UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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.)**

2420 17th St., Office 3002, Denver, CO 80202
(Address of principal executive offices, including zip code)

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

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

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

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

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

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

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

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

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

As of November 12, 2021, 34,876,616 shares of the registrant's common stock were outstanding.

VERITONE, INC.
QUARTERLY REPORT ON FORM 10-Q
September 30, 2021

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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 , although not all forward-looking statements contain these identifying words. Such forward-looking, statements include, but are not limited to, any statements that refer to projections of our future financial condition and results of operations, capital needs and financing plans, competitive position, industry environment, potential growth and market opportunities, acquisition 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	
	September 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 72,645	$ 114,817
Accounts receivable, net	57,903	16,666
Expenditures billable to clients	25,236	18,365
Prepaid expenses and other current assets	10,683	6,719
Total current assets	166,467	156,567
Property, equipment and improvements, net	1,178	2,354
Intangible assets, net	92,904	10,744
Goodwill	27,999	6,904
Long-term restricted cash	855	855
Other assets	1,793	230
Total assets	$ 291,196	$ 177,654
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 33,102	$ 15,632
Accrued media payments	75,171	55,874
Client advances	8,402	6,496
Contingent consideration, current	19,307	-
Other accrued liabilities	37,131	10,246
Total current liabilities	173,113	88,248
Contingent consideration, non-current	8,533	-
Other non-current liabilities	1,884	1,196
Total liabilities	183,530	89,444
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, par value $0.001 per share; 75,000,000 shares authorized; 34,857,163 and 31,799,354 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	35	32
Additional paid-in capital	442,870	368,477
Accumulated deficit	(335,091)	(280,365)
Accumulated other comprehensive (loss) income	(148)	66
Total stockholders' equity	107,666	88,210
Total liabilities and stockholders' equity	$ 291,196	$ 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	$ 22,655	$ 15,718	$ 60,156	$ 40,890
Operating expenses:				
Cost of revenue	5,808	4,553	15,862	11,566
Sales and marketing	5,906	5,255	17,586	15,116
Research and development	5,254	3,587	14,860	10,673
General and administrative	15,037	11,950	62,225	34,836
Amortization	1,683	1,346	3,840	4,040
Total operating expenses	33,688	26,691	114,373	76,231
Loss from operations	(11,033)	(10,973)	(54,217)	(35,341)
Other expense, net	(15)	(4)	(37)	(108)
Loss before provision for income taxes	(11,048)	(10,977)	(54,254)	(35,449)
Provision for income taxes	396	36	472	41
Net loss	$ (11,444)	$ (11,013)	$ (54,726)	$ (35,490)
Net loss per share:				
Basic and diluted	$ (0.34)	$ (0.40)	$ (1.67)	$ (1.31)
Weighted average shares outstanding:				
Basic and diluted	33,332,668	27,593,315	32,752,939	27,162,880
Comprehensive loss:				
Net loss	$ (11,444)	$ (11,013)	$ (54,726)	$ (35,490)
Foreign currency translation gain, net of income taxes	-	6	7	11
Total comprehensive loss	$ (11,444)	$ (11,007)	$ (54,719)	$ (35,479)

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

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

	Three Months Ended September 30, 2021					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance as of June 30, 2021	32,870,767	$ 33	$ 403,768	$ (323,647)	$ 73	$ 80,227
Common stock issued under employee stock plans, net	281,574	—	2,332	—	—	2,332
Common stock issued for acquisition	1,704,822	2	31,498	—	—	31,500
Stock-based compensation expense	—	—	5,272	—	—	5,272
Net loss	—	—	—	(11,444)	—	(11,444)
Other comprehensive loss	—	—	—	—	(221)	(221)
Balance as of September 30, 2021	34,857,163	$ 35	$ 442,870	$ (335,091)	$ (148)	$ 107,666

	Nine Months Ended September 30, 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	1,084,941	1	7,125	—	—	7,126
Common stock issued for acquisition	1,704,822	2	31,498	—	—	31,500
Common stock issued for services	15,828	—	250	—	—	250
Stock-based compensation expense	—	—	33,241	—	—	33,241
Exercise of warrants	252,218	—	2,279	—	—	2,279
Net loss	—	—	—	(54,726)	—	(54,726)
Other comprehensive loss	—	—	—	—	(214)	(214)
Balance as of September 30, 2021	34,857,163	$ 35	$ 442,870	$ (335,091)	$ (148)	$ 107,666

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

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

	Three Months Ended September 30, 2020					
	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income	Total
Balance as of June 30, 2020	27,516,307	$ 28	$ 296,967	$ (256,966)	$ 51	$ 40,080
Common stock offerings, net	—	—	(10)	—	—	(10)
Common stock issued under employee stock plans, net	97,548	—	216	—	—	216
Release of Machine Box holdback consideration	105,898	—	—	—	—	—
Stock-based compensation expense	—	—	5,148	—	—	5,148
Net loss	—	—	—	(11,013)	—	(11,013)
Other comprehensive gain	—	—	—	—	6	6
Balance as of September 30, 2020	27,719,753	$ 28	$ 302,321	$ (267,979)	$ 57	$ 34,427

	Nine Months Ended September 30, 2020					
	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income	Total
Balance as of December 31, 2019	25,670,737	$ 26	$ 279,828	$ (232,489)	$ 46	$ 47,411
Common stock offerings, net	1,491,317	2	5,994	—	—	5,996
Common stock issued under employee stock plans, net	297,490	—	356	—	—	356
Release of Machine Box holdback consideration	105,898	—	—	—	—	-
Stock-based compensation expense	—	—	13,735	—	—	13,735
Exercise of warrants	154,311	—	2,100	—	—	2,100
Warrant issuance	—	—	308	—	—	308
Net loss	—	—	—	(35,490)	—	(35,490)
Other comprehensive gain	—	—	—	—	11	11
Balance as of September 30, 2020	27,719,753	$ 28	$ 302,321	$ (267,979)	$ 57	$ 34,427

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

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities:		
Net loss	$ (54,726)	$ (35,490)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,189	4,816
Loss on disposal of fixed assets	1,894	102
Provision for doubtful accounts	14	291
Loss on sublease	1,211	—
Change in fair value of warrant liability	—	200
Change in fair value of contingent consideration	256	—
Stock-based compensation expense	33,491	13,698
Changes in assets and liabilities:		
Accounts receivable	(19,907)	3,535
Expenditures billable to clients	(6,871)	(9,822)
Prepaid expenses and other assets	5,014	(131)
Accounts payable	4,288	4,254
Accrued media payments	19,297	14,562
Client advances	1,906	4,687
Other accrued liabilities	7,016	708
Other liabilities	(600)	(128)
Net cash (used in) provided by operating activities	(3,528)	1,282
Cash flows from investing activities:		
Proceeds from the sale of equipment	—	56
Capital expenditures	(448)	(61)
Acquisitions, net of cash acquired	(47,602)	—
Net cash used in investing activities	(48,050)	(5)
Cash flows from financing activities:		
Proceeds from issuances of stock under employee stock plans, net	7,127	356
Proceeds from the exercise of warrants	2,279	2,100
Proceeds from common stock offerings, net	—	6,517
Proceeds from loan	—	6,491
Repayment of loan	—	(6,491)
Net cash provided by financing activities	9,406	8,973
Net (decrease) increase in cash and cash equivalents and restricted cash	(42,172)	10,250
Cash and cash equivalents and restricted cash, beginning of period	115,672	44,920
Cash and cash equivalents and restricted cash, end of period	$ 73,500	$ 55,170

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 business sectors,serving commercial enterprises as well as government and regulated industries.

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 Managed 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.

On September 14, 2021, the Company acquired PandoLogic Ltd., a leading provider of intelligent hiring solutions ("PandoLogic"), a company incorporated under the laws of the state of Israel ("PandoLogic"), as discussed in more detail in Note 3. PandoLogic's platform, pandoIQ, is an AI-enabled recruitment platform.

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 and nine months ended September 30, 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 and nine 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

Gross profit, which was previously reflected in the statement of operations and comprehensive loss, is no longer presented. 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 year ended December 31, 2020, the Company generated cash flows from operations of $1,433 and incurred a net loss of $47,876. In the nine months ended September 30, 2021, the Company generated negative cash flows from operations of $3,528 and incurred a net loss of $54,726. As of September 30, 2021, the Company had an accumulated deficit of $ 335,091. 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 September 1, 2018 (the "Equity Distribution Agreement"). In the first nine months of 2021, the Company received net proceeds of $7,127 from the issuance of common stock under the Company's employee stock plans and $2,279 from the exercise of common stock warrants.

Beginning in the fourth quarter of 2021 and including the acquisition of PandoLogic in September 2021, the Company expects to generate positive consolidated cash flows from its operations. As a result, management believes that the Company's existing balances of cash and cash equivalents, which totaled $72,645 as of September 30, 2021, will be sufficient to meet its anticipated cash requirements for the foreseeable future.

Use of Accounting Estimates

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

Two individual customers accounted for 27% of the Company's net revenues for the three months ended September 30, 2021 andno individual customer accounted for 10% of the Company's net revenues for the nine months ended September 30, 2021.No individual customer accounted for 10% of the Company's net revenues for the three months ended and nine months ended September 30, 2020. Three Commercial Enterprise Managed Services clients individually accounted for10% or more of the Company's accounts receivable as of September 30, 2021 and two Commercial Enterprise Managed services clients individually accounted for10% or more of the Company's accounts receivable as December 31, 2020.

Remaining Performance Obligations

As of September 30, 2021, the aggregate amount of the transaction prices under the Company's contracts allocated to the Company's remaining performance obligations was $8,346 approximately 52% 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. Excluded based on this policy are balances related to PandoLogic representing gross purchase orders to be satisfied in less than one year. Revenues will be recognized net of costs to fulfill these orders.

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. 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 September 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* which requires measurement and recognition of expected credit losses for financial assets held. This standard will be effective for the Company beginning in the first quarter of fiscal year 2023, 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 No. 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, 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. BUSINESS COMBINATIONS

On September 14, 2021, the Company acquired 100% of PandoLogic., a company incorporated under the laws of the state of Israel, pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated as of July 21, 2021. PandoLogic is a leading provider of intelligent hiring solutions and utilizes its proprietary platform to accelerate the time and improve the efficiency in the process for employers hiring at scale for both mass market and difficult-to-source candidates. PandoLogic's fully autonomous recruiting platform helps employers source talent faster and more efficiently with predictive algorithms, machine learning and AI.

The total purchase consideration for PandoLogic was $116,633 (the "Merger Consideration"), which consisted of upfront consideration of $58,733 in cash and $31,500 for the fair value of the Company's 1,704,822 shares of common stock, and up to $65,000 in contingent consideration based on achieving certain earnouts tied to financial performance of PandoLogic in fiscal 2021 and 2022, which amount will be paid in a combination of cash and common stock (the "Earnout"). The total purchase consideration is preliminary and subject to net working capital adjustments that the Company expects to finalize and settle in the measurement period. The final settlement amount may vary materially as amounts are finalized and ultimately agreed to by the parties. The Company utilized a Monte Carlo simulation model to estimate the fair value of the Earnout. The fair value of the Earnout was estimated to be $30,000 as of September 14, 2021, $26,400 of which was deemed to be purchase consideration and recorded within contingent consideration current and contingent consideration non-current on the condensed consolidated balance sheet. The remaining $3,600 will be recognized as compensation expense over the earnout period in the general and administrative expenses on the condensed consolidated statement of operations and comprehensive loss. Subsequent to the acquisition date, the Company is required to reassess its estimate of the fair value of the Earnout, including certain future Earnout obligations triggered on employment status of certain PandoLogic management, and record any changes in earnings when the estimate is based on information not known as of the acquisition date (See Note 5). The Company incurred $2,161 in acquisition related expenses and has recorded them in general and administrative expenses in the condensed consolidated statement of operations and comprehensive loss.

The following table summarizes the fair value of the purchase price consideration (in thousands):

Acquisition consideration		Amount
Cash consideration at closing	$	58,733
Equity consideration at closing		31,500
Contingent earnout		26,400
Total	$	116,633

The preliminary allocation of the purchase consideration to tangible and intangible assets acquired and liabilities assumed is based on estimated fair values and is as follows (in thousands):

Purchase price allocation**		Amount
Cash	$	11,131
Accounts receivable		21,344
Prepaid and other current assets		8,986
Property and equipment		618
Intangible assets		86,000
Other assets		1,543
Total assets acquired		129,622
Accounts payable		13,183
Accrued expenses and other current liabilities		8,828
Deferred tax liability		12,073
Total liabilities assumed		34,084
Identifiable net assets acquired	$	95,538
Goodwill		21,095
Total preliminary purchase consideration	$	116,633

**The purchase price allocation has been prepared on a preliminary basis and changes to the preliminary purchase price allocation may occur as additional information concerning asset and liability valuations is finalized. The preliminary fair value estimates of the net assets acquired are based upon preliminary calculations and valuations, and those estimates and assumptions regarding certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, income taxes, and goodwill are subject to change as the Company obtains additional information during the measurement period (up to one year from the acquisition date). The excess of the total consideration over the tangible assets, identifiable intangible assets, and assumed liabilities is recorded as goodwill. Goodwill is primarily attributable to operational efficiencies from operating PandoLogic products on aiWARE as well as opportunities to cross-sell into our commercial enterprise customer base.

Identifiable Intangible Assets

The identifiable intangible assets acquired consisted of developed technology, customer relationships and tradename with estimated useful lives of4-7 years. The Company amortizes the fair value of these intangible assets on a straight-line basis over their respective useful lives.

The fair value of the intangible assets has been estimated using a combination of the income and cost approaches. Under the income approach, the after-tax cash flows associated with the asset are discounted to present value. The key assumptions include the Company's estimates of the projected cash flows and discount rates. Under the cost approach, the replacement cost is used to estimate the value of the asset. The key assumptions include the Company's estimates of the direct and indirect costs required to replace the asset. The valuation of the intangible assets acquired from PandoLogic along with their estimated useful lives, is as follows (in thousands):

		Estimated Fair Value	Estimated Useful Lives (in years)
Customer relationships		68,000	7
Developed technology		16,000	4
Trade name		2,000	5
Total intangible assets	$	86,000	

Taxes

In connection with the acquisition, a deferred tax liability is established for the future consequences attributable to differences between the financial statement carrying amounts of the acquired non-goodwill intangible assets and their respective tax basis. No deferred tax asset or liability is recorded on PandoLogic goodwill, most of which is not deductible for tax purposes. No valuation allowance is recorded on the acquired PandoLogic deferred tax assets that are presented net of deferred tax liability in the preliminary purchase price allocation. The Company’s tax expense for the three and nine-month periods ended September 30, 2021 is primarily attributable to PandoLogic.

Unaudited Pro Forma Results

The unaudited pro forma financial information in the table below summarizes the combined results of operations for Veritone and PandoLogic, as if the companies were combined for the nine-month period ended September 30, 2021.

The unaudited pro forma financial information for all periods presented included the business combination accounting effects resulting from this acquisition, including adjustments to reflect recognition of intangible asset amortization and accretion of contingent consideration. The unaudited pro forma financial information as presented below is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisitions had taken place at the beginning of January 1, 2020.

The unaudited pro forma financial information was as follows (in thousands):

The Company recognized $4,311 in revenue and $1,889 of net income related to PandoLogic since the acquisition date of September 14 through September 30, 2021 in the condensed consolidated statement of operations and comprehensive loss.

	Three Months Ended September 30, 2021	Nine Months ended September 30, 2021
Net revenue	$ 35,488	$ 92,980
Loss before provision for income taxes	$ (8,910)	$ (52,199)
Net loss	$ (9,237)	$ (53,445)

	Three Months Ended September 30, 2020	Nine Months ended September 30, 2020
Net revenue	$ 26,521	$ 61,809
Loss before provision for income taxes	$ (8,311)	$ (36,880)
Net loss	$ (7,974)	$ (35,273)

NOTE 4. NET LOSS PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator				
Net loss	$ (11,444)	$ (11,013)	$ (54,726)	$ (35,490)
Denominator				
Weighted-average common shares outstanding	33,342,828	27,606,061	32,767,752	27,180,059
Less: Weighted-average shares subject to repurchase	(10,160)	(12,746)	(14,813)	(17,179)
Denominator for basic and diluted net loss per share attributable to common stockholders	33,332,668	27,593,315	32,752,939	27,162,880
Basic and diluted net loss per share	$ (0.34)	$ (0.40)	$ (1.67)	$ (1.31)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Common stock options and restricted stock units	9,533,421	10,022,826	9,917,997	9,954,904
Warrants to purchase common stock	520,112	1,592,840	559,361	1,521,720
Total	10,053,533	11,615,666	10,477,358	11,476,624

NOTE 5. FINANCIAL INSTRUMENTS

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

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

Cash and Cash Equivalents

The Company's money market funds are categorized as Level 1 within the fair value hierarchy.As of September 30, 2021, the Company's cash and cash equivalents balances were as follows:

	Cost	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents
Cash	$ 71,616	$ —	$ 71,616	$ 71,616
Level 1:				
Money market funds	1,029	—	1,029	1,029
Total	$ 72,645	$ —	$ 72,645	$ 72,645

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

Contingent Consideration

All of the Company's contingent consideration liabilities are categorized as Level 3 within the fair value hierarchy. Contingent consideration was valued at the time of acquisition using the Monte Carlo simulation model. This model incorporates revenue volatility, internal rate of return, and risk free rate. 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.

As of September 30, 2021, the Company's contingent consideration liabilities current and non-current balances were as follows:

	Cost	Changes in Fair Value	Indemnified Accretion	Fair Value	Contingent Consideration
Level 3:					
Contingent consideration, current	$ 19,199	$ 106	$ 2	$ 19,307	$ 19,307
Contingent consideration, non-current	8,383	150	—	8,533	8,533
Total	$ 27,582	$ 256	$ 2	$ 27,840	$ 27,840

Included in the contingent consideration liabilities as of September 30, 2021 is $1,261 which relates to contingent consideration resulting from an acquisition made by Pandologic prior to execution of the Merger Agreement. As discussed in Note 8, the Company is indemnified against this contingent consideration and related accretion.

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 6. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The carrying amount of goodwill was $27,999 as of September 30, 2021 and $6,904 December 31, 2020.

		Goodwill
Balance at December 31, 2020	$	6,904
Acquisition of PandoLogic		21,095
Balance at September 30, 2021	$	27,999

Intangible Assets

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

		September 30, 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	0.7	$ 3,582	$ (3,477)	$ 105	$ 3,582	$ (3,357)	$ 225
Licensed technology	0.0	500	(500)	-	500	(375)	125
Developed technology	3.6	25,600	(6,087)	19,513	9,600	(4,480)	5,120
Customer relationships	6.5	77,300	(6,157)	71,143	9,300	(4,340)	4,960
Noncompete agreements	0.9	800	(640)	160	800	(486)	314
Trade names	5.0	2,000	(17)	1,983	-	-	-
Total	5.8	$ 109,782	$ (16,878)	$ 92,904	$ 23,782	$ (13,038)	$ 10,744

The following table presents future amortization of the Company's finite-lived intangible assets at September 30, 2021:

2021 (3 months)	$	4,671
2022		18,534
2023		17,091
2024		14,571
2025		13,409
Thereafter		24,628
Total	$	92,904

NOTE 7. CONSOLIDATED FINANCIAL STATEMENTS DETAILS

Consolidated Balance Sheets Details

Cash and cash equivalents

As of September 30, 2021 and December 31, 2020, the Company had cash and cash equivalents of $72,645 and $114,817, respectively, including $56,996 and $40,052, respectively, of cash received from Commercial Managed Services clients for future payments to vendors.

Accounts Receivable, Net

Accounts receivable consisted of the following:

	As of	
	September 30, 2021	December 31, 2020
Accounts receivable — Commercial Managed Services	$ 18,001	$ 14,916
Accounts receivable — Other	40,762	1,868
	58,763	16,784
Less: allowance for doubtful accounts	(860)	(118)
Accounts receivable, net	$ 57,903	$ 16,666

Property, Equipment and Improvements, Net

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

	As of	
	September 30, 2021	December 31, 2020
Property and equipment	$ 3,730	$ 2,365
Leasehold improvements	199	2,899
	3,929	5,264
Less: accumulated depreciation	(2,751)	(2,910)
Property, equipment and improvements, net	$ 1,178	$ 2,354

During the nine months ended September 30, 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 $95 and $349 for the three and nine months ended September 30, 2021, respectively. Depreciation expense was $264 and $776 for the three and nine months ended September 30, 2020, respectively.

Accounts Payable

Accounts payable consisted of the following:

	As of	
	September 30, 2021	December 31, 2020
Accounts payable — Commercial Managed Services	$ 22,738	$ 14,688
Accounts payable — Other	10,364	944
Total	$ 33,102	$ 15,632

Consolidated Statement of Operations and Comprehensive Loss Details

Revenue

Revenue for the periods presented were comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Commercial Enterprise	$ 21,697	$ 14,829	$ 57,460	$ 39,115
Government & Regulated Industries	958	889	2,696	1,775
Total revenue	$ 22,655	$ 15,718	$ 60,156	$ 40,890

In Q3 2021, we realigned our organization to improve focus and growth into two customer groups: (1) Commercial Enterprise, which today consists of customers in the commercial sector, including our media and entertainment customers, advertising customers, content licensing customers and customers through PandoLogic that are not from government or regulated industries, and (2) Government & Regulated Industries (GRI), which today consists of customers in the government and regulated industries sectors, including our state, local and federal government, legal, compliance and energy customers.

Software Products & Services consists of revenue generated from our aiWARE platform and through Pandologic's software product solutions, any related support and maintenance services, and any related professional services associated with the deployment and or implementation of such solutions.

Managed Services consists of revenues generated from our advertising agency and related services and content licensing.

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

Revenue Presentation	Three Months Ended September 30, 2021 Commercial Enterprises	Government & Regulated Industries	Total	Nine Months Ended September 30, 2021 Commercial Enterprises	Government & Regulated Industries	Total
Software Products & Services	$ 8,069	$ 958	$ 9,027	$ 16,596	$ 2,696	$ 19,292
Managed Services						
Advertising	9,648	-	9,648	29,943	-	29,943
Licensing	3,980	-	3,980	10,921	-	10,921
Total Managed Services	13,628	-	13,628	40,864	-	40,864
Total Revenue	**$ 21,697**	**$ 958**	**$ 22,655**	**$ 57,460**	**$ 2,696**	**$ 60,156**

(1) Software Products & Services consists of aiWARE SaaS Solutions of $4,716 and $19,292 for the three and nine months ended September 30, 2021 respectively as well PandoLogic of $4,311 for the three months September 30, 2021.

Revenue Presentation	Three Months Ended September 30, 2020 Commercial Enterprises	Government & Regulated Industries	Total	Nine Months Ended September 30, 2020 Commercial Enterprises	Government & Regulated Industries	Total
Software Products & Services	$ 2,462	$ 889	$ 3,351	$ 7,686	$ 1,775	$ 9,461
Managed Services						
Advertising	8,764	-	8,764	21,803	-	21,803
Licensing	3,603	-	3,603	9,626	-	9,626
Total Managed Services	12,367	-	12,367	31,429	-	31,429
Total Revenue	**$ 14,829**	**$ 889**	**$ 15,718**	**$ 39,115**	**$ 1,775**	**$ 40,890**

PandoLogic Revenue Recognition

The Company generates revenue primarily from platform services where it provides access to digital job advertising done programmatically. Revenue is derived from AI-enabled programmatic advertising, which uses software and algorithms to match buyers and sellers of digital job advertising in a technology-driven marketplace. The Company provides the use of its solution to clients to execute digital job advertising campaigns. Campaigns are typically ordered through monthly purchase orders. The Company charges clients a fee based on the number of job searches by potential applicants through its solution during each campaign. Revenue is recognized as platform advertising services are provided during each campaign. The Company determined that it is not the principal in the purchase and sale of jobs placements in all of its arrangements, and therefore, it reports revenue on a net basis for the solution fees charged to clients. Costs to source the applicants which are measured and invoiced monthly over the period the services are delivered.

Other Expense, Net

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

	Three Months Ended September 30, 2021	2020	Nine Months Ended September 30, 2021	2020
Interest (expense) income, net	$ (3)	$ 2	$ 4	$ 84
Change in fair value of warrant liability	—	—	—	(200)
Other	(12)	(6)	(41)	8
Other expense, net	$ (15)	$ (4)	$ (37)	$ (108)

NOTE 8. 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 nine months ended September 30, 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 September 30, 2021, future minimum lease payments were as follows:

2021 (three months)	$	589
2022		2,223
2023		1,768
2024		1,730
Total minimum payments	$	6,310

As of September 30, 2021, minimum sublease rental income to be received in the future under noncancelable subleases was approximately $3,686. The total rent expense for all operating leases, excluding the charges related to the Sublease discussed above, was $428 and $4,672 for the three and nine months ended September 30, 2021, and $748 and $2,265 for the three and nine months ended September 30, 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 and nine months ended September 30, 2021, the Company recorded a liability net of payments remitted to states of $22 and $306, respectively, 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.

Other Contingencies

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

In conjunction with our acquisition of PandoLogic as outlined in Note 3, there are certain contingencies outlined in the Merger Agreement for which the Company is indemnified including, but not limited to, contingent consideration arising from a previous acquisition, and international as well as state and local tax matters. An indemnification asset has been recognized related to fair value of the contingent consideration acquired in the opening balance sheet of $1,259. As of September 30, 2021, the Company was investigating potential sales tax exposure for PandoLogic, of which potential maximum exposure is estimated to be covered and reserved for under escrow with the sellers of PandoLogic. As a result, the Company has not accrued any contingency estimates for sales tax exposure for PandoLogic as of September 30, 2021.

NOTE 9. STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock Issuances

During the nine months ended September 30, 2021 and 2020, the Company issued an aggregate of1,084,941 and 297,490 shares of its common stock, respectively 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 nine months ended September 30, 2021, the Company issued a total of1,704,822 shares of its common stock in connection with the acquisition of PandoLogic.

During the nine months ended September 30, 2021, the Company issued a total of 252,218 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 nine months ended September 30, 2020, the Company issued a total of 154,311 shares of its common stock upon the exercise of warrants for an aggregate exercise price of $2,100.

During the nine months ended September 30, 2021, the Company issued an aggregate of 15,828 shares of its common stock for services provided to the Company.

During the nine months ended September 30, 2020, the Company issued an aggregate of 105,898 shares of common stock to the former stockholders of Machine Box, representing all of the shares previously held back from issuance by the Company with respect to the initial consideration and the additional contingent consideration.

During the nine months ended September 30, 2020, the Company issued and sold an aggregate of 1,491,317 shares of its common stock pursuant to the Equity Distribution Agreement with JMP Securities (as sales agent) and received net proceeds from such sales of $5,996 after deducting expenses of $281. The Company voluntarily terminated the Equity Distribution Agreement in January 2021.

NOTE 10. STOCK PLANS

Stock-Based Compensation

During the nine months ended September 30, 2021, the Company granted options to purchase an aggregate of298,455 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 nine months ended September 30, 2021:

Expected term (in years)	5.5 - 6.1
Expected volatility	80% - 83%
Risk-free interest rate	0.6% - 1.0%
Expected dividend yield	—

The assumptions used in calculating the fair values of purchase rights granted under the ESPP during the nine months ended September 30, 2021 are set forth in the table below:

Expected term (in years)	0.5 - 2.0
Expected volatility	67% - 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock-based compensation expense by type of award:				
Restricted stock units	$ 4,264	$ 2,308	$ 14,014	$ 3,203
Stock awards	—	43	19	152
Machine Box contingent common stock issuances	—	(37)	—	(37)
Performance-based stock options	—	1,996	16,314	5,917
Stock options	791	644	2,426	4,099
Employee stock purchase plan	86	157	337	364
Common stock issued for services	131	—	381	-
Total	$ 5,272	$ 5,111	$ 33,491	$ 13,698
Stock-based compensation expense by operating expense grouping:				
Sales and marketing	$ 226	$ 278	$ 1,358	$ 654
Research and development	431	172	2,016	593
General and administrative	4,615	4,661	30,117	12,451
	$ 5,272	$ 5,111	$ 33,491	$ 13,698

Equity Award Activity Under Stock Plans

Stock Awards

The Company's stock award activity for the nine months ended September 30, 2021 was as follows:

	Shares		Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	-	$	-
Granted	581	$	32.33
Forfeited	-		-
Vested	(581)	$	32.33
Unvested at September 30, 2021	-		-

All stock awards granted during the nine months ended September 30, 2021 were fully vested upon grant. As of September 30, 2021, there was no 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 nine months ended September 30, 2021 was as follows:

	Shares		Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	829,124	$	11.53
Granted	448,020	$	41.31
Forfeited	(24,439)	$	42.92
Vested	(749,374)	$	10.77
Unvested at September 30, 2021	503,331	$	37.64

As of September 30, 2021, total unrecognized compensation cost related to restricted stock units was $8,033, which is expected to be recognized over a weighted average period of 1.0 year.

Performance-Based Stock Options

The activity during the nine months ended September 30, 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	(346,137)	$	5.78	—		—
Forfeited	(12,552)	$	5.92	—		—
Expired	(8,787)	$	5.28	—		—
Outstanding at September 30, 2021	3,866,544	$	11.01	6.76 years	$	49,819
Exercisable at September 30, 2021	3,886,544	$	11.01	6.76 years	$	49,819

During the first nine months 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 during the nine months ended September 30, 2021. The aggregate intrinsic value of the options exercised during the nine months ended September 30, 2021 was $7,665. No options were exercised during the nine months ended September 30, 2020. No performance-based stock options were granted during the nine months ended September 30, 2021 and 2020, and no performance-based stock options vested during the nine months ended September 30, 2020.

Stock Options

The activity during the nine months ended September 30, 2021 related to all other stock options was as follows:

	Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at December 31, 2020	5,400,070	$	12.60	—		—
Granted	298,455	$	28.69	—		—
Exercised	(488,636)	$	9.69	—		—
Forfeited	(169,965)	$	15.86	—		—
Expired	(3,579)	$	6.45	—		—
Outstanding at September 30, 2021	5,036,345	$	13.73	6.33 years	$	52,783
Exercisable at September 30, 2021	4,114,851	$	13.74	5.82 years	$	41,747

The weighted average grant date fair value of stock options granted during the nine months ended September 30, 2021 and 2020 was $19.95 and $2.46 per share, respectively. The aggregate intrinsic value of the stock options exercised during the nine months ended September 30, 2021 and 2020 was $9,521 and $484, respectively. The total grant date fair value of stock options vested during the nine months ended September 30, 2021 and 2020 was $1,797 and $4,659, respectively. At September 30, 2021, total unrecognized compensation expense related to stock options was $7,502 and is expected to be recognized over a weighted average period of2.97 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 nine months ended September 30, 2021, a total of67,068 shares of common stock were purchased under the Company's ESPP. As of September 30, 2021, accrued employee contributions for future purchases under the ESPP totaled $157.

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, powered by our proprietary AI platform, aiWARE™, to deliver differentiated products and solutions to our Commercial Enterprise and Government &Regulated Industries customers.

For the three and nine months ended September 30, 2021 we reported total revenue of $22.7 million and $60.2 million, respectively, as compared to $15.7 million and $40.9 million, respectively, in the corresponding prior year period. Beginning in the third quarter of 2021 and in conjunction with certain organizational realignment with the acquisition of PandoLogic, we began aggregating our revenue reporting into two customer groups: (i) Commercial Enterprise and (ii) Government &Regulated Industries. Total revenue from Commercial Enterprise, which represents over 95% of our consolidated revenue, was $21.7 million and $57.5 million for the three and nine months ended September 30, 2021.

Significant Transactions

In September 2021, the Company completed the acquisition of PandoLogic Ltd., a company incorporated under the laws of the state of Israel ("PandoLogic") for total consideration of $116.6 million (the "Merger Consideration"). The Merger Consideration consists of upfront payments of $58.7 million in cash and $31.5 million in common stock (1.7 million shares) and up to $65.0 million payable based on earnouts tied to financial performance of PandoLogic in fiscal 2021 and 2022. At the acquisition date, the earnout was valued at $26.4 million which amount will be paid in a combination of cash and common stock.

In the first nine months of 2021, we received $7.1 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 warrants to purchase common stock.

Opportunities, Challenges and Risks

In the first nine months of 2021 and 2020, we derived our revenue primarily through Commercial Enterprise and secondarily through Government & Regulated Industries. Beginning in the second half of 2020 and continuing into 2021, we began to experience significant growth in revenue across Commercial Enterprise, which increased 46% and 47%, respectively, during the three and nine months ended September 30, 2021, compared with the same periods in 2020. The year-over-year growth in Commercial Enterprise revenue was driven largely by the addition of PandoLogic in September 2021 as well as expanded services to existing and new customers in the media and entertainment markets. As we are at the early stages of new product introductions in these markets, we expect that our Commercial Enterprise revenue will continue to increase in the near and long term, both in absolute dollars and as a percentage of our total revenue.

We are a leader in AI-based Software Products & Services, and Managed Services. In addition to the growth in our aiWARE products, we have also demonstrated our ability to grow our Managed Services' advertising service, with our revenue from these services increasing 10% and 30%, respectively, during the three and nine months ended September 30, 2021, compared with the corresponding prior year periods. Historically, we have derived a large portion of our aiWARE Product and Services revenue from applications we internally developed from our aiWARE platform and actively sold across certain media and entertainment, government and energy customers. Beginning in the second half of 2021, we realigned our organization to also focus on enterprise sales and opportunities across existing and newer markets. While management believes this is a substantial opportunity to increase revenue longer term, there is no certainty that any future investments, which could be significant and include future potential acquisitions, will result in significant enterprise revenue realization or revenue growth when compared with historical revenue. We also continue to see significant opportunities for growth in cross-selling PandoLogic and aiWARE to existing and newly acquired customers, and within, where our AI solutions could add tremendous value in content creation and distribution, including in news, television, and film.

We believe there will be significant near and long term opportunities for revenue growth from Government& Regulated Industries services, including in the energy sector, due to customer adoption of our products and services related to AI technologies and more recently with our official ATO (authorization to operate) of our aiWARE platform across the entire U.S. Department of Justice. However, many sales opportunities with these 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 within the U.S. government and within regulated industries such as energy to further accelerate our pursuit of the growth opportunities we see in this market.

During the second half of 2020, we launched our Veritone Energy solutions as part of Government & Regulated Industries 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 third quarter of 2021, we reported 433 aiWARE Software Product and Services customers. To continue to grow our aiWARE product and services customer base, and drive increased sales within our existing customer base, we will need to continue to increase our sales and marketing spending throughout the remainder of 2021 and into 2022 as compared with prior periods.

We believe our software products and services will extend the capabilities of many third-party software platforms and products that are widely used today. For example, we recently announced the acquisition of PandoLogic, a technology that utilizes machine-learning and AI to accelerate the hiring process for large enterprises. We believe when integrated with our aiWARE, PandoLogic users will be given greater visibility and transparency in their hiring processes. In addition, we have historically integrated aiWARE across many platform, including Alteryx and 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 more specific use cases for these and future 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 three and nine months ended September 30, 2021, our gross margin (calculated as described in "Non-GAAP Financial Measures" below) improved to 74%, compared with 71% and 72% for the three and first nine months ended September 30, 2020, respectively, driven by growth of new customers across our Software Products and Services, which generated incremental gross margins in excess of 80% during the three months ended September 30, 2021. Our gross margin is impacted significantly by the mix of our Software Products and Services and our Managed Services revenue, which typically has a lower overall gross margin, in a given period. With the addition of PandoLogic in September 2021, we expect our consolidated gross margin and related gross profit to improve even further beginning in the fourth quarter of 2021. Our gross profit (see "Non-GAAP Financial Measures" below) is also dependent upon our ability to grow our revenue by expanding our customer base and increasing business with existing customers, and to manage our costs by negotiating favorable economic terms with cloud computing providers such as AWS and Microsoft Azure. While we are focused on continuing to improve our 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, historically we have reported operating losses; however, we expect to report substantial improvements in our consolidated operating results as early as the fourth quarter of 2021, following the acquisition of PandoLogic in September 2021. The future revenue and operating growth across our platform will rely heavily on our ability to grow and retain our aiWARE Software Products and Services 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 regulated entities, expand our aiWARE platform into larger and more expansive enterprise engagements and manage our corporate overhead costs. While we believe we will be successful in these endeavors, we cannot guarantee that we will succeed in generating substantial long term operating growth and profitability.

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, such as the acquisition of PandoLogic that accelerates our entry into the intelligent hiring of workers, as well as our ability to grow our business. As a result, we will continue to prioritize corporate development efforts for the remainder of 2021 and beyond. 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 Commercial Enterprise Managed 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 Commercial Enterprise Managed 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 September 30, 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. 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. We expect to continue to enforce these and other actions we deem appropriate until or when the COVID-19 pandemic is officially no longer declared a pandemic by the World Health Organization.

Non-GAAP Financial Measure

In evaluating our cash flows and financial performance, we use certain non-GAAP financial measures, including "non-GAAP gross profit," "non-GAAP gross margin," "non-GAAP net income (loss)," and "non-GAAP net income (loss) per share." Gross profit is the Company's revenue less its cost of revenue. Non-GAAP net income (loss) and non-GAAP net income (loss) per share is the Company's net income (loss) and net income (loss) per share, adjusted to exclude interest expense, provision for income taxes, depreciation expense, amortization expense, stock-based compensation expense, changes in fair value of warrant liability, changes in fair value of contingent consideration, a reserve for state sales taxes, charges related to a facility sublease, gain on sale of asset, warrant expense, acquisition and due diligence costs, and severance and executive search costs. The results for non-GAAP net income (loss), are presented below for the three and nine months ended September 30, 2021 and 2020. The items excluded from these non-GAAP financial measures, as well as a breakdown of GAAP net loss, non-GAAP net income (loss) and these excluded items between our Core Operations and Corporate, are detailed in the reconciliation below.

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 gross profit, 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 most directly comparable GAAP measures.

We present these non-GAAP financial measures because management believes such information to be important supplemental measures of performance that are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in its industry, Management also uses this information internally for forecasting and budgeting.

These non-GAAP financial measures are not calculated and presented in accordance with GAAP and should not be considered as an alternative to net income (loss), operating income (loss) or any other financial measures so calculated and presented, nor as an alternative to cash flow from operating activities as a measure of liquidity. Other companies (including our competitors) may define these non-GAAP financial measures differently. These non-GAAP measures may not be indicative of our historical operating results or predictive of potential future results. Investors should not consider this supplemental non-GAAP financial information in isolation or as a substitute for analysis of our results as reported in accordance with GAAP.

(in thousands)

	Three Months Ended September 30,					
	2021			2020		
	Core Operations(1)	Corporate(2)	Total	Core Operations(1)	Corporate(2)	Total
Net loss	$ (427)	$ (11,017)	$ (11,444)	$ (1,670)	$ (9,343)	$ (11,013)
Provision for income taxes	390	6	396	—	36	36
Depreciation and amortization	1,698	81	1,779	1,480	130	1,610
Stock-based compensation expense	878	4,393	5,271	627	4,484	5,111
Change in fair value of Contingent consideration	—	256	256	—	—	—
State sales tax reserve	—	22	22	—	—	—
Acquisition and due diligence costs	—	1,426	1,426	—	—	—
Non-GAAP Net Income (Loss)	$ 2,539	$ (4,833)	$ (2,294)	$ 437	$ (4,693)	$ (4,256)

(in thousands)

	Nine Months Ended September 30,					
	2021			2020		
	Core Operations(1)	Corporate(2)	Total	Core Operations(1)	Corporate(2)	Total
Net loss	$ (3,933)	$ (50,793)	$ (54,726)	$ (7,825)	$ (27,665)	$ (35,490)
Provision for income taxes	390	82	472	—	41	41
Depreciation and amortization	3,865	324	4,189	4,189	627	4,816
Stock-based compensation expense	4,589	28,902	33,491	1,716	11,982	13,698
Change in fair value of warrant liability	—	—	—	—	200	200
Change in fair value of Contingent consideration	—	256	256	—	102	102
State sales tax reserve	—	306	306	—	—	—
Gain on sale of asset	—	—	—	—	(56)	(56)
Interest expense	—	—	—	—	9	9
Acquisition and due diligence costs	—	2,161	2,161	—	—	—
Charges related to sublease	—	3,367	3,367	—	—	—
Severance and executive search	—	349	349	—	—	—
Non-GAAP Net Income (Loss)	$ 4,911	$ (15,046)	$ (10,135)	$ (1,920)	$ (14,760)	$ (16,680)

(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 and nine months ended September 30, 2021 and 2020.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	$ 22,655	$ 15,718	$ 60,156	$ 40,890
Cost of revenue	5,808	4,553	15,862	11,566
Non-GAAP gross profit	16,847	11,165	44,294	29,324
Non-GAAP gross margin	74.4 %	71.0 %	73.6 %	71.7 %

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	$ 22,655	$ 15,718	$ 60,156	$ 40,890
Cost of revenue	5,808	4,553	15,862	11,566
Non-GAAP gross profit	16,847	11,165	44,294	29,324
GAAP sales and marketing expenses	5,906	5,255	17,586	15,116
Stock-based compensation expense	(226)	(278)	(1,358)	(654)
Severance and executive search	—	—	(236)	—
Non-GAAP sales and marketing expenses	5,680	4,977	15,992	14,462
GAAP research and development expenses	5,254	3,587	14,860	10,673
Stock-based compensation expense	(431)	(172)	(2,016)	(593)
Severance and executive search	—	—	(14)	—
Non-GAAP research and development expenses	4,823	3,415	12,830	10,080
GAAP general and administrative expenses	15,037	11,950	62,225	34,836
Depreciation	(95)	(264)	(349)	(776)
Stock-based compensation expense	(4,615)	(4,661)	(30,117)	(12,451)
Warrant expense	—	—	—	(102)
Change in fair value of contingent consideration	(256)	—	(256)	—
Charges related to sublease	—	—	(3,367)	—
State sales tax reserve	(22)	—	(306)	—
Acquisition and due diligence costs	(1,426)	—	(2,161)	—
Severance and executive search	—	—	(99)	—
Non-GAAP general and administrative expenses	8,623	7,025	25,570	21,507
GAAP amortization	(1,683)	(1,346)	(3,840)	(4,040)
GAAP loss from operations	(11,033)	(10,973)	(54,217)	(35,341)
Total non-GAAP adjustments (1)	8,754	6,721	44,119	18,616
Non-GAAP loss from operations	(2,279)	(4,252)	(10,098)	(16,725)
GAAP other expense, net	(15)	(4)	(37)	(108)
Change in fair value of warrant liability	—	—	—	200
Interest expense	—	—	—	9
Gain on sale of asset	—	—	—	(56)
Non-GAAP other (expense) income, net	(15)	(4)	(37)	45
GAAP loss before income taxes	(11,048)	(10,977)	(54,254)	(35,449)
Total non-GAAP adjustments (1)	8,754	6,721	44,119	18,769
Non-GAAP loss before income taxes	(2,294)	(4,256)	(10,135)	(16,680)
Income tax provision	396	36	472	41
GAAP net loss	(11,444)	(11,013)	(54,726)	(35,490)
Total non-GAAP adjustments (1)	9,150	6,757	44,591	18,810
Non-GAAP net loss	$ (2,294)	$ (4,256)	$ (10,135)	$ (16,680)
Shares used in computing non-GAAP basic and diluted net loss per share	33,333	27,593	32,753	27,163
Non-GAAP basic and diluted net loss per share	$ (0.07)	$ (0.15)	$ (0.31)	$ (0.61)

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

Supplemental Financial Information

We are providing the following unaudited supplemental financial information regarding our Managed Services and Software Products & Services as a lookback of the trailing twelve months and the comparative quarter for the prior year to explain our recent historical and year-over-year performance. The Software Products & Services supplemental financial information is presented on a pro forma basis, as further described below.

The supplemental financial information for our Managed Services include: (i) average gross billings per active agency client, and (ii) revenue. The supplemental financial information for our Software Products & Services include: (i) Software Revenue – Pro Forma, (ii) Ending Customers, (iii) Average Annual Revenue (AAR), (iv) Total New Bookings, and (iv) Gross Revenue Retention, in each case as defined in the footnotes to the table below.

Managed Services Supplemental Financial Information

The following table sets forth the results for each of the KPIs for our Commercial Managed Services.

	Quarter Ended				
	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sept 30, 2021
Avg billings per active managed services client (in 000's)(1)	$522	$545	$582	$622	$615
Revenue during quarter (in 000's)(2)	$ 8,764	$ 9,747	$ 10,327	$ 9,968	$ 9,648

(1)Avg billings per active Managed Services client for each quarter reflects the average quarterly billings per active Managed Services client over the twelve-month period through the end of such quarter for Managed Services clients that are active during such quarter.
(2) Managed Services revenue and metrics exclude content licensing & media services.

We have experienced and may continue to experience volatility in revenue from our Managed 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.

Software Products & Services Supplemental Financial Information

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

	Quarter Ended				
	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sept 30, 2021
Software Revenue - Pro Forma (in 000's)(3)	$ 14,154	$ 30,869	$ 10,183	$ 20,072	$ 21,860
Ending Customers(4)	322	360	385	419	433
Average Annual Revenue(AAR) ($000)(5)	$ 110	$ 206	$ 199	$ 203	$ 208
Total New Bookings ($000) (6)	$ 2,083	$ 1,437	$ 2,442	$ 4,896	$ 3,356
Gross Revenue Retention (7)	>85%	>90%	>90%	>90%	>90%

3) "Software Revenue - Pro Forma" includes historical Software Products & Services revenue from the past five (5) fiscal quarters of each of Veritone, Inc. and PandoLogic Ltd. (unaudited) and presents such revenue on a combined pro forma basis treating PandoLogic Ltd. as owned by Veritone, Inc. since January 1, 2020.
(4) "Ending Customers" includes Software Products & Services customers as of the end of each respective quarter set forth above with trailing twelve-month revenues in excess of $2,400 for both Veritone, Inc. and PandoLogic Ltd.
(5) "Average Annual Revenue (AAR)" is calculated as the aggregate of trailing twelve-month Software Products & Services revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic Ltd.
(6) "Total New Bookings" represents the total fees payable during the full contract term for new contracts received in the quarter (including fees payable during any cancellable portion and an estimate of license fees that may fluctuate over the term), excluding any variable fees under the contract (e.g., fees for cognitive processing, storage, professional services and other variable services). This also excludes PandoLogic new bookings for Q3 and Q4 2020 as those periods were deemed immaterial and data was not readily available.
(7) "Gross Revenue Retention": We calculate our dollar-based gross retention rate as of the period end by starting with the revenue from Ending Customers for Software Products & Services as of the 3 months in the prior year quarter to such period, or Prior Year Quarter Revenue. We then deduct from the Prior Year Quarter Revenue any revenue from Ending Customers who are no longer customers as of the current period end, or Current Period Ending Customer Revenue. We then divide the total Current Period Ending Customer Revenue by the total Prior Year Quarter Revenue to arrive at our dollar-based gross retention rate, which is the percentage of revenue from all Ending Customers from our Software Products & Services as of the year prior that is not lost to customer churn.

As we grow our business for our aiWARE SaaS products, we expect that our supplemental financial information will be impacted in different ways based on our customer profiles and the nature of target markets. For example, the PandoLogic business has revenue concentration in a single customer which has a material impact on the average contract value and gross retention. As a result, we have shown the supplemental financial information on a proforma basis for comparability.

Results of Operations

The following tables set forth our results of operations for the three and nine months ended September 30, 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 periods have been reclassified to conform to the presentation for the 2021 periods. 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	$ 22,655	$ 15,718	$ 60,156	$ 40,890
Operating expenses:				
Cost of revenue	5,808	4,553	15,862	11,566
Sales and marketing	5,906	5,255	17,586	15,116
Research and development	5,254	3,587	14,860	10,673
General and administrative	15,037	11,950	62,225	34,836
Amortization	1,683	1,346	3,840	4,040
Total operating expenses	33,688	26,691	114,373	76,231
Loss from operations	(11,033)	(10,973)	(54,217)	(35,341)
Other expense, net	(15)	(4)	(37)	(108)
Loss before provision for income taxes	(11,048)	(10,977)	(54,254)	(35,449)
Provision for income taxes	396	36	472	41
Net loss	$ (11,444)	$ (11,013)	$ (54,726)	$ (35,490)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Cost of revenue	25.6	29.0	26.4	28.3
Sales and marketing	26.1	33.4	29.2	37.0
Research and development	23.2	22.8	24.7	26.1
General and administrative	66.4	76.0	103.4	85.2
Amortization	7.4	8.6	6.4	9.9
Total operating expenses	148.7	169.8	190.1	186.5
Loss from operations	(48.7)	(69.8)	(90.1)	(86.5)
Other expense, net	(0.1)	-	(0.1)	(0.3)
Loss before provision for income taxes	(48.8)	(69.8)	(90.2)	(86.8)
Provision for income taxes	1.7	0.2	0.8	-
Net loss	(50.5)	(70.0)	(91.0)	(86.8)

Three and Nine Months Ended September 30, 2021 Compared with Three and Nine Months Ended September 30, 2020

Revenue

	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	Commercial Enterprises	Government & Regulated	Total	Commercial Enterprises	Government & Regulated	Total
Software Products & Services (1)	$ 8,069	$ 958	$ 9,027	$ 16,596	$ 2,696	$ 19,292
Managed Services	13,628	-	13,628	40,864	-	40,864
Revenue	$ 21,697	$ 958	$ 22,655	$ 57,460	$ 2,696	$ 60,156

(1)Software Products & Services consists of aiWARE SaaS Solutions of $4.7M and $19.3M for the three and nine months ended September 30, 2021 respectively as well PandoLogic of $4.3 million for the three months September 30, 2021

	Three Months Ended September 30, 2020			Nine Months Ended September 30, 2020		
	Commercial Enterprises	Government & Regulated	Total	Commercial Enterprises	Government & Regulated	Total
Software Products & Services	$ 2,462	$ 889	$ 3,351	$ 7,686	$ 1,775	$ 9,461
Managed Services	12,367	-	12,367	31,429	-	31,429
Revenue	$ 14,829	$ 889	$ 15,718	$ 39,115	$ 1,775	$ 40,890

Commercial Enterprise

Commercial Enterprise Software Products and Services revenue increased in the three and nine months ended September 30, 2021 compared with the corresponding prior year periods due primarily to expanded services to existing customers in media and entertainment, in addition to the PandoLogic business in Q3 2021. Commercial Managed Services increased in the three months and nine months ended September 30, 2021 compared with the corresponding prior year periods was due to a combination of the addition of new advertising clients and increased business with existing advertising clients. Revenues from our content licensing Managed Services, 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.

Government & Regulated Industries ("GRI")

GRI software Product &Services revenue remained relatively flat in dollars year over year during the three and nine months ended September 30, 2021 as compared to the same periods in 2020. GRI Software Products and Services revenue from customers in certain markets, particularly with government, legal and energy customers, is often project-based and is impacted by the timing of projects. As such, and beyond 2021, we expect that our revenue from these markets may fluctuate significantly from period to period.

Gross Profit

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

(dollars in thousands)	Three Months Ended September 30, 2021	2020	$ Change	% Change	Nine Months Ended September 30, 2021	2020	$ Change	% Change
Revenue	$ 22,655	$ 15,718	$ 6,937	44.1 %	$ 60,156	$ 40,890	$ 19,266	47.1 %
Cost of revenue	5,808	4,553	1,255	27.6 %	15,862	11,566	4,296	37.1 %
Non-GAAP gross profit	16,847	11,165	5,682	50.9 %	44,294	29,324	14,970	51.1 %
Non-GAAP gross margin	74.4 %	71.0 %			73.6 %	71.7 %		

The increase in non-GAAP gross profit and non-GAAP gross margin in the three and nine months ended September 30, 2021 compared with the corresponding prior year period was due primarily to growth in revenue from the addition of PandoLogic as well existing customers across our Software Products and Services, which collectively generated incremental gross margins in excess of 80% during the three months ended September 30, 2021.

Operating Expenses

(dollars in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
Cost of revenue	$ 5,808	$ 4,553	$ 1,255	27.6 %	$ 15,862	$ 11,566	$ 4,296	37.1 %
Sales and marketing	5,906	5,255	651	12.4 %	17,586	15,116	2,470	16.3 %
Research and development	5,254	3,587	1,667	46.5 %	14,860	10,673	4,187	39.2 %
General and administrative	15,037	11,950	3,087	25.8 %	62,225	34,836	27,389	78.6 %
Amortization	1,683	1,346	337	25.0 %	3,840	4,040	(200)	-5.0 %
Total operating expenses	$ 33,688	$ 26,691	$ 6,997	26.2 %	$ 114,373	$ 76,231	$ 38,142	50.0 %

Cost of Revenue. The increase in cost of revenue in the three and nine months ended September 30, 2021 compared with the corresponding prior year periods was due primarily to our higher revenue level, as discussed above.

Sales and Marketing. The increase in sales and marketing expenses in the three months ended September 30, 2021 compared with the corresponding prior year periods was due primarily to the addition of PandoLogic. The increase in sales and marketing expenses in the nine months ended September 30, 2021 compared with the corresponding prior year period includes a $1.1 million increase in personnel-related costs from the addition of new sales and marketing resources and $0.7 million 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 nine months ended September 30, 2021 as well as the addition of PandoLogic in Q3 2021. As a percentage of revenue, sales and marketing expenses declined to 26% and 29% in the three and nine months ended September 30, 2021, respectively, from 33% and 37% in the corresponding prior year periods

Research and Development. The increase in research and development expenses in the three and nine months ended September 30, 2021 compared with the corresponding prior year periods was due primarily to an increase of $1.2 million and $2.0 million, respectively, in personnel-related costs from the addition of new engineering resources as well as the addition of PandoLogic costs in Q3 2021. Stock-based compensation increased in the three and nine months ended September 30, 2021 compared with the corresponding prior year periods by $0.3 million and $1.4 million, respectively, attributable primarily to awards for new engineering resources and additional expense related to the vesting of performance-based stock options, as discussed above. As a percentage of revenue, research and development expenses were flat for the three months ended September 30, 2021 and declined to 25% from 26% for the and nine months ended September 30, 2021.

General and Administrative. General and administrative expenses increased in the three months ended September 30, 2021 compared with the corresponding prior year period due to a $1.3 million increase in salaries, bonuses and other personnel-related costs as well as $1.4 million in transaction costs related to the acquisition of PandoLogic. General and administrative expenses increased in the nine months ended September 30, 2021 compared with the corresponding prior year period due primarily to an increase of $17.7 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, $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, and a $3.9 million increase in salaries, bonuses and other personnel-related costs and $2.2 million in transaction costs related to the acquisition of PandoLogic. As a percentage of revenue, general and administrative expenses declined to 66% and 103% in the three and nine months ended September 30, 2021 respectively, from 76% and 85% in the corresponding prior year periods

Amortization Expense. Amortization expense increased in the three months and nine months ended September 30, 2021 compared with the corresponding prior year period due to certain intangible assets that were acquired in 2017 becoming fully amortized during 2020 offset by the addition of PandoLogic in Q3 2021.

Other (Expense) Income, Net

For the three and nine months ended September 30, 2021, other expense, net was comprised primarily of currency exchange losses. For the nine months ended September 30, 2020, other income, net was comprised primarily of warrant expense of $0.2 million.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, which totaled $72.6 million as of September 30, 2021 and $114.8 million as of December 31, 2020. The decrease in our cash and cash equivalents in the nine months ended September 30, 2021 was due primarily to the cash used to fund the acquisition of PandoLogic Ltd. that we completed in the third quarter of 2021, partially offset by $9.0 million in cash from financing activities from the exercise of stock options and purchases of shares under our ESPP and from the exercise of stock warrants.

Cash Flows

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

(in thousands)	Nine Months Ended September 30,	
	2021	2020
Cash (used in) provided by operating activities	$ (3,528)	$ 1,282
Cash used in investing activities	(48,050)	(5)
Cash provided by financing activities	9,406	8,973
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (42,172)	$ 10,250

Operating Activities

Our operating activities used cash of $3.5 million in the nine months ended September 30, 2021,due primarily to our net loss of $54.7 million, adjusted by $41.0 million in non-cash expenses, including $33.5 million in stock-based compensation expense, offset in part by the net working capital increase of $10.2 million of cash received from Managed Services advertising clients for future payments to vendors. Our business strategy includes streamlining operational costs while investing in the development of our AI capabilities and enhancement of our Software Products & 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 $16.6 million for the nine months ended September 30, 2021 from $16.7 million for the nine months ended September 30, 2020, due primarily to the increase in our revenues, partially offset by an increase in non-GAAP expenses.

Our operating activities provided cash of $1.3 million in the nine months ended September 30, 2020, due primarily to the net increase of $19.2 million of cash received from Managed Services clients for future payments to vendors, offset in part by the effect of our net loss of $35.5 million, adjusted by $18.8 million in non-cash expenses, including $13.7 million in stock-based compensation expense.

Investing Activities

Our investing activities for the nine months ended September 30, 2021 used cash of $48.1 million primarily to fund a portion of the consideration for the acquisition completed in the third quarter of 2021.

Our investing activities consisted of minimal amounts used for capital expenditures and proceeds from the sale of equipment in the nine months ended September 30, 2020.

Financing Activities

Our financing activities provided cash of $9.4 million in the nine months ended September 30, 2021. Net cash provided by financing activities consisted of $7.1 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 $9.0 million in the nine months ended September 30, 2020. Net cash provided by financing activities consisted of $6.5 million in net proceeds received from our sales of common stock, $2.1 million in proceeds received from the exercise of stock warrants and $0.4 million received from the exercise of stock options and purchases of shares under our ESPP. Proceeds received from loans under the Paycheck Protection Program in April 2020 were repaid in full in May 2020.

Capital Resources

As of September 30, 2021, we had no outstanding debt obligations.

In September 2021, the Company completed the acquisition PandoLogic for total consideration of $116.6 million, comprised ofupfront payments of $58.7 million in cash and $31.5 million in common stock (1.7 million shares) and up to $65.0 million payable based on earnouts tied to financial performance of PandoLogic in fiscal 2021 and 2022. At the acquisition date, the earnout was valued at $26.4 million which amount will be paid in a combination of cash and common stock.

We have generated significant losses since inception; however, we do expect to begin generating profits in for the foreseeable future. With the acquisition of PandoLogic, which is expected to generate over $25.0 million of operating cash flows in its fiscal year 2021, we believe we have an opportunity to significantly improve our operating income/(loss) as early as Q4 2021. We believe that our current cash and cash equivalents balance 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, including the acquisition of PandoLogic. In addition, we intend to continue to evaluate potential new 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. We have a shelf registration statement that allows us to sell up to $300 million of our equity or debt securities, at prices and on terms to be determined in the future. 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 September 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Other than the above acquisition of PandoLogic, 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, except as follows.

Risks Related to the Early Stage of Development of Our Business and Our Financial Condition

Our quarterly results may fluctuate significantly and period-to-period comparisons of our results may not be meaningful.

- Our quarterly results, including the levels of our revenue, our operating expenses and other costs, and our operating margins, may fluctuate significantly in the future, and period-to-period comparisons of our results may not be meaningful. Accordingly, the results of any one period should not be relied upon as an indication of our future performance. In addition, our quarterly results may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly results include, but are not limited to: variations in the timing of revenues from our Software Products and Services, including newly acquired PandoLogic Ltd., which experiences seasonal fluctuations in revenue consistent with the hiring cycles of its customers, and as a result of factors such as the timing of large projects, the length and complexity of our sales cycles and trends impacting our target vertical markets, and our revenue recognition policies and any changes thereto;
- variations in the timing of revenues from our content licensing services and our live event services as a result of factors such as timing of major sporting events throughout the year, or the postponement or cancellation of such events, and our revenue recognition policies and any changes thereto;
- the timing of advertising campaigns with our advertising clients;
- seasonal factors affecting demand for our products or potential customers' purchasing decisions, especially with regard to employer customers utilizing our talent acquisition software and services;
- continued strong demand for talent acquisition software and services in the U.S. and globally;
- the extent to which new customers are attracted to our talent acquisition software and services to satisfy their hiring needs;
- our ability to retain our existing customers, to expand our business with our existing customers, and to attract new customers providing significant revenue opportunities;
- the timing and level of market acceptance of products introduced by us and our competitors;
- changes in our pricing policies or those of our competitors;
- the amount and timing of operating expenses and other costs related to the maintenance and expansion of our business, infrastructure and operations;
- the amount and timing of operating expenses and other costs associated with marketing and sales efforts to acquire new customers and assessing or entering new vertical markets;
- the amount and timing of operating expenses and other costs related to the development or acquisition of businesses, services, technologies or intellectual property rights;
- the timing and impact of security breaches, service outages or other performance problems with our technology infrastructure and software solutions;
- the timing and costs associated with legal or regulatory actions;
- changes in the competitive dynamics of our industry, including consolidation among competitors, strategic partners or customers;
- loss of our executive officers or other key employees;
- industry conditions and trends that are specific to the vertical markets in which we sell or intend to sell our solutions; and
- general economic and market conditions.

Fluctuations in quarterly results may negatively impact the value of our common stock, regardless of whether they impact or reflect the overall performance of our business. If our quarterly results fall below the expectations of investors or any securities analysts who follow our stock, or below any guidance we may provide, the price of our common stock could decline substantially.

Certain of our operating results and financial metrics are difficult to predict as a result of seasonality.

Our talent acquisition software and services have historically experienced seasonality in terms of when we enter into customer agreements for our products and services. Consistent with the hiring patterns of our customers, a higher percentage of related revenue is earned in the fourth quarter of each year. Within a given quarter, often a significant portion of our agreements are signed towards the end of the quarter. This seasonality is reflected to a lesser extent in our revenue due to the fact that we generally recognize subscription revenue over the term of the customer agreement. We expect this seasonality to continue, which may cause fluctuations in certain of our operating results and financial metrics, and thus difficulties in predictability.

We intend to continue to pursue the acquisition of other companies, businesses or technologies, which could be expensive, divert our management's attention, fail to achieve the expected benefits and/or expose us to other risks or difficulties.

As part of our growth strategy, we have acquired, and we intend to continue to acquire, businesses, services, technologies or intellectual property rights that we believe could complement, expand or enhance the features and functionality of our aiWARE platform and our technical capabilities, broaden our service offerings or offer growth opportunities. Most recently, in September 2021, we closed our acquisition of PandoLogic Ltd., a leading provider of intelligent hiring solutions that utilizes AI to accelerate the time and improve the efficiency in the process for employers hiring at scale for both mass market and difficult-to-source candidates. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are consummated. Acquisitions also could result in dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, amortization expenses, impairment of goodwill and/or purchased long-lived assets, and restructuring charges, any of which could adversely affect our operating results and financial condition. In addition, we may face risks or experience difficulties in:

- effectively managing the combined business following the acquisition;
- managing the international operations of the acquired business;
- implementing operations, technologies, controls, procedures, and/or policies at the acquired company;
- integrating the acquired company's accounting, human resource, and other administrative systems, and coordination of product, engineering, and sales and marketing functions;
- transitioning operations, users, and customers onto our existing platforms;harm to our existing relationships with partners, distributors, and customers, including as a result of competing in the markets in which such parties operate;
- the potential loss of key employees and customers;
- obtaining any required approvals on a timely basis, if at all, from governmental authorities, or conditions placed upon approval that could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition or other strategic transaction;
- cultural challenges associated with integrating employees from the acquired company into our organization, and retention of employees from the businesses we acquire;
- experience volatility in earnings due to changes in contingent consideration related to acquisition earn-out liability estimates;
- achieving anticipated cross-selling opportunities and eliminating any redundant operations with respect to the acquired business;
- liability for activities of the acquired company before the acquisition, including intellectual property infringement claims, privacy issues, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquisition of the acquired company, including claims from terminated employees, customers, former stockholders, or other third parties.

We also may not achieve the anticipated benefits from the acquired business and may incur unanticipated costs and liabilities in connection with any such acquisitions. Additionally, if we are unable to complete an acquisition, we could lose market share to competitors who are able to make such an acquisition. Once an acquisition is closed, we may still discover hidden costs, resource demands and potential liabilities that were not evident throughout the due diligence process, particularly when such process is on an accelerated timeline. Although we have begun utilizing representation and warranty insurance and regularly use standard indemnity provisions, if we are unable to successfully assert a claim, if a claim is not covered or if these inherited costs prove greater than expected, our operations as a whole may be adversely affected. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If any of these results occurs, our business and financial results could be adversely affected.

Our recent acquisition of PandoLogic contains contingent consideration, the value of which may impact future operating results.

Our recent acquisition of PandoLogic includes contingent earn-out consideration, the fair value of a portion of which is estimated based on a Monte Carlo simulation model. These fair value estimates contain unobservable inputs and estimates that could materially differ from the actual future results. The fair value of the contingent earn-out consideration could increase or decrease, up to the contracted limit, as applicable. Changes in the fair value of contingent earn-outs will be reflected in our results of operations in the period in which they are recognized, the amount of which may be material and cause volatility in our operating results.

We plan to expand our international operations, which exposes us to significant risks.

As part of our growth strategy, we plan to expand our operations internationally. We have an office in the United Kingdom and Israel, and we expect, in the future, to open offices and hire employees in additional locations outside of the United States in order to reach new customers and gain access to additional technical talent. Operating in international markets requires significant resources and management attention and will subject us to additional regulatory, economic and political risks. Because of our limited experience with international operations as well as developing and managing sales in international markets, our international expansion efforts may not be successful. In addition, we will face risks in doing business internationally that could adversely affect our business, including, but not limited to:

- the difficulty of managing and staffing international operations and the increased operating, travel, infrastructure and legal compliance costs associated with numerous international locations;
- the need to establish and manage additional instances of our aiWARE platform in other countries;
- our ability to effectively price our products in competitive international markets;
- the need to adapt and localize our products for specific countries and to offer customer support in various languages;
- difficulties in understanding and complying with U.S. laws, regulations and customs relating to U.S. companies operating in foreign jurisdictions;
- ensuring compliance with export controls, economic sanctions and anti-corruption laws, including the Foreign Corrupt Practices Act and UK Bribery Act;
- currency exchange rate fluctuations and related effects on our revenues and expenses and customer demand for our services;
- the cost and potential outcomes of any international claims or litigation;
- adverse tax consequences and tax rulings;
- economic and political instability in some countries;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions, particularly in the areas of data privacy and personal privacy, employment and tax; and
- more limited protection for intellectual property rights in some countries.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

Our business has been affected by the COVID-19 pandemic, and the continuing impacts of COVID-19 are highly unpredictable and could have a significant adverse effect on our business, results of operations, financial condition and cash flows in the future.

The COVID-19 outbreak emerged in late 2019 and was declared a global pandemic by the World Health Organization in March 2020. Governments around the world have instituted measures in an effort to control the spread of COVID-19, including quarantines, stay at home orders, restrictions on public gatherings and travel, and restrictions and/or closures of schools and non-essential businesses. The extent of these measures has fluctuated over the past year, as certain regions have experienced declines followed by surges in the severity of the outbreak. The COVID-19 pandemic has had, and will likely continue to have, a severe negative impact on the global economy. Although countries have begun to roll out vaccinations, many countries are facing challenges in doing so and new variants of COVID-19 have been identified, and it is uncertain how quickly and effectively such vaccinations will help to control the spread of COVID-19.

The effects of the COVID-19 pandemic on our business remain uncertain and difficult to predict, but may include, without limitation, the following, each of which could adversely affect our business, results of operations, financial condition and cash flows:

- We have experienced, and may continue to experience, reduced demand for certain of our products and services from customers whose businesses have been impacted by the COVID-19 pandemic. For example, beginning in March 2020, we began to experience fluctuations in demand for our aiWARE content licensing and media services due to the cancellation or postponement of major live sporting events 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. In addition, we have experienced, and may continue to experience, delays by certain customers in making purchase decisions for our products and services due to the impact of the COVID-19 pandemic on their businesses, including changes in priorities and/or budget allocations, resulting in longer sales cycles and loss of sales. The COVID-19 pandemic has also resulted in record levels of unemployment in the United States which may affect the overall demand for our talent acquisition software and servicesAdditionally, certain industry sectors that comprise part of our client base and spend heavily on talent recruitment may see prolonged financial difficulty that may result in further delays or reductions in talent acquisition software and services spending. We could experience disruptions in our operations as a result of continued office closures and risks associated with our employees working remotely. In compliance with government mandates, we have temporarily closed our offices and initiated a work from home policy, which may limit the effectiveness and productivity of our employees.

- We may be unable to collect amounts due on billed and unbilled revenue if our customers delay payment or fail to pay us under the terms of our agreements as a result of the impact of the COVID-19 pandemic on their businesses. As a result, our cash flows could be adversely impacted, which could affect our ability to fund our operations.

- Our forecasted revenue, operating results and cash flows could vary materially from those we provide as guidance or from those anticipated by investors and analysts if the assumptions on which we base our financial projections are inaccurate as a result of the unpredictability of the impact that the COVID-19 pandemic will have on our business, our customers' businesses and the global markets and economy.

- An increase in cyber incidents during the COVID-19 pandemic and our increased reliance on a remote workforce could increase our exposure to potential cybersecurity breaches and attacks.

The ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on future developments, including the severity and duration of the pandemic, actions that have been and may be taken by governmental authorities, the impact on the businesses of our customers, and the duration of the resulting macroeconomic conditions, all of which are uncertain and are difficult to predict at this time.

Unfavorable conditions in our industry or the global markets, or reductions in consumer spending, could limit our ability to grow our business and negatively affect our operating results.

Our operating results may vary based on the impact of changes in our industry or the global economy on us or our customers. The U.S. and other major international economies have historically undergone cyclical downturns that have resulted in a material weakening of the economy, tightened credit supply, a reduction in business confidence and activity, and other difficulties that may affect one or more of the industries to which we sell our products and services. In addition, developments such as the U.K. exit from the European Union, referred to as "Brexit," evolving trade policies between the U.S. and other international trade partners, conflicts in the Middle East and elsewhere, and the ongoing COVID-19 pandemic have created many economic and political uncertainties that have impacted worldwide markets. These global economic and political conditions may impact our business in a number of ways. For example, our talent acquisition software and services are sold to businesses that fluctuate based on general economic and business conditions, particularly the overall demand for labor and the economic health of current and prospective employers. In addition, a portion of our talent acquisition software and services revenue is attributable to the number of users of our products at each of our customers, which in turn is influenced by the employment and hiring patterns of our customers and potential customers. To the extent that economic uncertainty or attenuated economic conditions cause our customers and potential customers to freeze or reduce their headcount, demand for our products and services may be negatively affected. These adverse conditions could result in reductions in sales of our applications, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition. In addition, economic recessions have historically resulted in overall reductions in spending on software and technology solutions as well as pressure from customers and potential customers for extended billing terms. If economic, political, or market conditions deteriorate, or if there is uncertainty around these conditions, our customers and potential customers may elect to decrease their software and technology solutions budgets by deferring or reconsidering product purchases, which would limit our ability to grow our business and negatively affect our operating results. Any of these events would likely have an adverse effect on our business, operating results and financial position.

Risks Related to Target Markets, Competition and Customers

If we are not able to compete effectively, our business and operating results will be harmed.

While the market for AI-based systems for search and analysis of audio, video and other unstructured data is still in the early stages of development, we face competition from various sources, including large, well-capitalized technology companies such as Google, Microsoft, Amazon and IBM. In the case of PandoLogic, the market for talent acquisition software and services is highly competitive, rapidly evolving and fragmented, and we face competition from programmatic job advertising software companies, traditional human capital management (HCM) companies, companies primarily focused on offering applicant tracking systems, and providers of point solutions for specific use cases such as for recruitment marketing, and these companies include, without limitation, Oracle and SAP. Our large competitors may have better brand name recognition, greater financial and engineering resources and larger sales and marketing teams than we have. As a result, these competitors may be able to develop and introduce, or acquire companies that may be able to develop and introduce, competing solutions and technologies that may have greater capabilities than ours or that are able to achieve greater customer acceptance, and they may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Some customers may also be hesitant to use a new platform and prefer to upgrade products offered by their incumbent platforms for reasons including price, quality, sophistication, familiarity and global presence. In addition, we may also compete with smaller competitors, including developers of AI models, who may develop their own solutions that perform similar services as our platform for specific use cases, as well as with systems integrators that aggregate and integrate cognitive solutions from multiple providers for their clients. The competitive factors in our market include product features, reliability, performance and effectiveness; integration with a wide variety of third-party applications and systems; modern and intuitive technology and user experience; ability to innovate and rapidly respond to customer needs; breadth and depth of application functionality; adherence to industry standards and certifications; strength of sales and marketing efforts; quality of customer support; brand awareness and reputation; size and composition of customer base and level of user adoption; and price and cost of ownership. We expect that competition will increase and intensify as we continue to expand our serviceable markets and the capabilities of our aiWARE platform and services. Increased competition may result in pricing pressures and require us to incur additional sales and marketing expenses, which could negatively impact our sales, profitability and market share.

PandoLogic generates substantial revenue from a significant customer and the loss of such customer may harm our business, results of operations and financial results.

On September 14, 2021, we closed our acquisition of PandoLogic, our talent acquisition software and services business.PandoLogic generates substantial revenue from a significant customer. In the event this customer decides to terminate or not to renew its contract with us, renews on less favorable terms, suffers downturns in its business leading to a reduction in its budget for our talent acquisition software and services, or decides to develop a competing solution or otherwise take its recruitment and hiring needs in-house, and we are unable to gain additional customers or increase our revenue from existing customers to offset the reduction of these revenues, we could experience a material adverse effect on our business, financial condition and reported revenue and results of operation.

Technological advances may significantly disrupt the labor market and weaken demand for human capital at a rapid rate.

The success of our talent acquisition software and services business is dependent on our employer customers' demands for talent. As technology continues to evolve, more tasks currently performed by people may be replaced by automation, robotics, machine learning, artificial intelligence and other technological advances outside of our control. This trend poses a risk to the talent acquisition industry as a whole, particularly in lower-skill job categories that may be more susceptible to such replacement.

Significant segments of the market for talent acquisition software and services may have hiring needs and service preferences that are subject to greater volatility than the overall economy.

The target customer segment for our talent acquisition software and services business spans a wide range of company characteristics, including company size, geography, and industry, among other factors. Hiring activity may vary significantly among businesses with different characteristics and accordingly, any concentration we may have among businesses with certain characteristics may subject us to high volatility in our financial results. Smaller businesses, for example, typically have less persistent hiring needs and may experience greater volatility in their need for talent acquisition software and services and preferences among providers of such services. Along with a relatively shorter sales cycle, smaller businesses may be more likely to change platforms based on short-term differences in perceived price, value, service level, or other factors. Difficulty in acquiring and/or retaining these employers may adversely affect our operating results.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Description of Exhibit
10.1	Registration Rights Agreement, dated September 14, 2021, by and between the Company and the shareholders named therein.
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 September 30, 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 Company specifically incorporates the foregoing information into those documents by reference.

\+ Portions of this exhibit have been omitted as the Company has determined that (i) the omitted information is not material and (ii) the omitted information would likely cause competitive harm if publicly disclosed.

SIGNATURES

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

	Veritone, Inc.
November 15, 2021	By: /s/ Chad Steelberg Chad Steelberg Chief Executive Officer and Chairman of the Board *(Principal Executive Officer)*
November 15, 2021	By: /s/ Michael L. Zemetra Michael L. Zemetra Executive Vice President, Chief Financial Officer and Treasurer *(Principal Financial and Accounting Officer)*

Exhibit 10.1

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of September 14, 2021, by and among Veritone, Inc., a Delaware corporation ("Buyer"), and each of the undersigned (each, a "Holder", and collectively, the "Holders") of Pandologic Ltd. (the "Company").

WHEREAS, this Agreement is made in connection with the closing of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of July 21, 2021, by and among Buyer, Melisandra Ltd., the Company, and Shareholder Representative Services LLC, as Securityholder Representative (the "Merger Agreement"), pursuant to which Buyer will issue shares of Buyer Common Stock to the Holders as part of the Merger Consideration (such shares of Buyer Common Stock issued at the Effective Time, the "Initial Shares", and such shares of Buyer Common Stock issued as part of the Earn-Out Consideration, the "Contingent Shares", collectively, the Initial Shares and the Contingent Shares, the "Registrable Securities");

WHEREAS, Buyer has agreed to provide the registration rights set forth in this Agreement for the benefit of the Holders pursuant to the Merger Agreement; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings given to them in the Merger Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

ARTICLE I
REGISTRATION RIGHTS

Section 1.01 Piggyback Registration Rights. If at any time prior to the later of January 31, 2022 or the Shelf Date (as defined below), the Buyer shall determine to prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement (including the S-3 Registration Statement (as defined below), a "Registration Statement") relating to an offering for its own account or the account of others under the Securities Act of 1933, as amended (the "Securities Act") of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities of the same class of securities as the Registrable Securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, the Buyer shall send to each Holder of Initial Shares written notice of such determination and, if within thirty (30) days after receipt of such notice, or within such shorter period of time as may be specified by the Buyer in such written notice as may be necessary for the Buyer to comply with its obligations with respect to the timing of the filing of such Registration Statement, any such holder shall so request in writing (which request shall specify the Initial Shares intended to be disposed of by the Holders, if any), the Buyer will cause the registration under the Securities Act of all the Initial Shares which the Buyer has been so requested to register by the Holder, to the extent required to permit the disposition of the Initial Shares so to be registered; provided that if at any time after giving written notice of its intention to register any securities and prior to the effective date of the Registration Statement filed in connection with such registration, the Buyer shall determine for any reason not to register or to delay registration of its securities, the Buyer may, at its election, give written notice of such determination to such holder and, thereupon, (a) in the case of a determination not to register, Buyer shall be relieved of its obligation to register any Initial Shares in connection with such registration, and (b) in the case of a determination to delay registering, shall be permitted to delay registering any Initial Shares being registered pursuant to this Section 1.01 for the same period as the delay in registering such other securities. The Buyer shall include in such Registration Statement all or any part of such Initial Shares such holder requests to be registered; provided, however, that the Buyer shall not be required to register any Initial Shares pursuant to this Section 1.01 that are eligible for resale without restriction pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act or that are the subject of a then effective Registration Statement that is available for resales or other dispositions by such Holder. In the case of an underwritten public offering, if the managing underwriter(s) or underwriter(s) should reasonably object to the inclusion of the Initial Shares in such Registration Statement, then if the Buyer after consultation with the managing underwriter should reasonably determine that the inclusion of the Initial Shares would materially adversely affect the offering contemplated in such Registration Statement, and based on such determination recommends inclusion in such Registration Statement of fewer or none of the Initial Shares of the Holders, then (x) the number of Initial Shares of the Holders included in such Registration Statement shall be reduced pro-rata among such Holders (based upon the number of Initial Shares requested to be included in the registration), if the Buyer after consultation with the underwriter(s) recommends the inclusion of fewer Initial Shares, or (y) none of the Initial Shares of the Holders shall be included in such Registration Statement, if the Buyer after consultation with the underwriter(s) recommends the inclusion of none of such Initial Shares; provided, however, that if securities are being offered for the account of other persons or entities as well as the Buyer, such reduction shall not represent a greater fraction of the number of Initial Shares intended to be offered by the holders than the fraction of similar reductions imposed on such other persons or entities (other than the Buyer).

Section 1.02 Mandatory Registration. Buyer shall prepare and file with the SEC no later than January 31, 2022, a Registration Statement on Form S-3 (except if the Buyer is not then eligible to use Form S-3, in which case such registration shall be on another appropriate form for such purpose) (the "S-3 Registration Statement") providing for the registration and resale, on a continuous or delayed basis pursuant to Rule 415 under the Securities, of the Initial Shares and the Contingent Shares received or to be received by the Holders pursuant to the Merger Agreement. Buyer shall use commercially reasonable efforts to cause the S-3 Registration Statement declared effective under the Securities Act by the SEC as soon as reasonably practicable after the date on which the Registration Statement is filed (the date such registration statement is declared effective, the "Shelf Date"). Buyer shall use commercially reasonable efforts to keep the Registration Statement (or a replacement Registration Statement) continuously effective or otherwise to become effective under the Securities Act until the earliest of (i) the date on which all of the Contingent Shares covered by such S-3 Registration Statement have been sold, (ii) the date on which such Contingent Shares become eligible for resale without restriction pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act and (ii) the third (3rd) anniversary of the Effective Date (such period, the "Effectiveness Period"). The S-3 Registration Statement when effective (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act") and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in such S-3 Registration Statement, in the light of the circumstances under which a statement is made). As soon as practicable following the date that the S-3 Registration Statement becomes effective, but in any event within two Business Days of such date, Buyer shall provide the Holder with written notice of the effectiveness of the S-3 Registration Statement. During the Effectiveness Period, Buyer will file any supplements to the prospectus contained therein or post-effective amendments required to be filed by applicable law in order to incorporate into such prospectus any information necessary so that (i) the S-3 Registration Statement shall not include any untrue statement of material fact or omit to state any material fact necessary in order to make the statements therein not misleading and (ii) Buyer complies with its obligations under Item 512(a)(1) of Regulation S-K.

Section 1.03 Questionnaire; Registrable Securities.

(a) The Holder agrees to furnish to Buyer, not less than five Business Days prior to the date that a Registration Statement will be filed as contemplated by Section 1.01 or Section 1.02, a completed questionnaire for such in the form attached hereto as Annex A (the "Questionnaire"). Buyer shall have no obligation to include shares of Buyer Common Stock if the Holder fails to timely furnish such Questionnaire, and any other information that Buyer determines, after consultation with its counsel, is reasonably required in order for the Registration Statement to comply with the Securities Act, within such five (5) Business Day period. From time to time, Buyer may also require the Holder to furnish to Buyer a certified statement as to the number of shares of Buyer Common Stock beneficially owned by the Holder and, if required by the SEC, the natural persons thereof that have voting and dispositive control over such shares.

(b) Notwithstanding anything to the contrary contained herein, any Registrable Security will cease to be a Registrable Security: (i) when the Registration Statement becomes or has been declared effective by the SEC and such Registrable Security has been sold or disposed of pursuant to such Registration Statement; (ii) when such Registrable Security has been disposed of pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act; (iii) when such Registrable Security is held by Buyer or one of its subsidiaries; (iv) when such Registrable Security has been sold or disposed of in a private transaction; or (v) when such Registrable Security becomes eligible for resale without restriction pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act, assuming the Holder of such Registrable Security is not an affiliate (as defined in Rule 144(a)(1)) of Buyer.

Section 1.04 Blackout and Delay Rights.

Notwithstanding anything to the contrary contained herein:

(a) Buyer shall not be required to file a Registration Statement (or any amendment or supplement thereto) or, if a Registration Statement has been filed but not declared effective by the SEC, request effectiveness of such Registration Statement, for a period of up to 90 days, if (i) Buyer determines that a postponement is in the best interest of Buyer and its stockholders generally due to a pending transaction involving Buyer (including a pending securities offering by Buyer, or any proposed financing, acquisition, merger, tender offer, business combination, corporate reorganization, consolidation or other significant transaction involving Buyer), (ii) Buyer determines, on the advice of counsel, that such registration would render Buyer unable to comply with applicable securities laws, or (iii) Buyer determines such registration would require disclosure of material information that Buyer has a bona fide business purpose for preserving as confidential (all of the foregoing, collectively, "Black-Out Events"); provided, that (A) in no event shall any such period exceed an aggregate of 135 days in any 365-day period and (B) this right, together with the right to suspend use of a Registration Statement pursuant to Section 1.04(b), may not be exercised more than two times in any 365-day period; and

(b) Buyer may, upon written notice to the Holder, suspend the use by the Holder of any prospectus which is a part of the Registration Statement (in which event the Holder shall discontinue sales of the shares of Buyer Common Stock pursuant to the Registration Statement but may settle any previously made sales of shares of Buyer Common Stock) if Buyer determines that a Black-Out Event has occurred; provided, that (A) in no event shall the Holder be suspended from selling shares of Buyer Common Stock pursuant to the Registration Statement for a period that exceeds an aggregate of 60 days in any 180-day period or 135 days in any 365-day period and (B) this right, together with the right to delay filing or effectiveness of a the Registration Statement pursuant to Section 1.04(a), may not be exercised more than two times in any 365-day period. Upon disclosure of such information or the termination of the condition described above, Buyer shall provide prompt notice to the Holder, and shall promptly terminate any suspension of sales it has put into effect and shall take such other reasonable actions to permit registered sales of shares of Buyer Common Stock.

(c) No Holder, on any one day, may sell more than a maximum number of shares of Registrable Securities equal to such Holder's percentage, of a number of shares equal to ten percent (10%) of the average daily trading volume of shares of Buyer Common Stock on the NASDAQ (or, if the Buyer Common Stock is not listed thereon, on such other securities exchange or trading market on which the Buyer Common Stock is principally listed, authorized for quotation or admitted to trading within the United States for the thirty (30) Trading Days immediately preceding the date of such sale. Each Holder, upon the written request of the Buyer, agrees to provide written evidence of such compliance.

Section 1.05 Sale Procedures.

In connection with its obligations under this Article I, Buyer will, as expeditiously as possible:

(a) prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective for the Effectiveness Period and as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by the Registration Statement;

(b) make available to a Holder such number of copies of the Registration Statement and the prospectus included therein (other than any amendment or supplement made through the incorporation by reference of ordinary course Exchange Act filings) and any supplements and amendments thereto as the Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered by the Registration Statement;

(c) immediately notify a Holder of: (i) the happening of any event as a result of which the prospectus contained in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which any such statement is made; (ii) the issuance or express threat of issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement, or the initiation of any proceedings for that purpose; or (iii) the receipt by Buyer of any notification with respect to the suspension of the qualification of any Buyer Shares for sale under the applicable securities or blue sky laws of any jurisdiction. Following the provision of the notice contemplated by the preceding sentence, Buyer will as promptly as practicable (A) amend or supplement the prospectus or take other appropriate action so that the prospectus does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and (B) take such other commercially reasonable action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto.

Buyer will not name a Holder as an underwriter as defined in Section 2(a)(11) of the Securities Act in any Registration Statement without such Holder's consent. If the staff of the SEC requires Buyer to name the Holder as an underwriter as defined in Section 2(a)(11) of the Securities Act, and the Holder does not consent thereto, then the Holder's Registrable Securities shall not be included on the Registration Statement and Buyer shall have no further obligations hereunder with respect to Registrable Securities held by the Holder.

The Holder, upon receipt of notice from Buyer of the happening of any event of the kind described in subsection (c) of this Section 1.05, shall forthwith discontinue offers and sales of the Registrable Securities by means of a prospectus until the Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (c) of this Section 1.05 or until it is advised in writing by Buyer that the use of the prospectus may be resumed and has received copies of any additional or supplemental filings incorporated by reference in the prospectus, and, if so directed by Buyer, the Holder will deliver to Buyer (at Buyer's expense) all copies in its possession or control, other than permanent file copies then in the Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

Section 1.06 Expenses. Buyer will pay all reasonable Registration Expenses as determined in good faith. In addition, except as otherwise provided in Section 1.06 hereof, Buyer shall not be responsible for legal fees incurred by any Holders in connection with the exercise of the Holders' rights hereunder. As used herein, "Registration Expenses" means all expenses incident to Buyer's performance under or compliance with this Agreement to effect the registration of Registrable Securities on the Registration Statement pursuant to Section 1.01, including, without limitation, all registration, filing, securities exchange listing fees, fees of transfer agents and registrars, all word processing, duplicating and printing expenses, and the fees and disbursements of counsel and independent public accountants for Buyer.

Section 1.07 Indemnification.

(a) Indemnification by Buyer. In the event of any registration of any Registrable Securities of Buyer under the Securities Act pursuant to this Agreement, Buyer will, and hereby does, indemnify and hold harmless the Holders against any losses, claims, damages or liabilities, to which the Holder may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and Buyer will reimburse the Holders for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; *provided* that Buyer shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or any prospectus contained therein, or any amendment or supplement thereto, in reliance upon and in conformity with information furnished to Buyer in writing or electronically specifically stating that it is for use in the preparation thereof (it being understood that the Holders have approved the Questionnaire for this purpose). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holder and shall survive the sale of such securities by the Holder.

(b) Indemnification by the Holders. Buyer may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 1.01 or Section 1.02 above, that Buyer shall have received an undertaking satisfactory to it from the applicable Holder, to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 1.07(a) above) Buyer, each director of Buyer, each officer of Buyer and each other Person, if any, who controls Buyer within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from the Registration Statement, any prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with information furnished to Buyer in writing or electronically, by any Holder or reviewed by and expressly approved by such Holder, specifically stating that it is for use in the preparation of the Registration Statement, any prospectus contained therein, or any amendment or supplement thereto (it being understood that the Holders have approved the Questionnaire for this purpose). Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of Buyer or any such director, officer or controlling Person and shall survive the sale of such securities by the Holder.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in Section 1.07(a) or (b) above, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; *provided* that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Section 1.07(a) or (b) above, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) Indemnification Payments. The indemnification required by this Section 1.07 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

Section 1.08 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, Buyer agrees to use its commercially reasonable efforts to:

(a) make and keep public information regarding Buyer available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after the date hereof until the third anniversary of the date hereof; and

(b) file with the SEC in a timely manner all reports and other documents required of Buyer under the Securities Act and the Exchange Act at all times from and after the date hereof until the third anniversary of the date hereof.

Section 1.09 No Transfer or Assignment of Registration Rights.

The right to cause Buyer to register Registrable Securities granted to a Holder by Buyer under this Article I may not be transferred or assigned by a Holder without the prior written consent of Buyer, which, in the case of a transfer to an Affiliate (as defined below), will not be unreasonably withheld.

ARTICLE II
MISCELLANEOUS

Section 2.01 Communications.

All notices and other communications provided for or permitted hereunder shall be made in writing by facsimile, electronic mail, courier service or personal delivery:

(a) if to a Holder, to the address listed below the Holder's name on the signature pages hereto; and

(b) if to Buyer:

1515 Arapahoe Street, Tower 3, Suite 400
Denver, Colorado
Attention: Chief Financial Officer
Email: mzemetra@veritone.com

with a copy to:

K&L Gates LLP
1 Park Plaza
Twelfth Floor
Irvine, CA 92614
Attention: Michael A. Hedge
Email: Michael.Hedge@klgates.com

All such notices and communications shall be deemed to have been received at the time delivered by hand, if personally delivered; when receipt acknowledged, if sent via facsimile or sent via Internet electronic mail; and when actually received, if sent by courier service or any other means.

Section 2.02 Successor and Assigns.

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties.

Section 2.03 Assignment of Rights.

The rights and obligations of the Holder under this Agreement may be transferred or assigned by a Holder only in accordance with Section 1.09 hereof; provided that if the Buyer shall consent to a transfer of Registrable Securities to an Affiliate under Section 1.09 (i) the Holder shall, as a condition of such transfer, furnish written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (ii) such transferee agrees in a written instrument delivered to the Buyer to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Section 1.04. The terms and conditions of this Agreement shall inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein. For purposes of this Agreement, "Affiliate" means, with respect to a Holder that is venture capital fund, the limited partners of such venture capital fund.

Section 2.04 Recapitalization, Exchanges, Etc.

The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all shares of Buyer or any successor or assign of Buyer (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, share splits, recapitalizations, pro rata distributions of shares and the like occurring after the date of this Agreement.

Section 2.05 Specific Performance.

Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity that such Person may have.

Section 2.06 Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 2.07 Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 2.08 Governing Law.

THIS AGREEMENT, AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS AGREEMENT), WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO

PRINCIPLES OF CONFLICTS OF LAWS. ANY ACTION AGAINST ANY PARTY RELATING TO THE FOREGOING SHALL BE BROUGHT IN ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE STATE OF NEW YORK, AND THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED WITHIN THE STATE OF NEW YORK OVER ANY SUCH ACTION. THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH DISPUTE BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH OF THE PARTIES HERETO AGREES THAT A JUDGMENT IN ANY SUCH DISPUTE MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

Section 2.09 Severability of Provisions.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 2.10 Entire Agreement.

This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by Buyer set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

Section 2.11 Amendment.

This Agreement may be amended only by means of a written amendment signed by Buyer and the Holders holding not less than a majority of the Registrable Securities.

Section 2.12 No Presumption.

If any claim is made by a party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

Section 2.13 Obligations Limited to Parties to Agreement.

Each of the parties hereto covenants, agrees and acknowledges that no Person other than the Holder (and its permitted transferees and assignees) and Buyer shall have any obligation hereunder and that, notwithstanding that one or more of the parties may be a corporation, partnership or limited liability company, no recourse under this Agreement or under any documents or instruments delivered in connection herewith or therewith shall be had against any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the parties or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the parties or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, as such, for any obligations of the parties under this Agreement or any documents or instruments delivered in connection herewith or therewith or for any claim based on, in respect of or by reason of such obligation or its creation, except ineach case for any transferee or assignee of the Holder hereunder.

Section 2.14 Interpretation.

Article and Section references are to this Agreement, unless otherwise specified. All references to instruments, documents, contracts and agreements are references to such instruments, documents, contracts and agreements as the same may be amended, supplemented and otherwise modified from time to time, unless otherwise specified. The word "including" shall mean "including but not limited to."

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto execute this Agreement, effective as of the date first above written.

VERITONE, INC.

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

[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties hereto execute this Agreement, effective as of the date first above written.

VERITONE, INC.

By: ____________________
Name: ____________________
Title: ____________________

HOLDER:

By: ____________________
Name: ____________________
Title: ____________________

Address for Notices:

Annex A

Name: ______________________________

CONFIDENTIAL

VERITONE, INC.

SELLING STOCKHOLDER QUESTIONNAIRE

Veritone, Inc. (the "**Buyer**") is preparing its Registration Statement for the purpose of registering for resale shares of the Buyer's common stock, par value $0.001 per share, that were issued to you in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"). The purpose of this questionnaire is to obtain certain information from you so that the Buyer can verify the disclosures to be contained therein. Your careful completion of this questionnaire will help ensure that the Registration Statement will be complete and accurate.

Please note that nothing in this questionnaire constitutes an offer to sell or the solicitation of an offer to buy any securities of the Buyer.

Certain capitalized terms used in the following questions have technical meanings and are defined in Annex A attached hereto. It is important that you refer to this Annex before answering the questions so that you will fully understand the meaning of such terms. Please give a response to every question, indicating "None" or "Not Applicable" where appropriate.

Please complete this questionnaire, retain one copy for your personal files and return one signed copy as soon as practicable, but in any event no later than_____________, 2021 to:

Michael A. Hedge
K&L Gates LLP
1 Park Plaza, Twelfth Floor
Irvine, California 92614
michael.hedge@klgates.com
(949) 623-3519

Please note that you must complete, sign and return this questionnaire in order for the Buyer to register your shares under the Registration Statement.

QUESTIONNAIRE

The undersigned holder (the "**Selling Stockholder**") is the "**beneficial owner**" (as defined in Annex A attached hereto) of the securities described herein and hereby provides the following information to the Buyer and represents and warrants that such information is accurate and complete.

(1) Selling Stockholder Information:

(a) Full legal name of Selling Stockholder:

____

(i) Is such Selling Stockholder a:

[ ] Individual [ ] Corporation

[ ] General Partnership [ ] Limited Partnership

[ ] Trust [ ] Other (please specify:_________________)

• (ii) If the Selling Stockholder is an entity, the name of the natural person controlling the disposition of the entity's shares and the person's position with the entity and/or ownership of the entity is:

Name: ______________________________________

Position/Ownership: __________________________

(b) Full legal name of registered holder (if not the same as in (a) above) of securities listed in Item (2) below:

____

(c) Contact information for Selling Stockholder:

Mailing Address: ______________________

____

____

Telephone: ______________________

Fax: ______________________

Email: ______________________

Contact Person: ______________________

(2) Beneficial Ownership of Equity Securities of the Buyer:

(a) In the table below, list all equity securities of the Buyer or any of its subsidiaries that you **beneficially own** (directly or indirectly) as of the date this questionnaire is signed and delivered by you.

Use the letter "**D**" to indicate your direct **beneficial ownership**.

Use the letter "**I**" to indicate your indirect **beneficial ownership** interests.

Use the letter "**R**" to indicate any securities of which you or any such family member have the right to acquire (through exercise of options, warrants or other derivative security) **beneficial ownership** and note the dates when the right is exercisable in the Remarks column (e.g., vesting schedule). You should do this for all securities you have the right to acquire, whether or not you expect to exercise such right.

If there are any other **beneficial owners** of those equity securities, name them also in the Remarks column and indicate the nature of beneficial ownership (e.g., position with entity, voting and/or disposition power). If you need additional space, please use and attach a separate sheet of paper.

Name(s) of Beneficial Owner(s)	**"D" "I" "R"**	**Type of Security (e.g., Shares, Warrants, Options)**	**No. of Securities**	**Remarks**

(b) Do you, or does any person listed above as a **beneficial owner**, share with another person (i) the voting power and/or (ii) the investment power with respect to any of such securities?

YES_________ NO_________

If "Yes," please describe below.

(c) Do you disclaim **beneficial ownership** of any specific securities listed above?

YES_________ NO_________

The final determination of the existence of beneficial ownership depends upon the facts and circumstances of each case. You may, if you believe the facts warrant it, disclaim beneficial ownership of securities that might otherwise be considered "beneficially owned" by you. As to any shares of which you wish to disclaim beneficial ownership, the following briefly describes the number of shares and the basis for such disclaimer.

As to any shares that are pledged as security (including, if applicable, shares held in a margin account at a brokerage firm), the following briefly describes the number of shares pledged and the arrangement of such pledge.

(3) Relationships with the Buyer:

Except as set forth below, neither the Selling Stockholder nor any of its **Affiliates**, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other **Material Relationship** with the Buyer (or its predecessors or **Affiliates**) during the past three (3) years.

State any exceptions here, if any:

(4) Broker-Dealers:

(a) Are you a registered **Broker-Dealer?**

YES____NO____

(b) Are you an **Affiliate** of a **Broker-Dealer?**

YES____NO____

➔ If your answer is "YES" to (a) or (b) above, please provide the following information (*provide responses to ALL items, including if "N/A" or "None"*):

(i) Did you receive the shares as underwriting compensation?

YES____NO____

(ii) Did you acquire the shares with a view toward distribution?

YES____NO____

(iii) Did you acquire the securities in the ordinary course of business?

YES____NO____

(iv) At the time of acquisition of the securities, did you have any agreements, arrangements or understandings, directly or indirectly, with any person to distribute the securities; and if so, please provide the details of such agreements, arrangements or understandings (e.g., parties, volume limitations, conditions of termination)?

YES____NO____

1.

2. (v) The nature of your affiliation or association with such **Broker-Dealer,** if applicable: 3.

4.

5. (vi) Information as to your relationship with the Buyer (including participation in any capacity in the original placement of the securities):

6.

7.

(vii) Whether you are in the business of underwriting securities:

(viii) The date such securities were acquired:

(ix) The price paid or other consideration provided for your securities:

(5) Legal Proceedings

To your knowledge, is the Buyer a party in any pending legal proceeding in which you are named as an adverse party?

Yes_______ No_______

If "Yes," please describe below.

____

____

____

____

____

[Signature Page Follows]

CONCLUDING STATEMENT

I, the undersigned, understand that this information will be used in connection with the Registration Statement that will be filed by the Buyer with the U.S. Securities and Exchange Commission (the "**SEC**").

If, at any time prior to the time that the SEC declares the Registration Statement effective, any of the information set forth in my responses to this questionnaire has changed, or any development occurs which requires a change in my answers, or has for any other reason become incorrect, I will promptly furnish any necessary or appropriate correcting information to the following:

Michael A. Hedge
K&L Gates LLP
1 Park Plaza, Twelfth Floor
Irvine, California 92614
michael.hedge@klgates.com
(949) 623-3519

I hereby agree to save, defend, indemnify and hold harmless the Buyer, each of its Affiliates and their respective officers, directors, principals, employees, agents, auditors, advisors, bankers and other representatives (collectively, the "**Indemnified Parties**"), from and against, and shall compensate and reimburse each of the foregoing for, any and all losses, damages, liabilities, deficiencies, claims, interest, awards, judgments, penalties, costs and expenses (including attorneys' fees and other out-of-pocket expenses incurred in investigating, preparing or defending the foregoing), asserted against, incurred, sustained or suffered by any Indemnified Party as a result of, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any prospectus contained therein, or any amendment or supplement thereto, or as a result of, arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement or any prospectus contained therein, or any amendment or supplement thereto, in reliance upon and in conformity with the written information provided in this Questionnaire and any supplement hereto furnished to the Buyer by me; provided, however, that such I shall not be liable in any such case to the extent that any such loss, claim, damage or liability results from, arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or any prospectus contained therein, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Buyer by any underwriter, if applicable, expressly for use therein; provided, further, that any liability of mine shall in no event exceed an amount equal to the net proceeds (after deducting underwriting compensation but before deducting other expenses) received by me from the shares of common stock sold by me.

[The remainder of this page is intentionally left blank.]

I understand and agree that this questionnaire, as completed by me, and my further communications regarding the matters contemplated herein, will be relied upon by the Buyer.

Dated:__________ __, 2021

____
Name of Stockholder

____
Signature

____
Print Name

____
Title (if applicable)

ANNEX A

DEFINITIONS

For the purpose of this questionnaire, the following definitions apply:

Affiliate: The term "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another specified person.

Beneficial Ownership: A "beneficial owner" of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) *voting power*, including the power to direct the voting of such security, or (ii) *investment power*, including the power to dispose of, or direct the disposition of, such security. In addition, a person is deemed to have "beneficial ownership" of a security of which such person has the right to acquire beneficial ownership at any time within 60 days, including, but not limited to, any right to acquire such security: (a) through the exercise of any option, warrant or right, (b) through the conversion of any security or (c) pursuant to the power to revoke, or the automatic termination of, a trust, discretionary account or similar arrangement.

Beneficial ownership may be direct or indirect. Direct beneficial ownership includes securities registered in your name, individually or jointly with others, as well as securities held for your account by a bank, broker, custodian, agent or nominee. In the view of the SEC, you are deemed to be the indirect beneficial owner of securities held in the name of any immediate family member (as defined in paragraph 4 below), in the absence of facts demonstrating the contrary (for example, legal separation from your spouse). In addition, you may also have a reportable indirect beneficial interest in securities owned by a partnership, estate or trust in which you have a beneficial interest or in securities owned by a personal holding company of which you are a control person. The following are examples of indirect interests:

Derivative Securities. Your right to acquire Buyer stock through the exercise or conversion of a derivative security, such as a stock option, whether or not it is currently exercisable.

Family Holdings. Buyer stock held by members of your immediate family sharing the same household with you. For the purposes of this Annex A, the term "immediate family member" is defined in paragraph 4 below.

Partnership Holdings. Buyer stock held by a general or limited partnership of which you are a general partner. Such stock will be attributed to you in proportion to the greater of your share of the partnership's capital account and your share of partnership profits. This determination is made on the basis of the partnership agreement and the partnership's most recent financial statements.

Corporate Holdings. Buyer stock held by a corporation of which you are a controlling stockholder if you have or share investment control over such stock.

Trust Holdings. You are deemed to have a pecuniary interest in the Buyer stock held in a trust if (i) you are a beneficiary of the trust (but only to the extent of your proportionate interest in the trust) unless the trustee exercises exclusive control over the stock, (ii) you are a trustee of the trust and at least one beneficiary is a member of your immediate family (but only to the extent of your family member's proportionate interest in the trust), or (iii) you are the settlor of the trust and have reserved the right to revoke the trust without the consent of another person and you have or share investment control over the stock.

In this questionnaire, please include the full amount of securities in which you have any beneficial ownership interest as described above, even though another individual or entity may also have a beneficial ownership interest in the same securities.

Broker-Dealer: The term "Broker" generally means any person engaged in the business of effecting transactions in securities for the account of others (Section 3(a)(4) of the Exchange Act). The term "Dealer" generally means any person engaged in the business of buying and selling securities for such person's own account through a broker or otherwise. (Section 3(a)(5) of the Exchange Act). Broker-dealers are required to be registered pursuant to Section 15(a) of the Exchange Act.

Control: The term "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another person, whether through the ownership of voting securities, by contract or otherwise.

Exchange Act: The term "Exchange Act" means the Securities Exchange Act of 1934, as amended.

Material Relationship: The term "Material Relationship" is to be determined on the basis of the significance of the information in light of all the circumstances of the particular case, including but not limited to the likelihood that a reasonable investor would attach importance to the information when making an investment decision with respect to the securities of the Buyer. "Material" has not been defined by the SEC. The SEC, however, is likely to construe as material any relationship which tends to impact arm's length bargaining in dealings with a company, whether arising from a close business connection, family relationship, a relationship of control or otherwise. For example, you should conclude that you have such a relationship with any organization of which you own, directly or indirectly, 10% more of the outstanding voting stock, or in which you have some other substantial interest, and with any person or organization with whom you have, or with whom any relative (or any other person or organization as to which you have any of the foregoing other relationships) has, a contractual relationship.

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: November 15, 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: November 15, 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 September 30, 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: November 15, 2021	By: /s/ Chad Steelberg Chad Steelberg Chief Executive Officer and Chairman of the Board *(Principal Executive Officer)*
Date: November 15, 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.