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”).

These Combined Financial Statements include the historical operations of the Company and may not be indicative of what they would have been had the Company been an independent stand-alone entity, nor are they necessarily indicative of the Company’s future results of operations, financial position and cash flows. All intercompany balances and transactions within the Company have been eliminated in these Combined Financial Statements. As described in Note 8, certain transactions between the Company and CareerBuilder have been included in these Combined Financial Statements. These transactions do not traditionally settle on a regular basis and are reflected as equity in the Combined Financial Statements.

The Combined Balance Sheet reflects among other things, all of the assets and liabilities that are specifically identifiable as being directly attributable to the Company, including net parent investment as a component of equity. Net parent investment represents CareerBuilder’s historical investment in the Company and includes accumulated net income and the net effect of transactions with CareerBuilder.

CareerBuilder uses a centralized approach to cash management and financing of its operations. These arrangements are not reflective of the manner in which the Company would have financed its operations had it been a stand-alone business separate from CareerBuilder during the periods presented. Intercompany arrangements, cash pooling, and related interest absent of cash settlement are excluded from the asset and liability balances in the Combined Balance Sheet. These amounts have instead been reported as Net parent investment as a component of equity.

CareerBuilder and its affiliates provide a variety of services to the Company. The Combined Statement of Operations include expenses directly billed or allocated for services and certain support functions (“CareerBuilder Corporate Overhead”) that are provided on a centralized basis within CareerBuilder such as legal, business development, insurance, human resources, corporate functions, treasury, and various other CareerBuilder functions as further discussed in Note 8. Retirement and incentive plans were included within the Combined Financial Statements based on either specific identification of direct expenses or an allocation using an approach related to the nature of the item.

Where allocations of CareerBuilder Corporate Overhead amounts were necessary, management believes the allocation of these amounts were determined on a reasonable basis, reflecting all of the costs of the Company and consistently applied in the periods presented. These allocated amounts, however, are not necessarily indicative of the actual amounts that might have been incurred had the Company operated as a separate stand-alone entity during the periods presented.

The information included in these interim Combined Financial Statements and related notes should be read in conjunction with the information included in the Company’s Combined Financial Statements and notes thereto for the year ended December 31, 2022. Interim results for the three months ended March 31, 2023 are not necessarily indicative of the results the Company will have for the full year ending December 31, 2023. The accompanying Combined Financial Statements have been prepared on the same basis as the annual Combined Financial Statements and, in the opinion of management, reflect all adjustments, which are normal, recurring and necessary to fairly state the Company’s financial position, results of operations and cash flows.

Use of Estimates in Financial Reporting

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

Foreign Currency Translation

The Company's results are translated from the local currency of each entity into the reporting currency of United States Dollar ("USD") using average rates for profit and loss transactions and applicable spot rates for period-end balances. The effect of translating the local currency into the reporting currency is reported separately in Accumulated other comprehensive loss on the Combined Balance Sheet. Realized foreign currency translation gains and losses are the only item recorded within Other expense, net on the Combined Statement of Operations.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of accounts receivable. The Company extends credit to its customers on an unsecured basis in the normal course of business. The Company maintains reserves for credit losses, and such losses have historically been within management's expectations. The Company evaluates the collectability of its accounts receivable based on the length of time the receivable is past due and the anticipated future write-off based on historical experience. Accounts receivable are written off when all reasonable collection efforts have been exhausted. There are no customers that individually represent more than 10% of the Company's accounts receivable or more than 10% of revenues as of March 31, 2023. Bad debt expense recorded in the Combined Statement of Operations was \$16 for the three months ended March 31, 2023, included within General and administrative expenses.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Company utilizes market data or assumptions that it believes market participants would use in pricing the asset or liability, which would maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

In evaluating the fair value measurement techniques for recording certain financial assets and liabilities, there is a three-level valuation hierarchy under which financial assets and liabilities are designated. The determination of the applicable level within the hierarchy of a particular financial asset or liability depends on the inputs used in valuation as of the measurement date. Valuations based on observable or market-based inputs for identical asset or liabilities (Level 1 measurement) are given the highest level of priority, whereas valuations based on unobservable or internally derived inputs (Level 3 measurement) are given the lowest level of priority. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active
- Level 3 – Unobservable inputs that reflect the reporting entity's own assumptions

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying amounts for cash equivalents approximate fair value, which is the amount for which the instrument could be exchanged in a current transaction between willing parties.

The fair value of certain assets such as nonfinancial assets, primarily long-lived assets, goodwill, intangible assets, and certain other assets are recognized or disclosed in connection with impairment evaluations. The amounts assigned to intangible assets and goodwill are based on best estimate of the fair value. The Company used an independent valuation specialist to assist in determining the fair value of the identified intangible assets as of the Apollo Acquisition. The fair value of the significant identified intangible assets is generally estimated using a combination of an income approach using the discounted cash flow analysis and market approach using the guideline public company analysis.

The Company did not have any financial assets measured at fair value on a recurring basis as of March 31, 2023.

The carrying amounts of the Company's remaining financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, approximate fair value because of their short-term nature and the relatively stable current interest rate environment.

As of March 31, 2023, no impairments were identified on those assets required to be measured at fair value on a non-recurring basis.

Geographic Information

Revenue is attributed to geographic regions based on locations where services are provided to the Company's customers. Foreign countries outside of the United Kingdom, in aggregate, accounted for approximately 47% of the Company's revenue for the three months ended March 31, 2023. In addition, as of March 31, 2023, property and equipment and operating lease ROU assets outside of the United Kingdom were approximately 7% of the Company's total property and equipment and operating lease ROU assets.

Internal-Use Software and Product Development Cost

The Company capitalizes eligible costs associated with the development of its internal-use software in accordance with ASC 350-40, Internal-Use Software. Accordingly, the Company capitalizes costs incurred during the development phase including: (1) external direct costs of materials and services consumed in developing or obtaining the software, and (2) payroll and payroll-related costs for employees who are directly associated with the project. The Company expenses all costs as incurred that relate to the planning and post implementation phases of its software development cycle and costs associated with minor enhancements and maintenance. Expensed costs are included within Product development on the Combined Statement of Operations. During the period ended March 31, 2023, the Company capitalized \$689 of software development costs. Capitalized costs are amortized using the straight-line method over three years. Amortization of internal-use software costs associated with the Company's marketplace technology to provide services to its customers is recorded in cost of revenue. Amortization of internal-use software costs associated with internal databases, candidate insights, and reporting are recorded in research and development and general and administrative expenses in the Combined Statements of Operations. Amortization of these costs is allocated in the Combined Statements of Operations based on the nature of the underlying projects.

Recent Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

The Company reviewed all recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a material impact on the Company's Combined Financial Statements.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the existing model for measuring the allowance for credit losses for financial assets measured at amortized cost (including accounts receivable) to a model that is based on the expected losses rather than incurred losses. Under the new credit loss model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Subsequent to ASU 2016-13, the FASB issued various ASUs to provide supplemental guidance and clarification to ASU 2016-13 which must be adopted concurrently with the adoption of ASU 2016-13. These ASUs are cumulatively referred to as "Topic 326." The Company adopted Topic 326 as of January 1, 2023, and the impact of the adoption was not material to the Combined Financial Statements as credit losses are not expected to be significant based on historical collection trends, the financial condition of payment partners, and external market factors.

Note 3. Revenue

Disaggregation of Revenue

The Company disaggregates revenue into three streams: Subscription, Media, and Implementation and customization. The following table presents the Company's revenue streams:

**Three Months Ended March 31,
2023**

Broadbean Business
Notes to the Combined Condensed Financial Statements (Unaudited) (continued)
As of and for the three months ended March 31, 2023
(in thousands)

Subscription	\$	7,452
Media		513
Implementation and customization		331
Total revenue	\$	<u>8,296</u>

Contract Balances

Contract liabilities are recorded as deferred revenue when customer payments are received in advance of the Company meeting all the revenue recognition criteria under ASC 606. Deferred revenue includes prepaid subscription and revenue with performance obligations yet to be satisfied. Generally, the remaining performance obligations within the contracts will be satisfied within one to three years. However, the performance obligations are billed on an annual basis and thus, the Deferred revenue on the Combined Balance Sheet only reflects the performance obligation due within a year. The Company recognized \$4,364 of revenue during the three months ended March 31, 2023, that was included in the Deferred revenue balance as of December 31, 2022. As of March 31, 2023, the Company had no contract assets.

Performance Obligations

No revenue was recognized during the three months ended March 31, 2023 from performance obligations satisfied in previous periods.

As of March 31, 2023, the Company had remaining performance obligations expected to be recognized in the future. Generally, any remaining performance obligations relate primarily to subscription services such as time-based job posting plans, upsell services, and resume database plans that will be invoiced in future periods, and exclude (i) contracts with an original expected term of one year or less and (ii) contracts for which the Company only recognizes revenue at the amount to which it has the right to invoice for services performed. The value related to performance obligations that are yet to be satisfied as of March 31, 2023 was \$31,602, which includes \$10,484 of Deferred revenue.

Note 4. Property and Equipment, net

Property and equipment, net consists of the following:

	March 31, 2023
Computer software and hardware	\$ 13,863
Furniture and equipment	407
Leasehold improvements	1,402
Less: Accumulated depreciation	(11,404)
Total property and equipment, net	<u>\$ 4,268</u>

Depreciation expense of property and equipment was \$595 for the three months ended March 31, 2023, including \$542 of amortization of capitalized computer software development costs.

Unamortized capitalized computer software development costs were \$3,886 for the three months ended March 31, 2023, and are included in Property and equipment, net.

Note 5. Goodwill and Intangible Assets

Goodwill was measured as the excess of consideration transferred and the net of fair value of the assets acquired and liabilities assumed as part of the purchase of CareerBuilder by Apollo Global Management (“Apollo”) in 2017 (“Apollo Acquisition”). The allocation of the purchase price to identifiable intangible assets is based on the fair values of such assets as of the acquisition dates. At the Apollo Acquisition date goodwill was allocated to the various businesses of the Parent including the Broadbean business.

The Company recorded goodwill of \$7,548 as of that acquisition date. Goodwill recognized is primarily attributable to the acquisition of the Broadbean assembled workforce.

Broadbean Business
Notes to the Combined Condensed Financial Statements (Unaudited) (continued)
As of and for the three months ended March 31, 2023
(in thousands)

The following table summarizes goodwill attributable to the Company for the periods presented:

		March 31, 2023
Ending balance, December 31, 2022	\$	6,948
Currency translation adjustment		152
Ending balance, March 31, 2023	\$	<u>7,100</u>

A summary of intangible assets by type is as follows:

March 31, 2023	Estimated Useful Life		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
Trade names	5 years	\$	1,317	\$	(1,317)	\$	-
Technology	3 years		6,396		(6,396)		-
Customer relationships	6 years		17,308		(16,346)		962
			25,021				
Total		\$		\$	(24,059)	\$	<u>962</u>

The Company had \$962 in Intangible assets, net, as of March 31, 2023. The Company recognized amortization expense of \$708 for the three months ended March 31, 2023.

The expected amortization for each of the next five fiscal years is as follows:

2023		\$ 962
2024		-
2025		-
2026		-
2027		-
Total future amortization expense		<u>\$ 962</u>

Note 6. Other Current Assets

Other current assets consist of the following:

		March 31, 2022
Deposits – short term	\$	9
Sales tax receivable		44
Total other current assets	\$	<u>53</u>

Note 7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

		March 31, 2023
Accrued liabilities	\$	2,412
Accrued sales taxes		218
VAT taxes payable		459
Total accrued expenses and other current liabilities	\$	<u>3,089</u>

Note 8. Related Party Transactions

Broadbean Business
Notes to the Combined Condensed Financial Statements (Unaudited) (continued)
As of and for the three months ended March 31, 2023
(in thousands)

The accompanying Combined Financial Statements are prepared on a stand-alone basis and are derived from CareerBuilder's consolidated financial statements and accounting records.

Transactions between the Company and the Parent have been classified as related-party transactions. All related party transactions between the Company and Parent have been included in these Combined Financial Statements. On the Combined Balance sheet, all related party balances are presented net in the equity section of the Combined Financial Statements as there is not a history of settling these transactions using cash.

Corporate Overhead Allocations

CareerBuilder performed certain corporate functions, including executive support, facilities, finance, HR, legal, security, global IT, and other corporate functions on behalf of the Company. The expenses associated with these functions have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated on a proportional cost allocation method based primarily on revenue or employee headcount, as applicable. Total expenses allocated for the three months ended March 31, 2023 were \$1,848. These amounts include costs of \$1,713 for the three months ended March 31, 2023, that were not historically allocated to the Company as part of CareerBuilder's reporting process. The Company considers the expense methodology and resulting allocation to be reasonable for the period presented; however, the allocations may not be indicative of actual expenses that would have been incurred had the Company operated as an independent company for the period presented. Actual costs incurred had the Company been a stand-alone company would depend on several factors, including the chosen organizational structure and functions outsourced or performed by employees.

The following table summarizes corporate allocations from CareerBuilder included in the Combined Financial Statements for the three months ended March 31, 2023:

	Three Months Ended March 31, 2023	
Cost of revenue	\$	628
Product development		72
General and administrative		1,148
Total	\$	1,848

Cash Management

The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statement of Cash Flows as a financing activity and in the Combined Balance Sheet as Net parent investment. The Company historically has not regularly settled balances with CareerBuilder and the Company has funded its own operating and investing activities.

Related Party Sales

There were no operational sales to or from CareerBuilder for any of the periods presented.

Net Parent Investment

The net transfers to Parent for the three months ended March 31, 2023, was \$1,326.

The accompanying Combined Statement of Changes in Equity and Combined Statement of Cash Flows are prepared in accordance with GAAP. As a result of carveout methodology as described in the Basis of Presentation, differences exist related to exchange rates and other noncash items between the Combined Statements of Changes in Equity and the Combined Statements of Cash Flows with regard to transfers to and from Parent.

The components of the net transfers to and from Parent as of March 31, 2023 are as follows:

	Three Months Ended March 31, 2023	
Related party transactions with Parent	\$	372
General financing activities		2,803

Broadbean Business
Notes to the Combined Condensed Financial Statements (Unaudited) (continued)
As of and for the three months ended March 31, 2023
(in thousands)

Corporate allocations	(1,848)
Income tax benefit	(1)
Total net transfers to Parent per Combined Statement of Changes in Equity	<u>\$ 1,326</u>

Note 9. Retirement and Incentive Plans

The Company sponsors a defined-contribution retirement plan available to U.S.-based employees. Participants are fully vested after two years of service. Matching contributions are made by the Company once annually at the end of the year and are paid in the following year. The match expense was \$25 for the three months ended March 31, 2023.

Post-Retirement Benefit Contributions to Government Agencies

The Company is required by laws of certain jurisdictions to deduct specific monthly payroll amounts to support post-retirement benefit programs sponsored by the relevant government agencies. As the ultimate obligation of these jurisdictional programs is maintained by the relevant government agencies, there is no additional liability recorded by the Company in connection with these plans.

Note 10. Commitments and Contingencies

Legal Matters

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. If the Company determines that it is probable that a loss has been incurred and the amount is reasonably estimable, the Company will record a liability. However, if the Company determines that a contingent loss is reasonably possible and the loss or range of loss can be estimated, the Company will disclose the possible loss in the Combined Financial Statements. Legal costs relating to loss contingencies are expensed as incurred. Although claims are inherently unpredictable, the Company is not currently aware of any matters that it expects to have a material adverse effect on the business, financial position, results of operations or cash flows. Accordingly, no material loss contingency has been recorded on the Combined Balance Sheet as of March 31, 2023.

Indemnification

In the ordinary course of business, the Company may provide indemnification of varying scopes and terms to customers, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from certain claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company did not pay any material claims, nor was the Company sued in connection with these indemnification arrangements for the three months ended March 31, 2023. As of March 31, 2023, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is neither probable nor reasonably estimable.

Note 11. Income Taxes

The provision or benefit from income taxes for interim periods is determined using an estimate of the Company's annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the Company updates the estimate of the annual effective tax rate, and if the estimated tax rate changes, the Company records a cumulative adjustment.

The Company's effective tax rate for the three months ended March 31, 2023 was 24%. The difference between the effective tax rate and the U.S. federal statutory rate of 21% is primarily due to a valuation allowance established on the majority of the Company's U.S. and foreign net deferred tax assets.

As of March 31, 2023, the Company continues to provide a valuation allowance against all U.S., France, and Australia deferred tax assets. The Company continues to evaluate the realizability of deferred tax assets and the related valuation allowance. If the Company's assessment of the deferred tax assets or the corresponding valuation allowance were to change, the Company would record the related adjustment to income during the period in which the determination is made.

Broadbean Business
Notes to the Combined Condensed Financial Statements (Unaudited) (continued)
As of and for the three months ended March 31, 2023
(in thousands)

The Company and its subsidiaries file income tax returns in the U.S., various states, provinces, and foreign jurisdictions. The Company's federal, state, local, and most other foreign tax returns remain subject to examination for the year ended December 31, 2018 and all subsequent periods.

Note 12. Subsequent Events

On June 13, 2023, the Parent completed the sale of the Company to Veritone, Inc for \$52,000 in cash. The final purchase price determination is subject to customary post-close adjustments. In connection with the sale, the Company has entered into a transition services agreement with the Parent under which the Company will continue to receive support services until similar services can be provided to the Company. Additionally, within this transition service agreement, the Company agreed to continue to provide the Parent with access to the Broadbean office in the UK.

Prior to the Parent's sale of the Company, the Company issued dividends in the aggregate amount of \$5,927 to Parent and paid such dividends in cash on March 6, 2023, May 31, 2023, and June 5, 2023.

These Combined Financial Statements are derived from the Consolidated Financial Statements of CareerBuilder. The Company has evaluated transactions or other events for consideration as recognized subsequent events in these Combined Financial Statements through August 22, 2023. Additionally, the Company has evaluated transactions and other events that occurred through August 22, 2023, the date these financial statements were available for issuance, for purposes of disclosure of unrecognized subsequent events.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is presented to aid you in your analysis of the financial aspects of the completed acquisition of Broadbean (as defined below) by Veritone, Inc. (the “Company”) and Veritone UK, Ltd. (collectively, “Veritone”) from CareerBuilder, LLC, CareerBuilder International Holding B.V., and CareerBuilder France Holding, LLC (collectively, “CareerBuilder”) (this transaction between Veritone and CareerBuilder, the “Acquisition”).

The Acquisition consisted of (i) the Company acquiring (a) 100% of the issued and outstanding share capital of (x) Broadbean Technology Pty Ltd ACN 116 011 959 / ABN 79 116 011 959, a limited company incorporated under the laws of Australia, and (y) Broadbean, Inc., a Delaware corporation, and (b) certain assets and liabilities related thereto, and (ii) Veritone UK, Ltd. acquiring 100% of the issued and outstanding share capital of (a) Broadbean Technology Limited, a limited company incorporated under the laws of England and Wales and (b) CareerBuilder France S.A.R.L., a limited liability company organized under the laws of France (such acquired assets, collectively, “Broadbean”).

The following unaudited pro forma condensed combined financial information presents the combination of the financial information of Broadbean and the Company adjusted to give effect to the Acquisition. The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X (as amended by final rule, Release No. 33-10786). The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the pro forma adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information does not reflect the realization of any expected cost savings and other synergies resulting from the Acquisition as a result of any cost saving initiatives planned subsequent to the closing of the Acquisition.

The unaudited pro forma condensed combined balance sheet as of March 31, 2023, combines the historical unaudited balance sheets of Broadbean and the Company as of March 31, 2023, on a pro forma basis as if the Acquisition had been consummated on March 31, 2023.

The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2023, combines the historical unaudited statements of operations of Broadbean and the Company for the three months ended March 31, 2023, on a pro forma basis as if the Acquisition had been consummated on January 1, 2022, the beginning of the earliest period presented. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022, combines the historical audited statements of operations of Broadbean and the Company for the year ended December 31, 2022, on a pro forma basis as if the Acquisition had been consummated on January 1, 2022, the beginning of the earliest period presented.

The unaudited pro forma condensed combined financial information is derived from and should be read in conjunction with (i) the historical audited consolidated financial statements of the Company and accompanying notes as of and for the year ended December 31, 2022, included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022; (ii) the historical unaudited condensed consolidated financial statements of the Company and accompanying notes as of and for the three-month period ended March 31, 2023, included in the Company’s Quarterly Report in Form 10-Q for the fiscal quarter ended March 31, 2023; (iii) the historical audited combined financial statements of Broadbean as of and for the year ended December 31, 2022, included in this Current Report on Form 8-K/A; and (iv) the historical unaudited condensed combined financial statements of Broadbean as of and for the three months ended March 31, 2023, included in this Current Report on form 8-K/A.

VERITONE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of March 31, 2023
(in thousands)

	Historical		Transaction Accounting Adjustments			Pro Forma Combined
	Veritone, Inc. (As reported)	Broadbean (Historical) After Reclassifications	Total PPA Step Up Adjustments	Total Pro Forma Adjustments		
ASSETS						
Cash and cash equivalents	\$ 139,707	5,753	(53,224)	5(a)	-	92,236
Accounts receivable, net	54,071	9,890	-	-	-	63,961
Expenditures billable to clients	13,035	-	-	-	-	13,035
Prepaid expenses and other current assets	13,585	1,849	-	5(b)	-	15,434
Total current assets	220,398	17,492	(53,224)	-	-	184,666
Property, equipment and improvements, net	6,394	4,268	-	-	-	10,662
Intangible assets, net	74,555	962	26,538	5(c)	-	102,055
Goodwill	46,460	7,100	19,185	5(d)	-	72,745
Long-term restricted cash	862	-	-	-	-	862
Other assets	13,901	1,239	-	5(e)	-	15,140
Total assets	\$ 362,570	31,061	(7,501)	-	-	386,130
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable	\$ 38,015	1,257	-	-	-	39,272
Accrued media payments	82,407	-	-	-	-	82,407
Client advances	3,412	10,484	-	5(f)	-	13,896
Contingent consideration, current	190	-	-	-	-	190
Other accrued liabilities	28,123	4,183	-	5(g)	3,752	36,058
Total current liabilities	152,147	15,924	-	-	3,752	171,823
Contingent consideration, non-current	137,982	-	-	-	-	137,982
Other non-current liabilities	11,721	1,269	6,367	5(i)	-	19,357
Total liabilities	301,850	17,193	6,367	5(j)	3,752	329,162
Commitments and contingencies						
Stockholders' equity						
Parents' equity	-	15,792	(15,792)	5(k)	-	-
Common stock	37	-	-	-	-	37
Additional paid-in capital	455,759	-	-	-	-	455,759
Accumulated deficit / (retained earnings)	(394,234)	-	-	-	(3,752)	(397,986)
Accumulated other comprehensive loss	(842)	(1,924)	1,924	5(k)	-	(842)
Total stockholders' equity	60,720	13,868	(13,868)	-	(3,752)	56,968
Total liabilities and stockholders' equity	\$ 362,570	31,061	(7,501)	-	-	386,130

VERITONE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023
(in thousands, except share and per share data)

	Historical	Broadbean (Historical) After Reclassifications	Transaction Accounting Adjustments		Veritone, Inc. Pro Forma Combined
	Veritone, Inc. (As reported)		PPA Step Up	Pro Forma Adjustments	
Revenue	\$ 30,263	8,296	-	-	38,559
Operating expenses:					
Cost of revenue	6,809	1,636	-	-	8,445
Sales and marketing	12,690	3,896	-	-	16,586
Research and development	11,527	448	6(l)	-	11,975
General and administrative	17,397	1,970	6(m)	-	19,367
Amortization	5,429	708	6(m)	796 6(o)	6,933
Total operating expenses	53,852	8,658	796	-	63,306
Loss from operations	(23,589)	(362)	(796)	-	(24,747)
Other income (expense), net	355	(309)	-	-	46
Loss before provision for income taxes	(23,234)	(671)	(796)	-	(24,701)
(Benefit from) provision for income taxes	(271)	(159)	(199)	6(p)	(629)
Net loss	\$ (22,963)	(512)	(597)	-	(24,072)
Net loss per share:					
Basic and diluted	\$ (0.63)				(0.66)
Weighted average shares outstanding:					
Basic and diluted	36,587,946				36,587,946
Comprehensive loss:					
Net loss	\$ (22,963)				(24,072)
Foreign currency translation (loss) gain, net of income taxes	(766)				(766)
Total comprehensive loss	\$ (23,729)				(24,838)

VERITONE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands, except share and per share data)

	Historical		Transaction Accounting Adjustments				Veritone, Inc. Pro Forma Combined
	Veritone, Inc. (As reported)	Broadbean (Historical) After Reclassifications	PPA Step Up		Pro Forma Adjustments		
Revenue	\$ 149,728	32,617	-		-		182,345
Operating expenses:							
Cost of revenue	27,432	6,301	-		-		33,733
Sales and marketing	51,345	13,740	-		-		65,085
Research and development	43,589	1,952	6(l)	-		-	45,541
General and administrative	44,177	8,594	6(m)	-		3,752	56,523
						6(n)	
Amortization	21,180	3,046	6(m)	2,969	6(o)	-	
							27,195
Total operating expenses	187,723	33,633	2,969		3,752		228,077
Loss from operations	(37,995)	(1,016)	(2,969)		(3,752)		(45,732)
Other income (expense), net	14,747	(160)	-		-		14,587
Loss before provision for income taxes	(23,248)	(1,176)	(2,969)		(3,752)		(31,145)
Provision for (benefit from) income taxes	2,309	(1,669)	(742)	6(p)	(938)	6(p)	(1,040)
Net income (loss)	<u>\$ (25,557)</u>	<u>493</u>	<u>(2,227)</u>		<u>(2,814)</u>		<u>(30,105)</u>
Net loss per share:							
Basic and diluted	<u>\$ (0.71)</u>						<u>(0.84)</u>
Weighted average shares outstanding:							
Basic and diluted	<u>36,033,560</u>						<u>36,033,560</u>
Comprehensive loss:							
Net loss	(25,557)						(30,105)
Foreign currency translation (loss) gain, net of income taxes	28						28
Total comprehensive loss	<u>\$ (25,529)</u>						<u>(30,077)</u>

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

(Amounts in thousands, except per share data)

Note 1. Description of the Transaction

On June 13, 2023, the Company acquired Broadbean, a global leader of talent acquisition software-as-a-service technology, pursuant to a securities and asset purchase agreement dated as of May 27, 2023. The Acquisition is expected to significantly strengthen the Company's AI-driven human resources product suite, building on the Company's previous acquisition of PandoLogic.

The total purchase consideration for Broadbean was \$53,224 (the "Merger Consideration"), which consisted of upfront consideration in cash. The Company paid the Merger Consideration with cash on hand and did not incur any debt or engage in any financing in connection with the Acquisition. As described in Note 2. Basis of Presentation, the total purchase consideration is preliminary and subject to net working capital adjustments that the Company expects to finalize and settle in the measurement period. The final settlement amount may vary materially as amounts are finalized and ultimately agreed to by the parties. The Company incurred \$4,482 in expenses related to the Acquisition and records them in general & administrative expenses in its consolidated statements of operations and comprehensive loss. Transaction costs of \$730 were included in the Company's historical unaudited condensed consolidated statement of operations for the three months ended March 31, 2023. Estimated transaction costs of \$3,752, incurred subsequent to March 31, 2023, have been included as an adjustment to the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022, and the unaudited pro forma condensed combined balance sheet as of March 31, 2023.

Note 2. Basis of Presentation

The unaudited pro forma condensed combined financial statements and related notes have been prepared in accordance with Article 11 of Regulation S-X (as amended by final rule, Release No. 33-10786) and using the acquisition method of accounting as described in Accounting Standards Codification 805, *Business Combinations* ("ASC 805"). Under the acquisition method of accounting, the Company allocates the purchase price of a business acquisition based on the fair value of the identifiable tangible and intangible assets. Goodwill is recognized to the extent that the purchase consideration exceeds the assets acquired and liabilities assumed. The Company uses its best estimate and third-party valuation specialists to determine the fair value of the assets acquired and liabilities assumed. The Company has made a preliminary allocation of the preliminary purchase price to the estimated assets acquired and liabilities assumed as of the acquisition date of June 13, 2023, based on the Company's preliminary valuation of the estimated tangible and intangible assets acquired and liabilities assumed. A final determination of the fair value of Broadbean's assets and liabilities will be based on analysis of Broadbean's actual assets and liabilities as of the closing date, which may result in a net working capital adjustment to the purchase price. Such analysis has not been completed at this time. During the measurement period, which can be up to one year after the acquisition date, the Company can make adjustments to the fair value of the assets acquired and liabilities assumed, with the offset being an adjustment to goodwill.

Broadbean has historically been managed and operated in normal course with other CareerBuilder businesses through multiple legal entities, some of which were not solely dedicated to the operations of Broadbean. Therefore, the accompanying historical combined financial statements of Broadbean have been derived from the accounting records of CareerBuilder, as if Broadbean's operations had been conducted independently from those of CareerBuilder, and were prepared on a stand-alone basis in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The historical combined statements of operations of Broadbean reflect allocations of general corporate expenses from CareerBuilder for certain corporate functions, including executive support, facilities, finance, HR, legal, security, global IT, and other corporate functions on behalf of Broadbean. The expenses associated with these functions have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated on a proportional cost allocation method based primarily on revenue or employee headcount, as applicable. Following the Acquisition, the Company will bear substantially all corporate overhead costs previously allocated to Broadbean. These allocated amounts, however, are not necessarily indicative of the actual amounts that might have been incurred had Broadbean operated independently during the periods presented. The unaudited pro forma condensed combined balance sheet includes CareerBuilder assets and liabilities that are specifically identifiable or otherwise attributable to Broadbean.

Note 3. Accounting Policies

The unaudited pro forma condensed combined financial statements do not reflect any differences in accounting policies. The Company has completed the review of Broadbean's accounting policies and has concluded that differences between the accounting policies of the two companies are not material. However, historically Broadbean has applied different financial statement line-item classifications and/or naming conventions than those used by the Company to certain financial statement line-item categories or amounts. These classification differences were addressed in the accompanying unaudited pro forma condensed combined balance sheet (as described in Note 5) and unaudited pro forma condensed combined statements of operations (as described in Note 6).

Note 4. Estimate of Consideration Transferred and Preliminary Purchase Price Allocation

The preliminary purchase price allocation for the Acquisition is based on estimates, assumptions, valuations and other analyses as of June 13, 2023, that have not been finalized in order to make a definitive allocation. Accordingly, the pro forma adjustments to allocate the purchase consideration will remain preliminary until the Company finalizes the fair values of assets acquired and liabilities assumed. The final amounts allocated to assets acquired and liabilities assumed are dependent upon certain valuations and other studies that have not yet been completed, and as previously stated could differ materially from the amounts presented in the unaudited pro forma condensed combined financial statements.

The total preliminary estimated purchase consideration is allocated to the identifiable assets and liabilities of Broadbean based on their estimated fair values as if the Acquisition had occurred on March 31, 2023, with any excess estimated consideration transferred allocated to goodwill:

Acquisition Consideration:

Cash consideration at closing	\$	53,224
Preliminary estimate of purchase price allocation:		
Cash	\$	5,753
Accounts receivable		9,890
Prepaid and other current assets		1,849
Property and equipment		4,268
Intangible assets		27,500
Other assets		1,239
Total assets acquired		50,499
Accounts payable		1,257
Accrued expenses and other current liabilities		4,183
Deferred revenue		10,484
Other non-current liabilities		7,636
Total liabilities assumed		23,560
Identifiable net assets acquired		26,939
Goodwill		26,285
Total preliminary purchase consideration	\$	<u>53,224</u>

The identifiable intangible assets acquired consisted of developed technology and customer relationships with estimated useful lives of four and five years, respectively. The Company amortizes the fair value of these intangible assets on a straight-line basis over their respective useful lives.

Developed technology relates to Broadbean's internally developed software. The Company valued the developed technology using the relief-from-royalty method under the income approach. This method is based on the application of a royalty rate to forecasted revenue that is expected to be generated by the existing developed technology. The economic useful life was determined based on the technology cycle related to the developed technology, as well as the timing of cash flows over the forecast period. Customer relationships relate to the sales of products and services to Broadbean's existing customer base. The Company valued the customer relationships using the multi-period excess earnings method under the income approach. This method reflects the present value of the

projected cash flows that are expected to be generated by the existing customer relationships less charges representing the contribution of other assets to those cash flows. The economic useful life was determined based on historical customer turnover rates, as well as the timing of cash flows over the forecast period.

The valuation of the intangible assets acquired along with their estimated useful lives, is as follows:

	Estimated Fair Value	Estimated Useful Lives (in years)
Customer relationships	\$ 17,200	5
Developed technology	10,300	4
Total intangible assets	<u>\$ 27,500</u>	

The preliminary purchase price allocation above, which is as of the acquisition date of March 31, 2023, has been used to prepare the transaction accounting adjustments in the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations.

Note 5. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

The following is a description of preliminary transaction accounting adjustments reflected in the unaudited pro forma condensed combined balance sheet.

(a) *Cash consideration transferred*

Represents the adjustment to record the cash consideration of \$53,224.

(b) *Prepaid expenses and other current assets reclassification*

Represents the reclassification of “Prepaid expenses” and “other current assets” to “Prepaid expenses and other current assets” of \$1,849.

(c) *Intangible assets*

Represents the adjustment to record the intangible assets at their estimated fair value of \$27,500. See Note 4 for further details on the purchase price allocation and goodwill. Adjustment is offset by elimination of historical intangibles of \$962.

(d) *Goodwill*

Represents the adjustment to record the purchase price paid in excess of the preliminary estimated fair value of assets acquired and liabilities assumed as of March 31, 2023, and elimination of Broadbean’s pre-acquisition goodwill. See Note 4 for further details on the purchase price allocation and goodwill.

(e) *Other assets reclassification*

Represents the reclassification of “Operating lease right-of-use assets” and “Other non-current assets” to “Other assets” of \$1,239.

(f) *Client advances reclassification*

Represents the reclassification of “Deferred revenue” to “Client advances” of \$10,484.

(g) *Other accrued liabilities reclassification*

Represents the reclassification of “Accrued expenses and other current liabilities” and “Accrued compensation-related expenses” and “Operating lease liabilities, current portion” to “Other accrued liabilities” of \$4,183.

(h) *Transaction costs*

Represents the adjustment to record estimated remaining transaction costs of \$3,752, incurred subsequent to March 31, 2023, that were not previously recorded in the historical consolidated financial statements of the Company. This is a non-recurring adjustment. The \$3,752 in transaction costs that were not previously recorded in the historical consolidated financial statements have been included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2022.

(i) *Other non-current liabilities reclassification*

Represents the reclassification of “Deferred income taxes” and “Non-current operating lease liabilities” to “Other non-current liabilities” of \$1,269.

(j) *Deferred tax liability*

Represents the adjustment to record a deferred tax liability of \$7,059 and eliminate the historical deferred tax liability of \$692.

(k) *Equity*

Represents the adjustment to eliminate historical equity of \$15,792 in parents’ equity and \$1,924 in accumulated other comprehensive loss.

Note 6. Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

The following is a description of preliminary transaction accounting adjustments reflected in the unaudited pro forma condensed combined statements of operations.

(l) *Research and development reclassification*

Represents the reclassification of “Product development” to “Research and development” of \$448 in the three months ended March 31, 2023, and \$1,952 in the twelve months ended December 31, 2022.

(m) *Depreciation and amortization reclassification*

Represents the reclassification of “Depreciation and amortization” to “General and administrative” of \$595 in the three months ended March 31, 2023, and \$2,365 in the twelve months ended December 31, 2022, for depreciation of property, equipment and improvements and the reclassification of “Depreciation and amortization” to “Amortization” of \$708 in the three months ended March 31, 2023, and \$3,046 in the twelve months ended December 31, 2022, for historical amortization of intangible assets.

(n) *Transaction costs*

Represents the adjustment to record estimated transaction costs of \$3,752 incurred subsequent to March 31, 2023, that were not previously recorded in the historical statements of operations of the Company. This is a non-recurring adjustment. These costs will not affect the Company’s statements of operations beyond twelve months after the acquisition date. The historical unaudited condensed consolidated financial statements of the Company for the three months ended March 31, 2023, include \$730 of transaction costs recorded during that period.

(o) *Amortization*

Represents the adjustment to recognize post-acquisition amortization expense of intangible assets at their acquisition date fair value in the amounts of \$1,504 for the three months ended March 31, 2023, and \$6,015 for the twelve months ended December 31, 2022, and eliminate historical amortization of \$708 for the three months ended March 31, 2023, and \$3,046 for the twelve months ended December 31, 2022.

(p) *Income tax*

The adjustment reflects the tax effect of the transaction accounting adjustments in the three months ended March 31, 2023, and the twelve months ended December 31, 2022. The estimate was determined based on the combined federal and state statutory tax rate in effect during the period presented.

Note 7. Pro Forma Net Loss per Share

Pro forma basic and diluted net loss per share amounts were calculated using the Company's historical weighted average common shares outstanding for the three months ended March 31, 2023, and the year ended December 31, 2022. The following table presents the computation of pro forma basic and diluted net loss per share:

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Numerator:		
Pro forma net loss	\$ (24,072)	\$ (30,105)
Denominator:		
Weighted average common shares outstanding	36,587,946	36,033,560
Pro forma basic and diluted net loss per share	\$ (0.66)	\$ (0.84)

Pro forma net loss per share for both periods excludes potentially dilutive shares of common stock that would have been antidilutive. No new shares were issued for the Acquisition.
