

**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 June 30, 2025

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
Veritone, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-1161641

(I.R.S. Employer Identification No.)

**1615 Platte Street, 2nd Floor
Denver, Colorado**

(Address of principal executive offices)

80202

(Zip Code)

(888) 507-1737

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant (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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 ☒

There were 55,271,810 shares of common stock outstanding as of August 1, 2025.

TABLE OF CONTENTS

	<u>Page Number</u>
PART I. FINANCIAL INFORMATION	
Item 1. <u>Financial Statements</u>	6
<u>Unaudited Condensed Consolidated Balance Sheets</u>	6
<u>Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss</u>	7
<u>Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity</u>	8
<u>Unaudited Condensed Consolidated Statements of Cash Flows</u>	10
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	13
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	33
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
Item 4. <u>Controls and Procedures</u>	48
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	50
Item 1A. <u>Risk Factors</u>	50
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	50
Item 3. <u>Defaults Upon Senior Securities</u>	50
Item 4. <u>Mine Safety Disclosures</u>	50
Item 5. <u>Other Information</u>	50
Item 6. <u>Exhibits</u>	50
<u>Signatures</u>	52

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, sale, divestiture, or acquisition 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 and our ability to repay or refinance our debt prior to its scheduled maturity;
- 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 ability to manage, and obtain the benefits from, our cost reduction efforts;
- 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 acquisition of Broadbean (as defined below);
- our identification of existing material weaknesses in our internal control over financial reporting and plans for remediation;
- 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;
- our expectations with respect to the future performance of our products, such as iDEMs and VDR (each defined below), including as drivers of future growth;
- 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 third parties with whom we work;
- the impact of the continuing economic disruption caused by macroeconomic and geopolitical factors, including the Russia-Ukraine conflict, the Israel-Hamas war and conflict in the surrounding regions, financial instability, inflation and the responses by central banking authorities to control inflation, high interest rates, monetary supply shifts, the imposition of tariffs, trade tensions, and global trade disputes, and the threat of recession in the United States and around the world on our business and our existing and potential customers; and

[Table of Contents](#)

- any additional factors discussed in more detail in Part I, Item 1, *Business*; Part I, Item 1A, *Risk Factors*; and Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the year ended December 31, 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)

	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,568	\$ 16,911
Accounts receivable, net	31,859	31,997
Prepaid expenses and other current assets	12,513	10,498
Total current assets	57,940	59,406
Property, equipment, and improvements, net	10,676	10,052
Intangible assets, net	47,732	59,500
Goodwill	53,110	53,110
Restricted cash	288	407
Other assets	17,060	15,585
Total assets	\$ 186,806	\$ 198,060
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,088	\$ 11,023
Deferred revenue	12,345	12,056
Term Loan, current portion (Note 4)	7,750	7,750
Accrued purchase compensation, current portion	1,213	1,200
Accrued expenses and other current liabilities	28,446	28,928
Total current liabilities	64,842	60,957
Convertible Notes	90,428	90,135
Term Loan, non-current portion (Note 4)	18,669	21,316
Accrued purchase compensation, non-current portion	—	900
Other non-current liabilities	11,649	11,300
Total liabilities	185,588	184,608
Commitments and contingencies (Note 9)		
Stockholders' equity (deficit):		
Common stock, par value \$0.001 per share; 150,000,000 shares authorized; 47,583,142 and 40,217,628 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	55	41
Additional paid-in capital	515,982	480,477
Accumulated other comprehensive income (loss)	(866)	214
Accumulated deficit	(513,953)	(467,280)
Total stockholders' equity	1,218	13,452
Total liabilities and stockholders' equity	\$ 186,806	\$ 198,060

See the accompanying notes to unaudited 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		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	\$ 24,013	\$ 24,058	\$ 46,476	\$ 48,211
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	7,478	6,342	15,312	13,289
Sales and marketing	11,096	11,208	21,201	21,156
Research and development	4,932	6,082	10,138	14,507
General and administrative	12,653	13,855	26,657	29,633
Depreciation and amortization	7,172	6,877	14,120	14,302
Total operating expenses	43,331	44,364	87,428	92,887
Operating loss	(19,318)	(20,306)	(40,952)	(44,676)
Interest expense, net	3,434	3,034	6,062	5,496
Other expense (income), net	3,162	115	(899)	528
Loss from continuing operations before income taxes	(25,914)	(23,455)	(46,115)	(50,700)
Income taxes	884	(78)	558	(1,123)
Net loss from continuing operations	(26,798)	(23,377)	(46,673)	(49,577)
Net income from discontinued operations, net of income taxes	—	1,146	—	2,148
Net loss	\$ (26,798)	\$ (22,231)	\$ (46,673)	\$ (47,429)
Earnings (Loss) per share:				
Loss per share from continuing operations, basic and diluted	\$ (0.54)	\$ (0.62)	\$ (0.95)	\$ (1.32)
Earnings per share from discontinued operations, basic and diluted	\$ —	\$ 0.03	\$ —	\$ 0.06
Loss per share, basic and diluted	\$ (0.54)	\$ (0.59)	\$ (0.95)	\$ (1.26)
Weighted-average common shares outstanding used in computing loss per share, basic and diluted	49,626,642	37,814,019	48,988,604	37,583,623
Comprehensive loss:				
Net loss	\$ (26,798)	\$ (22,231)	\$ (46,673)	\$ (47,429)
Foreign currency translation adjustment, net of income taxes	(660)	(220)	(1,080)	(1)
Total comprehensive loss	\$ (27,458)	\$ (22,451)	\$ (47,753)	\$ (47,430)

See the accompanying notes to unaudited condensed consolidated financial statements.

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

	<u>Common Stock</u>					
	<u>Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensiv e Income (Loss)</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
Balance as of December 31, 2024	40,217,628	\$ 41	\$ 480,477	\$ 214	\$ (467,280)	\$ 13,452
Common stock issued under employee stock plans	321,806	—	140			140
Common stock withheld for employee taxes and other	(90,610)	—	(285)			(285)
Common stock and pre-funded warrants issued in connection with registered direct offering, net of offering costs	4,414,878	4	19,938			19,942
Stock-based compensation			1,800			1,800
Net loss					(19,875)	(19,875)
Foreign currency translation adjustment, net of income taxes				(420)		(420)
Balance as of March 31, 2025	44,863,702	45	502,070	(206)	(487,155)	14,754
Common stock issued under employee stock plans	262,990	—	—			—
Common stock withheld for employee taxes and other	(34,687)	—	(56)			(56)
Common stock issued in connection with term loan amendment	482,055	1	873			874
Common stock issued in connection with at-the-market offering, net of offering costs	2,009,082	2	3,178			3,180
Common stock and pre-funded warrants issued in connection with registered direct offering, net of offering costs	—	7	8,153			8,160
Stock-based compensation			1,764			1,764
Net loss					(26,798)	(26,798)
Foreign currency translation adjustment, net of income taxes				(660)		(660)
Balance as of June 30, 2025	<u>47,583,142</u>	<u>\$ 55</u>	<u>\$ 515,982</u>	<u>\$ (866)</u>	<u>\$ (513,953)</u>	<u>\$ 1,218</u>

	Common Stock				Accumulated Other Comprehensiv e Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Additional Paid-in Capital				
Balance as of December 31, 2023	37,186,348	\$ 38	\$ 468,015	\$ (10)	\$ (429,896)	\$ 38,147	
Common stock issued under employee stock plans	297,460	—	218			218	
Common stock withheld for employee taxes and other	(61,304)	—	(247)			(247)	
Common stock issued in connection with warrant exercises	206,957	—	—			—	
Stock-based compensation			1,726			1,726	
Net loss					(25,198)	(25,198)	
Foreign currency translation adjustment, net of income taxes				219		219	
Balance as of March 31, 2024	37,629,461	38	469,712	209	(455,094)	14,865	
Common stock issued under employee stock plans	317,468	1	16			17	
Common stock withheld for employee taxes and other	(73,721)	—	(358)			(358)	
Common stock issued in connection with warrant exercises	91,153	—	—			—	
Stock-based compensation			2,233			2,233	
Net loss					(22,231)	(22,231)	
Foreign currency translation adjustment, net of income taxes				(220)		(220)	
Balance as of June 30, 2024	37,964,361	\$ 39	\$ 471,603	\$ (11)	\$ (477,325)	\$ (5,694)	

See the accompanying notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended	
	June 30, 2025	June 30, 2024
Cash flows from operating activities:		
Net loss	\$ (46,673)	\$ (47,429)
Less: net income from discontinued operations, net of income taxes	—	(2,148)
Net loss from continuing operations	(46,673)	(49,577)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	14,120	14,302
Stock-based compensation	3,453	3,593
Non-cash interest expense	2,507	2,833
Deferred income taxes	(315)	(2,464)
Provision for credit losses	668	548
Reduction in carrying amount of operating lease right-of-use assets	489	237
Change in fair value of earnout receivable	(784)	—
Changes in operating assets and liabilities:		
Accounts receivable	(530)	3,339
Prepaid expenses and other current assets	815	2,065
Other assets	(11)	30
Accounts payable	3,570	(7,738)
Deferred revenue	289	653
Accrued expenses and other current liabilities	(2,797)	500
Other non-current liabilities	(78)	341
Net cash used in operating activities – continuing operations	(25,277)	(31,338)
Net cash provided by operating activities – discontinued operations	—	3,547
Net cash used in operating activities	(25,277)	(27,791)
Cash flows from investing activities:		
Capital expenditures	(2,311)	(3,247)
Sale of non-marketable equity investment	—	1,800
Net cash used in investing activities – continuing operations	(2,311)	(1,447)
Net cash used in investing activities – discontinued operations	—	(152)
Net cash used in investing activities	(2,311)	(1,599)
Cash flows from financing activities:		
Repayment of senior secured term loan	(3,875)	(1,938)
Proceeds from issuance of stock and pre-funded warrants under registered direct offerings and at-the-market offering, net of offering costs	29,449	—
Debt issuance costs	(114)	—
Proceeds from issuance of stock under employee stock plans, net	140	235
Taxes paid related to net share settlement of equity awards	(341)	(456)
Settlement of deferred consideration for acquisitions	—	(1,800)
Net cash provided by (used in) financing activities – continuing operations	25,259	(3,959)
Net cash provided by financing activities – discontinued operations	—	—
Net cash provided by (used in) financing activities	25,259	(3,959)
Effect of exchange rates on cash, cash equivalents, and restricted cash	(1,133)	—
Net change in cash, cash equivalents, and restricted cash	(3,462)	(33,349)
Cash, cash equivalents, and restricted cash, beginning of period	17,318	80,306
Cash, cash equivalents, and restricted cash, end of period	13,856	46,957
Less: cash, cash equivalents, restricted cash included in discontinued operations	—	(39,357)
Cash, cash equivalents, and restricted cash included in continuing operations	\$ 13,856	\$ 7,600
Non-cash investing and financing activities:		
Stock-based compensation capitalized as part of internal-use software	110	212
Lease liabilities arising from right-of-use assets	1,840	—
Shares issued for debt issuance costs	873	—
Capital expenditures included in accounts payable	496	—

See the accompanying notes to unaudited condensed consolidated financial statements.

VERITONE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data and percentages)
(Unaudited)

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 among 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.

2. Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated interim financial information of the Company has been prepared in accordance with Article 10 of the Securities and Exchange Commission’s (“SEC”) Regulation S-X. Accordingly, as permitted by Article 10 of Regulation S-X, it does not include all of the information required by generally accepted accounting principles in the U.S. (“U.S. GAAP”) for complete financial statements. The condensed consolidated balance sheet as of December 31, 2024 was derived from the audited financial statements at that date and does not include all the disclosures required by U.S. GAAP, as permitted by Article 10 of Regulation S-X. The Company’s unaudited condensed consolidated financial statements as of June 30, 2025 and for the three and six months ended June 30, 2025 and 2024 include Veritone, Inc. and all of its subsidiaries. In the opinion of management, the accompanying financial information contains all adjustments, consisting of normal recurring adjustments, necessary to state fairly the Company’s unaudited condensed consolidated financial statements as of June 30, 2025 and for the three and six months ended June 30, 2025 and 2024. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 10-K”). Operating results for the three and six months ended June 30, 2025 and 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

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.

[Table of Contents](#)

Liquidity, Capital Resources and Going Concern

These consolidated financial statements have been prepared in accordance with U.S. GAAP assuming the Company will continue as a going concern over the next twelve months through August 2026. Based on the Company's liquidity position as of June 30, 2025 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. As a result, the Company will require additional liquidity to continue its operations over the next twelve months.

The Company is exploring potential financing structures, including discussions with its current debt holders, which it believes could improve its current liquidity position and balance sheet. There can be no assurance that any refinancing will be completed. The Company also continues to evaluate additional strategies to obtain funding for future operations, including, but not limited to, obtaining equity financing 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 its 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, among other things, the Company's covenants under the Credit Agreement (as defined in Note 4, *Debt*). The Company may not be able to access additional equity under acceptable terms, and may not be successful in future financial and operational restructurings, earning any of its deferred purchase consideration, meeting its minimum liquidity threshold under its Credit Agreement or growing its revenue base, and its ability to execute on its operating plans may be materially adversely impacted. 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.

Reclassifications

Certain reclassifications were made to the prior period condensed consolidated statement of operations and condensed consolidated statement of cash flows to conform to the current period presentation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues and expenses. Actual results could differ from those estimates.

Significant items subject to estimates and assumptions include, but are not limited to, the accounting recognition and presentation of revenue, allowance for credit losses, purchase accounting, impairment of long-lived assets, the valuation of contingent consideration, including future escrow and earnout consideration on the divestiture of Veritone One, the valuation of senior secured debt, the valuation of non-cash consideration received in barter transactions, the valuation of stock awards and stock warrants, and income taxes, where applicable. Actual results may differ from these estimates.

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 elevated interest rates and the imposition of tariffs, trade tensions, and global trade disputes. 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.

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU improves reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The adoption of this guidance during the fourth quarter of 2024 did not have a material financial impact on the Company’s consolidated financial statements and the Company has added increased disclosures within the Segment Reporting section of Note 2, *Significant Accounting Policies*, to its condensed consolidated financial statements.

New Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU improves the transparency of income tax disclosures by requiring: (1) consistent categories and greater disaggregation of information in the rate reconciliation, and (2) income taxes paid disaggregated by jurisdiction. Additionally, the amendments in this ASU improve the effectiveness and comparability of disclosures by: (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with Regulation S-X, and (2) removing disclosures that no longer are considered cost beneficial or relevant. The amendments in this update are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this adoption on its condensed consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU improves financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods that is generally not presented in the financial statements today. The amendments in this update are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is evaluating the potential impact of this adoption on its condensed consolidated financial statements.

Remaining Performance Obligations

As of June 30, 2025, the aggregate amount of the transaction prices under the Company’s contracts allocated to the Company’s remaining performance obligations was \$34,927, approximately 60% 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 (“CODM”) for making decisions and assessing performance as the source of the Company’s reportable segment. The Company’s CODM is its Chief Executive Officer. The CODM assesses performance and decides how to allocate resources using consolidated net loss as reported within the Company’s consolidated statements of operations. The CODM also uses loss from operations to assess the performance of the segment to allocate resources, including but not limited to, employees, property, financial and capital, primarily the annual budget and periodic forecasting process. The CODM considers variances to budget or forecast on a monthly, quarterly and annual basis in making these decisions about allocating capital and personnel to the segment. The Company, through its single reportable segment, is managed on a consolidated basis.

[Table of Contents](#)

Significant segment expenses, which represent the difference between revenue and loss from continuing operations before provision for income taxes, consist of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	\$ 24,013	\$ 24,058	\$ 46,476	\$ 48,211
Less:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	7,478	6,342	15,312	13,289
Personnel costs	17,545	19,476	34,988	40,122
Consultants	783	619	1,806	2,991
Marketing	1,100	2,028	2,094	2,745
Accounting fees	1,211	868	2,705	2,081
Legal fees	449	482	949	1,173
Outside services	423	456	698	1,044
Software expenses	1,890	2,010	3,777	4,045
Stock-based compensation expense	1,710	2,058	3,453	3,593
Severance	742	792	984	1,904
Depreciation and amortization	7,172	6,877	14,120	14,302
Other segment items	2,828	2,356	6,542	5,598
Operating loss	(19,318)	(20,306)	(40,952)	(44,676)
Interest expense, net	3,434	3,034	6,062	5,496
Other expense (income), net	3,162	115	(899)	528
Income taxes	884	(78)	558	(1,123)
Net income from discontinued operations, net of income taxes	—	1,146	—	2,148
Net loss	<u>\$ (26,798)</u>	<u>\$ (22,231)</u>	<u>\$ (46,673)</u>	<u>\$ (47,429)</u>

Other segment items include occupancy, insurance, and other costs.

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 revenues, 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, 2024.

3. Discontinued Operations, Business Combinations, and Divestiture

Discontinued Operations and Divestiture of Veritone One

On the Divestiture Closing Date, the Company completed the sale of its wholly-owned subsidiary, Veritone One, to the Purchaser pursuant to the Purchase Agreement. Veritone One operated the Company's full-service advertising agency business and its disposal represented a strategic shift that had a major impact on the Company's operations and financial results, as it enabled 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. 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).

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 expected 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 would not exceed the actual costs to provide such service. The transition services agreement terminated as of April 15, 2025.

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 (the "Veritone One Sale Price"), 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 either \$18,000, \$13,000, \$8,000, \$3,000, or \$0 in cash proceeds based on 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 "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 (the "Indemnity Escrow"), in each case subject to the terms and limitations set forth in the Purchase Agreement. On May 15, 2025, the Company and the Purchaser determined that the closing purchase price exceeded the final purchase price, and jointly instructed the escrow agent to release from the purchase price adjustment escrow (i) \$1,372 to the Purchaser and (ii) the remaining balance of \$128 to the Company. As of June 30, 2025, the remaining \$5,150 Indemnity Escrow was recorded in prepaid expenses and other current assets and other assets within the Company's condensed consolidated balance sheet in the amounts of \$3,650 and \$1,500, respectively.

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.

Veritone One's results of operations for the three and six months ended June 30, 2024 are disclosed as discontinued operations and excluded from continuing operations within the Company's condensed consolidated financial statements and notes thereto.

The operating results of the Company's discontinued operations for the three and six months ended June 30, 2024 were as follows (unaudited):

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Revenue	\$ 6,934	\$ 14,417
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	238	337
Sales and marketing	1,443	3,275
General and administrative	2,527	5,472
Depreciation and amortization	82	159
Total operating expenses	4,290	9,243
Operating income	2,644	5,174
Interest expense, net	1,463	2,991
Income before income taxes	1,181	2,183
Income taxes	35	35
Net income	<u>\$ 1,146</u>	<u>\$ 2,148</u>

Sale of Veritone Energy Solutions Group

On June 30, 2023, the Company completed the sale of its Veritone Energy solutions group 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 in cash. The sale resulted in a pre-tax gain of \$2,572 in the second quarter of 2023. The group did not meet the criteria of discontinued operations because the disposal did 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 expense (income), net during the second quarter of 2024.

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 (as amended, 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. The amortization of initial discounts and issuance costs was \$1,156 and \$1,421 for the three months ended June 30, 2025 and 2024, respectively, and \$2,215 and \$2,753 for the six months ended June 30, 2025 and 2024, respectively.

In October 2024, the Company, as required by the terms of the Credit Agreement, used net proceeds from the Divestiture to pay down \$30,512 in principal and \$3,051 in prepayment premiums and \$252 in accrued interest on the Term Loan. As of June 30, 2025, \$37,301 aggregate principal amount remained outstanding under the Term Loan.

[Table of Contents](#)

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, and originally contained a minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant to maintain unrestricted cash and cash equivalents of at least \$15,000 at all times (which covenant was later amended by the First Amendment, the Second Amendment and the Third Amendment, as further described below). The Company was in compliance with the amended covenants under the Credit Agreement at June 30, 2025.

On March 13, 2025, the Company entered into a Limited Consent (the "Limited Consent") to the Credit Agreement, with the lenders and administrative agent party thereto. Pursuant to the Limited Consent, the lenders consented to the delivery by the Company of the Company's audited consolidated financial statements for the fiscal year ended December 31, 2024 and a report of the Company's independent certified public accountants relating thereto that do not meet certain requirements of the Credit Agreement requiring, among other things, delivery of audited consolidated financial statements and a report thereon of the Company's independent certified public accountants that are unqualified as to going concern. As consideration for the Limited Consent, the Company paid an aggregate of \$1,000 in cash to the lenders party to the Limited Consent.

On April 24, 2025, the Company entered into a First Amendment to Credit and Guaranty Agreement (the "First Amendment"). The First Amendment provides that (a) the minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant is reduced from \$15,000 to \$10,000 for the period of time beginning on April 24, 2025 and extending through June 16, 2025, and (b) the mandatory prepayment covenant under the Credit Agreement with respect to asset sales is amended to (i) require that 100% of the Net Asset Sale Proceeds (as defined in the Credit Agreement) be used to repay the obligations under the Credit Agreement (increased from 60% of the Net Asset Sale Proceeds prior to the First Amendment), and (ii) clarify the requirement that the Company use all future proceeds that it receives in connection with the previously closed sale of its formerly wholly-owned subsidiary, Veritone One, including any earn-out payments and releases of previously escrowed amounts, to repay obligations under the Credit Agreement. In connection with obtaining the requisite lenders' consent to the First Amendment, the Company issued to the consenting lenders 228,311 shares of the Company's common stock, representing a number of shares having an aggregate value equal to \$500, based on a price per share of \$2.19, which was the closing price per share of the Company's common stock on The Nasdaq Global Market on April 23, 2025, the trading day immediately prior to the effective date of the First Amendment. For accounting purposes, pursuant to FASB ASC Topic 470, *Debt* ("ASC 470"), this transaction was accounted for as a modification of the Credit Agreement. The \$500 of costs were recorded on the Company's condensed consolidated balance sheet and are being amortized over the life of the Credit Agreement using the effective-interest method.

On June 13, 2025, the Company entered into a Second Amendment to Credit and Guaranty Agreement (the "Second Amendment"). The Second Amendment provides that the minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant is (i) reduced to \$5 million for the period of time beginning on June 13, 2025 and extending through June 30, 2025, (ii) increased to \$10 million for the period of time beginning on July 1, 2025 and extending through August 31, 2025 and (iii) increased to \$15 million beginning on September 1, 2025 and extending through maturity. In connection with obtaining the requisite lenders' consent to the Second Amendment, the Company issued to the consenting lenders 253,744 shares of the Company's common stock, representing a number of shares having an aggregate value equal to \$373, based on a price per share of \$1.47, which was the closing price per share of the Company's common stock on The Nasdaq Global Market on June 12, 2025, the trading day immediately prior to the effective date of the Second Amendment. For accounting purposes, pursuant to ASC 470, this transaction was accounted for as a modification of the Credit Agreement. The \$373 of costs were recorded on the Company's condensed consolidated balance sheet and are being amortized over the life of the Credit Agreement using the effective-interest method.

On June 30, 2025, the Company entered into a Third Amendment to Credit and Guaranty Agreement (the "Third Amendment"). The Third Amendment provides that the minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant (i) shall not be less than \$5 million for the period of time beginning on June 13, 2025 and extending through August 31, 2025 and (ii) shall be increased to \$15 million beginning on September 1, 2025 and extending through maturity. The Company did not pay a consent fee in connection with the Third Amendment. Except as set forth in the Limited Consent, the First Amendment, the Second Amendment, and the Third Amendment, the terms of the Credit Agreement remain unchanged.

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.

[Table of Contents](#)

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, as amended, requires mandatory prepayments from the net cash proceeds received by the Credit Parties for among other things (i) certain asset sales as described above, 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.

For the three months ended June 30, 2025 and 2024, interest expense related to the Term Loan, including amortization of initial discounts and issuance costs, was \$2,276 and \$4,131, respectively. For the six months ended June 30, 2025 and 2024, interest expense related to the Term Loan, including amortization of initial discounts and issuance costs, was \$4,751 and \$8,188, respectively. The effective annual interest rate was approximately 35.3%.

Interest expense was allocated to discontinued operations using the proportion of the principal repayment required to be made as a result of the Divestiture over the total Term Loan principal outstanding at the Divestiture Closing Date. 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 six months ended June 30, 2024, the Company allocated \$1,648 and \$3,234, respectively, of interest expense, including amortization of initial discounts and issuance costs, to discontinued operations as a result of the Divestiture.

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. At the date of issuance, the Company classified the Warrants as equity and recognized them in additional paid-in capital within its consolidated balance sheet. As of June 30, 2025, there were 2,508,683 Warrants that remained unexercised and outstanding.

As of June 30, 2025, the remaining annual scheduled principal payments of the Term Loan were as follows:

	Amount
2025	\$ 3,875
2026	7,750
2027	25,676
Total principal payments	<u>\$ 37,301</u>

Convertible Senior 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”). As of June 30, 2025, the Company has \$91,250 in aggregate principal amount of the Convertible Notes outstanding and unamortized debt issuance costs of \$822.

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.

[Table of Contents](#)

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.

Interest expense related to the Convertible Notes, including amortization of issuance costs, was \$546 and \$542 for the three months ended June 30, 2025 and 2024, respectively, and \$1,091 and \$1,084 for the six months ended June 30, 2025 and 2024, respectively. The effective interest rate for the three and six months ended June 30, 2025 and 2024 was approximately 2.42%. As of June 30, 2025, the if-converted value of the Convertible Notes did not exceed the outstanding principal amount. As of June 30, 2025, the total estimated fair value of the Convertible Notes was \$37,790, 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 pricing of the Convertible Notes and subsequent exercise by the initial purchasers of their option to purchase additional Convertible Notes, each 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 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.

5. Loss Per Share

In January 2025, the Company sold and issued the January 2025 Pre-Funded Warrants (see Note 10), and in June 2025, the Company sold and issued the June 2025 Pre-Funded Warrants (see Note 10). The shares of common stock into which both the January 2025 Pre-Funded Warrants and June 2025 Pre-Funded Warrants may be exercised are considered outstanding from the date of issuance of the January 2025 Pre-Funded Warrants and June 2025 Pre-Funded Warrants for the purposes of computing basic loss per share because the shares may be issued for little or no consideration and because the January 2025 Pre-Funded Warrants and June 2025 Pre-Funded Warrants were fully vested and immediately exercisable upon issuance.

The following participating securities have been excluded from the computation of diluted loss per share for the periods presented because including them would have been anti-dilutive:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Stock options and restricted stock units issued and outstanding	10,175	10,712	10,107	10,781
Warrants to purchase common stock	2,655	2,669	2,655	2,904
Common stock issuable in connection with convertible senior notes	2,483	2,483	2,483	2,483
Total	<u>15,313</u>	<u>15,864</u>	<u>15,245</u>	<u>16,168</u>

6. Fair Value Measurements

The Company applies the provisions of FASB ASC Topic 820, *Fair Value Measurement* ("ASC 820"), for its financial and non-financial assets and liabilities. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

[Table of Contents](#)

- Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable inputs for the asset or liability.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised primarily of domestic and foreign bank accounts and money market funds. These cash and cash equivalents are valued based on Level 1 inputs which consist of quoted prices in active markets. To reduce its credit risk, the Company monitors the credit standing of the financial institutions that hold the Company's cash and cash equivalents. As of June 30, 2025 and December 31, 2024, the Company's cash and cash equivalents approximated their estimated fair value. As such, there are no unrealized gains or losses related to the Company's cash and cash equivalents.

Veritone One Earnout Receivable

The Company made an accounting policy election to record the earnout receivable related to the Veritone One divestiture at fair value at inception, and it is categorized as Level 3 within the fair value hierarchy. The earnout receivable is recorded within other assets in the Company's consolidated balance sheets as of June 30, 2025 and December 31, 2024. The earnout receivable for the Veritone One divestiture has been recorded at its fair value using a Monte Carlo simulation pricing model due to the variability of estimating future revenues associated with the Company's earnout. These models incorporate contractual terms and assumptions regarding financial forecasts for Veritone One, discount rates, and volatility of forecasted revenue. The value of the Veritone One earnout receivable would decrease if a lower discount rate was used and would increase if a higher discount rate was used. Similarly, a higher revenue volatility assumption would increase the value of the Veritone One earnout receivable, and a lower revenue volatility assumption would decrease the value of the Veritone One earnout receivable. 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.

The following table sets forth the significant assumptions utilized to determine the fair value of the earnout receivable related to the sale of Veritone One as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Internal rate of return	22.5%	23.0%
Risk-free rate	4.8%	4.9%
Revenue volatility	45.0%	10.0%

The following table presents a summary of the change in the fair value of the earnout receivable, which was primarily driven by a decrease in forecasted revenues and the passage of time and is included in Other assets within the Company's consolidated balance sheets as of June 30, 2025 and December 31, 2024:

	Veritone One Earnout Receivable
Fair value as of December 31, 2024	\$ 7,667
Change in fair value included in Other expense (income), net	784
Fair value as of June 30, 2025	\$ 8,451

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 June 30, 2025 and December 31, 2024 and is categorized as Level 3 within the fair value hierarchy.

[Table of Contents](#)

In June 2023, the Company acquired a strategic investment in GridBeyond that did not 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 June 30, 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 expense (income), net during the second quarter of 2024.

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 six months ended June 30, 2025 and 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 six months ended June 30, 2025 and 2024.

7. Goodwill and Other Intangible Assets

Goodwill recorded in connection with the Company's acquisitions is primarily attributable to the assembled workforce and anticipated operational synergies. Goodwill was \$53,110 as of both June 30, 2025 and December 31, 2024, respectively. There were no additions to, or impairments of, goodwill during the three and six months ended June 30, 2025 and 2024.

The gross carrying amounts and accumulated amortization of the Company's finite-lived intangible assets as of June 30, 2025 and December 31, 2024 were as follows:

	June 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 44,100	\$ (37,974)	\$ 6,126
Customer relationships	99,000	(58,011)	40,989
Trademarks and trade names	2,300	(1,683)	617
Total finite-lived intangible assets	<u>\$ 145,400</u>	<u>\$ (97,668)</u>	<u>\$ 47,732</u>

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	44,100	(33,561)	10,539
Customer relationships	99,000	(50,866)	48,134
Trademarks and trade names	2,300	(1,473)	827
Total finite-lived intangible assets	<u>\$ 145,400</u>	<u>\$ (85,900)</u>	<u>\$ 59,500</u>

Amortization expense related to developed technology, customer relationships, and trademarks and trade names is recorded in depreciation and amortization within the Company's consolidated statements of operations. Amortization expense of finite-lived intangible assets was \$5,879 and \$5,989 for the three months ended June 30, 2025 and 2024, respectively, and \$11,826 and \$11,981 for the six months ended June 30, 2025 and 2024, respectively.

The following table presents future amortization of the Company's finite-lived intangible assets as of June 30, 2025:

	Amount
2025	\$ 9,689
2026	16,569
2027	13,541
2028	7,870
2029	20
2030	20
Thereafter	23
Total	<u>\$ 47,732</u>

[Table of Contents](#)

On May 31, 2025, the Company performed its annual goodwill impairment assessment. The Company determined that an indicator of impairment was present driven by a sustained decrease in the Company's stock price, and as a result, the Company performed a quantitative goodwill impairment assessment as of May 31, 2025 using the enterprise approach, which estimates fair value based on the overall value of the business, including debt, and determined that goodwill was not impaired, as the estimated fair value of the Company's single reporting unit exceeded its carrying value.

As of June 30, 2025 the Company performed an updated analysis 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 May 31, 2025 and June 30, 2025, 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.

8. Consolidated Financial Statement Details

Consolidated Balance Sheets Details

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	June 30, 2025	December 31, 2024
Prepaid expenses	\$ 5,074	\$ 5,234
Indemnification escrow holdback	3,650	3,650
Other receivables	3,226	854
Other current assets	563	760
Prepaid expenses and other current assets	<u>\$ 12,513</u>	<u>\$ 10,498</u>

Other Assets

Other assets consisted of the following:

	June 30, 2025	December 31, 2024
Fair value of earnout receivable	\$ 8,451	\$ 7,667
Investments	2,990	2,990
Deferred tax assets	1,102	1,773
Operating lease right-of-use assets	2,191	840
Other	2,326	2,315
Other assets	<u>\$ 17,060</u>	<u>\$ 15,585</u>

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2025	December 31, 2024
Accrued compensation	\$ 3,724	\$ 4,504
Taxes payable	5,983	5,645
Current portion of operating lease liabilities	800	698
Royalties payable	5,545	3,199
Accrued trade payables	12,394	14,882
Accrued expenses and other current liabilities	<u>\$ 28,446</u>	<u>\$ 28,928</u>

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:

	Deferred Revenue
Balance as of December 31, 2024	\$ 12,056
Less: revenue recognized	(6,012)
Additions to deferred revenue	7,419
Balance as of March 31, 2025	13,463
Less: revenue recognized	(7,889)
Additions to deferred revenue	6,771
Balance as of June 30, 2025	<u>\$ 12,345</u>

Consolidated Statements of Operations and Comprehensive Loss Details

Revenue

The Company serves two customer groups: (1) Commercial Enterprise, which today consists of customers in the commercial sector, including media and entertainment customers, representation customers and Veritone Hire solutions customers (inclusive of Broadbean customers); 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 revenue generated from the Company's aiWARE platform, including its Veritone Data Refinery ("VDR") product, and Veritone Hire talent acquisition solutions, 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, representation services, and, to a lesser extent, from advertising customers and related services.

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

	Three Months Ended					
	June 30, 2025			June 30, 2024		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Software Products & Services	\$ 15,334	\$ 2,135	\$ 17,469	\$ 14,510	\$ 1,122	\$ 15,632
Managed Services:						
Representation Services	1,529	—	1,529	3,541	—	3,541
Licensing	5,015	—	5,015	4,885	—	4,885
Total Managed Services	6,544	—	6,544	8,426	—	8,426
Total revenue	<u>\$ 21,878</u>	<u>\$ 2,135</u>	<u>\$ 24,013</u>	<u>\$ 22,936</u>	<u>\$ 1,122</u>	<u>\$ 24,058</u>

	Six Months Ended					
	June 30, 2025			June 30, 2024		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Software Products & Services	\$ 28,483	\$ 3,469	\$ 31,952	\$ 28,212	\$ 2,640	\$ 30,852
Managed Services:						
Representation Services	4,301	—	4,301	7,033	—	7,033
Licensing	10,223	—	10,223	10,326	—	10,326
Total Managed Services	14,524	—	14,524	17,359	—	17,359
Total revenue	<u>\$ 43,007</u>	<u>\$ 3,469</u>	<u>\$ 46,476</u>	<u>\$ 45,571</u>	<u>\$ 2,640</u>	<u>\$ 48,211</u>

Other Expense (Income), Net

The \$3,162 of other expense, net for the three months ended June 30, 2025 primarily consisted of a \$2,870 loss on revaluation of the Veritone One earnout receivable. The \$115 of other expense, net for the three months ended June 30, 2024 consisted of a \$172 loss on sale of GridBeyond, partially offset by a \$58 foreign currency impact.

The \$899 of other income, net for the six months ended June 30, 2025 primarily consisted of a \$784 gain on revaluation of the Veritone One earnout receivable. The \$528 of other expense, net for the six months ended June 30, 2024 consisted of a \$172 loss on sale of GridBeyond and a \$355 foreign currency impact.

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 was an expense of 3.4% and a benefit of 0.3% for the three months ended June 30, 2025 and 2024, respectively, and an expense of 1.2% and a benefit of 2.2% for the six months ended June 30, 2025 and 2024, 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 change in the effective tax rates for the three and six months ended June 30, 2025 as compared to the comparable prior year period is primarily due to the impact of taxes on foreign operations and valuation allowances against domestic net deferred tax assets.

As of June 30, 2025 and December 31, 2024, the Company had deferred tax assets of \$1,102 and \$1,773, respectively, and deferred tax liabilities of \$5,401 and \$6,387, respectively, which are included in other assets and other non-current liabilities, respectively, within the Company's condensed consolidated balance sheets. As of June 30, 2025, the Company continues to provide a valuation allowance against 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.

The Company is subject to taxation in the United States, Israel, the United Kingdom, France, and Australia. 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 Company's subsidiary, PandoLogic, Inc., concluded their U.S. Federal audit for the 2022 tax year with no adjustment. The Company is not currently under examination from income tax authorities in the jurisdictions in which the Company does business.

On July 4, 2025, the U.S. enacted H.R. 1 “A bill to provide for reconciliation pursuant to Title II of H. Con. Res. 14”, commonly referred to as the One Big Beautiful Bill Act (OBBA). Changes in tax laws may affect recorded deferred tax assets and deferred tax liabilities and the Company’s effective tax rate in the future and the Company continues to evaluate the impacts the new legislation will have on its condensed consolidated financial statements. As a result of the enactment of H.R. 1, the Company anticipates an impact to the deferred tax liability and the income tax payable related to the provisions for 100% bonus depreciation for assets placed in service after January 19, 2025 and full expensing of domestic research and experimental expenditures. The Company is in the process of assessing the impact.

9. Leases, Commitments, and Contingencies

Leases

In January 2025, the Company entered into a non-cancellable agreement to lease office space in London to replace its existing office space. The base rent is approximately \$2,529, translated at the March 31, 2025 spot rate, in the aggregate over the original lease term of 71 months from the commencement date.

Deferred Purchase Consideration

In connection with its acquisition of an influencer-based management company in March 2022 (the “March 2022 Acquisition”), the Company committed to make deferred 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 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.

Legal and 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.

In December 2024, the Company received \$2,500 in unclaimed funds associated with the PandoLogic acquisition from its escrow agent. Based on the jurisdiction of the potential future claims and underlying statute of limitations, the Company has recognized the unclaimed funds as part of other non-current liabilities within its consolidated balance sheets, which amounted to \$2,481 and \$2,500 as of June 30, 2025 and December 31, 2024, respectively, and will continue to evaluate the merit of such claims.

10. Stockholders’ Equity

January 2025 Registered Direct Offering

On January 2, 2025, the Company issued and sold an aggregate of 4,414,878 shares of common stock at a price of \$2.53 per share and pre-funded warrants to purchase up to 3,608,838 shares of common stock at a price of \$2.52 per pre-funded warrant (the “January 2025 Pre-Funded Warrants”), with an exercise price of \$0.01, in a registered direct offering with Esousa Group Holdings, LLC. The aggregate gross proceeds were approximately \$20,300, before deducting estimated offering expenses.

The January 2025 Pre-Funded Warrants generally cannot be exercised if the holder’s aggregate beneficial ownership would be more than 9.99% of the total issued and outstanding shares of the Company’s common stock following such exercise. The exercise price and number of shares of common stock issuable upon the exercise of the January 2025 Pre-Funded Warrants are subject to adjustment in the event of any stock dividends and splits, reverse stock split, recapitalization, reorganization or similar transaction, as described in the warrant agreement.

[Table of Contents](#)

The January 2025 Pre-Funded Warrants were evaluated pursuant to ASC 480, *Distinguishing Liabilities from Equity*, and ASC 815, *Derivatives and Hedging*. The Company classified the January 2025 Pre-Funded Warrants as a component of stockholders' equity within additional paid-in capital and recorded them at fair value on the issuance date, which approximated their sales price. The January 2025 Pre-Funded Warrants were equity classified because they were freestanding financial instruments that are legally detachable and separately exercisable, were immediately exercisable, did not embody an obligation for the Company to repurchase its common shares, permitted the holders to receive a fixed number of common shares upon exercise, were indexed to the Company's common shares and met the equity classification criteria.

June 2025 Registered Direct Offering and Private Placement

On June 30, 2025, the Company agreed to issue and sell an aggregate of 6,452,293 shares of the Company's common stock at a price of \$1.09 per share and pre-funded warrants to purchase up to 1,804,587 shares of the Company's common stock (the "June 2025 Pre-Funded Warrants"), priced at \$1.08 per pre-funded warrant, with an exercise price of \$0.01 per share, to certain institutional and accredited investors in a registered direct offering. The sale and issuance of shares and warrants were completed on July 1, 2025. The aggregate gross proceeds were approximately \$8,982, before deducting estimated offering expenses.

The June 2025 Pre-Funded Warrants provide that the holder may not exercise any portion of the June 2025 Pre-Funded Warrants to the extent that immediately prior to or after giving effect to such exercise, the holder (together with its affiliates) would beneficially own more than 9.99% of the Company's outstanding common stock (the "Maximum Percentage") after such exercise. By written notice to the Company, the holder may from time to time increase or decrease the Maximum Percentage to any other percentage specified not in excess of 19.99% (the "Maximum Cap"). Subject to the Maximum Percentage or, as applicable, the Maximum Cap, the June 2025 Pre-Funded Warrants are immediately exercisable and may be exercised at any time until the June 2025 Pre-Funded Warrants are exercised in full. If, at the time of exercise, there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance or resale of the shares of common stock issuable from time to time upon exercise of the June 2025 Pre-Funded Warrants, in lieu of making cash payment otherwise contemplated to be made to the Company upon exercise of a June 2025 Pre-Funded Warrant in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of common stock determined according to a formula set forth in the June 2025 Pre-Funded Warrants. The exercise price and number of shares of common stock issuable upon the exercise of the June 2025 Pre-Funded Warrants are subject to adjustment in the event of any stock dividends and splits, reverse stock split, recapitalization, reorganization or similar transaction, as described in the June 2025 Pre-Funded Warrants.

The June 2025 Pre-Funded Warrants were evaluated pursuant to ASC 480 and ASC 815. The Company classified the June 2025 Pre-Funded Warrants as a component of stockholders' equity within additional paid-in capital and recorded them at fair value on the issuance date, which approximated their sales price. The June 2025 Pre-Funded Warrants were equity classified because they were freestanding financial instruments that are legally detachable and separately exercisable, were immediately exercisable, did not embody an obligation for the Company to repurchase its common shares, permitted the holders to receive a fixed number of common shares upon exercise, were indexed to the Company's common shares and met the equity classification criteria.

Additionally, on June 30, 2025, pursuant to the terms of the RDO Purchase Agreement, the Company and Ryan Steelberg, the Company's President, Chief Executive Officer and Chairman of its Board of Directors, as trustee of The RSS Living Trust dated April 6, 2012 (the "RSS Trust") entered into a securities purchase agreement (the "Steelberg Purchase Agreement"), pursuant to which the RSS Trust agreed to purchase from the Company, and the Company agreed to issue and sell to the RSS Trust, up to 709,220 shares of the Company's common stock for a gross aggregate offering price of \$1.0 million, at a price per share equal to the greater of (i) \$1.41 (representing the consolidated closing bid price of the Company's common stock on June 27, 2025) and (ii) the consolidated closing bid price of the Company's common stock on the date that is the second full trading day after the date on which the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 ("Q2 Form 10-Q") is filed with the SEC (such transaction, the "Private Placement" and such shares, the "Private Placement Shares").

The Private Placement is expected to close on the third full trading day after the filing of the Company's Q2 Form 10-Q with the SEC, subject to satisfaction of certain closing conditions. The Private Placement Shares will not be registered under the Securities Act and are being offered pursuant to the exemption from registration provided in Section 4(a)(2) of the Securities Act and Rule 506(b) promulgated thereunder. The RSS Trust is an "accredited investor" as such term is defined in Rule 501(a) under the Securities Act.

The Private Placement Shares were classified as a liability within the Company's condensed consolidated balance sheet pursuant to ASC 480. The Private Placement Shares were liability classified because the Company will deliver a variable number of shares based on the closing bid price of its common stock on the trading day preceding the closing date, while the monetary obligation was fixed at inception. The liability was recorded at its fair value of approximately \$1.0 million, equal to the gross aggregate offering price of the Private Placement Shares.

At the Market Program

On November 19, 2024, the Company entered into a sales agreement (the "Sales Agreement") with Needham & Company, LLC and H.C. Wainwright & Co., LLC (the "Sales Agents"), to establish an "at-the-market" equity offering program (the "ATM Program"), allowing the Company to offer and sell shares of its common stock having an aggregate offering price of up to \$35,000 from time to time through the Sales Agents. Sales, if any, under the Sales Agreement are conducted as "at-the-market" equity offerings as defined in Rule 415(a)(4) under the Securities Act, including sales made directly on The Nasdaq Global Market or other trading markets for our common stock. The issuance and sale of shares have been and may continue to be made pursuant to the Company's registration statement on Form S-3 (File No. 333-280148), which became effective on June 21, 2024, and the related prospectus supplement filed with the SEC on November 19, 2024. From inception through June 30, 2025, the Company has received \$7,846 in net proceeds from sales of 3,716,873 shares of its common stock pursuant to the ATM Program.

The Company recorded \$29,449 of total proceeds from the issuance of stock and pre-funded warrants under registered direct offerings, Private Placement, and at-the-market offering, net of offering costs, within financing activities on its condensed consolidated statement of cash flows for the six months ended June 30, 2025, which excludes \$2,828 of proceeds that were received subsequent to the quarter end and therefore reflected as an asset within the Company's condensed consolidated balance sheet as of June 30, 2025.

11. Stock-Based Compensation

The Company has stock-based compensation plans, which are more fully described in Note 11, *Stock Plans*, to the Consolidated Financial Statements included in the 2024 10-K. During the six months ended June 30, 2025, the Company granted restricted stock units ("RSUs") subject to service conditions, RSUs subject to service and performance conditions, and RSUs subject to service and market conditions.

Stock Options

The following table summarizes the activities for all stock options under the Company's stock-based compensation plans for the six months ended June 30, 2025:

	Number of Options Outstanding <i>(in thousands)</i>	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life	Aggregate Intrinsic Value(1) <i>(in thousands)</i>
Outstanding as of December 31, 2024(2)	8,438	\$ 12.93		
Granted	—	\$ —		
Exercised	(3)	\$ 2.56		
Forfeited or expired(3)	(295)	\$ 11.43		
Outstanding as of June 30, 2025(2)	8,140	\$ 12.98	3.7 years	\$ —
Exercisable as of June 30, 2025(4)	8,055	\$ 13.02	3.7 years	\$ —
Vested and expected to vest as of June 30, 2025(5)	8,140	\$ 12.98	3.7 years	\$ —

(1) The intrinsic value is the amount by which the current market value of the underlying stock exceeds the exercise price of the stock awards.

(2) Includes 3,553 and 3,620 performance condition stock options as of June 30, 2025 and December 31, 2024, respectively.

(3) Includes 67 performance condition stock options.

(4) Includes 3,553 performance condition stock options.

(5) Includes 3,553 performance condition stock options.

There were no stock options granted during the three and six months ended June 30, 2025 and 2024. The total intrinsic value of stock options exercised during the three and six months ended June 30, 2025 and 2024 was immaterial.

As of June 30, 2025, the total unrecognized compensation cost related to all nonvested stock options was \$538 and the related weighted-average period over which it is expected to be recognized was approximately 1.2 years.

Restricted Stock Units

The following table summarizes the activities for all RSUs under the Company's stock-based compensation plans for the six months ended June 30, 2025:

	Number of Shares <i>(in thousands)</i>	Weighted- Average Grant Date Fair Value Per Share
Outstanding and nonvested as of December 31, 2024(1)	1,902	\$ 4.94
Granted(2)	1,035	\$ 3.48
Vested	(495)	\$ 5.38
Forfeited(3)	(517)	\$ 5.18
Outstanding and nonvested as of June 30, 2025(1)	<u>1,925</u>	<u>\$ 3.98</u>

- (1) Includes 323 and 248 performance condition RSUs as of June 30, 2025 and December 31, 2024, respectively.
(2) Includes 323 performance condition RSUs.
(3) Includes 248 performance condition RSUs.

The total vesting date fair value of RSUs which vested during the three months ended June 30, 2025 and 2024 was \$392 and \$1,033, respectively. The total vesting date fair value of RSUs which vested during the six months ended June 30, 2025 and 2024 was \$1,120 and \$1,461, respectively.

As of June 30, 2025, the total unrecognized compensation cost related to all nonvested RSUs was \$5,501 and the related weighted-average period over which it is expected to be recognized was approximately 1.9 years.

Stock-Based Compensation Expense

The following table provides information about stock-based compensation expense by award type:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Stock options	\$ 255	\$ 461	\$ 589	\$ 1,033
Restricted stock units	1,061	1,396	2,087	2,203
Employee stock purchase plan	394	201	777	357
Total stock-based compensation expense	<u>\$ 1,710</u>	<u>\$ 2,058</u>	<u>\$ 3,453</u>	<u>\$ 3,593</u>

The following table provides information about stock-based compensation expense by financial statement line item:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cost of revenue (exclusive of depreciation and amortization)	\$ —	\$ —	\$ —	\$ (1)
Sales and marketing	254	286	518	445
Research and development	276	96	594	628
General and administrative	1,180	1,676	2,341	2,521
Total stock-based compensation expense	<u>\$ 1,710</u>	<u>\$ 2,058</u>	<u>\$ 3,453</u>	<u>\$ 3,593</u>

Stock-based compensation expense capitalized as part of internal-use software was \$53 and \$94 for the three months ended June 30, 2025 and 2024, respectively, and \$110 and \$212 for the six months ended June 30, 2025 and 2024, respectively.

12. Related Party Transactions

Steel Holdings Consulting Agreement

On January 4, 2023, the Company entered into a consulting agreement with Steel Holdings, LLC effective January 1, 2023 (the “Steel Holdings Consulting Agreement”). Steel Holdings, LLC is an entity affiliated with Chad Steelberg, formerly a member of the Board, as well as the Company’s 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 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. 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 paid Steel Holdings, LLC \$1,000 in cash on July 1, 2024 and agreed to pay Steel Holdings, LLC \$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.

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 compensation payments under the Amended Consulting Agreement will become due and payable. In the event of a Change in Control (as defined in the Company’s 2017 Stock Incentive Plan), the Amended Consulting Agreement will terminate as of the effective date of the Change in Control and any remaining payments will become due and payable.

The Company 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 recognized a resulting acceleration charge of \$1,484 to general and administrative expenses within its condensed consolidated statement of operations during the first quarter of 2024 and has accrued a liability for all future cash payments under the agreement on its condensed consolidated balance sheet, which amounted to \$346 and \$586 as of June 30, 2025 and December 31, 2024, respectively.

Appointment of Ryan Steelberg

Ryan Steelberg, the Company’s Chief Executive Officer, was appointed Chairman of the Board effective January 22, 2024, replacing Chad Steelberg who resigned as Chairman of the Board effective the same date. Chad Steelberg continued to serve as a member of the Company’s Board until his resignation effective as of March 12, 2025.

RSS Trust Private Placement

On June 30, 2025, pursuant to the terms of the RDO Purchase Agreement, the Company and Ryan Steelberg, as trustee of the RSS Trust, entered into the Steelberg Purchase Agreement, pursuant to which the RSS Trust agreed to purchase from the Company, and the Company agreed to issue and sell to the RSS Trust, up to 709,220 shares of the Company’s common stock for a gross aggregate offering price of \$1.0 million, at a price per share equal to the greater of (i) \$1.41 (representing the consolidated closing bid price of the Company’s common stock on June 27, 2025) and (ii) the consolidated closing bid price of the Company’s common stock on the date that is the second full trading day after the date on which the Q2 Form 10-Q is filed with the SEC. Refer to Note 10, *Stockholders’ Equity*, for additional information.

There were no other material related party transactions during the six months ended June 30, 2025.

13. Subsequent Events

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted. OBBBA amends U.S. tax law including provisions related to bonus depreciation, research and development and foreign derived intangible income. The Company is currently evaluating the impact of the OBBBA on its condensed consolidated financial statements.

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

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, 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 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 us 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 six months ended June 30, 2025, we generated revenue of \$24.0 million and \$46.5 million, respectively, as compared to \$24.1 million and \$48.2 million during the three and six months ended June 30, 2024, respectively. Software Products & Services revenue was \$17.5 million and \$32.0 million during the three and six months ended June 30, 2025, respectively, as compared to \$15.6 million and \$30.9 million during the three and six months ended June 30, 2024, respectively. Managed Services revenue was \$6.5 million and \$14.5 million during the three and six months ended June 30, 2025, respectively, as compared to \$8.4 million and \$17.4 million during the three and six months ended June 30, 2024, respectively. During the three and six months ended June 30, 2025 and 2024, no customer represented more than 10% of our consolidated revenue.

Recent Developments

Credit Agreement Amendments

On April 24, 2025, we entered into a First Amendment to Credit and Guaranty Agreement (the "First Amendment"). The First Amendment provides that (a) the minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant is reduced from \$15 million to \$10 million for the period of time beginning on April 24, 2025 and extending through June 16, 2025, and (b) the mandatory prepayment covenant under the Credit Agreement with respect to asset sales is amended to (i) require that 100% of the Net Asset Sale Proceeds (as defined in the Credit Agreement) be used to repay the obligations under the Credit Agreement (increased from 60% of the Net Asset Sale Proceeds prior to the First Amendment), and (ii) clarify the requirement that we use all future proceeds that we receive in connection with the Divestiture, including any earn-out payments and releases of previously escrowed amounts, to repay obligations under the Credit Agreement.

In connection with obtaining the requisite lenders' consent to the First Amendment, we issued to the consenting lenders 228,311 shares of our common stock, representing a number of shares having an aggregate value equal to \$500,000, based on a price per share of \$2.19, which was the closing price per share of our common stock on The Nasdaq Global Market on April 23, 2025, the trading day immediately prior to the effective date of the First Amendment.

On June 13, 2025, we entered into a Second Amendment to Credit and Guaranty Agreement (the "Second Amendment"). The Second Amendment provides that the minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant is (i) reduced to \$5 million for the period of time beginning on June 13, 2025 and extending through June 30, 2025, (ii) increased to \$10 million for the period of time beginning on July 1, 2025 and extending through August 31, 2025 and (iii) increased to \$15 million beginning on September 1, 2025 and extending through maturity.

[Table of Contents](#)

In connection with obtaining the requisite lenders' consent to the Second Amendment, we issued to the consenting lenders 253,744 shares of our common stock, representing a number of shares having an aggregate value equal to \$373,005, based on a price per share of \$1.47, which was the closing price per share of our common stock on The Nasdaq Global Market on June 12, 2025, the trading day immediately prior to the effective date of the Second Amendment.

On June 30, 2025, we entered into a Third Amendment to Credit and Guaranty Agreement (the "Third Amendment"). The Third Amendment provides that the minimum Consolidated Liquidity (as defined in the Credit Agreement) covenant (i) shall not be less than \$5 million for the period of time beginning on June 13, 2025 and extending through August 31, 2025 and (ii) shall be increased to \$15 million beginning on September 1, 2025 and extending through maturity.

We did not pay a consent fee in connection with the Third Amendment.

Except as set forth in the Limited Consent, the First Amendment, the Second Amendment, and the Third Amendment, the terms of the Credit Agreement remain unchanged.

January 2025 Registered Direct Offering

On January 2, 2025, we sold 4,414,878 shares of our common stock, priced at \$2.53 per share, and pre-funded warrants to purchase up to 3,608,838 shares of our common stock (the "January 2025 Pre-Funded Warrants"), priced at \$2.52 per pre-funded warrant, with an exercise price of \$0.01 per share, to Esousa Group Holdings, LLC, a New York-based family office, in a registered direct offering (the "January 2025 Registered Direct Offering"). The gross proceeds from the offering were approximately \$20.3 million, before deducting estimated offering expenses.

The January 2025 Pre-Funded Warrants were offered in lieu of shares of our common stock and provide that the holder may not exercise any portion of the January 2025 Pre-Funded Warrants to the extent that immediately prior to or after giving effect to such exercise the holder (together with its affiliates) would beneficially own more than 9.99% of our outstanding common stock (the "Maximum Percentage") after such exercise. Subject to the Maximum Percentage, the January 2025 Pre-Funded Warrants are immediately exercisable and may be exercised at any time until the fifth anniversary of the original issue date of the January 2025 Pre-Funded Warrants. If, at the time of exercise, there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance or resale of the Warrant Shares, in lieu of making cash payment otherwise contemplated to be made to us upon exercise of a January 2025 Pre-Funded Warrant in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of common stock determined according to a formula set forth in the January 2025 Pre-Funded Warrants.

June 2025 Registered Direct Offering and Private Placement

On June 30, 2025, we agreed to issue and sell an aggregate of 6,452,293 shares of our common stock at a price of \$1.09 per share and pre-funded warrants to purchase up to 1,804,587 shares of our common stock (the "June 2025 Pre-Funded Warrants"), priced at \$1.08 per pre-funded warrant, with an exercise price of \$0.01 per share, to certain institutional and accredited investors in a registered direct offering (the "June 2025 Registered Direct Offering"). The sale and issuance of shares and warrants were completed on July 1, 2025. The aggregate gross proceeds from the offering were approximately \$9.0 million, before deducting estimated offering expenses.

The June 2025 Pre-Funded Warrants provide that the holder may not exercise any portion of the June 2025 Pre-Funded Warrants to the extent that immediately prior to or after giving effect to such exercise the holder (together with its affiliates) would beneficially own more than the Maximum Percentage after such exercise. By written notice to us, the holder may from time to time increase or decrease the Maximum Percentage to any other percentage specified not in excess of 19.99% (the "Maximum Cap"). Subject to the Maximum Percentage or, as applicable, the Maximum Cap, the June 2025 Pre-Funded Warrants are immediately exercisable and may be exercised at any time until the June 2025 Pre-Funded Warrants are exercised in full. If, at the time of exercise, there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance or resale of the shares of common stock issuable from time to time upon exercise of the June 2025 Pre-Funded Warrants, in lieu of making cash payment otherwise contemplated to be made to us upon exercise of a June 2025 Pre-Funded Warrant in payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of common stock determined according to a formula set forth in the June 2025 Pre-Funded Warrants.

Additionally, on June 30, 2025, pursuant to the terms of the RDO Purchase Agreement, we and Ryan Steelberg, our President, Chief Executive Officer and Chairman of our Board of Directors, as trustee of The RSS Living Trust dated April 6, 2012 (the “RSS Trust”) entered into a securities purchase agreement (the “Steelberg Purchase Agreement”), pursuant to which the RSS Trust agreed to purchase from us, and we agreed to issue and sell to the RSS Trust, up to 709,220 shares of our common stock for a gross aggregate offering price of \$1.0 million, at a price per share equal to the greater of (i) \$1.41 (representing the consolidated closing bid price of our common stock on June 27, 2025) and (ii) the consolidated closing bid price of our common stock on the date that is the second full trading day after the date on which our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (“Q2 Form 10-Q”) is filed with the SEC (such transaction, the “Private Placement” and such shares, the “Private Placement Shares”).

The Private Placement is expected to close on the third full trading day after the filing of our Q2 Form 10-Q with the SEC, subject to satisfaction of certain closing conditions. The Private Placement Shares will not be registered under the Securities Act and are being offered pursuant to the exemption from registration provided in Section 4(a)(2) of the Securities Act and Rule 506(b) promulgated thereunder. The RSS Trust is an “accredited investor” as such term is defined in Rule 501(a) under the Securities Act.

One Big Beautiful Bill Act (OBBBA)

H.R. 1, also known as the One Big Beautiful Bill Act (OBBBA), was enacted on July 4, 2025. The legislation includes several provisions that may impact the timing and magnitude of certain tax deductions. Key provisions include the permanent extension of several business tax benefits originally introduced under the 2017 Tax Cuts and Jobs Act. We are currently evaluating the provisions of the OBBBA to assess their potential impact on our financial position, results of operations and cash flows.

Opportunities, Challenges, and Risks

During the three and six months ended June 30, 2025 and 2024, 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 sold across various customers. Beginning in mid-fiscal year 2022, economic conditions, including those resulting from the pullback in the macroeconomic environment caused by inflation, high interest rates, tariffs and trade tensions, as well as geopolitical factors such as the Russia-Ukraine war and the Israel-Hamas war, negatively impacted parts of our consumption-based operations and financial results. As a result, our Software Products & Services revenue decreased from \$84.8 million during the year ended December 31, 2022 to \$68.4 million during the year ended December 31, 2023, and decreased further to \$61.1 million during the year ended December 31, 2024. While these economic and geopolitical factors have persisted throughout the first half of 2025, including recent instability caused by tariffs, our Software Products & Services revenue of \$17.5 million and \$32.0 million for the three and six months ended June 30, 2025, respectively, improved 11.8% and 3.6%, respectively, as compared to the corresponding prior-year periods.

To align our operating structure with the revenue declines experienced in 2024 and 2023, we enacted significant cost reductions during fiscal years 2023, 2024, and 2025. In January 2023, we announced our plans to reduce costs through the optimization of our operational structure. In February 2024, we announced additional cost reduction and restructuring initiatives, the result of which was a reduction in our global workforce of approximately 13% during fiscal 2024. From January 1, 2023 through December 31, 2024, our total reduction in workforce was 19%. In June 2025, we announced certain annual cost reduction initiatives of up to \$10.0 million, of which actions had been enacted by June 30, 2025 that have result in approximately 80%, or \$8.0 million, of 2025 cost reductions. As of June 30, 2025, we have achieved over \$50.0 million of net annualized strategic cost reductions since January 1, 2023 as a result of our organizational restructuring and realignment efforts.

As of June 30, 2025, our total Software Products & Services customers declined to 3,067, which was a decrease of 10.8% as compared to June 30, 2024. This change was largely driven by fewer consumption-based customers across Veritone Hire and the continuing impact of sunseting legacy Career Builder customers, offset by an increase in public safety customers. In addition, smaller hiring agency customers experienced a drop in hiring as a result of the challenging macroeconomic environment, which contributed to the decrease in Software Products & Services customers, but did not have a significant impact on our financial results for the three and six months ended June 30, 2025 or year ended December 31, 2024. To continue our effort to grow our customer base and overall revenue, we continue to invest aggressively in existing customers and acquiring new customers.

[Table of Contents](#)

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 customers will have greater visibility and transparency in their hiring processes. With our recently announced Intelligent Digital Evidence Management System (“iDEMs”) and Veritone Data Refinery (“VDR”) product launches, we now offer a suite of aiWARE applications to address the growing problem of unstructured digital data management faced by commercial, public safety, and federal government sectors today. We expect that a substantial portion of our growth in 2025 will come from our iDEMs and VDR solutions. In June 2025, we announced a partnership with the US Air Force Office of Special Investigations (“OSI”), an investigative division within the US Department of Defense (“DOD”), and increased our VDR sales pipeline to more than \$10.0 million from our March 2025 estimate of \$5.0 million. The partnership with OSI is in the early stages of deploying our iDEMs solutions across the investigative divisions within the DOD. As a result, during the second quarter ended June 30, 2025, our Software Products Services revenue, excluding our Veritone Hire platform, grew over 40% when compared to the same period in 2024 led principally by our iDEMs and VDR initiatives. 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 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 near term growth opportunities across our Software Products & Services include VDR and the expansion of our iDEMs platform across our public sector. 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 and our VDR opportunity, 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.

Prior to 2024, we pursued an opportunistic strategy of acquiring companies to help accelerate our organic growth. Our acquisition strategy was threefold: (i) to increase the scale of our business in markets we serve, (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 Veritone energy solutions group in the second quarter of 2023 and Veritone One in October 2024.

In October 2024, we divested our wholly-owned subsidiary, Veritone One, for a total purchase price of up to \$104.0 million. This strategic decision was made to enhance our focus on our core business and growth initiatives, particularly in Software Products & Services. By divesting non-core assets, we aim to streamline operations, reduce complexity, and allocate resources more effectively toward areas that align with our long-term strategic goals. The divestiture of Veritone One has allowed us to concentrate on organic growth, enabling greater innovation, operational efficiency, and the ability to respond more swiftly to market opportunities within our primary business segments. As a result of this transaction, we expect to see potential positive impacts, e.g., improved margins, increased operational efficiency, more effective allocation of capital and believe that this sharper focus will drive sustainable growth and value creation for our shareholders moving forward.

[Table of Contents](#)

For the three and six months ended June 30, 2025, our total revenues were \$24.0 million and \$46.5 million, respectively, as compared to \$24.1 million and \$48.2 million for the three and six months ended June 30, 2024, respectively, a decrease of 0.2% and 3.6%, respectively, over the prior-year period, driven by a decrease in Managed Services revenue primarily due to lower revenue from representation services, partially offset by an increase in Software Products & Services revenue from iDEMs and VDR revenues, in each case, compared to the prior year period. Our gross profit for the three and six months ended June 30, 2025 was \$15.3 million and \$29.1 million, respectively, as compared to \$16.4 million and \$32.7 million for the three and six months ended June 30, 2024, respectively, a decrease of 6.5% and 11.3%, respectively, driven by a decrease in revenue and the increase in depreciation of internally developed software costs compared to the prior year period. For the three and six months ended June 30, 2025, our non-GAAP gross profit (calculated as described in “Non-GAAP Financial Measures” below) decreased to \$16.5 million and \$31.2 million, respectively, as compared to \$17.7 million and \$34.9 million for the three and six months ended June 30, 2024, respectively, driven by the decrease in revenue and higher cost of revenue compared to the prior year period. Gross profit and non-GAAP gross profit (calculated as described in “Non-GAAP Financial Measures” below) are 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 gross profit and 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 six months ended June 30, 2025, we reported a net loss of \$26.8 million and \$46.7 million, respectively, as compared to \$22.2 million and \$47.4 million during the three and six months ended June 30, 2024, respectively. During the three and six months ended June 30, 2025, we reported a non-GAAP net loss of \$8.7 million and \$19.8 million, respectively, as compared to \$6.9 million and \$14.5 million during the three and six months ended June 30, 2024, respectively. To continue to grow our revenue, we will continue to make targeted investments in people, namely software engineers and sales personnel. However, considering the current challenging macro-economic environment throughout 2024 and 2023, 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. These cost reduction initiatives began in the latter half of 2022 and will continue through the end of 2025, and include reductions in workforce and certain legacy operating costs, as well as the sale of our energy solutions group. 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. 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, the imposition of tariffs, trade tensions, and global trade disputes, lingering economic disruption caused by labor shortages, inflation rates and the responses by central banking authorities to control inflation, monetary supply shifts, recession risks, and disruptions from the Russia-Ukraine conflict, the Israel-Hamas war and conflict in surrounding regions. In particular, business operations at our Herzliya, Israel 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 Veritone Hire 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 June 30, 2025. 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, 2024.

Non-GAAP Financial Measures and Key Performance Indicators

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

Non-GAAP net income (loss) is calculated as our net income (loss) adjusted to exclude net income from discontinued operations, net of income taxes, interest expense, net, income taxes, depreciation and amortization, stock-based compensation, change in fair value of earnout receivable, contingent purchase compensation expense, foreign currency impact and other, acquisition and due diligence costs, (gain) loss on asset disposition, severance and executive transition costs, other non-recurring items, and non-GAAP net income from discontinued operations. Non-GAAP net income (loss) from continuing operations is calculated as our net loss from continuing operations adjusted to exclude net income from discontinued operations, net of income taxes, interest expense, net, income taxes, depreciation and amortization, stock-based compensation, change in fair value of earnout receivable, contingent purchase compensation expense, foreign currency impact and other, acquisition and due diligence costs, (gain) loss on asset disposition, severance and executive transition costs, and other non-recurring items. Non-GAAP net income (loss) from discontinued operations is calculated as our net income from discontinued operations adjusted to exclude interest expense, net, income taxes, depreciation and amortization, stock-based compensation, acquisition due diligence costs, and severance and executive transition costs.

Non-GAAP gross profit is calculated as gross profit with adjustments to add back depreciation and amortization related to cost of revenue. Non-GAAP gross margin is defined as non-GAAP gross profit divided by revenue.

We present non-GAAP net income (loss), non-GAAP net income (loss) from continuing operations, non-GAAP net income (loss) from discontinued operations, non-GAAP gross profit, and non-GAAP gross margin 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, budgeting and measuring annual bonus compensation targets for its executive personnel, including its named executive officers. Our non-GAAP net income (loss) provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as it eliminates the effect of items that are often unrelated to overall operating performance. Our non-GAAP gross profit and non-GAAP gross margin allow investors and our management team to analyze our operating performance by excluding expenses that are not directly related to the cost of providing goods and services.

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), net income (loss) from continuing operations, net income (loss) from discontinued operations, gross profit, gross margin 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.

[Table of Contents](#)

The following table provides a reconciliation of net loss to non-GAAP net loss:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net loss	\$ (26,798)	\$ (22,231)	\$ (46,673)	\$ (47,429)
Net income from discontinued operations, net of income taxes	—	(1,146)	—	(2,148)
Interest expense, net	3,434	3,034	6,062	5,496
Income taxes	884	(78)	558	(1,123)
Depreciation and amortization	7,172	6,877	14,120	14,302
Stock-based compensation	1,710	2,059	3,453	3,593
Change in fair value of earnout receivable	2,870	—	(784)	—
Contingent purchase compensation expense	138	568	213	885
Foreign currency impact and other	254	(61)	(162)	355
Acquisition and due diligence costs	588	202	856	1,105
(Gain) Loss on asset disposition	—	170	—	170
Severance and executive transition costs	1,035	903	1,500	4,747
Other non-recurring items(1)	—	—	1,014	—
Non-GAAP net loss from continuing operations	(8,713)	(9,703)	(19,843)	(20,047)
Non-GAAP net income from discontinued operations(2)	—	2,853	—	5,578
Non-GAAP net loss	<u>\$ (8,713)</u>	<u>\$ (6,850)</u>	<u>\$ (19,843)</u>	<u>\$ (14,469)</u>

- (1) Other non-recurring items for the six months ended June 30, 2025 consists of fees paid to the lenders in connection with the Limited Consent to the Credit Agreement as described further in Note 4, *Debt*, included elsewhere in this Quarterly Report on Form 10-Q.
- (2) A reconciliation of non-GAAP net income from discontinued operations to GAAP net income from discontinued operations for the three and six months ended June 30, 2024 is set forth in the table below.

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Net income from discontinued operations, net of income taxes	\$ 1,146	\$ 2,148
Interest expense, net	1,463	2,991
Income taxes	35	35
Depreciation and amortization	82	159
Stock-based compensation	80	154
Acquisition and due diligence costs	39	77
Severance and executive transition costs	8	14
Non-GAAP net income from discontinued operations	<u>\$ 2,853</u>	<u>\$ 5,578</u>

The following table provides a reconciliation of gross profit to Non-GAAP gross profit and gross margin to Non-GAAP gross margin:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	\$ 24,013	\$ 24,058	\$ 46,476	\$ 48,211
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization)	7,478	6,342	15,312	13,289
Depreciation and amortization related to cost of revenue	1,191	1,301	2,106	2,180
GAAP gross profit	15,344	16,415	29,058	32,742
Depreciation and amortization related to cost of revenue	1,191	1,301	2,106	2,180
Non-GAAP gross profit	\$ 16,535	\$ 17,716	\$ 31,164	\$ 34,922
GAAP gross margin	63.9 %	68.2 %	62.5 %	67.9 %
Non-GAAP gross margin	68.9 %	73.6 %	67.1 %	72.4 %

GAAP gross profit of \$15.3 million and \$29.1 million for the three and six months ended June 30, 2025, respectively, declined \$1.1 million and \$3.7 million, respectively, or 6.5% and 11.3%, respectively, as compared to the three and six months ended June 30, 2024 primarily due to a decline in revenue, coupled with higher cost of revenue. GAAP gross margin of 63.9% and 62.5% for the three and six months ended June 30, 2025, respectively, declined 430 basis points and 540 basis points, respectively, as compared to the three and six months ended June 30, 2024 as a result of year-over-year declines in higher gross margin revenue from consumption-based and one-time software revenue.

Non-GAAP gross profit of \$16.5 million and \$31.2 million for the three and six months ended June 30, 2025, respectively, declined \$1.2 million and \$3.8 million, respectively, or 6.7% and 10.8%, respectively, as compared to the three and six months ended June 30, 2024 primarily due to a decline in revenue, coupled with higher cost of revenue. Non-GAAP gross margin of 68.9% and 67.1% for the three and six months ended June 30, 2025, respectively, declined 470 basis points and 530 basis points, respectively, as compared to the three and six months ended June 30, 2024 as a result of year-over-year declines in higher gross margin revenue from consumption-based and one-time software revenue. Historically, our gross margin and non-GAAP gross margin have been impacted significantly by the mix of our Software Products & Services revenue 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.

Supplemental Financial Information

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

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

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				
	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
Total Software Products & Services Customers(1)	3,437	3,291	3,237	3,156	3,067
Annual Recurring Revenue (SaaS) (in 000's)(2)	\$ 49,223	\$ 48,269	\$ 47,549	\$ 47,494	\$ 50,350
Annual Recurring Revenue (Consumption) (in 000's)(3)	\$ 18,701	\$ 15,011	\$ 11,245	\$ 11,223	\$ 12,249
Total New Bookings (in 000's)(4)	\$ 14,047	\$ 16,471	\$ 13,228	\$ 15,835	\$ 15,766
Gross Revenue Retention(5)	>90%	>90%	>90%	> 90%	> 90%

- (1) "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 during the last month of the quarter and also excludes any customers categorized by us as trial or pilot status. 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 inclusive of Broadbean.
- (2) "Annual Recurring Revenue (SaaS)" represents an annualized calculation of monthly recurring subscription-based SaaS revenue during the last month of the applicable quarter for all Total Software Products & Services customers. 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-based revenues and the split between the two allows us to delineate between predictable recurring SaaS revenues and more volatile consumption-based revenues.
- (3) "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. 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-based revenues and the split between the two allows us to delineate between predictable recurring SaaS revenues and more volatile consumption-based revenues.
- (4) "Total New Bookings" represents the total fees payable during the full contract term for new contracts received in the quarter (including fees payable during any cancellable portion and an estimate of license fees that may fluctuate over the term), excluding any variable fees under the contract (e.g., fees for cognitive processing, storage, professional services and other variable services).
- (5) "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 three 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.

Results of Operations

The following tables set forth our results of operations for the three months ended June 30, 2025 and 2024, 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.

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	\$ 24,013	\$ 24,058	\$ 46,476	\$ 48,211
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	7,478	6,342	15,312	13,289
Sales and marketing	11,096	11,208	21,201	21,156
Research and development	4,932	6,082	10,138	14,507
General and administrative	12,653	13,855	26,657	29,633
Depreciation and amortization	7,172	6,877	14,120	14,302
Total operating expenses	43,331	44,364	87,428	92,887
Operating loss	(19,318)	(20,306)	(40,952)	(44,676)
Interest expense, net	3,434	3,034	6,062	5,496
Other expense (income), net	3,162	115	(899)	528
Loss from continuing operations before income taxes	(25,914)	(23,455)	(46,115)	(50,700)
Income taxes	884	(78)	558	(1,123)
Net loss from continuing operations	(26,798)	(23,377)	(46,673)	(49,577)
Net income from discontinued operations, net of income taxes	—	1,146	—	2,148
Net loss	\$ (26,798)	\$ (22,231)	\$ (46,673)	\$ (47,429)

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	31.1 %	26.4 %	32.9 %	27.6 %
Sales and marketing	46.2 %	46.6 %	45.6 %	43.9 %
Research and development	20.5 %	25.3 %	21.8 %	30.1 %
General and administrative	52.7 %	57.6 %	57.4 %	61.5 %
Depreciation and amortization	29.9 %	28.6 %	30.4 %	29.7 %
Total operating expenses	180.4 %	184.4 %	188.1 %	192.7 %
Operating loss	(80.4)%	(84.4)%	(88.1)%	(92.7)%
Interest expense, net	14.3 %	12.6 %	13.0 %	11.4 %
Other expense (income), net	13.2 %	0.5 %	(1.9)%	1.1 %
Loss from continuing operations before income taxes	(107.9)%	(97.5)%	(99.2)%	(105.2)%
Income taxes	3.7 %	(0.3)%	1.2 %	(2.3)%
Net loss from continuing operations	(111.6)%	(97.2)%	(100.4)%	(102.8)%
Net income from discontinued operations, net of income taxes	— %	4.8 %	— %	4.5 %
Net loss	(111.6)%	(92.4)%	(100.4)%	(98.4)%

Comparison of the Three and Six Months Ended June 30, 2025 and 2024

Revenue

We serve two customer groups: (1) Commercial Enterprise, which today consists of customers in the commercial sector, including media and entertainment customers, representation customers and Veritone Hire solutions customers (inclusive of Broadbean customers); and (2) Public Sector, which consists of customers in the public sector industries, including state, local and federal government, legal, and compliance customers.

[Table of Contents](#)

Software Products & Services consists of revenue generated from our aiWARE platform, including our VDR product, and Veritone Hire talent acquisition solutions, 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, representation services, and, to a lesser extent, from advertising customers and related services.

	Three Months Ended					
	June 30, 2025			June 30, 2024		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Software Products & Services	\$ 15,334	\$ 2,135	\$ 17,469	\$ 14,510	\$ 1,122	\$ 15,632
Managed Services:						
Representation Services	1,529	—	1,529	3,541	—	3,541
Licensing	5,015	—	5,015	4,885	—	4,885
Total Managed Services	6,544	—	6,544	8,426	—	8,426
Total revenue	<u>\$ 21,878</u>	<u>\$ 2,135</u>	<u>\$ 24,013</u>	<u>\$ 22,936</u>	<u>\$ 1,122</u>	<u>\$ 24,058</u>

	Six Months Ended					
	June 30, 2025			June 30, 2024		
	Commercial Enterprise	Public Sector	Total	Commercial Enterprise	Public Sector	Total
Software Products & Services	\$ 28,483	\$ 3,469	\$ 31,952	\$ 28,212	\$ 2,640	\$ 30,852
Managed Services:						
Representation Services	4,301	—	4,301	7,033	—	7,033
Licensing	10,223	—	10,223	10,326	—	10,326
Total Managed Services	14,524	—	14,524	17,359	—	17,359
Total revenue	<u>\$ 43,007</u>	<u>\$ 3,469</u>	<u>\$ 46,476</u>	<u>\$ 45,571</u>	<u>\$ 2,640</u>	<u>\$ 48,211</u>

Commercial Enterprise

Commercial Enterprise Software Products & Services revenue increased \$0.8 million, or 5.7%, in the three months ended June 30, 2025 compared to the corresponding prior-year period primarily due to an increase in VDR revenue. Commercial Enterprise Managed Services revenue decreased \$1.9 million, or 22.3%, in the three months ended June 30, 2025 compared to the corresponding prior-year period driven by declines in live event services and VeriAds as a result of the more challenging macro environment.

Commercial Enterprise Software Products & Services revenue increased \$0.3 million, or 1.0%, in the six months ended June 30, 2025 compared to the corresponding prior-year period primarily due to an increase in VDR revenue, offset by a decline in consumption based revenue across Veritone Hire. Commercial Enterprise Managed Services revenue decreased \$2.8 million, or 16.3%, in the six months ended June 30, 2025 compared to the corresponding prior-year period driven by declines in live event services and VeriAds as a result of the more challenging macro environment.

Public Sector

Public Sector Software Products & Services revenue increased \$1.0 million, or 90.3%, in the three months ended June 30, 2025 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.

[Table of Contents](#)

Public Sector Software Products & Services revenue increased \$0.8 million, or 31.4%, in the six months ended June 30, 2025 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

Cost of Revenue (Exclusive of Depreciation and Amortization)

Cost of revenue increased \$1.1 million in the three months ended June 30, 2025 compared to the corresponding prior-year period primarily due to a higher mix of lower margin revenue during the three months ended June 30, 2025, including VDR. During the three months ended June 30, 2025, Software Products & Services products accounted for 72.7% of revenues compared to 65.0% in the prior year period. Cost of revenue as a percentage of revenue increased to 31.1% from 26.4% during the three months ended June 30, 2025.

Cost of revenue increased \$2.0 million in the six months ended June 30, 2025 compared to the corresponding prior-year period primarily due to a higher mix of lower margin revenue during the six months ended June 30, 2025, including VDR. During the six months ended June 30, 2025, Software Products & Services products accounted for 68.7% of revenues compared to 64.0% in the prior year period. Cost of revenue as a percentage of revenue increased to 32.9% from 27.6% during the six months ended June 30, 2025.

Sales and Marketing

Sales and marketing decreased \$0.1 million in the three months ended June 30, 2025 compared to the corresponding prior-year period. Sales and marketing as a percentage of revenue increased to 46.2% from 46.6% during the three months ended June 30, 2025.

Sales and marketing remained flat in the six months ended June 30, 2025 compared to the corresponding prior-year period. Sales and marketing as a percentage of revenue increased to 45.6% from 43.9% during the six months ended June 30, 2025.

Research and Development

Research and development decreased \$1.2 million, or 18.9%, in the three months ended June 30, 2025 compared to the corresponding prior-year period primarily due to decreases in personnel-related costs resulting from various cost reduction initiatives enacted throughout fiscal year 2024, capitalized internal-use software costs, and outside consulting services. Research and development as a percentage of revenue decreased to 20.5% from 25.3% during the three months ended June 30, 2025.

Research and development decreased \$4.4 million, or 30.1%, in the six months ended June 30, 2025 compared to the corresponding prior-year period primarily due to decreases in personnel-related costs resulting from various cost reduction initiatives enacted throughout fiscal year 2024, capitalized internal-use software costs, and outside consulting services. Research and development as a percentage of revenue decreased to 21.8% from 30.1% during the six months ended June 30, 2025.

General and Administrative

General and administrative decreased \$1.2 million, or 8.7%, in the three months ended June 30, 2025 compared to the corresponding prior-year period primarily due to decreases in personnel-related costs resulting from various cost reduction initiatives enacted throughout fiscal year 2024 and contingent purchase compensation expense.

General and administrative decreased \$3.0 million, or 10.0%, in the six months ended June 30, 2025 compared to the corresponding prior-year period primarily due to decreases in personnel-related costs resulting from various cost reduction initiatives enacted throughout fiscal year 2024 and contingent purchase compensation expense.

Depreciation and Amortization

Depreciation and amortization expense increased \$0.3 million, or 4.3%, in the three months ended June 30, 2025 compared to the corresponding prior-year period primarily due to ongoing depreciation of newly capitalized internal-use software.

Depreciation and amortization expense decreased \$0.2 million, or 1.3%, in the six months ended June 30, 2025 compared to the corresponding prior-year period primarily due to certain long-lived assets being fully depreciated in the latter half of 2024, partially offset by ongoing depreciation of newly capitalized internal-use software.

Interest Expense, Net

Interest expense, net increased \$0.4 million, or 13.2%, in the three months ended June 30, 2025 compared to the corresponding prior-year period primarily due to a decrease in interest income, partially offset by a decrease in interest expense as a result of a decrease in the outstanding principal amount under our senior secured term loan under the Credit Agreement (the “Term Loan”).

Interest expense, net increased \$0.6 million, or 10.3%, in the six months ended June 30, 2025 compared to the corresponding prior-year period primarily due to a decrease in interest income, partially offset by a decrease in interest expense as a result of a decrease in the outstanding principal amount under the Term Loan.

Other Expense (Income), Net

The \$3.2 million of other expense, net for the three months ended June 30, 2025 primarily consisted of a \$2.9 million loss on revaluation of the Veritone One earnout receivable. The \$0.1 million of other expense, net for the three months ended June 30, 2024 consisted of a \$0.2 million loss on sale of GridBeyond, partially offset by a \$0.1 foreign currency impact.

The \$0.9 million of other income, net for the six months ended June 30, 2025 primarily consisted of a \$0.8 million gain on revaluation of the Veritone One earnout receivable. The \$0.5 million of other expense, net for the six months ended June 30, 2024 consisted of a \$0.2 million loss on sale of GridBeyond and a \$0.4 million foreign currency impact.

Net Income From Discontinued Operations

On October 17, 2024, we completed the Divestiture. The Divestiture was strategic, primarily allowing us to focus on our AI solutions, and secondarily improving 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* included elsewhere in this Quarterly Report on Form 10-Q for more information.

Net income from discontinued operations was \$1.1 million and \$2.1 million for the three and six months ended June 30, 2024, respectively, and primarily consisted of revenue of \$6.9 million and \$14.4 million, respectively, offset by cost of revenue of \$0.2 million and \$0.3 million, respectively, other operating expenses of \$4.1 million and \$8.9 million, respectively, and \$1.5 million and \$3.0 million, respectively, of net interest expense allocations primarily due to the repayment of our Term Loan as a result of the Divestiture.

Liquidity and Capital Resources

We have historically generated negative cash flows from operations and have primarily financed our operations through the sale of equity securities and debt. In January 2025, we issued and sold an aggregate of 4,414,878 shares of common stock at a price of \$2.53 per share and pre-funded warrants to purchase up to 3,608,838 shares of common stock at a price of \$2.52 per pre-funded warrant, with an exercise price of \$0.01, in a registered direct offering. The aggregate gross proceeds were approximately \$20.3 million, before deducting estimated offering expenses.

On June 30, 2025, we agreed to issue and sell an aggregate of 6,452,293 shares of our common stock at a price of \$1.09 per share and pre-funded warrants to purchase up to 1,804,587 shares of our common stock, priced at \$1.08 per pre-funded warrant, with an exercise price of \$0.01 per share, to certain institutional and accredited investors in a registered direct offering. The sale and issuance of shares and warrants were completed on July 1, 2025. Additionally, in a concurrent private placement transaction, we and Ryan Steelberg, our President, Chief Executive Officer and Chairman of our Board of Directors, as trustee of the RSS Trust, entered into the Steelberg Purchase Agreement, pursuant to which the RSS Trust agreed to purchase from us, and we agreed to issue and sell to the RSS Trust, up to 709,220 shares of common stock for a gross aggregate offering price of \$1.0 million, at a price per share equal to the greater of (i) \$1.41 (representing the consolidated closing bid price of our common stock on June 27, 2025), and (ii) the consolidated closing bid price of our common stock on the date that is the second full trading day after the date on which our Q2 Form 10-Q is filed. The aggregate gross proceeds were approximately \$10.0 million, before deducting estimated offering expenses.

We also have the ability to offer and sell shares of our common stock having an aggregate offering price of up to \$35.0 million from time to time pursuant to a sales agreement we entered into with Needham & Company, LLC and H.C. Wainwright & Co., LLC (the “Sales Agents”, and the program, the “ATM Program”). As of June 30, 2025, we have received \$7.8 million in gross proceeds for sales of 3,716,873 shares of our common stock under the ATM Program. As of June 30, 2025, we had cash and cash equivalents of \$13.6 million. We also may receive additional proceeds in connection with the Divestiture, including any earn-out payments and releases of previously escrowed amounts, all of which proceeds, if received, must be used to repay our Term Loan.

[Table of Contents](#)

As of June 30, 2025, we had \$37.3 million aggregate principal amount outstanding under our Term Loan and \$91.3 million aggregate principal amount outstanding under our Convertible Notes (as defined in Note 4, *Debt*). The Term Loan matures on December 13, 2027 and requires prepayment in full if \$30.0 million or more of aggregate principal amount of the Convertible Notes are outstanding on August 14, 2026. The Convertible Notes mature on November 15, 2026. See Note 4, *Debt*, included elsewhere in this Quarterly Report on Form 10-Q for more information regarding the Term Loan and the Convertible Notes

Based on our liquidity position as of June 30, 2025 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. As a result, we will require additional liquidity to continue our operations over the next twelve months.

We are exploring potential financing structures, including discussions with our current debt holders, which we believe could improve our current liquidity position and balance sheet. There can be no assurance that any refinancing will be completed. We also continue to evaluate additional strategies to obtain funding for future operations, including, but not limited to, obtaining equity financing 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 having sufficient liquidity in the future to meet, among other things, our covenants under the Credit Agreement (as defined in Note 4, *Debt*). We may not be able to access additional equity under acceptable terms, refinance our outstanding debt prior to its scheduled maturity, complete our operational restructurings with our expected cost savings, earn any deferred purchase consideration, meet the minimum liquidity threshold under our Credit Agreement or grow our revenue base. If some of these items do not occur, 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 our stockholders to lose all or part of their investment in our common stock. The condensed consolidated financial statements do not include any adjustments that might result from us 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):

	Six Months Ended	
	June 30, 2025	June 30, 2024
Net cash used in operating activities – continuing operations	\$ (25,277)	\$ (31,338)
Net cash used in investing activities – continuing operations	(2,311)	(1,447)
Net cash provided by (used in) financing activities – continuing operations	25,259	(3,959)
Effect of exchange rates on cash, cash equivalents, and restricted cash	(1,133)	—
Net change in cash, cash equivalents, and restricted cash from continuing operations	<u>\$ (3,462)</u>	<u>\$ (36,744)</u>

Operating Activities

Net cash used in continuing operating activities was \$25.3 million for the six months ended June 30, 2025, a decrease of \$6.0 million from \$31.3 million for the six months ended June 30, 2024. The decrease was primarily due to a \$4.0 million decrease in net loss from continuing operations excluding non-cash and reconciling items disclosed within our condensed consolidated statement of cash flows and a \$2.1 million favorable change in operating assets and liabilities. The \$4.0 million decrease in net loss excluding non-cash and reconciling items was primarily driven by lower operating expenses and favorable changes in non-cash and reconciling items including deferred income taxes, partially offset by lower revenue and unfavorable changes in non-cash and reconciling items including change in fair value of earnout receivable, non-cash interest expense, stock-based compensation, and depreciation and amortization. The \$2.1 million of favorable changes in operating assets and liabilities was primarily driven by favorable changes in accounts payable, partially offset by unfavorable changes in accounts receivable, accrued expenses and other current liabilities, and prepaid expenses and other current assets.

Investing Activities

Net cash used in continuing investing activities was \$2.3 million for the six months ended June 30, 2025, an increase of \$0.9 million from \$1.4 million for the six months ended June 30, 2024. The increase was due to a \$1.8 million unfavorable impact of the sale of GridBeyond in 2024, partially offset by a \$0.9 million decrease in capital expenditures.

Financing Activities

Net cash provided by continuing financing activities was \$25.3 million for the six months ended June 30, 2025, an increase of \$29.2 million as compared to net cash used in continuing financing activities of \$4.0 million for the six months ended June 30, 2024. The increase was primarily due to a \$29.4 million increase in proceeds from issuance of common stock and pre-funded warrants under our registered direct offerings in January 2025 and June 2025 and our at-the-market offering, net of offering costs, and a \$1.8 million favorable impact from the settlement of deferred consideration for acquisitions in 2024, partially offset by a \$1.9 million increase in repayment of our senior secured term loan.

Contractual Obligations and Known Future Cash Requirements

As of June 30, 2025, our debt obligations are comprised of our Term Loan and our 1.75% convertible senior notes due in 2026 (the “Convertible Notes”). As of June 30, 2025, we have \$37.3 million principal amount outstanding under our Term Loan that matures in December 2027 and \$91.3 million aggregate principal amount outstanding of our Convertible Notes that mature in November 2026. If \$30.0 million or more of aggregate principal amount of the Convertible Notes are outstanding on August 14, 2026, we must repay all of the outstanding Term Loans at such time.

As of June 30, 2025, 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 June 30, 2025, we have recorded \$2.4 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, 2024. We have reviewed recently issued accounting pronouncements and are evaluating the potential 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, 2024.

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 June 30, 2025. 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 June 30, 2025, 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 our 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 relating to a lack of 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 was not remediated as of June 30, 2025 and could have resulted in a material misstatement to our 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 years ended December 31, 2023 and 2022, management identified the following material weaknesses in internal control over financial reporting, which still exist as of June 30, 2025:

- Management identified a material weakness in internal control over financial reporting relating to the consolidation process and review of financial statements specifically pertaining to our 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 our 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. Our 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 the findings above, management concluded that during the year ended December 31, 2023, we 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. This material weakness has not been remediated as of June 30, 2025.

Remediation of Material Weaknesses in Internal Control Over Financial Reporting

In order to remediate the material weaknesses, management is taking remediation actions including:

- (i) continued engagement since March 2024 with an outside firm to assist us with our remediation actions;
- (ii) development of a more robust plan and risk assessment process around the proper design, testing and assessment of internal controls over financial reporting which has been an ongoing process since April 2024;

[Table of Contents](#)

- (iii) developing 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) developing and maintaining documentation of underlying ITGCs to promote knowledge transfer upon personnel and function changes;
- (v) implementing an IT management review and testing plan to monitor ITGCs with a specific focus on systems supporting our financial reporting processes; and
- (vi) hiring and train 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 regard 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 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 June 30, 2025 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

Risks affecting our business are discussed in Part I, Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 10-K"). There have been no material changes to our risk factors as previously disclosed in our 2024 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibit Index:

Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
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	8-K	2.1	5/31/2023
2.2†^	Equity Purchase Agreement, dated as of October 17, 2024, by and among Veritone, Inc., Veritone One, LLC and Oxford Buyer, LLC	8-K	2.1	10/23/2024
3.1	Fourth Amended and Restated Certificate of Incorporation of the Registrant	8-K	3.1	6/16/2025
3.2	Amended and Restated Bylaws of the Registrant	8-K	3.2	5/23/2017
4.1	Form of Pre-Funded Warrant	8-K	4.1	6/30/2025
10.1†	Form of Securities Purchase Agreement, by and among Veritone, Inc. and the Purchasers, dated June 30, 2025	8-K	10.1	6/30/2025
10.2†	Form of Securities Purchase Agreement, by and between Veritone, Inc. and The RSS Living Trust dated April 6, 2012, dated June 30, 2025	8-K	10.3	6/30/2025
10.3†	First Amendment to Credit and Guaranty Agreement, dated April 24, 2025, by and among Veritone, Inc., certain of its direct and indirect subsidiaries and the other parties thereto	8-K	10.1	4/24/2025
10.4†	Second Amendment to Credit and Guaranty Agreement, dated June 13, 2025, by and among Veritone, Inc., certain of its direct and indirect subsidiaries and the other parties thereto	8-K	10.1	6/13/2025

[Table of Contents](#)

Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
10.5	Third Amendment to Credit and Guaranty Agreement, dated June 30, 2025, by and among Veritone, Inc., certain of its direct and indirect subsidiaries and the other parties thereto	8-K	10.2	6/30/2025
10.6	Veritone, Inc. Amended and Restated 2023 Equity Incentive Plan	8-K	10.2	6/16/2025
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act			
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act			
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S. Section 1350			
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document			
101.SCH*	Inline XBRL Taxonomy Extension Schema Document With Embedded Linkbase Documents			
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Filed herewith.

** 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.

† 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.

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.

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

Date: August 8, 2025

RULE 13a-14(a)/15d-14(a) CERTIFICATION

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.

By: /s/ RYAN STEELBERG
Ryan Steelberg
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 8, 2025

RULE 13a-14(a)/15d-14(a) CERTIFICATION

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.

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

Date: August 8, 2025

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Veritone, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Ryan Steelberg, President and Chief Executive Officer of the Company, and Michael L. Zemetra, Executive Vice President, Chief Financial Officer and Treasurer of the Company, each certify, 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, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ RYAN STEELBERG

Ryan Steelberg

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 8, 2025

By: /s/ MICHAEL L. ZEMETRA

Michael L. Zemetra

Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

Date: August 8, 2025

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