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

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___to

Commission File Number: 001-38093

Veritone, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**47-1161641**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1615 Platte Street, 2nd Floor, Denver, CO 80202
(Address of principal executive offices, including zip code)

(888) 507-1737
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2) of the Exchange Act. Yes ☐ No ☒

As of November 11, 2024, 38,241,762 shares of the registrant's common stock were outstanding.

VERITONE, INC.
QUARTERLY REPORT ON FORM 10-Q
September 30, 2024

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we intend that such forward-looking statements be subject to the safe harbors created thereby. All statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as "anticipates," "believes," "could," "estimates," "expects," "intends," "continue," "can," "may," "plans," "potential," "projects," "seeks," "should," "will," "would" or similar expressions and the negatives of those expressions may identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such forward-looking statements include, but are not limited to, any statements that refer to projections of our future financial condition and results of operations, capital needs and financing plans, competitive position, industry environment, potential growth and market opportunities, acquisition, sale or divestiture plans and strategies, compensation plans, governance structure and policies and/or the price of our common stock.

The forward-looking statements included herein represent our management's current expectations and assumptions based on information available as of the date of this report. These statements involve numerous known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that may cause or contribute to such differences include, but are not limited to:

- our ability to continue as a going concern, including our ability to service our debt obligations as they come due over the next twelve months;
- our ability to expand our aiWARE SaaS business;
- declines or limited growth in the market for AI-based software applications and concerns over the use of AI that may hinder the adoption of AI technologies;
- our requirements for additional capital to support our business growth, service our debt obligations and refinance maturing debt obligations, and the availability of such capital on acceptable terms, if at all;
- our reliance upon a limited number of key customers for a significant portion of our revenue, including declines in key customers' usage of our products and other offerings;
- our ability to realize the intended benefits of our acquisitions, sales, divestitures and other planned cost savings measures, including the sale of our full-service advertising agency, Veritone One (as defined below) and our ability to successfully integrate our recent acquisition of Broadbean (as defined in Note 3);
- our identification of existing material weaknesses in our internal control over financial reporting;
- fluctuations in our results over time;
- the impact of seasonality on our business;
- our ability to manage our growth, including through acquisitions and expansion into international markets;
- our ability to enhance our existing products and introduce new products that achieve market acceptance and keep pace with technological developments;
- actions by our competitors, partners and others that may block us from using third party technologies in our aiWARE platform, offering it for free to the public or making it cost prohibitive to continue to incorporate such technologies into our platform;
- interruptions, performance problems or security issues with our technology and infrastructure, or that of our third party service providers;
- the impact of the continuing economic disruption caused by macroeconomic and geopolitical factors, including the Russia-Ukraine conflict, the war in Israel, financial instability, inflation and the responses by central banking authorities to control inflation, monetary supply shifts and the threat of recession in the United States and around the world;
- high interest rates, inflationary pressures and the threat of a recession in the United States and around the world on our business operations and those of our existing and potential customers; and
- any additional factors discussed in more detail in "Item 1. Business" and "Item 1A. Risk Factors" of Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of our Annual Report on Form 10-K for the year ended December 31, 2023, "Item 1A. Risk Factors" of Part II of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and our other filings with the Securities and Exchange Commission ("SEC"), including this Quarterly Report on Form 10-Q and our future filings with the SEC.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. You should carefully review these risks, as well as the additional risks described in other documents we file from time to time with the SEC. In light of the significant risks and uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that such results will be achieved, and readers are cautioned not to place undue reliance on such forward-looking information, which speaks only as of the date of this report.

Moreover, we operate in an evolving environment. New risks and uncertainties emerge from time to time and it is not possible for our management to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual future results to be materially different from those expressed or implied by any forward-looking statements.

Except as required by law, we assume no obligation to update any forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. We qualify all of our forward-looking statements by these cautionary statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

VERITONE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share and share data)
(Unaudited)

	As of	
	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 11,422	$ 46,609
Accounts receivable, net	33,859	33,895
Prepaid expenses and other current assets	6,162	7,864
Current assets of discontinued operations	113,972	97,446
Total current assets	165,415	185,814
Property, equipment and improvements, net	9,864	8,079
Intangible assets, net	65,488	83,423
Goodwill	53,110	53,529
Long-term restricted cash	936	867
Other assets	7,022	9,164
Non-current assets of discontinued operations	34,590	37,982
Total assets	$ 336,425	$ 378,858
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Accounts payable	$ 9,356	$ 16,620
Deferred revenue	12,836	12,813
Term Loan, current portion (Note 4)	38,262	5,813
Accrued purchase consideration, current	983	1,000
Accrued media payments	2,906	2,220
Client advances	17	17
Other accrued liabilities	26,387	26,493
Current liabilities of discontinued operations	158,540	126,893
Total current liabilities	249,287	191,869
Convertible Notes, non-current	89,990	89,572
Term Loan, non-current (Note 4)	12,906	45,012
Accrued purchase consideration, non-current	750	633
Other non-current liabilities	8,653	13,625
Total liabilities	361,586	340,711
Commitments and contingencies (Note 9)		
Stockholders' equity (deficit)		
Common stock, par value $0.001 per share; 75,000,000 shares authorized; 38,209,430 and 37,186,348 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	39	38
Additional paid-in capital	473,871	468,015
Accumulated deficit	(499,071)	(429,896)
Accumulated other comprehensive loss	—	(10)
Total stockholders' equity (deficit)	(25,161)	38,147
Total liabilities and stockholders' equity (deficit)	$ 336,425	$ 378,858

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

VERITONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS
(in thousands, except per share and share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 21,993	$ 27,968	$ 70,204	$ 72,883
Operating expenses:				
Cost of revenue	6,325	7,026	19,614	21,381
Sales and marketing	10,186	10,997	31,230	32,895
Research and development	7,528	10,410	23,388	32,456
General and administrative	14,421	18,264	45,133	48,837
Amortization	6,025	6,454	18,006	17,087
Total operating expenses	44,485	53,151	137,371	152,656
Loss from operations	(22,492)	(25,183)	(67,167)	(79,773)
Other income (expense), net	(2,594)	(2,552)	(8,618)	1,088
Loss from continuing operations before provision for income taxes	(25,086)	(27,735)	(75,785)	(78,685)
(Benefit from) provision for income taxes	(2,575)	(1,003)	(3,713)	(2,673)
Net loss from continuing operations	(22,511)	(26,732)	(72,072)	(76,012)
Net income from discontinued operations	765	2,191	2,897	5,212
Net loss	$ (21,746)	$ (24,541)	$ (69,175)	$ (70,800)
Net (loss) income per share:				
Basic and diluted net loss from continuing operations	$ (0.59)	$ (0.72)	$ (1.91)	$ (2.06)
Basic and diluted net income from discontinued operations	$ 0.02	$ 0.06	$ 0.08	$ 0.14
Basic and diluted net loss	$ (0.57)	$ (0.66)	$ (1.83)	$ (1.92)
Weighted average shares outstanding:				
Basic and diluted	38,086,765	36,991,650	37,752,562	36,810,878
Comprehensive loss:				
Net loss	$ (21,746)	$ (24,541)	$ (69,175)	$ (70,800)
Foreign currency translation gain (loss), net of income taxes	11	1,749	10	(14)
Total comprehensive loss	$ (21,735)	$ (22,792)	$ (69,165)	$ (70,814)

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

VERITONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(Unaudited)

	Three Months Ended September 30, 2024					
	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income (Loss)	Total
Balance as of June 30, 2024	37,964,361	$ 39	$ 471,603	$ (477,325)	$ (11)	$ (5,694)
Common stock issued under employee stock plans	305,202	—	198	—	—	198
Common stock withheld for employee taxes and other	(60,133)	—	(198)	—	—	(198)
Stock-based compensation expense	—	—	2,268	—	—	2,268
Net loss	—	—	—	(21,746)	—	(21,746)
Other comprehensive gain (loss)	—	—	—	—	11	11
Balance as of September 30, 2024	38,209,430	$ 39	$ 473,871	$ (499,071)	$ —	$ (25,161)

	Nine Months Ended September 30, 2024					
	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income (Loss)	Total
Balance as of December 31, 2023	37,186,348	$ 38	$ 468,015	$ (429,896)	$ (10)	$ 38,147
Common stock issued under employee stock plans	920,130	1	432	—	—	433
Common stock withheld for employee taxes and other	(195,158)	—	(803)	—	—	(803)
Common stock issued in connection with warrant exercises	298,110	—	—	—	—	—
Stock-based compensation expense	—	—	6,227	—	—	6,227
Net loss	—	—	—	(69,175)	—	(69,175)
Other comprehensive gain (loss)	—	—	—	—	10	10
Balance as of September 30, 2024	38,209,430	$ 39	$ 473,871	$ (499,071)	$ —	$ (25,161)

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

Three Months Ended September 30, 2023

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of June 30, 2023	36,889,862	$ 37	$ 458,385	$ (417,530)	$ (1,839)	$ 39,053
Common stock issued under employee stock plans	222,927	—	420	—	—	420
Common stock withheld for employee taxes	(30,645)	—	(85)	—	—	(85)
Stock-based compensation expense	—	—	2,107	—	—	2,107
Net loss	—	—	—	(24,541)	—	(24,541)
Other comprehensive gain (loss)	—	—	—	—	1,749	1,749
Balance as of September 30, 2023	37,082,144	$ 37	$ 460,827	$ (442,071)	$ (90)	$ 18,703

Nine Months Ended September 30, 2023

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of December 31, 2022	36,321,222	$ 36	$ 451,162	$ (371,271)	$ (76)	$ 79,851
Common stock issued under employee stock plans	816,690	1	1,062	—	—	1,063
Common stock withheld for employee taxes	(191,568)	—	(1,088)	—	—	(1,088)
Common stock issued as part of contingent consideration	135,800	—	756	—	—	756
Stock-based compensation expense	—	—	8,935	—	—	8,935
Net loss	—	—	—	(70,800)	—	(70,800)
Other comprehensive gain (loss)	—	—	—	—	(14)	(14)
Balance as of September 30, 2023	37,082,144	$ 37	$ 460,827	$ (442,071)	$ (90)	$ 18,703

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

VERITONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from operating activities:		
Net loss	$ (69,175)	$ (70,800)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	21,699	20,154
Provision for credit losses	673	168
Stock-based compensation expense	5,928	8,646
Gain on sale of energy group	—	(2,572)
Change in fair value of contingent consideration	—	1,468
Change in deferred taxes	(4,968)	(2,858)
Amortization of debt issuance costs and debt discounts	4,636	649
Amortization of right-of-use assets	399	1,127
Imputed non-cash interest income	(263)	(108)
Changes in assets and liabilities:		
Accounts receivable	2,959	14,052
Expenditures billable to clients	(17,550)	(2,108)
Prepaid expenses and other assets	407	1,224
Other assets	3,425	(1,300)
Accounts payable	(8,346)	2,405
Deferred revenue	23	(913)
Accrued media payments	14,033	(17,718)
Client advances	19,697	(1,567)
Other accrued liabilities	2,130	4,714
Other liabilities	70	(2,774)
Net cash used in operating activities	(24,223)	(48,111)
Cash flows from investing activities:		
Proceeds from sale of energy group	1,800	504
Capital expenditures	(5,134)	(4,054)
Acquisitions, net of cash acquired	—	(50,195)
Net cash used in investing activities	(3,334)	(53,745)
Cash flows from financing activities:		
Payment of debt principal	(3,875)	—
Payment of purchase consideration	—	(7,772)
Taxes paid related to net share settlement of equity awards	(653)	(1,088)
Proceeds from issuances of stock under employee stock plans, net	433	1,063
Settlement of deferred consideration for acquisitions	(1,800)	(2,690)
Net cash used in financing activities	(5,895)	(10,487)
Net decrease in cash and cash equivalents and restricted cash	(33,452)	(112,343)
Cash and cash equivalents and restricted cash, beginning of period	80,306	185,282
Cash and cash equivalents and restricted cash, end of period	46,854	72,939
Less: Cash and cash equivalents and restricted cash included in discontinued operations	34,496	63,964
Cash and cash equivalents and restricted cash included in continuing operations	$ 12,358	$ 8,975
Supplemental Disclosure of Cash Flow Information		
Non-cash investing and financing activities:		
Fair value of shares issued for acquisition of businesses and earn-out consideration	—	756
Stock-based compensation capitalized for software development	299	289
Lease liabilities arising from right-of-use assets	—	1,436
Shares received for sale of energy group	—	2,021

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

NOTE 1. DESCRIPTION OF BUSINESS

Veritone, Inc., a Delaware corporation ("Veritone," and together with its subsidiaries, collectively, the "Company"), is a provider of artificial intelligence ("AI") computing solutions. The Company's proprietary AI operating system, aiWARE™, uses machine learning algorithms, or AI models, together with a suite of powerful applications, to reveal valuable insights from vast amounts of structured and unstructured data. The aiWARE platform offers capabilities that mimic human cognitive functions such as perception, prediction and problem solving, enabling users to quickly, efficiently and cost effectively transform unstructured data into structured data, and analyze and optimize data to drive business processes and insights. aiWARE is based on an open architecture that enables new AI models, applications and workflows to be added quickly and efficiently, resulting in a scalable and evolving solution that can be leveraged by organizations across a broad range of business sectors, serving commercial enterprises as well as public sector industries.

The Company offers Software Products & Services to Commercial Enterprise and Public Sector customers using the Company's aiWARE platform and Veritone Hire solutions, any related support and maintenance services, and any related professional services associated with the deployment and/or implementation of such solutions.

The Company also offers Managed Services, which include cloud-native digital content management solutions and content licensing services and representation services, through amongst other things, its VeriAds Network, which is comprised of programs that enable broadcasters, podcasters and social media influencers to generate incremental revenue. These offerings leverage the Company's aiWARE technologies, providing customers with unique capabilities to enrich and drive expanded revenue opportunities from their content.

Through October 17, 2024 (the "Divestiture Closing Date"), the Company operated a full-service advertising agency to provide differentiated Managed Services to its customers. On October 17, 2024, the Company entered into an Equity Purchase Agreement (the "Purchase Agreement"), by and among the Company, Veritone One, LLC, a wholly-owned subsidiary of the Company ("Veritone One"), and Oxford Buyer, LLC ("Purchaser"), an affiliate of Insignia Capital Group L.P., pursuant to which, among other things, Purchaser acquired from the Company all of the issued and outstanding equity of Veritone One (such transaction, the "Divestiture"). Veritone One's services included media planning and strategy, advertisement buying and placement, campaign messaging, clearance verification and attribution, and custom analytics, specializing in host-endorsed and influencer advertising across primarily radio, podcasting, streaming audio, social media and other digital media channels. The Company determined that the Divestiture represents a strategic shift that will have a material effect on the Company's operations and financial results. Therefore, the historical financial results of Veritone One are reflected in these condensed consolidated financial statements as discontinued operations and, as such, have been excluded from continuing operations for all periods presented on a retrospective basis, unless otherwise stated. Refer to Note 3 on *Discontinued Operations* for further details.

On June 13, 2023, the Company acquired Broadbean (as defined in Note 3), a global leader of talent acquisition software-as-a-service technology. For further details on this acquisition, refer to Note 3.

NOTE 2. PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial statements and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not contain all information and footnotes required by GAAP for annual financial statements. Such unaudited condensed consolidated financial statements and accompanying notes are based on the representations of the Company's management, who is responsible for their integrity and objectivity. The information included in this Form 10-Q should be read in conjunction with the information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 1, 2024. Interim results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results the Company will have for the full year ending December 31, 2024.

The accompanying condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments that are normal, recurring and necessary to fairly state the Company's financial position, results of operations and cash flows. All significant intercompany transactions have been eliminated in consolidation. The financial data and the other information disclosed in these notes to the condensed consolidated financial statements reflected in the three and nine month periods presented are unaudited. The December 31, 2023 balance sheet included herein was derived from the audited financial statements but does not include all disclosures or notes required by GAAP for complete financial statements.

The Company determined that Veritone One met the criteria to be classified as discontinued operations. As a result, the historical financial results of Veritone One are reflected in these condensed consolidated financial statements as discontinued operations and, as such, have been excluded from continuing operations for all periods presented on a retrospective basis, unless otherwise stated. Refer to Note 3 on *Discontinued Operations* for further details.

Liquidity, Capital Resources and Going Concern

These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles assuming the Company will continue as a going concern over the next twelve months through November 2025. During the year ended December 31, 2023 and nine months ended September 30, 2024, the Company used cash in operations of $76,421 and $24,223, respectively, and incurred net losses of $58,625 and $69,175, respectively. As of September 30, 2024, the Company had an accumulated deficit of $499,071 and negative working capital of $83,872.

Based on the Company's liquidity position at September 30, 2024 after giving effect to the impact of the Divestiture and the repayment of a portion of our term loan, and the Company's current forecast of operating results and cash flows, absent any other action, management determined that there is substantial doubt about the Company's ability to continue as a going concern over the twelve months following the filing of this Quarterly Report on Form 10-Q, principally driven by the Company's current debt service obligations, historical negative cash flows and recurring losses. The Company will require additional liquidity to continue its operations over the next twelve months.

On the Divestiture Closing Date, the Company completed the sale of Veritone One for total consideration up to $104,000, subject to purchase price adjustments and the achievement of certain earnout targets as described below. Net proceeds from the transaction were $59,053 in cash, which reflected the aggregate purchase price of $104,000, less $18,000 subject to an earnout described below, $20,297 of purchase price adjustments, and $6,650 placed in escrow accounts described below. The Company may receive the earnout of up to $18,000 in cash proceeds based on the achievement of certain net revenue targets by Veritone One between January 1, 2025 and December 31, 2025 (the "Earnout"). Of the amounts placed in escrow, $1,500 was placed in an escrow account for potential purchase price adjustments and an aggregate of $5,150 was placed in escrow accounts for the potential satisfaction of post-closing indemnification claims, in each case subject to the terms and limitations set forth in the Purchase Agreement. Net cash proceeds from the Divestiture were used to repay $30,512 principal amount of the Company's outstanding Term Loan (defined in Note 4), plus accrued interest and a prepayment premium in an aggregate amount of $3,303, and to pay $3,875 in deal-related expenses. Immediately following the Divestiture and the repayment of a portion of its Term Loan, the Company reported cash on hand of $27,289, and the Company improved its negative working capital as compared to September 30, 2024.

Potential future consideration from the Divestiture in the form of cash held in escrow and the Earnout is up to $24,650. With respect to the escrowed amounts, $1,500 is expected to be settled and may be released within 90 to 120 days after the Divestiture Closing Date, $3,650 is expected to settle and may be released 12 months after the Divestiture Closing Date, and $1,500 is expected to settle and may be released 24 months after the Divestiture Closing Date. The Earnout, if applicable, is anticipated to be payable in part no later than March 2, 2026, with the remainder, if applicable, payable in the second quarter of 2026. While management believes a large portion of this potential future consideration will be earned and paid back to the Company over the next two years, both the escrowed amounts and Earnout are subject to future negotiation and financial performance of Veritone One, a portion of which the Company will have no direct control over. As a result, there is no guarantee that any of the deferred consideration will be earned and or paid back to the Company. Given the Company's forecast over the next twelve months, the Company will require additional liquidity to continue its operations over the next twelve months.

In the near term, and to meet its obligations as they come due, the Company is evaluating additional strategies to obtain funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, debt and/or further restructuring of operations to grow revenues and decrease operating expenses, which include capturing past cost reductions and potential future cost synergies from the Company's past acquisitions.

The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business, including having sufficient liquidity in the future to meet, amongst other things, its covenants under the Term Loan Credit Agreement (as defined in Note 4). The Company may not be able to access additional equity under acceptable terms, and may not be successful in future operational restructurings, earning any of its deferred purchase consideration, meeting its minimum liquidity threshold under its Credit Agreement or growing its revenue base. If the Company becomes unable to continue as a going concern, it may have to dispose of other or additional assets and might realize significantly less value than the values at which they are carried on its condensed consolidated financial statements. These actions may cause the Company's stockholders to lose all or part of their investment in the Company's common stock. The condensed consolidated financial statements do not include any adjustments that might result from the Company being unable to continue as a going concern. If the Company cannot continue as a going concern, adjustments to the carrying values and classification of its assets and liabilities and the reported amounts of income and expenses could be required and could be material.

Use of Accounting Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the accompanying condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The principal estimates relate to the accounting recognition and presentation of revenue, allowance for credit losses, purchase accounting, impairment of goodwill and long-lived assets, the valuation of senior secured debt, the valuation of non-cash consideration received in barter transactions and the evaluation of its realizability, the valuation of certain assets, liabilities and costs allocated to discontinued operations, the valuation of stock awards and stock warrants and income taxes, where applicable.

There has been uncertainty and disruption in the global economy and financial markets due to a number of factors including the wars in Ukraine and Israel, the global inflationary environment and high interest rates. The war in Israel has also adversely impacted the Company's business operations because the Company has an office and personnel based in Herzliya, Israel. The Company is not aware of any specific event or circumstance that would require an update to its estimates or assumptions or a revision of the carrying value of its assets or liabilities as of the date of filing of this Quarterly Report on Form 10-Q.

These estimates and assumptions may change as new events occur and additional information is obtained. As a result, actual results could differ materially from these estimates and assumptions.

Significant Customers

During the three and nine months ended September 30, 2024, in each case, no individual customer accounted for more than 10% of the Company's revenue. No individual customer accounted for 10% or more of the Company's revenue during the three months ended September 30, 2023 and one individual customer accounted for 10% or more of the Company's revenue for the nine months ended September 30, 2023. As of September 30, 2024 and December 31, 2023, in each case, no individual customer accounted for 10% or more of the Company's accounts receivable.

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. The Company recognized $10,780 of revenue during the nine months ended September 30, 2024 that was included in the deferred revenue balance as of December 31, 2023.

Remaining Performance Obligations

As of September 30, 2024, the aggregate amount of the transaction prices under the Company's contracts allocated to the Company's remaining performance obligations was $36,488, approximately 55% of which the Company expects to recognize as revenue over the next twelve months, and the remainder thereafter to be recognized over the next five years. This aggregate amount excludes amounts allocated to remaining performance obligations under contracts that have an original duration of one year or less and variable consideration that is allocated to remaining performance obligations. Excluded based on this policy are balances related to Veritone Hire solutions representing gross purchase orders to be satisfied in less than one year. Revenues will be recognized net of costs to fulfill these orders.

Segment Information

The Company operates as one reportable segment. The Company reports segment information based on the internal reporting used by the chief operating decision maker for making decisions and assessing performance as the source of the Company's reportable segment.

Seasonality

The Company experiences seasonal fluctuations in its revenue and operating performance as a result of the utilization of its platform and associated revenues from its Software Products & Services. In particular, certain Commercial Enterprise solutions, including Veritone Hire revenues, have historically been higher in the second half of each fiscal year, consistent with the hiring and spending cycles of the Company's larger customers. The Company also experiences seasonality as a result of factors such as the timing of large projects, the length and complexity of sales cycles, trends impacting the Company's target vertical markets and the Company's revenue recognition policies and any changes to those policies. Within a given quarter, a higher proportion of the Company's agreements are signed toward the end of such quarter. Although these seasonal factors are common in the technology industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Discontinued Operations

During the third quarter of 2024, the Company determined that Veritone One (as defined above in Note 1) met the criteria to be classified as held for sale and discontinued operations. As a result, the historical financial results of Veritone One are reflected in these condensed consolidated financial statements as discontinued operations and, as such, have been excluded from continuing operations for all periods presented on a retrospective basis, unless otherwise stated. Refer to Note 3 on *Discontinued Operations* for further details.

Significant Accounting Policies

There have been no material changes in the Company's significant accounting policies from those disclosed in its Annual Report on Form 10-K for the year ended December 31, 2023.

Recently Adopted Accounting Pronouncements

In September 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* which requires measurement and recognition of expected credit losses for financial assets held. This standard was effective for the Company beginning in the first quarter of fiscal year 2023. The Company adopted this guidance on January 1, 2023 and the impact of the adoption was not material to our condensed consolidated 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.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, in order to align the recognition of a contract liability with the definition of a performance obligation. The Company adopted this guidance on January 1, 2023. The adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements.

NOTE 3. DISCONTINUED OPERATIONS, BUSINESS COMBINATIONS AND DIVESTITURE

Discontinued Operations

On August 8, 2024, the Company announced it was undertaking a formal process and had committed to a plan to sell Veritone One (defined in Note 1), which was signed and closed on the Divestiture Closing Date. Veritone One operated the Company's full-service advertising agency business and its disposal represents a strategic shift that would have a major impact on the Company's operations and financial results, as it enables the Company to focus on its core software and applications and reduce its dependency on advertising related services. As a result, Veritone One met both the held for sale and discontinued operations presentation criteria and comprised operations and cash flows that could be distinguished, operationally and for financial reporting purposes, from the rest of the Company. See Note 13 on *Subsequent Events* for further details on the Divestiture and certain related transactions.

In connection with the Divestiture, the Company and the Purchaser entered into a transition services agreement. The transition services agreement outlines the information technology, people, and facility support the Company expects to provide to the Purchaser for a period of six months after the Divestiture Closing Date with options to be extended. The total service fee amount for each service will not exceed the actual costs to provide such service.

Veritone One's results of operations for the three and nine months ended September 30, 2024, and 2023 and its balances as of September 30, 2024 and December 31, 2023, are disclosed as discontinued operations and excluded from continuing operations within the Company's condensed consolidated financial statements and notes thereto, with the resulting gain or loss from the sale to be accounted for during the reporting period in which the Divestiture was closed (see Note 13).

Since the Company operates as one reporting unit, the Company allocated goodwill to discontinued operations on a relative fair value basis in comparison to the value of the overall company (see Note 7).

The carrying amounts of the major classes of assets and liabilities of the Company's discontinued operations as of September 30, 2024 and December 31, 2023 were as follows (unaudited):

	As of	
	September 30, 2024	December 31, 2023
Assets of discontinued operations		
Cash and cash equivalents	$ 34,496	$ 32,830
Accounts receivable, net	34,167	38,415
Expenditures billable to clients	37,158	19,608
Prepaid expenses and other current assets	8,151	6,593
Total current assets	113,972	97,446
Property, equipment and improvements, net	533	577
Goodwill	26,718	26,718
Other assets	7,339	10,687
Total assets	$ 148,562	$ 135,428
Liabilities of discontinued operations		
Accounts payable	$ 15,321	$ 16,272
Accrued media payments	107,149	94,584
Client advances	34,937	15,240
Other accrued liabilities	1,133	797
Total current liabilities	158,540	126,893
Total liabilities	158,540	126,893
Net assets (liabilities)	(9,978)	8,535

Intercompany Balances

As of September 30, 2024, the Company had an intercompany balance due to the Divesture of $29,105, which was eliminated in consolidation as the amount was settled and disposed of in full at the closing of the Divestiture. At the closing, the total amount of intercompany settlement was $20,297, which was netted against the purchase consideration received. Due to the nature of transactions between Veritone One and our representation services, certain intercompany transactions that are planned to continue and were not settled at the closing date were reinstated in the corresponding financial periods, including certain accounts receivable from continuing operations and accrued media from discontinued operations, which were collectively $2,588 at September 30, 2024 and $3,239 at December 31, 2023.

The operating results of the Company's discontinued operations for the three and nine months ended September 30, 2024 and 2023 are as follows (unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 8,615	$ 7,165	$ 23,032	$ 20,480
Operating expenses:				
Cost of revenue	342	161	679	380
Sales and marketing	1,744	1,895	5,178	5,811
Research and development	32	—	32	—
General and administrative	4,008	2,818	9,481	8,667
Amortization	—	170	—	680
Total operating expenses	6,126	5,044	15,370	15,538
Income from operations	2,489	2,121	7,662	4,942
Other (expense) income, net	(1,698)	96	(4,689)	321
Income from discontinued operations before provision for income taxes	791	2,217	2,973	5,263
Provision for income taxes	26	26	76	51
Net income from discontinued operations	$ 765	$ 2,191	$ 2,897	$ 5,212

The significant operating and investing cash and noncash items of the discontinued operations included in the condensed consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023 were as follows (unaudited):

	Nine Months Ended September 30,	
	2024	2023
Net cash flows provided by (used in) operating activities	1,868	(28,614)
Net cash flows used in investing activities	(202)	(330)
Net cash flows used in financing activities	—	—

Depreciation and amortization allocated to discontinued operations during the nine months ended September 30, 2024 and 2023 was $245 and $837, respectively. Interest expense (income), net allocated to discontinued operations during the nine months ended September 30, 2024 and 2023 was $4,689 and ($321), respectively. Stock based compensation expense from discontinued operations was $237 and $443 for the nine months ended September 30, 2024 and 2023, respectively.

Broadbean Acquisition

On June 13, 2023, the Company acquired Broadbean (as defined below), a global leader of talent acquisition software-as-a-service technology, pursuant to a securities and asset purchase agreement whereby the Company acquired (i) 100% of the issued and outstanding share capital of (a) Broadbean Technology Pty Ltd, (b) Broadbean Technology Limited, (c) Broadbean, Inc., and (d) CareerBuilder France S.A.R.L., and (ii) certain assets and liabilities related thereto (the foregoing clauses (i) and (ii) together, “Broadbean”). The acquisition is intended to strengthen Veritone’s AI-driven human resources product suite, building on the Company’s previous acquisition of PandoLogic.

The total purchase consideration was $53,301 (the “Broadbean Acquisition Consideration”), which consisted of cash payments of $53,301 at closing. During the year ended December 31, 2023, the Company incurred $4,214 in acquisition-related expenses. The following table summarizes the fair value of the Broadbean Acquisition Consideration:

Broadbean Acquisition Consideration		Amount
Cash consideration at closing	$	53,301

The allocation of the Broadbean Acquisition Consideration to tangible and intangible assets acquired and liabilities assumed is based on estimated fair values and is as follows:

Allocation of Broadbean Acquisition Consideration**		Amount
Cash and cash equivalents	$	3,033
Accounts receivable, net		7,817
Prepaid expenses and other current assets		1,007
Property, equipment and improvements, net		343
Intangible assets		27,500
Other assets		3,486
Total assets acquired		43,186
Accounts payable		1,107
Deferred revenue		10,029
Other accrued liabilities		5,054
Other non-current liabilities		6,618
Total liabilities assumed		22,808
Identifiable net assets acquired		20,378
Goodwill		32,923
Total purchase consideration	$	53,301

**The excess of the total consideration over the tangible assets, identifiable intangible assets, and assumed liabilities is recorded as goodwill. Goodwill is primarily attributable to opportunities to cross-sell into our Commercial Enterprise customer base and to the assembled workforce. Tax deductible goodwill generated from the acquisition is $3,728.

Identifiable Intangible Assets

The identifiable intangible assets acquired consisted of the customer relationships and developed technology with estimated useful lives of four to five years. 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	$ 27,500	

Taxes

In connection with the acquisition of Broadbean, a net deferred tax liability of $3,741 was established primarily relating to non-goodwill intangible assets and recorded within other non-current liabilities on the Company's condensed consolidated balance sheets. The amount of tax-deductible goodwill as of the purchase date is $3,728.

Unaudited Pro Forma Results

The unaudited pro forma financial information in the table below summarizes the combined results of operations for the Company and Broadbean as if the companies were combined for the three and nine months ended September 30, 2024 and 2023. The unaudited pro forma financial information for all periods presented included the business combination accounting effects resulting from this acquisition, including adjustments to reflect recognition of intangible asset amortization. The unaudited pro forma financial information as presented below is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of January 1, 2023 or the results that may occur in the future.

The unaudited pro forma financial information is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenue	$ 21,993	$ 27,968	$ 70,204	$ 87,946
Loss from continuing operations before provision for income taxes	(25,086)	(27,735)	(75,785)	(77,149)
Net loss	(22,511)	(26,732)	(72,072)	(73,855)

Energy Group Sale

On June 30, 2023, the Company completed the sale of its energy group (the "Energy Sale") to GridBeyond Limited, an Ireland-based privately held company ("GridBeyond") that delivers AI-powered energy solutions, pursuant to an asset purchase agreement. The Company received 4,160,644 shares of Series B Preference Shares in GridBeyond valued at approximately $2,021 as of June 30, 2023, as well as $549 to be paid in cash. The Energy Sale resulted in a pre-tax gain of $2,572 in the second quarter of 2023. The energy group did not meet the criteria of discontinued operations because the disposal does not have a major effect on the Company's operations and financial results. In April 2024, the Company sold its interest in GridBeyond for $1,800 in cash, resulting in a loss on sale of $172 and a foreign exchange loss of $49, recorded in other income (expense), net.

NOTE 4. DEBT

Senior Secured Term Loan

On December 13, 2023 (the "Term Loan Closing Date"), the Company and certain of its subsidiaries, as guarantors, entered into a Credit and Guaranty Agreement (the "Credit Agreement") with certain funds managed by Highbridge Capital Management, LLC and with certain other lenders (collectively, the "Lenders") and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Credit Agreement provides for a $77,500 senior secured term loan (the "Term Loan"), which was fully drawn by the Company on the Term Loan

Closing Date. On the Term Loan Closing Date, the Company used $37,500 of the Term Loan proceeds to repurchase $50,000 principal amount of its Convertible Notes (as defined below). As a result of the collective transactions at the Term Loan Closing Date, the Company recorded the Term Loan at fair value and recognized a one-time gain of $30,000 on the extinguishment of convertible debt. The initial discount on the Term Loan of $23,807 along with the capitalized issuance costs of $3,120 each will be amortized to interest expense over the term of the loan using the effective interest method. During the three and nine months ended September 30, 2024, $1,465 and $4,217, respectively, was recognized as the amortization of initial discounts and issuance costs.

The Company is the borrower under the Credit Agreement and all indebtedness outstanding under the Credit Agreement is guaranteed by each of the Company's direct and indirect material subsidiaries (the Company and the guarantors, collectively, the "Credit Parties"). Pursuant to a Pledge and Security Agreement, dated December 13, 2023 (the "Pledge and Security Agreement"), the Term Loan is secured by a first-priority security interest in and lien on substantially all tangible and intangible property of the Credit Parties and a pledge of equity interests held by the Credit Parties. The Credit Agreement has certain customary default provisions, representations and warranties and affirmative and negative covenants, including a covenant to maintain unrestricted cash and cash equivalents of at least $15,000 at all times. The Company was in compliance with the financial covenants at September 30, 2024.

The Term Loan accrues interest at a rate of Term SOFR plus 8.50% per annum, with a 3.00% floor for Term SOFR, payable quarterly. A default interest rate of an additional 3.00% per annum applies on all outstanding obligations after the occurrence and during the continuance of an event of default.

The Credit Agreement has a term of four years from the Term Loan Closing Date, with a scheduled maturity date of December 13, 2027, and requires quarterly amortization payments of 2.50% of the principal amount, commencing in June 2024, with the outstanding balance of the Term Loan payable on the scheduled maturity date.

The Credit Agreement requires mandatory prepayments from the net cash proceeds received by the Credit Parties for among other things (i) certain asset sales, but only to the extent net cash proceeds therefrom exceed $10,000 in the aggregate, and (ii) insurance recoveries on loss of property that are not otherwise reinvested in other assets of the Credit Parties at a 10% prepayment premium. The Credit Agreement also requires prepayment of the Term Loan in full if $30,000 or more of aggregate principal amount of the Convertible Notes are outstanding on August 14, 2026. The Company may elect to prepay the Term Loan, in whole or in part, in cash, subject to a make-whole premium during the first year of the Term Loan, a 14.0% prepayment premium during the second year of the Term Loan, and a 7.0% premium during the third year of the Term Loan. The Term Loan is not repayable with the Company's common stock, $0.001 per share (the "Common Stock") as was initially set forth in the Commitment Letter dated November 7, 2023, by and among the Company, certain funds managed by Highbridge Capital Management, LLC and certain other lenders..

On the Term Loan Closing Date, the Company issued warrants (the "Warrants") to the Lenders (in such capacity, the "Warrant Holders") to purchase up to 3,008,540 shares of the Company's Common Stock at an exercise price of $2.576 per share with a termination date of December 12, 2028. Refer to Note 6 for further details about the Warrants.

For the three and nine months ended September 30, 2024, interest expense related to the Term Loan, including amortization of initial discounts and issuance costs, was $2,443 and $7,402, respectively. The effective annual interest rate was approximately 31.3%.

Interest expense was allocated to discontinued operations based on certain key elements of the underlying debt arrangement and transaction structure. Interest on debt that is required to be repaid as a result of a disposal is allocated to discontinued operations, as is the case under the Credit Agreement. As a result, the Company allocated interest expense and amortization of discounts and issuance costs relating to repayment of the Term Loan, as required by the Divestiture, to discontinued operations. For the three and nine months ended September 30, 2024, the Company allocated $1,698 and $4,931, respectively, of interest expense, including amortization of initial discounts and issuance costs, to discontinued operations as a result of the Divestiture.

The scheduled principal payments on the Term Loan as of September 30, 2024 are as follows:

Remainder of 2024	$	1,938
2025		7,750
2026		7,750
2027		56,188
Total		73,626

In October 2024, and in conjunction with the Divestiture, the Company used net proceeds from the sale to pay down $30,512 in principal and $3,303 in prepayment premiums and accrued interest on the Term Loan. Due to the classification of held-for-sale at September 30, 2024, and the proximity of the October 17, 2024 Divestiture to the September 30, 2024 balance sheet, the Company classified the $30,512 million of debt paid down through the Divestiture as Term Loan, current portion on the September 30, 2024 balance sheet. As of the Repayment Date, after giving effect to the Term Loan Repayment, $43,114 aggregate principal amount remained outstanding under the Term Loan and the Company had approximately $27,289 of cash and cash equivalents (see Note 13).

Convertible Notes

In November 2021, the Company issued, at par value, $201,250 aggregate principal amount of 1.75% convertible senior notes due 2026 (the "Convertible Notes"). The issuance included the full exercise of an option granted by the Company to the initial purchasers of the Convertible Notes to purchase an additional $26,250 aggregate principal amount of Convertible Notes. The Convertible Notes were issued pursuant to and are subject to the terms and conditions of an indenture, which is referred to as the Indenture, between the Company and U.S. Bank National Association, as trustee. The Convertible Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. In December 2022, the Company repurchased $60,000 aggregate principal amount of the Convertible Notes at approximately 65% of par (the "2022 Repurchase Transaction"). In December 2023, the Company repurchased $50,000 aggregate principal amount of the Convertible Notes at approximately 75% of par (the "2023 Repurchase Transaction"). The Company has $91,250 in aggregate principal amount of the Convertible Notes outstanding as of September 30, 2024.

The Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 1.75% per year. Interest accrues from November 19, 2021 and is payable semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2022. The Convertible Notes will mature on November 15, 2026, unless earlier converted, redeemed, or repurchased in accordance with the terms of the Convertible Notes.

Holders of the Convertible Notes may convert all or any portion of their Convertible Notes at their option at any time prior to the close of business on the business day immediately preceding May 15, 2026, only under the following conditions: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2022 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate for the Convertible Notes on each such trading day; (3) if the Company calls such Convertible Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the applicable redemption date; or (4) upon the occurrence of specified corporate events. On or after May 15, 2026, holders may convert all or any portion of their Convertible Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date regardless of the foregoing conditions. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election.

The conversion rate for the Convertible Notes initially is 27.2068 shares of the Company's common stock per $1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately $36.76 per share of common stock). The conversion rate is subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date or following the Company's issuance of a notice of redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such a corporate event or who elects to convert its Convertible Notes called (or deemed called) for redemption during the related redemption period, as the case may be.

The Company may not redeem the Convertible Notes prior to November 20, 2024. The Company may redeem for cash all or any portion of the Convertible Notes (subject to certain limitations), at its option, on or after November 20, 2024 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the Convertible Notes.

If the Company undergoes a fundamental change prior to the maturity date, subject to certain conditions, holders may require the Company to repurchase for cash all or any portion of their Convertible Notes. The fundamental change repurchase price will be equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Convertible Notes are the Company's senior unsecured obligations and rank senior in right of payment to all of the Company's indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment with all existing and future liabilities of the Company that are not so subordinated; effectively junior to any of secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) and any preferred equity of the Company's current or future subsidiaries.

The net proceeds from the issuance of the Convertible Notes were approximately $194,945, after deducting debt issuance costs. The total debt issuance costs incurred and recorded by the Company amounted to $6,304, which were recorded as a reduction to the face amount of the Convertible Notes and are being amortized to interest expense using the effective interest method over the contractual term of the Convertible Notes. The Convertible Notes are recorded as a liability within convertible senior notes, non-current.

For the three and nine months ended September 30, 2024, interest expense related to the Convertible Notes, including amortization of issuance costs, was $543 and $1,627, respectively. For the three and nine months ended September 30, 2023, interest expense related to the Convertible Notes, including amortization of issuance costs, was $836 and $2,503, respectively. The effective annual interest rate for the three and nine months ended September 30, 2024 and 2023 was approximately 2.42%. As of September 30, 2024, the if-converted value of the Convertible Notes did not exceed the outstanding principal amount. As of September 30, 2024, the total estimated fair value of the Convertible Notes was $29,890, which was determined based on a market approach using actual bids and offers of the Convertible Notes in an over-the-counter market during the period. The Company considers these assumptions to be Level 2 inputs in accordance with the fair value hierarchy described in Note 6.

Capped Calls

In connection with the 2022 pricing of the Convertible Notes, with the full exercise by the initial purchasers of their option to purchase additional Convertible Notes in November 2021, the Company used approximately $18,616 of the net proceeds from the issuance of the Convertible Notes to enter into privately negotiated capped call transactions, which are referred to as the capped calls, with various financial institutions.

The capped call transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes, the number of shares of the Company's common stock underlying the Convertible Notes. The capped call transactions are expected generally to reduce the potential dilution to the Company's common stock upon conversion of the Convertible Notes and/or offset some or all of any cash payments the Company is required to make in excess of the principal amount of converted Convertible Notes, as the case may be, in the event that the market price per share of the Company's common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions, which initially corresponds to the conversion price of the Convertible Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Convertible Notes. If, however, the market price per share of the Company's common stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds the cap price of the capped call transactions. The initial cap price of the capped calls is $48.55 per share of common stock, which represents a premium of 75% over the last reported sale price of the Company's common stock of $27.74 per share on November 16, 2021, and is subject to certain customary adjustments under the terms of the capped calls; provided that the cap price will not be reduced to an amount less than the strike price of $35.76 per share.

The capped call transactions are separate transactions and are not part of the terms of the Convertible Notes. The capped calls met the criteria for classification as equity and, as such, are not remeasured each reporting period and are included as a reduction to additional paid-in-capital within stockholders' equity.

In connection with the 2022 Repurchase Transaction, the Company entered into transactions to unwind a portion of the capped calls. As a result, the Company received $276 in net proceeds from the proceeds of the unwinding of the capped calls. In connection with the 2023 Repurchase Transaction, the Company entered into transactions to unwind a portion of the capped calls. The Company did not receive any proceeds from the unwinding of the capped calls in 2023.

Credit Facility

In August 2023, the Company entered into a three year credit agreement with Alterna Capital Solutions, LLC ("ACS") pursuant to which the Company might have borrowed up to $30,000 (the "ACS Credit Facility"). Loans under the ACS Credit Facility were secured by certain domestic receivables and other assets as determined by ACS. The ACS Credit Facility bore interest at the greater of Prime rate plus 1.0% or 9.5%, and minimum annual interest of $250 if no funds are drawn under the ACS Credit Facility in a given year. ACS was a senior secured creditor.

On December 12, 2023, in connection with the Company's entry into the Credit Agreement (as defined above), the ACS Credit Facility and the related Commercial Guarantee, dated August 8, 2023, were terminated. Immediately prior to its termination, no amounts were outstanding under the ACS Credit Facility. The Company did not incur any early termination penalties in connection with the termination of the ACS Credit Facility and related agreements.

NOTE 5. NET LOSS PER SHARE

The following table presents the computation of basic and diluted net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator				
Net loss from continuing operations	$ (22,511)	$ (26,732)	$ (72,072)	$ (76,012)
Net income from discontinued operations	765	2,191	2,897	5,212
Net loss	$ (21,746)	$ (24,541)	$ (69,175)	$ (70,800)
Denominator				
Weighted-average common shares outstanding	38,086,765	36,991,650	37,752,562	36,810,878
Less: Weighted-average shares subject to repurchase	—	—	—	—
Denominator for basic and diluted net (loss) income per share	38,086,765	36,991,650	37,752,562	36,810,878
Basic and diluted net loss per share from continuing operations	$ (0.59)	$ (0.72)	$ (1.91)	$ (2.06)
Basic and diluted net income per share from discontinued operations	0.02	0.06	0.08	0.14
Basic and diluted net loss per share	$ (0.57)	$ (0.66)	$ (1.83)	$ (1.92)

The Company reported net losses for all periods presented and, as such, all potentially dilutive shares of common stock would have been antidilutive for such periods. The table below presents the weighted-average securities (in common equivalent shares) outstanding during the periods presented that have been excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Common stock options, restricted stock units and performance stock units	10,555,192	11,058,562	10,729,798	10,909,888
Warrants to purchase common stock	2,654,628	496,612	2,820,462	496,612
Common stock issuable in connection with convertible senior notes	2,482,621	3,842,961	2,482,621	3,842,961
	15,692,441	15,398,135	16,032,881	15,249,461

NOTE 6. FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for 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 on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs that may be used to measure fair value. Level 1 and Level 2 are considered observable and Level 3 is considered unobservable, as follows:

•Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;

•Level 2—inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

•Level 3—unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and Cash Equivalents

The Company's money market funds are categorized as Level 1 within the fair value hierarchy. As of September 30, 2024, the Company's cash and cash equivalents were as follows:

	Cost	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents
Cash from continuing operations	$ 11,422	$ —	$ 11,422	$ 11,422
Cash from discontinued operations	34,496	—	34,496	34,496
Total	$ 45,918	$ —	$ 45,918	$ 45,918

As of December 31, 2023, the Company's cash and cash equivalents balances were as follows:

	Cost	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents
Cash from continuing operations	$ 46,609	$ —	$ 46,609	$ 46,609
Cash from discontinued operations	32,830	—	32,830	32,830
Total	$ 79,439	$ —	$ 79,439	$ 79,439

Purchase Consideration

On September 14, 2021, the Company acquired 100% of PandoLogic, Ltd. ("PandoLogic"), a company incorporated under the laws of the state of Israel, pursuant to an Agreement and Plan of Merger, dated as of July 21, 2021 (the "PandoLogic Merger Agreement"). The total purchase consideration for PandoLogic included up to $65,000 in contingent consideration based on achieving certain contingent consideration tied to financial performance of PandoLogic in fiscal 2021 and 2022, which amounts were payable in a combination of cash and common stock (the "PandoLogic Contingent Consideration"). At December 31, 2023, all Pandologic Contingent Consideration had been paid.

All of the Company's contingent consideration liabilities are categorized as Level 3 within the fair value hierarchy, except when the amount of the payout is determined to be fixed. Contingent consideration for the PandoLogic acquisition was valued at the time of acquisition using Monte Carlo simulation models. These models incorporate contractual terms and assumptions regarding financial forecasts for PandoLogic, discount rates, and volatility of forecasted revenue. The value of the Company's contingent consideration would increase if a lower discount rate was used and would decrease if a higher discount rate was used. Similarly, a higher revenue volatility assumption would increase the value of the contingent consideration, and a lower revenue volatility assumption would decrease the value of the contingent consideration. Contingent consideration for the March 2022 Acquisition (as defined below) was valued at the time of acquisition using a simple probability of achievement model, with the probability of achievement based on management's forecasted outcomes for 2022 and 2023 fiscal year results for the acquired entity. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management with the assistance of a third-party valuation specialist when deemed necessary.

In September 2022, the Company and PandoLogic's former owners entered into an amendment to the PandoLogic Merger Agreement. This amendment provides that the PandoLogic Contingent Consideration would be no less than $10,825, irrespective of the actual financial performance of PandoLogic for the PandoLogic Contingent Consideration period. All of the PandoLogic Contingent Consideration was paid during the year ended December 31, 2023 in a combination of cash consideration and stock consideration, with the number of shares paid equal to that stock consideration portion of the contingent consideration amount divided by a price per share of $20.53 in accordance with the terms of the PandoLogic Merger Agreement.

On March 1, 2022, the Company acquired 100% of an influencer-based management company (the "March 2022 Acquisition"). As part of the consideration, the seller was eligible to receive up to $4,500 in cash (the "March 2022 Acquisition Consideration"). In July 2023, the Company entered into an agreement amending the March 2022 Acquisition Consideration (the "March 2022 Acquisition Amendment"). The March 2022 Acquisition Amendment provides that the March 2022 Acquisition Consideration was reduced to $3,500 and payment of the March 2022 Acquisition Consideration amount is now tied to employment status of the seller through December 31, 2025, irrespective of the actual financial performance of the acquired company, the remainder of which is to be paid ratably over the service period. As the amount became fixed under the March 2022 Acquisition Amendment, the Company determined that the March 2022 Acquisition Consideration amount should no longer be categorized as Level 3 within the fair value hierarchy at the time of the amendment.

There are no contingent consideration liabilities outstanding as of September 30, 2024. As of December 31, 2023, the Company's contingent consideration liabilities current and non-current balances were as follows:

	Fair Value as of January 1, 2023	Changes in Fair Value	Amount Paid To Date	Fair Value as of December 31, 2023
Level 3:				
Contingent consideration, current	$ 8,067	$ 1,651	$ (8,718)	$ 1,000
Contingent consideration, non-current	—	633	—	633
Total	$ 8,067	$ 2,284	$ (8,718)	$ 1,633

Stock Warrants

On the Term Loan Closing Date (as defined in Note 4 above), the Company issued warrants to the Lenders (in such capacity, the "Warrant Holders") to purchase up to 3,008,540 shares of the Company's Common Stock. During the three and nine months ended September 30, 2024, 0 and 499,857 of these warrants were net settled in exchange for 0 and 298,110 shares of Common Stock, respectively. As of September 30, 2024, the Warrant Holders held warrants to purchase 2,508,683 shares of Common Stock.

All of the Company's outstanding stock warrants are categorized as Level 3 within the fair value hierarchy. Stock warrants are equity classified and have been recorded at their fair value, on their issuance date of December 13, 2023, using either a probability weighted expected return model, the Monte Carlo simulation model or the Black-Scholes option-pricing model. These models incorporate contractual terms, maturity, risk-free interest rates and volatility. The value of the Company's stock warrants would increase if a higher risk-free interest rate was used and would decrease if a lower risk-free interest rate was used. Similarly, a higher volatility assumption would increase the value of the stock warrants, and a lower volatility assumption would decrease the value of the stock warrants. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management with the assistance of a third-party valuation specialist.

Investments

The Company holds a strategic investment in a technology company that was determined to not have a readily determinable fair value. This investment is carried at a cost of $2,750 on the Company's condensed consolidated balance sheets within other assets as of September 30, 2024 and December 31, 2023 and is categorized as Level 3 within the fair value hierarchy.

As part of the Energy Sale, the Company acquired a strategic investment in GridBeyond that was determined not to have a readily determinable fair value. This investment was carried at a cost equal to its initial estimated fair value of $2,021 on the Company's condensed consolidated balance sheets within other assets as of December 31, 2023, with that initial estimated fair value based on third party valuation at the time of the transaction and was categorized as Level 3 within the fair value hierarchy. In April 2024, the Company sold its investment in GridBeyond for $1,800 in cash, resulting in a loss on sale of $172 and a foreign exchange loss of $49, recorded in other income (expense), net.

Because these investments do not have readily determinable fair values, the Company has elected to measure these investments under ASC 321, *Investments – Equity Securities*, at cost minus impairments, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments. No impairment was recorded for the three and nine months ended September 30, 2024. The Company re-measures its investments if there is an observable transaction in a class of security similar to the Company's investments and there were no such re-measurements for the three and nine months ended September 30, 2024.

NOTE 7. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The carrying amount of goodwill was $53,110 as of September 30, 2024 and $53,529 as of December 31, 2023.

	Goodwill
Balance at December 31, 2023	$ 53,529
Foreign currency translation	(419)
Balance at September 30, 2024	$ 53,110

The Company has only one reporting unit and evaluates goodwill for impairment at the single reporting unit level. As a result, there is no goodwill assigned specifically to Veritone One and goodwill pertaining to discontinued operations is allocated based on the relative fair value of Veritone One and the remaining business.

As of September 30, 2024 and December 31, 2023, goodwill allocated to continuing operations was $53,110 and $53,529, respectively, while goodwill allocated to discontinued operations was $26,718 in both periods.

Intangible Assets

The following table sets forth the Company's finite-lived intangible assets resulting from business acquisitions and other purchases, which continue to be amortized:

		September 30, 2024			December 31, 2023		
	Weighted Average Remaining Useful Life (in years)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Software and technology	0.0	$ 3,582	$ (3,582)	$ —	$ 3,582	$ (3,582)	$ —
Licensed technology	0.0	500	(500)	—	500	(500)	—
Developed technology	1.1	44,100	(31,318)	12,782	44,100	(24,601)	19,499
Customer and supplier relationships	3.3	99,000	(47,226)	51,774	99,000	(36,323)	62,677
Noncompete agreements	0.0	800	(800)	—	800	(800)	—
Trademarks and trade names	2.3	2,300	(1,368)	932	2,300	(1,053)	1,247
Total	2.8	$ 150,282	$ (84,794)	$ 65,488	$ 150,282	$ (66,859)	$ 83,423

The following table presents future amortization of the Company's finite-lived intangible assets as of September 30, 2024:

2024 (three months)	$ 6,018
2025	21,427
2026	16,569
2027	13,541
2028	7,870
Thereafter	63
Total	$ 65,488

Impairment Assessment

The Company determined that an indicator of impairment was present driven by the determination that the Divestiture met the criteria for held for sale and discontinued operations, and as a result, the Company performed a quantitative goodwill impairment assessment as of September 30, 2024 using a market approach, which estimates fair value based on the Company's market capitalization and an estimate of a reasonable range of values of a control premium. The Company determined that goodwill was not impaired, as the estimated fair value of the Company's reporting unit exceeded its carrying value. Additionally, as of June 30, 2024, the Company performed a quantitative analysis of the recoverability of each of the Company's asset groups. The result of the analyses was that the assets were not impaired, as the expected cash flows exceeded the carrying value for each asset group.

NOTE 8. CONSOLIDATED FINANCIAL STATEMENTS DETAILS

Consolidated Balance Sheets Details

Cash and cash equivalents

As of September 30, 2024 and December 31, 2023, the Company had cash and cash equivalents of $11,422 and $46,609, respectively.

Accounts Receivable, Net and Allowance for Credit Losses

Accounts receivable consisted of the following:

	As of	
	September 30, 2024	December 31, 2023
Accounts receivable — Managed Services[1]	$ 9,018	$ 3,436
Accounts receivable — Software Products & Services[2]	23,177	29,290
Accounts receivable — Other	2,750	2,349
	34,945	35,075
Less: allowance for expected credit losses	(1,086)	(1,180)
Accounts receivable, net	$ 33,859	$ 33,895

(1) Accounts receivable – Managed Services reflects the amounts due from the Company's representation services and licensing customers.

(2) Accounts receivable – Software Products & Services reflects the amounts due from the Company's Veritone Hire solutions customers.

Allowance for Credit Losses Accounting

The Company maintains an allowance for expected credit losses to record accounts receivable at their net realizable value. Inherent in the assessment of the allowance for credit losses are certain judgments and estimates relating to, among other things, the Company's customers' access to capital, customers' willingness and ability to pay, general economic conditions and the ongoing relationship with customers. The Company calculates the expected credit losses on a pool basis for those receivables that have similar risk characteristics aligned with the types of accounts receivable listed in the accounts receivable table above. Allowances have been recorded for receivables believed to be uncollectible, including amounts for the resolution of potential credit and other collection issues. The allowance for expected credit losses is determined by analyzing the Company's historical write-offs and the current aging of receivables. Adjustments to the allowance may be required in future periods depending on how issues considered such as the financial condition of customers and the general economic climate may change or if the financial condition of the Company's customers were to deteriorate resulting in an impairment of their ability to make payments. The Company has not historically had material write-offs due to uncollectible accounts receivable.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	As of	
	September 30, 2024	December 31, 2023
Prepaid assets	$ 5,092	$ 5,513
Other receivables	327	1,664
Other current assets	743	687
Prepaid expenses and other current assets	$ 6,162	$ 7,864

Other Assets

Other assets consisted of the following:

	As of	
	September 30, 2024	December 31, 2023
Investments	2,990	4,771
Other non-current assets	4,032	4,393
Other assets	$ 7,022	$ 9,164

Property, Equipment and Improvements, Net

Property, equipment and improvements, net consisted of the following:

	As of	
	September 30, 2024	December 31, 2023
Property and equipment	$ 6,351	$ 6,076
Internal use software development costs placed in service	11,518	8,058
Leasehold improvements	1,694	1,639
	19,563	15,773
Less: accumulated depreciation	(9,699)	(7,694)
Property, equipment and improvements, net	$ 9,864	$ 8,079

Depreciation expense was $1,127 and $3,448 for the three and nine months ended September 30, 2024, respectively. Depreciation expense was $1,168 and $2,230 for the three and nine months ended September 30, 2023, respectively. Of the $6,351 in property and equipment as of September 30, 2024, $2,215 consisted of work in progress not yet placed in service for internal use software development costs. Depreciation of internal use software development costs was $1,684 and $3,123 for the three and nine months ended September 30, 2024, respectively. Depreciation of internal use software development costs was $520 and $1,144 for the three and nine months ended September 30, 2023, respectively.

Accounts Payable

Accounts payable consisted of the following:

	As of	
	September 30, 2024	December 31, 2023
Accounts payable — Veritone Hire	$ 4,591	$ 9,220
Accounts payable — Other	4,765	7,400
Accounts payable	$ 9,356	$ 16,620

Other Accrued Liabilities

Other accrued liabilities consisted of the following:

	As of	
	September 30, 2024	December 31, 2023
Accrued compensation	$ 4,507	$ 4,052
Taxes payable	6,019	5,450
Current portion of operating lease liabilities	1,236	2,348
Accrued trade payables	13,585	13,504
Other	1,040	1,139
Other accrued liabilities	$ 26,387	$ 26,493

Contract Liabilities

Contract liabilities consist of deferred revenue. Deferred revenue represents billings under non-cancelable contracts before the related product or service is transferred to the customer. The portion of deferred revenue that is anticipated to be recognized as revenue during the succeeding twelve-month period is recorded as deferred revenue within the Company's condensed consolidated balance sheets. Deferred revenue was comprised of the following:

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Deferred revenue beginning balance	$ 13,466	$ 12,813
Less: revenue recognized	9,183	10,780
Additions to deferred revenue	8,553	10,803
Ending balance of deferred revenue	$ 12,836	$ 12,836

Consolidated Statements of Operations and Comprehensive Loss Details

Revenue

Revenue for the periods presented were comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Commercial Enterprise	$ 20,397	$ 26,492	$ 65,968	$ 68,411
Public Sector	1,596	1,476	4,236	4,472
Total revenue	$ 21,993	$ 27,968	$ 70,204	$ 72,883

The Company serves two customer groups: (1) Commercial Enterprise, which consists of customers in the commercial sector; and (2) Public Sector, which consists of customers in the public sector industries, including state, local and federal government, legal, and compliance customers.

Software Products & Services consists of revenues generated from the Company's aiWARE platform and talent applications, any related support and maintenance services, and any related professional services associated with the deployment and / or implementation of such solutions.

Managed Services consists of revenues generated from content licensing customers and certain representation services customers and related services.

The table below illustrates the presentation of our revenues based on the above definitions:

	Three Months Ended September 30,					
	2024			2023		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Total Software Products & Services	$ 13,098	$ 1,596	$ 14,694	$ 18,885	$ 1,476	$ 20,361
Managed Services						
Representation Services	2,730	—	2,730	2,828	—	2,828
Licensing	4,569	—	4,569	4,779	—	4,779
Total Managed Services	7,299	—	7,299	7,607	—	7,607
Total Revenue	$ 20,397	$ 1,596	$ 21,993	$ 26,492	$ 1,476	$ 27,968

	Nine Months Ended September 30,					
	2024			2023		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Total Software Products & Services	$ 41,310	$ 4,236	$ 45,546	$ 44,109	$ 4,472	$ 48,581
Managed Services						
Representation Services	9,763	—	9,763	8,465	—	8,465
Licensing	14,895	—	14,895	15,837	—	15,837
Total Managed Services	24,658	—	24,658	24,302	—	24,302
Total Revenue	$ 65,968	$ 4,236	$ 70,204	$ 68,411	$ 4,472	$ 72,883

With the June 2023 acquisition of Broadbean, the Company expanded its customer base throughout Europe and Asia Pacific. During the three and nine months ended September 30, 2024, 28.9% and 28.4%, respectively, of the Company's consolidated revenue was from customers outside of the U.S., principally from customers located throughout Western Europe, as compared to 23.5% and 10.8% during the three and nine months ended September 30, 2023, respectively.

Other Income (Expense), Net

Other income (expense), net for the periods presented was comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense, net	$ (2,987)	$ (314)	$ (8,485)	$ (2,064)
Gain (loss) on sale	—	—	(172)	2,572
Other	393	(2,238)	39	580
Other income (expense), net	$ (2,594)	$ (2,552)	$ (8,618)	$ 1,088

Other in the table above consists of foreign exchange gains of $393 and losses of $2,294 for the three months ended September 30, 2024 and 2023, respectively, and foreign exchange gains of $29 and $526 for the nine months ended September 30, 2024 and 2023, respectively.

Provision for Income Taxes

In accordance with ASC 740-270, *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. A separate estimated annual effective tax rate is applied for jurisdictions where an entity anticipates an ordinary loss or has an ordinary loss for the year to date for which no tax benefit can be recognized.

The Company's effective tax rate for the three and nine months ended September 30, 2024 was 10.3% and 4.9%, respectively. 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 Company's domestic federal and state net deferred tax assets, as well as the impact of foreign operations subject to tax in foreign jurisdictions. The Company's effective tax rate for the three and nine months ended September 30, 2023 was 3.6% and 3.4%, respectively. The change in the effective tax rates for the three and nine months ended September 30, 2024 as compared to the comparable prior year periods is primarily due to the impact of taxes on foreign operations and valuation allowances against domestic net deferred tax assets.

As of September 30, 2024 and December 31, 2023, the Company had net deferred tax liabilities of $4,387 and $9,504, respectively, which is included in other non-current liabilities in the condensed consolidated balance sheets. As of September 30, 2024, the Company continues to provide a valuation allowance against federal and state deferred tax assets that are not expected to be realizable. 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.

As a result of the Broadbean acquisition, the Company expects to be subject to taxation in France and Australia, in addition to already being subject to taxation in the United States, Israel, and the United Kingdom. The United States, Israel, and the United Kingdom comprise the majority of the Company's operations. In general, the U.S. federal statute of limitations is three years. However, the Internal Revenue Service may still adjust a tax loss or credit carryover in the year the tax loss or credit carryover is utilized. As such, the Company's U.S. federal tax returns and state tax returns are open for examination since inception. The Israeli statute of limitations period is generally four years commencing at the end of the year in which the return was filed. The UK statute of limitations period is typically twelve months following the date on which the return is filed. The Company's 2022 U.S. federal tax return for Pandologic, Inc. is currently under examination. There are no other ongoing examinations from income tax authorities in the jurisdictions in which the Company does business.

NOTE 9. LEASES, COMMITMENTS AND CONTINGENCIES

Leases

Lease Costs

As of September 30, 2024, on its condensed consolidated balance sheet the Company had right-of-use assets of $1,270 recorded within other assets, the current portion of operating lease liabilities of $1,236 recorded within other accrued liabilities, and the non-current portion of operating lease liabilities of $308 recorded within other non-current liabilities. As of December 31, 2023, on its condensed consolidated balance sheet the Company had right-of-use assets of $1,669 recorded within other assets, the current portion of operating lease liabilities of $2,348 recorded within other accrued liabilities, and the non-current portion of operating lease liabilities of $308 recorded within other non-current liabilities.

The Company made cash payments for its operating leases of $736 and $2,189 for the three and nine months ended September 30, 2024, respectively, and $820 and $2,070 for the three and nine months ended September 30, 2023, respectively, all of which were included in cash flows from operating activities within the condensed consolidated statements of cash flows. The Company's operating leases have a weighted average remaining lease term of 1.1 years and weighted average discount rate of 8.3%.

The total rent expense for all operating leases was $542 and $1,827 for the three and nine months ended September 30, 2024, respectively, and $612 and $1,704 for the three and nine months ended September 30, 2023, respectively, with short-term leases making up an immaterial portion of such expenses. For its sublease, the Company recorded sublease income of $277 and $831 for the three and nine months ended September 30, 2024, respectively, and $277 and 831 for the three and nine months ended September 30, 2023, respectively.

Lease Commitments

Future undiscounted lease payments for the Company's operating lease liabilities, a reconciliation of these payments to its operating lease liabilities, and related sublease income at September 30, 2024 are as follows:

Years ended December 31,		
2024 (three months)	$	728
2025		753
2026		206
Total future minimum lease payments, including short-term leases		1,687
Less: future minimum lease payments for short-term leases		(9)
Less: imputed interest		(134)
Present value of future minimum lease payments, excluding short-term leases	$	1,544
Less: current portion of operating lease liabilities		(1,236)
Non-current portion of operating lease liabilities		308

Years ended December 31,		**Sublease Income**
2024 (three months)		310
Total sublease income	$	310

Purchase Consideration

In connection with the March 2022 Acquisition, the Company committed to make purchase consideration payments of $1,500 within ten days of the first anniversary of the closing date of the March 2022 Acquisition and an additional $1,500 within ten days of the second anniversary of the closing date of the March 2022 Acquisition. The first payment of $1,500 was made during the first quarter of 2023 and the second payment of $1,500 was made during the first quarter of 2024.

On June 10, 2022, the Company acquired VocaliD, Inc. ("VocaliD"), a U.S.-based company that pioneered the creation of personalized synthetic voices. In connection with its acquisition of VocaliD, the Company committed to make purchase consideration payments of $1,000 on the first anniversary of the closing date of the acquisition and an additional $1,000 on the 18-month anniversary of the closing date of the acquisition. The first payment of $1,000 was made during the second quarter of 2023 and the second payment of $1,000 was made during the fourth quarter of 2023.

On August 11, 2022, the Company acquired certain assets of Vision Semantics Limited ("VSL"), a U.K.-based company focused on AI-powered video analytics and surveillance software solutions. In connection with its acquisition of VSL in August 2022, the Company committed to make a purchase consideration payment of $300 on the 18-month anniversary of the closing date of the acquisition, which the

Company paid during the first quarter of 2024. Payment of deferred consideration for the nine months ended September 30, 2024 and 2023 are reflected on the Company's statements of cash flows.

Other Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of its operations in the normal course of business. The Company currently is not a party to any legal proceedings, the adverse outcome of which, in management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations, financial position or cash flows.

NOTE 10. STOCKHOLDERS' EQUITY

Common Stock Issuances

During the nine months ended September 30, 2024 and 2023, the Company issued an aggregate of 724,972 and 816,690 shares of its common stock, respectively, in connection with the exercise of stock options, issuance of stock awards and vesting of restricted stock units under its stock incentive plans and stock purchases under its Employee Stock Purchase Plan (the "ESPP").

During the nine months ended September 30, 2024 and 2023, the Company issued a total of 298,110 and 0 shares of its common stock, respectively, in connection with warrant exercises (see Note 6). During the nine months ended September 30, 2023, the Company issued a total of 135,800 shares of its common stock in connection with the contingent consideration arrangement related to the acquisition of PandoLogic.

NOTE 11. STOCK PLANS

Stock-Based Compensation

During the nine months ended September 30, 2024 and 2023, the Company granted options to purchase an aggregate of 0 and 288,893 shares of its common stock that are subject to time-based vesting conditions, respectively.

The Company valued these stock options using the Black-Scholes Merton option pricing model. The assumptions used to compute the grant date fair values of the stock options granted during the nine months ended September 30, 2024 and 2023 are set forth in the table below:

	Nine Months Ended September 30,	
	2024	**2023**
Expected term (in years)	N/A	6.0 - 6.8
Expected volatility	N/A	91% - 100%
Risk-free interest rate	N/A	3.6% - 4.1%

The assumptions used in calculating the fair values of purchase rights granted under the ESPP during the nine months ended September 30, 2024 and 2023 are set forth in the table below:

	Nine Months Ended September 30,	
	2024	**2023**
Expected term (in years)	0.5 - 2.0	0.5 - 2.0
Expected volatility	106% - 139%	71% - 101%
Risk-free interest rate	4.6% - 5.2%	0.1% - 5.5%

The Company’s stock-based compensation expense by type of award and by operating expense grouping are presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock-based compensation expense by type of award:				
Restricted stock units	$ 1,415	$ 1,084	$ 3,989	$ 4,476
Performance-based stock units	—	112	(352)	582
Stock options	464	759	1,592	2,811
Employee stock purchase plan	302	77	699	777
Total stock-based compensation expense	$ 2,181	$ 2,032	$ 5,928	$ 8,646
Stock-based compensation expense by operating expense grouping:				
Cost of revenue	$ —	$ (5)	$ (1)	$ 32
Sales and marketing	271	208	753	913
Research and development	439	953	1,067	3,622
General and administrative	1,471	876	4,109	4,079
Total stock-based compensation expense	2,181	2,032	5,928	8,646
Less stock-based compensation expense from discontinued operations	82	79	237	443
Stock-based compensation expense from continuing operations	$ 2,099	$ 1,953	$ 5,691	$ 8,203

Stock-based compensation capitalized for internal-use software was $87 and $75 for the three months ended September 30, 2024 and 2023, respectively. Stock-based compensation capitalized for internal-use software was $299 and $289 for the nine months ended September 30, 2024 and 2023, respectively.

Equity Award Activity Under Stock Plans

Performance Stock Units

In connection with the Steel Holdings Consulting Agreement (as defined and further described in Note 12), on January 11, 2023, the Compensation Committee (the “Compensation Committee”) of the Company’s Board of Directors (the “Board”) approved a grant of 118,460 performance stock units (the “Steel Holdings Consulting PSUs”) that were to vest upon the achievement of certain performance milestones. During the year ended December 31, 2023, certain performance milestones were achieved resulting in the vesting of 19,743 shares of the Steel Holdings Consulting PSUs on April 22, 2023 and 39,486 shares on November 15, 2023.

In January 2024, the Company entered into an amended and restated independent contractor services agreement with Steel Holdings, LLC (the “Amended Consulting Agreement”), which supersedes and replaces the Steel Holdings Consulting Agreement. Under the Amended Consulting Agreement, all equity grants that were made, other than vested Steel Holdings Consulting PSUs but including unvested Steel Holdings Consulting PSUs, or contemplated under the Steel Holdings Consulting Agreement were terminated as of the effective date of the Amended Consulting Agreement and no further performance stock units will be issued under the Amended Consulting Agreement.

On March 16, 2023, the Compensation Committee approved a grant of 170,402 target performance stock units to be granted to the Company’s named executive officers (the “2023 Senior Executive PSUs”). The awards had a grant date of March 31, 2023 and were to vest based on the achievement of revenue and non-GAAP net income targets (each equally weighted) for 2023, which achievement shall then be modified (up to a 20% increase or decrease) based on the Company’s relative total stockholder return over a three-year performance period (the “TSR Modifier”), as compared with the S&P Software and Services Select Industry Index. Based on the Company’s performance, the Company’s named executive officers were to earn from 0% to 200% of the target number of shares of the 2023 Senior Executive PSUs. The 2023 Senior Executive PSUs, to the extent earned, were to vest on the date the Board certifies the TSR Modifier for the three-year performance period ending December 31, 2025 and the number of 2023 Senior Executive PSUs that were to vest as of such certification, all of which was to occur within 90 days of the end of the performance period ending December 31, 2025. Compensation costs recognized on the 2023 Senior Executive PSUs were to be adjusted, as applicable, for performance above or below the target specified in the award. On April 8, 2024, the Compensation Committee determined that, as of December 31, 2023, the revenue and non-GAAP net income targets were not achieved and the 2023 Senior Executive PSUs were forfeited.

On April 8, 2024, the Compensation Committee approved grants of 200,000 and 48,000 target performance stock units to be granted to the Company's named executive officers, Ryan Steelberg and Michael Zemetra, respectively (the "2024 Senior Executive PSUs"). The awards had a grant date of April 8, 2024 and vest based on the achievement of revenue and non-GAAP net income targets (each equally weighted) for 2024, which achievement shall then be modified (up to a 20% increase or decrease) based on the Company's relative total stockholder return over a three-year performance period (the "TSR Modifier"), as compared with the S&P Software and Services Select Industry Index. Based on the Company's performance, the Company's named executive officers may earn from 0% to 200% of the target number of shares of the 2024 Senior Executive PSUs. The 2024 Senior Executive PSUs, to the extent earned, vest on the date the Board certifies the TSR Modifier for the three-year performance period ending December 31, 2026 and the number of 2024 Senior Executive PSUs that vest as of such certification, all of which shall occur within 90 days of the end of the performance period ending December 31, 2026. Compensation costs recognized on the 2024 Senior Executive PSUs shall be adjusted, as applicable, for performance above or below the target specified in the award.

The Company's performance stock unit activity for the nine months ended September 30, 2024 was as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2023	229,633	$ 5.86
Granted	248,000	$ 6.97
Forfeited	(229,633)	$ 5.86
Unvested at September 30, 2024	248,000	$ 6.97

Restricted Stock Units

The Company's restricted stock unit activity for the nine months ended September 30, 2024 was as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2023	1,949,514	$ 5.40
Granted	820,865	$ 5.59
Forfeited	(337,272)	$ 6.54
Vested	(647,373)	$ 6.94
Unvested at September 30, 2024	1,785,734	$ 4.67

As of September 30, 2024, total unrecognized compensation cost related to restricted stock units was $6,260, which is expected to be recognized over a weighted average period of 1.7 years.

Performance-Based Stock Options

The activity during the nine months ended September 30, 2024 related to stock options that are subject to performance-based vesting conditions tied to the achievement of stock price goals by the Company was as follows:

	Options	Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Unvested at December 31, 2023	3,671,310	$ 11.29		
Expired	(48,486)	$ 5.94		
Outstanding at September 30, 2024	3,622,824	$ 11.36	5.7 years	$ —
Exercisable at September 30, 2024	3,622,824	$ 11.36	5.7 years	$ —

The aggregate intrinsic value of the options exercised during the nine months ended September 30, 2024 and 2023 was $0 and $5, respectively. No performance-based stock options were granted during the nine months ended September 30, 2024 and 2023 and no performance-based stock options vested during the nine months ended September 30, 2024 and 2023.

Stock Options

The activity during the nine months ended September 30, 2024 related to all other stock options was as follows:

	Options	Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2023	5,506,374	$ 13.81		
Exercised	(53,521)	$ 2.07		
Forfeited	(229,210)	$ 11.63		
Expired	(292,720)	$ 14.39		
Outstanding at September 30, 2024	4,930,923	$ 14.00	3.5 years	$ 338
Exercisable at September 30, 2024	4,667,656	$ 14.13	3.3 years	$ 338

No stock options were granted during the nine months ended September 30, 2024. The weighted average grant date fair value of stock options granted during the nine months ended September 30, 2023 was $3.99 per share. The aggregate intrinsic value of the stock options exercised during the nine months ended September 30, 2024 and 2023 was $80 and $12, respectively. The total grant date fair value of stock options vested during the nine months ended September 30, 2024 and 2023 was $2,891 and $4,524, respectively. At September 30, 2024, total unrecognized compensation expense related to stock options was $2,087 and is expected to be recognized over a weighted average period of 1.7 years.

The aggregate intrinsic values in the tables above represent the difference between the fair market value of the Company's common stock and the average option exercise price of in-the-money options, multiplied by the number of such stock options.

Employee Stock Purchase Plan

As of September 30, 2024 and December 31, 2023, employee payroll deductions accrued under the ESPP totaled $107 and $357, respectively. During the nine months ended September 30, 2024, a total of 227,773 shares of common stock were purchased under the ESPP.

NOTE 12. RELATED PARTY TRANSACTIONS

On January 4, 2023, the Company entered into an independent contractor services agreement with Steel Holdings, LLC, effective as of January 1, 2023 the Steel Holdings Consulting Agreement. Steel Holdings, LLC is an entity affiliated with Chad Steelberg, currently a director serving on the Company's Board, and formerly its Chairman of the Board and Chief Executive Officer. Under the Steel Holdings Consulting Agreement, the Company retained Mr. Steelberg as a consultant to provide ongoing Chief Executive Officer transition services and to manage and oversee the further development of the Company's aiWARE platform.

In January 2024, the Company entered into the Amended Consulting Agreement, which supersedes and replaces the Steel Holdings Consulting Agreement. Pursuant to the Amended Consulting Agreement, Mr. Steelberg will provide technical advisory services related to the Company's software, software architecture and technology strategy as requested by the Company's Chief Executive Officer until December 31, 2025, the termination date of the Amended Consulting Agreement. In consideration for such services, the Company agreed to pay to Steel Holdings, LLC (i) $1,000 in cash on July 1, 2024 and (ii) $50 per month in cash for the period from January 2024 through December 2025. The Company will reimburse Steel Holdings, LLC for reasonable and documented expenses incurred in connection with providing the services in accordance with the Company's standard travel and expense policies. All equity grants that were made, including the unvested Steel Holdings Consulting PSUs, or contemplated under the Steel Holdings Consulting Agreement were terminated as of the effective date of the Amended Consulting Agreement and no further performance stock units will be issued under the Amended Consulting Agreement, except that the vested Steel Holdings Consulting PSUs remained outstanding.

The Amended Consulting Agreement may be terminated by either party with 90 days' notice. If the Company terminates the Amended Consulting Agreement for any reason other than Steel Holdings, LLC's material breach, then any remaining cash compensation payments under the Amended Consulting Agreement will become due and payable. In the event of a Change in Control (as defined in the 2017 Stock Incentive Plan), the Amended Consulting Agreement will terminate as of the effective date of the Change in Control and any remaining cash compensation payments will become due and payable.

The Company has determined that all future payments under the Amended Consulting Agreement are probable and estimable, and that substantially all benefits earned under the agreement relate to past services rendered. As such, the Company has accrued a liability for all future cash payments under the agreement on its condensed consolidated balance sheet as of September 30, 2024, and recognized a resulting acceleration charge of $0 and $1,484 to general and administrative expenses to its condensed consolidated income statement during the three and nine months ended September 30, 2024, respectively.

During the second quarter of 2024, one of the Company's subsidiaries rented a property owned by the Company's Chief Executive Officer in connection with certain promotional event services on behalf of one of its customers. Total consideration paid was less than $100.

NOTE 13. SUBSEQUENT EVENTS

The Divestiture

On the Divestiture Closing Date, the Company entered into the Purchase Agreement, by and among the Company, Veritone One and the Purchaser, an affiliate of Insignia Capital Group L.P., pursuant to which, among other things, the Purchaser acquired from the Company all of the issued and outstanding equity of Veritone One for a total purchase price of up to $104,000, subject to purchase price adjustments and the achievement of the Earnout targets described below. The Divestiture was structured as a simultaneous "sign and close" transaction and closed on the Divestiture Closing Date. On the Divestiture Closing Date, the Company received cash proceeds of $59,053, which reflected the aggregate purchase price of $104,000, less $18,000 subject to the Earnout described below, $20,297 of purchase price adjustments, and $6,650 placed in escrow accounts described below. Of the amounts placed in escrow, $1,500 was placed in an escrow account for potential purchase price adjustments and an aggregate of $5,150 was placed in escrow accounts for the potential satisfaction of post-closing indemnification claims (the "Indemnity Escrow"), in each case subject to the terms and limitations set forth in the Purchase Agreement. The Company may receive up to an additional $18,000 in cash proceeds in the Earnout, subject to the achievement of certain net revenue targets by Veritone One between January 1, 2025 and December 31, 2025 (as further described in the Purchase Agreement).

The Purchase Agreement contains customary representations, warranties and covenants of each of the parties to the Agreement. The Purchase Agreement also includes indemnification provisions whereby the Company will indemnify the Purchaser and other related indemnified parties for losses arising out of, among other things, inaccuracies in, or breaches of, the representations, warranties and covenants of the Company or Veritone One. The Purchaser and the other related indemnified parties will be able to make post-closing indemnification claims against the Indemnity Escrow, subject to the terms and limitations set forth in the Purchase Agreement. In addition, under the Purchase Agreement, the Company is subject to non-competition and non-solicitation provisions pursuant to which, among other things, the Company agreed not to engage in certain competitive activities with respect to Veritone One's business or solicit Veritone One employees or customers for a period of four years following the Divestiture.

Term Loan Repayment

On October 22, 2024 (the "Repayment Date"), the Company used net cash proceeds from the Divestiture to repay $30,512 principal amount of its outstanding Term Loan, plus accrued interest and a prepayment premium in of $3,303 (collectively, the "Term Loan Repayment"). As of the Repayment Date, after giving effect to the Term Loan Repayment, $43,114 aggregate principal amount remained outstanding under the Term Loan and the Company had approximately $27,289 of cash and cash equivalents.

Due to the classification of held-for-sale at September 30, 2024, and the proximity of the October 17, 2024 Divestiture to the September 30, 2024 balance sheet, the Company classified the $30,512 million of debt paid down through the Divestiture as Term Loan, current portion on the September 30, 2024 balance sheet.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read together with and is qualified in its entirety by reference to the condensed consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed under "Risk Factors," set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, "Risk Factors," set forth in Part I, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and any updates thereto set forth in this Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission ("SEC"), including future SEC filings. See "Cautionary Note Regarding Forward-Looking Statements."

Overview

Veritone, Inc., collectively with our subsidiaries, referred to as "Veritone," "Company," "we," "our," and "us," is a provider of Artificial Intelligence ("AI") solutions, powered by our proprietary AI operating system, aiWARE™, to deliver differentiated products and solutions to our Commercial Enterprise and Public Sector (which we previously referred to as Government & Regulated Industries) customers. Our Software Products & Services consist of revenues generated from Commercial Enterprise and Public Sector customers using our aiWARE platform and Veritone Hire solutions, any related support and maintenance services, and any related professional services associated with the deployment and/or implementation of such solutions. Our Managed Services consist of revenues generated from Commercial Enterprise customers using our content licensing and representation services, including influencer management and related operations.

Through October 17, 2024, we operated a full-service advertising agency through a wholly-owned subsidiary, Veritone One (as defined below), that provided Managed Services to its customers. On October 17, 2024, we sold all of the issued and outstanding equity of Veritone One, LLC (formerly, Veritone One, Inc., referred herein collectively as "Veritone One") to an affiliate of Insignia Capital Group L.P., pursuant to which, among other things, Purchaser acquired from the Company all of the issued and outstanding equity of Veritone One (such transaction, the "Divestiture"). The historical financial results of Veritone One are reflected in these condensed consolidated financial statements as discontinued operations and, as such, have been excluded from continuing operations for all periods presented on a retrospective basis, unless otherwise stated.

During the three and nine months ended September 30, 2024, we generated revenue of $22.0 million and $70.2 million, respectively, as compared to $28.0 million and $72.9 million during the three and nine months ended September 30, 2023, respectively. Our Software Products & Services revenue was $14.7 million during the three months ended September 30, 2024 as compared to $20.4 million for the same period in 2023, while our Managed Services revenue was $7.3 million during the three months ended September 30, 2024 as compared to $7.6 million for the same period in 2023. Our Software Products & Services revenue was $45.5 million during the nine months ended September 30, 2024 as compared to $48.6 million for the same period in 2023, while our Managed Services revenue was $24.7 million during the nine months ended September 30, 2024 as compared to $24.3 million for the same period in 2023. During the three and nine months ended September 30, 2024, no customer represented more than 10% of our consolidated revenue. During the three and three and nine months ended September 30, 2023, our largest customer represented less than 10% and 12%, respectively, of our consolidated revenue.

Recent Developments

Appointment of Ryan Steelberg as Chairman. Ryan Steelberg, our Chief Executive Officer, was appointed Chairman of the Board, effective January 22, 2024, replacing Chad Steelberg who resigned as Chairman of the Board on the same date. Chad Steelberg continues to serve as a member of our Board.

Operational Realignment and Restructuring. During the first quarter of 2024, we enacted certain operational and restructuring initiatives (the "Q1 2024 Restructuring"). As a result of the Q1 2024 Restructuring, we expect to reduce our annualized operating expenses by approximately $13.0 million. We have continued with additional cost reductions in the second half of 2024, which when combined with our Q1 2024 Restructuring, we expect will result in over $40.0 million of net annualized strategic cost reductions. We incurred $3.9 million in one-time severance and transition expenses in connection with the Q1 2024 Restructuring, all of which was paid as of September 30, 2024 and we have incurred approximately $1.4 million in related one-time severance and transition costs for our cost reduction initiatives after the Q1 2024 Restructuring of which $0.3 million was paid as of September 30, 2024. The cumulative results of these initiatives was an approximate 19% reduction in our global workforce.

Election of Michael Keithley as a Class I Director. On June 13, 2024, at our 2024 annual meeting of stockholders (the "Annual Meeting"), Michael Keithley was elected as a Class I Director for a three-year term expiring at the Company's annual meeting of stockholders in 2027. Jeffrey P. Gehl resigned as a member of the Board of Directors immediately prior to the commencement of the Annual Meeting.

Divestiture of Media Agency. On October 17, 2024, we consummated the Divestiture for a total purchase price of up to $104.0 million. The Divestiture was strategic, allowing us to focus on our AI solutions, and secondarily to improve our financial liquidity with the net proceeds from the Divestiture. Net proceeds from the transaction were $59.1 million in cash, which reflected the aggregate purchase price of $104.0

million, less $18.0 million subject to an earnout described below, $20.3 million of purchase price adjustments, and $6.7 million placed in escrow accounts. We may receive the earnout of up to $18.0 million in cash proceeds based on the achievement of certain net revenue targets by Veritone One between January 1, 2025 and December 31, 2025. On October 22, 2024, we used net cash proceeds from the Divestiture to repay $30.5 million principal amount of our outstanding Term Loan, plus accrued interest and a prepayment premium in the aggregate amount of $3.3 million, and $3.9 million in deal-related expenses. As of October 22, 2024, immediately following the repayment of a portion of our Term Loan, we reported cash on hand of $27.3 million.

During the third quarter of 2024, we determined that Veritone One met the criteria to be classified as discontinued operations. As a result, the historical financial results of Veritone One are reflected in our condensed consolidated financial statements herein as discontinued operations and, as such, have been excluded from continuing operations for all periods presented on a retrospective basis, unless otherwise stated. See Note 3 on *Discontinued Operations* for more information.

Opportunities, Challenges and Risks

During the nine months ended September 30, 2024 and 2023, we derived our revenue primarily through our Commercial Enterprise customers, and secondarily, through our Public Sector customers.

We are a leader in AI-based Software Products & Services. Our proprietary AI operating system, aiWARE, uses machine learning algorithms, or AI models, together with a suite of powerful applications, to reveal valuable insights from vast amounts of structured and unstructured data. Historically, we have derived a large portion of our Software Product & Services revenue from applications we internally developed from our aiWARE platform and actively sell to various customers. While management believes there is a substantial opportunity to increase revenue longer term, current economic conditions have negatively impacted parts of our consumption-based operations and financial results, and there is no certainty that any future investments, which could be significant and include future potential acquisitions, will result in significant enterprise revenue realization or revenue growth when compared with historical revenue. Nevertheless, we continue to see significant opportunities for growth in Software Products & Services and our aiWARE platform sales to existing and newly acquired customers, and where our AI solutions could add near and long-term value in the Public Sector industries and content creation and distribution across the global media and entertainment industry.

We believe there are significant near and long-term revenue and growth opportunities from our Software Products & Services. In June 2023, we completed the acquisition of Broadbean, a leader in subscription-based talent acquisition software-as-a-service which has approximately 3,000 subscription-based customers based throughout the world, integrated with over 100 applicant tracking systems (“ATS”) and has direct access to over 2,500 job boards globally. The acquisition of Broadbean was strategic to our growth across our Veritone Hire applications, as we plan in the near term to offer our existing product offerings to Broadbean’s 3,000 customers, including programmatic advertising capabilities. Over the long term, we plan to utilize our AI capabilities to analyze complex data sets through direct access to these ATS, including future integration with aiWARE. In Public Sector markets, we see significant near and long term growth opportunities with customer adoption of our aiWARE platform, including our recently announced iDEMS solution, to facilitate and improve existing and growing demand for more robust digital evidence management systems and services across the entire public safety industry, the U.S. Department of Justice and the Chief Digital and Artificial Intelligence Officer and Department of Defense. However, many enterprise-level opportunities with Public Sector customers can involve long sales cycles, during which we must invest significant time and resources without a guarantee of success.

Growing our existing and new Software Products & Services customer base is critical for our success. Software Products & Services revenue decreased by 6.2% during the nine months ended September 30, 2024 as compared to the prior year period due to lower consumption across our Commercial Enterprise customer base, including Amazon and certain one-time software revenue recognized in 2023 that did not recur at the same rate in 2024, partially offset by the addition of Broadbean in the second quarter of 2023. During the nine months ended September 30, 2024, no customer represented more than 10% of our consolidated revenue as compared to one customer that represented 12% of our consolidated revenue during the nine months ended September 30, 2023.

As a result of the recent pullback in the macroeconomic environment caused by high inflation, high interest rates, higher unemployment and geopolitical factors including the Russia-Ukraine conflict and the war in Israel, some of our customers reduced consumption-based spending across our Commercial Enterprise customer base, namely from our Veritone Hire solutions.

As of September 30, 2024, our total Software Products & Services customers declined to 3,291, which was a decrease of 6.9% as compared to the end of the third quarter of 2023. The decrease in customers was largely driven by planned migration of legacy CareerBuilder customers off the Broadbean software platform, which did not have a significant impact on our financial results in 2023 or for the nine months ended September 30, 2024. To continue our effort to grow our customer base and overall revenue, we have been investing aggressively in existing customers and acquiring new customers. In addition, in February 2024, we announced certain cost reduction and restructuring initiatives, the results of which was a reduction in our global workforce of approximately 13% as of September 30, 2024. Since the first quarter of 2023, we have been actively realigning and restructuring our organization, which, as of September 30, 2024, is expected to result in over $40.0 million of net annualized strategic cost reductions, which includes expected cost reductions from our Q1 2024 Restructuring along with additional cost reductions made in the second half of 2024. As a result of our efforts to diversify our customer base and increase sales within our existing customer base, as well as the June 2023 acquisition of Broadbean, we increased our sales and marketing spending in the near term as compared to the trailing twelve months; however, these increased investments were partially offset by our 2023 and 2024 cost-reduction initiatives.

We believe our Software Products & Services will extend the capabilities of many third-party software platforms and products that are widely used today. For example, we believe that, when integrated with aiWARE, our Veritone Hire solutions customers will be given greater visibility and transparency in their hiring processes. Further and with the recently announced iDEMs launch, we now offer a suite of aiWARE applications to address the growing issue of unstructured digital data management faced by public safety and federal government sectors today. In addition, we recently announced that we achieved Amazon Web Services (“AWS”) Advanced Tier Services status, advancing the deployment of our AI solutions and capabilities across the AWS platform, and we have historically integrated aiWARE across many platforms, including Alteryx, Snowflake and the NVIDIA® CUDA® GPU-based platform, enabling dramatic increases in aiWARE’s processing speed and providing a wide range of new use cases for our technology. We are in the process of developing and marketing more specific use cases for these and future integrations, which we believe will open up new markets for our products and accelerate our long-term revenue growth opportunities.

We believe our operating results and performance are, and will continue to be, driven by various factors that affect our industry. Our ability to attract, grow and retain customers for our aiWARE platform is highly sensitive to rapidly changing technology and is dependent on our ability to maintain the attractiveness of our platform, content and services to our customers. Our future revenue and operating growth will rely heavily on our ability to grow and retain our Software Products & Services customer base, continue to develop and deploy quality and innovative AI-driven applications and enterprise-level offerings, provide unique and attractive content and related services to our customers, continue to grow in newer markets such as Public Sector, expand aiWARE into larger and more expansive enterprise engagements and manage our corporate overhead costs. While we believe we will be successful in these endeavors, we cannot guarantee that we will succeed in generating substantial long term operating growth and profitability.

Historically, we have pursued an opportunistic strategy of acquiring companies to help accelerate our organic growth. Our acquisition strategy has been threefold: (i) to increase the scale of our business in markets we are in today, (ii) to accelerate growth in new markets and product categories, including expanding our existing engineering and sales resources, and (iii) to accelerate the adoption of aiWARE as the universal AI operating system through venture or market-driven opportunities. While we believe there are strategic acquisition targets that can accelerate our entry into and expand our existing market share in key strategic markets, as well as our ability to grow our business, there is no certainty our historical or future acquisitions will achieve these objectives. Conversely, we have pursued and may continue to pursue opportunistic sales of certain business operations that are not strategic to us long-term, such as the divestitures of our Energy Group in the second quarter of 2023 and our media agency in October 2024.

For the three and nine months ended September 30, 2024, our total revenues were $22.0 million and $70.2 million, respectively, as compared to $28.0 million and $72.9 million for the three and nine months ended September 30, 2023, respectively, a decrease of 21.8% and 3.7%, respectively, over the prior year periods. For the three and nine months ended September 30, 2024, our total loss from operations was $22.5 million and $67.2 million, respectively, as compared to $25.2 million and $79.8 million for the three and nine months ended September 30, 2023, respectively, an improvement of 10.7% and 15.8%, respectively, over the prior year periods. For the three and nine months ended September 30, 2024, our non-GAAP gross margin (calculated as described in “Non-GAAP Financial Measures” below) was approximately 71.2% and 72.1%, respectively, as compared to 74.9% and 70.7% for the three and nine months ended September 30, 2023, respectively, driven in large part by decreased customer margins and the mix of revenue as compared to the prior year periods. Our non-GAAP gross margin is impacted significantly by the mix of our Software Products & Services and our Managed Services revenue in any given period because our Managed Services revenue typically has a lower overall non-GAAP gross margin than our Software Products & Services revenue. Our non-GAAP gross profit (see “Non-GAAP Financial Measures” below) is also dependent upon our ability to grow our revenue by expanding our customer base and increasing business with existing customers, and to manage our costs by negotiating favorable economic terms with cloud computing providers such as AWS and Microsoft Azure. While we are focused on continuing to improve our non-GAAP gross profit, our ability to attract and retain customers to grow our revenue will be highly dependent on our ability to implement and continually improve upon our technology and services and improve our technology infrastructure and operations as we experience increased network capacity constraints due to our growth.

During the three and nine months ended September 30, 2024, we reported a net loss from continuing operations of $22.6 million and $72.1 million, respectively, as compared to a net loss of $26.8 million and $ 79.8 million during the three and nine months ended September 30, 2023, respectively. During the three and nine months ended September 30, 2024, we reported a non-GAAP net loss from continuing operations of $11,097 and $31,139, respectively, as compared to a non-GAAP net loss of $10,411 and $36,833 during the three and nine months ended September 30, 2023, respectively. To continue to grow our revenue, we will continue to make targeted investments in people, namely software engineers and sales personnel. Historically, we have also made investments in our corporate infrastructure, including new ERP and workforce systems to help us better manage the scale and growth of our business. However, considering the current challenging macro-economic environment, we have made and are continuing to make significant cost reductions to our operating structure to better streamline our business and prioritization around our growth and corresponding investments throughout 2024 and into 2025. These cost reduction initiatives began in the latter half of 2022 and will continue through 2024 and 2025, and include reductions in workforce and certain legacy operating costs, as well as the integration of past acquisitions. As a result of these initiatives, we believe we will be able to accelerate our pathway toward long term profitability.

With the June 2023 acquisition of Broadbean, we expanded our customer base throughout Europe and Asia Pacific. During the three and nine months ended September 30, 2024, 28.9% and 28.4%, respectively, of our consolidated revenue was from customers outside of the U.S., principally from customers located throughout Western Europe, as compared to 23.5% and 10.8% during the three and nine months ended September 30, 2023, respectively. We believe that there is a substantial opportunity for us to continue expanding our service offerings and customer base in countries outside of the United States. In the long term, we plan to expand our business further internationally in places such as Europe, Asia Pacific and Latin America, and as a result, we expect to continue to incur significant incremental upfront expenses associated with these expansion opportunities.

Impact of Current Global Economic Conditions

Global economic and business activities continue to face uncertainty as a result of macroeconomic and geopolitical factors, labor shortages, inflation rates, the U.S. presidential election and responses by central banking authorities to control inflation, monetary supply shifts, recession risks, disruptions from the Russia-Ukraine conflict, and the war in Israel. In particular, business operations at our Herzliya office location where we do development work on our Veritone Hire solutions products have been, and may continue to be, impacted by the war in Israel. A small portion of our Israel-based employees, and a number of their family members, have been conscripted into military service. The extent of the impact of these factors on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, and the impact on our customers, partners and employees, all of which have uncertainty and cannot be predicted. These global economic conditions and any continued or new disruptions caused by these conditions may negatively impact our business in a number of ways. For example, our Commercial Enterprise solutions are sold to businesses whose financial conditions fluctuate based on general economic and business conditions, particularly the overall demand for labor and the economic health of current and prospective employers.

To the extent that economic uncertainty or attenuated economic conditions cause our customers and potential customers to freeze or reduce their headcount, and reduce their consumption-based spending, demand for our products and services may be negatively affected. These adverse economic conditions could also result in reductions in sales of our applications, longer sales cycles, reductions in contract duration and value, slower adoption of new technologies and increased price competition. In addition, economic recessions have historically resulted in overall reductions in spending on software and technology solutions as well as pressure from customers and potential customers for extended payment terms. If economic, political, or market conditions deteriorate, or if there is uncertainty around these conditions, our customers and potential customers may elect to decrease their software and technology solutions budgets by deferring or reconsidering product purchases, which would limit our ability to grow our business and negatively affect our operating results. Any of these events would likely have an adverse effect on our business, operating results and financial position.

Due to the nature of our business, the effect of these macroeconomic conditions may not be fully reflected in our results of operations until future periods. We have assessed the potential credit deterioration of our customers due to changes in the macroeconomic environment and have determined that no additional allowance for credit losses was necessary due to credit deterioration as of September 30, 2024. The most significant risks to our business and results of operations are discussed in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the year ended December 31, 2023, and Part II, Item 1A (Risk Factors) of this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measures and Key Performance Indicators

In evaluating our cash flows and financial performance, we use certain non-GAAP financial measures, including Pro Forma Software Revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP net income (loss), and non-GAAP net income (loss) per share. We also provide certain key performance indicators ("KPIs"), including Total Software Products & Services Customers, Annual Recurring Revenue, Annual Recurring Revenue (SaaS), Annual Recurring Revenue (Consumption), Total New Bookings and Gross Revenue Retention.

"Pro Forma" information provided in this quarterly report on Form 10-Q represents our historical information combined with the historical information of Broadbean (as defined below) for the applicable period on a pro forma basis as if we had acquired Broadbean on January 1, 2022. We completed the acquisition of Broadbean on June 13, 2023, and therefore, periods commencing after June 13, 2023 are not presented on a Pro Forma basis.

Pro Forma Software Revenue represents Software Products & Services revenue on a Pro Forma basis. Non-GAAP gross margin is defined as Non-GAAP gross profit divided by revenue. Non-GAAP gross profit is calculated as our loss from operations with adjustments to add back sales and marketing expense, research and development expense, general and administrative expense and amortization expense. Non-GAAP net loss (pro forma) is the Company's net loss excluding the items set forth below. Non-GAAP net income (loss) and non-GAAP net income (loss) per share is the Company's net income (loss) and net income (loss) per share, adjusted to exclude provision for income taxes, depreciation expense, amortization expense, stock-based compensation expense, changes in fair value of contingent consideration, interest income, interest expense, foreign currency gains and losses, gain on debt extinguishment, acquisition and due diligence costs, gain or loss on sale of investment assets, loss from business held for sale, variable consultant performance bonus expense, severance and executive transition costs and net income from discontinued operations. The results for non-GAAP net income (loss), are presented below for the three and nine months ended September 30, 2024 and 2023. The items excluded from these non-GAAP financial measures, as well as a breakdown of GAAP net loss, non-GAAP net income (loss) and these excluded items between our Core Operations and Corporate, are detailed in the reconciliation below. In addition, we have provided supplemental non-GAAP measures of gross profit, operating expenses, loss from operations, other (expense) income, net, and loss before income taxes, excluding the items excluded from non-GAAP net loss as noted above, and reconciling such non-GAAP measures to the most directly comparable GAAP measures.

We present these non-GAAP financial measures because management believes such information to be important supplemental measures of performance that are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Management also uses this information internally for forecasting and budgeting. These non-GAAP financial measures are not calculated and presented in accordance with GAAP and should not be considered as an alternative to net income (loss), operating income (loss) or any other financial measures so calculated and presented, nor as an alternative to cash flow from operating activities as a measure of liquidity. Other companies (including our competitors) may define these non-GAAP financial measures differently. These non-GAAP measures may not be indicative of our historical operating results or predictive of potential future results. Investors should not consider this supplemental non-GAAP financial information in isolation or as a substitute for analysis of our results as reported in accordance with GAAP.

Reconciliation of GAAP net loss to Non-GAAP net income (loss)

(in thousands)

	Three Months Ended September 30,					
	2024			2023		
	Core Operations[1]	Corporate[2]	Total	Core Operations[1]	Corporate[2]	Total
Net loss	$ (10,448)	$ (11,298)	$ (21,746)	$ (10,689)	$ (13,854)	$ (24,543)
Income from discontinued operations, net of income tax	(765)	—	(765)	(2,191)	—	(2,191)
(Benefit from) provision for income taxes	(2,575)	—	(2,575)	(3,189)	2,186	(1,003)
Depreciation and amortization	7,040	112	7,152	7,623	—	7,623
Stock-based compensation expense	1,002	1,097	2,099	1,367	586	1,953
Purchase consideration expense[3]	—	367	367	—	816	816
Interest expense, net	—	2,987	2,987	96	218	314
Foreign currency impact	—	(393)	(393)	2,318	(24)	2,294
Acquisition and due diligence costs[4]	—	368	368	—	3,177	3,177
Variable consultant performance bonus expense[6]	—	—	—	397	—	397
Severance and executive transition costs	1,351	58	1,409	737	15	752
Non-GAAP net loss from continuing operations	(4,395)	(6,702)	(11,097)	(3,531)	(6,880)	(10,411)
Non-GAAP net income from discontinued operations	3,984	—	3,984	2,468	—	2,468
Non-GAAP net loss	$ (411)	$ (6,702)	$ (7,113)	$ (1,063)	$ (6,880)	$ (7,943)

(in thousands)

	Nine Months Ended September 30,					
	2024			2023		
	Core Operations[1]	Corporate[2]	Total	Core Operations[1]	Corporate[2]	Total
Net loss	$ (41,764)	$ (27,411)	$ (69,175)	$ (38,464)	$ (32,336)	$ (70,800)
Income from discontinued operations, net of income tax	(2,897)	—	(2,897)	(5,212)	—	(5,212)
(Benefit from) provision for income taxes	(3,713)	—	(3,713)	(4,460)	1,787	(2,673)
Depreciation and amortization	21,117	337	21,454	18,592	724	19,316
Stock-based compensation expense	2,586	3,105	5,691	5,267	2,936	8,203
Purchase consideration expense[3]	—	1,252	1,252	—	1,467	1,467
Interest expense, net	—	8,485	8,485	330	1,734	2,064
Foreign currency impact	—	(29)	(29)	(459)	(67)	(526)
Gain on debt extinguishment	—	(8)	(8)	—	—	—
Acquisition and due diligence costs[4]	3,257	—	3,257	—	8,253	8,253
Loss (gain) on sale	—	172	172	—	(2,572)	(2,572)
Contribution of business held for sale[5]	—	—	—	1,789	—	1,789
Variable consultant performance bonus expense[6]	—	—	—	1,028	—	1,028
Severance and executive transition costs	4,194	178	4,372	2,183	647	2,830
Non-GAAP net loss from continuing operations	(17,220)	(13,919)	(31,139)	(19,406)	(17,427)	(36,833)
Non-GAAP net income from discontinued operations	9,560	—	9,560	6,310	—	6,310
Non-GAAP net loss	$ (7,660)	$ (13,919)	$ (21,579)	$ (13,096)	$ (17,427)	$ (30,523)

(1) Core operations consists of our consolidated Software Products & Services and Managed Services that include our content licensing and representation services, and their supporting operations, including direct costs of sales as well as operating expenses for sales, marketing and product development and certain general and administrative costs dedicated to these operations.
(2) Corporate consists of general and administrative functions such as executive, finance, legal, people operations, fixed overhead expenses (including facilities and information technology expenses), other income (expenses) and taxes, and other expenses that support the entire company, including public company driven costs.
(3) Purchase consideration expense includes consideration related to acquisitions.
(4) For the three and nine months ended September 30, 2024, acquisition and due diligence costs are comprised of professional fees related to acquisitions and divestitures.
(5) Contribution of business held for sale relates to the net loss for the periods presented for our Energy Group that we divested during the second quarter of 2023.
(6) Variable consultant performance bonus expense represents the bonus payments paid to Mr. Chad Steelberg as a result of his achievement of the performance goals pursuant to his consulting agreement with us.

(in thousands)

	Three Months Ended September 30,					
	2024			2023		
	Core Operations	Corporate	Total	Core Operations	Corporate	Total
Net income from discontinued operations	$ 765	$ —	$ 765	$ 2,191	$ —	$ 2,191
Provision for income taxes	26	—	26	26	—	26
Depreciation and amortization	87	—	87	235	—	235
Stock-based compensation expense	82	—	82	79	0	79
Interest expense, net	1,699	—	1,699	(96)	—	(96)
Acquisition and due diligence costs[1]	1,292	—	1,292	—	—	—
Severance and executive transition costs	33	—	33	33	—	33
Non-GAAP net income from discontinued operations	$ 3,984	$ —	$ 3,984	$ 2,468	$ —	$ 2,468

(in thousands)

	Nine Months Ended September 30,					
	2024			2023		
	Core Operations	Corporate	Total	Core Operations	Corporate	Total
Net income from discontinued operations	$ 2,897	$ —	$ 2,897	$ 5,212	$ —	$ 5,212
Provision for income taxes	76	—	76	51	—	51
Depreciation and amortization	245	—	245	837	—	837
Stock-based compensation expense	237	—	237	443	—	443
Interest expense, net	4,689	—	4,689	(321)	—	(321)
Acquisition and due diligence costs[1]	1,369	—	1,369	—	—	—
Severance and executive transition costs	47	—	47	88	—	88
Non-GAAP net income from discontinued operations	$ 9,560	$ —	$ 9,560	$ 6,310	$ —	$ 6,310

[1] For the three and nine months ended September 30, 2024, acquisition and due diligence costs are comprised of professional fees related to acquisitions and divestitures.

For the three months ended September 30, 2024, our loss from operations decreased to $22.5 million compared to $25.2 million in the corresponding prior year period. For the nine months ended September 30, 2024 our loss from operations decreased to $67.2 million compared to $79.8 million in the corresponding prior year period. The following tables set forth the calculation of our non-GAAP gross profit and non-GAAP gross margin, followed by a reconciliation of non-GAAP to GAAP financial information presented in our condensed consolidated financial statements for three and nine months ended September 30, 2024 and 2023.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Loss from operations	$ (22,492)	$ (25,183)	$ (67,167)	$ (79,773)
Sales and marketing	10,186	10,997	31,230	32,895
Research and development	7,528	10,410	23,388	32,456
General and administrative	14,421	18,264	45,133	48,837
Amortization	6,025	6,454	18,006	17,087
Non-GAAP gross profit	$ 15,668	$ 20,942	$ 50,590	$ 51,502
Non-GAAP gross margin	71.2 %	74.9 %	72.1 %	70.7 %

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 21,993	$ 27,968	$ 70,204	$ 72,883
Cost of revenue	6,325	7,026	19,614	21,381
Non-GAAP gross profit	$ 15,668	$ 20,942	$ 50,590	$ 51,502
Non-GAAP gross margin	71.2 %	74.9 %	72.1 %	70.7 %

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 21,993	$ 27,968	$ 70,204	$ 72,883
Cost of revenue	6,325	7,026	19,614	21,381
Non-GAAP gross profit	15,668	20,942	50,590	51,502
GAAP cost of revenue	6,325	7,026	19,614	21,381
Stock-based compensation expense	—	7	1	(32)
Non-GAAP cost of revenue	6,325	7,033	19,615	21,349
GAAP sales and marketing expenses	10,186	10,997	31,230	32,895
Depreciation	59	46	171	124
Stock-based compensation expense	(253)	(189)	(699)	(824)
Contribution of business held for sale [2]	—	—	—	(484)
Severance and executive transition costs	(188)	(201)	(1,169)	(690)
Non-GAAP sales and marketing expenses	9,804	10,653	29,533	31,021
GAAP research and development expenses	7,528	10,410	23,388	32,456
Depreciation	(767)	(334)	(2,119)	(854)
Stock-based compensation expense	(439)	(953)	(1,066)	(3,622)
Contribution of business held for sale [2]	—	—	—	(1,117)
Severance and executive transition costs	(926)	(188)	(2,384)	(868)
Non-GAAP research and development expenses	5,396	8,935	17,819	25,995
GAAP general and administrative expenses	14,421	18,264	45,133	48,837
Depreciation	(419)	(881)	(1,500)	(1,500)
Stock-based compensation expense	(1,407)	(816)	(3,927)	(3,724)
Purchase consideration expense [3]	(367)	(816)	(1,252)	(1,467)
Variable consultant performance bonus expense [4]	—	(397)	—	(1,028)
Contribution of business held for sale [2]	—	—	—	(188)
Acquisition and due diligence costs [5]	(368)	(3,177)	(3,257)	(8,253)
Severance and executive transition costs	(295)	(363)	(819)	(1,272)
Non-GAAP general and administrative expenses	11,565	11,814	34,378	31,405
GAAP amortization	(6,025)	(6,454)	(18,006)	(17,087)
GAAP loss from operations	(22,492)	(25,183)	(67,167)	(79,773)
Total non-GAAP adjustments [1]	11,395	14,716	36,026	42,886
Non-GAAP loss from operations	(11,097)	(10,467)	(31,141)	(36,887)
GAAP other income (expense), net	(2,594)	(2,552)	(8,618)	1,088
Gain on debt extinguishment	—	—	(8)	—
Loss (gain) on sale	—	—	172	(2,572)
Foreign currency impact	(393)	2,294	(29)	(526)
Interest expense, net	2,987	314	8,485	2,064
Non-GAAP other expense, net	—	56	2	54
GAAP loss before income taxes	(25,086)	(27,735)	(75,785)	(78,685)
Total non-GAAP adjustments [1]	13,989	17,324	44,646	41,852
Non-GAAP loss before income taxes	(11,097)	(10,411)	(31,139)	(36,833)
(Benefit from) provision for income taxes	(2,575)	(1,003)	(3,713)	(2,673)
GAAP net loss from continuing operations	(22,511)	(26,732)	(72,072)	(76,012)
Total non-GAAP adjustments [1]	11,414	16,321	40,933	39,179
Non-GAAP net loss from continuing operations	(11,097)	(10,411)	(31,139)	(36,833)
Non-GAAP net income from discontinued operations	3,984	2,468	9,560	6,310
Non-GAAP net loss	$ (7,113)	$ (7,943)	$ (21,579)	$ (30,523)
Shares used in computing non-GAAP basic and diluted net loss per share (in 000's)	38,087	36,992	37,753	36,811
Basic and diluted net loss per share from continuing operations	$ (0.29)	$ (0.28)	$ (0.82)	$ (1.00)
Basic and diluted net income per share from discontinued operations	$ 0.10	$ 0.07	$ 0.25	$ 0.17
Non-GAAP basic and diluted net loss per share	$ (0.19)	$ (0.21)	$ (0.57)	$ (0.83)

[1] Adjustments are comprised of the adjustments to GAAP cost of revenue, sales and marketing expenses, research and development expenses and general and administrative expenses and other income (expense), net (where applicable) listed above.
[2] Contribution of business held for sale relates to the net loss for the periods presented for our Energy Group that we divested during Q2 2023.
[3] Purchase consideration expense includes consideration related to acquisitions.

[4] Variable consultant performance bonus expense represents the bonus payments paid to Mr. Chad Steelberg as a result of his achievement of the performance goals pursuant to his consulting agreement with us.
[5] For the three and nine months ended September 30, 2024, acquisition and due diligence costs are comprised of professional fees related to acquisitions and divestitures.

Supplemental Financial Information

We are providing the following unaudited supplemental financial information regarding our Software Products & Services as a lookback of prior years to explain our recent historical and year-over-year performance.

The supplemental financial information for our Software Products & Services includes: (i) Pro Forma Software Revenue, (ii) Total Software Products & Services Customers, (iii) Annual Recurring Revenue, (iv) Total New Bookings, and (iv) Gross Revenue Retention, in each case as defined in the footnotes to the table below.

In the past, we have provided supplemental financial information for our Managed Services including average billings per active Managed Services client, and revenue. Because Managed Services will comprise a smaller portion of our business after the Divestiture, we no longer will provide this supplemental information. Prior to the Divestiture, we experienced volatility in revenue from our Managed Services due to a number of factors, including: (i) the timing of new large customer agreements; (ii) loss of customers who chose to replace our services with new providers or by bringing their advertising placement in-house; (iii) customers who experience reductions in their advertising budgets due to issues with their own businesses; and (iv) the seasonality of the campaigns for certain large customers. We historically generated a significant portion of our revenue from a few major customers. After the Divestiture, we expect revenue from our Managed Services to continue to experience volatility.

Software Products & Services Supplemental Financial Information

The following table sets forth the results for each of our Software Products & Services supplemental financial information.

	Quarter Ended										
	Mar 31, 2022 (1)	Jun 30, 2022 (1)	Sept 30, 2022 (1)	Dec 31, 2022 (1)	Mar 31, 2023 (1)	Jun 30, 2023 (1)	Sept 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Pro Forma Software Revenue (in 000's) (2)	$ 26,319	$ 26,650	$ 28,603	$ 35,612	$ 22,423	$ 20,859	$ 20,361	$ 19,824	$ 15,223	$ 15,632	$ 14,694
Total Software Products & Services Customers (3)	3,673	3,718	3,787	3,824	3,773	3,705	3,536	3,459	3,384	3,437	3,291
Annual Recurring Revenue (SaaS) (in 000's) (4)	$ 48,392	$ 44,465	$ 43,925	$ 46,248	$ 45,453	$ 47,720	$ 47,756	$ 49,122	$ 49,064	$ 49,223	$ 48,269
Annual Recurring Revenue (Consumption) (in 000's) (5)	$ 87,445	$ 85,901	$ 85,091	$ 71,754	$ 67,242	$ 60,229	$ 41,543	$ 30,967	$ 23,510	$ 18,701	$ 15,011
Total New Bookings (in 000's) (6)	$ 16,643	$ 22,009	$ 23,793	$ 26,342	$ 22,794	$ 8,388	$ 15,501	$ 17,457	$ 12,964	$ 14,047	$ 16,471
Gross Revenue Retention (7)	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%

(1) All of the supplemental financial information for this period is presented on a Pro Forma basis inclusive of Broadbean.

(2) "Pro Forma Software Revenue" is a non-GAAP measure that represents Software Products & Services revenue on a Pro Forma basis.

(3) "Total Software Products & Services Customers" includes Software Products & Services customers as of the end of each respective quarter set forth above with net revenues in excess of $10 and also excludes any customers categorized by us as trial or pilot status. In prior periods, we provided "Ending Software Customers," which represented Software Products & Services customers as of the end of each fiscal quarter with trailing twelve-month revenues in excess of $2,400 for both Veritone, Inc. and PandoLogic Ltd. and/or deemed by the Company to be under an active contract for the applicable periods. Total Software Products & Services Customers is not comparable to Ending Software Customers. Total Software Products & Services Customers includes customers based on revenues in the last month of the quarter rather than on a trailing twelve-month basis. Total Software Products & Services Customers includes customers based on revenues in the last month of the quarter rather than on a trailing twelve-month basis and excludes any customers that are on trial or pilot status with us rather than including customers with active contracts. Management uses Total Software Products & Services Customers and we believe Total Software Products & Services Customers are useful to investors because it more accurately reflects our total customers for our Software Products & Services customers inclusive of Broadbean.

(4) "Annual Recurring Revenue (SaaS)" represents an annualized calculation of monthly recurring revenue during the last month of the applicable quarter for all Total Software Products & Services customers, in each case on a Pro Forma basis. In prior periods, we provided "Average Annual Revenue," which was calculated as the aggregate of trailing twelve-month Software Products & Services revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic Ltd. Annual Recurring Revenue is not comparable to Average Annual Revenue (SaaS). Annual Recurring Revenue (SaaS) includes only subscription-based SaaS revenue, is not averaged among active customers and uses a calculation of recurring revenue as described above instead of annual revenue. Management uses "Annual Recurring Revenue (SaaS)" and we believe Annual Recurring Revenue (SaaS) is useful to investors because Broadbean significantly increases our mix of subscription-based SaaS revenues as compared to Consumption revenues and the split between the two allows the reader to delineate between predictable recurring SaaS revenues and more volatile Consumption revenues.

(5) "Annual Recurring Revenue (Consumption)" represents the trailing twelve months of all non-recurring and/or consumption-based revenue for all active Total Software Products & Services customers, in each case, on a Pro Forma basis. In prior periods, we provided "Average Annual Revenue," which was calculated as the aggregate of trailing twelve-month Software Products & Services revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic Ltd. Annual Recurring Revenue (Consumption) is not comparable to Average Annual Revenue. Annual Recurring Revenue (Consumption) includes only non-recurring and/or consumption-based revenue, is not averaged among active customers and uses a calculation of recurring revenue as described above instead of annual revenue. Management uses "Annual Recurring Revenue (Consumption)" and we believe Annual Recurring Revenue (Consumption) is useful to investors because Broadbean significantly increases our mix of subscription-based SaaS revenues as compared to Consumption revenues and the split between the two allows the reader to delineate between predictable recurring SaaS revenues and more volatile Consumption revenues.

(6) "Total New Bookings" represents the total fees payable during the full contract term for new contracts received in the quarter (including fees payable during any cancellable portion and an estimate of license fees that may fluctuate over the term), excluding any variable fees under the contract (e.g., fees for cognitive processing, storage, professional services and other variable services), in each case on a Pro Forma basis.

(7) "Gross Revenue Retention" represents a calculation of our dollar-based gross revenue retention rate as of the period end by starting with the revenue from Software Products & Services Customers as of the 3 months in the prior year quarter to such period, or Prior Year Quarter Revenue. We then deduct from the Prior Year Quarter Revenue any revenue from Software Products & Services Customers who are no longer customers as of the current period end, or Current Period Ending Software Customer Revenue. We then divide

the total Current Period Ending Software Customer Revenue by the total Prior Year Quarter Revenue to arrive at our dollar-based gross retention rate, which is the percentage of revenue from all Software Products & Services Customers from our Software Products & Services as of the year prior that is not lost to customer churn. All numbers used to determine Gross Revenue Retention are calculated on a Pro Forma basis.

The following table sets forth the reconciliation of revenue to pro forma revenue and the calculation of pro forma annual recurring revenue.

	Quarter Ended										
	Mar 31, 2022	Jun 30, 2022	Sept 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sept 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Software Products & Services Revenue (in 000's)	$ 18,167	$ 18,379	$ 20,812	$ 27,220	$ 14,127	$ 14,093	$ 20,361	$ 19,820	$ 15,220	$ 15,632	$ 14,694
Broadbean Revenue (in 000's) [1]	6,204	6,974	7,639	8,230	8,156	8,374	8,739	8,662	8,517	8,690	8,169
Broadbean Revenue included in Software Products & Services Revenue (in 000's)	—	—	—	—	—	(1,716)	(8,739)	(8,662)	(8,517)	(8,690)	(8,169)
Pro Forma Software Revenue (in 000's)	$ 24,371	$ 25,353	$ 28,451	$ 35,450	$ 22,283	$ 20,751	$ 20,361	$ 19,820	$ 15,220	$ 15,632	$ 14,694
Managed Services Revenue (in 000's)	16,240	15,856	16,384	16,670	16,136	13,874	14,772	14,377	16,416	15,360	7,299
Total Pro Forma Revenue (in 000's)	$ 40,611	$ 41,209	$ 44,835	$ 52,120	$ 38,419	$ 34,625	$ 35,133	$ 34,197	$ 31,636	$ 30,992	$ 21,993

	Trailing Twelve Months Ended										
	Mar 31, 2022	Jun 30, 2022	Sept 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sept 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Software Products & Services Revenue (in 000's)	$ 72,997	$ 85,796	$ 97,581	$ 84,578	$ 80,538	$ 76,252	$ 75,801	$ 68,401	$ 69,494	$ 71,033	$ 65,366
Broadbean Revenue (in 000's) [1]	29,599	30,006	30,136	29,047	30,999	32,399	33,499	33,931	34,292	34,608	34,038
Broadbean Revenue included in Software Products & Services Revenue (in 000's)	—	—	—	—	—	(1,716)	(10,455)	(19,117)	(27,634)	(34,608)	(34,038)
Pro Forma Software Revenue (in 000's)	$ 102,596	$ 115,802	$ 127,717	$ 113,625	$ 111,537	$ 106,935	$ 98,845	$ 83,215	$ 76,152	$ 71,033	$ 65,366
Managed Services Revenue (in 000's)	58,419	60,546	63,406	65,150	65,046	63,064	61,452	59,159	59,439	60,925	53,452
Total Pro Forma Revenue (in 000's)	$ 161,015	$ 176,348	$ 191,123	$ 178,775	$ 176,583	$ 169,999	$ 160,297	$ 142,374	$ 135,591	$ 131,958	$ 118,818
Pro Forma Total Number of Customers	3,673	3,718	3,787	3,824	3,773	3,705	3,536	3,459	3,384	3,437	3,291
Pro Forma Annual Recurring Revenue (in 000's) [2]	$ 135,837	$ 130,366	$ 129,016	$ 118,002	$ 112,695	$ 107,949	$ 89,299	$ 80,089	$ 72,574	$ 67,924	$ 63,280

[1] "Pro Forma Software Revenue" includes historical Software Products & Services Revenue from the past eleven (11) fiscal quarters of each of Veritone, Inc. and Broadbean and presents such revenue on a combined pro forma basis treating Broadbean as owned by Veritone, Inc. since January 1, 2022.
[2] "Pro Forma Annual Recurring Revenue" represents an annualized calculation of the monthly recurring revenue in the last period of the calculated quarter, combined with the trailing twelve month calculation for all non-recurring and/or consumption based revenue for all active customers.

Results of Operations

The following tables set forth our results of operations for the three and nine months ended September 30, 2024 and 2023, in dollars and as a percentage of our revenue for those periods. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future.

(dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenue	$ 21,993	$ 27,968	$ 70,204	$ 72,883
Operating expenses:				
Cost of revenue	6,325	7,026	19,614	21,381
Sales and marketing	10,186	10,997	31,230	32,895
Research and development	7,528	10,410	23,388	32,456
General and administrative	14,421	18,264	45,133	48,837
Amortization	6,025	6,454	18,006	17,087
Total operating expenses	44,485	53,151	137,371	152,656
Loss from operations	(22,492)	(25,183)	(67,167)	(79,773)
Other income (expense), net	(2,594)	(2,552)	(8,618)	1,088
Loss before provision for income taxes	(25,086)	(27,735)	(75,785)	(78,685)
(Benefit from) provision for income taxes	(2,575)	(1,003)	(3,713)	(2,673)
Net loss from continuing operations	(22,511)	(26,732)	(72,072)	(76,012)
Net income from discontinued operations	765	2,191	2,897	5,212
Net loss	$ (21,746)	$ (24,541)	$ (69,175)	$ (70,800)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses:				
Cost of revenue	28.8	25.1	27.9	29.3
Sales and marketing	46.3	39.3	44.6	45.2
Research and development	34.2	37.2	33.3	44.6
General and administrative	65.6	65.3	64.3	67.0
Amortization	27.4	23.1	25.6	23.4
Total operating expenses	202.3	190.0	195.7	209.5
Loss from operations	(102.3)	(90.0)	(95.7)	(109.5)
Other income (expense), net	(11.8)	(9.2)	(12.2)	1.5
Loss before provision for income taxes	(114.1)	(99.2)	(107.9)	(108.0)
(Benefit from) provision for income taxes	(11.7)	(3.6)	(5.2)	(3.7)
Net loss from continuing operations	(102.4)	(95.6)	(102.7)	(104.3)
Net income from discontinued operations	3.5	7.9	4.2	7.3
Net loss	(98.9)%	(87.7)%	(98.5)%	(97.1)%

Three and Nine Months Ended September 30, 2024 Compared with Three and Nine Months Ended September 30, 2023

Revenue

	Three Months Ended September 30,					
	2024			2023		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Software Products & Services	$ 13,098	$ 1,596	$ 14,694	$ 18,885	$ 1,476	$ 20,361
Managed Services	7,299	—	7,299	7,607	—	7,607
Revenue	$ 20,397	$ 1,596	$ 21,993	$ 26,492	$ 1,476	$ 27,968

	Nine Months Ended September 30,					
	2024			2023		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Software Products & Services	$ 41,310	$ 4,236	$ 45,546	$ 44,109	$ 4,472	$ 48,581
Managed Services	24,658	—	24,658	24,302	—	24,302
Revenue	$ 65,968	$ 4,236	$ 70,204	$ 68,411	$ 4,472	$ 72,883

Commercial Enterprise

Commercial Enterprise Software Products & Services revenue decreased $5.8 million, or 30.6%, in the three months ended September 30, 2024 compared to the corresponding prior year period and decreased $2.8 million, or 6.3%, in the nine months ended September 30, 2024 compared to the corresponding prior year period, in each case, primarily due to decreased revenue from one-time software sales and from consumption-based customers, including Amazon, partially offset by the addition of Broadbean in the second quarter of 2023. Commercial Enterprise Managed Services decreased $0.3 million, or 4.0%, in the three months ended September 30, 2024 compared to the corresponding prior year period primarily due to lower revenue from licensing customers, partially offset by increased revenue from representation services. Commercial Enterprise Managed Services increased $0.4 million, or 1.5%, in the nine months ended September 30, 2024 compared to the corresponding prior year period, primarily due to lower revenue from licensing customers, partially offset by increased revenue from representation services.

Public Sector

Public Sector Software Products & Services revenue increased $0.1 million, or 8.1%, in the three months ended September 30, 2024 compared to the corresponding prior year period and decreased $0.2 million, or 5.3%, in the nine months ended September 30, 2024 compared to the corresponding prior year period, primarily due to fluctuations in timing and magnitude of spend by public safety and federal customers. In some cases, Software Products & Services revenue from Public Sector customers in certain markets, particularly our government customers, can be project-based and impacted by the timing of such projects. As such, we expect that our revenue from these markets could fluctuate significantly from period to period

Operating Expenses

(dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	$ Change	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	$ Change	% Change
Cost of revenue	$ 6,325	$ 7,026	$ (701)	(10.0)%	$ 19,614	$ 21,381	$ (1,767)	(8.3)%
Sales and marketing	10,186	10,997	(811)	(7.4)%	31,230	32,895	(1,665)	(5.1)%
Research and development	7,528	10,410	(2,882)	(27.7)%	23,388	32,456	(9,068)	(27.9)%
General and administrative	14,421	18,264	(3,843)	(21.0)%	45,133	48,837	(3,704)	(7.6)%
Amortization	6,025	6,454	(429)	(6.6)%	18,006	17,087	919	5.4 %
Total operating expenses	$ 44,485	$ 53,151	$ (8,666)	(16.3)%	$ 137,371	$ 152,656	$ (15,285)	(10.0)%

Cost of Revenue. Cost of revenue decreased by $0.7 million and $1.8 million in the three and nine months ended September 30, 2024, respectively, compared to the corresponding prior year periods, in each case, primarily due to the decline in revenues, especially in the higher margin Software Products & Services. During the nine months ended September 30, 2024, Software Products & Services products accounted for 64.9% of revenues compared to 66.7% in the prior year period. Cost of revenues as a percentage of revenue increased to 28.8% from 25.1%

in the three months ended September 30, 2024, respectively, as compared a decrease to 27.9% from 29.3% in the nine months ended September 30, 2023.

Sales and Marketing. Sales and marketing expenses decreased by $0.8 million and $1.7 million in the three and nine months ended September 30, 2024, respectively, compared to the corresponding prior year periods, in each case, primarily due to cost reduction initiatives announced in the first quarter of 2024 partially offset by increased advertising expense and sales and marketing expense as a result of the acquisition of Broadbean in June 2023. As a percentage of revenue, sales and marketing expenses increased to 46.3% from 39.3% during the three months ended September 30, 2024, and decreased to 44.6% from 45.2% during the nine months ended September 30, 2023.

Research and Development. Research and development expenses decreased by $2.9 million, or 27.7%, and $9.1 million, or 27.9%, in the three and nine months ended September 30, 2024, respectively, compared with the corresponding prior year periods, in each case, principally due to decreased personnel-related costs resulting from various cost reduction initiatives, partially offset by increased amortization expenses from increased capitalized costs for internal use software and the acquisition of Broadbean in June 2023. As a percentage of revenue, research and development expenses decreased to 34.2% and 33.3% during the three and nine months ended September 30, 2024, respectively, from 37.2% and 44.6% during the three and nine months ended September 30, 2023, respectively.

General and Administrative. General and administrative expenses decreased by $3.8 million, or 21.0% in the three months ended September 30, 2024 compared with the corresponding prior year period, principally due to reductions in non-recurring professional fees largely associated with the Broadbean acquisition and personnel-related costs resulting from various cost reduction initiatives. General and administrative expenses decreased by $3.7 million, or 7.6% in the nine months ended September 30, 2024 compared with the corresponding prior year period, primarily due to the decrease described above, partially offset by a net increase in the first half of 2024 compared to the prior year period driven by increased costs from the June 2023 Broadbean acquisition.

Amortization Expense. Amortization expense decreased in the three months ended September 30, 2024 compared with the corresponding prior period primarily due to certain intangible assets being fully amortized in the third quarter of 2023, and increased in the nine months ended September 30, 2024 compared with the corresponding prior year period primarily due to the addition of amortization expense related to our June 2023 acquisition of Broadbean.

Other Income (Expense), Net

Other expense, net of $2.6 million for the three months ended September 30, 2024 was primarily due to interest expense, net of $3.0 million, driven by increased interest expense from our Term Loan, partially offset by a foreign translation gain of $0.4 million. Other expense, net of $2.6 million for the three months ended September 30, 2023 was comprised primarily of a foreign exchange loss of $2.3 million. Other expense, net of $8.6 million for the nine months ended September 30, 2024 was primarily due to interest expense, net of $8.5 million, driven by increased interest expense from our Term Loan. Other income, net of $1.1 million for the nine months ended September 30, 2023 was comprised primarily of a gain on the sale of the energy group of $2.6 million and a foreign exchange gain of $0.5 million, offset by interest expense, net of $2.1 million.

Net income from discontinued operations

On October 17, 2024, we consummated the Divestiture. The Divestiture was strategic, allowing us to focus on our AI solutions, and secondarily to improve our financial liquidity with the net proceeds from the Divestiture. During the third quarter of 2024, we determined that Veritone One met the criteria to be classified as discontinued operations. As a result, the historical financial results of Veritone One are reflected in our condensed consolidated financial statements herein as discontinued operations and, as such, have been excluded from continuing operations for all periods presented on a retrospective basis, unless otherwise stated. See Note 3 on *Discontinued Operations* for more information.

Net income from discontinued operations was $0.8 million for the three months ended September 30, 2024 and primarily consisted of (i) revenue of $8.6 million, offset by cost of revenue of $0.3 million, other operating expenses of $5.8 million and $1.7 million of net interest expense allocations primarily due to the repayment of our Term Loan as a result of the Divestiture. Net income from discontinued operations was $2.9 million for the nine months ended September 30, 2024 and primarily consisted of (i) revenue of $23.0 million, offset by cost of revenue of $0.7 million, other operating expenses of $14.7 million and $4.7 million of net interest expense allocations primarily due to the repayment of our Term Loan as a result of the Divestiture.

Non-GAAP Gross Profit

Our non-GAAP gross profit is calculated as our revenue less our cost of revenue for the three and nine months ended September 30, 2024 and 2023. A reconciliation of non-GAAP gross profit to loss from operations presented in our condensed consolidated financial statements for the three and nine months ended September 30, 2024 and 2023 is shown below.

(dollars in thousands)	**Three Months Ended September 30,**				**Nine Months Ended September 30,**			
	2024	**2023**	**$ Change**	**% Change**	**2024**	**2023**	**$ Change**	**% Change**
Loss from operations	$ (22,492)	$ (25,183)	$ 2,691	(10.7)%	$ (67,167)	$ (79,773)	$ 12,606	(15.8)%
Sales and marketing	10,186	10,997	(811)	(7.4)%	31,230	32,895	(1,665)	(5.1)%
Research and development	7,528	10,410	(2,882)	(27.7)%	23,388	32,456	(9,068)	(27.9)%
General and administrative	14,421	18,264	(3,843)	(21.0)%	45,133	48,837	(3,704)	(7.6)%
Amortization	6,025	6,454	(429)	(6.6)%	18,006	17,087	919	5.4 %
Non-GAAP gross profit	$ 15,668	$ 20,942	$ (5,274)	(25.2)%	$ 50,590	$ 51,502	$ (912)	(1.8)%
Non-GAAP gross margin	71.2 %	74.9 %			72.1 %	70.7 %		

(dollars in thousands)	**Three Months Ended September 30,**				**Nine Months Ended September 30,**			
	2024	**2023**	**$ Change**	**% Change**	**2024**	**2023**	**$ Change**	**% Change**
Revenue	$ 21,993	$ 27,968	$ (5,975)	(21.4)%	$ 70,204	$ 72,883	$ (2,679)	(3.7)%
Cost of revenue	6,325	7,026	(701)	(10.0)%	19,614	21,381	(1,767)	(8.3)%
Non-GAAP gross profit	$ 15,668	$ 20,942	$ (5,274)	(25.2)%	$ 50,590	$ 51,502	$ (912)	(1.8)%
Non-GAAP gross margin	71.2 %	74.9 %			72.1 %	70.7 %		

The improvement in loss from operations for the three and nine months ended September 30, 2024 compared to the prior year periods resulted primarily from cost reduction initiatives over the trailing eighteen months, offset by the declines in revenue and corresponding decline in Non-GAAP gross profit. The decline in non-GAAP gross margin for the three months ended September 30, 2024 compared with the corresponding prior year period was primarily due to the decline in higher margin Commercial Enterprise revenue, including one-time software revenue and consumption based revenue from customers such as Amazon.

Liquidity, Capital Resources and Going Concern

We have historically financed our business through the sale of equity and debt securities. Our principal sources of liquidity are our cash and cash equivalents, which totaled $11.4 million as of September 30, 2024, compared with total cash and cash equivalents of $46.6 million as of December 31, 2023. The decrease in our cash and cash equivalents as of September 30, 2024 as compared with December 31, 2023 was primarily due to cash used in operating activities of $24.2 million during the nine months ended September 30, 2024. As of September 30, 2024 and December 31, 2023, the Company also had cash from discontinued operations of $34.5 million and $32.8 million, respectively.

In December 2023, we and certain of our subsidiaries, as guarantors, entered into a Credit and Guaranty Agreement (the “Credit Agreement”), by and among the Company and certain of our subsidiaries, as guarantors, and certain funds managed by Highbridge Capital Management, LLC and with certain other lenders (collectively, the “Lenders”) and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Credit Agreement provides for a $77.5 million senior secured term loan (the “Term Loan”), which was fully drawn by us on closing of the Term Loan.

On October 17, 2024, we consummated the Divestiture for a total purchase price of up to $104.0 million. Net proceeds from the transaction were $59.1 million in cash, which reflected the aggregate purchase price of $104.0 million, less $18.0 million subject to the Earnout described below, $20.3 million of purchase price adjustments, and $6.7 million placed in escrow accounts. We may receive the Earnout of up to $18.0 million in cash proceeds based on the achievement of certain net revenue targets by the Divestiture between January 1, 2025 and December 31, 2025. On October 22, 2024, we used net cash proceeds from the Divestiture to repay $30.5 million principal amount of the Term Loan, plus accrued interest and prepayment premiums in the aggregate amount of $3.3 million. As of October 22, 2024, immediately following the Divestiture and the repayment of a portion of our Term Loan, we reported cash on hand of $27.3 million

Based on our liquidity position at September 30, 2024 after giving effect to the impact of the Divestiture and the repayment of a portion of our Term Loan, and our current forecast of operating results and cash flows, absent any other action, management determined that there is substantial doubt about our ability to continue as a going concern over the twelve months following the filing of this Quarterly Report on Form 10-Q, principally driven by our current debt service obligations, historical negative cash flows and recurring losses. We will require additional liquidity to continue our operations over the next twelve months.

In the near term, and to meet our obligations as they come due, management is evaluating strategies to obtain funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, debt and/or further restructuring of operations to grow revenues and decrease operating expenses, which include capturing past cost reductions and potential future cost synergies from our past acquisitions.

The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business, including the ability to meet minimum liquidity thresholds under our Term Loan Credit Agreement. We may not be able to access additional equity under acceptable terms, and may not be successful in future operational restructurings, earning any of our deferred purchase consideration, meeting our minimum liquidity threshold under our Credit Agreement, growing our revenue base and our ability to execute on our operating plans may be materially adversely impacted. If we become unable to continue as a going concern, we may have to dispose of other or additional assets and might realize significantly less value than the values at which they are carried on our condensed consolidated financial statements. These actions may cause stockholders to lose all or part of their investment in our common stock. Our condensed consolidated financial statements do not include any adjustments that might result from our being unable to continue as a going concern. If we cannot continue as a going concern, adjustments to the carrying values and classification of our assets and liabilities and the reported amounts of income and expenses could be required and could be material.

Cash Flows

A summary of cash flows from our operating, investing and financing activities is shown in the table below.

(in thousands)	**Nine Months Ended September 30,**	
	2024	**2023**
Cash used in operating activities	$ (24,223)	$ (48,111)
Cash used in investing activities	(3,334)	(53,745)
Cash used in financing activities	(5,895)	(10,487)
Net decrease in cash, cash equivalents and restricted cash	$ (33,452)	$ (112,343)

Operating Activities

Our operating activities used cash of $24.2 million in the nine months ended September 30, 2024, due primarily to our net loss of $69.2 million, adjusted by $28.1 million in non-cash expenses, including $21.7 million in depreciation and amortization, $5.9 million in stock-based compensation expense and $4.6 million of amortized debt issuance costs, partially offset by $5.0 million from deferred taxes. Cash used in operating activities in the nine months ended September 30, 2024 was partially offset by a net working capital impact of $16.8 million, primarily due to the timing of accrued media payments of $14.0 million and client advances of $19.7 million, partially offset by net cash outflows from expenditures billable to clients of $17.6 million.

Our operating activities used cash of $48.1 million in the nine months ended September 30, 2023, due primarily to our net loss of $70.8 million, adjusted by $26.7 million in non-cash expenses, including $20.2 million in depreciation and amortization and $8.6 million in stock-based compensation expense, as well as the net working capital decrease of $4.0 million, primarily due to decreases in accrued media payments of $17.7 million, partially offset by decreases in accounts receivable of $14.1 million.

Investing Activities

Our investing activities for the nine months ended September 30, 2024 used cash of $3.3 million driven by capital expenditures, partially offset by proceeds from the sale of our interest in GridBeyond Limited, an Ireland-based privately held company.

Our investing activities for the nine months ended September 30, 2023 used cash of $53.7 million primarily for $50.2 million in cash paid for the Broadbean acquisition net of cash acquired and $4.0 million in capital expenditures, with these uses of cash partially offset by $0.5 million in proceeds from the Energy Sale.

Financing Activities

Our financing activities for the nine months ended September 30, 2024 used cash of $5.9 million, driven primarily by $3.9 million of principal paid on our Term Loan and $1.8 million in deferred consideration paid related to the 2022 acquisitions.

Our financing activities for the nine months ended September 30, 2023 used cash of $10.5 million, consisting of $7.8 million to pay the 2022 earnout for PandoLogic, $2.7 million in deferred consideration primarily related to the March 2022 Acquisition and the VocaliD acquisition, and $1.1 million to pay taxes paid related to the net share settlement of equity awards, offset by $1.1 million in proceeds received from the exercise of stock options and purchases of shares under our ESPP.

Discontinued Operations

The cash flows related to discontinued operations have not been segregated and are included in the condensed consolidated statements of cash flows. The total net cash provided by operating activities from discontinued operations was $1.9 million for the nine months ended September 30, 2024, which primarily relates to net income from discontinued operations of $2.9 million and the impact from net working capital of $19.9 million, partially offset by net transfers from the Company of $21.4 million. Net cash used in operating activities from discontinued operations was $28.6 million for the nine months ended September 30, 2023, which primarily relates to net transfers from the

Company of $21.2 million and net income from discontinued operations of $5.3 million, partially offset by the impact from net working capital of $13.9 million. Net cash used in investing activities was $0.2 million and $0.3 million for the nine months ended September 30, 2024 and 2023, respectively, related to capital expenditures.

Contractual Obligations and Known Future Cash Requirements

As of September 30, 2024, our debt obligations are comprised of our Term Loan and our 1.75% convertible senior notes due in 2026 (the "Convertible Notes"). As of September 30, 2024, we have $75.6 million principal amount outstanding under our Term Loan that matures in December 2027 and $91.2 million aggregate principal amount outstanding of our Convertible Notes that mature in November 2026. On October 22, 2024, we repaid $30.5 million principal amount of our Term Loan and, after such repayment, $43.1 million principal amount remained outstanding under our Term Loan.

As of September 30, 2024, we have no other present agreements or commitments with respect to any material acquisitions of businesses or technologies or any other material capital expenditures.

As of September 30, 2024, we have recorded $2.0 million of gross liability for uncertain tax positions, including interest and penalties. Based upon the information available and possible outcomes, we cannot reasonably estimate the amount and period in which the liability might be paid.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions about future events that affect amounts reported in our condensed consolidated financial statements and related notes, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. Management evaluates its accounting policies, estimates and judgments on an on-going basis. Management bases its estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

Our critical accounting estimates reflecting management's estimates and judgments are described in our Annual Report on Form 10-K for the year ended December 31, 2023. We have reviewed recently adopted accounting pronouncements and determined that the adoption of such pronouncements is not expected to have a material impact, if any, on our condensed consolidated financial statements. Accordingly, there have been no material changes to critical accounting policies and estimates as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by Item 305 of Regulation S-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of September 30, 2024. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to enable timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the rules and forms promulgated by the SEC. Our management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and there is no assurance that our disclosure controls and procedures will operate effectively under all circumstances. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2024, our disclosure controls and procedures were not effective at the reasonable assurance level due to the following material weaknesses in internal control over financial reporting.

Material Weaknesses in Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

During the preparation of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, management identified a material weakness in internal control over financial reporting as the Company did not have an effective information and communication process that identified and assessed the source of and controls necessary to ensure the reliability of information used in financial reporting and for providing information required for effective activity level controls. This material weakness could have resulted in a material misstatement to the Company's interim condensed consolidated financial statements that would not be prevented or detected on a timely basis.

During the preparation of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, management identified the following material weaknesses in internal control over financial reporting:

- Management identified a material weakness in internal control over financial reporting relating to the consolidation process and review of financial statements specifically pertaining to the Company’s design of controls to determine proper accounting for certain foreign exchange transactions and translation between Veritone, Inc. and certain foreign subsidiaries. This material weakness did not result in any identified material misstatements to the financial statements. However, this material weakness could have resulted in a material misstatement to the Company’s annual or interim condensed consolidated financial statements that would not be prevented or detected and corrected on a timely basis.
- Management identified a material weakness in internal control over financial reporting relating to information technology general controls (“ITGCs”) in the areas of user access and change-management over certain information technology (“IT”) systems that support our financial reporting processes. The Company’s business process automated and manual controls that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. These control deficiencies were a result of user access and change management processes over certain IT systems.

Related to these findings, management concluded that during the year ended December 31, 2023, the Company did not maintain appropriately designed entity-level controls impacting the control environment or monitoring controls to prevent or detect material misstatements to the consolidated financial statements. Specifically, these deficiencies were attributed to (i) a lack of a sufficient number of qualified resources to perform control activities and (ii) insufficient risk assessment and monitoring activities as a result of untimely or ineffective identification of internal control risks to properly design, test, implement and assess effective internal controls over financial reporting.

Remediation of Material Weaknesses in Internal Control Over Financial Reporting

In order to remediate the material weaknesses, management has taken remediation actions including:

(i)engagement of an outside firm to assist with the remediation actions in March 2024;

(ii)implemented a more robust plan and risk assessment around the proper design, testing and assessment of internal controls over financial reporting in April 2024;

(iii)implemented a training program addressing ITGCs and policies, including educating control owners concerning the principles and requirements of each control, with a focus on those related to user access and change management over IT systems impacting financial reporting;

(iv)implemented documentation of underlying ITGCs to promote knowledge transfer upon personnel and function changes;

(v)implemented an IT management review and testing plan to monitor ITGCs with a specific focus on systems supporting our financial reporting processes; and

(vi)trained staff on proper accounting for foreign exchange translation, transactions when consolidating foreign subsidiaries and the proper, accurate and timely evaluation of the realizability of long lived assets, including goodwill and intangible assets. Management has also hired additional staff to oversee the implementation and testing of these remediation actions.

To further remediate the existing material weakness identified herein, the management team, including the Chief Executive Officer and Chief Financial Officer, have reaffirmed and re-emphasized the importance of internal controls, control consciousness and a strong control environment. We are committed to maintaining a strong control environment and believe that these remediation efforts represent continued improvement in our control environment.

We also expect to continue to review, optimize and enhance our financial reporting controls and procedures. While remediating actions have been implemented to mitigate the material weaknesses identified with regards to foreign transaction consolidation and ITGCs, these material weaknesses will not be considered remediated until the applicable remediated and enhanced control processes have operated for a sufficient period of time and management has concluded, through testing, that this enhanced control is operating effectively.

Changes in Internal Control over Financial Reporting

While management continues to make progress on its remediation efforts, there were no definitive changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Management recognizes that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. We currently are not a party to any legal proceedings, the adverse outcome of which, in management's opinion, individually or in the aggregate, would have a material adverse effect on our results of operations, financial position or cash flows. Regardless of the outcome, any litigation could have an adverse impact on us due to defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

Our Annual Report on Form 10-K for the year ended December 31, 2023 as supplemented by our Quarterly Report on From 10-Q for the quarter ended June 30, 2024, contains a discussion of the material risks associated with our business. Other than as set forth below, there have been no material changes to the risks described in such Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

We recently sold Veritone One, our full-service advertising agency, which represented approximately 25% of our revenue for the nine months ended September 30, 2024. As a result, our revenue following the sale of Veritone One will be reduced and our business will be less diversified.

On October 17, 2024, we sold our full-service advertising agency and wholly-owned subsidiary, Veritone One, LLC, to an affiliate of Insignia Capital Group L.P. Approximately 25% of our revenue for the nine months ended September 30, 2024 was generated from Veritone One. As a result of the Divestiture, our business is focused on enterprise AI and the type of risks associated with such business. Further, immediately following the Divestiture, our business will generate less revenue which may exacerbate risks related to our operations, including our ability to service our outstanding debt and finance our operations. If these difficulties or challenges cannot be overcome, our business may not be successful and the impact of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our ability to continue as a going concern depends on, among other factors, our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control.

Based on our liquidity position at September 30, 2024 and our current forecast of operating results and cash flows, absent any other action, management determined that there is substantial doubt about our ability to continue as a going concern over the twelve months following the filing of this Quarterly Report on Form 10-Q, principally driven by our current debt service obligations, historical negative cash flows and recurring losses. Our ability to continue as a going concern is dependent on our ability to service our debt obligations under the Term Loan as they become due, which, in turn, is dependent on, among other factors, our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control. Our determination that we may be unable to continue as a going concern may materially harm our business and reputation and may make it more difficult for us to obtain financing for the continuation of our operations, including through equity financings, incurring additional debt or otherwise, which in turn, may adversely impact our financial condition, results of operations and cash flows.

In the near term, to meet our cash obligations as they come due, we are evaluating strategies to obtain funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, debt and/or further restructuring of operations to grow revenues and decrease operating expenses, which include capturing past cost reduction and potential future cost synergies from our past acquisitions. In addition, on October 17, 2024, we consummated the Divestiture for a total purchase price of up to $104.0 million. Net proceeds from the transaction were $59.1 million in cash, which reflected the aggregate purchase price of $104.0 million, less $18.0 million subject to an earnout described below, $20.3 million of purchase price adjustments, and $6.7 million placed in escrow accounts. On October 22, 2024, we used net cash proceeds from the Divestiture to repay $30.5 million principal amount of our outstanding Term Loan, plus accrued interest and a prepayment premium in the aggregate amount of $3.3 million. As of October 22, 2024, immediately following the Divestiture and the repayment of a portion of our Term Loan, we reported cash on hand of $27.3 million.

The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. We may not be able to access additional equity under acceptable terms, and may not be successful in future operational restructurings or at growing our revenue base. If we are unable to capture past cost reduction and potential future cost synergies from our past acquisitions, we would likely not have sufficient cash on hand or available liquidity to service our current debt obligations, and our ability to execute on our operating plans may be materially adversely impacted. If we become unable to continue as a going concern, we may have to dispose of other or additional assets and might realize significantly less value than the values at which they are carried on our condensed consolidated financial statements. These actions may cause stockholders to lose all or part of their investment in our common stock. If we cannot continue as a going concern, adjustments to the carrying values and classification of our assets and liabilities and the reported amounts of income and expenses could be required and could be material.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three and nine months ended September 30, 2024, we issued 0 and 298,110 shares of our common stock ("Common Stock") to certain Warrant Holders upon the exercise of 0 and 499,857 warrants held by them, respectively. Each warrant was cashless exercised at a strike price of $2.5760. The shares of Common Stock issued upon exercise of these warrants were issued in reliance on an exemption from registration provided by Section 3(a)(9) of the Securities Act. Each of the Warrant Holders represented that they were acquiring the warrants and, upon any exercise thereof, will acquire shares of Common Stock issuable upon such exercise, for such Warrant Holder's own account and not with a view to distribution or resale in violation of the Securities Act or any applicable state securities law.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
2.1†	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 the Registrant’s Current Report on Form 8-K filed on May 31, 2023).
3.1	Third Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed on May 23, 2017).
2.2†^	Equity Purchase Agreement, dated as of October 17, 2024, by and among Veritone, Inc., Veritone One, LLC and Oxford Buyer, LLC (incorporated by reference to Exhibit 2.1 to the Registrant’s Current Report on Form 8-K filed on October 23, 2024).
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant’s Current Report on Form 8-K filed on May 23, 2017).
31.1	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1+	Certifications pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
104	Cover page formatted as Inline XBRL and contained in Exhibit 101.

† Exhibits and schedules, or portions thereof, have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act. The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon request.

^ The Company has omitted portions of the referenced exhibit pursuant to Item 601(b) of Regulation S-K under the Securities Act because such portions (i) are not material and (ii) are the type of information that the Company both customarily and actually treats as private and confidential.

+ The certifications furnished as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Subsection 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any of the Registrant's filings under the Securities Act, irrespective of any general incorporation language contained in any such filing.

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 thereunto duly authorized.

	Veritone, Inc.	
November 12, 2024	By:	/s/ Michael L. Zemetra
		Michael L. Zemetra
		Executive Vice President, Chief Financial Officer and Treasurer
		(Principal Financial and Accounting Officer)

HIGHBRIDGE TACTICAL CREDIT MASTER FUND, L.P. **C/O HIGHBRIDGE CAPITAL MANAGEMENT, LLC**	**HIGHBRIDGE TACTICAL CREDIT INSTITUTIONAL FUND, L.P.** **C/O HIGHBRIDGE CAPITAL MANAGEMENT, LLC**	**CONTEXT PARTNERS MASTER FUND, L.P.**
RIVERVIEW GROUP LLC	**TENOR OPPORTUNITY MASTER FUND LTD.**	**WHITEBOX ADVISORS LLC**, on behalf of certain managed funds
	SILVERBACK ASSET MANAGEMENT, LLC, on behalf of certain managed funds	

PRIVATE AND CONFIDENTIAL

November 7, 2023

Veritone, Inc.
2420 17th Street, Office 3002
Denver, Colorado

Commitment Letter

Ladies and Gentlemen:

You have informed Highbridge Tactical Credit Master Fund, L.P. ("***Highbridge TCF***"), Highbridge Tactical Credit Institutional Fund, Ltd ("***Highbridge ERSA***" and together with Highbridge TCF, "***Highbridge***"), Context Partners Master Fund, L.P. ("***Context***"), Whitebox Relative Value Partners, LP ("***Whitebox RVP***"), Whitebox GT Fund, LP ("***Whitebox GT***"), Whitebox Multi-Strategy Partners, LP ("***Whitebox Multi***"), Pandora Select Partners, LP ("***Pandora***"), Riverview Group LLC ("***Riverview***"), Tenor Opportunity Master Fund Ltd. ("***Tenor***"), Silverback Convertible Master Fund Limited ("***Silverback Convertible***"), Blackwell Partners LLC_Series B ("***Blackwell***"), KASAD 2, L.P. ("***KASAD***") and Silverback Opportunistic Credit Master Fund Limited (collectively with Highbridge TCF, Highbridge ERSA, Context,Riverview, Whitebox RVP, Whitebox GT, Whitebox Multi, Pandora, Riverview, Tenor, Silverback Convertible, Blackwell and KASAD, the "***Commitment Parties***", "***we***" or "***us***") that Veritone, Inc. ("***you***" or the "***Company***") intends to establish a credit facility having the terms set forth in ***Annex B*** and consisting of a $77.5 million senior secured term loan facility (the "***Credit Facility***"). The proceeds of the Credit Facility shall be used (i) to repurchase an aggregate $50.0 million principal amount of existing convertible senior notes of the Company pursuant to that certain Indenture, dated as of November 19, 2021, by and among the Company and U.S Bank National Association, as Trustee (the "***2026 Convertible Senior Notes***") as more fully described on ***Annex C*** hereto, (ii) for general corporate purposes, and (iii) to pay fees and out-of-pocket expenses in connection with the Credit Facility.

Each of the Commitment Parties is pleased to advise you of its commitment to severally, and not jointly, provide the portion of the principal amount of the Credit Facility set forth opposite such Commitment Party's name on ***Annex C*** hereto, subject to the terms and conditions set forth in this letter and in the term sheet set forth on ***Annex B*** hereto (the "***Term Sheet***") (this letter collectively with ***Annexes A, B,*** and ***C***, the "***Commitment Letter***"); capitalized terms used but not defined herein shall have the meanings given to them in the attached ***Annex B.*** Our commitments are subject solely to the conditions set forth in the Term Sheet.

It is agreed that a third party selected by the Commitment Parties will act as sole administrative agent, collateral agent and documentation agent in connection with the Credit Facility (in such capacities, the "***Administrative Agent***"), with all fees and expenses of the Administrative Agent (including, without limitation, any fees and expenses of counsel to the Administrative Agent) paid by Company. It is understood and agreed that no other agents or co-agents and no arrangers, co-arrangers, bookrunners, managers, or co-managers will be appointed, no other titles will be awarded, and no compensation (other than compensation expressly contemplated by this Commitment Letter) will be paid to any Lender or any other person by you or any of your affiliates in order to obtain any commitment to participate in the Credit Facility, unless you and we shall so agree.

Notwithstanding anything in this Commitment Letter (including each of the annexes attached hereto), the Credit Documents or any other letter agreement or other undertaking concerning the financing of the Credit Facility to the contrary, the terms of the Loan Documents shall be in a form such that they do not impair the availability or funding of the Credit Facility on the Initial Funding Date if the conditions set forth in the Term Sheet are satisfied (it being understood that to the extent any security interest in any collateral is not or cannot be provided and/or perfected on the Initial Funding Date (other than the pledge and perfection of the security interest in the equity interests of each of the Company's direct wholly-owned U.S. subsidiaries and other assets pursuant to which a lien may be perfected by the filing of a financing statement under the Uniform Commercial Code or any filings with the U.S. Patent and Trademark Office) after your use of commercially reasonable efforts to do so or without undue burden or expense, then the provision and/or perfection of a security interest in such Collateral shall not constitute a condition precedent to the availability of the Credit Facility on the Initial Funding Date, but instead shall be required to be delivered within 60 days after the Initial Funding Date (or such later date after the Initial Funding Date as we shall agree) pursuant to arrangements to be mutually agreed by the us and the Company acting reasonably) (the foregoing provision, the "***Certain Funds Provision***").

By executing this Commitment Letter, Company agrees on its behalf and on behalf of its affiliates that from the date hereof until the date which is 30 days after the date hereof, Company and its affiliates (i) will cease any discussion with other potential financing providers (other than financing sources for the Credit Facility) and will not directly or indirectly engage in discussion with, provide any information to, or transmit any letter of intent, indicative terms or other document or response to any person or entity other than the Commitment Parties in connection with soliciting or receiving from such financing provider, person or entity a proposal, commitment, exclusivity arrangement or definitive agreement to provide debt or equity financing (including any modification, extension, or continuation of existing credit facilities), and (ii) will not enter into any definitive agreement for a debt or equity financing (including any modification, extension, or continuation of existing credit facilities, but not including definitive agreements for the Credit Facility), in either the case of clause (i) or clause (ii) above, that is in lieu of, inconsistent with, or reasonably expected to interfere with the Credit Facility if the Commitment Parties are ready, willing and able to provide the proceeds of the Credit Facility on the terms and conditions substantially as set forth in this Commitment Letter.

The terms of this Commitment Letter are intended as an outline of certain of the material terms of the Credit Facility, but do not include all of the terms, conditions, covenants, representations, warranties, default clauses and other provisions that will be contained in the Loan Documents. The Loan Documents shall include, in addition, provisions that are customary or typical for financings of this type.

By executing this Commitment Letter, you agree to (i) within 45 days of the execution of this Commitment Letter, (x) issue to the Commitment Parties (and, as applicable, one or more of the funds managed, advised or sub-advised by the Commitment Parties and/or for which they act as trading manager) warrants having the terms of the Warrants set forth in the Term Sheet with respect to twenty percent (20%) of the aggregate number of shares of Common Stock to be represented by Warrants as set forth in the Term Sheet and (y) execute a registration rights agreement as contemplated by the Term Sheet with the Commitment Parties (and, as applicable, one or more of the funds managed, advised or sub-advised by the Commitment Parties and/or for which they act as trading manager), and (ii) reimburse the Commitment Parties from time to time on demand for all reasonable out-of-pocket fees and expenses (including, but not limited to, the reasonable fees, disbursements and other charges of legal counsel to the Commitment Parties (limited to a single special counsel and UK local counsel to the Commitment Parties) and search fees, due diligence expenses, appraisal, environmental and audit costs and expenses, and advisor and consultant fees and expenses) incurred in connection with the Credit Facility, the preparation of the definitive documentation therefor and the other transactions contemplated hereby, and in the case of clause (ii), in an amount not to exceed $550,000 for any such fees and expenses accrued through (and inclusive of) the Initial Funding Date. To avoid doubt, the warrants issued pursuant to clause (i) shall form a part of the Warrants to be issued as set forth in the Term Sheet and shall not be in addition to such Warrants. You agree that your obligations to make the payments and execute the agreements in this paragraph shall survive the termination of this Commitment Letter or any commitment or undertaking hereunder and shall be effective regardless of whether any of the other transactions contemplated hereby are consummated.

In addition, in connection with arrangements such as this, it is our policy to receive indemnification. You agree to the provisions with respect to indemnity and other matters set forth in ***Annex A***, which is incorporated by reference into this Commitment Letter.

We hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "***Act***") and the requirements of 31 C.F.R. §1010.230 (the "***Beneficial Ownership Regulation***"), each Lender is required to obtain, verify and record information that identifies each borrower and guarantor under the Credit Facility, which information includes the name and address and other information of each such person or entity that will allow each Lender to identify each such person or entity in accordance with the Act and the Beneficial Ownership Regulation. This notice is given in accordance with the requirements of the Act and is effective for each Lender.

Please note that this Commitment Letter may not be disclosed to any third party or circulated or referred to publicly without our prior written consent except, after providing written notice to the Commitment Parties, pursuant to a subpoena or order issued by a court of competent jurisdiction or by a judicial, administrative or legislative body or committee; provided, however, that we hereby consent to disclosure of this Commitment Letter (x) to the officers, directors, agents and advisors of the Company who are directly involved in the consideration of the Credit Facility to the extent such persons agree to hold the same in confidence, (y) as required by applicable law or compulsory legal process (in which case you agree to inform us promptly thereof to the extent permitted by law), and (z) pursuant to a filing on Form 8-K or Form 10-Q with the U.S. Securities and Exchange Commission; provided that the Company may elect to file the Commitment Letter as an exhibit to its Form 10-K for the year ended December 31, 2023. You agree (i) to publicly file a Current Report on Form 8-K no later than 9:30 a.m., New York City time, on November 8, 2023 (the "***Announcement 8-K***") that will disclose all material information regarding the terms of this Commitment Letter and the Credit Facility and all other confidential information communicated to us or any of our affiliates to the extent that you believe such confidential information constitutes material non-public information, and (ii) that, upon the public filing of the Announcement 8-K, we and our affiliates will not be under any contractual obligation to refrain from trading in any securities issued by you or any of your affiliates.

We will use all confidential information provided to us by or on behalf of you hereunder for the purpose of providing the services which are the subject of this Commitment Letter and in connection with the evaluation, closing, administration and enforcement of the Credit Facility, and shall treat confidentially all such information and shall not publish, disclose or otherwise divulge, such information; provided that nothing herein shall prevent us and any of our affiliates from disclosing any such information (a) pursuant to the order of any court or administrative agency or in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, rule or regulation or compulsory legal process based on the advice of counsel (in which case we agree (except with respect to any audit or examination conducted by bank accountants or any regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, rule or regulation, to inform you promptly thereof prior to disclosure), (b) upon the request or demand of any regulatory authority having jurisdiction over us or any of our affiliates (in which case we agree (except with respect to any audit or examination conducted by bank accountants or any regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, rule or regulation, to inform you promptly thereof prior to disclosure), (c) to the extent that such information becomes publicly available other than by reason of improper disclosure by us or any of our affiliates or any related parties thereto in violation of any confidentiality obligations owing to you, the Company or any of your or its respective affiliates (including those set forth in this paragraph), (d) to the extent that such information is received by us or any of our affiliates from a third party that is not, to our knowledge, subject to any contractual or fiduciary confidentiality obligations owing to you, the Company or any of your or its respective affiliates or related parties, (e) to the extent that such information is independently developed by us or any of our affiliates without the use of any confidential information and without violating the terms of this Commitment Letter, (f) to our affiliates and to our and their respective directors, officers, employees, legal counsel, independent auditors, professionals and other experts or agents who need to know such information in connection with the Credit Facility and who are informed of the confidential nature of such information and are or have been advised of their obligation to keep information of this type confidential,(g) to potential or prospective lenders, participants or assignees and to any direct or indirect contractual counterparty to any swap or derivative transaction relating to you or any of your subsidiaries, in each case who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph); provided that the disclosure of any such information to us or any lenders or prospective lenders or participants or prospective participants referred to above shall be made subject to the acknowledgment and acceptance by such lender or prospective lender or participant or prospective participant that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you and us, including, without limitation, as agreed in any marketing materials) in accordance with our standard syndication processes or customary market standards for dissemination of such type of information, or (h) for purposes of enforcing our rights hereunder in any legal proceedings and for purposes of establishing a defense in any legal proceedings. The provisions of this paragraph shall survive the termination of this Commitment Letter; provided that our and our affiliates', if any, obligations under this paragraph shall terminate automatically and be superseded by the confidentiality provisions in the Loan Documents upon the execution thereof. Notwithstanding the foregoing, no notice, consultation or other compliance with this paragraph shall be required if we are requested or required to disclose confidential information pursuant to a broad or routine audit, examination or request for information by any legal, judicial, governmental, administrative, or regulatory authority that is not specific to the confidential information provided hereunder.

In the ordinary course of its activities, the Commitment Parties and or our affiliates may actively trade the debt and equity securities (or related derivative securities) of the Company and other companies which may be the subject of the arrangements contemplated by this letter, including any of their respective affiliates, and may at any time hold long and short positions in such securities. The Commitment Parties or our affiliates may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities or other debt obligations of the Company or other companies which may be the subject of the arrangements contemplated by this letter and any of their respective affiliates.

The Commitment Parties may have economic interests that conflict with those of the Company. You agree that the Commitment Parties will each act under this letter as an independent contractor and that nothing in this Commitment Letter or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Commitment Party, on the one hand, and the Company and its shareholders or its affiliates, on the other hand. You acknowledge and agree that (i) the transactions contemplated by this Commitment Letter are arm's-length commercial transactions between the Commitment Parties, on the one hand, and the Company, on the other hand, (ii) in connection therewith and with the process leading to such transaction the Commitment Parties are each acting solely as a principal and not the agent or fiduciary of the Company, its management, shareholders, creditors or any other person, (iii) the Commitment Parties have not assumed an advisory or fiduciary responsibility in favor of the Company with respect to the transactions contemplated hereby or the process leading thereto or any other obligation to the Company except the obligations expressly set forth in this Commitment Letter and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company further acknowledges and agrees that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Company agrees that it will not claim that the Commitment Parties have rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

The provisions of the immediately preceding four paragraphs shall remain in full force and effect regardless of whether any definitive documentation for the Credit Facility shall be executed and delivered, and notwithstanding the termination of this Commitment Letter or any commitment or undertaking hereunder.

Each of the parties hereto agrees that this Commitment Letter is a binding and enforceable agreement with respect to the subject matter contained herein (it being understood and agreed that the availability and funding of the Credit Facility is subject to conditions precedent), including the good faith negotiation of the Credit Documents by the parties hereto in a manner consistent with this Commitment Letter. Promptly following the execution of this Commitment Letter, the parties hereto shall proceed with the negotiation in good faith of the Credit Documents.

This Commitment Letter may not be assigned by the Company without the prior written consent of each other party hereto (and any purported assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. The Commitment Parties may assign their respective commitments hereunder, in whole or in part (including, for example, the commitment to provide the Credit Facility), to (i) any of their respective affiliates, (ii) any fund, investor, entity or account that is managed, sponsored or advised by any person managing, sponsoring or advising any of the Commitment Parties or (iii) any Commitment Party (any such person, an "***Eligible Assignee***"). This Commitment Letter may not be amended or any term or provision hereof or thereof waived or modified except by a written agreement signed and delivered by each of the parties hereto. Notwithstanding anything set forth herein to the contrary, (a) no Commitment Party shall be relieved, released or novated from its obligations hereunder (including its obligation to fund any portion of the Commitment on the Initial Funding Date) in connection with any assignment or other transfer until after the initial funding of the Credit Facility on the Initial Funding Date, (b) no such assignment or other transfer shall become effective with respect to any portion of the Commitment until the initial funding of the Credit Facility on the Initial Funding Date, and (c) unless the Company agrees in writing, each Commitment Party shall retain exclusive control over all rights and obligations with respect to its portion of the Commitment, including all rights with respect to consents, waivers, modifications, supplements and amendments, until the Initial Funding Date has occurred.

Our commitment hereunder shall terminate upon the first to occur of (i) at our election, a material breach by the Company under this Commitment Letter, and (ii) December 15, 2023 unless the closing of the Credit Facility, on the terms and subject to the conditions contained herein, shall have been consummated on or before such date.

In addition, please note that the Commitment Parties do not provide accounting, tax or legal advice. Notwithstanding anything herein to the contrary, the Company (and each employee, representative or other agent of the Company) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of this potential transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure. However, any information relating to the tax treatment or tax structure shall remain subject to the confidentiality provisions hereof (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable the parties hereto, their respective affiliates, and their respective affiliates' directors and employees to comply with applicable securities laws. For this purpose, "***tax treatment***" means U.S. federal or state income tax treatment, and "***tax structure***" is limited to any facts relevant to the U.S. federal income tax treatment of the transactions contemplated by this Commitment Letter but does not include information relating to the identity of the parties hereto or any of their respective affiliates.

This Commitment Letter may be executed in any number of counterparts, each of which when executed shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. Any party delivering an executed counterpart of this Commitment Letter via facsimile or other electronic transmission shall, at our request, also deliver to us or our counsel a manually executed original, but the failure to do so does not affect the validity, enforceability or binding effect of this Commitment Letter.

THIS COMMITMENT LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. Each of the parties hereto agrees that any suit or proceeding arising in respect to this arrangement or any matter referred to in this Commitment Letter will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in the City of New York and each of the parties hereto agrees to submit to the jurisdiction of, and to venue in, such courts. **ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING ARISING IN CONNECTION WITH OR AS A RESULT OF EITHER OUR COMMITMENT OR ANY MATTER REFERRED TO IN THIS COMMITMENT LETTER IS HEREBY WAIVED BY EACH OF THE PARTIES HERETO.** The provisions of this paragraph shall remain in full force and effect regardless of whether any definitive documentation for the Credit Facility shall be executed and delivered, and notwithstanding the termination of this Commitment Letter or any commitment or undertaking hereunder.

THIS COMMITMENT LETTER REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SPECIFIC MATTERS HEREOF, SETS FORTH THE ENTIRE UNDERSTANDING OF THE PARTIES HERETO, SUPERSEDES ANY PRIOR AGREEMENTS AMONG THE PARTIES HERETO WITH RESPECT TO THE CREDIT FACILITIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left Blank]

Please confirm that the foregoing is in accordance with your understanding by signing and returning to the Commitment Parties the enclosed copy of this Commitment Letter, together, if not previously executed and delivered, on or before the close of business on November 8, 2023, whereupon this Commitment Letter shall become a binding agreement between us. If not signed and returned as described in the preceding sentence by such date, this offer will terminate on such date. We look forward to working with you on this matter.

[*Signatures on Next Page*]

Very truly yours,

Highbridge Tactical Credit Master Fund, L.P.

By: Highbridge Capital Management, LLC as Trading Manager and not in its individual capacity

By: /s/ Steve Ardovini
Name: Steve Ardovini
Title: Managing Director
Head of Operations
HIGHBRIDGE CAPITAL MANAGEMENT, LLC

Highbridge Tactical Credit Institutional Fund, Ltd.

By: Highbridge Capital Management, LLC as Trading Manager and not in its individual capacity

By: /s/ Steve Ardovini
Name: Steve Ardovini
Title: Managing Director
Head of Operations
HIGHBRIDGE CAPITAL MANAGEMENT, LLC

[*Signature Page to the Commitment Letter*]

CONTEXT PARTNERS MASTER FUND, L.P.

By: /s/ Charles E. Carnegie
Name: Charles E. Carnegie
Title: Managing Member
Context Capital Management, LLC
General Parter

RIVERVIEW GROUP LLC
By: [Removed]
By: [Removed]

By: /s/ [Removed]
Name: [Removed]
Title: [Removed]

TENOR OPPORTUNITY MASTER FUND LTD.

By: /s/ Daniel Kochav
Name: Daniel Kochav
Title: Director

[*Signature Page to the Commitment Letter*]

WHITEBOX RELATIVE VALUE PARTNERS, LP

By: Whitebox Advisors LLC its Investment Manager

By: /s/ Andrew Thau
Name: Andrew Thau
Title: Senior Legal Analyst

WHITEBOX GT FUND, LP

By: Whitebox Advisors LLC its Investment Manager

By: /s/ Andrew Thau
Name: Andrew Thau
Title: Senior Legal Analyst

WHITEBOX MULTI-STRATEGY PARTNERS, LP

By: Whitebox Advisors LLC its Investment Manager

By: /s/ Andrew Thau
Name: Andrew Thau
Title: Senior Legal Analyst

PANDORA SELECT PARTNERS, LP

By: Whitebox Advisors LLC its Investment Manager

By: /s/ Andrew Thau
Name: Andrew Thau
Title: Senior Legal Analyst

[*Signature Page to the Commitment Letter*]

Blackwell Partners, LLC_Series B

By: Silverback Asset Management, LLC
Its Trading Manager

By: /s/ Laura Kleber
Name: Laura Kleber
Title: CCO

Silverback Opportunistic Credit Master Fund Limited

By: Silverback Asset Management, LLC
Its Trading Manager

By: /s/ Laura Kleber
Name: Laura Kleber
Title: CCO

[*Signature Page to the Commitment Letter*]

Silverback Convertible Master Fund Limited

By: Silverback Asset Management, LLC
Its Trading Manager

By: /s/ Laura Kleber
Name: Laura Kleber
Title: CCO

KASAD 2, LP

By: Silverback Asset Management, LLC
Its Trading Manager

By: /s/ Laura Kleber
Name: Laura Kleber
Title: CCO

[*Signature Page to the Commitment Letter*]

ACCEPTED AS OF THE DATE ABOVE:

VERITONE, INC.

By: /s/ Ryan Steelberg
Name: Ryan Steelberg
Title: Chief Executive Officer

[*Signature Page to the Commitment Letter*]

Annex A

*In the event that the Commitment Parties, or any of their respective affiliates, officers, partners, directors or equivalents, agents, employees and controlling persons or any Eligible Assignee, as the case may be, (each of the foregoing, an "***Indemnified Person***"), becomes involved in any capacity in any action, proceeding or investigation brought by or against any person or entity, including any of your affiliates, shareholders, partners, members, or other equity holders, in connection with or as a result of either this arrangement or any matter referred to in this Commitment Letter (a "***Proceeding***"), you agree to (i) reimburse such Indemnified Person for its reasonable and documented legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith and (ii) indemnify and hold each Indemnified Person harmless against any and all losses, claims, damages, penalties, expenses or liabilities to any person or entity arising in connection with or as a result of any Proceeding, whether brought by you, your affiliates or any third party* ***and without regard to the exclusive or contributory negligence of any Indemnified Person****, in each case, except to the extent that such have been found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Person in performing the services that are the subject of this Commitment Letter or material breach by any Indemnified Person of the terms of this Commitment Letter. Your reimbursement, indemnity and contribution obligations under this paragraph shall be in addition to any liability that you may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of you, any Indemnified Person, any such affiliate and any such person. You also agree that neither any Indemnified Person nor any of its affiliates, partners, directors, agents, employees or controlling persons shall have any liability* ***based on its or their exclusive or contributory negligence or otherwise*** *to you or any person or entity asserting claims on behalf of or in right of you or any other person or entity in connection with or as a result of either this arrangement or any matter referred to in this Commitment Letter, except to the extent that any losses, claims, damages, penalties, liabilities or expenses incurred by you have been found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted directly from the bad faith, gross negligence or willful misconduct of such Indemnified Person in performing the services that are the subject of this Commitment Letter or material breach by any Indemnified Person of the terms of this Agreement; provided, however, that in no event shall such Indemnified Person or such other parties have any liability for any indirect, consequential or punitive damages in connection with or as a result of such Indemnified Person's or such other parties' activities related to this Commitment Letter.* ***Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of either this arrangement or any matter referred to in this Commitment Letter is hereby waived by the parties hereto. You agree that any suit or proceeding arising in respect to this arrangement or any matter referred to in this Commitment Letter will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in the City of New York and you agree to submit to the jurisdiction of, and to venue in, such courts. The provisions of this Annex A shall survive any termination or completion of the arrangement provided by this Commitment Letter, and this Commitment Letter shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.***

Annex B

Term Sheet

(attached)

TERM SHEET
DATED NOVEMBER 7, 2023

CONFIDENTIAL
SENIOR SECURED CREDIT FACILITY

eritone, Inc., a Delaware corporation (the "***Company***").

Each of the direct and indirect material subsidiaries of the Company (collectively, the "***Guarantors***" and together with the Company, the "***Credit Parties***").

ive Agent: A third party selected by the Commitment Parties (in such capacity, "***Agent***").

hbridge TCF, Highbridge ERSA, Context Partners Master Fund, L.P., Whitebox Relative Value Partners, LP, Whitebox GT Fund, LP, Whitebox Multi-Strategy Partners, LP, Pandora Select Partners, LP, Riverview Group LLC, Tenor Opportunity Master Fund Ltd., Silverback Convertible Master Fund Limited, Blackwell Partners LLC_Series B, KASAD 2, L.P. and Silverback Opportunistic Credit Master Fund Limited (each, a "***Lender***" and, collectively, the "***Lenders***").

ty: $77,500,000 senior secured term loan facility (the "***Term Loan Facility***") and such amount, the "***Total Facility Amount***".

eeds: Amounts funded under the Credit Facility on the Initial Funding Date shall be used (i) to repurchase an aggregate $50,000,000 principal amount of existing convertible senior notes of the Company issued pursuant to that certain Indenture, dated as of November 19, 2021, by and among the Company and U.S Bank National Association, as Trustee (the "***2026 Convertible Senior Notes***") as more fully described on ***Annex C*** to the Commitment Letter, (ii) for general corporate purposes, and (iii) to pay fees and out-of-pocket expenses in connection with the Credit Facility. The repurchase of the 2026 Convertible Senior Notes will be documented through a customary note purchase agreement.

ng Date: The date on which the conditions set forth herein are satisfied (or waived by the Commitment Parties in writing) and the initial funding under the Credit Facility shall take place.

te: The date that is 4 years after the Initial Funding Date (the "***Maturity Date***").

Interest Rates: All rates shall be calculated on a 360-day basis:

Current/Cash-Pay Rate: A floating rate of Term SOFR + 8.50%, with a 3.00% floor for Term SOFR, payable up to quarterly for Term SOFR borrowings.

Default Rate: 3.00% in addition to the Current/Cash-Pay Rate payable on demand.

The full amount of the Term Loan Facility must be drawn in a single drawing on the Initial Funding Date. Amounts repaid under the Term Loan Facility may not be reborrowed.

n: The loans under the Term Loan Facility (the "***Term Loans***") shall be repayable in equal consecutive quarterly installments on March 10, June 10, September 10 and December 10 of each year in an annual amount equal to 10% of the principal amount of the Term Loans (commencing on June 10, 2024), with the final balance of the Term Loans payable on the Maturity Date.

Subject to the conditions and limitations below, the Company may make any amortization payment in shares of the Company's common stock, par value $0.001 per share (the "***Common Stock***"), by delivering notice to the Lenders of the Company's intent to make such amortization payment in shares of Common Stock no less than 17 trading days prior to the appliable amortization payment date.

The number of shares of Common Stock issuable in respect of each amortization payment shall be determined over the fifteen (15) consecutive trading day period starting on the ending on the trading day immediately preceding the applicable amortization payment date (such period, the "***Amortization Averaging Period***"). On each trading day during the Amortization Averaging Period (each, an "***Amortization Averaging Day***"), one fifteenth ($1/15^{th}$) of the aggregate principal amount subject to such amortization payment will be equitized into shares of Common Stock at a price per share equal to 95% of the volume weighted average price of the Common Stock on such trading day (such price per share, the "***Amortization Equitization Price***"). If the Amortization Equitization Price on any Amortization Averaging Day is less than the sum of (i) $0.0125 and (ii) the "Minimum Price", as computed pursuant to Nasdaq Rule 5635(d), as of the date when the Commitment Letter is executed (the "***Minimum Price***"), the aggregate principal amount to be equitized on such day shall instead be paid in cash. Settlement of any shares of Common Stock issuable with respect to any Amortization Averaging Day shall occur within one standard settlement cycle following the fifth, tenth and fifteenth trading day of such Amortization Averaging Period (or immediately following any termination of the Amortization Averaging Period for any reason), assuming such day is treated as the trade date for such settlement.

The Company's ability to make any amortization payment in shares of Common Stock is subject to the following conditions and limitations:

- The Equity Payment Conditions described below are satisfied throughout the entirety of the Amortization Averaging Period. In the event that any of the Equity Payment Conditions are not satisfied at any point during an Amortization Averaging Period, the Amortization Averaging Period shall immediately terminate, with the date of such failure constituting part of the Amortization Averaging Period only if such failure of the Equity Payment Conditions occurs after the end of trading on such day, and the Company shall pay all remaining, un-equitized principal amounts subject to such amortization payment in cash.

- The Company may not exercise its option to make any amortization payment in shares of Common Stock if the applicable Amortization Averaging Period would overlap with any Equitization Averaging Period (as defined below) resulting from an Optional Equitization (as defined below).

Prepayments: Following the Initial Funding Date, the Borrower and each of its subsidiaries shall be required to make the following mandatory prepayments (subject to certain exceptions and materiality thresholds to be negotiated in the definitive Credit Documents (as defined below)):

(i)*Asset Sales*: Prepayments in the amount equal to sixty percent (60%) net after-tax cash proceeds of the sale or other disposition of any property or assets of any Credit Party or its respective subsidiaries in excess of $10,000,000 in the aggregate during the term of the Credit Facility, other than net cash proceeds of sales or other dispositions of inventory in the ordinary course of business.

(ii)*Insurance Proceeds*: Prepayments in the amount of all of the net cash proceeds of condemnation/insurance on account of any loss or taking of any property or assets of any Credit Party or its respective subsidiaries, other than net cash proceeds that are reinvested in other assets useful in the business of the Credit Parties within a time period to be negotiated in the Credit Documents.

(iii)*Incurrence of Indebtedness*: Prepayments in an amount equal to all of the net cash proceeds received from the incurrence of indebtedness by any Credit Party or its respective subsidiaries (other than indebtedness expressly permitted pursuant to the Credit Documents).

(iv)*Convertible Senior Notes Trigger*. Prepayment in an amount equal to all of the outstanding Term Loans as at such date if $30,000,000 or more of aggregate principal amount of 2026 Convertible Senior Notes are outstanding on August 14, 2026.

(v)*Equitization*. Prepayments in the amounts and manner, and at the times, set forth under "Optional Equitization" below.

repayments: The Company may prepay the Term Loans, in whole or in part, in cash subject to payment of any applicable Prepayment Premium as described below.

Premium: Voluntary prepayments of the Term Loan Facility in cash shall be subject to the premium set forth in the chart below (the "***Prepayment Premium***"):

Months	Prepayment Premium
0-12	Make Whole Premium
13-24	14.00%
25-36	7.00%
Thereafter	0%

"***Make-Whole Premium***" means, with respect to any prepayment on any date, the present value (which shall not be less than zero) of an amount equal to: (a) 14.00% of the aggregate principal amount of the Term Loan subject to such prepayment, replacement or acceleration (as applicable); plus (b) any required remaining scheduled interest that would have accrued on such Term Loan from such date of prepayment, replacement or acceleration (as applicable) to and excluding the first anniversary of the Initial Funding Date, calculated using the then-applicable Current/Cash Pay Rate (but excluding the Default Rate, if applicable), discounted at a rate equal to the sum of (i) the treasury rate for a security maturing on the 12 month anniversary of the Initial Funding Date plus (ii) 50 basis points.

Mandatory prepayments of the Term Loan Facility in cash shall be subject to a premium equal to the lesser of (x) 10.00% and (y) the Prepayment Premium that would be applicable to a voluntary prepayment of the Term Loan Facility on such date.

uitization: The Company may, in the Company's sole discretion, prepay the Term Loans up to the aggregate principal amounts set forth below, together with the payment of a 13.00% prepayment premium on such amounts (the "***Equitization Premium***"), in shares of Common Stock (each, a "***Optional Equitization***") if the closing price per share of the Common Stock on the Nasdaq Stock Market ("***Nasdaq***") exceeds the applicable Threshold Price set forth below for any 20 trading days, whether or not consecutive, during any 30 consecutive trading day period occurring entirely after the Initial Funding Date (the "***Threshold Price Condition***"):

Aggregate Principal Amount	Threshold Price
$7,500,000	$3.91
$10,000,000	$4.50
$20,000,000	$5.50

To exercise any Optional Equitization, the Company shall provide written notice to the Lenders of the occurrence of any Optional Equitization and the aggregate principal amount to be prepaid pursuant to such event no more than two trading days after the applicable Threshold Price Condition has been satisfied.

The number of shares of Common Stock issuable in each Optional Equitization shall be determined over the fifteen (15) consecutive trading day period starting on the second trading day after notice of the Optional Equitization is delivered to the Lenders (as it may be extended, the "***Equitization Averaging Period***"), which period shall be subject to extension as described below. On each trading day during the Equitization Averaging Period (each, an "***Equitization Averaging Day***"), one fifteenth ($1/15^{th}$) of the aggregate principal amount subject to such Optional Equitization (plus the Equitization Premium) will be equitized into shares of Common Stock at a price per share equal to 95% of the volume weighted average price of the Common Stock on such trading day (such price per share, the "***Equitization Price***"). If the Equitization Price on any Equitization Averaging Day is less than 75% of the applicable Threshold Price, such trading day shall no longer constitute an Equitization Averaging Day and (i) the Equitization Averaging Period shall be extended to the next trading day immediately following the end of the Equitization Averaging Period prior to such extension, provided that the Equitization Averaging Period shall be extended by no more than ten (10) trading days in the aggregate, and (ii) if the Equitization Averaging Period has already been extended by ten (10) trading days in the aggregate pursuant to clause (i), then the Equitization Averaging Period shall end and any remaining aggregate principal amount shall remain outstanding. Settlement of any shares of Common Stock issuable with respect to any equitization occurring on any Equitization Averaging Day shall occur within one standard settlement cycle, assuming such Equitization Averaging Day is treated as the trade date for such settlement.

Each Optional Equitization is subject to the following conditions and limitations:

- The Optional Equitization at each Threshold Price shall not be exercised for more than the applicable aggregate principal amount listed above.
- The Optional Equitization with regard to only one Threshold Price Condition may be triggered at any time.
- If the Threshold Price Conditions with regard to multiple Threshold Prices have been satisfied based on the trading price of the Common Stock, the Optional Equitization with respect to the lowest such Threshold Price shall occur before the Optional Equitization with regard to any other Threshold Price.
- The Equity Payment Conditions described below are satisfied throughout the entirety of the Equitization Averaging Period. In the event that any of the Equity Payment Conditions are not satisfied at any point during any Equitization Averaging Period, the Equitization Averaging Period shall immediately terminate, with the date of such failure constituting part of the Equitization Averaging Period only if such failure of the Equity Payment Conditions occurs after the end of trading on such day, and the Company shall pay all remaining, un-equitized principal amounts subject to such Optional Equitization (together with all applicable Equitization Premiums) in cash and the Optional Equitization with regard to the applicable Threshold Price shall be deemed to be completed with regard to the applicable aggregate principal amount paid in shares of Common Stock or cash.
- The Company may not exercise an Optional Equitization if the applicable Equitization Averaging Period would overlap with any Amortization Averaging Period.

ıent Conditions: The Equity Payment Conditions will include the following:

- No default or event of default shall have occurred and remain ongoing.
- One or more registration statements registering the resale of all shares of Common Stock issuable pursuant to the terms of the Credit Facility (without regard to any limitation on issuance) shall be effective, with a current prospectus covering such resales available for use.
- No failure by the Company to file current public information (as contemplated by Rule 144) shall have occurred and be continuing.
- The Common Stock remains listed, and the shares of Common Stock to be issued have been approved for listing, on Nasdaq.

•Trading in shares of Common Stock has not been suspended on Nasdaq, nor has any such suspension or any delisting of the common stock by threatened in writing by Nasdaq or any action been taken by the Company for the voluntary delisting or deregistration of the Common Stock.

•The Company shall have timely delivered all shares of Common Stock required to be delivered upon any exercise of the Warrants (as defined below), and, following any applicable payment in shares of Common Stock, the Company shall have sufficient shares of Common Stock authorized and reserved to allow for the settlement of any exercise of the Warrants.

•No public announcement of any pending, proposed or intended change of control shall have occurred that has not been abandoned, terminated or consummated.

•The shares of Common Stock to be issued have been duly authorized and are validly issued, fully paid and non-assessable.

•The shares of Common Stock can be issued to each Lender in compliance with beneficial ownership limitations to be specified in the Credit Facility (to be no less than 4.9%, and initially set at, 9.9%).

•Delivery of the Common Stock occurs through DTC into the existing CUSIP for the Common Stock with no DTC chill or halt in effect.

•No dispute shall exist between the Company, the Lenders, Nasdaq and FINRA regarding any of the terms of the payment in shares of Common Stock.

•The Company is not (and has not provided information to the Lender that would put the Lender) in possession of any material, non-public information regarding the Company or the Common Stock (i) at the time any election to make a payment in shares of Common Stock or (ii) at any time during the applicable measurement period.

ion Principles: The definitive documentation for the Credit Facility (the "***Credit Documents***") will contain those conditions to borrowing, mandatory prepayments, representations, warranties, covenants and events of default set forth in, and will otherwise be consistent with, this Term Sheet and will be based on a precedent credit agreement to be mutually agreed among the Company and Highbridge; provided that the Credit Documents shall give due regard to (i) the location of the business of the Credit Parties and their subsidiaries and their respective jurisdictions of organization (including as to representations, warranties, covenants and events of default that are customary and specific to the regulatory regimes of such jurisdictions) and (ii) the operational and strategic requirements of the Credit Parties and their respective subsidiaries in light of their consolidated capital structure, size, industry and practices.

.ll obligations of the Company and Guarantors under the Credit Documents shall be secured by a first-priority (subject only to customary permitted liens) perfected lien on and security interest in all now owned and hereafter acquired tangible and intangible assets of the Company and the Guarantors, including all equity interests owned by the Company or any Guarantor and all cash and cash equivalents held by the Credit Parties (the "***Collateral***").

›venant: The Company shall at all times maintain minimum Liquidity of $15,000,000. "***Liquidity***" shall be defined as unrestricted cash and cash equivalents (as determined under U.S. GAAP) of the Credit Parties that is deposited in accounts subject to control agreements granting "control" over such accounts to the Agent (or a substantially similar arrangement in the applicable jurisdiction).

Covenants: Customary and appropriate for transactions of this type (to be applicable to Borrower and its subsidiaries and subject to exceptions and materiality thresholds to be agreed in the definitive documents), and limited to delivery of monthly, quarterly, and annual financial statements and other information, delivery of notices of events of default and other material events, maintenance of existence, payment of taxes and claims, maintenance of properties and insurance, books and records, inspections, lender meetings, environmental, further assurances, compliance with laws, delivery of other information reasonably required by the Agent or a Lender, compliance with and policies regarding sanctions, anti-terrorism, anti-money laundering ("***AML***"), anti-bribery and corruption ("***ABC***"), foreign corrupt practices act ("***FCPA***"), and data privacy.

venants: Customary and appropriate for transactions of this type (to be applicable to Borrower and its subsidiaries and subject to exceptions and materiality thresholds to be agreed in the definitive documents), and limited to limitations on use of proceeds, indebtedness, liens, guarantees, negative pledges, restricted payments and voluntary redemptions or prepayments of subordinated, junior lien and other Junior Debt, investments, fundamental changes, disposition of assets, acquisitions, sale-leasebacks, transactions with affiliates, conduct of business, changes to material contracts and organizational documents, fiscal year, accounting policies, and deposit accounts, in each case, with customary exceptions to be agreed in the Credit Documents; *provided*, that (x) the indebtedness covenant shall not permit material debt other than (1) the Credit Facility and (2) unsecured indebtedness or indebtedness secured on a junior lien basis to the Term Loan Facility not to exceed an amount to be agreed (the "***Junior Debt***"), which shall be used to repurchase convertible senior notes under the 2026 Convertible Senior Note Facility and shall be subject to the following terms and conditions: (i) such Junior Debt shall not mature until the date that 91 days outside the latest Maturity Date of the Term Loan Facility and shall not have a shorter weighted average life to maturity than the Term Loan Facility; (ii) no Junior Debt shall be secured by any lien on any property or asset other than the Collateral or be guaranteed by any person other than the Guarantors; (iii) no Junior Debt shall require any mandatory prepayment or amortization; and (iv) lien subordination of any such Junior Debt shall be subject to a intercreditor agreement reasonably satisfactory to Highbridge, (v) the restricted payment covenant will only permit tax distributions, payment of administrative expenses of the Company and other distributions in the ordinary course of business and (vi) the covenants shall contain customary and appropriate restrictions on investments in and transfer to subsidiaries of the Borrower which are not Guarantors.

ions and

Customary and appropriate for transactions of this type (to be applicable to Borrower and its subsidiaries), and limited to: organizational status and good standing; power and authority, qualification, execution, delivery, binding effect and enforceability of the Credit Documents; with respect to the Credit Documents, no violation of, or conflict with, law, organizational documents or agreements; compliance with law (including PATRIOT ACT, anti-money laundering laws, FCPA and OFAC); litigation; margin regulations; material governmental approvals; Investment Company Act; accurate and complete disclosure; accuracy of financial statements; no Material Adverse Effect; no event of default; taxes; ERISA; subsidiaries; intellectual property; environmental laws; labor matters; use of proceeds; ownership of properties; creation and perfection of liens and other security interests; and consolidated solvency of the Company and its subsidiaries on the Initial Funding Date; subject, in the case of each of the foregoing representations and warranties, to customary qualifications and limitations for materiality to be provided in the Credit Documents consistent with the Documentation Principles.

"***Material Adverse Effect***" means, with respect to the Credit Parties, (a) a material adverse change in, or a material adverse effect on, the operations, business, properties or financial condition of such Persons, taken as a whole, (b) a material impairment of the ability of such persons, taken as a whole, to perform their respective payment obligations under the Credit Documents, (c) a material impairment of the rights and remedies of the Agent or any Lender under the Credit Documents, or (d) a material impairment of the legality, validity, binding effect or enforceability against any Credit Party of any material Credit Document to which it is a party).

fault: Customary and appropriate for transactions of this type (subject to exceptions, grace periods and materiality thresholds to be agreed in the definitive documents), and limited to payment default, cross-default to other indebtedness, breach of covenants, breach of representations, bankruptcy/insolvency defaults, judgment default, employee benefit plans, change of control, invalidity of guarantees, impairment of security in the Collateral, and delisting of Common Stock.

itions and
ts: The availability of the Credit Facility set forth in this Commitment Letter shall be subject solely to the satisfaction of the following conditions:

•Definitive loan documentation governing the Credit Facility (collectively, the "***Credit Documents***") reasonably satisfactory to Highbridge, to the extent applicable, satisfactory legal opinions, customary closing certificates, a customary solvency certificate, corporate records, documents from public officials, officers' certificates and third-party consents (if any) shall have been delivered;

•Subject to the Certain Funds Provision, all documents and instruments required to create and perfect the Agent's security interest in the Collateral shall have been executed and delivered to the Agent (including customary lien searches in each relevant jurisdiction) and, if applicable, be in proper form for filing;

•Since the date of this Commitment Letter, no fact, circumstance, occurrence, change or event has occurred that constitutes, or would reasonably be expected to have, individually or in the aggregate, a material adverse change in, or a material adverse effect on, the operations, business, properties or financial condition of such Persons, taken as a whole;

•Each Specified Representation shall be true and correct in all material respects (or in all respects in the case of any such representation or warranty qualified by materiality or "material adverse effect") ("***Specified Representations***" means the representations and warranties to be included in the Credit Documents relating to organizational power and authority of the Borrower and Guarantors as to execution, delivery and performance of the Credit Documents; due organization of the Borrower and the Guarantors; the due authorization, execution, and delivery of the Credit Documents by the Borrower and Guarantors; validity and enforceability of the applicable Credit Documents against the Borrower and Guarantors; no conflicts of the Credit Documents (limited to the execution and delivery of the Credit Documents by the Borrower and Guarantors, incurrence of the indebtedness thereunder and the granting of the guarantees and the security interests in respect thereof) with charter documents of the Borrower and Guarantors; the solvency of the Borrower and its subsidiaries on a consolidated basis on the Initial Funding Date after giving effect to the transactions contemplated hereunder; Federal Reserve margin regulations; Investment Company Act; use of proceeds of the Credit Facility on the Initial Funding Date not violating the PATRIOT Act, OFAC or FCPA; and creation, validity and perfection of security interests (subject to the Certain Funds Provision);

•The Agent shall have received, so long as requested in writing at least ten business days prior to the Initial Funding Date, at least three days prior to the Initial Funding Date, (a) all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act and (b) a certification regarding beneficial ownership required by 31 C.F.R. § 1010.230;Payment of all fees and expenses required to be paid on the Initial Funding Date pursuant to the Commitment Letter and Fee Letter shall have been paid out of the proceeds of amounts funded under the Credit Facilities, with respect to expenses to the extent invoiced at least three (3) days prior to the Initial Funding Date;

•Immediately prior to giving effect to the borrowings under the Credit Facility on the Initial Funding Date and the use of proceeds thereof, the sum of the Company's unrestricted cash and cash equivalents on hand (as determined under GAAP) shall be at least $55 million.

›n the Initial Funding Date, the Lenders shall earn and be granted, pro rata based on their funded amounts, warrants (the "***Warrants***") to purchase an aggregate number of shares of Common Stock equal to (i) $7,750,000 *divided by* (ii) the Minimum Price as of the date of this Commitment Letter. The Warrants will be exercisable for a period of five years following the Initial Funding Date at a price per share of Common Stock equal to the Minimum Price as of the date of this Commitment Letter. The Warrants will be detachable, immediately exercisable by cashless exercise (not for cash) and freely transferable, subject to compliance with applicable law, and will be in a form satisfactory to the Lenders.

The Warrants will also contain the following rights (all in a form satisfactory to the Lenders):

•Settlement of any exercise within the then applicable standard settlement cycle, with "buy-in", liquidated damages and exercise revocations provisions for failures to deliver within the standard settlement cycle.

•Customary anti-dilution adjustments, including full protection against future dividends (with no permitted dividend amount).

•Change in control protection (other than for a change in control for which the consideration consists solely of public equity securities) based on the Black-Scholes valuation of the Warrants at the greater of the 30-day realized volatility or 100% assumed volatility.

•Beneficial ownership blocker provisions shall be no less than 4.9%, and initially fixed at, 9.9% ownership.

Rights: On the Initial Funding Date, the Company and the Lenders will enter into a registration rights agreement in a form satisfactory to the Lenders pursuant to which the Company will provide the Lenders with resale shelf registration rights with regard to any shares of Common Stock issuable pursuant to the Credit Facility and the Warrants. The initial shelf registration statement registering the resale of such shares of Common Stock shall be filed by the Company within 30 days following the Initial Funding Date.

ıw: State of New York.

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Annex C

Commitments under the Credit Facility

[Redacted pursuant to Item 601(a)(5) of Regulation S-K]

Bond Repurchase Schedule

[Redacted pursuant to Item 601(a)(5) of Regulation S-K]

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

I, Ryan Steelberg, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Veritone, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024	By:	/s/ Ryan Steelberg
		Ryan Steelberg
		President and Chief Executive Officer
		(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, Michael L. Zemetra, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Veritone, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

By: /s/ Michael L. Zemetra
Michael L. Zemetra
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

**CERTIFICATIONS PURSUANT TO RULE 13a-14(b) OR RULE 15d-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350**

Each of the undersigned hereby certifies, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and 18 U.S.C. Section 1350, in his capacity as an officer of Veritone, Inc., that, to his knowledge, the Quarterly Report on Form 10-Q of Veritone, Inc. for the period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Veritone, Inc.

Date: November 12, 2024	By:	/s/ Ryan Steelberg Ryan Steelberg President and Chief Executive Officer *(Principal Executive Officer)*
Date: November 12, 2024	By:	/s/ Michael L. Zemetra Michael L. Zemetra Executive Vice President, Chief Financial Officer and Treasurer *(Principal Financial and Accounting Officer)*

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to Veritone, Inc. and will be retained by Veritone, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.