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 March 31, 2021

OR

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

For the transition period from______ to ______

Commission File Number: 001-38093

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

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

1515 Arapahoe St., Tower 3, Suite 400, Denver, CO 80202
(Address of principal executive offices, including zip code)

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

As of April 30, 2021, 32,683,519 shares of the registrant's common stock were outstanding.

VERITONE, INC.
QUARTERLY REPORT ON FORM 10-Q
March 31, 2021

TABLE OF CONTENTS

SPECIAL 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. For this purpose, any statements made in this Quarterly Report on Form 10-Q that are not historical or current facts may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "anticipates," "believes," "seeks," "estimates," "expects," "intends," "continue," "can," "may," "plans," "potential," "projects," "should," "could," "will," "would" or similar expressions and the negatives of those expressions are intended to identify forward-looking statements. Such statements include, but are not limited to, any statements that refer to projections of our future financial condition and results of operations, capital needs and financing plans, competitive position, industry environment, potential growth and market opportunities, acquisition 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, those discussed in more detail in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) of Part I, and Item 1A (Risk Factors) of Part II, of this Quarterly Report on Form 10-Q, and in Item 1 (Business) and Item 1A (Risk Factors) of Part I of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 5, 2021. Readers should carefully review these risks, as well as the additional risks described in other documents we file from time to time with the Securities and Exchange Commission. 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 speak 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 publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. We qualify all of our forward-looking statements by these cautionary statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	As of	
	March 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 127,459	$ 114,817
Accounts receivable, net	24,100	16,666
Expenditures billable to clients	16,129	18,365
Prepaid expenses and other current assets	5,220	6,719
Total current assets	172,908	156,567
Property, equipment and improvements, net	385	2,354
Intangible assets, net	9,666	10,744
Goodwill	6,904	6,904
Long-term restricted cash	855	855
Other assets	229	230
Total assets	$ 190,947	$ 177,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 19,186	$ 15,632
Accrued media payments	65,391	55,874
Client advances	8,321	6,496
Other accrued liabilities	10,143	10,246
Total current liabilities	103,041	88,248
Other non-current liabilities	2,113	1,196
Total liabilities	105,154	89,444
Commitments and contingencies (Note 7)		
Stockholders' equity		
Common stock, par value $0.001 per share; 75,000,000 shares authorized; 32,676,286 and 31,799,354 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	33	32
Additional paid-in capital	396,619	368,477
Accumulated deficit	(310,932)	(280,365)
Accumulated other comprehensive income	73	66
Total stockholders' equity	85,793	88,210
Total liabilities and stockholders' equity	$ 190,947	$ 177,654

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

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue	$ 18,295	$ 11,904
Operating expenses:		
Cost of revenue	4,823	3,250
Sales and marketing	6,427	4,929
Research and development	4,960	3,646
General and administrative	31,543	11,543
Amortization	1,078	1,348
Total operating expenses	48,831	24,716
Loss from operations	(30,536)	(12,812)
Other (expense) income, net	(9)	131
Loss before provision for income taxes	(30,545)	(12,681)
Provision for income taxes	22	3
Net loss	$ (30,567)	$ (12,684)
Net loss per share:		
Basic and diluted	$ (0.95)	$ (0.47)
Weighted average shares outstanding:		
Basic and diluted	32,172,038	26,773,163
Comprehensive loss:		
Net loss	(30,567)	(12,684)
Foreign currency translation gain, net of income taxes	7	4
Total comprehensive loss	$ (30,560)	$ (12,680)

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

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

	Three Months Ended March 31, 2021					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance as of December 31, 2020	31,799,354	$ 32	$ 368,477	$ (280,365)	$ 66	$ 88,210
Common stock issued under employee stock plans, net	608,886	1	4,253	—	—	4,254
Common stock issued for services	15,828	—	119	—	—	119
Stock-based compensation expense	—	—	21,491	—	—	21,491
Exercise of warrants	252,218	—	2,279	—	—	2,279
Net loss	—	—	—	(30,567)	—	(30,567)
Other comprehensive gain	—	—	—	—	7	7
Balance as of March 31, 2021	32,676,286	$ 33	$ 396,619	$ (310,932)	$ 73	$ 85,793

	Three Months Ended March 31, 2020					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance as of December 31, 2019	25,670,737	26	279,828	(232,489)	46	47,411
Common stock offerings, net	1,292,208	1	2,983	—	—	2,984
Common stock issued under employee stock plans, net	111,427	—	101	—	—	101
Stock-based compensation expense	—	—	4,456	—	—	4,456
Net loss	—	—	—	(12,684)	—	(12,684)
Other comprehensive gain	—	—	—	—	4	4
Balance as of March 31, 2020	27,074,372	$ 27	$ 287,368	$ (245,173)	$ 50	$ 42,272

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

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash flows from operating activities:		
Net loss	$ (30,567)	$ (12,684)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,253	1,604
Loss on disposal of fixed assets	1,894	—
Loss on sublease	1,211	—
Change in fair value of warrant liability	—	(2)
Provision for doubtful accounts	5	—
Stock-based compensation expense	21,610	4,456
Changes in assets and liabilities:		
Accounts receivable	(7,439)	(555)
Expenditures billable to clients	2,236	5,446
Prepaid expenses and other current assets	1,507	406
Accounts payable	3,554	(763)
Accrued media payments	9,517	3,334
Client advances	1,825	947
Other accrued liabilities	(103)	(644)
Other liabilities	(294)	(42)
Net cash provided by operating activities	6,209	1,503
Cash flows from investing activities:		
Capital expenditures	(100)	(9)
Net cash used in investing activities	(100)	(9)
Cash flows from financing activities:		
Proceeds from common stock offerings, net	—	3,505
Proceeds from the exercise of warrants	2,279	—
Proceeds from issuances of stock under employee stock plans, net	4,254	101
Net cash provided by financing activities	6,533	3,606
Net increase in cash and cash equivalents and restricted cash	12,642	5,100
Cash and cash equivalents and restricted cash, beginning of period	115,672	44,920
Cash and cash equivalents and restricted cash, end of period	$ 128,314	$ 50,020

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

NOTE 1. DESCRIPTION OF BUSINESS

Description of Business

Veritone, Inc., a Delaware corporation ("Veritone") (together with its wholly owned 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 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 future-proof, scalable and evolving solution that can be leveraged by organizations across a broad range of industries, including media and entertainment, government, legal and compliance, energy and other vertical markets.

The Company also offers cloud-native digital content management solutions and content licensing services, primarily to customers in the media and entertainment market. These offerings leverage the Company's aiWARE technologies, providing customers with unique capabilities to enrich and drive expanded revenue opportunities from their content.

In addition, the Company operates a full-service advertising agency that leverages the Company's aiWARE technologies to provide differentiated services to its clients. The Company's advertising services include 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's advertising services also include its VeriAds™ Network, which is comprised of programs that enable broadcasters, podcasters and social media influencers to generate incremental advertising revenue.

NOTE 2. PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Preparation

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial statements and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not contain all information and footnotes required by GAAP for annual financial statements. Such unaudited condensed consolidated financial statements and accompanying notes are based on the representations of the Company's management, who is responsible for their integrity and objectivity. The information included in this Form 10-Q should be read in conjunction with the information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 5, 2021. Interim results for the three months ended March 31, 2021 are not necessarily indicative of the results the Company will have for the full year ending December 31, 2021.

The accompanying condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which are normal, recurring and necessary to fairly state the Company's financial position, results of operations and cash flows. All significant intercompany transactions have been eliminated in consolidation. The financial data and the other information disclosed in these notes to the condensed consolidated financial statements reflected in the three month periods presented are unaudited. The December 31, 2020 balance sheet included herein was derived from the audited financial statements but does not include all disclosures or notes required by GAAP for complete financial statements.

Reclassifications

Amortization expense, which was presented in prior year periods within cost of revenue, sales and marketing, research and development, and general and administrative operating expenses, has been reclassified and is presented as a single separate line item in operating expenses. Gross profit, which was previously reflected in the statement of operations and comprehensive loss, is no longer presented. Additionally, cost of revenue, which was presented in prior periods within gross profit, is now presented as an operating expense. The Company believes that this presentation more accurately reflects the Company's cost of revenue and operating expenses. These reclassifications had no effect on reported net loss.

Liquidity and Capital Resources

During the years ended December 31, 2020 and 2019, the Company generated cash flows from operations of $1,433 and negative cash flows from operations of $30,432, respectively, and incurred net losses of $47,876 and $62,078, respectively. In the three months ended March 31, 2021, the Company generated cash flows from operations of $6,209 and incurred a net loss of $30,567. As of March 31, 2021, the Company had an accumulated deficit of $310,932. Historically, the Company has satisfied its capital needs with the net proceeds from sales of equity securities, issuances of convertible debt, and the exercise of common stock options and warrants. In 2020, the Company completed an offering of its common stock for aggregate net proceeds of $59,771 and raised additional net proceeds of $5,986 through sales of its common stock under an Equity Distribution Agreement dated June 1, 2018 (the "Equity Distribution Agreement"). In the first three months of 2021, the Company received net proceeds of $4,254 from the issuance of common stock under the Company's employee stock plans and $2,279 from the exercise of common stock warrants.

The Company expects to continue to generate net losses for the foreseeable future as it makes significant investments in developing and selling its aiWARE SaaS solutions. Management believes that the Company's existing balances of cash and cash equivalents, which totaled $127,459 as of March 31, 2021, will be sufficient to meet its anticipated cash requirements for at least twelve months from the date that these financial statements are issued. However, should the Company's current cash and cash equivalents not be sufficient to support the development of its business to the point at which it has positive cash flows from operations, the Company plans to meet its future needs for additional capital through equity and/or debt financings. Equity financings may include sales of common stock. Such financing may not be available on terms favorable to the Company or at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it when required, the Company's ability to continue to support its business growth, scale its infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired.

Use of Accounting Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the accompanying condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The principal estimates relate to revenue recognition, allowance for doubtful accounts, purchase accounting, impairment of long-lived assets, the valuation of stock awards and stock warrants and income taxes, where applicable.

There has been uncertainty and disruption in the global economy and financial markets due to the COVID-19 pandemic. The Company is not aware of any specific event or circumstance that would require an update to its estimates or assumptions or a revision of the carrying value of its assets or liabilities as of the date of filing of this Quarterly Report on Form 10-Q.

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

Significant Customers

One individual customer accounted for 10% of the Company's net revenues for the three months ended March 31, 2021. No individual customer accounted for 10% or more of the Company's net revenues for the three months ended March 31, 2020.

Remaining Performance Obligations

As of March 31, 2021, the aggregate amount of the transaction prices under the Company's contracts allocated to the Company's remaining performance obligations was $4,730, approximately 74% of which the Company expects to recognize as revenue over the next twelve months, and the remainder thereafter. 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.

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, 2020.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments under this pronouncement will change the way all leases with duration of one year or more are treated. Under this guidance, lessees will be required to capitalize virtually all leases on the balance sheet as a right-of-use asset and an associated financing lease liability or capital lease liability. The right-of-use asset represents the lessee's right to use, or control the use of, a specified asset for the specified lease term. The lease liability represents the lessee's obligation to make lease payments arising from the lease, measured on a discounted basis. Based on certain characteristics, leases are classified as financing leases or operating leases. Financing lease liabilities, those that contain provisions similar to capitalized leases, are amortized in the same manner as capital leases are amortized under current accounting rules, as amortization expense and interest expense in the statement of operations. Operating lease liabilities are amortized on a straight-line basis over the life of the lease as lease expense in the statement of operations. This standard will be effective for the Company beginning with the first quarter of fiscal year 2022, assuming the Company maintains its emerging growth company status. The Company is currently evaluating the expected impact this standard will have on its policies and procedures pertaining to its existing and future lease arrangements, its disclosure requirements and its consolidated financial statements, but anticipates that the required recognition of a lease liability and related right-of-use asset may significantly increase both assets and liabilities recognized and reported on its balance sheet.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. which requires measurement and recognition of expected credit losses for financial assets held. This standard will be effective for the Company beginning in the first quarter of fiscal year 2023, assuming the Company maintains its emerging growth company status, and early adoption is permitted. The Company is currently evaluating the impact that this standard will have on its consolidated financial statements and related disclosures as well as the timing of adoption.

In December 2019, the FASB issued ASU 2019-12 to simplify the accounting in ASC 740 *Income Taxes*. This standard removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This guidance also clarifies and simplifies other areas of ASC 740. This standard will be effective for the Company beginning in the first quarter of fiscal year 2022, assuming the Company maintains its emerging growth company status, and early adoption is permitted. The Company is currently evaluating the impact that this standard will have on its financial statements and related disclosures as well as the timing of adoption.

NOTE 3. NET LOSS PER SHARE

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Numerator		
Net loss	$ (30,567)	$ (12,684)
Denominator		
Weighted-average common shares outstanding	32,191,419	26,794,326
Less: Weighted-average shares subject to repurchase	(19,381)	(21,163)
Denominator for basic and diluted net loss per share attributable to common stockholders	32,172,038	26,773,163
Basic and diluted net loss per share	$ (0.95)	$ (0.47)

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Common stock options and restricted stock units	10,274,878	9,781,808
Warrants to purchase common stock	639,169	1,297,151
	10,914,047	11,078,959

NOTE 4. FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs that may be used to measure fair value. Level 1 and Level 2 are considered observable and Level 3 is considered unobservable, as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3—unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and Cash Equivalents

The Company's money market funds are categorized as Level 1 within the fair value hierarchy.As of March 31, 2021, the Company's cash and cash equivalents balances were as follows:

	Cost	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents
Cash	$ 57,435	$ —	$ 57,435	$ 57,435
Level 1:				
Money market funds	70,024	—	70,024	70,024
Total	$ 127,459	$ —	$ 127,459	$ 127,459

As of December 31, 2020, the Company's cash and cash equivalents balances were as follows:

	Cost	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents
Cash	$ 44,795	$ —	$ 44,795	$ 44,795
Level 1:				
Money market funds	70,022	—	70,022	70,022
Total	$ 114,817	$ —	$ 114,817	$ 114,817

Stock Warrants

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

NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The carrying amount of goodwill was $6,904 as of March 31, 2021 and December 31, 2020.

Intangible Assets

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

		March 31, 2021			December 31, 2020		
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Software and technology	1.2	$ 3,582	$ (3,396)	$ 186	$ 3,582	$ (3,357)	$ 225
Licensed technology	0.5	500	(417)	83	500	(375)	125
Developed technology	2.4	9,600	(4,960)	4,640	9,600	(4,480)	5,120
Customer relationships	2.4	9,300	(4,805)	4,495	9,300	(4,340)	4,960
Noncompete agreements	1.4	800	(538)	262	800	(486)	314
Total	2.3	$ 23,782	$ (14,116)	$ 9,666	$ 23,782	$ (13,038)	$ 10,744

The following table presents future amortization of the Company's finite-lived intangible assets at March 31, 2021:

2021 (9 months)	$ 3,183
2022	3,963
2023	2,520
Total	$ 9,666

NOTE 6. CONSOLIDATED FINANCIAL STATEMENTS DETAILS

Consolidated Balance Sheets Details

Cash and cash equivalents

As of March 31, 2021 and December 31, 2020, the Company had cash and cash equivalents of $127,459 and $114,817, respectively, including $51,129 and $40,052, respectively, of cash received from advertising clients for future payments to vendors.

Accounts Receivable, Net

Accounts receivable consisted of the following:

	As of	
	March 31, 2021	December 31, 2020
Accounts receivable — Advertising	$ 18,820	$ 12,641
Accounts receivable — Other	5,354	4,143
	24,174	16,784
Less: allowance for doubtful accounts	(74)	(118)
Accounts receivable, net	$ 24,100	$ 16,666

The amount that the Company invoices and collects from advertising clients includes the cost of the advertisements placed for them with media vendors and the amount of the commission earned by the Company. The average commission earned by the Company is less than 15% of the total amount invoiced and collected from the advertising clients.

Property, Equipment and Improvements, Net

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

	As of	
	March 31, 2021	December 31, 2020
Property and equipment	$ 1,727	$ 2,365
Leasehold improvements	78	2,899
	1,805	5,264
Less: accumulated depreciation	(1,420)	(2,910)
Property, equipment and improvements, net	$ 385	$ 2,354

During the three months ended March 31, 2021, in connection with the sublease of its former corporate office space located in Costa Mesa, California, the Company wrote-off approximately $3,559 in property and equipment and leasehold improvements and recorded a net loss on disposal of $1,894. Depreciation expense was $175 and $256 for the three months ended March 31, 2021 and 2020, respectively.

Accounts Payable

Accounts payable consisted of the following:

	As of	
	March 31, 2021	December 31, 2020
Accounts payable — Advertising	$ 17,968	$ 14,667
Accounts payable — Other	1,218	965
Total	$ 19,186	$ 15,632

Accounts payable – Advertising reflects the amounts due to media vendors for advertisements placed on behalf of the Company's advertising clients.

Consolidated Statement of Operations and Comprehensive Loss Details

Revenue

Revenue for the periods presented were comprised of the following:

	Three Months Ended March 31,	
	2021	2020
Advertising	$ 10,327	$ 6,001
aiWARE SaaS Solutions	4,685	3,108
aiWARE Content Licensing and Media Services	3,283	2,795
Total revenue	$ 18,295	$ 11,904

During the three months ended March 31, 2021 and 2020, the Company made $82,421 and $54,749, respectively, in gross media placements, of which $79,625 and $50,050 respectively, were billed directly to clients. Of the amounts billed directly to clients, $71,673 and $44,499 represented media-related costs netted against billings during the three months ended March 31, 2021 and 2020, respectively.

Other (Expense) Income, Net

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

	Three Months Ended March 31,	
	2021	2020
Interest income, net	$ 2	$ 77
Change in fair value of warrant liability	—	2
Other	(11)	52
Other (expense) income, net	$ (9)	$ 131

NOTE 7. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases facilities under operating lease arrangements expiring on various dates through fiscal year 2024. Certain of the Company's leases contain standard rent escalation and renewal clauses. Under certain leases, the Company is required to pay operating expenses in addition to base rent. Rent expense for lease payments is recognized on a straight-line basis over the lease term.

In February 2021, the Company entered into an office sublease (the "Sublease") with a third party (the "Subtenant"), pursuant to which the Company has subleased its former office space located in Costa Mesa, California, consisting of approximately 37,875 square feet, which the Company leases pursuant to an existing lease agreement expiring in 2024 (the "Lease"). The term of the Sublease commenced in March 2021 and will continue through December 31, 2024, coterminous with the Lease. Pursuant to the Sublease, the Subtenant will pay to the Company monthly base rent, which is subject to annual rent escalations, as well as a portion of the operating expenses and taxes payable by the Company under the Lease. The Company recognized contract termination costs as a liability when it ceased using the rights conveyed under the Lease. During the first quarter ended March 31, 2021, the Company recorded approximately $3,367 in charges resulting from the Sublease, consisting of $1,894 loss on disposal of property and equipment and leasehold improvements, $1,211 loss on sublease, and $262 in initial direct costs.

As of March 31, 2021, future minimum lease payments were as follows:

2021 (nine months)	$	1,692
2022		1,884
2023		1,685
2024		1,730
Total minimum payments	$	6,991

As of March 31, 2021, minimum sublease rental income to be received in the future under noncancelable subleases was approximately $4,254. The total rent expense for all operating leases, excluding the charges related to the Sublease discussed above, was $571 and $766 for the three months ended March 31, 2021 and 2020, respectively.

Sales Taxes

The Company collects and remits sales tax in jurisdictions in which it has a physical presence or it believes nexus exists, which therefore obligates the Company to collect and remit sales tax. During the three months ended March 31, 2021, the Company recorded a liability of $138 for potential exposure in several states where there is uncertainty about the point in time at which the Company established a sufficient business connection to create nexus. As of March 31, 2021, the total accrued liability for potential sales tax exposure was $1,179.

Other Contingencies

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

NOTE 8. STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock Issuances

In June 2018, the Company entered into an Equity Distribution Agreement with JMP Securities as sales agent, pursuant to which it could offer and sell, from time to time, through JMP Securities, shares of its common stock having an aggregate offering price of up to $50,000. During the three months ended March 31, 2020, the Company issued and sold an aggregate of 1,292,208 shares of its common stock pursuant to the Equity Distribution Agreement and received net proceeds from such sales of $2,984 after deducting expenses of $92. The Company voluntarily terminated the Equity Distribution Agreement in January 2021.

During the three months ended March 31, 2021, the Company issued a total of 167,495 shares of its common stock upon the exercise of warrants for an aggregate exercise price of $2,279 and issued an aggregate of 84,723 shares of its common stock upon exercises of warrants to purchase an aggregate of 91,833 shares of its common stock, which were effected on a net exercise basis without cash payment of the exercise price.

During the three months ended March 31, 2021 and 2020, the Company issued an aggregate of 608,886 shares of its common stock and 111,427 shares of its common stock, respectively, in connection with the exercise of stock options, issuance of stock awards and vesting of restricted stock units under its stock incentive plans and purchases under its Employee Stock Purchase Plan (the "ESPP").

During the three months ended March 31, 2021, the Company issued an aggregate of 15,828 shares of its common stock for services provided to the Company.

NOTE 9. STOCK PLANS

Stock-Based Compensation

During the three months ended March 31, 2021, the Company granted options to purchase an aggregate of92,000 shares of its common stock that are subject to time-based vesting conditions.

The Company valued these stock options using the Black-Scholes Merton option pricing model.The following assumptions were used to compute the grant date fair values of the stock options granted during the three months ended March 31, 2021:

Expected term (in years)	6.1
Expected volatility	83 %
Risk-free interest rate	0.6 %
Expected dividend yield	—

The assumptions used in calculating the fair values of purchase rights granted under the ESPP during the three months ended March 31, 2021 are set forth in the table below:

Expected term (in years)	0.5 - 2.0
Expected volatility	101% - 119%
Risk-free interest rate	0.1 %
Expected dividend yield	—

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

	Three months ended March 31,	
	2021	**2020**
Stock-based compensation expense by type of award:		
Restricted stock units	$ 4,171	$ 142
Stock awards	19	62
Performance-based stock options	16,314	1,968
Stock options	837	2,149
Employee stock purchase plan	150	135
Common stock issued for services	119	-
Total	$ 21,610	$ 4,456
Stock-based compensation expense by operating expense grouping:		
Sales and marketing	$ 898	$ 178
Research and development	1,019	237
General and administrative	19,693	4,041
	$ 21,610	$ 4,456

Equity Award Activity Under Stock Plans

Stock Awards

The Company’s stock award activity for the three months ended March 31, 2021 was as follows:

	Shares	**Weighted Average Grant Date Fair Value**
Unvested at December 31, 2020	-	$ -
Granted	581	$ 32.33
Vested	(581)	$ 32.33
Unvested at March 31, 2021	-	

All stock awards granted during the three months ended March 31, 2021 were fully vested upon grant. As of March 31, 2021, there wasno unrecognized compensation cost related to stock awards granted under the Company’s stock plans.

Restricted Stock Units

The Company's restricted stock unit activity for the three months ended March 31, 2021 was as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	829,124	$ 11.53
Granted	346,645	$ 47.37
Forfeited	(250)	$ 8.81
Vested	(217,899)	$ 4.73
Unvested at March 31, 2021	957,620	$ 26.05

As of March 31, 2021, total unrecognized compensation cost related to restricted stock units was $16,840, which is expected to be recognized over a weighted average period of 0.9 year.

Performance-Based Stock Options

The activity during the three months ended March 31, 2021 related to stock options that are subject to performance-based vesting conditions tied to the achievement of stock price goals by the Company was as follows:

		Weighted-Average		
	Options	Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2020	4,234,020	$ 10.55		
Exercised	(221,936)	$ 5.80		
Forfeited	(5,895)	$ 6.02		
Outstanding at March 31, 2021	4,006,189	$ 10.82	7.27 years	$ 52,715
Exercisable at March 31, 2021	3,999,532	$ 10.83	7.27 years	$ 52,594

During the first quarter of 2021, the Company achieved all of the stock price milestones applicable to substantially all of the performance-based stock options and, as a result, such performance-based stock options vested and all associated unrecognized compensation was accelerated and recognized in full as a one-time expense of $16,268 in the first quarter of 2021. The aggregate intrinsic value of the options exercised during the three months ended March 31, 2021 was $5,815. No options were exercised during the three months ended March 31, 2020. No performance-based stock options were granted during the three months ended March 31, 2021 and 2020, and no performance-based stock options vested during the three months ended March 31, 2020.

Stock Options

The activity during the three months ended March 31, 2021 related to all other stock options was as follows:

		Weighted-Average		
	Options	Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2020	5,400,070	$ 12.60		
Granted	92,000	$ 46.74		
Exercised	(319,458)	$ 8.82		
Forfeited	(33,397)	$ 9.05		
Expired	(1,810)	$ 5.46		
Outstanding at March 31, 2021	5,137,405	$ 13.47	6.77 years	$ 56,355
Exercisable at March 31, 2021	4,074,911	$ 13.91	6.28 years	$ 41,038

The weighted average grant date fair value of stock options granted during the three months ended March 31, 2021 and 2020 was $32.68 and $1.64 per share, respectively. The aggregate intrinsic value of the stock options exercised during the three months ended March 31, 2021 was $7,848. No stock options were exercised during the three months ended March 31, 2020. The total grant date fair value of stock options vested during the three months ended March 31, 2021 and 2020 was $733 and $2,371, respectively. At March 31, 2021, total unrecognized compensation expense related to stock options was $7,765 and is expected to be recognized over a weighted average period of 3.0 years.

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

Employee Stock Purchase Plan

During the three months ended March 31, 2021, a total of67,068 shares of common stock were purchased under the Company's ESPP. As of March 31, 2021, accrued employee contributions for future purchases under the ESPP totaled $119.

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

Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read together with the consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2020. 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 II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. See "Special Note Regarding Forward-Looking Statements" above at page 1.

Overview

Veritone, Inc. (collectively with our subsidiaries, referred to as "Veritone," "Company," "we," "our," and "us") is a provider of artificial intelligence ("AI") solutions, including our proprietary AI platform, aiWARE™, digital content management solutions and content licensing services. We also operate a full-service media advertising agency and our VeriAds™ Network.

For the three months ended March 31, 2021 and 2020, we reported total revenue of $18.3 million and $11.9 million, respectively. Total revenue from our aiWARE SaaS solutions increased 51% for the three months ended March 31, 2021, compared with the same period in 2020.

Significant Transactions

In the first quarter of 2021, we received $4.3 million from the exercise of stock options and purchases of shares under our ESPP and $2.3 million in proceeds received from the exercise of stock warrants.

Opportunities, Challenges and Risks

In the first quarters of 2021 and 2020, we derived our revenue through our aiWARE SaaS solutions, aiWARE content licensing and media services, and advertising services. Beginning in the second half of 2020 and continuing into the first quarter of 2021, we began to experience significant growth in revenue across our aiWARE SaaS solutions, which increased 51% during the quarter ended March 31, 2021, compared with the same period in 2020. The year-over-year growth in aiWARE SaaS solutions revenue was driven primarily by expanded services to existing and new customers in the media and entertainment and government, legal and compliance markets. As we are at the early stages of new product introductions in these markets, we expect that our aiWARE SaaS revenue will continue to increase in the near and long term, both in absolute dollars and as a percentage of our total revenue.

We believe there will be significant near and long term opportunities for revenue growth from the U.S. Government adopting our aiWARE SaaS solutions and related AI technologies, as discussed under "Business - Overview" in our Annual Report on Form 10-K for the year ended December 31, 2020. However, many sales opportunities with government customers can involve long sales cycles, during which we must invest significant time and resources without a guarantee of success. We may seek to acquire businesses with deep relationships and greater scale with the U.S. Government to further accelerate our pursuit of the growth opportunities we see in this market.

We are a leader in AI-based SaaS, advertising and content licensing solutions across the media and entertainment market. In addition to the growth in our aiWARE SaaS solutions in this market, we have also demonstrated our ability to grow our advertising services, including our VeriAds Network, with our revenue from these services increasing 72% during the quarter ended March 31, 2021, compared with the prior year period. We continue to see significant opportunities for growth in the media and entertainment market, as we continue to extend our customer base beyond radio broadcasters to major media companies and rights holders, where our AI solutions could add tremendous value in content creation and distribution, including in news, television, and film.

During the second half of 2020, we launched our Veritone Energy solutions to help utilities increase profitability and improve grid reliability as they make the transition to renewables. We believe that our patented technology is uniquely suited to solving some of the most difficult challenges facing utilities today, and we see tremendous near and long term opportunity to grow our revenue within this market, as discussed under "Business - Overview" in our Annual Report on Form 10-K for the year ended December 31, 2020. Our aiWARE technology is in the early stages of deployment in the energy market, and we expect to continue making significant investments in product, sales and engineering over the next 12 to 24 months to further develop our current and future technologies to address the opportunities in this market.

At the end of the first quarter of 2021, we reported 1,777 SaaS accounts, which represented growth of 12% compared with the first quarter of 2020. To continue to grow our SaaS account base, and drive increased sales within our existing customer base, we will need to increase our sales and marketing spending in 2021 compared with 2020.

We believe our aiWARE SaaS technology will extend the capabilities of many third-party software platforms and products that are widely used today. For example, we integrated aiWARE with the Alteryx platform, enabling Alteryx users to access aiWARE's AI models and AI analytics capabilities, and we enhanced aiWARE to run on the NVIDIA® CUDA® GPU-based platform, enabling dramatic increases in aiWARE's processing speed and opening up a wide range of new use cases for our technology. We are in the process of developing and marketing specific use cases for these integrations, which we believe will open up new markets for our products and accelerate our near and long term revenue growth.   We plan to hire additional engineers and business development resources in the near term to further accelerate our pursuit of these potential opportunities, as well as other third-party technology integrations.

For the first quarter of 2021, our gross margin (calculated as described in "Non-GAAP Financial Measures" below) improved to 74%, compared with 73% for the first quarter of 2020, driven by recent enhancements made to the aiWARE platform that significantly reduced our computing and storage costs, coupled with the growth of new customers across our aiWARE SaaS Solutions, which generated incremental gross margins in excess of 80% during the quarter ended March 31, 2021. Our gross margin is impacted significantly by the mix of our aiWARE SaaS revenue, aiWARE content licensing and media services revenue and advertising revenue in a given period. Our gross profit (calculated as described in "Non-GAAP Financial Measures" below) is also dependent upon our ability to grow our revenue by expanding our customer base and increasing business with existing customers, and to manage our costs by negotiating favorable economic terms with cloud computing providers such as AWS and Microsoft Azure. While we are focused on continuing to improve our gross profit, our ability to attract new and retain existing 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.

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. Moreover, we expect to continue to report operating losses in the near term. The future revenue and operating growth across our platform will rely heavily on our ability to grow our SaaS customer base, continue to develop and deploy quality and innovative AI-driven applications, provide unique and attractive content and advertising services to our customers, continue to grow in newer markets such as government and energy, 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.

Since 2017, we have made acquisitions that extended our business and technology reach in several areas, as discussed in more detail in in our Annual Report on Form 10-K for the year ended December 31, 2020. We believe there are strategic acquisition targets that can accelerate our entry into key strategic markets, as well as our ability to grow our business. As a result, we are prioritizing corporate development efforts beginning in the first half of 2021. Our acquisition strategy is threefold: (i) to increase the scale of our business in markets we are in today, (ii) to accelerate growth in new markets and product categories, including expanding our existing engineering and sales resources, and (iii) to accelerate the adoption of aiWARE as the universal AI operating system through venture or market-driven opportunities. If we are successful in identifying and entering into agreements to acquire target companies, we may need to raise additional capital to finance such acquisitions and to continue executing on our growth strategy.

Historically, substantially all of our revenue has been derived from customers located in the United States. We believe that there is a substantial opportunity over time for us to significantly expand 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 growth opportunities.

Impact of the Coronavirus ("COVID-19") Pandemic

The COVID-19 outbreak emerged in late 2019 and was declared a global pandemic by the World Health Organization in March 2020. The COVID-19 pandemic, and the actions being taken by governments worldwide to mitigate the public health consequences of the pandemic, significantly impacted the global economy. Beginning in March 2020, we began to experience fluctuations in demand for certain services, particularly our aiWARE content licensing and media services, a significant amount of revenue from which is typically driven by major live sporting events that were cancelled or postponed in the United States due to COVID-19. While many major sporting events have resumed, future cancellations of live sporting events could have a material adverse impact on our revenue generated from our aiWARE content licensing and media services in future quarters.

The pandemic has affected and may continue to affect some of our customers, which may further reduce the demand and/or delay purchase decisions for our products and services, and may additionally impact the creditworthiness of customers. 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 doubtful accounts was necessary due to credit deterioration as of March 31, 2021.

The extent to which the COVID-19 pandemic and the related macroeconomic conditions may continue to affect our financial condition or results of operations is uncertain. The severity and duration of the pandemic and the resulting macroeconomic conditions are difficult to predict, and our revenue and operating results may be adversely impacted in future periods. The extent of the impact on our operational and financial performance will depend on various factors, including the duration and spread of the outbreak; advances in testing, treatment and prevention; the impact of government measures to contain the virus; and related government stimulus actions. Due to the nature of our business, the effect of the COVID-19 pandemic may not be fully reflected in its results of operations until future periods. The most significant risks to our business and results of operations arising from the COVID-19 pandemic are discussed in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the year ended December 31, 2020.

In response to the COVID-19 pandemic, we took actions to control expenses, including temporarily discontinuing non-essential services and instituting controls on travel, entertainment and other expenses. In addition, in compliance with government mandates, we have temporarily closed our offices and initiated a work from home policy.

Non-GAAP Financial Measure

In evaluating our cash flows and financial performance, we use a measure of Non-GAAP net loss, the results for which measure are presented below for the three months ended March 31, 2021 and 2020. The items excluded from Non-GAAP net loss, as well as a breakdown of GAAP net loss, non-GAAP net income (loss) and these excluded items between our core operations and corporate, are detailed in the reconciliation below.

Non-GAAP net loss is not a financial measure calculated and presented in accordance with GAAP and should not be considered as an alternative to net income (loss), operating income (loss) or any other financial measures so calculated and presented, nor as an alternative to cash flow from operating activities as a measure of liquidity. Other companies (including our competitors) may define Non-GAAP net loss differently.

In addition, we have provided additional supplemental non-GAAP measures of operating expenses, loss from operations, other (expense) income, net, and loss before income taxes, excluding the items excluded from non-GAAP net loss as noted above, and reconciling such non-GAAP measures to the applicable GAAP measures.

We present this supplemental non-GAAP financial information because management believes such information to be important supplemental measures of performance that are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in its industry, and believes that such measures, and the breakdown between our core operations and corporate, provide a useful comparison of our current period financial results to our historical and future financial results. Management also uses this information internally for forecasting and budgeting. 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.

(in thousands)

	For the Three Months Ended March 31,					
	2021			2020		
	Core Operations(1)	Corporate(2)	Total	Core Operations(1)	Corporate(2)	Total
Net loss	$ (2,825)	$ (27,742)	$ (30,567)	$ (3,775)	$ (8,909)	$ (12,684)
Provision for income taxes	—	22	22	—	3	3
Depreciation and amortization	1,083	170	1,253	1,356	248	1,604
Stock-based compensation expense	2,695	18,915	21,610	563	3,893	4,456
Change in fair value of warrant liability	—	—	—	—	(2)	(2)
State sales tax reserve	—	138	138	—	—	—
Gain on sale of asset	—	—	—	—	(56)	(56)
Charges related to sublease	—	3,367	3,367	—	—	—
Severance costs	250	7	257	—	—	—
Non-GAAP Net Income (Loss)	$ 1,203	$ (5,123)	$ (3,920)	$ (1,856)	$ (4,823)	$ (6,679)

(1)Core operations consists of our aiWARE operating platform of software, SaaS and related services; content, licensing and advertising agency services; and their supporting operations, including direct costs of sales as well as operating expenses for sales, marketing and product development and certain general and administrative costs dedicated to these operations.

(2)Corporate consists of general and administrative functions such as executive, finance, legal, people operations, fixed overhead expenses (including facilities and information technology expenses), other income (expenses) and taxes, and other expenses that support the entire company, including public company driven costs.

The following tables set forth the calculation of our gross profit and gross margin, followed by a reconciliation of non-GAAP to GAAP financial information presented in our condensed consolidated financial statements for three months ended March 31, 2021 and 2020.

(dollars in thousands)	Three Months Ended March 31,	
	2021	2020
Revenue	$ 18,295	$ 11,904
Cost of revenue	4,823	3,250
Gross profit	13,472	8,654
Gross margin	73.6 %	72.7 %

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Gross profit	$ 13,472	$ 8,654
GAAP sales and marketing expenses	6,427	4,929
Stock-based compensation expense	(898)	(178)
Severance costs	(236)	—
Non-GAAP sales and marketing expenses	5,293	4,751
GAAP research and development expenses	4,960	3,646
Stock-based compensation expense	(1,019)	(237)
Severance costs	(14)	—
Non-GAAP research and development expenses	3,927	3,409
GAAP general and administrative expenses	31,543	11,543
Depreciation	(175)	(256)
Stock-based compensation expense	(19,693)	(4,041)
Charges related to sublease	(3,367)	—
State sales tax reserve	(138)	—
Severance costs	(7)	—
Non-GAAP general and administrative expenses	8,163	7,246
GAAP amortization	(1,078)	(1,348)
GAAP loss from operations	(30,536)	(12,812)
Total non-GAAP adjustments (1)	26,625	6,060
Non-GAAP loss from operations	(3,911)	(6,752)
GAAP other (expense) income, net	(9)	131
Change in fair value of warrant liability	—	(2)
Gain on sale of asset	—	(56)
Non-GAAP other (expense) income, net	(9)	73
GAAP loss before income taxes	(30,545)	(12,681)
Total non-GAAP adjustments (1)	26,625	6,002
Non-GAAP loss before income taxes	(3,920)	(6,679)
Income tax provision	22	3
GAAP net loss	(30,567)	(12,684)
Total non-GAAP adjustments (1)	26,647	6,005
Non-GAAP net loss	$ (3,920)	$ (6,679)
Shares used in computing non-GAAP basic and diluted net loss per share	32,172	26,773
Non-GAAP basic and diluted net loss per share	$ (0.12)	$ (0.25)

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

Key Performance Indicators

We track key performance indicators ("KPIs") for our advertising services and our aiWARE SaaS solutions..

The KPIs for our advertising services include: (i) average gross billings per active agency client, and (ii) revenue. The KPIs for our aiWARE SaaS solutions include: (i) total accounts on the platform, (ii) new bookings, (iii) total contract value of new bookings, and (iv) revenue.

Advertising KPI Results

The following table sets forth the results for each of the KPIs for our advertising services.

	Quarter Ended				
	Mar 31, 2020	**Jun 30, 2020**	**Sept 30, 2020**	**Dec 31, 2020**	**Mar 31, 2021**
Average gross billings per active agency client (in 000's)(1)	533	614	625	632	713
Revenue during quarter (in 000's)	$ 5,881	$ 6,140	$ 7,372	$ 8,138	$ 8,371

(1) For each quarter, reflects the average gross quarterly billings per agency client over the twelve month period through the end of such quarter for agency clients that are active during such quarter.

We have experienced and may continue to experience volatility in revenue from our agency services due to a number of factors, including: (i) the timing of new large client wins; (ii) loss of clients who choose to replace our services with new providers or by bringing their advertising placement in-house; (iii) clients who experience reductions in their advertising budgets due to issues with their own businesses; and (iv) the seasonality of the campaigns for certain large clients. We have historically generated a significant portion of our revenue from a few major clients. As we continue to grow and diversify our client base, we expect that our dependency on a limited number of large clients will be minimized.

aiWARE SaaS Solutions KPI Results

The following table sets forth the results for each of the KPIs for our aiWARE SaaS solutions.

	Quarter Ended				
	Mar 31, 2020	**Jun 30, 2020**	**Sept 30, 2020**	**Dec 31, 2020**	**Mar 31, 2021**
Total accounts on platform at quarter end	1,587	1,753	1,791	1,896	1,777
New bookings received during quarter (in 000's)(1)	$ 1,397	$ 2,319	$ 2,083	$ 1,437	$ 1,864
Total contract value of new bookings received during quarter (in 000's)(2)	$ 2,312	$ 2,502	$ 2,469	$ 2,431	$ 4,068
Revenue during quarter (in 000's)	$ 3,108	$ 3,002	$ 3,351	$ 4,402	$ 4,685

(1) Represents the contractually committed fees payable during the first 12 months of the contract term, or the non-cancellable portion of the contract term (if shorter), for new contracts received in the quarter, excluding any variable fees under the contract (i.e., fees for cognitive processing, storage, professional services and other variable services).

(2) Represents the total fees payable during the full contract term for new contracts received in the quarter (including fees payable during any cancellable portion and an estimate of license fees that may fluctuate over the term), excluding any variable fees under the contract (i.e., fees for cognitive processing, storage, professional services and other variable services).

As we grow our business for our aiWARE SaaS solutions, we expect that our KPI results will be impacted in different ways based on our customer profiles and the nature of their use of our aiWARE SaaS solutions in certain target markets. For example, in the government, legal and compliance markets, use of our aiWARE SaaS solutions is often project-based and, accordingly, in a given period, we may experience significant fluctuations in revenue without any significant change in total accounts or new bookings. The timing of large contract renewals and the variable versus fixed fee nature of certain contracts will impact the amount of new bookings and the total contract value of new bookings from quarter to quarter. As such, our results for different KPIs may fluctuate significantly within the same period, and the result for a particular KPI in one period may not be indicative of the results that we will achieve for that KPI in future periods.

Results of Operations The following tables set forth our results of operations for the three months ended March 31, 2021 and 2020, in dollars and as a percentage of our revenue for those periods. Throughout this discussion regarding our results of operations, certain amounts for the 2020 period have been reclassified to conform to the presentation for the 2021 period. In particular, amortization expense, which was previously presented within cost of revenue, sales and marketing, research and development, and general and administrative operating expenses, has been reclassified and is presented as a single separate line item in operating expenses. In addition, gross profit, which was previously reflected in the statement of operations and comprehensive loss, is no longer presented, and cost of revenue, which was previously presented within gross profit, is presented as an operating expense. We believe that this presentation more accurately reflects our cost of revenue and operating expenses. These reclassifications had no effect on our reported net loss. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future.

(dollars in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue	$ 18,295	$ 11,904
Operating expenses:		
Cost of revenue	4,823	3,250
Sales and marketing	6,427	4,929
Research and development	4,960	3,646
General and administrative	31,543	11,543
Amortization	1,078	1,348
Total operating expenses	48,831	24,716
Loss from operations	(30,536)	(12,812)
Other (expense) income, net	(9)	131
Loss before provision for income taxes	(30,545)	(12,681)
Provision for income taxes	22	3
Net loss	$ (30,567)	$ (12,684)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue	100.0 %	100.0 %
Operating expenses:		
Cost of revenue	26.4	27.3
Sales and marketing	35.1	41.4
Research and development	27.1	30.6
General and administrative	172.4	97.0
Amortization	6.0	11.4
Total operating expenses	267.0	207.7
Loss from operations	(167.0)	(107.7)
Other (expense) income, net	-	1.1
Loss before provision for income taxes	(167.0)	(106.6)
Provision for income taxes	0.1	—
Net loss	(167.1)	(106.6)

Three Months Ended March 31, 2021 Compared with Three Months Ended March 31, 2020

Revenue

(dollars in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	$ Change	% Change
Advertising	$ 10,327	$ 6,001	$ 4,326	72.1 %
aiWARE SaaS Solutions	4,685	3,108	1,577	50.7 %
aiWARE Content Licensing and Media Services	3,283	2,795	488	17.5 %
Revenue	$ 18,295	$ 11,904	$ 6,391	53.7 %

The increase in advertising revenue in the first quarter of 2021 compared with the corresponding prior year period wasdue in large part to a combination of the addition of new advertising clients and increased business with existing advertising clients. In addition, we generated $2.0 million in revenue from our VeriAds Network in the first quarter of 2021, reflecting an increase of $1.8 million, compared to the first quarter of 2020.

aiWARE SaaS solutions revenue increased in the three months ended March 31, 2021 compared with the corresponding prior year period due primarily to expanded services to existing and new customers in the media and entertainment and government, legal and compliance markets.

aiWARE content licensing and media services revenue increased in the three months ended March 31, 2021 compared with the corresponding prior year period. Revenues from our aiWARE content licensing and media services business, which typically has significant revenue driven by major sporting events, were negatively impacted in the first quarter of 2020 due to the cancellation or postponement of substantially all major sporting events in March 2020 as a result of the COVID-19 pandemic. Many of these sporting events resumed in the first quarter of 2021.

Revenue from our advertising services is impacted by the timing of particular advertising campaigns of our major clients, in many cases due to the seasonal nature of their advertising activities. Our aiWARE SaaS solutions revenue from customers in certain markets, particularly in the government, legal and compliance markets, is often project-based and is impacted by the timing of projects. Revenue from our aiWARE content licensing and media services is impacted by the timing of major sporting events throughout the year. As such, in general, we expect that our revenue from these services and markets may fluctuate significantly from period to period.

Gross Profit

As noted above, our gross profit is calculated as our revenue less our cost of revenue, as follows:

(dollars in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	$ Change	% Change
Revenue	$ 18,295	$ 11,904	$ 6,391	53.7%
Cost of revenue	4,823	3,250	1,573	48.4%
Gross profit	13,472	8,654	4,818	55.7%
Gross margin	73.6%	72.7%		

The increase in gross margin in the three months ended March 31, 2021 compared with the corresponding prior year period was due primarily to a decrease in platform costs from computing cost reductions and completed enhancements to our aiWARE operating system that have improved our computing efficiency, coupled with the growth in revenue from our customers across our aiWARE SaaS Solutions, which generated incremental gross margins in excess of 80% during the quarter ended March 31, 2021.

Operating Expenses

(dollars in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	$ Change	% Change
Cost of revenue	$ 4,823	$ 3,250	$ 1,573	48.4%
Sales and marketing	6,427	4,929	1,498	30.4%
Research and development	4,960	3,646	1,314	36.0%
General and administrative	31,543	11,543	20,000	173.3%
Amortization	1,078	1,348	(270)	-20.0%
Total operating expenses	$ 48,831	$ 24,716	$ 24,115	97.6%

Cost of Revenue. The increase in cost of revenue in the three months ended March 31, 2021 compared with the corresponding prior year period was due primarily to our higher revenue level, offset in part by the decrease in platform costs, as discussed above.

Sales and Marketing. The increase in sales and marketing expenses in the three months ended March 31, 2021 compared with the corresponding prior year period was due primarily to increases in personnel-related costs, including a $0.7 million increase in stock-based compensation expense attributable primarily to the accelerated recognition of compensation expense related to the vesting of performance-based stock options as a result of our achievement of the stock price milestones applicable to such options during the first quarter of 2021, and $0.2 million in severance costs. As a percentage of revenue, sales and marketing expenses declined to 35% in the three months ended March 31, 2021 from 41% in the corresponding prior year period.

Research and Development. The increase in research and development expenses in the three months ended March 31, 2021 compared with the corresponding prior year period was due primarily to $0.8 million increase in stock-based compensation expense attributable primarily to additional expense related to the vesting of performance-based stock options, as discussed above, and a $0.6 million increase in personnel-related costs from the addition of new engineering resources. As a percentage of revenue, research and development expenses improved to 27% in the three months ended March 31, 2021, from 31% in the corresponding prior year period.

General and Administrative. General and administrative expenses increased in the three months ended March 31, 2021 compared with the corresponding prior year period due primarily to an increase of $15.7 million in non-cash stock-based compensation expense, attributable primarily to additional expense related to the vesting of performance-based stock options, as discussed above, and $3.4 million in one-time charges related to the sublease of our former Costa Mesa corporate office space in the first quarter of 2021.

Amortization Expense. Amortization expense decreased in the three months ended March 31, 2021 compared with the corresponding prior year period due to certain intangible assets that were acquired in 2017 becoming fully amortized during 2020.

Other (Expense) Income, Net

For the three months ended March 31, 2021, other expense, net was comprised primarily of currency exchange losses. For the three months ended March 31, 2020, other income, net was comprised primarily of interest income on investments in money market funds.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, which totaled $127.5 million as of March 31, 2021 and $114.8 million as of December 31, 2020. The increase in our cash and cash equivalents in the three months ended March 31, 2021 was due primarily to $4.3 million in proceeds from the exercise of stock options and purchases of shares under our ESPP, $2.3 million in proceeds from the exercise of stock warrants, and a $1.5 million increase in our working capital.

Cash Flows

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

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash provided by operating activities	$ 6,209	$ 1,503
Cash used in investing activities	(100)	(9)
Cash provided by financing activities	6,533	3,606
Net increase in cash, cash equivalents and restricted cash	$ 12,642	$ 5,100

Operating Activities

Our operating activities provided cash of $6.2 million in the three months ended March 31, 2021,due primarily to the net increase of $11.1 million of cash received from advertising clients for future payments to vendors, offset in part by the effect of our net loss of $30.6 million, adjusted by $26.0 million in non-cash expenses, including $21.6 million in stock-based compensation expense. Our business strategy includes streamlining operational costs while investing in the development of our AI capabilities and enhancement of our aiWARE SaaS solutions and services to grow our business and future revenue. We gauge the amount of cash utilized in these efforts using the Non-GAAP net loss measure, as presented under the heading “Non-GAAP Financial Measures” above. Our use of cash as measured by Non-GAAP net loss decreased to $3.9 million for the three months ended March 31, 2021 from $6.7 million for the three months ended March 31, 2020, due primarily to the increase in our revenues.

Our operating activities provided cash of $1.5 million in the three months ended March 31, 2020, due primarily to $9.7 million of cash received from advertising clients for future payments to vendors, which more than offset our net loss of $12.7 million, after adjustments of $6.1 million in non-cash expenses, including $4.5 million in stock-based compensation expense.

Investing Activities

Our investing activities consisted of minimal amounts used for capital expenditures in the three months ended March 31, 2021 and 2020.

Financing Activities

Our financing activities provided cash of $6.5 million in the three months ended March 31, 2021. Net cash provided by financing activities consisted of $4.3 million received from the exercise of stock options and purchases of shares under our ESPP and $2.3 million in proceeds received from the exercise of stock warrants.

Our financing activities provided cash of $3.6 million in the three months ended March 31, 2020. Net cash provided by financing activities consisted of $3.5 million in net proceeds received from our sales of common stock and $0.1 million received from the exercise of stock options and purchases of shares under our ESPP.

Capital Resources

As of March 31, 2021, we had no outstanding debt obligations.

We have no present agreements or commitments with respect to any material acquisitions of businesses or technologies or any other material capital expenditures.

We have generated significant losses since inception and expect to continue to generate losses for the foreseeable future. We believe that our current cash and cash equivalents balances will be sufficient to fund our operations in the ordinary course of business for at least the next twelve months from the date of this filing. However, our current cash and cash equivalents may not be sufficient to support the development of our business to the point at which we have positive cash flows from operations. In addition, we intend to continue to evaluate potential acquisitions of and/or investments in companies or technologies that complement our business and may make such acquisitions and/or investments in the future. Accordingly, we may need to obtain additional sources of capital in the future. We plan to meet our future needs for additional capital through equity and/or debt financings. We currently have no available lines of credit for future borrowings. Future equity or debt financing may not be available on favorable terms or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when required, our ability to continue to support our business growth, including through acquisitions, scale our infrastructure, develop product enhancements and respond to business challenges could be significantly impaired. If we are able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in the case of equity financing.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

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 Rule 13a-15(e) under the Exchange Act. 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 allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. There is no assurance that our disclosure controls and procedures will operate effectively under all circumstances. Based upon the evaluation described above, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Our Annual Report on Form 10-K for the year ended December 31, 2020 contains a discussion of the material risks associated with our business. There have been no material changes to the risks described in such Annual Report on Form 10-K.

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

Recent Sales of Unregistered Equity Securities

In January 2021, a consulting firm exercised warrants to purchase an aggregate of 91,833 shares of our common stock at an exercise price of $3.01 per share. Such exercises were done on a net exercise basis pursuant to the terms of the warrants and, as such, we did not receive any cash proceeds, and we issued a net number of 84,723 shares of our common stock in connection with such exercises.

In January 2021, an investor exercised a warrant to purchase 10,775 shares of our common stock at an exercise price of $13.6088 per share, resulting in cash proceeds of approximately $0.1 million.

In February 2021, an investor exercised warrants to purchase an aggregate of 156,720 shares of our common stock at an exercise price of $13.6088 per share, resulting in cash proceeds of approximately $2.1 million.

In the first quarter of 2021, we issued an aggregate of 15,828 shares of our common stock to two third-party service providers as compensation for services rendered.

No underwriters were involved in such issuance of securities. The securities were issued to accredited investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Description of Exhibit
10.1	Office Sublease between the Company and California Pizza Kitchen, Inc. dated effective as of February 23, 2021 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2021).
31.1	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1*	Certifications pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, has been formatted in Inline XBRL.

* The certifications furnished in Exhibit 32.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (including this Quarterly Report on Form 10-Q), unless the Registrant specifically incorporates the foregoing information into those documents by reference.

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.
May 5, 2021	By: /s/ Chad Steelberg Chad Steelberg Chief Executive Officer and Chairman of the Board *(Principal Executive Officer)*
May 5, 2021	By: /s/ Michael L. Zemetra Michael L. Zemetra Executive Vice President, Chief Financial Officer and Treasurer *(Principal Financial and Accounting Officer)*

EXHIBIT 31.1

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

I, Chad Steelberg, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2021

By: /s/ Chad Steelberg
Chad Steelberg
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

EXHIBIT 31.2

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

I, Michael L. Zemetra, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2021

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

EXHIBIT 32.1

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

Each of the undersigned hereby certifies, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, in his capacity as an officer of Veritone, Inc., that, to his knowledge, the Quarterly Report on Form 10-Q of Veritone, Inc. for the period ended March 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Veritone, Inc.

Date: May 5, 2021

By: /s/ Chad Steelberg
Chad Steelberg
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Date: May 5, 2021

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

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